

KINEPOLIS GROUP NV
Limited liability company
Eeuwfeestlaan 20, 1020 Brussel
Enterprise Number VAT BE 0415.928.179 RLE Brussels

Free Translation

**Report of the Board of Directors related to the Statutory Financial statements for fiscal year 2021
to the Ordinary General Meeting of 11 May 2022**

Dear Shareholders,

In accordance with the legal and statutory obligations, we have the honor to comment you on the policy and results of our company during the fiscal year running from 1 January 2021 to 31 December 2021.

1. NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF KINEPOLIS GROUP NV

Kinepolis Group shareholders' equity amounted to € 80 968 523.37 in date of 31 December 2021, compared to € 83 510 032.09 at the end of 2020. This movement is further clarified under 1.2.1.

The balance sheet total of the company amounted to € 658 479 224.04, compared to € 582 470 457.62 in 2020. This movement is further clarified below under 1.1. and 1.2. .

1.1. STATUTORY BALANCE SHEET: COMMENTS ON THE MAIN ASSETS

1.1.1. Intangible fixed assets

Intangible fixed assets decreased by € 763 970.67, mainly due on the one hand to new acquisitions for € 1 441 406,90 and on the other hand depreciations for € 2 205 377.57.

1.1.2. Property, plant and equipment

Property, plant and equipment has decreased by € 458 740.00 compared to 2020.

In 2021 investments have been made for a total amount of € 61 778.80, mainly in ICT hardware. Normal depreciations amounted to € 520 518.68.

1.1.3. Financial fixed assets

Financial fixed assets increased by € 63 136 885.51 due to on the one hand an increase of the intercompany receivable and on the other hand a depreciation booked for Kinepolis US of € 4 917 131.82 , due to the impact of the Covid pandemic.

1.1.4. Stocks and orders in progress

Stocks decreased in 2021 by € 304 294.49 and amounted to € 995 251.62.

1.1.5. Amounts receivable within one year

Amounts receivable within one year increased by € 8 614 950.35.

This is, on the one hand, the result of an increase by €14 325 912.61 in receivables with affiliated companies, an increase in client receivables by € 907 794,91 and by a decrease of a VAT receivable of € 644 339,96. On the other hand, in 2021, there has been a refund by the Tax Authorities regarding the corporate income tax due to the possibility of offsetting the losses of 2020 with the profits of 2019, resulting in a decrease of the receivable of € 5 974 417.21.

1.1.6. Cash investments

Cash investments increased by € 6 007 774.25, on the one hand due to the reversal of a write-down on treasury shares for 2020 in the amount of € 7 792 887.86 and a reinstatement for 2021 of € 672 033.54 and on the other hand, due to the exercise of share options, the carrying value of own shares has decreased with € 1 113 080.07.

1.1.7. Accrued charges and deferred income

Accrued charges and deferred income amounted to € 2 132 813.04 and consist mainly of refinancing costs to be carried forward.

1.2. STATUTORY BALANCE SHEET: COMMENTS ON THE MAIN LIABILITIES

1.2.1. Capital, share premium account, reserves and result carried forward

The result for fiscal 2021 was € -2 541 508.72 and operating result increased by € 36 356 300.05 compared to 2020 and amounted to € 29 202.80.

Unavailable reserves have increased by € 6 007 774.25, on the one hand, due to the reversal of a write-down on treasury shares of 2020 worth € 7 792 887.86 and a reinstatement for 2021 of € 672 033.54, and on the other hand to the exercise of options in the amount of € 1 113 080.07.

1.2.2. Provisions and deferred taxes

Provisions amounted to € 32 732.00.

1.2.3. Amounts payable after more than one year

Long-term debt has increased by € 18 600 000.00. This is due, on the one hand, to the conclusion of a Term loan 'facility C' of € 80 000 000.00 repayable in January 2024 and, on the other hand, to the reclassification of a Bond to short term of € 61 400 000 00 as this was to be repaid in January 2022.

1.2.4. Amounts payable within one year

Amounts payable within one year amounted to € 71 362 267.65 resulting in an increase by € 54 707 087.09 compared to 2020.

This is due on the one hand to the reinstatement of the bond loan Bond 2 to short term for € 61 400 000.00 (payable in January 2022) and on the other hand due to a decrease of the trade payables of € 6 484 816.25.

Debts regarding taxes, wages and social charges have increased by € 314 725.66, mainly due to a payment delay of social charges granted by the "Rijksdienst voor Sociale Zekerheid" (Social Security Administration), this as one of the supporting measures of the Belgian government to companies.

1.2.5. Accrued charges and deferred income

Accrued charges and deferred income increased by € 5 243 188.05 due amongst others to an increase of the post differed income from movie vouchers with € 2 424 984.15 and an accrual of a provision for share options for an amount of € 2 115 379.00.

1.3. COMMENTS ON THE STATUTORY INCOME STATEMENT

Operating income increased by € 13 468 017.45 .

This is mainly due to a higher operational fee in comparison with 2020.

Operating costs fell with € 22 888 282.60. This is, on the one hand, due to a decrease of purchases amounting to € 312 554.36. On the other hand there was a decrease of goods and services by € 22 217 572,22, mainly due to a lower contribution of the subsidiaries in the operational fee. The increase of the operational income amounted to € 36 356 300.05.

Financial income increased by € 9 046 566.22. There is an increase of € 1 167 041.05 due to an increase of income before intercompany loans. An added value on shares of € 1 309 243.38 was realised. Beneficial exchange results were recorded for € 6 456 974.97.

Financial costs have decreased by € 11 743 617,32. The depreciation of treasury shares, foreseen in 2020, has been retrieved for an amount of € 7 792 887.86 and a reinstatement for 2021 of € 672 033.54, resulting in a total decrease of € 7 120 854,32. Furthermore there was a decrease of negative exchange rates in 2021 for an amount of € 7 033 678.28.

An impairment of € 4 917 131.82 was booked on Kinopolis US, this due to the impact of the Covid-pandemic.

A provision for options has been booked for € 2 115 379.00, this is an increase of € 3 299 663.57 compared to 2020.

Following the new 'Facility C' loan there were also interests booked thereon for an amount of € 1 269 777.79.

No dividends were received this year.

Tax costs increased by € 5 294 357.64. Main reason is the 'Carry Back' for an amount of € 5 916 000.00 in 2020, what does not apply in 2021.

2. IMPORTANT EVENTS IN 2021 AND AFTER CLOSING DATE

2.1. IMPORTANT EVENTS IN 2021

KINEPOLIS SIGNS A 3-YEAR CREDIT OF € 80.0 MILLION AND EXTENDS THE COVENANT HOLIDAY

In order to be prepared for possible longer delays before the full resumption of its activities, Kinopolis has taken out an additional loan of € 80.0 million with its main bankers for a period of 3 years. On account of its strong balance sheet, the rigorous cost control measures applied, the solid real estate position and the back-up of an 80% guarantee provided by Gigarant (a Belgian state guarantee fund), Kinopolis succeeded in concluding the additional credit at attractive commercial terms.

In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022. These covenants – which include a maximum debt level – were replaced by a liquidity covenant following the extended suspension. In line with the existing bank credit facilities, the additional credit provides for a number of conditions that limit the disposal of assets, acquisitions and the payment of dividends above a financial debt level of 3.75

2.2. IMPORTANT EVENTS AFTER CLOSING DATE

KINEPOLIS CONCLUDES 3-YEAR CREDIT AND NEW CP/MTN PROGRAMME AND EXTENDS THE 'COVENANT HOLIDAY'

As a result of the impact of the Covid-19 pandemic, Kinopolis reached an agreement with its financial institutions at the beginning of 2021 to exempt its bank debt from covenants (a so-called covenant holiday) until 30 June 2022.

Kinopolis closed the year 2021 with a strong liquidity position, a recovery in profitability and solvency in the second half of the year and a decrease in the net financial debt, but applies the prudence principle and reached an agreement with its financial institutions to extend the covenant holiday until 31 December 2022.

This means that, among other things, the conditions regarding the maximum debt ratio in relation to EBITDAL will remain suspended until the end of 2022. These conditions, which apply solely to bank debt, have been replaced by, among other things, a liquidity covenant, which means that the sum of the available cash and confirmed credit lines must be at least € 30.0 million during the term of the covenant holiday.

Kinopolis Group NV has been a regular issuer in the debt capital markets. As part of its funding strategy, Kinopolis has put in place a new CP/MTN treasury notes programme of € 150.0 million. This programme provides the company with another tool to finance its business with maturities of minimum 7 days and maximum 10 years.

3. INFORMATION ABOUT THE CIRCUMSTANCES THAT COULD HAVE A SIGNIFICANT IMPACT ON THE DEVELOPMENT OF THE COMPANY – PRINCIPAL RISKS AND UNCERTAINTIES

3.1. PERFORMANCE INDICATORS

The financial statements and the annual report give a true and fair view of the development and position of the Company, so no further description of essential financial and other performance indicators is needed in addition to the data provided in the consolidated annual report of Kinopolis Group.

3.2. DESCRIPTION OF THE MAIN BUSINESS RISKS

In order to gain insight into the main business risks, the Board of Directors and the Management of the Company conducts a risk assessment on an annual basis, and this assessment is subsequently analysed and validated by the Board of Directors. As in previous years, this took place in 2021 on the basis of a written survey of the participants in order to gain both quantitative and qualitative results, enabling risks to be assessed in order of scale. Although this way of working enables Kinopolis to distinguish important risks from less important risks in a well-founded way, it remains an estimation that, inherent in the definition of risk, provides no guarantee whatsoever of the actual occurrence of risk events. The following list (in random order) therefore contains only some of the risks to which Kinopolis is exposed.

AVAILABILITY AND QUALITY OF SUPPLIED CONTENT

Bearing in mind that Kinopolis Group does not produce any content itself (such as films, etc.), it is dependent on the availability, diversity and quality of films, as well as the possibility of being able to rent this content from distributors. To the extent possible, Kinopolis Group endeavours to protect itself against this by maintaining or establishing good long-term relations with the major film distributors and producers or other content providers, by pursuing a policy of content diversification, and by playing a role as a distributor in Belgium. The investments in Tax Shelter projects in Belgium should also be viewed in this light.

