ANNUAL REPORT 2022

KINEPOLIS GROUP

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NACHOOSE

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01 Word from the Chairman and the CEO

Joost Bert — Chairman of the Board of Directors
Eddy Duquenne — CEO of Kinepolis Group

Eddy Duquenne, Joost Bert

01

Ladies and gentlemen,
Dear shareholder, customer and employee,

2022 heralded the first year of recovery after a pandemic that had severely affected cinemas for more than two years. We were still confronted with restrictive measures in the first quarter of 2022, and even closures in some countries (specifically, in the Netherlands and Canada).

In terms of movie content, 2022 saw some spectacular blockbusters, such as 'Top Gun: Maverick' and 'Avatar: The Way of Water', as well as successful local films in various countries, which allowed a very large number of film enthusiasts to once again experience the magic of the big screen.

The number of Hollywood film releases remained limited, however, compared to pre-pandemic offerings. The pandemic situation in China, among other things, prompted Hollywood to postpone films to 2023 and 2024 as far as possible. The stabilisation of that situation, a global restart of (cinema) film production in 2022 and the renewed focus of studios on the cinema model promise a further recovery of international film offerings in the coming years.

Against this background, our visitor numbers in 2022 managed to recover to 72.7% of the pre-Covid level (2019), as a result of which 90.6% of the 2019 turnover was achieved. The strong recovery in turnover is the result of our strategy of focussing fully on customer experience. Sales per visitor have never been higher.

Thanks to the commitment to further 'premiumisation' of our product range and the successful implementation of our Entrepreneurship plan – which made our company more resilient to a long-term visitor loss – Kinepolis increased its financial strength considerably last year. The operating result adjusted for leases (EBITDAL) amounted to € 114.0 million in 2022 (compared to € 38.5 million in 2021), with EBITDAL per visitor rising to its highest level ever, from € 2.24 to € 3.89.

> The result we achieve per visitor illustrates the effect of the measures we have taken, while also showing the potential for the future, with a further recovery in visitor numbers as the range of blockbusters on offer grows.

Kinepolis Metz Amphithéâtre

©MB Photo Sensor

From a financial point of view, Kinepolis is now one of the strongest players in the industry. And that creates opportunities, in terms of both further investments in customer experience and a further commitment to the expansion of the Group.

As a sign of confidence in the future, we therefore propose a cautious resumption of dividend payments, albeit based on a lower pay-out ratio than in the past, pending a further recovery of the Group's solvency and a further reduction of debt.

We cautiously resumed our expansion strategy in 2022, and were able to add a few new cinemas to our portfolio. In the fourth quarter, we opened Kinepolis Metz Amphithéâtre, the latest in a series of five new-build projects we have opened since the start of the pandemic. And we also made a number of interesting acquisitions in strategically located regions and markets. For example, we took over the operation of two cinemas in Spain, one of which is located in Mataró, near Barcelona, and the other in the well-known La Cañada shopping centre in Marbella. Last but not least, we also took over a cinema in Amnéville, in north-east France, in mid-December.


Kinepolis La Cañada (Marbella, ES)


Landmark Cinemas St. Catharines (CA)

CINE K

2022 was also the year in which we really started integrating and introducing Kinepolis concepts in the USA. We installed 'VIP Seats', the American version of our 'Cosy Seats', in 66 auditoriums. The initial results are very positive, with an average occupancy of more than double that for our standard (recliner) seats. We see the same success in Canada with the roll-out of the 'Premiere Seats', and the Kinepolis 'Laser ULTRA' concept is also catching on in North America.

In addition to the roll-out of premium cinema concepts in various countries, investments were also made in new customer formulas, such as the Kinepolis Movie Club, a monthly membership plan that is now active in Canada, Belgium and the Netherlands, numerous new event concepts, the roll-out of the CINE K quality label and the further development of an alternative content programme.

Kinepolis Leidschendam (NL)

Kinepolis will continue to reinvent itself. As part of our STAR plans (which include the afore-mentioned new formats), we are constantly looking for new revenue sources and a larger sales market. We refuse to get involved in the crisis. We are taking our destiny into our own hands by carefully observing and listening to our customers, and by continuing to innovate.

During the pandemic, we also worked on a number of aspects relating to our company's broader role in society. We will be reporting on our carbon footprint this year, for the second time, and will continue to work on action plans to reduce this further. Thanks to intelligent building management systems and the transition to laser projectors, we are succeeding in further reducing our energy consumption. In the coming years, we will continue to take important steps to manage the ecological impact of our activities as effectively as possible.

We also continue to aim for a working environment in which everyone feels good, appreciated and being listened to. We want to further develop the many talents we have in-house, attract new talent and allow our organisation to flourish to the maximum through creative collaboration, with respect for everyone's individuality. Kinepolis is home to both young and experienced talent. For everyone who wants to be an entrepreneur and grow together with the company. For everyone with a heart for films and for our customers.

Kinepolis would not be able to achieve its ambitious goals without the commitment and trust of its employees, movie lovers, partners, investors and other stakeholders. We are grateful to each of them, and will make every effort to preserve that trust day after day.

We look forward to a promising 2023!

Eddy Duquenne
CEO of Kinepolis Group

Joost Bert
Chairman of the Board of Directors

Kinepolis Ghent (BE)

02 Our purpose

Why?

At Kinepolis, we want to

Enrich people's lives through the power of movies

What?

Movies have the power to entertain, to inspire and to connect people

Kinepolis brings that power to life by

creating the ultimate movie experience

An experience that draws you into the story and drives shared emotions

An experience that is **tailored to your needs.**

Kinepolis Brétigny-sur-Orge (FR)

How?

That is why Kinepolis wants to excel in

the way cinemas
are operated:

best cinema operator

the way in which customers
are being listened to:

best marketer

And the way in which
cinema real estate is managed

best real estate manager

Impact

Three pillars focused on creating

sustainable value

for employees, customers,
shareholders and partners,

as well as the environment
and communities
Kinepolis is part of.

02

03 Results 2022

2022 heralded the first year of recovery after a pandemic that had severely affected cinemas for more than two years. Kinepolis' strategy of continuing to focus on experience allowed the Group to make significant gains in profitability and financial strength.

Kinepolis Leidschendam, launch Avatar (NL)

©Disney/Westfield Mall of the Netherlands

03

Value Creation Model

A business model designed to deliver
the ultimate movie experience.

RESOURCES

HUMAN CAPITAL
- A highly diverse workforce of +4 000 employees
- Self-learning corporate culture: 11.2% employees with budget responsibility
- Talent Factory

NETWORK
- 3 brands (Kinepolis, Landmark, MJR)
- 110 cinemas, 1 124 screens, +200 000 seats
- 9 countries (Europe & North America)
- 51 cinemas in ownership
- +90 000 m² leased to third parties

FINANCIAL CAPITAL
- Long-term investors
- Solid financial structure
- Cash position of € 179.8 million at the end of 2022
- € 499.9 million in revenue

CONTENT
- 1 267 film releases in 2022
- Relations with distributors
- Kinepolis Film Distribution

RECOGNIZED EXPERTISE
- Strong brand: +50 years of experience in exhibition, pioneering legacy
- Proven cinema concepts
- Advanced technology
- Award-winning company management

STRATEGY

VISION

Create the ultimate movie experience for you

STRATEGY PILLARS

Being the best cinema operator
Being the best marketer
Being the best real estate manager

ESG PRIORITIES

Excellence in customer experience
Employee development & empowerment
Employee well-being, diversity & inclusion
Green & resilient infrastructure
Business ethics, good Corporate Governance

IMPACT 2022

SOCIAL

- 29.3 million people enjoyed a relaxing movie experience in 2022
- 424 837 million customers listened to
- 57 new jobs created or jobs retained through new openings and acquisitions
- Rewarding career paths
- Talent development (96 permanent employees promoted in 2022, 1 in 2 vacancies for permanent positions filled internally)
- 710 students (BE/LU) accompanied in first working experience
- Tax contribution: € 10.2 million corporate taxes
- Support to local film culture & local communities (incl. € 320 000 charity donations in 2022)

FINANCIAL / ECONOMIC

- Dividend policy: proposed gross dividend of € 0.26 per share
- Economic value creation:
  € 114.0 million EBITDAL
  € 27.5 million Net Profit
  € 35.6 million investments (internal and external expansion)
  1 new opening (FR): Metz Amphithéâtre
  3 acquisitions (ES, FR): La Cañada, Mataró, Amnéville

ENVIRONMENTAL

- Carbon footprint (scope 1 & 2 emissions): 27 485.14 tCO_2e
- Energy consumption: 283 511 kWh/million € turnover
- 220 laser upgrades in 2022 (42% laser screens per end of 2022)
- Responsible waste management
- Sustainable construction & renovation (Metz Amphithéâtre, Landmark St. Catharines)

2022 at a glance

Lockdown

UP TO 26 JANUARY
Closure of NL cinemas due to Covid-19

5 - 30 JANUARY
Closure of cinemas in Ontario (CA) due to Covid-19

JAN - FEB
Covid pass mandatory in FR and LUX until early March

JAN - FEB
Shops in France closed until mid-February

25 MAY
Release of 'Top Gun: Maverick' with the installation of an F-16 in Kinepolis Antwerp (BE)

2022

DEC | JAN | FEB | MAR | APR | MAY | JUN

FEBRUARY
Renovation of St. Catharines (CA)

Landmark St. Catharines (CA)

H1
Installation of Premiere Seats in 10 Landmark cinemas (CA)

Q1
Restrictive Covid-19 measures (including capacity restrictions) phased out during the quarter

Q1
Successful 'Manga K' events (FR)

JUNE
Private sale of Kinohold shares

ONGOING
Further roll-out of laser projectors (220 in 2022)

JUL | AUG | SEP | OCT | NOV | DEC | JAN

SEPTEMBER
Roll-out of CINE K (BE)


CINE K, Kinepolis Ghent (BE)

SEPTEMBER
First Laser ULTRA screen and VIP Seats in the USA (66 auditoriums)

SEPT - OCT
Roll-out of Eikona TMS system in NL and BE


Kinepolis Mataró (ES)

23 OCTOBER
Launch of X-SERIES gaming events (ES)

OCTOBER
Launch of the Kinepolis Movie Club (BE, NL)

KINEPOLIS MOVIE CLUB

OCTOBER
Opening of theatre hall 'Sala 21' in Kinepolis Valencia (ES)


Sala 21, Kinepolis Valencia (ES)

2 OCTOBER
Launch of the 'Manga K' concept in BE and LUX


Manga K concept (BE, LUX)

3 NOVEMBER
Take-over of cinema operation in Mataró, Barcelona (ES)

7 NOVEMBER
Take-over of cinema operation in La Cañada, Marbella (ES)


Kinepolis La Cañada (ES)

8 NOVEMBER
Appointment of Eric Meyniel as Chief Box Office Officer for Kinepolis Group

9 NOVEMBER
Opening of Kinepolis Metz Amphithéâtre (FR)


Kinepolis Metz Amphithéâtre (FR)

