

Free Translation

**Report of the Board of Directors related to the Statutory Financial statements for financial year
2022 to the Annual General Meeting of 10 May 2023**

Dear shareholders,

In accordance with the legal and statutory terms, we have the honor to comment you on the policy and the results of our company during the financial year from 1 January 2022 to 31 December 2022.

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

Kinepolis Group NVs' equity amounts to € 88 017 621.75 as per 31 December 2022, compared to € 80 968 523.37 at the end of 2021. This movement is further clarified in section 1.2.1.

The balance sheet total of the company amounts to € 677 852 467.76, compared to € 658 479 224.04 in 2021. This movement is further clarified below in sections 1.1. and 1.2..

1.1.1. STATUTORY BALANCE SHEET: COMMENTS ON THE MOST IMPORTANT ASSETS

1.1.2. Intangible assets

Intangible assets increased by € 486 030.77, mainly attributable to new acquisitions of € 2 305 459.03 and disposals of € 49 393.05 on the one hand, and amortisations of € 1 770 035.21 on the other hand.

1.1.2. Property, plant and equipment

Property, plant and equipment increased by € 170 521.39 compared to 2021. In 2022 investments have been made for a total amount of € 479 623.23, mainly in ICT hardware. Normal depreciations amount to € 299 596.82.

1.1.3. Financial fixed assets

Financial fixed assets increased by € 10 248 674.56 due to an increase of the intercompany receivable with Kinepolis US.

1.1.4. Stocks and orders in progress

Stocks increased in 2022 by € 1 047 712.15 and amount to € 2 042 963.77. This increase is attributable to the purchase of goods for the complexes in Canada and for the theater of Lomme (France).

1.1.5. Current receivables

Current receivables increased by € 13 075 398.75. On the one hand, this is due to an increase by € 6 170 313.03 in receivables with affiliated companies and an increase in trade receivables by € 2 042 095.55 and, on the other hand, due to a decrease of VAT receivable of € 107 462.52. There was also an increase of the corporate income tax of € 4 970 452.69 due to excess prepayments.

1.1.6. Cash and cash equivalents

Cash and cash equivalents decreased by € 6 150 348.03, on the one hand, due to the reversal of a write-down on treasury shares in 2021 for an amount of € 672 033.54 and a new provision for 2022 of € 6 342 087.86 and, on the other hand, share options were exercised, causing a decrease in the book value of treasury shares of € 480 293.71.

1.1.7. Accrued charges and deferred income

Accrued charges and deferred income amount to € 2 037 911.00 and consist mainly of deferred refinancing costs.

1.2. STATUTORY BALANCE SHEET: COMMENTS ON THE MOST IMPORTANT LIABILITIES

1.2.1. Capital, share premium, reserves and profit carried forward

The result of the financial year 2022 amounts to € 14 060 726.40 and the operating result, which increased by € 27 366 972.56 compared to 2021, amounts to € 27 396 175.36.

Unavailable reserves have decreased by € 6 150 348.03, on the one hand, due to the reversal of a write-down on treasury shares in 2021 for an amount of € 672 033.54 and a new provision for 2022 of € 6 342 087.86 and, on the other hand, share options were exercised, causing a decrease in the book value of treasury shares of € 480 293.71.

1.2.2. Provisions and deferred taxes

Provisions amount to € 129 501.00.

1.2.3. Non current loans and borrowings

Non current liabilities decreased by € 15 878 000.00. This is due to the reclassification of a bond to current liabilities of € 15 878 000.00, as it is repayable in June 2023.

1.2.4. Current liabilities

Amounts payable within one year amounted to € 101 968 613.07 resulting in an increase by € 30 606 345.42 compared to 2021. On the one hand, this is due to a reclassification of € 15 878 000.00 of Bond 4 to current liabilities (to repay in June 2023) and the repayment in January 2022 of Bond 2 for € 61 400 000.00 and, on the other hand, due to an increase of the trade payables of € 6 849 484.73. In December 2022 commercial paper has been purchased for € 12 500 000.00 and will be repaid in January and February 2023.

Payables regarding withholding taxes on wages have increased by € 750 449.90, due to the use of a general withholding tax payment deferral. The withholding taxes for the months November and December 2022 have only to be paid in March 2023.

Payables related to remuneration and social security contributions decreased by € 671 617.50. Other payables increased by € 56 863 398.68, this mainly concerns intercompany debts and the allocation of a dividend of € 7 011 628.00.

1.2.5. Accrued charges and deferred income

Accrued charges and deferred income decreased by € 2 500 969.08. This is partly due to a decrease in deferred income related to film vouchers with € 2 332 095.25, a decrease in accrued interest from bonds with € 1 510 270.51 and a decrease of the provision for share options for an amount of € 2 115 379.00. Furthermore there is an increase of unrealised exchange differences of € 2 963 756.14.

1.3. COMMENTS ON THE STATUTORY INCOME STATEMENT

Operating income increased by € 43 096 702.99. This is mainly due to higher operational fees compared to 2021. Due to the closure of cinemas during the Covid period and until June 2022, the expiration dates of the vouchers were extended. Due to the fact that these extensions ended, the 'profit on vouchers', the so-called profit per voucher, could also increase again compared to the previous financial year.

Operating costs increased by € 15 729 730.43. On the one hand, this is due to an increase of purchases amounting to € 2 619 756.88. On the other hand, there is an increase of goods and services of € 11 102 703.88, mainly due to a higher contribution in the operational fee of the subsidiaries. The increase of the operational profit amounts to € 27 366 972.56.

Financial income decreased by € 5 114 377.05. There is a decrease of € 344 988.57 due to the decrease of income related to intercompany loans. There was a decrease of € 744 304.91 in surplus value realised on shares. Compared to 2021, there was a decrease of € 3 916 963.60 regarding less favourable foreign exchange results.

Financial expenses increased by € 4 142 568.06. The main reason is that in 2021 there was a reversal on the value of treasury shares for an amount of € 7 120 854.70 and in 2022 a new provision was made for € 5 670 054.32, resulting in an increase of € 12 790 909.02.

In 2021 an impairment of € 4 917 131.82 was recognised on Kinopolis US, this due to the impact of the Covid-pandemic. In 2022 no impairment has been recognised, resulting in a decrease. The provision for options recorded in 2021 for € 2 115 379.00, was reversed in 2022, also resulting in a decrease of € 4 230 758.00.

Income tax expenses increased by € 1 412 609.04. Notwithstanding that there are still available losses carried forward, taxes must still be paid on 30% of the result, (-€ 1 000 000.00).

2. IMPORTANT EVENTS AFTER CLOSING DATE

There are no subsequent events after closing date to disclose.

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

In order to gain insight into the main business risks, the Board of Directors and the Management of the Company conduct 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 2022 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 significant risks from less significant risks in a well-founded way, the result remains an estimate of potential risks and possible measures to reduce such risks which, inherent to the definition of risk, do not offer any guarantee to avoid risk events. The following list (in random order) is therefore a non-exhaustive list of the risks to which Kinopolis is exposed.

AVAILABILITY AND QUALITY OF CONTENT SUPPLIED

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 and other forms of audiovisual content, 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, producers or other content suppliers, 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 determine the timing of the releases of their films independently of the cinema operators, 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, given that the costs of a financial hedging policy would exceed the revenue received from it, but it endeavours to mitigate the consequences by, among other things, varying its cost structure as much as possible.