SEASONAL EFFECTS

The operating revenue of Kinopolis Group can vary from period to period, as the producers and distributors decide independently of the cinema operators, when their movies are released, and because certain periods, such as holidays, can traditionally have an impact on visitor numbers. The weather can also play an important role in the frequency of cinema visits. Kinopolis largely accepts this risk, considering that the costs of a financial hedging policy would exceed the revenue from it, but endeavours to mitigate the consequences, among other things, by varying its cost structure to a maximum degree.

COMPETITION

The position of Kinopolis Group as a cinema operator is subject to competition, just like every other product or service for which substitutes exist.

This competition not only results from the presence of cinemas run by other operators in the markets in which the Group is active, and from the possible opening of new cinema complexes in those markets, but also from the increasing availability and sometimes even simultaneous or exclusive availability of films and series via online content media, such as Netflix, Apple and Disney+.

This development may be further influenced by the continuous technical improvement of the quality of these alternative ways of viewing a film. In addition to these legal alternatives, the cinema industry also has to deal with illegal downloads. Kinopolis is working actively together with distributors to agree measures to counter a possible increase in the illegal online sharing of content. Finally, the position of Kinopolis Group is impacted by increasing competition from other forms of leisure activities, such as concerts, sporting events, gaming, etc., that can have an influence on the behaviour of Kinopolis customers.

Kinopolis Group strives to strengthen its competitive position as a cinema operator by implementing its strategic vision, which is focused on being able to provide customers with a premium service, content and film experience.

ECONOMIC SITUATION

Changes to the general, global or regional economic situations, or the economic situations in areas where Kinopolis Group is active and that can impact consumer behaviour and the production of new movies, can have a negative impact on the operating profits of Kinopolis Group. Kinopolis endeavours to arm itself against this threat by implementing decisive efficiency measures and by closely monitoring and controlling costs and margins. Changing economic conditions can also increase competitive risks.

RISKS ASSOCIATED WITH GROWTH OPPORTUNITIES

With further growth, competition authorities can impose (additional) conditions and restrictions on the growth of Kinopolis Group (see also 'Political, regulatory and competition risks' below). In addition, certain inherent risks are also associated with growth opportunities, either through acquisition or new-build projects, which can have a negative impact on the targets set. Kinopolis Group will thereby also thoroughly examine growth opportunities in advance to ensure these risks are properly assessed and, where necessary, managed.

POLITICAL, REGULATORY AND COMPETITIVE RISKS

Kinopolis Group strives to operate at all times within the legal framework. However, additional or amended legislation, including tax laws, could restrict Kinopolis's growth and/or operations, or result in additional investments or costs. Where possible, Kinopolis Group actively manages these risks by notifying the relevant political, administrative or legal bodies of its views and defending them in an appropriate way.

Furthermore, the Belgian Competition Authority has imposed a number of conditions and restrictions on Kinopolis Group, such as the requirement of obtaining the prior approval of the Competition Authority for acquisitions of existing cinema complexes in Belgium.

TECHNOLOGICAL RISKS

Cinema has become a highly computerised and automated sector, in which the correct technological choices and the optimal functioning of projection systems, sales systems and other ICT systems are critical in order to be able to offer an optimal service to the customer. Kinopolis Group tries to manage these risks by closely following the latest technological developments, regularly analysing the systems architecture, securing its networks and optimising them where necessary, and by implementing ICT best practices.

PERSONNEL RISKS

As a service company, Kinopolis Group largely depends on its employees to provide a high-quality service. Hiring and retaining the right managers and employees with the required knowledge and experience in all parts of the Company is therefore a constant challenge, which is magnified even more in the Covid period. Kinopolis accepts this challenge by offering attractive terms of employment, good knowledge management and a pleasant working atmosphere. Kinopolis measures employee satisfaction on the basis of employee surveys and adapts its policies where necessary. Furthermore, Kinopolis also attaches great importance to the health of its employees, and endeavours to create a work environment that is as free of risks as possible. To this end, and in addition to compliance with the legal obligations with regard to safety and prevention, it has taken a number of further measures, such as the organisation of preventive examinations by the Company doctor, the organisation of evacuation exercises, prevention training, etc. In the context of the Covid-19 pandemic, Kinopolis also drew up the necessary protocols in which, in order to protect the health of the employees, working from home was the guiding principle for the office employees, strict guidelines were issued for the employees active in the cinemas, and the necessary protective material was made available to every employee.

CUSTOMER RISKS

Customer experience is key at Kinopolis Group, which is why Kinopolis places the greatest importance on the management of the risks that could have a negative impact on the customer experience in all aspects of the Kinopolis 'customer journey'. In the first place, Kinopolis is concerned with the physical integrity of its customers, and therefore ensures that the health and safety risks for its customers are reduced to a minimum when they are in the complexes. This includes numerous aspects, ranging from user-friendly buildings and installations to user-friendly products (e.g. compliance with HCCP standards, noise levels in the theatres) and the prevention of feelings of insecurity through an adapted surveillance policy.

In the context of the Covid-19 pandemic, extensive safety protocols were developed and implemented in consultation with the competent local authorities and sector federations, with the main pillars being:

- Managing the flow of visitors to, from and in the cinema.
- Maintaining appropriate social distancing throughout the entire cinema visit.
- Strict safety and hygiene measures in all areas and in all interactions with staff.
- Providing maximum information to customers about all necessary and useful safety measures.

Measures were also taken to adjust the ventilation systems to ensure a maximum supply of outside air in all the rooms.

In addition, in line with its best marketer strategy, Kinopolis also respects the privacy and data integrity of its customers. To this end, it has appointed a 'data protection officer' (DPO) and implemented a number of legal and security measures to protect customer data, and has organised GDPR training for staff, while the DPO carries out the necessary audits to ensure that the Company's privacy policy remains up-to-date at all times, and the status of the Company's GDPR maturity is discussed in internal committees as well as in the Audit Committee.

Last but not least, Kinopolis tries to respond to any questions or dissatisfactions as quickly as possible by offering its clients timely and adequate services so that potential complaints or disputes can be prevented or be resolved as quickly as possible. Poor management of the above-mentioned risks would lead to a decline in customer satisfaction, reputational damage and, ultimately, a decline in visitor numbers. In addition, the likelihood of disputes and/or administrative fines would also increase considerably.

RISKS RELATED TO EXCEPTIONAL EVENTS

Events of an exceptional nature, including but not limited to extreme weather, political unrest, terrorist attacks, pandemics etc., in one or more countries where Kinopolis Group is active and that result in material damage to one of the multiplexes, a fall in the number of customers or disruption in the delivery of products, can have a negative impact on activities. Kinopolis strives to minimise the potential impact of such risks as far as possible through a combination of preventive measures (such as structural engineering decisions, evacuation planning) and detection measures (such as fire detection systems) by taking out adequate insurance, and through a strong focus on cost management.

ENVIRONMENTAL LIABILITY AND PROPERTY RISKS

Given the fact that Kinopolis Group owns and leases real estate, the latter is subject to regulations with regard to environmental liability and potential property risks. In addition to the above-mentioned measures to manage political and regulatory risks, Kinopolis will take appropriate measures to prevent environmental damage and limit property risks.

OTHER RISKS

Following the annulment by the Court of the decisions of the Belgian Competition Authority (BMA) of 31 May 2017 and 26 April 2018 to relax the behavioural conditions imposed on Kinopolis Group by the BMA in 1997, the BMA lifted the condition prohibiting organic growth without prior consent on 11 February 2020, with effect from 12 August 2021. The other behavioural conditions, including those related to the prior approval by the BMA regarding acquisitions in Belgium, remain in force.

4. DISPOSAL OF TREASURY SHARES

After the delivery of 58 299 shares to the beneficiaries of share options, the company held on 31 December 2021, 422 552 treasury shares, with a capital value of € 292 646. After future delivery in 2022 of 23 656 shares in date of the financial statement 398 896 shares with a capital value of € 276 263.02 .

5. USE OF FINANCIAL INSTRUMENTS

The Company had no outstanding financial instruments at 31 December 2021.

6. DECLARATION OF NON-FINANCIAL INFORMATION AS PROVIDED FOR IN THE LAW OF 3 SEPTEMBER 2017 – CORPORATE SOCIAL RESPONSIBILITY

For the declaration of non-financial information regarding Corporate Social Responsibility, referation is made to the Sustainability report of the consolldated annual report of Kinopolis Group NV.

7. CORPORATE GOVERNANCE STATEMENT

The governance structure of the Company, and more specifically the role and responsibilities, the composition and the functioning of the Board of Directors, its advisory Committees and the Executive Management are described in the Corporate Governance Charter (the 'Charter'), of which a revised version was adopted by the Board of Directors on 23 February 2021.

The Board of Directors has reviewed the Corporate Governance Charter at the beginning of 2021 using the Belgian Corporate Governance Code 2020 (the '2020 Code') as a reference code.

This chapter of the annual report provides more factual information on the corporate governance policy pursued in the financial year 2021, with the aim of applying the principles resulting from this charter as much as possible without affecting the unique character of the Company.

Where necessary, the required explanation of the deviations from the Code is given in accordance with the 'comply or explain' principle.

The Charter can be consulted on the website of Kinopolis Group: www.kinopolis.com/corporate.

7.1. SHARE CAPITAL

The share capital on 31 December 2021 amounted to € 18 952 288.41, and is represented by 27 365 197 shares, without nominal value, all of which benefit the same corporate rights.