15 NOVEMBER
Starting date for new CFO Jeroen Mouton

17 NOVEMBER
Award for Best Investor Relations


From left to right CEO Eddy Duquenne, Tine Duyck, CFO Jeroen Mouton

14 DECEMBER
Acquisition of Gaumont Amnéville cinema (FR)


Kinepolis Amnéville (FR)

14 DECEMBER
Release of 'Avatar: The Way of Water'

22 DECEMBER
Opening of DE Café (Kinepolis Antwerp, BE)

2023

22 DECEMBER
Kinepolis donates € 100 000 from the income generated by 'Onze Natuur, De Film' to a Belgian nature conservation project

Key figures and ratios [1]

KEY FIGURES

Reconciliations, glossary and APMs on p. 208-212

NUMBER OF COMPLEXES [2] [3]	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHER (POLAND, SWITZERLAND)	TOTAL
2022	11	16	38	10	20	10	3	2	110

VISITORS (MILLIONS) [4]	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	SWITZERLAND	TOTAL
2021	3.21	3.22	3.60	2.52	1.96	2.20	0.42	0.06	17.18
2022	5.80	5.12	7.55	3.62	3.21	3.30	0.64	0.09	29.32
2022 compared to 2021	80.7%	58.7%	110.0%	43.6%	63.8%	50.0%	53.4%	57.0%	70.7%

CONSOLIDATED INCOME STATEMENT (IN '000 €)	2018	2019	2020	2021	2022
Revenue	475 880	551 482	176 282	266 393	499 908
EBITDA	117 187	172 339	17 188	72 667	150 250
EBITDAL		142 357	-13 981	38 510	113 975
Adjusted EBITDA	118 999	174 148	17 492	72 262	150 962
Adjusted EBITDAL		144 166	-13 677	38 105	114 688
Gross result	130 229	157 596	-43 357	6 370	114 436
Operating result	79 130	101 037	-65 663	-6 545	67 980
Financial result	-12 371	-23 726	-26 052	-28 362	-30 286
Result before tax	66 759	77 311	-91 715	-34 907	37 694
Result	**47 409**	**54 372**	**-69 111**	**-25 506**	**27 535**
Adjusted result	**47 522**	**56 003**	**-68 678**	**-24 926**	**28 649**

ANNUAL GROWTH RATES	2018	2019	2020	2021	2022
Revenue	33.9%	15.9%	-68.0%	51.1%	87.7%
EBITDA	13.6%	47.1%	-90.0%	322.8%	106.8%
EBITDAL			-109.8%	375.4%	196.0%
Adjusted EBITDA	14.1%	46.3%	-90.0%	313.1%	108.9%
Adjusted EBITDAL			-109.5%	378.6%	201.0%
Gross result	14.8%	21.0%	-127.5%	114.7%	1 696.4%
Operating result	8.5%	27.7%	-165.0%	90.0%	1 138.6%
Result	**-3.4%**	**14.7%**	**-227.1%**	**63.1%**	**208.0%**
Adjusted result	**6.2%**	**17.8%**	**-222.6%**	**63.7%**	**214.9%**

(1) As of 1 January 2019 IFRS 16: Leases is applied.
(2) Including Cinema City Poznań (Poland), operated by Cineworld.
(3) Number of cinemas on publication date.
(4) Excluding Cinema City Poznań (Poland).

Reconciliations, glossary and APMs on p. 208-212

CONSOLIDATED BALANCE SHEET (IN '000 €)	2018	2019	2020	2021	2022
Non-current assets	558 150	1 149 043	1 097 121	1 079 631	1 046 197
Current assets	122 704	134 779	71 059	115 447	123 299
TOTAL ASSETS	**680 854**	**1 283 822**	**1 168 180**	**1 195 078**	**1 169 496**
Equity	177 617	211 253	126 496	120 649	157 628
Non-current provisions and deferred tax liabilities	35 640	23 728	16 126	15 590	14 017
Non-current loans and borrowings	272 677	479 513	469 882	478 494	463 193
Non-current lease liabilities		383 052	358 317	354 271	335 375
Current loans and borrowings	69 790	10 099	76 599	71 557	28 378
Current lease liabilities		33 091	35 295	36 296	34 996
Trade and other payables	117 516	139 848	84 778	116 967	132 776
Others	7 614	3 238	687	1 254	3 133
TOTAL EQUITY AND LIABILITIES	**680 854**	**1 283 822**	**1 168 180**	**1 195 078**	**1 169 496**

DATA PER SHARE (5)	2018	2019	2020	2021	2022
Revenue	17.67	20.52	6.56	9.90	18.54
EBITDA	4.35	6.41	0.64	2.70	5.57
EBITDAL		5.30	-0.52	1.43	4.23
Adjusted EBITDA	4.42	6.48	0.65	2.69	5.60
Adjusted EBITDAL		5.36	-0.51	1.42	4.25
Result	1.76	2.02	-2.56	-0.94	1.02
Adjusted result	1.76	2.08	-2.55	-0.92	1.06
Equity, share of the Group	6.59	7.85	4.71	4.49	5.85
Gross dividend (6)	0.92				0.26
Pay-out ratio	52%				25%

(5) Calculated based on the weighted average number of shares for the relevant period.
(6) Calculated based on the number of shares eligible for dividend.

RATIOS

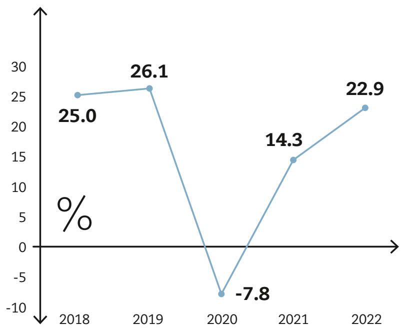
Reconciliations, glossary and APMs on p. 208-212

PROFITABILITY RATIOS	2018	2019	2020	2021	2022
EBITDA / Revenue	24.6%	31.3%	9.8%	27.3%	30.1%
EBITDAL / Revenue		25.8%	-7.9%	14.5%	22.8%
Adjusted EBITDA / Revenue	25.0%	31.6%	9.9%	27.1%	30.2%
Adjusted EBITDAL / Revenue		26.1%	-7.8%	14.3%	22.9%
Gross result / Revenue	27.4%	28.6%	-24.6%	2.4%	22.9%
Operating result / Revenue	16.6%	18.3%	-37.2%	-2.5%	13.6%
Result / Revenue	10.0%	9.9%	-39.2%	-9.6%	5.5%

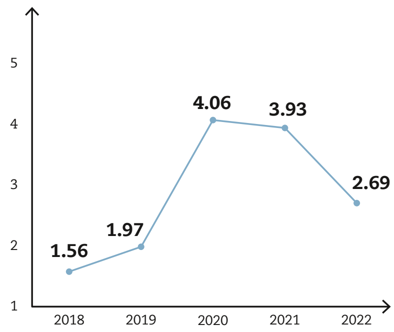
FINANCIAL STRUCTURE RATIOS EXCL. LEASE LIABILITIES	2018	2019	2020	2021	2022
Net financial debt		416 950	513 281	474 465	423 516
Net financial debt / EBITDAL		2.93	-36.71	12.32	3.72
Net financial debt / Adjusted EBITDAL		2.89	-37.53	12.45	3.69
Net financial debt / Equity		1.97	4.06	3.93	2.69
Equity / Total equity and liabilities		24.3%	16.3%	15.0%	19.7%
Current ratio		0.92	0.46	0.63	0.77
ROCE excl. IFRS 16		16.2%	-10.1%	-1.9%	9.2%

FINANCIAL STRUCTURE RATIOS	2018	2019	2020	2021	2022
Net financial debt	276 818	833 093	906 892	865 032	793 887
Net financial debt / EBITDA	2.36	4.83	52.76	11.90	5.28
Net financial debt / Adjusted EBITDA	2.33	4.78	51.85	11.97	5.26
Net financial debt / Equity	1.56	3.94	7.17	7.17	5.04
Equity / Total equity and liabilities	26.1%	16.5%	10.8%	10.1%	13.5%
Current ratio	0.67	0.75	0.37	0.52	0.63
ROCE	16.3%	12.9%	-6.1%	-0.6%	6.9%

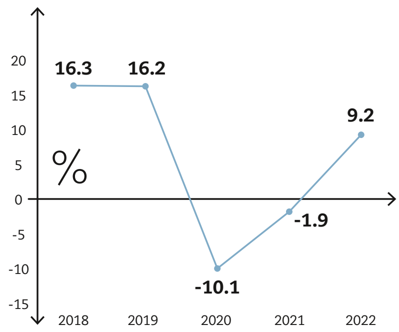
ADJUSTED EBITDA(L)(1) / REVENUE



NET FINANCIAL DEBT EXCL. LEASE LIABILITIES(2) / EQUITY



ROCE EXCL. IFRS 16(3)



(1) As of 1 January 2019 IFRS 16: Leases is applied. As of 2019 adjusted EBITDAL is included instead of adjusted EBITDA.
(2) As of 1 January 2019 IFRS 16: Leases is applied. As of 2019 the net financial debt excl. lease liabilities is included instead of net financial debt.
(3) As of 1 January 2019 IFRS 16: Leases is applied. As of 2019 ROCE excl. IFRS 16 is included instead of ROCE.

Share information

The Kinepolis Group share (ISIN: BE0974274061 / mnemo: KIN) has been listed on Euronext Brussels since 9 April 1998 under compartiment A (Large Caps).

EVOLUTION SHARE PRICE AND VOLUME OVER THE LAST 5 YEARS

Award for Best Investor Relations, November 2022.
From left to right CEO Eddy Duquenne, Tine Duyck and CFO Jeroen Mouton

NUMBER OF SHARES

	2018	2019	2020	2021	2022
Number of shares at 31 December	27 365 197	27 365 197	27 365 197	27 365 197	27 365 197
Weighted average number of ordinary shares (1)	26 936 217	26 872 851	26 884 346	26 900 080	26 965 643
Weighted average number of diluted ordinary shares (2)	27 010 648	27 084 005	27 158 344	27 186 753	27 268 287

SHARE TRADING

	2018	2019	2020	2021	2022
Closing price at 31 December (in €)	48,80	59,20	34,75	54,80	38,78
Market value at closing price (in '000 €)	1 335 422	1 620 020	950 941	1 499 613	1 061 222
Lowest price of the year (in €)	42,6	45,8	18,8	32,1	35,0
Highest price of the year (in €)	61,4	62,3	62,0	58,3	61,3
Traded volume per year	4 590 753	3 224 004	19 055 736	13 831 920	6 580 808
Average traded volume per day	18 059	12 643	74 147	53 612	25 606

Source: Euronext

(1) Weighted average number of ordinary shares: average number of outstanding shares – average number of treasury shares.
(2) Weighted average number of diluted ordinary shares: average number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing share option plans x dilution effect of the share option plans.

Notes to the financial results

The number of film releases from Hollywood remained rather limited in 2022. Nevertheless, Kinepolis saw its turnover and profitability recovering strongly.

REVENUE

With 29.3 million **visitors** in 2022 (72.7% of 2019 visitors), Kinepolis managed to generate € 499.9 million in **total revenue** in 2022, an increase of 87.7% compared with 2021 and 90.6% of the 2019 turnover (2019 being a record year). Sales per visitor (ticket sales, drinks and snacks) have never been higher. Kinepolis also recorded an increase in turnover in all other business lines.