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 distribution 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 watching 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 on measures to counter a possible increase in the illegal sharing of content online. 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 aims 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 through a rigorous internal efficiency 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 may 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 therefore also thoroughly examine growth opportunities in advance to ensure these risks are properly assessed and, where necessary, managed accordingly.

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 the growth and/or operations of Kinopolis Group, or could result in additional investments or costs. Where possible, these risks are actively managed through necessary training, such as compliance training with regard to competition, and through communicating and defending the views of Kinopolis Group to the political, administrative or legal authorities involved in an appropriate manner. In addition, the Belgian Competition Authority has imposed a number of conditions and restrictions on Kinopolis Group, such as the requirement to obtain prior approval from the Belgian 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 endeavours to manage these risks by closely following the latest technological developments, by regularly analysing and evaluating the system architecture, by securing, evaluating and optimising its networks where necessary, as well as implementing ICT best practices. With regard to cyber security, the Chief Information Security Officer plays an essential role, and he is also involved in implementing awareness campaigns for the personnel.

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 requisite knowledge and experience in all parts of the Company is therefore an ongoing challenge that was magnified even more during the Covid period. Kinopolis accepts this challenge by offering attractive terms of employment, good knowledge management, open and targeted communication, internal career opportunities and a pleasant working atmosphere. Kinopolis also strives to measure employee satisfaction through a personnel survey, and make adjustments to its policy 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.

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'. Primarily, 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-safe buildings and installations, to user-safe products (e.g. compliance with HCCP standards, noise levels in the theatres) and the prevention of feelings of insecurity through an appropriate 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 the sector federations.

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

Kinopolis also continuously measures customer satisfaction via the Customer Satisfaction Index (CSI), which gauges customer experience, on the basis of which business operations can be adjusted if necessary.

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 has 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 aims to respond to any questions or inconveniences as quickly as possible by offering its customers timely and adequate services, so that potential complaints or disputes can either 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, wars, 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, could have a negative impact on activities. Kinopolis aims to minimise the potential impact of such risks as much 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 measures already mentioned above to manage political and regulatory risks, Kinopolis will take the measures necessary to avoid environmental damage and to limit property risks.

Furthermore, risks associated with the physical impacts of climate change, linked to ever-increasing regulatory and reporting requirements, can be a challenge. Kinopolis Group is geographically very dispersed however, meaning that the physical risk of a significant impact of climate change on business operations is naturally limited, although this does not alter the fact that Kinopolis is aware of the potential impact and is therefore working on measures to limit the consequences in line with the European objectives in this area. The necessary resources will also be deployed in order to develop robust reporting in accordance with European and national regulations in this area.

OTHER RISKS

Following the annulment by the Court of the decisions of the Belgian Competition Authority (BCA) of 31 May 2017 and 26 April 2018, respectively, to relax the behavioural conditions imposed on Kinopolis Group by the BCA in 1997, the BCA 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 prior approval by the BCA regarding acquisitions in Belgium, remain in force.

FINANCIAL RISKS AND THE USE OF FINANCIAL INSTRUMENTS

Kinopolis Group is exposed to a number of financial risks in its daily operations, such as interest risk, currency risk, credit risk and liquidity risk.

Derivative financial products concluded with third parties can be used to manage these financial risks. The use of derivative financial products is subject to strict internal controls and

regulations. It is Group policy not to undertake any trading positions in derivative financial instruments for speculative purposes.

Kinepolis manages its debts by making use of a combination of short-, medium- and long-term borrowings. The mix of debts with fixed and floating interest rates is established at Group level. The net financial debt of the Group at the end of December 2022 was € 423.5 million, excluding lease liabilities. In order to hedge the interest risk on a fixed-term loan amounting to € 80 million, Interest Rate Swaps were entered into the same amount.

The Notes to the Consolidated Financial Statements provide a more detailed description of how the above-mentioned risks are managed.

4. DISPOSAL OF TREASURY SHARES

The share capital amounted to € 18 952 288.41 on 31 December 2022, and is represented by 27 365 197 shares without nominal value, all of which benefit the same corporate rights.

After the delivery of 25 156 shares to the beneficiaries of stock options, Kinepolis Group held 397 396 treasury shares on 31 December 2022, with a capital value of € 275 224.17.

5. USE OF FINANCIAL INSTRUMENTS

In order to hedge the interest risk on a fixed-term loan amounting to € 80 million, Interest Rate Swaps were entered into the same amount.

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 consolidated annual report of Kinepolis Group NV.

7. CORPORATE GOVERNANCE STATEMENT

At the beginning of 2021, the Board of Directors has revised the Corporate Governance Charter, using the new 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 2022, 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 2020 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.

SHARE CAPITAL

The share capital amounted to € 18 952 288.41 on 31 December 2022, and is represented by 27 365 197 shares without nominal value, all of which benefit the same corporate rights.

After the delivery of 25 156 shares to the beneficiaries of stock options, Kinopolis Group held 397 396 treasury shares on 31 December 2022, with a capital value of € 275 224.17.

RIGHTS TO NOMINATE CANDIDATES TO THE BOARD OF DIRECTORS

According to the articles of association, eight 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 thirty-five per cent (35%) of the shares of the Company at the moment the candidate director 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 thirty-five 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 capital of the Company.

SHAREHOLDER AGREEMENTS

There are no shareholder agreements known within the Company that could give rise to a restriction of the transfer of securities and/or the exercise of voting rights within the context of a public acquisition bid.

CHANGE OF CONTROL

The Credit Agreement concluded on 15 February 2012 between Kinopolis Group NV and a small number 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, and as amended and restated several times, most recently as of 8 January 2021, and as further amended on 15 December 2022, stipulates that a participating financial institution can end its participation in said agreement, in which case the relevant part of the outstanding loan amount will become immediately due if natural persons or legal entities 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 stipulate that, in the case of a change of control (as defined in the Prospectus), every 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 Kinopolis Group website.

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 stipulate that, in the event of a change of control (as defined in the Prospectus), each 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 out in the Prospectus. This Prospectus can also be consulted on the Kinopolis Group website.

Furthermore, the General Terms and Conditions dated 16 January 2015 with regard to the private placement of bonds with institutional investors to the amount of € 96 million, as well as the General Terms and Conditions dated 5 December 2017 with regard to the private placement with institutional investors to the amount of € 125 million, as well as the General Terms and Conditions dated 5 July 2019 with regard to the private placement of bonds with institutional investors to the amount of € 225 million, contain clauses in the event of a change of control that are identical to these defined in the above-mentioned Prospectus.

Finally, the terms of the Commercial Paper/Midterm Notes Program dated 16 February 2022 with regard to the possible issue of treasury bills for qualified investors to an amount of maximum € 150 million, stipulate that, in the event of a change of control, the investors with treasury bills of more than 1 year are entitled to repayment of all or part of the treasury bills.