7.2. RIGHT TO NOMINATE CANDIDATES TO THE BOARD OF DIRECTORS

According to the articles of association, 8 directors can be appointed from among the candidates nominated by 'Kinohold Bis', a public limited company under the laws of Luxembourg, insofar as it or its legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 1:20 of the Belgian Companies and Associations Code, (the 'BCAC')), solely or jointly, hold at least thirtyfive per cent (35%) of the shares of the Company at the moment the candidate is nominated, as well as at the moment of appointment by the General Meeting, on the understanding that, if the shares held by Kinohold Bis SA or its respective legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 1:20 of the BCAC) represent less than thirtyfive per cent (35%) of the capital of the Company, Kinohold Bis SA or its respective legal successors shall only be entitled to nominate candidates to the Board of Directors for each group of shares representing five per cent (5%) of the Company's capital.

7.3. SHAREHOLDER AGREEMENTS

No shareholder agreements are known within the Company that could restrict the transfer of securities and/or the exercise of voting rights in the context of a public acquisition bid.

7.4. CHANGE OF CONTROL

The Credit Agreement concluded on 15 February 2012 between Kinopolis Group NV and some of its subsidiaries on the one hand, and BNP Paribas Fortis Bank NV, KBC Bank NV and ING Belgium NV (and with the addition of Belfius Bank from 16 December 2019) on the other hand, and as amended and restated several times and most recently as of 8 January 2021, provides for a participating financial institution being able to end its participation in said agreement, whereby the relevant part of the outstanding loan amount will become immediately due if natural or legal persons other than Kinohold Bis SA (or its legal successors) and Mr Joost Bert acquire control (as defined in the Credit Agreement) of Kinopolis Group NV.

The General Terms and Conditions of the Listing and Offering Prospectus dated 17 February 2012 with regard to a bond issue in Belgium also provide that, in the case of a change of control (as defined in the Prospectus), any bond holder shall have the right to oblige Kinopolis Group NV to repay all or a part of his/her bonds under the conditions set forth in the Prospectus. This Prospectus can be consulted on the website of Kinopolis Group.

The General Terms and Conditions of the Prospectus dated 12 May 2015 regarding an Unconditional Public Exchange Offer with respect to the above-mentioned bonds also provide that, in the event of a change of control (as defined in the Prospectus), each bond holder will have the right to oblige Kinopolis Group NV to repay all or a part of his/her bonds under the conditions set out in the Prospectus.

This Prospectus can also be consulted on the website of Kinopolis Group.

Finally, the General Terms and Conditions dated 16 January 2015 regarding the private placement of bonds with institutional investors to the amount of € 96.0 million, as well as the General Terms and Conditions dated 5 December 2017 regarding the private placement with institutional investors to the amount of € 125 million, and the General Terms and Conditions dated 5 July 2019 relating to the private placement with institutional investors for an amount of € 225 million, contain clauses for the case of a change of control that are identical to those defined in the above- mentioned Prospectus.

7.5. SHAREHOLDER STRUCTURE AND NOTIFICATIONS RECEIVED

Based on the notifications received pursuant to Article 74 of the Public Acquisition Bids Act of 1 April 2007 from Kinopolis Group NV, Kinohold Bis SA, Stichting Administratiekantoor (Administration Trust Office) Kinohold, Joost Bert, Koenraad Bert, Geert Bert and Peter Bert, acting by mutual agreement (either because they are 'affiliated persons' within the meaning of Article 1:20 of the BCAC or there is mutual consultation between them) collectively hold more than 30% of the voting shares of Kinopolis Group NV, from subsequent transparency statements (pursuant to the Act of 2 May 2007 and the Royal Decree of 14 February 2008 regarding the disclosure of major holdings) and from notifications within the framework of the share buyback programme, it is shown that, as of 31 December 2021:

- Kinohold Bis SA, held 12 700 050 shares, or 46.41% of the shares of the Company;
- Kinohold Bis SA is controlled by Kinohold, Stichting Administratiekantoor under Dutch law, which is in turn jointly controlled by the following natural persons (in their capacity as directors of the Stichting Administratiekantoor): Joost Bert, Koenraad Bert, Geert Bert and Peter Bert;
- Kinohold Bis SA shall continue to act in close consultation with Mr. Joost Bert;
- Kinopolis Group NV, which is controlled by Kinohold Bis SA, held 422 552 or 1.54 % treasury shares;
- Mr Joost Bert, who acts in close consultation with Kinohold Bis SA and together with Pentascoop NV (a company controlled 100% by him) held 492 218 shares, or 1.80% of the shares of the Company.

The table below shows the situation based on the transparency notifications received under the Law of 2 May 2007. Any amendments communicated since 31 December 2021 have been published in accordance with the provisions of the above-mentioned law and can be consulted at www.kinopolis.com/corporate.

SHAREHOLDERS' STRUCTURE AT 31 DECEMBER 2021

SHAREHOLDER	NUMBER OF SHARES	%
Kinohold BIS SA	12 700 050	46.41
Mr. Joost Bert	492 218	1.80
Kinopolis Group NV	422 552	1.54
Free Float, of which:	13 750 377	50.24
- BNP Paribas Asset Management SA	1 366 585	4.99
TOTAL	27 365 197	100%

7.6. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments may be made to the articles of association with due consideration for the stipulations set out in the BCAC.

The Extraordinary General Meeting of 12 May 2021 has introduced a new article in the articles of association regarding the voting at distance before the General Meeting by electronic means and has adapted accordingly article 36. Moreover the Extraordinary General Meeting authorised the Board of Directors to increase the capital within the framework of the authorised capital as described in more detail in transitional decision 2 of the Articles of Association (<https://corporate.kinepolis.com/en/investor-relations/corporate-governance/articles-association>).

7.7. BOARD OF DIRECTORS AND SPECIAL COMMITTEES

The Company has opted for a one-tier governance structure, whereby the Board is authorised to carry out all actions that are necessary or useful to achieve the Company's purpose, except for those for which the General Meeting is authorised. The Company considers the one-tier structure to be the most appropriate governance structure that permits a rapid decision making and has proven its efficiency.

COMPOSITION OF THE BOARD OF DIRECTORS

From 8 May 2019, the Board of Directors consists of eight members, seven of whom have a non-executive role, and four of whom are to be considered independent of the reference shareholders and the management.

The Company considers Marion Debruyne BV, with Mrs. Marion Debruyne as permanent representative, as an independent director within the meaning of article 7:87 of the CCA and article 3.5 of the Corporate Governance Code 2020 as she meets all criteria as provided for in the Corporate Governance Code of 2020 except the fact that the mandate has been held for more than 12 years what in view of the Company does not compromise the independent state of mind of the director who has always executed the mandate independent from the vision of the Executive Management and the reference shareholders and has at all times used her special and specific knowledge and know how, amongst others resulting from its academic career, exclusively in the interests of the Company and all stakeholders.

The other independent directors fulfil all the criteria described in the CCA and the Corporate Governance Code 2020 and were appointed on the recommendation of the Board of Directors, which was advised on this by the Nomination and Remuneration Committee. The reference shareholders did not exercise their nomination right with regard to these appointments.

Furthermore, the Board regularly reviews the criteria for its composition and that of its committees in light of ongoing and future developments, expectations and the risks to which the Company may be exposed, as well as its strategic objectives. The Board pays due attention in this regard to complementarity and diversity among its members, including gender and age diversity, while ensuring that a balance is maintained between renewal and continuity, in order to enable the

acquired knowledge and history to be passed on efficiently, while still being able to stay on top of new social and other trends, both in the Board and its committees.

The chairmanship of the Board of Directors is held by Pentascoop NV (1), with Mr. Joost Bert as its permanent representative who in view of his extensive knowledge and experience in the national and international cinema sector, assists the CEO with respect for his executive responsibilities, with the necessary support and advice. He also supports the Board of Directors in conducting a high-quality dialogue with the shareholders, including the reference shareholders and thereby further contributes to sustainable value creation for the Company, with a focus on the long-term interests of all stakeholders.

Mr. Philip Ghekiere, as vice-chair, assisted the chair in the fulfilment of his mandate, and took over his role in the event of unavailability. As from fiscal year 2022 the role of vice-chair will no longer be filled in and in case of unavailability of the chair, his role will be taken over by the oldest director.

Contrary to Stipulation 3.19 et seq. of the Belgian Corporate Governance Code 2020, the Board of Directors has not appointed a secretary, as it believes that these duties can be fulfilled by the chair, assisted by the Corporate Counsel.

The table below gives an overview of the composition of the Board of Directors, as well as the attendance record of the various directors with regard to the 7 meetings that took place in 2021.

COMPOSITION OF THE BOARD OF DIRECTORS

NAME	POSITION	TERMS ENDS	OTHER POSITIONS AT LISTED COMPANIES	ATTENDANCE RECORD (7)
Mr. Joost Bert, permanent representative of Pentascoop NV ⁽¹⁾	Chair	2024	/	All meetings
Mr. Philip Ghekiere ⁽¹⁾	Vice-chair	2024	/	All meetings
Mr. Eddy Duquenne ⁽²⁾	Managing Director	2024	/	All meetings
Mrs. Sonja Rottiers, permanent representative of SDL Advice BV	Independent Director	2022	bPost Independent non-executive director and member of the audit committee	All meetings
Mrs. Marleen Vaesen, permanent representative of Mavac BV	Independent Director	2022	Van de Velde ⁽³⁾ NV: Non-executive director	6 meetings
Mr. Ignace Van Doorselaere, permanent representative of 4F BV	Independent Director	2023	/	All meetings
Mrs. Marion Debruyne, permanent representative of Marion Debruyne BV	Independent Director	2023	Ackermans & Van Haaren NV: Independent non-executive director	6 meetings
Mr. Geert Vanderstappen, permanent representative of Pallanza Invest BV	Director	2022	Smartphoto group NV: Non-executive director	All meetings

(1) Representing the reference shareholders

(2) Executive director

(3) CEO until 30 April 2022 and non-executive director as of 1 May 2022

ACTIVITY REPORT OF THE BOARD OF DIRECTORS

In view of the in 2021 ongoing Covid-19 pandemic and its impact on the Company, the agenda of the Board of Directors remained in 2021 adjusted to the circumstances and, in addition to the tasks assigned to the Board of Directors by the BCAC, the Articles of Association and the Charter, mainly the following issues were discussed:

- the impact of the Covid-19 pandemic on the Company and the cinema sector, and the measures taken to minimise it at most;
- the commercial and financial results, together with forecasts;
- the cash planning, taking different scenarios into account;
- the long and short-term financing;
- the long and short-term strategy and strategic projects;
- the 2022 budget plan and the 2022 'Entrepreneurship' plan;
- the ongoing cinema and real estate projects;
- the reports of the audit committee and the nomination and remuneration committee;
- the adoption of the new corporate governance charter;
- the remuneration policy;
- the management objectives and the variable remuneration related to these;
- the treasury policy;
- the sustainability strategy;
- the ICT policy, including the ICT security policy;
- the main business risks and the methods applied to mitigate them.