Revenue from ticket sales (Box Office, BO) increased by 82.6%, to € 260.9 million. BO revenue per visitor increased by 7.0%. **Revenue from the sale of drinks and snacks (In-theatre Sales, ITS)** increased by 89.4%, to € 155.2 million. ITS revenue per visitor rose by 13.0% (excluding home delivery revenue).

B2B revenue increased by 150.8%, thanks to higher revenue from events and screen advertising. **Real estate income** increased by 26.3% and the turnover of **Brightfish**, the Belgian screen advertising agency, increased by 16.3%. **Kinepolis Film Distribution (KFD)** saw its income more than double thanks to successful releases in 2022 and higher revenue from Video-on-Demand (VOD).

OPERATING COSTS

Operating costs rose sharply in 2022 compared with 2021 (€ 46.5 million vs. € 12.9 million) due to the resumption of all activities in 2022 and associated higher sales and marketing costs, higher administrative costs, a decrease in Covid-19 grants and rent abatements obtained, somewhat offset by lower depreciations. However, the operating costs were lower than in 2019 (€ 56.6 million), thanks in part to the effectiveness of the Entrepreneurship plan that was implemented.

EBITDA

EBITDA amounted to € 150.2 million in 2022. After adjustment for leases, EBITDAL amounted to € 114.0 million (compared with € 38.5 million at the end of 2021). **EBITDAL per visitor** rose to its highest level ever, from € 2.24 to € 3.89.

PROFIT FOR THE PERIOD

Net profit amounted to € 27.5 million. The **net financial result** decreased from € -28.4 to € -30.3 million, mainly due to higher bank charges related to the increase in the number of visitors.

The effective tax rate was 27.0%, compared with 26.9% in the same period of the previous year.

Earnings per share amounted to € 1.02 versus a loss of € -0.94 in 2021.

Landmark Cinemas St. Catharines (CA)

FREE CASH FLOW AND NET FINANCIAL DEBT

A positive **free cash flow** of € 70.1 million was realised in 2022, versus € 48.9 million in 2021, mainly due to the good operating result and positive working capital of € 7.7 million, offset by € 16.3 million interest paid, € 13.9 million income taxes paid and € 13.2 million maintenance investments.

€ 35.6 million was invested in 2022, of which € 13.2 million in maintenance for existing cinema complexes. € 8.3 million was invested in internal expansion, in particular in the further roll-out of premium cinema experiences such as the 'VIP Seats' in the US and 'Premiere Seats' in Canada, energy-saving investments, new laser projectors, the renovation of the 'Pen Centre' in St. Catharines (CA), and ICT developments. In addition, € 14.1 million was invested in external expansion, including the acquisition of the operation and real estate of the cinema in Amnéville (FR), the furnishing and finishing of the new Amphithéâtre Metz cinema (FR) and investments in the new leased cinemas, La Cañada and Mataró (ES).

Net financial debt, excluding lease liabilities, decreased from € 474.5 million at the end of 2021 to € 423.5 million at the end of 2022, thanks to the positive free cash flow resulting from the resumption of operations.

BALANCE SHEET

Fixed assets (€ 1 046.2 million) accounted for 89.5% of the balance sheet total (€ 1 169.5 million) on 31 December 2022. This includes land and buildings (including investment property) with a carrying amount of € 389.9 million.

On 31 December 2022, **equity** amounted to € 157.6 million versus € 120.6 million at the end of 2021. The **solvency ratio** was 13.5%, compared with 10.1% at the end of 2021.

DIVIDEND

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

ESG priorities and results

The objectives and KPIs will be further refined and, where possible, quantified in the course of 2023 and 2024 (in line with the guidelines of the *Corporate Sustainability Reporting Directive*).

GREEN AND RESILIENT BUILDING & INFRASTRUCTURE

COMMITMENT

Kinepolis aims to improve the energy efficiency of its cinema infrastructure and buildings, with a view to the CO_2 neutrality of its activities in the longer term.

Kinepolis is also prioritising the sustainable design and implementation of its new-build projects and cinema renovations.

RESULTS

- Carbon footprint (scope 1 and 2 greenhouse gas emissions): 27 485.14 tCO2e
  Preparations for mapping Scope 3 emissions
- Energy consumption: 141 729 662 kWh or 283 511 kWh/million € turnover
- Transition to energy-efficient laser projection: 220 laser installations in 2022 (42% of the Group's projector park was laser at the end of 2022, compared to 25% at end of 2021) – 195 laser upgrades confirmed for 2023
- Renewed car policy in relation to electrification of the car fleet (HQ)
- New-build project Kinepolis Metz Amphithéâtre

HIGH-QUALITY CUSTOMER EXPERIENCE

COMMITMENT

Continuous pursuit of the highest quality standards for our customers by offering a relaxing, premium cinema experience that is tailored to the customer.

RESULTS

Premium cinema experience & customer service

- Stakeholder dialogue via the Customer Satisfaction Index (CSI): 424 837 customer surveys completed in 2022 (+35% compared to 2021)
- Start of the implementation of CSI in Canada (3 cinemas in Q4 2022, full roll-out in 2023)
- Introduction of customer service chatbot in Spain (Q4): +15 000 interactions in Q4 2022
- Introduction of Movie Club loyalty formula – +15 000 Movie Club members (CA, BE, NL)
- Roll-out of laser projectors (improved visual experience for the customer): 220 installations in 2022
- Investments of € 21.5 million in maintenance and internal expansion (roll-out of premium concepts such as Laser ULTRA, VIP/Premiere/Cosy Seats, etc.)

Varied film programme

- 43% local films (in relation to the total number of films programmed, Kinepolis Europe)
- Continued expansion of alternative content: +14.8% Gross Box Office alternative content compared to 2019 (pre-Covid)
- Introduction of CINE K in BE and NL

STRATEGIC PILLARS

To be the **best cinema operator**

To be the **best marketer**

To be the **best real estate manager**

DEVELOPMENT & EMPOWERMENT OF EMPLOYEES

COMMITMENT
Kinepolis aims to be a self-learning organisation in which accountability and bottom-up innovation steer the company, which leads to opportunities for talent development and growth.

Each year, we want to equip hundreds of newcomers to the labour market with essential skills.

RESULTS
- 11.2% budget owners in relation to the total number of permanent employees
- Annual performance cycle for 100% of the employees
- Internal mobility: 1 out of 2 vacancies (full-time, permanent jobs) were filled internally in 2022
- 710 students (BE/LU) accompanied during their first job experience (2022)

RESPONSIBLE WASTE MANAGEMENT

COMMITMENT
'Reduce, reuse & recycle' – reduce, reuse and recycle waste wherever possible.

RESULTS
- Waste sorting (separate receptacles) applied in most cinemas
- Reporting on waste generation in preparation (no consolidated data available at this time)

WELL-BEING OF EMPLOYEES, DIVERSITY & INCLUSION

COMMITMENT
Kinepolis aims to be a company where people feel safe, listened to, motivated and valued.

RESULTS
- Stakeholder dialogue: 81% of the employees took part in the PSI questionnaire in 2022 (+5% compared to 2021)
- Retention: 90% of permanent employees stayed with the company in 2022
- Diversity indicators:
  - 75.6% of employees under the age of 30
  - 50% men and 50% women
  - Depending on the country, 35% to 52% of the management positions are held by women
  - 33% women on the Board of Directors

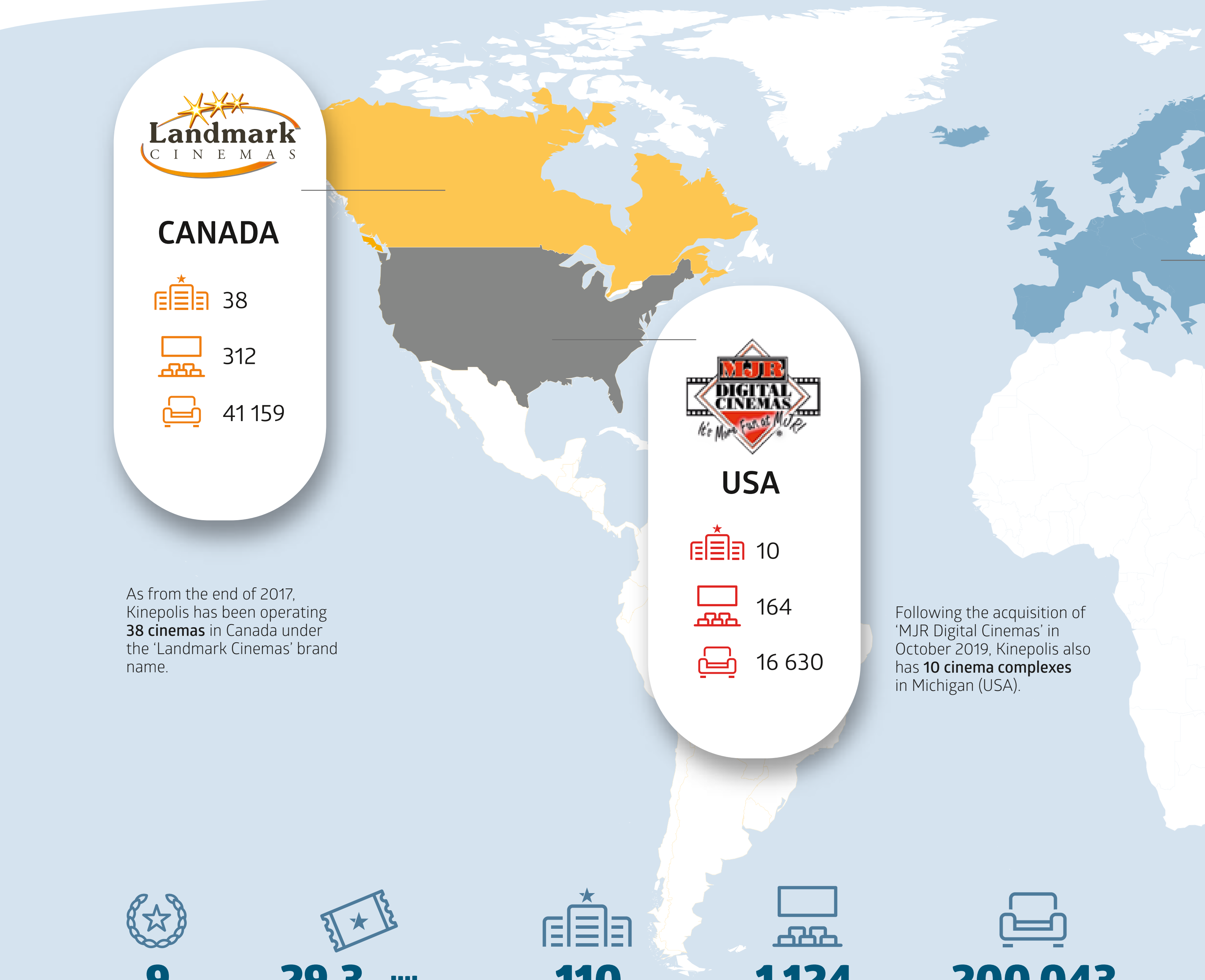
BUSINESS INTEGRITY

COMMITMENT
Kinepolis is committed to act ethically at all times, in all aspects of its business operations.