SHAREHOLDER STRUCTURE AND NOTIFICATIONS RECEIVED

Based on, among other things, 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 otherwise mutual consultation between them) and who collectively hold more than 30% of the voting shares of Kinopolis Group NV, and 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 notifications within the framework of the share buy-back programme, it is shown that, as of 31 December 2022:

- Kinohold Bis SA, holds 12 600 050 shares, or 46.04% 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 furthermore acts in close consultation with Mr. Joost Bert;
- Kinopolis Group NV, which is controlled by Kinohold Bis SA, held 397 396 or 1.45% of the 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.

Any amendments that have been communicated since 31 December 2022 can be consulted at www.kinepolis.com/corporate.

Shareholders' structure as per 31 December 2022

SHAREHOLDER	NUMBER OF SHARES	%
Kinohold BIS SA	12 600 050 ⁽¹⁾	46.04
Mr. Joost Bert	492 218 ⁽¹⁾⁽²⁾	1.80
Kinepolis Group NV	397 396	1.45
Free Float, of which:	13 875 533	50.71
- BNP Paribas Asset Management SA	1 366 585	4.99
TOTAL	27 365 197	100%

(1) After the recertification of 80 001 shares in STAK Kinohold by Pentascoop NV, Adorea BV and Movieking BV, which has yet to be implemented.

(2) Including Pentascoop NV.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

No amendments to the articles of association have been made in 2022.

BOARD OF DIRECTORS AND SPECIAL COMMITTEES

The Company has opted for the one-tier governance structure, whereby the Board of Directors is authorised to perform all actions necessary or useful to achieve the purpose of the Company, except for those for which the General Meeting is authorised. The Company considers this one-tier governance structure to be the most suitable governance structure, which allows rapid decision-making and has already proven its efficiency.

COMPOSITION OF THE BOARD OF DIRECTORS

	<p>Mr. Joost Bert, permanent representative of Pentascoop NV <i>Chairman of the Board of Directors and of the Nomination and Remuneration Committee</i></p> <p>Mr. Joost Bert has been Chairman of the Board of Directors since 2018, after previously holding the role of CEO and co-CEO in the Company, which was founded in 1997 by the families Bert and Claeys, and has since grown into a global player in the cinema sector and is still controlled by the family Bert.</p> <p>Other positions in listed companies: Mr. Joost Bert (Pentascoop NV) does not hold any mandates in other listed companies.</p>
	<p>Mr. Eddy Duquenne <i>CEO</i></p> <p>Mr. Eddy Duquenne, who holds a Master's degree in Applied Economics, has been CEO (co-CEO until 2018) and Managing Director of Kinopolis Group since 2008.</p> <p>Before this period, he acquired management and financial expertise in the leisure sector, property management and the financial circuit through the holiday group Sunparks (1998-2007), where he was co-CEO, and through the banking sector.</p> <p>Other positions in listed companies: Mr. Duquenne does not hold any mandates in other listed companies.</p>
	<p>Mrs. Marion Debruyne, permanent representative of Marion Debruyne BV <i>Independent director</i></p> <p>Professor Marion Debruyne is trained as a Civil Engineer (RU Ghent, 1995) and obtained a Ph.D. at the Faculty of Applied Economics (RU Ghent, 2002). She has taught at the Wharton School (University of Pennsylvania), the Kellogg Graduate School of Management and the Goizueta Business School, all in the USA. Marion Debruyne was appointed Dean of the Vlerick Business School in 2015, and is also a director at Guberna, the Institute for Directors. Mrs. Debruyne has extensive expertise in marketing strategy and innovation management.</p> <p>Other positions in listed companies: Mrs. Debruyne (Marion Debruyne BV) is an independent non-executive director at Ackermans & van Haaren NV.</p>

	<p>Mr. Philip Ghekiere, permanent representative of PGMS NV <i>Director</i></p> <p>Mr. Philip Ghekiere has obtained an academic law degree (KUL), holds a Master of Law degree (LLM NY University) and also has extensive expertise in corporate financing. He is investment partner at the Dovesco investment company. Before that, he was investment director at NPM Capital for 7 years, partner at the Capco technology services company for 8 years, and partner at Loeff Claeys Verbeke law firm (now Allen & Overy) for 10 years.</p> <p>Other positions in listed companies: Mr. Ghekiere (PGMS NV) does not hold any mandates in other listed companies.</p>
	<p>Mrs. Sonja Rottiers, permanent representative of SL Advice BV <i>Independent director, member of the Audit Committee and the Nomination and Remuneration Committee</i></p> <p>Mrs. Sonja Rottiers graduated from the University of Antwerp with a Master's degree in Applied Economics (major Accounting and Taxation) and has more than 35 years' professional experience in the financial sector. She previously performed general management functions (C-level) at insurance companies, mainly as CFO (Dexia Insurance and Axa) and was also member of the Board of Directors of Leasinvest Real Estate SCA, AXA Holdings Belgium NV, ING Belgium NV and Touring Insurance. After her most recent board function at the European subsidiary of Lloyd's, she has focused on non-executive mandates in various sectors, leveraging her experience in general management, governance, risk management and financial expertise.</p> <p>Other positions in listed companies: Mrs. Rottiers (SL Advice BV) is an independent and non-executive director at bpost NV, where she is the Chair of the Audit and Risk Committee.</p>
	<p>Mrs. Marleen Vaesen, permanent representative of MAVAC BV <i>Independent director and member of the Audit Committee</i></p> <p>Mrs. Marleen Vaesen graduated from the KUL with a Master's degree in Applied Economics, followed by an MBA at the University of Chicago, and also attended an Advanced Management Program at Harvard University. After serving in various executive positions at Procter&Gamble and Sara Lee, Mrs. Vaesen held the position of CEO at Greenyard for 5 years and at Van de Velde NV for 4 years.</p> <p>Other positions in listed companies: Mrs. Vaesen is a non-executive director at Van de Velde NV.</p>

	<p>Mr. Geert Vanderstappen, permanent representative of Pallanza Invest BV <i>Director and Chairman of the Audit Committee</i></p> <p>Mr. Geert Vanderstappen graduated in 1986 as a Civil Engineer in Electronics, after which he completed his studies by following a Post Graduate in Business Administration. Mr. Vanderstappen started his career at Generale Bank, first as Financial Engineering Officer and later as Corporate Officer. He started working at Spector Photo Group in 1993, where he promoted from Group Controller to General Manager Finance & IT after 2 years. He was a Partner at Buy Out Fund CV from 1999 to 2016. He is also a Partner at Pentahold NV since 2006.</p> <p>Other positions in listed companies:</p> <p>Mr. Vanderstappen (Pallanza Invest BV) has been a non-executive director and Chairman of the Audit Committee at Smartphoto Group since 2006.</p>
	<p>Mr. Ignace Van Doorselaere, permanent representative of 4F BV <i>Independent director and member of the Nomination and Remuneration Committee</i></p> <p>Mr. Ignace Van Doorselaere holds a degree as an English-Spanish Conference Interpreter from the Hogeschool Gent, after which he obtained an additional Post Graduate degree in Business Administration from the Catholic University of Leuven, as well as an MBA from the Wharton School, University of Pennsylvania. In addition to experience at The Boston Consulting Group in Paris, Mr. Van Doorselaere was also able to further develop his management skills by joining AB-Inbev in 1990 as Head of M&A, to be subsequently appointed Head of Corporate Strategy Worldwide, then as General Manager AB-I Netherlands, and finally as Executive Vice President Western Europe. He started working as CEO of the listed company Van de Velde in 2004,</p> <p>until he became CEO at Neuhaus in 2017.</p> <p>Other positions in listed companies:</p> <p>Mr. Van Doorselaere (4F BV) does not hold any mandates in other listed companies.</p>

As of 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 in accordance with article 7:87 of the Company Code BCAC and article 3.5 of the Corporate Governance Code 2020, as she meets all the criteria of the Corporate Governance Code 2020, except for the fact that the mandate has already been held for more than 12 years, which, in the Company's opinion, does not impede the independent position of the director. Mrs. Debruyne always executes her mandate completely independently from the vision of the Executive Management and the reference shareholders, and has always used her special and specific knowledge and know-how, amongst others resulting from her academic career, solely in the interest of the Company and its stakeholders.