Other items, including human resources, external communication, investor relations, disputes and legal and tax issues, are addressed as needed or desired.

At least seven meetings are scheduled for the year 2022. Additional meetings may be held if needed.

COMPOSITION AND ACTIVITY REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

In accordance with the applicable governance rules, the Company has one joint committee, the Nomination and Remuneration Committee. This committee consists of the following non-executive directors, the majority of whom are independent directors with the necessary expertise and professional experience in the field of human resources, given their previous and/or current professional activities as CEO:

- **Pentascop NV**, with Mr. Joost Bert as the permanent representative and chair and former co-CEO of Kinapolis;
- **4F BV**, with Mr. Ignace Van Doorselaere, as the permanent representative and CEO of Neuhaus;
- **SDL Advice BV** with Mrs. Sonja Rottiers as permanent representative and former CEO of Lloyds Insurance Company SA.

The CEO may attend the meetings of the Nomination and Remuneration Committee by invitation, without participating in the deliberations or decisions.

The Nomination and Remuneration Committee met four times in 2021, headed by its chair, and all members of the committee were present.

The following topics were primarily discussed during these meetings:

- the preparation of the renewed remuneration policy in light of the Implementation of the Shareholders rights directive in Belgian law;
- the feedback received on the remuneration policy and the remuneration report further to the General Meeting of 12 May 2021;
- the remuneration report to be included in the 2020 Annual Report;
- the evaluation of the 2020 targets for the Executive Management, and the variable remuneration linked to these;
- the target setting (both quantitative as qualitative) for the variable incentive for the Executive Management for 2021 as well as the related remuneration in case of achievement of the targets;
- the renewal of directorship mandates.

COMPOSITION AND ACTIVITY REPORT OF THE AUDIT COMMITTEE

In accordance with the applicable rules in this respect, the Audit Committee is composed exclusively of nonexecutive directors, the majority of whom are also independent.

The Audit Committee as a whole has the appropriate expertise with regard to accounting and auditing, and was composed as follows:

- **Pallanza Invest BV**, with permanent representative Mr. Geert Vanderstappen, who combines 5 years' experience as a Corporate Officer at Corporate & Investment Banking at the Generale Bank with 7 years of operational experience as finance director at Smartphoto Group NV, and who is currently Managing Partner at Pentahold NV;
- **Mavac BV**, with permanent representative Mrs. Marleen Vaesen who, among other things, has held the position of CEO at Greenyard, and as of 1 May 2022 functions as non-executive director at Van de Velde NV after having fulfilled the role of CEO;
- **SDL Advice BV**, with permanent representative Mrs. Sonja Rottiers who held the position of CEO and executive director of Lloyd's Insurance Company SA and of CFO at Dexia Verzekeringen and Axa Belgium.

The CFO, the CEO, the chair of the Board of Directors, the vice-chair and the internal auditor attend the meetings of the Audit Committee.

The representatives of the reference shareholders may attend the meetings by way of invitation.

In 2021, the Audit Committee, under the chair of Mr. Geert Vanderstappen, met five times in the presence (or via representatives) of all members, and dealt mainly with the following items:

- the financial reporting in general, and of annual statutory and consolidated financial report, the half-yearly financial report, and the related press releases in particular;

- establishment and monitoring of the internal audit activities, including discussion of the annual report of the Internal Audit department and the internal audit plan 2021;
- the impact of Covid-19 on the financial reporting;
- the WACC for investment models;
- discussion and evaluation of the internal control and risk management systems, as well as the annual 'risk-management action plan';
- evaluation of the effectiveness of the external audit process;
- evaluation of the work of the internal auditor;
- monitoring of the financial reporting and its compliance with the applicable reporting standards;
- the treasury policy;
- evaluation of the renewal of the mandate of the external auditor;
- the ICT security policy;
- monitoring of the Non-Audit Services regulations.

EVALUATION OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND ITS INDIVIDUAL DIRECTORS

As part of the open and transparent manner in which the meetings of the Board and its committees are held, its operation and performances are constantly and informally evaluated during the meetings, as is the interaction with the Executive Management, with whom is communicated in the same transparent manner.

As the results of the performance assessment carried out in 2019 were discussed in 2020, a new formal evaluation will be organised in 2023.

DIVERSITY

The Board has three female members, accounting for more than one third of the Board of Directors, and therefore meets the legal requirement that at least one-third of the members of the Board must be of a different gender than the other members.

In the coming years, the Board will not only focus its diversity policy on gender, skills and age, but also pay further attention to the international management experience of its directors in order to enable the Board to keep a close eye on the social and economic context and structure in the various geographical areas in which Kinopolis Group operates. The above-mentioned diversity goals were included in the selection process applied by the Nomination and Remuneration Committee and the Board of Directors when searching for potential directors and, among other things, have resulted in a Board of Directors composed not only with three female directors, but also with directors with complementary profiles in terms of competence, knowledge and experience, including international management experience.

7.8. EXECUTIVE MANAGEMENT

Following the resignation in 2018 of Mr Bert as managing director, Mr Duquenne, as CEO, is the only member of the Executive Management. The Board of Directors has the authority to appoint further members of the Executive Management and discusses the succession plan for the CEO annually in an informal manner. Given the above-mentioned composition and the fact that no formal or informal executive committee has been set up within Kinopolis Group, no specific diversity policy applicable to the persons charged with day-to-day management has been developed, although the focus is placed on the required management and business experience, insights, skills and know-how needed to perform the function.

The above-mentioned basic principle is applied throughout the organisation, regardless of the nationality, cultural background, age or gender of the employees.

7.9. INSIDER TRADING POLICY – CODE OF CONDUCT – TRANSACTIONS WITH AFFILIATES

The Dealing Code, approved in 2016 and updated in 2019, applies to the members of the Board of Directors, the Chief Executive Officer, persons closely related to the aforementioned persons, and all other persons who might have inside knowledge. The Protocol is designed to ensure that share trading by the persons in question only occurs strictly in accordance with applicable EU and national rules, as well as in accordance with the guidelines issued by the Board of Directors. As the Compliance Officer, the Chief Financial Officer (CFO) is responsible for monitoring compliance with the rules on insider trading, as set out in this Protocol.

A Code of Conduct has also been in force since 2013, containing the appropriate guidelines, values and standards with regard to the ethical and appropriate way in which Kinopolis wishes to treat employees, customers, suppliers, shareholders and the general public. In this document, the employees are reminded that any form of bribery is unacceptable and that personal gifts should not be accepted, except in the case of small gifts in line with generally accepted corporate practices. This corporate culture is adhered to by all employees of the Company at all times.

The limited transactions with affiliated companies, as included in Notes to the Consolidated Financial Statements, were conducted in complete transparency with the Board of Directors.

7.10. REMUNERATION REPORT

I. INTRODUCTION

The remuneration policy of Kinopolis Group NV (hereafter Kinopolis) is designed to attract, motivate, and retain board and management members who can develop and implement Kinopolis' sustainable and long-term value creation strategy through their extended, complementary, and international know-how and experience. On proposal of the Nomination and Remuneration Committee the Board of Directors adopted the remuneration policy on 24 March 2021 (<https://corporate.kinopolis.com/en/remuneration-policy>), which was approved by the General Meeting of Shareholders of 12 May 2021 in line with the new requirements of Article 7:89/1 of the Belgian Code on Companies and Associations (hereafter BCAC). Kinopolis remuneration policy sets out the remuneration principles for the members of the Board of Directors and the Executive Management that currently consists of the CEO.

As Kinopolis values its stakeholders' views very highly, it has conducted a thorough analysis of the votes cast at the 2021 General Meeting and has, where appropriate, taken these into consideration in the renewed remuneration policy, (<https://corporate.kinopolis.com/en/investor-relations/shareholders-meeting>), which will be proposed to the 2022 General Meeting and will be applicable as of 1 January 2022, and in the current report as described under section VIII.

II. GENERAL PRINCIPLES OF THE KINOPOLIS REMUNERATION POLICY

The remuneration for the 2021 period was allocated to the Board of Directors and Executive Management based on the principles set out in the remuneration policy.

The remuneration policy is designed to enable Kinopolis to attract, develop and retain the right kinds of talent for the Board of Directors and for Executive Management.

It will assure that they are compensated in accordance with their contribution to the long-term strategy of Kinopolis i.e. to remain a resilient, sustainable and innovative Group with an important added value for all stakeholders.

BOARD OF DIRECTORS

The chair and vice-chair of the Board of Directors as well as the Executive Director are allocated a fixed annual amount as determined in the remuneration policy. In the revised remuneration policy the fixed amount of € 100 000 for the vice-chair has not been retained as the role of vice-chair will no longer be filled.

The fixed annual amount allocated to the chair also includes a fee for chairing and participating in the Nomination and Remuneration Committee and for participation as non-executive board member in board meetings of other group companies and is set taking into account that the chair regularly represents Kinopolis on the international stage for the cinema business.

In accordance with the remuneration policy, the remuneration of the other non-executive members of the Board consists of a fixed remuneration that is composed of a basic annual amount for attending a set minimum number of board meetings, an attendance fee for participation in committee meetings and an additional fixed annual amount for the chair of the Audit Committee.

The fixed fees and attendance fees are determined in the remuneration policy and are granted every year at the General Meeting on the proposal of the Board of Directors assisted by the Nomination and Remuneration Committee.