RESULTS
- 100% of the employees have signed the Kinepolis code of conduct
- Roll-out of the revised GDPR training programme
- Code of Conduct for suppliers implemented in 2022
- Internal Phishing Awareness campaigns
- Additional investment in cyber security

04 Kinepolis worldwide

On the date of publication of this annual report, Kinepolis Group had a total of 110 cinema complexes [1] in its portfolio (51 of which it owns), amounting to 1 124 screens and more than 200 000 seats.



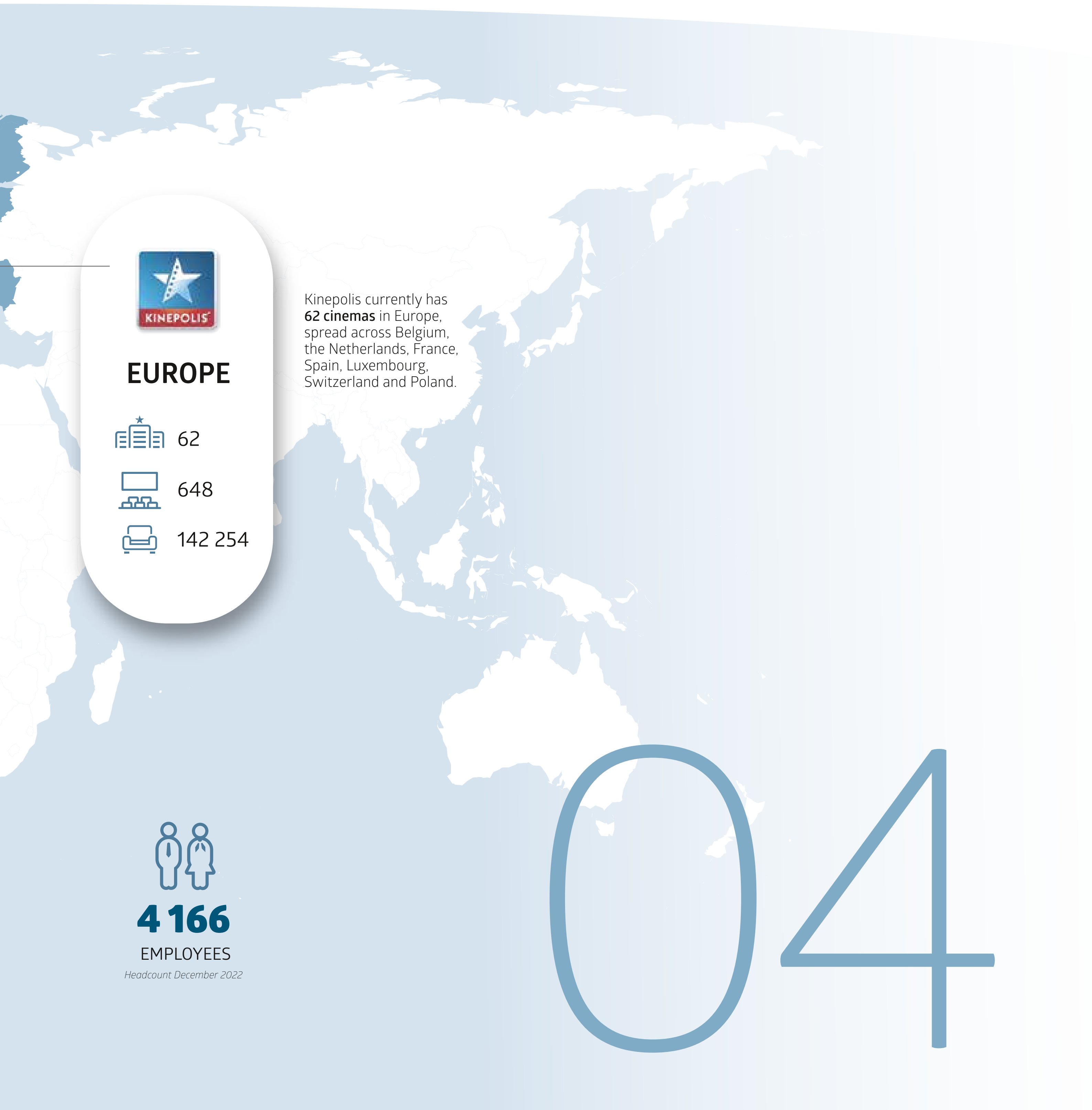
As from the end of 2017, Kinepolis has been operating **38 cinemas** in Canada under the 'Landmark Cinemas' brand name.

Following the acquisition of 'MJR Digital Cinemas' in October 2019, Kinepolis also has **10 cinema complexes** in Michigan (USA).

9	29.3 million	110	1 124	200 043
COUNTRIES	VISITORS IN 2022 [2]	COMPLEXES	SCREENS	SEATS

An overview per country is given on the following pages.

(1) Belonging to the real estate portfolio on the date of publication, regardless of whether used for cinema activities or not. Including one complex operated by Cineworld (Poznań, PL), for which the number of screens and seats is not included in the total numbers.
(2) Visitor figures are still impacted by the Covid-19 pandemic. Kinepolis welcomed 40.3 million visitors in 2019.



04

EUROPE

62

648

142 254

Kinepolis currently has **62 cinemas** in Europe, spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland.

4 166

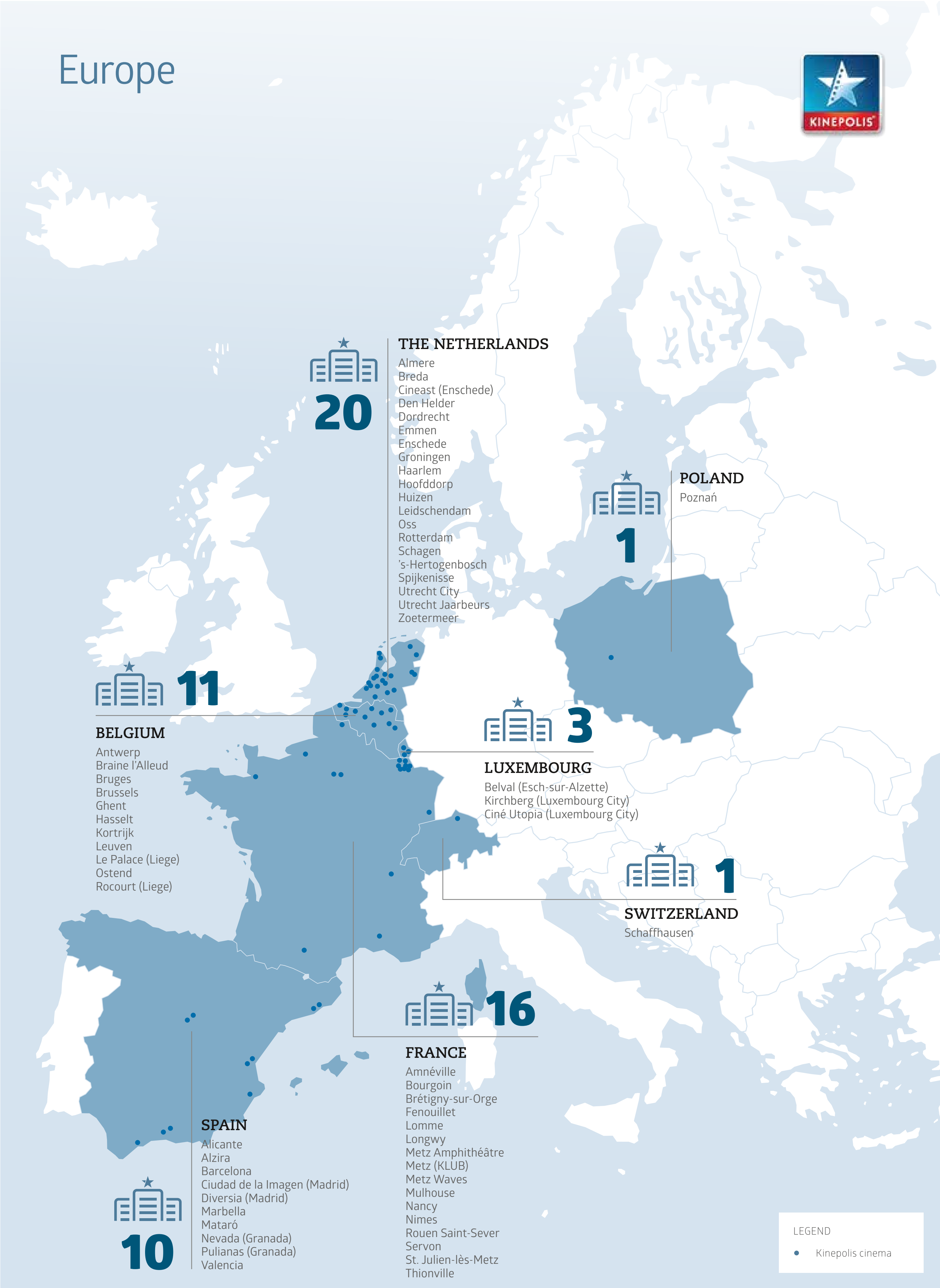
EMPLOYEES

Headcount December 2022

Canada | USA


Landmark CINEMAS
MJR DIGITAL CINEMAS
It's More Fun at MJR!
2
SASKATCHEWAN
Regina
Saskatoon
10
ONTARIO
Bolton
Hamilton (Jackson Sq.)
Kanata
Kingston
Kitchener
London
Orleans
St. Catharines
Waterloo
Whitby
11
BRITISH COLUMBIA
Campbell River
Courtenay
Cranbrook
Fort St. John
Kelowna
Nanaimo
New Westminster
Penticton
Port Alberni
Surrey (Guildford)
West Kelowna (Xtreme)
3
MANITOBA
Brandon
Winkler
Winnipeg (Grant Park)
10
MICHIGAN
Adrian
Brighton
Chesterfield
Clinton Township
Sterling Heights
Troy (GDC)
Troy (Southgate)
Warren
Waterford
Westland
12
ALBERTA
Brooks
Calgary (Country Hills)
Calgary (Shawnessy)
Calgary Market Mall
Drayton Valley
Edmonton (City Centre)
Edmonton (Spruce Grove)
Edmonton (Tamarack)
Edson
Fort McMurray
St. Albert
Sylvan Lake
LEGEND
Landmark cinema
MJR cinema

Europe


KINEPOLIS
20
THE NETHERLANDS
Almere
Breda
Cineast (Enschede)
Den Helder
Dordrecht
Emmen
Enschede
Groningen
Haarlem
Hoofddorp
Huizen
Leidschendam
Oss
Rotterdam
Schagen
's-Hertogenbosch
Spijkenisse
Utrecht City
Utrecht Jaarbeurs
Zoetermeer
1
POLAND
Poznań
11
BELGIUM
Antwerp
Braine l'Alleud
Bruges
Brussels
Ghent
Hasselt
Kortrijk
Leuven
Le Palace (Liege)
Ostend
Rocourt (Liege)
3
LUXEMBOURG
Belval (Esch-sur-Alzette)
Kirchberg (Luxembourg City)
Ciné Utopia (Luxembourg City)
1
SWITZERLAND
Schaffhausen
16
FRANCE
Amnéville
Bourgoin
Brétigny-sur-Orge
Fenouillet
Lomme
Longwy
Metz Amphithéâtre
Metz (KLUB)
Metz Waves
Mulhouse
Nancy
Nimes
Rouen Saint-Sever
Servon
St. Julien-lès-Metz
Thionville
SPAIN
Alicante
Alzira
Barcelona
Ciudad de la Imagen (Madrid)
Diversia (Madrid)
Marbella
Mataró
Nevada (Granada)
Pulianas (Granada)
Valencia
10
LEGEND
Kinepolis cinema

Expansion in 2022

In 2022, Kinepolis completed the last cinema of five new construction projects that have been opened since the start of the Covid-19 pandemic. In addition, the Group cautiously resumed its expansion strategy last summer, with a number of interesting acquisitions in strategically located areas.