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

Furthermore, the Board of Directors 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. In this regard, the Board of Directors pays due attention 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, in both the Board of Directors and its Committees.

The chairmanship of the Board of Directors is held by Pentascoop NV, with Mr. Joost Bert as permanent representative, who, given his extensive knowledge and experience in the national and international cinema sector, assists the CEO with the necessary support and advice, without prejudice to the latter's executive responsibilities. He also supports the Board of Directors in conducting a high-quality dialogue with shareholders, including reference shareholders, and thereby further contributes to sustainable value creation for the Company, with a focus on the long-term interests of all stakeholders.

By way of derogation from 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 Chairman, 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 seven meetings that took place in 2022.

Composition of the Board of Directors

NAME	POSITION	TERM ENDS	ATTENDANCE OF MEETINGS (7)
Mr. Joost Bert permanent representative of Pentascoop NV ⁽¹⁾	Chairman	2024	All meetings
Mr. Eddy Duquenne ⁽²⁾	CEO	2024	All meetings
Mrs. Marion Debruyne permanent representative of Marion Debruyne BV	Independent director	2023	All meetings
Mr. Philip Chekiere ⁽¹⁾ permanent representative of PGMS NV from 11 May 2022	Director	2024	6 meetings
Mrs. Sonja Rottiers, permanent representative of SDL Advice BV	Independent director	2024	All meetings
Mrs. Marieen Vaesen permanent representative of Mavac BV	Independent director	2024	All meetings
Mr. Geert Vanderstappen permanent representative of Pallanza Invest BV ⁽¹⁾	Director	2024	All meetings
Mr. Ignace Van Doorselaere permanent representative of 4F BV	Independent director	2023	All meetings

⁽¹⁾ Representing the reference shareholders
⁽²⁾ Executive director

ACTIVITY REPORT OF THE BOARD OF DIRECTORS

In addition to the duties assigned to the Board of Directors under the BCAC, the articles of association and the Charter, the following topics were mainly discussed:

- the commercial and financial results, together with forecasts;
- the treasury and financing policy;
- the sustainability strategy and the related governance structure;
- the short- and long-term strategy including risk appetite and ongoing strategic projects;
- the 2023 profit plan;

- the ongoing cinema and real estate projects;
- the reports of the Audit Committee and Remuneration Committee;
- the Remuneration Policy;
- the ICT policy, including the ICT security policy;
- the main business risks, including social and environmental risks, and the methods used to control them;
- the reporting of the Executive Management regarding the Investor Relations programmes.

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

At least seven meetings are scheduled for the year 2023. Additional meetings may be held if necessary.

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 a CEO:

- Pentascoop NV, with Mr. Joost Bert as permanent representative and Chairman of this Committee;
- 4F BV, with Mr. Ignace Van Doorselaere as permanent representative;
- SDL Advice BV, with Mrs. Sonja Rottiers as permanent representative.

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 five times in 2022, headed by its Chairman, with all members of the Committee present.

The following topics were mainly discussed during these meetings:

- the proposed amendments to the Remuneration Policy;
- the remuneration report to be included in the 2021 Annual Report;
- the feedback on the Remuneration Policy and the remuneration report following the General Meeting of 11 May 2022;
- the adjustment of the remuneration package for the Executive Management;
- the adjustment of the remuneration package for the Board of Directors;
- setting the objectives (both quantitative and qualitative) for the variable remuneration of the Executive Management for 2022, as well as the related remuneration upon achievement of the targets;
- the selection of a new CFO;
- 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 non-executive directors, the majority of whom are also independent.

The Audit Committee has the appropriate expertise with regard to accounting and auditing, and was composed

as follows:

- Pallanza Invest BV, with Mr. Geert Vanderstappen as permanent representative, who combines five years' experience as Corporate Officer at Corporate & Investment Banking of Generale Bank, with seven years of operational experience as Financial Director at Smartphoto;
- Mavac BV, with Mrs. Marleen Vaesen as permanent representative, who, among other things, has held the position of CEO at Greenyard and took up the mandate of non-executive director at Van de Velde NV from 1 May 2022, after having held the role of CEO there;
- SDL Advice BV, with Mrs. Sonja Rottiers as permanent representative, who held the position of CEO and executive director at Lloyds Insurance Company SA and of CFO at Dexia Insurance and Axa Belgium.

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

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

The Audit Committee, headed by its Chairman Mr. Geert Vanderstappen, met four times in 2022, with all members present, and the following topics were mainly discussed:

- the financial reporting in general, and the annual statutory and consolidated financial report, the half-yearly financial report, and the related press releases in particular;
- the establishment and monitoring of the internal audit activities, including discussion of the annual report of the internal audit department and the internal audit plan 2023;
- the WACC for investment models;
- evaluation of the internal control and risk management systems to ensure that the most important risks are identified and properly managed, including through 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 and preparation of the procedure for the appointment of a new auditor from the financial year 2024, when the mandate of the current auditor will have reached its maximum term;
- the audit of the ICT security policy and the ICT risk reporting;
- follow-up 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 well as the interaction with the CEO, 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 of Directors 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 of Directors 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 have resulted, among other things, in the Board of Directors not only having three female directors, but also being composed of directors with complementary profiles in terms of competence, knowledge and experience, including international management experience.

EXECUTIVE MANAGEMENT

Following the resignation in 2018 of Mr. Bert as Managing Director, Mr. Duquenne, as CEO, is the sole 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 generally 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 entire organisation, regardless of the nationality, cultural background, age or gender of the employees, as explained in more detail in the ESG section of this annual report.

INSIDER TRADING POLICY – CODE OF CONDUCT – TRANSACTIONS WITH AFFILIATES

The Dealing Code, which was 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 'insider knowledge'. The Protocol is designed to ensure that share trading by the persons in question only occurs strictly in accordance with the 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 how Kinopolis Group wishes to deal ethically and appropriately with 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 applied 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.

Remuneration report

I. INTRODUCTION

The Remuneration Policy of Kinopolis Group NV (hereafter Kinopolis) is aimed at attracting, motivating and retaining board and management members who, with their extensive, complementary and international knowledge and experience, can further develop and implement the sustainable and long-term value creation strategy of Kinopolis. On the proposal

of the Nomination and Remuneration Committee, the Board of Directors adopted the Remuneration Policy in 2021, and slightly amended it in 2022 (<https://corporate.kinepolis.com/en/remuneration-policy>), after which it was approved by the General Meeting of 12 May 2021 and of 11 May, 2022, respectively, in accordance with the new requirements of article 7:89/1 of the Belgian Code of Companies and Associations (hereinafter referred to as BCAC).