Overview of the annual fixed fee and attendance fee applicable for the financial year 2021

	Board related activities		Committee related activities	
	Chair	Member	Chair	Member
Annual fixed fee	€ 570 000 (Chair) €100 000 (Vice-Chair)	€ 32 500 ⁽¹⁾	€ 3 750 ⁽²⁾	n/a
Attendance fee	n/a	n/a	€ 3 000	€ 3 000

(1) The Non-Executive Directors each receive a yearly amount of € 32 500 euro if they attend at least 6 board meetings; if they attend less than 6 board meetings, the compensation will be reduced proportionally. The CEO is awarded an annual fixed amount of € 30 000 to participate as a board member in the board meetings.

(2) Applicable if different from the Chair of the Board of Directors.

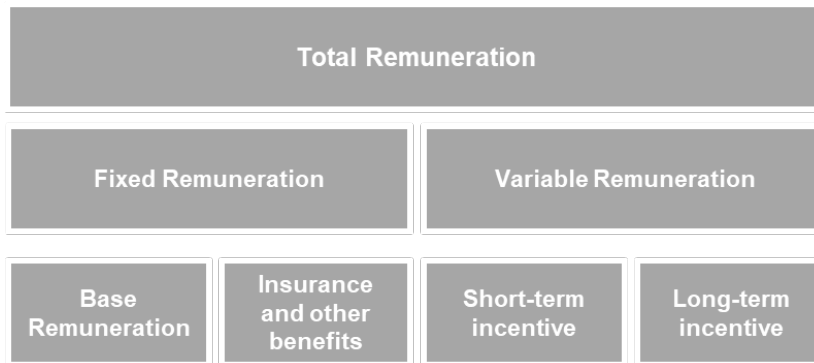
The newly proposed amounts applicable as of 1 January 2022 can be consulted in the revised remuneration policy.

The non-executive directors are not granted shares as part of their remuneration as Kinopolis is of the opinion that its strategy and general mode of operation focussed on long-term value creation is an inherent part of the vision of the Board of Directors without the necessity to on top (partially) link the remuneration to shares in Kinopolis. The non-executive directors do not receive any bonuses or share-related long-term incentive programmes, or any benefits in kind with the exception of the right to attend a number of film screenings every year.

EXECUTIVE MANAGEMENT

The remuneration paid to the Executive Management consists of four components: (i) a base remuneration, (ii) an annual short-term incentive, (iii) a long-term incentive (LTI) and (iv) insurance and other benefits.

Remuneration of the Executive Management



As the Executive Management already holds a significant and meaningful number of shares and stock options in the Company and is thus aligned with the long-term interest of Kinopolis, the Kinopolis remuneration policy does not currently prescribe any explicit minimum shareholding requirements.

Fixed remuneration

(1) Base remuneration

The base remuneration is determined bi-annually and is evaluated by the Board of Directors according to the Nomination and Remuneration Committee's proposal and reflects the experience, competences, activities and responsibilities of the person concerned. The evaluation takes into account a number of criteria such as:

- benchmark data of companies that are part of the Reference Framework in order to ensure that the remuneration is in line with market rates taking into account if the executive management is self-employed; the Reference Framework is composed by a selection of Belgian listed companies whose international activities, turnover and number of employees are comparable to those of Kinopolis ;
- changes in the job profile such as changes in the level of responsibilities or in the level of complexity; and/or
- changes in the size or activities of Kinopolis.

(2) Insurance and other benefits

Apart from a yearly cost allowance of € 9 000 and the benefit of a liability insurance scheme for directors and officers, the Executive Management will receive no fringe benefits. In line with market practices, the revised remuneration policy also provides the Board the possibility to integrate contributions to a pension scheme in the remuneration package of the Executive Management.

Variable Remuneration

The purpose of the variable component is to ensure that the interests of Executive Management are aligned with those of the Company and its stakeholders, i.e. that they lead to sustainable and long-term value creation, and provide the appropriate incentive to optimise the short-term and long-term objectives of the Group and its stakeholders.

In view of the fact that the performance criteria are set to ensure creation of long-term sustainable growth and value, and that the 2016 Share Option Plan incentivizes in a significant manner Executive Management in the long-term, the General Meeting of 12 May 2021 has, in accordance with article 7:91 of the BCAC, approved the Board of Directors' proposal to base the integral annual variable remuneration of the Executive Management for the periods of 2021 to 2024 included on objective and measurable performance indicators measured over a period of one year.

(1) Annual Short-term incentive (STI)

Although the STI is based on the realisation of short-term objectives, it needs to be emphasised that these objectives all support Kinopolis' long-term strategy.

In accordance with principle 7.10 of the 2020 Belgian Code on Corporate Governance the short-term incentive on target is on a two yearly basis set by the Board of Directors at a percentage of the fixed remuneration.

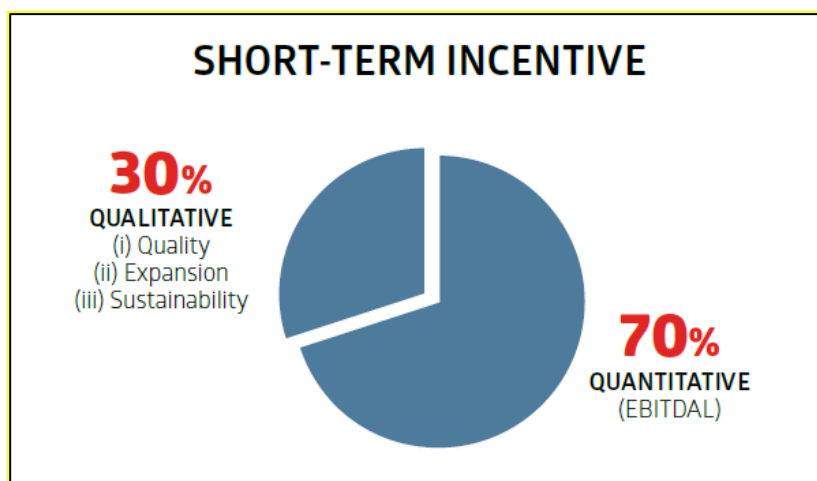
In case of significant outperformance or exceptional achievement the maximum pay out (cap) can be increased to 100% of the fixed remuneration.

The targets customarily consist of both quantitative and qualitative targets, with 30% of the variable remuneration being linked to the achievement of the qualitative targets (being a mix of individual qualitative targets and qualitative targets of the Company to be achieved over a one-year period), and 70% being linked to the achievement of the quantitative targets to be realized over a one-year period:

- with respect to the quantitative objectives, the Board of Directors in normal times uses the evolution of the EBITDAL versus the targets set by the Board of Directors as a performance criterion, as this criterion is the relevant parameter for measuring the development of value creation within Kinopolis. If the EBITDAL achieved for the relevant year is situated in the predefined range, an amount between 0 and 100% of the variable compensation linked to the realisation of the quantitative objectives will be paid pro rata.

- the qualitative criteria are based on (a) Kinopolis's well known three pillar strategy (Best Cinema Operator, Best Marketer, Best Real Estate Manager), (b) the internal and external expansion strategy and (c) the sustainability strategy.

The concrete objectives and milestones are determined and evaluated every year by the Board of Directors on the Nomination and Remuneration Committee's proposal.



(2) Long-term incentive (LTI)

On 11 May 2016, the General Meeting approved the 2016 Share Option Plan, under which 543 304 options (with a term up to 10 May 2024) on existing shares could be granted to the then chair of the Board of Directors, the Executive Management and eligible executives of the Company or its subsidiaries in order to enable the aforementioned persons to participate in the long-term shareholder value they will help create, thereby aligning their interests with the interests of the shareholders. By granting stock options, Kinopolis aims to be able to attract, motivate, commit and retain the best management talent for Kinopolis in the long-term.

Notwithstanding the fact that, in line with the Belgian market practice for small and mid-cap companies, the granting of stock options is not linked to predetermined and objectively quantifiable performance criteria, the interest of the Executive Management is however considered to be aligned with that of Kinopolis on a long-term basis as the value of the remuneration element lies in the long term evolution of the share price.

Moreover, the goal to retain valuable key personnel who contribute to the long-term growth of Kinopolis is achieved amongst other things by the gradual vesting of the stock options over a period of 5 years and the fact that the vested stock options can only be exercised as of the 4th year after they were granted.

The main features of the stock options can be summarised as follows:

- The exercise price is determined in accordance with the Belgian Share Options Law;
- The options are vested over a period of 5 years;
- The vested options become exercisable as from the 4th year following the date they were granted;
- The term of the options is limited to 8 years as from the date of the approval of the plan by the general shareholders' meeting;
- The options are subject to Bad Leaver provisions;
- The options will not be transferable, except in the event of death.

A more detailed description of the features of these options can be found in Note 20 to the Consolidated Financial Statements and on <https://corporate.kinepolis.com/en/investor-relations/share-kinepolis/information-memorandum>.

Claw-back provision

There are no explicit contractual claw-back provisions provided for up to 31 December 2021. The general provisions provided for in the Belgian Civil Code apply in case of fraud or malicious intent with regard to the figures on which the variable remuneration has been calculated on.

In accordance with provision 7.12. of the Code and based on the Nomination and Remuneration committee's proposal, the Board has proposed the General Meeting of 11 May 2022 to insert a claw-back provision in the contractual arrangements with the Executive Management applicable as of 1 January 2022.

This will enable the Board to fully or partially reclaim the settled variable remuneration:

- (i) where there is a material misstatement in the Company's financial results on which the variable remuneration has been calculated on leading to a restatement of the audited accounts; or
- (ii) in the event of fraud or malicious intent by a member of the Executive Management which has a material adverse effect on the Company's financial results on which the variable remuneration has been calculated on.

The claw-back clause can be applied for a period of 3 years following the pay-out of the variable remuneration.

III. APPLICATION OF THE POLICY IN 2021

The Remuneration Report gives an overview of the remuneration policy as applied in 2021.