Kinepolis Metz Amphithéâtre (FR)

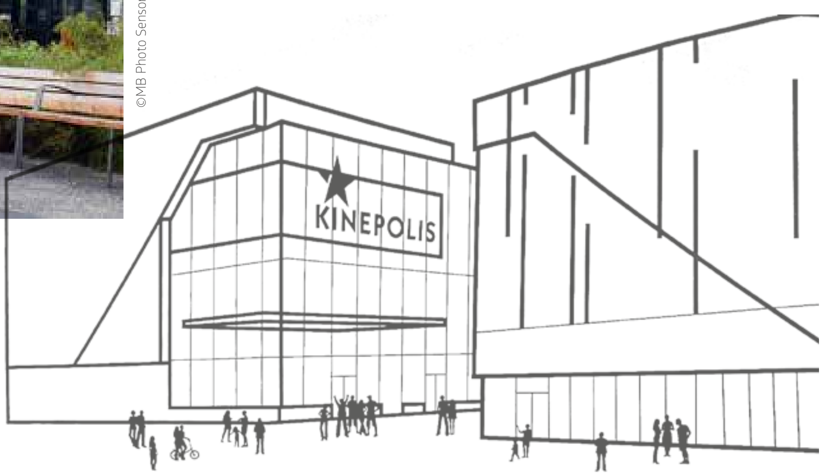
©MB Photo Sensor

NEW CONSTRUCTION

KINEPOLIS METZ AMPHITHÉÂTRE

Kinepolis opened a new cinema in the 'Quartier de l'Amphithéâtre' in Metz (FR) on 9 November 2022. Following Kinepolis Saint-Julien-lès-Metz (the first French cinema of Kinepolis, opened in 1995), the KLUB arthouse cinema in the city centre (opened in 2018) and Kinepolis Metz Waves (opened in 2021), this is the Group's fourth cinema in the region. Kinepolis Metz Amphithéâtre has eight screens and 1 105 seats. Kinepolis expects to receive around 300 000 visitors a year.

> We are excited about strengthening our footprint in the North-east of France with an acquisition that fits perfectly into our Group's expansion strategy.
>
> Eddy Duquenne, CEO Kinepolis Group



ACQUISITIONS

KINEPOLIS MATARÓ (BARCELONA, ES) AND KINEPOLIS LA CAÑADA (MARBELLA, ES)

In the third quarter of 2022, Kinepolis concluded a lease agreement with the real estate company General de Galerías Comerciales to take over the operation of two Spanish cinemas: one in Mataró (Barcelona) and the other in Marbella, in the successful La Cañada shopping centre. Both cinemas operate in markets with high purchasing power and demand for premium products.

The cinema in Mataró, located 37 km to the north of Barcelona, is part of the Mataró Parc commercial centre and has 12 screens and 2 916 seats. It welcomed some 600 000 visitors in 2019. Kinepolis has been operating the cinema since 3 November 2022.

The cinema in Marbella is part of the La Cañada commercial centre and has 8 screens and 1 610 seats. This cinema welcomed some 350 000 visitors in 2019. Kinepolis has been operating this cinema since 7 November 2022.


Kinepolis Amnéville (FR)

KINEPOLIS AMNÉVILLE (FR)

On 14 December 2022, Kinepolis took over a cinema from the Pathé network in the east of France: the Gaumont cinema in Amnéville. Kinepolis took over both the operation and the real estate of the cinema. The cinema complex has 12 screens and 2 462 seats, and is located near Luxembourg and around 20 minutes from the Kinepolis cinemas in Thionville and Saint-Julien-lès-Metz. The complex has a 4DX auditorium and is located in a leisure zone with many restaurants. The cinema welcomed more than 410 000 visitors in 2019 (pre-Covid).


Kinepolis Mataró (Barcelona, ES)

Kinepolis La Cañada (Marbella, ES)

05 Our brands

KINEPOLIS, OUR BRAND IN EUROPE

The origins of Kinepolis Group go back to the end of the 1960s, when the late Albert Bert took over the neighbourhood cinema in Harelbeke from his father and expanded it into a cinema with two screens. In the years that followed, Albert Bert opened cinemas with more and more screens, thereby laying the foundation for the multiplex concept. He opened Kinepolis Brussels with his sister-in-law, Marie-Rose Claeys-Vereecke, in 1988. With no fewer than 25 screens, this was the world's first megaplex. The Bert and Claeys families merged into one concern, Kinepolis Group, in 1997. The Bert family has been the only family shareholder since 2006.

Driven by the same urge for innovation and customer focus that the founders demonstrated from the very start, Kinepolis has grown into a leading European cinema operator over the course of the years. Kinepolis was launched on the stock market in 1998 and, since 2008, has been led by CEO Eddy Duquenne, who introduced a new, successful business strategy and has substantially expanded the Group since 2014, thanks in part to the acquisition of Landmark Cinemas Canada and American MJR Digital Cinemas.

Albert Bert

First cinema in Harelbeke

KLUB, THE ART HOUSE CINEMA CONCEPT OF KINEPOLIS

In 2018, Kinepolis developed an alternative cinema concept and brand for a small cinema in the centre of Metz (FR). 90% of the programming of the KLUB consists of art house films.

LANDMARK CINEMAS, OUR BRAND IN CANADA

Landmark Cinemas is the second-biggest cinema group in Canada. The Group was formed in 1965, consisting mainly of smaller, regional cinemas until, together with TriWest Capital, it took over the 22 Empire cinema complexes located in Ontario and the West of Canada in 2013. At the end of 2017, Landmark Cinemas was acquired by Kinepolis Group, enabling it to enter the North American market for the first time. The Canadian cinemas continue to operate under the registered 'Landmark Cinemas' brand.

Landmark Cinemas St. Catharines (CA)

MJR Digital Cinemas Troy (USA)

©Charles V. Tines – The Detroit News

MJR DIGITAL CINEMAS, OUR BRAND IN THE USA

MJR Digital Cinemas was founded in 1980 by Mike Mihalich, and grew into a group of ten multi- and megaplexes in Michigan (Metro Detroit area). The American cinema group was acquired by Kinepolis Group in October 2019, which thereby took its first steps in the United States. The American cinema complexes continue to operate under the registered 'MJR Digital Cinemas' brand.

05

06 Our visitors

Kinepolis welcomed 29.3 million visitors in its cinemas in 2022.

CINEMA IS FOR EVERYONE

Young and old, the inveterate film lover or the occasional blockbuster fan, couples, families, friends, horror fans and even opera fans: cinema is for everyone.

Kinepolis has made the switch from passive to active programming in recent years. This means that Kinepolis ensures that it always has a varied offer so that everyone can find something to his or her taste. Taking account of our multicultural society, films from many different cultures are featured.

VISITORS TO CORPORATE EVENTS

Many visitors find their way to the cinema through corporate events. 12.0% of our revenue in 2022 was generated by Business-to-business activities. These can include avant-premieres, congresses, private film screenings, company presentations, and so on. These activities experienced a strong recovery in 2022, thanks to a significant increase in physical events following the elimination of all Covid-19 measures in the markets where Kinepolis operates.

07 Core activities

Our organisation consists of seven core activities,
all the ingredients for the ultimate movie experience.

07

BOX OFFICE

Box Office activities comprise the sale of cinema tickets. The development of these sales is highly dependent on a number of external factors, including the weather and the films offered.

Kinepolis endeavours to continuously optimise its seating capacity and occupation by providing a varied range of films and cultural events to reach the widest possible audience. By means of an active programming policy, we endeavour to provide a programme that appeals to various target groups at all times. The range of films on offer is also permanently supplemented with alternative content (art, opera, ballet, concerts, kids content, etc.) and event formulas (marathons, Horror Nights, VIP experiences, etc.)

IN-THEATRE SALES

In-theatre Sales (ITS) include all activities relating to the sale of beverages and snacks in the cinema complexes.

©MB Photo Sensor

This business has become more important in recent years, due to innovations in the infrastructure and the products offered. Today, most of the European cinemas have the well-known Kinepolis self-service shop. This took shape in Canada under the name MarketPlace. The products offered in the shop are complemented by specific local products per country or region. In addition, Kinepolis is developing other ITS concepts within this activity, such as the coffee corners and the 'Douwe Egberts Café' in Antwerp, which opened in December 2022. In terms of ITS also, we are aiming to provide a range of products that suits various targets groups.

BUSINESS-TO-BUSINESS

Through their advanced, flexible infrastructure, Kinepolis cinemas are also ideal B2B venues for conferences, avant-premieres and corporate events. In addition to the organisation of corporate events, the B2B activity also includes the sale of vouchers to companies and publicity campaigns in the cinema.

REAL ESTATE

Kinepolis has a department that is specifically tasked with the coordination of the management, utilisation and development of the Group's property portfolio. Kinepolis stands out from many other cinema operators thanks to its unique real-estate position. The Group owns a large part of its real estate (51 cinemas, which together generate 55% of the visitors). More than 90 000 m² are leased to third parties in the cinemas that Kinepolis owns. The flow of customers to these businesses (mainly shops and cafés) is mostly generated by the presence of the cinema.


Release of 'Top Gun: Maverick' with placing of an F-16 in Kinepolis Antwerp (BE)

DIGITAL CINEMA SERVICES

Digital Cinema Services (DCS) comprises all the technical expertise that Kinepolis possesses in terms of digital projection and sound. Although this expertise is primarily used in-house, Kinepolis DCS also occasionally provides technological services to third parties.

SCREEN ADVERTISING IN BELGIUM

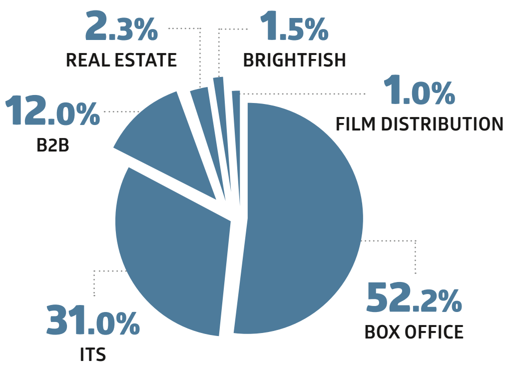
Brightfish, the Belgian screen advertising agency, offers a wide array of media channels in and around cinema for anyone who wishes to communicate with cinema visitors in a targeted way.