The Remuneration Policy of Kinepolis sets out the remuneration principles for the members of the Board of Directors and the Executive Management, which currently consists of the CEO.

Kinepolis attaches great importance to the opinion of its stakeholders, and has therefore conducted a thorough analysis of the votes cast at the 2021 General Meeting and, where necessary, has taken this into account in the amended Remuneration Policy that was approved by the General Meeting in 2022 and is applicable for the financial years 2022 up to and including 2025. The same analysis was carried out for the comments that were made following the General Meeting held in 2022.

II. GENERAL PRINCIPLES OF THE REMUNERATION POLICY OF KINEPOLIS

The remuneration for the period 2022 was awarded to the Board of Directors and the Executive Management based on the principles included in the renewed Remuneration Policy, as approved at the General Meeting of 11 May 2022.

The Remuneration Policy is aimed at enabling Kinepolis to attract, develop and retain the right talents for the Board of Directors and for the Executive Management, and to ensure that they are remunerated in accordance with their contribution to the long-term strategy of Kinepolis, i.e. to remain a resilient, sustainable and innovative Group with significant added value for all stakeholders.

BOARD OF DIRECTORS

The global remuneration for the Board of Directors is decided annually by the General Meeting on the proposal of the Board of Directors, assisted by the Nomination and Remuneration Committee and based on the principles included in the Remuneration Policy approved by the General Meeting. The above-mentioned mechanism ensures that no conflicts of interest can arise.

The Chairman of the Board of Directors, as well as the Chief Executive Officer, are allocated a fixed annual amount, as determined in the Remuneration Policy approved by the General Meeting in 2022 (see the table below).

The fixed annual amount allocated to the Chairman also includes remuneration for chairing and attending the Nomination and Remuneration Committee and for participating as a non-executive director on the board of directors of other group companies, and is determined taking into account the fact that the Chairman intensively represents Kinepolis on the international stage of the cinema sector.

In accordance with the Remuneration Policy, the remuneration of the other non-executive members of the Board consists of a fixed remuneration composed of an annual basic amount for attending at least 6 meetings, an attendance fee for attending Committee meetings and an additional fixed annual amount for the Chairman of the Audit Committee and the Nomination and Remuneration Committee, if this person is different from the Chairman of the Board of Directors.

No shares are allocated to the non-executive directors as part of their remuneration, as Kinopolis believes that its strategy and general operating method, aimed at long-term sustainable value creation, is an inherent part of the vision of the Board of Directors, and there is therefore no additional need to (partly) link the remuneration of the non-executive directors to shares in Kinopolis. The non-executive directors do not receive bonuses, long-term stock-related incentive programmes or benefits in kind (except for the right to attend a number of film screenings each year).

	ACTIVITIES IN RELATION TO THE BOARD OF DIRECTORS		ACTIVITIES IN RELATION TO A COMMITTEE ⁽¹⁾	
	ANNUAL FIXED REMUNERATION	ATTENDANCE REMUNERATION FOR AT LEAST 6 MEETINGS	ANNUAL FIXED REMUNERATION	ATTENDANCE REMUNERATION PER MEETING
Chairman	€ 570 000	n/a	€ 12 000	€ 3 000
Member	n/a	€ 37 500	n/a	€ 3 000

(1) If the Chairman of the Board of Directors is the Chairman of a Committee, no additional remuneration is granted.

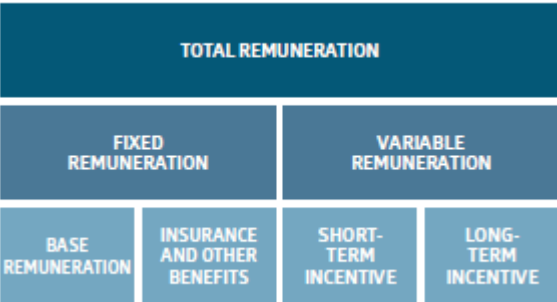
EXECUTIVE MANAGEMENT

The Board of Directors determines the remuneration of the members of the Executive Management on the proposal of the Nomination and Remuneration Committee, taking into account the experience, level of responsibility and performance, and the benchmark results of comparable companies.

On the advice of the Nomination and Remuneration Committee and in accordance with the Remuneration Policy, the Board of Directors annually determines the performance criteria that the members of the Executive Management must achieve in the coming year. These criteria promote sound and effective risk management, and discourage taking risks that fall outside the risk tolerance limits of the Company.

Once the annual accounts of the relevant financial year have been adopted, the Nomination and Remuneration Committee will assess whether or not these performance criteria have been achieved and, on the basis of this assessment, the Board of Directors will then determine the amount of the variable remuneration.

As stipulated in the Remuneration Policy, the remuneration of the Executive Management can consist of four components: (i) a base remuneration, (ii) insurance and other benefits, (iii) an annual short-term incentive (STI) and (iv) a long-term incentive (LTI).



As the Executive Management already holds a significant and meaningful number of the Company’s shares and stock options in its portfolio, and its interests are therefore aligned with the long-term interests of Kinopolis, no explicit minimum requirements regarding the holding of Kinopolis shares have been included in the Remuneration Policy of Kinopolis.

Fixed remuneration

(i) Base remuneration

The base remuneration is set every two years, and is reviewed by the Board of Directors on the proposal of the Nomination and Remuneration Committee and reflects the experience, skills, activities and responsibilities of the respective individual. The evaluation takes a number of criteria into account, such as:

- benchmark data from companies that are part of the Reference Framework to ensure that the remuneration is in line with the market, taking into account whether the Executive Management works on a self-employed basis. The Reference Framework consists of 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 complexity of the position; and/or
- changes in the size or activities of Kinopolis.

(ii) Insurance and other benefits

Apart from an annual expense allowance of € 9 000 and the benefit of liability insurance for Managing Directors and Directors, the Executive Management receives no benefits in kind. In line with market practice, the amended Remuneration Policy also provides for the possibility for the Board of Directors to incorporate contributions to a pension plan into the remuneration package for the Executive Management.

Variable remuneration

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

Given that the performance criteria are set in such a way that they inherently help to ensure the creation of

long-term sustainable growth and value, the General Meeting of 12 May 2021, in accordance with article 7:91 of the BCAC, approved the proposal of the Board of Directors to base the integral annual variable remuneration of the Executive Management for the periods from 2021 to 2024 on objective and measurable performance indicators to be measured over a period of one year.

(i) Annual short-term incentive (STI)

Although the short-term incentive is granted annually, it is based on the achievement of objectives that promote and/or support the long-term strategy and key strategic priorities of Kinopolis.

The short term incentive is, in accordance with principle 7.10 of the Belgian Corporate Governance Code, on a biennial basis set by the Board of Director, at a % of the fixed remuneration while maintaining an appropriate ratio between the fixed and the variable remuneration. This STI can only be increased to a maximum of 100% of the fixed remuneration in case of a significant out-performance or extra-ordinary achievement.

The variable remuneration is in any case limited to 100% of the fixed remuneration.