As in 2020, the past year was dominated by the Covid-19 crisis, which of course had an impact on the activities and results of Kinopolis. However, notwithstanding these challenging financial and operational Covid-19 related circumstances, Kinopolis succeeded in finishing the construction of 3 new movie theatres, in limiting its cash drain and even in building up significant cash reserves in the second half of the year thanks to strong cost management.

The results from the second half of the year were largely supported by the implementation of the Kinopolis 'Entrepreneurship 2022' plan. The plan is based on cost saving and innovative solutions, and strives to make Kinopolis future proof in a challenging environment for the cinema industry.

REMUNERATION OF THE BOARD OF DIRECTORS

The board of directors was remunerated in accordance with the principles described in the remuneration policy. After the 20% remuneration cut in 2020, the 2021 remuneration was restored at the level as described in the remuneration policy.

NAME	TITLE	2020 REMUNERATION (IN €)	REMUNERATION FOR ATTENDANCE TO BOARD MEETINGS	REMUNERATION FOR ATTENDANCE TO COMMITTEE MEETINGS	2021 TOTAL REMUNERATION (IN €) ⁽¹⁾
Mr. Joost Bert, Permanent representative of Pentascop NV	Chair	454 531	568 164	-	568 164 ⁽²⁾
Mr. Philip Ghekiere	Vice-Chair	80 000	100 000	-	100 000
Mr. Eddy Duquenne	Managing Director	24 000	30 000	-	30 000
Mrs. Sonja Rottiers, Permanent representative of SDL Advice BV	Independent director	40 400	32 500	27 000	59 500
Mrs. Marleen Vaesen, Permanent representative of Mavac BV	Independent director	35 600	32 500	15 000	47 500
Mr. Ignace Van Doorselaere, Permanent representative of 4F BV	Independent director	30 800	32 500	12 000	44 500
Mrs. Marion Debruyne, Permanent representative of Marion Debruyne BV	Independent director	26 000	32 500	-	32 500
Mr. Geert Vanderstappen, Permanent representative of Pallanza Invest BV	Director	38 600	32 500	18 750	51 250
TOTAL		729 931			933 414

⁽¹⁾ All amounts are gross amounts before tax.

⁽²⁾ Of which a significant amount was in light of the Covid-19 crisis deferred to a later stage.

All members of the Board of Directors, as well as the directors of the subsidiaries of the Company, are insured via a 'civil liability of directors' policy', for which the total premium amounts to € 63 000, excluding taxes, and which is paid by Kinopolis.

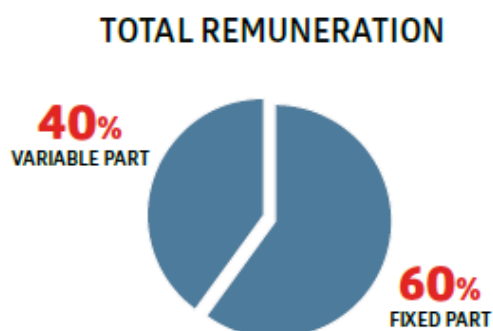
With the exception of the right to attend film screenings in Kinopolis cinemas, the non-executive directors received no other remuneration, benefits, share-based or other incentive bonuses from Kinopolis in 2021.

As reported in previous years, the chair of the Board of Directors was granted 45 000 options in 2017 in his then capacity as co-CEO and the vice-chair the same number in his then capacity of executive chair of the Board of Directors.

In accordance with the Share Option Plan 2016 the last tranche of the share options vested in the beginning of 2022, i.e. 7 515 options for both members who exercised no share options in 2021.

REMUNERATION OF THE CEO

While the remuneration envelope for the CEO remained unchanged in 2021⁽¹⁾, the Nomination and Remuneration Committee and the Board of Directors will evaluate the package in 2022 in line with the principles described in the remuneration policy and will make sure that an appropriate balance is maintained between the fixed and the variable part. In the current package the variable part amounts to approximately 40% of the total remuneration if all targets are met and up to 50% in cases of an exceptional performance.



Base remuneration

While the base salary remained at the amount of € 725 242, the payment of a significant part was during the ongoing Covid-19 crisis spontaneously deferred by the CEO until a later stage.

Insurance and other benefits

Apart from a yearly cost allowance of € 9 000 and the benefit of a liability insurance scheme for directors and officers, the Executive Management received no fringe benefits nor contributions to a pension scheme.

⁽¹⁾ Namely a base salary of € 725 242 and variable remuneration of € 485 000 if all targets are met.

Variable remuneration (STI)

As the remuneration report describes the variable remuneration that is awarded by the board in 2021 for the performance in 2020, the performance targets and amount of variable remuneration in this report refer to those for the fiscal year 2020.

Quantitative target

As the Covid-19 crisis led to unpredictable forecasts for Kinopolis, the Board of Directors decided in 2020, in line with the remuneration policy, to replace the 'classic' quantitative EBITDAL performance target by a more general performance target that evaluates how Kinopolis faces the Covid-19 crisis from an operational and financial point of view.

Qualitative target

The qualitative targets were designed to not only take into account long-term sustainable value creation but also the consequences of the Covid-19 crisis. The management objectives for the fiscal year 2020 therefore consisted of (i) the further development of the improvement potential of the MJR theatres, (ii) optimisation of internal reporting tools and administrative processes leading to a more efficient organisation, (iii) further development of Kinopolis's sustainability strategy and (iv) development of a resilient and agile business strategy to face the Covid-19 crisis which includes further development of internal and external expansion opportunities.

Overview of performance measures used for the financial year 2020

Performance measure		Description & relevance to our strategy	Relative weighting
Quantitative	Ability of Kinopolis to cope with the COVID-19 pandemic	To achieve its three pillar strategy ⁽¹⁾ -, Kinopolis needs to ensure its financial stability over the long-term, in particular in a crisis context.	70%
Qualitative	Ability of Kinopolis to increase the potential of MJR cinemas	The increase of this potential will contribute to the long term growth strategy of Kinopolis.	30%
	Optimisation of internal reporting tools	The optimisation of internal reporting, management and forecasting tools contributes to the effectiveness of the organisation and supports Kinopolis in the implementation of her three pillar strategy .	
	Further development of the CSR strategy	Kinopolis wants to create sustainable value for customers, employees, shareholders, business partners and the community..	
	Development of a resilient and agile business strategy to face the Covid-19 pandemic	This business strategy is obviously focussed on supporting the long term growth strategy.	
Total			100%

Evaluation of the 2020 performance

The consolidated results clearly establish that Kinopolis maintained a solid financial basis throughout the fiscal year 2020, a year in which the cinema industry was extremely badly hit by the pandemic with long periods of cinema closures followed by periods of restrictive measures as well as repeated postponements of blockbuster releases. However, thanks to the financial and operational business strategy, not only was the operational cash drain limited to € 3.6 million per month in the second half of 2020 and the EBITDAL loss of 2020 limited to -€ 14 million but also an additional loan of € 80 million was secured providing Kinopolis with sufficient financial reserves to face the ongoing consequences of the pandemic and to launch four new construction projects.

Furthermore, Kinopolis showed itself to be very agile by swiftly implementing the rapidly changing restrictive operational measures imposed by the various governments. It also succeeded in maintaining a safe and welcoming environment not only for its visitors but also for its employees which enabled it to limit the talent drain.

As far as the qualitative targets are concerned, the predominant focus of the Executive Management shifted, as the pandemic continued for a longer period than initially anticipated, to the adaptation of the business strategy to the Covid-19 crisis.

⁽¹⁾ To achieve this objective, Kinopolis's strategy relies on three pillars: (i) the best marketer, (ii) the best cinema operator, and (iii) the best real estate manager.

This has resulted in the development of the Entrepreneurship plan 2022 which, based on further optimisation and innovation measures, will support the future profitable performance of Kinopolis.

In view of the ongoing Covid-19 pandemic the CEO decided however to waive any right to an STI for the performances in the year 2020.

Total remuneration granted in 2021 ⁽¹⁾

EDDY DUQUENNE BV	FIXED REMUNERATION		VARIABLE REMUNERATION IN THE SHORT-TERM	EXCEPTIONAL ITEMS	PENSION COST	TOTAL REMUNERATION	RATIO OF FIXED AND VARIABLE REMUNERATION
	BASIS	ADDITIONAL BENEFITS ⁽²⁾					
2021	725 242 ⁽³⁾	9 000	0	0	0	734 242	Fixed: 100 % Variable: 0%

(1) The payment of the variable remuneration granted for the fiscal year 2019 was deferred by the CEO and paid in 2021.

(2) Expense allowance

(3) Of which an important part is deferred to 2022 in the context of the pandemic.

Long term incentives (LTI)

In accordance with the Share Option Plan 2016, the last tranche of the share options, that were granted in 2017, vested in the beginning of 2022.

The CEO exercised no share options in 2021 nor were any additional share options granted.

BENEFICIARY	NUMBER OF OPTIONS GRANTED IN 2017	TOTAL NUMBER OF OPTIONS VESTED	NUMBER OF OPTIONS EXERCISED
Eddy Duquenne	90 000	90 000	0

IV. SEVERANCE PAYMENTS

There were no severance payments as no members of the Board of Directors or Executive Management left the Company in 2021.

V. CLAW-BACK RIGHTS

No circumstances arose in 2021 that would give cause to reclaim all or part of the variable remuneration.

VI. EVOLUTION OF THE REMUNERATION AND PERFORMANCE OF KINEPOLIS

	2017	2018	2019	2020	2021
Remuneration of directors	+6.53%	+89.73% ⁽¹⁾	+19.52%	-21.90% ⁽²⁾	+27.87%
Remuneration CEO Eddy Duquenne ⁽³⁾	-11.66%	+19.74%	+1.08%	+10.57% ⁽⁴⁾	-42.1%
Remuneration CEO Joost Bert	-6.46%	-34.98%	-100% ⁽⁵⁾	/	/
Net profit	+2.98%	-3.38%	+14.69%	-227.11%	+63.53%
Adjusted EBITDA	+10.28%	+14.10%	+46.34%	-89.96%	+313.11%
Average remuneration of employees ⁽⁶⁾	+12%	+5%	-14%	-31% ⁽⁷⁾	+21%

⁽¹⁾ The increase is explained by the fact that a new chair was appointed as of 11 May 2018.