FILM DISTRIBUTION IN BELGIUM AND LUXEMBOURG

Kinepolis Film Distribution (KFD) focuses on distributing international and domestic films in Belgium and Luxembourg. As a specialist in the area of Flemish film, KFD has earned itself a strong position in Belgium. As a media company, Kinepolis stimulates the production and promotion of Flemish films via KFD. KFD also works closely together with other partners, including Dutch FilmWorks, the largest independent film distributor in the Netherlands. Within this partnership, KFD distributes the DFW film catalogue in Belgium and Luxembourg.

BRIGHTFISH

REVENUE
PER ACTIVITY IN 2022



08 Business environment

After two years of pandemic, during which the operation of cinemas was prevented or significantly hindered for a long time, 2022 heralded the first year of recovery for the sector.

From the second quarter, there were no corona measures in place in the markets where Kinepolis operates its cinemas. The impact of the pandemic was felt throughout the year, however, due to a still disrupted film calendar (with significantly fewer Hollywood releases) and changed routines among some of the cinema audience. In addition, the sector is facing a challenging macro-economic context, characterised by high inflation and an energy and purchasing power crisis, particularly in the European markets.

The recovery of cinema attendance in 2022 – thanks in part to some exceptional Box Office successes – proves the resilience of the industry and the hunger of audiences for a shared Big Screen experience. Further recovery is expected for 2023, depending on the release calendar.

IMPACT OF THE PANDEMIC ON THE FILM OFFERING

Although many major feature films were postponed for cinema release during the pandemic, this did not lead to an oversupply of Hollywood content in 2022 – contrary to what might have been expected. The number of international releases remained at a significantly lower level compared to pre-pandemic years. Explanations for this can be found in a global market that is still disrupted by Covid-19, with harsh lockdowns in China (the world's second largest film market), delays in film productions during the pandemic, excessive demand for post-production partners and constant shifts in the film calendar to avoid direct competition with other blockbusters.

CONSUMERS LOOKING FOR AN EXPERIENCE

Due to the oversupply of content for home consumption, film lovers seem to be becoming more selective about the films they want to experience in the cinema. Experience is the most important differentiating factor for cinemas. Cinemas can make use of all their trump cards, especially for films that offer an intense cinematographic experience, or, in other words, those that you really have to see on the big screen, and films with a large fan base, which are eagerly anticipated. In recent years, Kinepolis has invested heavily in all the aspects that can take the customer experience to a higher level and, by doing so, generate more turnover per visitor. The success of premium movie experiences – ranging from the best laser projection and immersive sound, to various seating concepts and thematic events (VIP experiences, marathons, Manga K, etc.) – has ensured that the market has continued to grow in terms of turnover in recent years, even in years where visitor numbers did not. Focusing on experience and quality pays off, now even more than ever. The rise of 'event cinema' illustrates this development. Exclusive pop concerts, opera, stand-up comedy, theatre, etc.: cinema has become much more than 'watching a movie' in recent years. Kinepolis multiplexes have turned out to be real entertainment centres.

CONTENT SELECTION AND TARGETED PROMOTION

The shortening of the cinema window and the increase in the number of content providers mean that cinemas have been programming more and more films in recent years, while the customer seems to be becoming more selective. Selecting the right films for the right target audience and promoting them in a targeted manner will become increasingly important in the future. A cinema operator must guide the customer through the offer, and build up credibility through film programming and recommendations. Kinepolis has the ambition to be the 'sommelier of film' for its customers. The development of a more extensive content department within Kinepolis and quality labels such as 'CINE K' are part of this vision.

RELEASE WINDOWS

The exclusive theatrical window (the period in which a film is exclusively available in cinemas) has been reduced constantly over the past 25 years, as payment-based home entertainment channels have emerged. The Covid-19 pandemic has accelerated this development. Studios experimented with release strategies and launched their own streaming services. Premium VOD (PVOD) emerged, for example, with films offered for home consumption more quickly, at a premium price.

Most films, especially blockbusters, were, however, postponed during the pandemic in favour of an exclusive cinema release. The results of this in 2022 and the price erosion in the home entertainment market has led to a renewed and outspoken commitment from several major studios with regard to the theatrical window. After all, cinemas have often proven to be indispensable for maximising the revenue of a film. "There's no substitute for Box Office revenue", as expressed within the sector. Much of the revenue generated in cinemas flows back to the producer, which is much less the case with other carriers and platforms. In addition, a cinema release acts as a driving force for the promotion and marketing of a film, impacting all subsequent links throughout the film's lifespan. In the past year, we saw a return to the pre-pandemic theatrical release approach by most major players.

DEMOGRAPHIC FACTORS

Cinemas also have to adapt to the ageing of the population and continue to appeal to the widest possible audience, while Hollywood's blockbuster offerings often appeal to a younger audience.

In addition, the increasingly significant proportion of people with a migration background is causing an increasing cultural division in society. Kinepolis therefore applies the principle of active programming, with the international blockbuster offer supplemented with local films, author films and alternative content, depending on the composition of and demand from the public. Local titles often score best with a slightly older population, while multicultural films (such as Japanese, Polish, Turkish, Indian and Chinese blockbusters) appeal to specific communities in cities. As an accessible form of entertainment, cinema is at the heart of society, and the offering must therefore evolve with demographic and other social developments. The increased diversity in society is reflected in a more diverse and inclusive content offering.

08

MARKET INFORMATION EUROPE

European cinemas saw a further strong recovery in 2022 and, while final figures for several territories are still to be confirmed, UNIC estimates that admissions increased at least by 36.5% and that total box office for the year will exceed € 5.6 billion – a rise of 55.6% in Europe compared with 2021. In the EMEA region as a whole, box office increased from € 4.4 billion to € 6.6 billion, according to Gower Street Analytics.

Box Office results for Austria (+96% compared with 2021), Czech Republic (+94%), Lithuania (+133%) and Slovenia (+149%) demonstrate the strength of the sector's recovery in recent months. France, the UK and Germany witnessed box office increases of between 62% and 92.5% on the previous year, further reducing the gap on pre-COVID levels. Spain and Italy were up 50% and 81% respectively, although their recovery compared with 2017-2019 results appear slower than other European markets.

Compared with 2019's record year for cinemas, estimated admissions in 2022 across Europe were down 40.3% and box office was an estimated 34.4% lower. In the EU and UK, estimated admissions and box office were 35.1% and 30.8% respectively lower compared with 2019.

The figures were affected by factors including a lower number of US titles released in 2022 compared with 2019, COVID restrictions which lasted until June 2022 in some territories, a very slow start to the year, a weak summer slate due to a lack of new releases, and the impact of the Russia/Ukraine war.

Box Office was mainly driven by major international titles including 'Avatar: The Way of Water', 'Top Gun: Maverick', 'Jurassic World: Dominion', 'Minions: the Rise of Gru' and 'Black Panther: Wakanda Forever'.

'Top Gun: Maverick', 2022's highest-grossing film, took $ 1.488 billion at the global box office, topping the charts in the UK (£ 78.2 million) and Sweden (€ 10.567 million) while coming second in France (€ 55.736 million) and Germany (€ 35.536 million). 'Avatar: The Way of Water' has taken more than $ 2.214 billion at the global box office to date – making it the fourth-biggest film of all time – proof of cinemas' capacity to attract audiences and create global events.

European cinemas hit 55.6% Box Office growth in 2022

Local titles also played a key role in 2022's success, most impressively in France (40.9% of market share), Czech Republic (33.5%), Denmark (26%) and Finland (25.2%). National market share by admissions in Slovenia was 18%, the highest since the country's independence 32 years ago.

Three local productions featured in Norway's 2022 box office top 10 – 'Krigsseileren', followed by 'Olsenbanden – Siste skrik!' and 'Teddybjørnens jul'. In Romania, two domestic films made the top 10 – 'Teambuilding', a satire on the business world, was the most popular Romanian film in 2022 while the comedy 'Mirciulică' came in fourth. In Spain, 'Padre no hay más que uno 3' grossed € 745 000 with more than 108 000 admissions on its opening day, making it the best debut for a Spanish film in the domestic market since 2015.

Source: Press Release International Union of Cinemas (UNIC) of 15 February 2023: Cinema-going in Europe in 2022.

TENTATIVE MARKET PERFORMANCE INDICATORS FOR 2022 (WHERE AVAILABLE) FOR THE COUNTRIES WHERE KINEPOLIS HAS SUBSIDIARIES

COUNTRY (CURRENCY)	BOX OFFICE (MILLION, IN LOCAL CURRENCY)			ADMISSIONS (MILLION)			NATIONAL FILMS' SHARE (BY BOX OFFICE)
	2021	2022	2021-2022 CHANGE	2021	2022	2021-2022 CHANGE	
Belgium (EUR) (1)	70.6	123.1	74.3%	7.6	13.5	76.7%	n/a
France (EUR) (2)	672.4	n/a	n/a	95.5	152.0	59.2%	40.9%
Luxembourg (EUR)	4.9	8.0	62.3%	0.5	0.8	51.2%	2.4%
Netherlands (EUR)	142.0	258.5	82.1%	14.2	25.0	76.0%	14.5%
Poland (PLN)	530.9	817.7	54.0%	29.0	42.8	47.3%	19.8%
Spain (EUR)	252.3	379.0	50.2%	41.4	61.2	47.8%	22%
Switzerland (CHF)	87.9	143.3	63.1%	5.6	9.1	62.5%	4.5%
EU27 & UK (EUR)				**392.5**	**643.0**	**63.8%**	
EUROPE (EUR)				**583.2**	**796.0**	**36.5%**	

Other than new releases, national Cinema Days also helped boost admissions across a number of UNIC territories. In France, more than 3.2 million people enjoyed the Big Screen experience during the Fête du Cinéma, a performance 4% above average admissions for the three previous pre-pandemic editions. In Germany, the first KINOFEST brought in almost 1.1 million visitors, the best weekend performance of 2022. In Italy, more than 1.13 million admissions were registered for the first Cinema in Festa, a 123% increase on the same weekend in 2021 and a 317% increase on the previous weekend. The first national Cinema Day in the UK and Ireland attracted 1.46 million and 153 000 visitors respectively. Greece, Norway, Sweden, Poland and the Netherlands were among other European countries which organised their own national cinema day.

"The figures clearly show that European cinemas are on the road to full recovery. A constant supply of new and diverse titles will be crucial for continuing to drive box office and admissions forward in 2023," said UNIC CEO Laura Houlgatte.

Early results this year already confirm that positive trend. In January 2023, the EMEA region recorded the highest-grossing month since the same month in 2020, with box office revenue at approximately € 821 million.

Gower Street Analytics forecast box office revenue this year of $ 7.062 billion (+7% on 2022) and $ 29 billion (+12%) for EMEA and globally respectively.