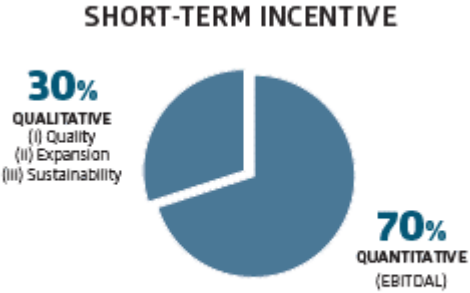
The targets usually consist of both quantitative and qualitative targets, with 30% of the variable remuneration being linked to the achievement of the qualitative targets (being a mix of

individual qualitative targets and qualitative targets to be achieved at the company level over a period of one year), and 70% is linked to the achievement of the quantitative targets that promote and/ or support sustainable value creation.

With regard to the quantitative targets, in 'non-corona periods' the Board of Directors evaluates the evolution of the generated EBITDAL against the targets set by the Board of Directors as performance criterion, as this criterion is the relevant parameter to measure the development of value creation within Kinopolis. If the EBITDAL for the relevant year is within the predetermined margin, an amount between 0 and 100% of the variable remuneration linked to the achievement of the quantitative targets will be paid pro rata.

The qualitative criteria are based on (a) the known three- pillar strategy of Kinopolis (Best Cinema Operator, Best Marketer, Best Property Manager), (b) the internal and external expansion strategy and (c) the sustainability strategy.

The concrete objectives and milestones are set and evaluated each year by the Board of Directors, on the proposal of the Nomination and Remuneration Committee.



(ii) Long-term incentive (LTI)

Given the fact that 90 000 stock options were granted to the current Executive Management in 2017 in implementation of the 2016 stock option plan, and taken into account the already significant shareholder position of the Executive Management, the Board of Directors considers this, together with the other compensation components, to be sufficiently balanced to align the various interests of the parties involved and to encourage the implementation of a strategy of sustainable profitable growth.

The above-mentioned stock option plan was approved by the General Meeting on 11 May 2016. On the basis of this plan, 543 304 options (expiring on 10 May 2024) on existing shares could be granted to the then Chairman of the Board, the Executive Management and eligible executives of the Company or its subsidiaries, in order to allow the above-mentioned persons to participate in the long-term shareholder value to which they contribute, and as such aligning their interests with the interests of shareholders. By granting stock options, Kinopolis aims to be able to attract, motivate, bind and retain the best management talent for Kinopolis over the long term.

In line with Belgian market practice for small and medium-sized companies, the vesting of stock options was not linked to predetermined and objectively quantifiable performance criteria, taking into account, among other things, Belgian tax legislation, under which stock options are taxed when granted. In addition, the interests of the Executive Management are considered to be sufficiently aligned with those of Kinopolis in the long term, as the value of the remuneration element lies in the long-term development of the share price.

The goal of retaining valuable key people who contribute to long-term sustainable growth of Kinepolis was achieved by, among other things, the fact that the vested stock options can only be gradually exercised from the 4th year after they were awarded.

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

- The exercise price was determined in accordance with the Belgian Stock Option Law;
- The vested options become gradually exercisable from the 4th year after the date on which they were granted;
- The options expire eight years after the date of the approval of the plan by the General Meeting;
- The options are subject to 'Bad leaver' provisions;
- The options are not transferable, except in the case of death.

The Remuneration Policy further provides for the possibility of implementing new stock option plans for employees and executive directors of the Company (or of a subsidiary) in line with local legislation and corporate governance practices, up to a maximum of 5% of the outstanding share capital.

Claw-back Provision

The General Meeting of 11 May 2022 has approved the proposal of the Board of Directors to include a claw-back provision in the contractual arrangements with the Executive Management, with effect from 1 January 2022.

This provision allows the Board to recover all or part of a variable remuneration paid:

- (i) if the financial results on which the variable remuneration is calculated contain a significant misstatement that leads to an adjustment of the Company's audited results;
or
- (ii) in the event of fraud or malicious intent by a member of the Executive Management that has an adverse material effect on the financial results of the Company, on which the variable remuneration is calculated.

The claw-back clause can be applied during a period of 3 years after the payment of the variable remuneration.

III. APPLICATION OF THE POLICY IN 2022

The Remuneration Report provides an overview of the Remuneration Policy as applied in 2022, taking feedback from the shareholders into account where appropriate.

The international cinema sector continued to be impacted by the Covid-19 crisis over the past year. In the first quarter of 2022, for example, Covid measures were still in force in most countries (including capacity restrictions, face mask obligation, the Covid pass, and, in some countries, early closing hours for cinemas and the closure of shops), while Dutch cinemas, as well as some of the Canadian cinemas remained closed until the end of January 2022. Despite these continuing challenging financial and operational consequences of Covid-19, Kinepolis succeeded in realising the construction of a new cinema in 2022, as well as acquiring 3 cinemas and emerging as one of the strongest players in the industry from amongst other a financial point of view, by significant gains in profitability and financial strength. For example, turnover in 2022 reached 90.6% of the turnover from the particularly

strong year 2019, despite visitor figures only recovering to 72.7%, and EBITDAL per visitor rose to its highest level ever, to € 3.89.

REMUNERATION OF THE BOARD OF DIRECTORS

The Board of Directors was remunerated in accordance with the principles set out in the Remuneration Policy, which was updated in 2022.

All members of the Board of Directors, as well as the directors of the subsidiaries of the Company, are insured via a 'Directors' Civil Liability Policy', for which the total premium amounts to € 64 500 excluding taxes, and is borne by Kinopolis.

With the exception of the right to attend film screenings in Kinopolis cinemas, the non-executive directors did not receive any other remuneration, benefits, share-related bonuses or other incentive premiums from Kinopolis in 2022.

Overview of the annual fixed fees and attendance fees applicable for the 2022 period

NAME	TITLE	REMUNERATION FOR MEETINGS OF THE BOARD OF DIRECTORS	REMUNERATION FOR MEETINGS OF A COMMITTEE	TOTAL REMUNERATION 2022 ⁽¹⁾
Mr. Joost Bert permanent representative of Pentascoop NV	Chairman Board of Directors and Nomination and Remuneration Committee	€ 570 000	-	€ 570 000
Mr. Eddy Duquenne	CEO	€ 37 500	-	€ 37 500
Mrs. Marion Debruyne, permanent representative of Marion Debruyne BV	Independent director	€ 37 500	-	€ 37 500
Mr. Philip Ghekiere permanent representative of PGMS NV	Director	€ 37 500	-	€ 37 500
Mrs. Sonja Rottiers, permanent representative of SDL Advice BV	Independent director	€ 37 500	€ 27 000	€ 64 500
Mrs. Marleen Vaesen permanent representative of Mavac BV	Independent director	€ 37 500	€ 12 000	€ 49 500
Mr. Geert Vanderstappen permanent representative of Pallanza Invest BV	Director and Chairman Audit Committee	€ 37 500	€ 24 000	€ 61 500
Mr. Ignace Van Doorselaere permanent representative of 4F BV	Independent director	€ 37 500	€ 15 000	€ 52 500
TOTAL				€ 910 500

(1) All amounts are gross amounts before taxes.