⁽²⁾ The remuneration of the board was cut with 20% in 2020.

⁽³⁾ In this evolution we have considered the total remuneration where, as for the STI, we have taken into account the amount which has been awarded for targets realised in the prior year; the evolution does not include the remuneration as director.

⁽⁴⁾ For the sake of comparability, the deferred payment in 2021 of the variable remuneration for performance in 2019 has in line with Kinopolis's reporting, been added to the remuneration for 2020.

⁽⁵⁾ Mr. Bert was CEO until 10 May 2018.

⁽⁶⁾ The evolution is based on the cost of labor of Kinopolis Group NV of all employees and of all natural and legal persons linked to Kinopolis by a management agreement or similar and takes into account the fixed and variable remuneration, vacation pay, end-of-year pay, all extra-legal payments and employer contributions.

⁽⁷⁾ Corrected number as the figure reported in 2020 was erroneous.

VII. RATIO BETWEEN THE HIGHEST AND LOWEST REMUNERATION

The ratio between the highest and lowest remuneration within Kinopolis Group NV is a factor of 17,64. This includes all components of the remuneration. More specifically for the lowest remuneration, this includes: fixed remuneration, variable remuneration, vacation pay, end-of-year pay, all extra-legal payments and employer contributions.

VIII. SHAREHOLDER'S VOTE

In accordance with section 7:149, paragraph 3 of the BCAC, Kinopolis has reflected on the votes casted by shareholders when determining the remuneration for the 2021 period.

After careful review, the Board of Directors considers the remuneration policy as approved in 2021 to be a balanced and transparent policy. The performance goals enhance the long-term financial and operational performance of Kinopolis as clearly appreciated by the investor community and as demonstrated by the financial results prior to the Covid-19 pandemic as well as during the pandemic.

Notwithstanding this, Kinopolis has, where appropriate, explained in more detail in this remuneration report the rationale behind the choices made regarding the remuneration policy and has proposed the 2022 General Meeting to introduce a claw-back mechanism as prescribed in the 2020 Belgian Corporate Governance Code.

As Kinopolis values the feedback of its shareholders, she will continue to integrate their feedback into the discussions of the Nomination and Remuneration Committee in 2022. Looking to the future, the Nominations and Remuneration Committee will also evaluate the current design of the different variable remuneration components for Executive Management.

7.11. DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In accordance with the Corporate Governance rules and the various relevant regulations, the Company has developed a process for risk management. Kinopolis Group makes use of the 'Integrated Framework for Enterprise Risk Management' in this regard as developed by the Committee of Sponsoring Organisations of the Treadway Commission ('COSO'). This framework integrates both the internal control and risk management processes and is aimed at the identification and management of strategic, operational and reporting risks, as well as legal and regulatory risks in order to ensure the achievement of the corporate objectives.

Kinopolis Group uses this framework to implement a system of Risk Management or to control the above risks in the business processes and financial reporting. The system is developed centrally and is uniformly applied as far as possible in the various parts of the organisation and its subsidiaries. The system deals with the various components as prescribed by the reference model, as well as the various roles and responsibilities with regard to internal controls and risk control.

ROLES AND RESPONSIBILITIES

Risk management is not the exclusive responsibility of the Board of Directors and Executive Management within Kinopolis Group; every employee is responsible for the proper and timely application of the various risk management activities within the scope of his or her job.

The responsibilities of the Board of Directors (and its various committees) and the Executive Management regarding risk-management are established and described in detail in legal stipulations, the Belgian Corporate Governance Code 2020 and the Kinopolis Corporate Governance Charter. In brief, it can be stated that the Executive Management bears final responsibility for the appropriate implementation and management of the risk-management system, while the Board of Directors has a supervisory role in this matter.

The implementation and management of the risk- management system is based on a pyramidal responsibility structure, in which each manager is not only responsible for the proper introduction and application of the risk- management processes within the scope of his or her job, but also has a duty to monitor its proper implementation by his or her subordinates (who may, in turn, be managers).

In this way, management can be confident of proper and comprehensive risk management throughout the Company and be assured that related risks in the various business processes and departments are being tackled in an integrated way.

APPLICATION OF THE VARIOUS COMPONENTS

The way in which the Group applies the various components of the COSO framework is outlined below. This description covers only the most important elements and is therefore not comprehensive. In addition, the appropriateness of the application is evaluated on a regular basis and is therefore continually subject to change.

INTERNAL CONTROL ENVIRONMENT

An appropriate internal environment is a precondition for being able to effectively apply other risk-management components. With this in mind, Kinopolis Group highly values integrity and ethical action. In addition to the existing legal framework, Kinopolis Group endeavours to encourage and enforce such behaviour by means of both preventive measures (e.g. via the Charter, the Code of Conduct, the work regulations, the application of strict criteria in the area of human resources, in particular with regard to the areas of the selection and recruitment of staff and periodic evaluations, and various procedures and policies) as well as investigative measures (e.g. reporting procedure, compliance inspections).

Another important aspect of the internal environment is the organisational structure. Kinopolis has a clear and uniform organisational structure, which matches the various countries and business processes. The organisational structure, the determination of the various objectives, the management of the budget and the remuneration process are also aligned to each other.

In addition, correct employee training and guidance is essential for the proper application of risk management. To this end, the training needs of every employee are evaluated on an annual basis, distinct from the existing compulsory courses for certain jobs. New managers also follow an introductory risk-management training.

SETTING OF OBJECTIVES

In line with the Company's mission, business objectives are set for different terms. As described in the Charter, these are confirmed on an annual basis by the Board of Directors, which also ensures that they are in line with the Company's risk appetite, as determined by the Board of Directors.

The (financial and non-financial) objectives established at consolidated level are gradually developed into specific objectives for individual countries, business units and departments on an annual basis. The lowest level is the determination of the individual objectives for each employee. The attainment of these objectives is linked to the remuneration policy.

Progress with regard to these objectives is regularly assessed through business-controlling activities based on management reports. The individual objectives are assessed at least once a year as part of a formal HR evaluation process.

INTERNAL CONTROL

Internal Control is defined as the identification and assessment of business risks, as well as the selection, implementation and management of the appropriate risk responses (including the various internal control activities).

As stated above, it is first and foremost the duty of every manager to properly set up and implement the various internal risk-management activities (including monitoring) within the scope of his/her job. In other words, each line manager is responsible for the appropriate and timely identification and evaluation of business risks and the ensuring that control measures are taken and managed.

Although the individual line manager has some latitude when applying these rules, Kinopolis aims to standardise the process as much as possible. This is achieved by organising e-learning ERM training courses, implementing the structured policy guidelines and procedures, and using standard lists for the internal controls to be carried out.

The Board of Directors and Management of Kinopolis conduct an annual risk assessment to acquire a general understanding of the business risk profile. The acceptability of residual risks is also assessed as part of this. If these are not acceptable, additional risk-response measures are taken.

INFORMATION AND COMMUNICATION

The appropriate structures, consultation bodies, reporting and communication channels have been set up within Kinopolis Group for business operations, in general, and risk management in particular in order to ensure that the information required for those operations, including risk management, is made available to the appropriate persons in a timely and proper way. The information in question is retrieved from data warehouse systems that are set up and maintained in such a way as to meet the reporting and communication requirements.

MONITORING

In addition to the monitoring activities by the Board of Directors (including the Audit Committee) as stipulated by law, the applicable governance provisions and the Charter, Kinopolis mainly relies on the following monitoring activities:

- **Business Controlling:** The Management, supported by the Business Controlling department, shall analyse the progress made towards meeting the objectives and explain the discrepancies on a monthly basis. This analysis may identify potential improvements with regard to the existing risk management activities and measures;
- **Internal Audit:** the existing risk management activities and measures will be regularly assessed by the Internal Audit department with regard to internal rules and best practices. Possible improvements will be discussed with the Management and will result in the implementation of concrete action points that further tighten risk management.

7.12. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The company complies with the principles of the 2020 Code.

In line with the 'comply or explain principle', the Company has decided that it was in the best interests of the Company and its shareholders to deviate from the stipulations of the Code in a limited number of specific cases in addition to the circumstances described above:

- **Provision 4.6. of the Code:** the professional qualifications and duties of the directors to be re-appointed were not stipulated in the convening notices to the General Meeting of 12 May 2021, given that these qualifications were already published in several press releases and annual reports.
- **Provision 7.6. of the Code:** the non-executive directors will not be partly remunerated in shares, as the Company considers that sustainable value creation is an essential pillar of the Kinopolis strategy that is subscribed to by all directors, whether they are share-holders or not.
- **Provision 7.9. of the Code:** no minimum threshold has been set for shares to be held by the Executive Management, as the remuneration package for the Executive Management is already sufficiently geared towards sustainable value creation and Executive Management already holds a significant participation in the Company.
- **Provision 7.12 of the Code:** no formal claw-back stipulation was introduced as the Company was of the opinion that the civil code rules provide sufficient mechanics to recover any remuneration paid on the basis of false financial statements. In view of the votes casted at the General Meeting of 12 May 2021, the Company has decided to propose to the General Meeting to be held in 2022 the introduction of a claw-back clause as described in the remuneration report.

8. CONFLICTS OF INTEREST PURSUANT TO ARTICLE 7:96 OF THE COMPANIES CODE

On 24th of March 2021, following decisions were taken by the Board of Directors applying article 7:96 of the Belgian Companies and Associations Code (BCAC):

- The evaluation of the 2020 management objectives and the allocation of the variable remuneration for the CEO;
- The determination of the management objectives for the financial year 2021 and the allocation of the maximum remuneration at achievement of these objectives.

Extract from the minutes of 24 March 2021:

6. Discussion achievement of management objectives by the Executive Management in 2020 and approval variable remuneration – to be decided

Notification pursuant to Article 7:96 of the BCAC

Mr. Eddy Duquenne informs the other directors that he has a potential conflict of interest of a proprietary nature within the meaning of Article 7:96 of the BCAC, given that the Board of Directors will decide on the variable remuneration over fiscal year 2020.