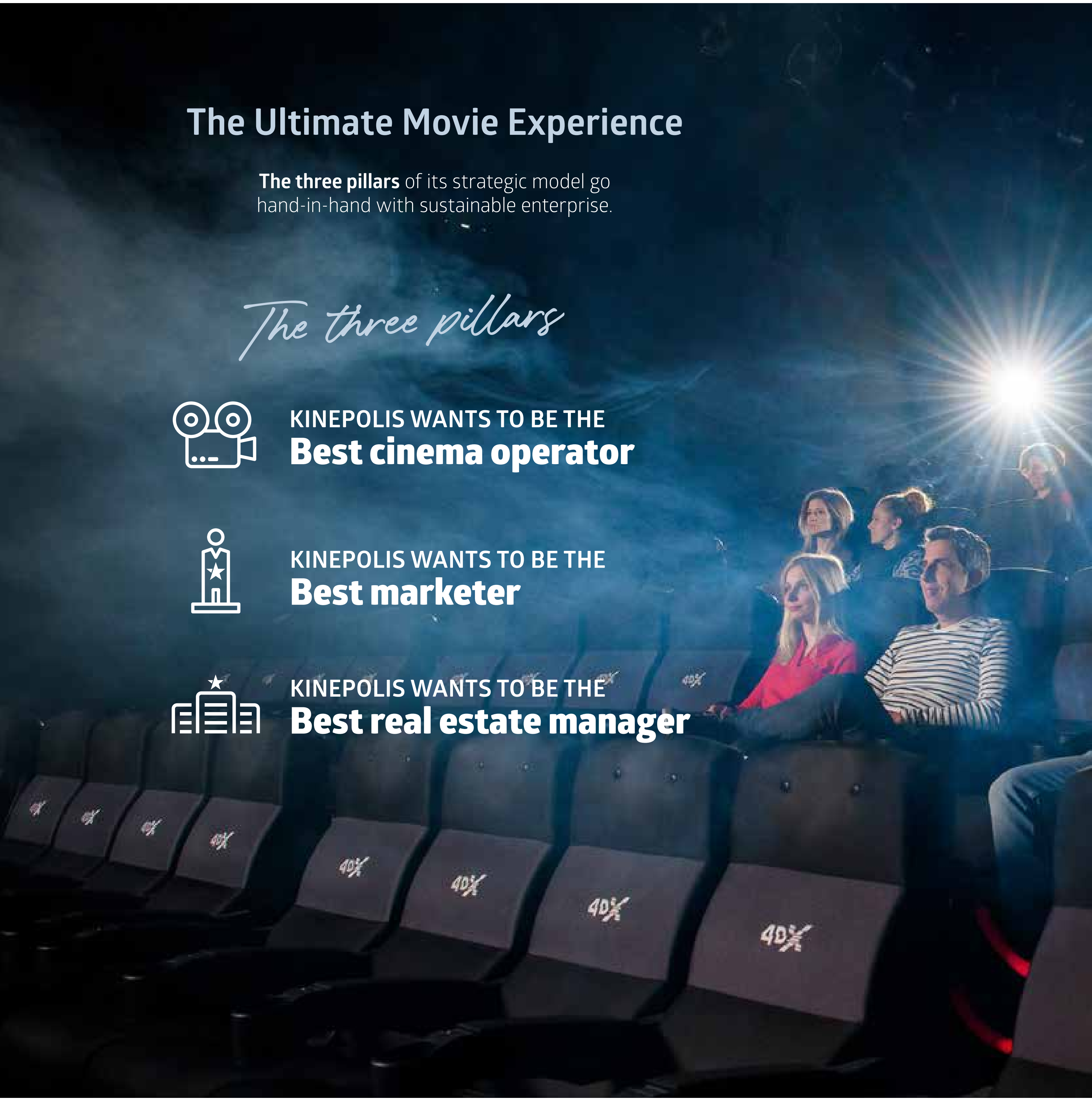
MARKET INFORMATION US AND CANADA

Consolidated figures for the North American market for the year 2022 were not available yet and thus not included in this report.

(1) Belgium: Estimates, final numbers were not available at the moment of this publication.
(2) France: Estimates, Box Office data not fully available, national market share by admissions.

09 Our strategy

Through its business strategy, Kinepolis aims to create sustainable value for its customers, employees, shareholders, partners and the environment.



The Ultimate Movie Experience

The three pillars of its strategic model go hand-in-hand with sustainable enterprise.

The three pillars

KINEPOLIS WANTS TO BE THE
Best cinema operator

KINEPOLIS WANTS TO BE THE
Best marketer

KINEPOLIS WANTS TO BE THE
Best real estate manager


All these pillars are focused on creating
the **Ultimate Movie Experience**,
a unique cinema experience for film and culture lovers,
by means of a cinema concept
that revolves around the visitor's total experience.
4DX
4DX
4DX
4DX
4DX

09

Best cinema operator

We want to be the best cinema operator, and therefore strive to provide a top-quality customer and film experience, so that visitors can enjoy a film or business event in the best possible conditions.

The internal engine for this is a self-learning organisation in which ideas for the continuous improvement of business operations and the customer experience are encouraged from the bottom up. Attention is also paid to ESG aspects, such as the company's ecological footprint and the well-being of employees.

Every year, all the cinema teams propose both revenue-generating and efficiency-driven measures in order to systematically reduce the break-even point (in proportion to a hypothetical 5% fewer visitors per year[1]). This annual exercise, together with a uniform company structure, management reporting at the detail level and the organisation of contact moments so that business and budget owners can inspire each other (so called 'operating reviews'), has generated continuous improvement potential in both mature and new cinema complexes over the last 15 years.

©MB Photo Sensor

Opening of Kinepolis Metz Amphithéâtre (FR)

EMPLOYEES BECOME ENTREPRENEURS

Within each cinema, a number of local managers are each responsible for a specific aspect of the business. These business or budget owners are given the opportunity to be a 'mini-entrepreneur', and regularly exchange experiences and ideas with their colleagues in other cinemas. In this way, they can draw on a wealth of cinema knowledge and experience, and this allows employees to inspire each other, even across national borders.

More than 1 in 10 employees at Kinepolis have ultimate responsibility for departmental objectives and budget. Striving to position responsibilities as low as possible within the organisation creates a large number of growth and development opportunities for all employees, and cultivates entrepreneurship within the cinemas.

During the recent pandemic, this bottom-up business strategy and culture has greatly helped Kinepolis to take appropriate measures quickly. The business and budget managers know their income and expenditure, and can take immediate action themselves. Thanks to everyone's responsibility and quick action, Kinepolis has been able to further reduce its fixed costs. In recent years, budget owners and their teams have been challenged more than ever to think about solutions and to be creative in managing 'their' business.

(1) Five percent fewer visitors is, of course, not a target, but merely an approach used to simulate a lowering of the break-even point.

MEASURING IS KNOWING

In addition to the financial parameters, the essential KPIs (Key Performance Indicators) at Kinepolis include customer satisfaction (Customer Satisfaction Index, CSI) and employee satisfaction (People Satisfaction Index, PSI), with these closely monitored at every level of the organisation.

In addition, KPIs linked to ESG aspects that are not covered by CSI or PSI (such as the company's energy consumption and carbon footprint) will be further refined and integrated into management dashboards and bonus plans in the coming years.

CUSTOMER SATISFACTION INDEX

Via the Customer Satisfaction Index, we gauge the various aspects of the customer experience after each visit via an online survey: what did people think of the film, the image and sound quality, the service, cleanliness, customer-friendliness, waiting times, etc. The CSI enables us to continually collect customer feedback at a highly detailed level. The reporting and assessment of these results takes place on a daily basis at team, cinema and country level, and Kinepolis constantly refines its operational management and film programming on the basis of this customer feedback.

PEOPLE SATISFACTION INDEX

Kinepolis measures the satisfaction of its employees every year using the People Satisfaction Index (PSI). Employees are invited to indicate, in a completely anonymous way, how they experience Kinepolis as an employer, stating what they like and what they feel could be improved. The results are then discussed in each team, and are converted into concrete actions.

INVESTING IN TALENT

With a strategy that is strongly driven by the creativity of employees, our human capital is our greatest asset. Recruiting, coaching and retention of employees who fit into the corporate culture of Kinepolis, and who can give substance to the continuous improvement of the business operations and customer experience from the bottom up, is crucial for Kinepolis.

Entrepreneurship is deeply embedded in the DNA of the organisation and, in this regard, we very consciously aim to attract employees who are self-managing, but who are also excellent team players with an eye for detail at the same time.

Best marketer

Through intensive interaction with our visitors, we want to provide a customised offer that meets the wishes and needs of the public.
In recent years, Kinepolis has developed a best-in-class relationship marketing strategy (based on extensive knowledge of the customer and his/her preferences) and an active programming policy.

RELATIONSHIP MARKETING

The Kinepolis marketing strategy is aimed at getting to know our customer and his or her preferences better. Given the large number of films being programmed and the pressure on the traditional Hollywood model, in which the distributor promotes a film unilaterally, but finds it increasingly difficult to reach the consumer, Kinepolis wants to use direct marketing to inform customers about films whose genre, cast or director are in line with his or her preferences.

Launch of Avatar in Kinepolis Kirchberg (LU)

In this way, the mission of Kinepolis has evolved in the last decade from providing the ultimate 'cinema experience' (best image, seating comfort, etc.) to providing the ultimate 'movie experience'. Because the right film is also an important factor for a successful movie experience. Millions of customers receive film and event recommendations by email, on the app and on the website, based on their personal preferences.

Kinepolis also wants to invest further in the relationship with its customers in the future, through mobile and online services.

In doing so, Kinepolis also attaches the utmost importance to the protection of personal data. Respect for customers and respect for their data are inextricably linked, and Kinepolis takes both of these very seriously (see Chapter 10: Impactful and responsible entrepreneurship).

MARKETING AS A SERVICE

In Europe, we can now reach 5.85 million customers via email marketing (compared to a customer base that we estimate at more than 7 million unique visitors at the European level). Almost 1 million of these have subscribed to the My Kinepolis newsletter. The e-mailings with recommendations for films and events are only sent to a limited target group, based on the knowledge that Kinepolis has built up about its customers.

In the USA, we can reach 565 000 MJR customers through email marketing. In Canada, we use the data and insights we gain from the new Landmark EXTRAS loyalty program to send more relevant and targeted information to all members.

Laser ULTRA


Live streaming concert BTS (2022)


Opera in the Cinema, Ariadne (2022)


Minions: The Rise of Gru (2022)

ACTIVE PROGRAMMING

The Kinepolis offering is not limited to the current international blockbusters. In recent years, Kinepolis has made the switch from passive to active programming. Kinepolis selects films based on the preferences of its customers, which means that these can vary from one cinema to another. Kinepolis aims to offer something to each of its target groups at all times during the year.

In recent years, Kinepolis has successfully supplemented its content offering with ‘alternative’ content, such as culture in cinema (concerts, opera, ballet, art, theatre), multicultural films (Polish, Turkish, Indian, Japanese, etc.), concerts, live transmissions of events, and so on.