As reported in previous years, the Chairman of the Board of Directors, in his then-capacity as co-CEO, was granted 45 000 stock options in 2017 under the 2016 Stock Option Plan, and Mr. Ghekiere received the same number of stock options in his then-capacity as executive Chairman of the Board of Directors.

These options have vested in full for each of the aforementioned directors, who did not exercise any of these stock options in 2022.

REMUNERATION OF THE CEO

Remuneration package

In 2022, the Nomination and Remuneration Committee and the Board of Directors reviewed the remuneration envelope for the CEO in accordance with the principles set out in the Remuneration Policy.

After the analysis of the benchmark data of comparable listed companies resulting from an external executive remuneration survey, and considering the increased tasks and responsibilities of the Executive Management as a result of the geographic and quantitative expansion of the Group, as well realised to sustainable value creation, the Board of Directors, after advice from the Nomination and Remuneration Committee, decided to set the remuneration package of BV Eddy Duquenne, which had not been adjusted since 2018, as follows as of 1 January 2022:

- i. Fixed component:
 - Base remuneration: € 786 000
 - Reimbursement of expenses € 9 000
 - Other benefits: in line with market practices in comparable listed companies, pension contributions can also be granted.
- ii. Variable component:
 - Short Term Incentive (STI): If all performance targets, as determined annually by the Board of Directors, are achieved, a variable remuneration in the amount of € 520 000 can be awarded; there is also the possibility of awarding an out-performance bonus of up to € 266 000 in the event of significantly exceeding the targets or of exceptional performance;
 - Long Term Incentive (LTI): The possibility of providing new stock options or similar plans will be further investigated.

To this extend it is ensured that an appropriate and motivating balance is maintained between the fixed and the variable parts. 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 the case of exceptional performance.

Remuneration package as applied in 2022

Base remuneration

The basic salary for the period 2022 was € 786 000.

Insurance and other benefits

Apart from an annual expense allowance of € 9 000 and the benefit of the liability insurance for managing directors and directors, the Executive Management receives no benefits in kind or contributions to a pension plan.

Variable remuneration (STI) over the period of 2021

As the Board of Directors bases its decision regarding the achievement of the performance targets, and thereby the allocation of the variable remuneration on, among other things, the financial results as approved each time by the General Meeting in May, the reported information relates to the period preceding the reported year, and therefore to the 2021 financial year in this case.

As the cinema sector and thus also Kinopolis was still confronted in 2021 with closures in the various countries and/or measures with a significant impact on the operation and financial results of the cinemas, the Executive Management has decided, as in 2020, not to claim variable remuneration for the financial year 2021.

Total remuneration awarded in 2022

EDDY DUQUENNE BV	FIXED REMUNERATION		VARIABLE SHORT-TERM REMUNERATION	EXCEPTIONAL ITEMS	PENSION COSTS	TOTAL REMUNERATION	RATIO BETWEEN FIXED AND VARIABLE REMUNERATION
	BASE	ADDITIONAL BENEFITS ⁽¹⁾					
2022	€ 786 000	€ 9 000	0	0	0	€ 795 000	Fixed: 100% – Variable: 0%

(1) Expense allowance

Long term incentives (LTI)

In accordance with the 2016 stock option plan, the last tranche of stock options granted in 2017 became exercisable in early 2022. In view of the objective of the plan, which is to attract and retain the best management talents and in view of the Belgian tax legislation under which stock options are taxed upfront, the vesting of stock options under the 2016 stock option plan is not subject to predetermined criteria. The Executive Management did not exercise any stock options in 2022, and no additional stock options were granted.

BENEFICIARY	NUMBER OF OPTIONS GRANTED IN 2017	NUMBER OF OPTIONS THAT BECAME EXERCISABLE IN 2022	TOTAL NUMBER OF OPTIONS THAT ARE VESTED	NUMBER OF OPTIONS EXERCISED
Eddy Duquenne	90 000	15 030	90 000	0

IV. SEVERANCE PAYMENTS

No severance payments were paid out, as no member of the Board of Directors or the Executive Management left the Company in 2022.

V. CLAW-BACK RIGHTS

There were no circumstances in 2022 that would give rise to a full or partial claw-back of the variable remuneration.

VI. EVOLUTION OF THE REMUNERATION AND PERFORMANCE OF KINEPOLIS

	2018	2019	2020	2021	2022
Remuneration of directors	+89.73% ⁽¹⁾	+19.52%	-21.90% ⁽²⁾	+27.87%	-2.45%
Remuneration of CEO Eddy Duquenne ⁽³⁾	+19.74%	+1.08%	+10.57% ⁽⁴⁾	-42.1%	+8.27%
Remuneration of CEO Joost Bert	-34.98%	-100% ⁽⁵⁾	-	-	-
Net profit	-3.38%	+14.69%	-227.11%	+63.53%	+208%
Adjusted EBITDA	+14.10%	+46.34%	-89.96%	+313.11%	+108.9%
Average remuneration of employees ⁽⁶⁾	+5%	-14%	-31% ⁽⁷⁾	+21%	+24%

(1) The increase can be explained by the fact that a new Chairman was appointed on 11 May 2018.

(2) The remuneration of the Board of Directors was reduced by 20% in 2020.

(3) In this development, 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; remuneration as a director is not included in the evolution.

(4) In order to maintain comparability, the deferred payment in 2021 of the variable remuneration for performance in 2019 was added to the remuneration for 2020, in line with Kinopolis' reporting.

(5) Mr. Bert was CEO up to 10 May 2018.

(6) The evolution is based on the cost of labor of Kinopolis Group NV for all employees and for all natural and legal persons associated with Kinopolis through 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 incorrect.

VII. RATIO BETWEEN THE HIGHEST AND LOWEST REMUNERATION

The ratio between the highest and the lowest remuneration within Kinopolis Group NV amounts to a factor of 17.35. This took all components of the

remuneration into account. More specifically, this includes for the lowest remuneration: fixed remuneration, variable remuneration, holiday allowance, end-of-year bonus, all fringe benefits and employer contributions.

VIII. SHAREHOLDER'S VOTE

Although Kinopolis has carefully evaluated the votes cast by the shareholders and, where possible, has discussed them with its (represented) shareholders in accordance with article 7:149, paragraph 3 of the BCAC, the Board of Directors is of the opinion that the approved Remuneration Policy is a balanced and transparent policy that is tailored to the needs of a company like Kinopolis.

The quantitative and/or qualitative performance targets that are set annually are essential drivers for the optimisation of the long-term financial and operational performance of Kinopolis, as clearly appreciated by the investor community and as clearly reflected in the financial results before, during and after the Covid-19 pandemic.

Nevertheless, in this remuneration report, Kinopolis has, where necessary, explained the rationale behind the choices made with regard to the Remuneration Policy in more detail and, moreover, a claw-back mechanism with regard to the variable remuneration of the Executive Management was introduced in 2022 in accordance with the Belgian Corporate Governance Code 2020, as already explained above.

As Kinopolis values the feedback from its shareholders, it will also take this into account during the discussions of the Nomination and Remuneration Committee in 2023.