Mr. Eddy Duquenne leaves the meeting and does not participate in the deliberations nor votes on this agenda item.

Decision

In the light of the Covid-19 crisis, the usual quantitative objectives were redetermined for the financial year 2020. The parameter for the evaluation of the pursued management was proposed on the way how the company copes with this crisis, operationally and financially.

Regarding the qualitative objectives and milestones, it was decided that they will consist of

- (1) the further development of the improvement potential of MJR,*
- (2) the optimisation of the various management-, analysing and reporting tools and the simplification of the different administrative processes,*
- (3) the further implementation of the expansion strategy taking into account the Covid-19 impact,*
- (4) the further development of the sustainability strategy, and*
- (5) the adaptation of the company to the consequences of the Covid-19 crisis.*

Based on the NRC report and the consolidated results of the company, there has been concluded that, thanks to the measurements taken by the CEO regarding the restrictions of the limitation of the operational cash drain, the EBITDAL loss of the Group, in a financial year featured by long periods of closures of cinemas in all countries, alternated with periods with restrictions and the absence of blockbuster releases, could be limited to -€ 14 million.

Furthermore the company disposes, thanks to amongst others the efforts of the CEO to underwrite an additional loan of € 80 million, of a sufficient financial reserve, necessary measures were taken to limit the "talent drain" and the new construction projects could go forward.

As a result the Board of Directors notices that the company has coped the crisis financially and operationally very well, which, by the way, is recognised by the investor community and that consequently the aforementioned objective was achieved.

As far as the qualitative targets are concerned, it has been noticed, as the pandemic continued for a longer period than initially anticipated, that the focus of the CEO was laid almost exclusively on the objective of adapting the Group to the crisis and the resulting impact. Due to the development of the 'Entrepreneurship 2022' plan which, based on further optimisation and innovation measures, will support the restart and the future profitable performance of the company as of 2022, the aforementioned objective was achieved.

Considering the realisation of an important part of the objectives, having as major result that the financial situation of the company nowadays, is very well under control after this unseen crisis, and this certainly compared to the "peers" on the market and that the company is ready for a restart with an ambitious plan, the Board of Directors decides to allocate a part of the variable remuneration for an amount of 215 000 euro.

The financial consequences for the Company amount to 215 000 euro.

7. Approval of the management objectives for the Executive Management for 2021- to be decided:

Notification pursuant to Article 7:96 of the Belgian Companies and Associations Code

Mr. Eddy Duquenne informs the other directors that he has a potential conflict of interest of a proprietary nature within the meaning of Article 7:96 of the BCAC, given that the Board of Directors will decide on the management objectives for financial year 2021.

Mr. Eddy Duquenne leaves the meeting and does not participate in the deliberations nor votes on this agenda item.

Decision

After extensive clarification by the chair of the Nomination and Remuneration Committee, the Board of Directors decides that, in the light of the Covid-19 crisis, and due to the unclear financial perspectives for the cinema market for the financial year 2021, not to use the usual difference between financial and non-financial performance criteria for the financial year 2021 also, but instead to determine individual and company objectives which relate to:

- (1) the realisation of the 'Entrepreneurship 2022' plan, which is the basis of the future performance of the Group
- (2) the permanent limitation of the monthly negative current free cash flow on a similar level as 2020 as long as the movie theaters are closed, and
- (3) the development of KPI's related to the sustainability strategy of the company.

For the evaluation of the objective regarding the 'Entrepreneurship 2022' plan the same method will be used as the one used for the "budget-owners".

The amount of the variable remuneration will be determined after closing of the financial year, within the limits foreseen in the remuneration policy.

In view of the ongoing Covid-19 pandemic, the CEO decided however after closing of the fiscal year to waive any right to a variable remuneration for the performances in the year 2020.

9. RESEARCH AND DEVELOPMENT

In the year under review, Kinopolis developed a number of new concepts for the benefit of the operating entities within the framework of the three strategic pillars. In this regard, Kinopolis strives to constantly adapt the experience it provides to the changing demographic trends, and to be innovative with regard to picture, sound and other factors in order to improve the customer experience and protect the profitability of the Group.

Kinopolis continued to invest in 2021 in, amongst others, new customer experiences such as new seating concepts and subscription formulas, new marketing and CRM concepts.

10. APPLICATION OF VALUATION RULES

The accounting policies have remained unchanged and have been applied with regard to the going concern of the company.

As described in the Corporate Governance chapter of the consolidated annual report, the business risks associated with the activities of Kinopolis include the availability and quality of the content supplied, seasonal effects, competition and risks associated with exceptional circumstances.

As a result of the global outbreak of the Corona virus, there were alternating periods of closure and opening of cinemas in 2020 and 2021, often with restrictions. Due to the closure of cinemas until the beginning of June 2021, the majority of the company's turnover was lost for several months. Even after reopening, there were still measures with regard to capacity restrictions, distancing rules and access restrictions, such as having a Covid passport. In December 2021, the cinemas in Belgium also had to close again. This has a serious impact on the financial results in 2021.

In order to limit the consequences of the Covid-19 pandemic, the necessary measures were taken to manage the health and safety risks of its customers and employees, to limit the negative financial impact of the business closures, and to safeguard its liquidity. The strategy and nature of the company, characterised by a maximum variability of costs, a solid real estate position, with a large proportion of cinema real estate being owned, a decentralised organisation and a 'facts-and-figures' driven corporate culture help Kinopolis to manage this crisis optimally.

However, the willingness of customers to go to the cinema remains high. A big difference in comparison with 2020 was the fact that the blockbusters, with which the Group generates 80% of its visitors under 'normal' circumstances, were launched in cinemas, partly thanks to the reopening of the cinemas on the North American continent in the first half of the year. Successful releases such as 'No Time to Die' (James Bond) and 'Spider-Man: No Way Home' showed that

customers would massively come back for good, high-quality content, despite the continuous obstacles and impact of the Covid-19 pandemic.

At the start of the crisis in 2020, Kinopolis had a strong balance sheet, sufficient financial reserves and credit lines that allowed the Company to close for more than a year. In order to be prepared for possible longer delays before the full resumption of its activities, Kinopolis has taken out an additional loan of € 80.0 million with its main bankers in January 2021, for a period of 3 years, which was also included in chapter 2 of this annual report. In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022.

Based on the current results and assumptions, this should be sufficient and Kinopolis Group should be able to comply with its covenants as of 30 June 2022. However given the uncertainty associated with the pandemic, it has been decided, as a precautionary measure, to request an extension of the suspension from the banks until 31 December 2022. This extension of the suspension until 31 December 2022 was obtained in March 2022.

As soon as the cinemas were able to reopen in most markets and the film releases returned to a normal pace, Kinopolis Group was able to present strong free cash flow generation, thanks in part to the recovery of the lost working capital. As per 31 December 2021, free cash flow was € 48.9 million, with net financial debt, excluding lease liabilities, amounting to € 474.5 million. Net financial debt decreased by € 38.8 million compared to 31 December 2020.

Kinopolis Group had € 171.0 million in liquidity at the start of 2021, consisting of cash and cash equivalents and available credit lines, including the new € 80.0 million credit concluded at the beginning of January 2021. The liquidity position at the end of June amounted to € 141.9 million. Thanks to strong cost management, one-off support measures and the good operating result, Kinopolis was able to limit its free cash flow in the first half of the year to an average of € -3.6 million per month, even under the circumstances of the majority of the cinemas remaining closed until June. In the second half of the year, the reopening of the cinemas and the return of the blockbusters, together with the measures taken to improve the Company's performance, ensured a further increase of the liquidity position to € 199.8 million.

Kinopolis therefore has, thanks to the measures taken, sufficient available financial resources to deal with this crisis. Kinopolis has pursued a prudent financial policy in recent years. This has resulted in an average maturity of more than 3.5 years for the outstanding financial liabilities as per 31 December 2021. The next significant repayment of its bonds took place at the end of January 2022 (€ 61.4 million), and this from the available financial resources. The remaining average maturity as per 31 January 2022 is equal to 4.08 years. After the repayment in January 2022, there are no more significant financial maturities in 2022 and 2023. In December 2021, the maturity date of the roll-over credit was also extended from December 2024 to December 2026 by exercising the two foreseen extension options.

Based on the availability of content in the coming years, the customer demand, the financial reserves, the limited negative cash flow when closed and the development of the measures to control the Covid pandemic in the various countries, Kinopolis currently sees no reason to expect that the business model will be affected over the longer term and considers the impact of the Covid-19 pandemic to be a short-term impact that does not change the underlying parameters of its business model, which is why it has adopted the going concern principle in preparing this annual report.

11. PROFIT APPROPRIATION

In its proposal to the General Shareholders' Meeting concerning the appropriation of profit and payment of dividend, various factors were taken into consideration by the Board of Directors, including the Company's financial situation, the operating profits, the current and expected cash flows and the expansion plans.

In view of the impact of the Covid-19 virus on business operations and the impact on the financial results, the Board of Directors proposes to the General Meeting not to distribute a dividend.

The annual accounts were drawn up after allocation of the result, in accordance with the Royal Decree of 29 April 2019.

The following result appropriation was proposed:

Lost of the fiscal year to be appropriated:	€ -2 541 508.72
Profit carried forward from previous fiscal year:	<u>€ 39 641 130.75</u>
	€ 37 099 622.03
Withdrawal to the unavailable reserves:	€ 6 007 774.25
Profit to be carried forward:	€ 31 091 847.78
Dividends	€ 0.00

Mr. Eddy Duquenne, CEO, declares that to the best of his knowledge:

- The financial statements, which have been prepared in accordance with the applicable standards, give a true and fair view of the equity, financial position and performance of the Company and the entities included in the consolidation as a whole;
- The report of the Board of Directors gives a fair view of the development and performance of the business and the position of the Company and the entities included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed

The Board of Directors,

23 March 2022

Pentascop NV with as permanent representative Mr. Joost Bert
Chair

Mr. Eddy Duquenne
CEO