RISK MANAGEMENT

DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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' as developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). This framework incorporates both the internal control and the risk management processes, and is aimed at identifying and managing 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 the set-up of this framework to implement the measures that are taken to manage the above risks in the business processes and in the financial reporting. The system is developed centrally, and, as far as possible, is applied uniformly in the various parts of the organisation and its subsidiaries. The system covers the various components as prescribed by the reference model, as well as the various roles and responsibilities with regard to internal controls and risk management.

ROLES AND RESPONSIBILITIES

Risk management is not the exclusive responsibility of the Board of Directors and the 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 already extensively established and described in the 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, while also ensuring 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 only covers 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 acting in an ethical manner. In addition to the existing legal framework, Kinopolis Group endeavours to encourage and enforce integrity and ethical 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 regular 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 that is in line with 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 each employee are assessed on an annual basis, separate from the training courses that are already mandatory for certain positions. New managers also follow an introductory risk management training.

SETTING OF OBJECTIVES

In line with the mission of the Company, 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 achievement 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 for 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 the 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-management 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 for risk management in particular, in order to ensure that the information required for these 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 carried out 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 shall result in the implementation of specific action points that further tighten the risk management.

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 who are to be re-appointed were not stipulated in the convening notices to the General Meeting of 11 May 2022, given that these qualifications had already been 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 shareholders 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, moreover, the Executive Management already holds a significant block of shares in the Company.

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

On March 23, 2022 the following decisions have been taken by the Board of Directors regarding article 7:96 of the BCAC:

- The modification of the remuneration policy by the insertion of a *claw-back mechanism regarding the variable remuneration of the Executive Management*;
- *The quantitative and qualitative objectives of the Executive Management for the fiscal year 2022*;
- *The adaption of the remuneration package of the Executive Management.*

Extract of the minutes of the board of directors of March 23, 2022:

5. Modification remuneration policy – 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 about the remuneration policy, of which the remuneration of the Executive Management is a part.

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

Discussion and decision

After clarification by the chair of the NRC, the Board of Directors confirms the analysis that the actual remuneration policy, is the appropriate policy for the company, which is reflected, among other things, in the company's results in recent years as well as the way it survived the corona crisis.

After a profound analysis of the comments expressed by de shareholders during the General Assembly of 2021, it has been decided, in line with the Corporate Governance Code and on proposal of the NRC, to propose to the General Assembly a claw back clause. 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.

Furthermore, according to the Nomination and Remuneration Committee's proposal, considering the growth of the Group and the corresponding increasing complexity, responsibilities and time commitment of the board members it has been proposed to revise the level of the remuneration of the board.

On the basis of benchmark results of comparable listed companies that are part of the Reference Framework, it has been proposed to modify the level of the remuneration as follows:

- 37 500 euro for the non-executive directors if they attended at least 6 board meetings; if less meetings have been attended, the compensation will be reduced proportionally;
- Assimilation of the remuneration of CEO for his function as board member with those of the non-executive directors i.e. an annual amount of 37 500 euro ;
- 12 000 euro for the Chair of the Audit committee and the Chair of the Nomination and Remuneration committee, if different than the Chair of the Board of Directors; the remuneration of the members of the Nomination and Remuneration Committee and the Audit committee remain unchanged at an amount of 3 000 euro per committee meeting;
- As the role of vice-chair will no longer be filled in , the related fixed yearly remuneration will no longer be granted;

The remuneration of the Chair of the Board of Directors remains at the annual fixed amount of 570 000 euro;

6. Approval of the management objectives for the Executive Management for 2022 - 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 management objectives for financial year 2022.

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

Discussion and decision

After extensive discussion of the proposal of the NRC, the Board of Directors confirms the decision of the NRC, whereby the short term incentives will be linked for 30% to the achievement of the qualitative targets and for 70% to quantitative targets related to the achievement of the new EBITDAL;

The 4 quantitative targets all fit into the "3 pillar strategy", the sustainability strategy and/or expansion strategy and therefore aim at sustainable and long-term value creation and are related to:

- (1) the future implementation of the strategy of the company through the whole group in view of structural improvements of the results
- (2) the development and rollout of innovative concepts
- (3) the future sophistication of the expansion strategy in view of the post-covid cinema market and

(4) the future development of the KPI's as part of the ESG goals as well as the implementation of the ESG strategy through the whole company.

The variable remuneration will be linked for 10% to target (2) and the other 20% linked proportionally to the other targets.

7. Evaluation and modification of the remuneration package of the Executive Management – 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 remuneration of the next fiscal years.

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

Discussion and decision

After analyzing the benchmark data of comparable listed companies as resulting from the PWC Executive Remuneration Survey 2021 and taking into account the increased tasks and responsibilities of the CEO as a result of the geographical and quantitative expansion of the group as well as the results in terms of sustainable value creation generated by the CEO in recent years and the fact that the amounts haven't been adjusted since 2018, the Board of Directors, after advice from the Nomination and Remuneration Committee, decides to adjust the remuneration package of Eddy Duquenne BVBA, as follows with effect from 1 January 2022:

- i. Fixed component:
 - Base remuneration: 780 000 euro (and 6 000 euro remuneration for the participation to the board of directors of KFS NV)
 - Expense allowance: 9 000 euro
 - Other benefits: in line with the market practices in similar companies the possibility to grant retirement contributions will be investigated

- ii. Variable component
 - STI: 520 000 euro if all targets are realized; In case of significant outperformance of the targets or an exceptional performance, an outperformance bonus for maximum 266 000 euro can be granted
 - LTI: the possibility to implement a new stock option or similar plans will be investigated.

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 aims to continuously 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.

In 2022, Kinopolis invested further in, among other things, the further roll-out of existing and new seat concepts and premium cinema technologies, a new loyalty formula for its customers (Movie Club), new event formulas (e.g. Kinopolis XXL!, Manga K, etc.), (co-)production and distribution of alternative content (event cinema), the further development of the CINE K brand as a quality label for a more alternative film selection, new online experiences (e-shop and improvements to website and app), a new way to communicate with customers during the pre-show (working name Movie NOW) and where appropriate, the re-use of overcapacity (e.g. the theatre hall in Kinopolis Valencia (ES)).

10. APPLICATION OF VALUATION RULES

The valuation rules remained unchanged and were applied with a view to ensuring the continuity of the business.

11. PROFIT APPROPRIATION

The Board of Directors will therefore propose to the General Meeting on 10 May 2023 to pay a gross dividend of €0.26 per share for the 2022 financial year. The dividend is scheduled to be payable from 16 May 2023 (ex-date: 12 May 2023, record date: 15 May 2023).

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:

Profit of the fiscal year to be appropriated:	€ 14.060.726,40
Profit carried forward from previous fiscal year:	<u>€ 31.091.847,76</u>
	€ 45.152.574,16
Withdrawal to the unavailable reserves:	€ 6.150.348,031
Profit to be carried forward:	€ 44.291.294,19
Dividends	€ 7.011.628,00 ¹

¹ The aforementioned amount is based on 397 396 number of treasury shares. The board of directors will be authorised by the general meeting of 10 May 2023 to adjust the total amount entitled to dividends and the resulting changes to the appropriation of profit accordingly if this number would change before the ex-date.

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,

22 March 2023

Pentascop NV with as permanent representative Mr. Joost Bert
Chair

Mr. Eddy Duquenne
CEO