EXPERIENCE

The experience we offer in our cinemas is another important key to success. Given the growing range of content available via home entertainment, moviegoers are more than ever looking for an experience. Kinepolis is therefore investing heavily in product innovation and experience concepts such as Cosy Seats, recliner seats, IMAX, Laser ULTRA, 4DX, ScreenX, and so on. The majority of these products are part of a further broadening of the range, whereby Kinepolis wants to respond optimally to the wishes of different target groups (see pages 63-65).

In addition, Kinepolis is fully committed to event formulas aimed at bringing like-minded people together, such as marathons, one-off concert performances, Horror Nights, family weekends, and so on.

Best real estate manager

Kinepolis owns a large part of its cinema real estate, in particular 51 complexes, which generated 55% of the visitors in 2022.

CINEMA REAL ESTATE

Ownership of our cinema real estate has a significant effect on the company's risk profile. This makes Kinepolis less sensitive to inflation, and gives us the flexibility to be able to switch to an alternative use of an overcapacity if the success of the cinema changes over the long term. Examples of this include the installation of an indoor playground in Madrid ('The Magic Forest') and, more recently, the conversion of an auditorium in Kinepolis Valencia into a theatre hall ('Sala 21').

'Sala 21', theatre hall at Kinepolis Valencia (ES)


'The Magic Forest', indoor playground (ES)

Alternative use of overcapacity

The Group's solid real estate position was also an important advantage in optimally managing the impact of the Corona crisis during the period 2020-2022. After all, Kinepolis did not have to continue to pay rent during the periods of inactivity – or very limited activity – for the complexes it owns.

In the cinemas it owns, Kinepolis rents out more than 90 000 m² to third parties (mostly to catering companies), and the flow of customers to these businesses is mostly generated by the presence of the cinema.

The Real Estate department is also closely involved in the realisation of the Group's expansion strategy, in particular with regard to the development, realisation and coordination of new construction projects. And, finally, the team has an important responsibility for the improvement of the energy efficiency of our buildings – and thereby the reduction of the company's carbon footprint – including (but certainly not limited to) upgrading HVAC installations, the installation of intelligent building management systems and the management of energy consumption in relation to occupancy (see pages 85-89).

Kinepolis is committed to continuing the optimal management, use and development of its unique real estate portfolio in the future.

©MB Photo Sensor

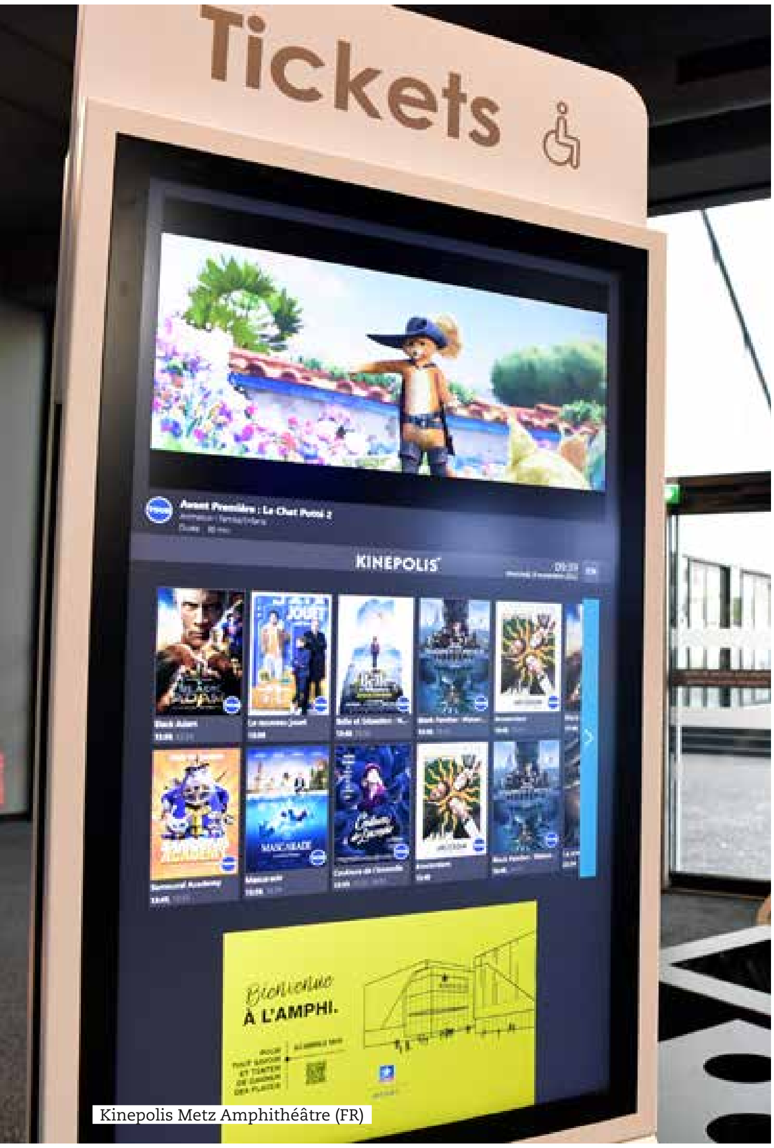
Kinepolis Metz Amphithéâtre (FR)

Kinepolis Metz Waves (FR)


Douwe Egberts Café, Kinepolis Antwerp (BE)

Expansion strategy

Kinepolis wants to introduce its unique cinema concept to new markets and new target groups, thereby creating additional value for all its stakeholders.



Kinepolis Metz Amphithéâtre (FR)

©MB Photo Sensor

Significant steps to implement the Group's expansion strategy have been taken in recent years. From 2014, the number of cinemas in the Kinepolis portfolio has increased from 23 to 110.

Since the outbreak of the corona pandemic, Kinepolis has opened 5 new cinemas, the last of which, Kinepolis Metz Amphithéâtre, opened in November 2022. After an interruption due to the corona crisis, Kinepolis cautiously resumed its expansion in mid-2022 with the acquisition of two cinemas in Spain (Mataró and La Cañada) and one in France (Amnéville).

The Group aims to carry out more acquisitions in the future, while maintaining a prudent financial policy at all times.

EXPANSION STRATEGY BASED ON IMPROVEMENT POTENTIAL

The business strategy described above is also the basis for successful expansion, as Kinepolis is focussing on cinemas and cinema groups where it can introduce its self-learning business culture and organisational model in order to generate improvement potential. The realisation of this potential for improvement depends on the creativity and capacity of the teams, which is why Kinepolis will always take both the financial and human capital into account with regard to its expansion.

We are cautiously resuming our expansion strategy with the acquisition of two cinemas in Spain. The conditions of the acquisition and the potential of both sites should allow us to create value for both film enthusiasts and Kinepolis.

Eddy Duquenne, CEO Kinepolis Group

Kinepolis La Cañada, Marbella (ES)


Opening of Kinepolis Nevada (Granada, ES) in 2017

The Kinepolis Group organisation is structured according to its geographical markets. Each country has a national Cinema Support Centre, which controls and supports the cinemas in the respective country. When expanding into an existing market, the national team is responsible for the integration of the involved cinemas, with the assistance of the International Cinema Support Centre, which is located in Ghent, Belgium.

In the case of acquisitions, Kinepolis retains the existing local teams and existing management as much as possible. The management teams of Landmark Cinemas Canada and MJR Digital Cinemas in the USA, for example, have largely remained the same. In addition to social considerations, affinity with the local market and culture is an important aspect of Kinepolis' business operations. To date, no acquisition has been accompanied by lay-offs or reorganisations with a significant social impact.

10 Impactful and responsible business

Statement of non-financial information
as provided for in the Law of 3 September 2017

10

ESG policy

As a cinema operator, Kinepolis is a part of people's daily lives and the company attaches the greatest importance to the social and ecological aspects of its business operations.

In this respect, Kinepolis proceeds from a long-term vision, in which creating a positive impact on stakeholders and society, as well as reducing any negative impact as far as possible, automatically leads to a sustainable economic narrative. We are fully committed to creating 'shared value' starting from our purpose, which is to enrich people's lives through the power of movies.

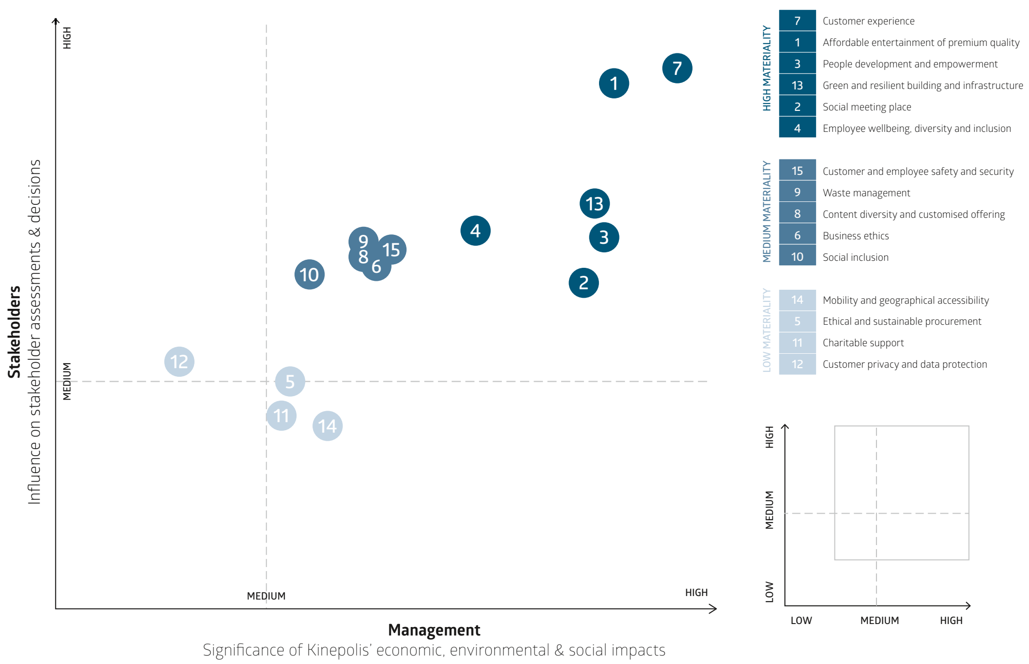
The ESG (Environmental, Social and Governance) aspects discussed in this report are an integral part of a policy aimed at securing the resilience of Kinepolis' activities and their impact. Kinepolis has taken various steps in the field of sustainability over the past decade and, starting in 2020, the Group launched a process to further professionalise its sustainability approach and translate this into an integrated business strategy. The policy and framework that have been developed safeguard the interests of all stakeholders (employees, customers, the environment, local communities) and, with this, the creation of a positive social impact.

Over the next two years, Kinepolis will further refine its commitments and performance indicators in this respect, and will expand them where necessary, in line with the requirements of the European Corporate Sustainability Reporting Directive (CSRD), which will apply from 2024. In this context, Kinepolis will continue to focus in 2023 on implementing the right processes for monitoring material ESG aspects, as well as collecting relevant ESG data. Due attention is also being paid to the further development of a governance framework for ESG.

STAKEHOLDER CONSULTATION AND MATERIALITY ANALYSIS

Kinepolis carried out an extensive stakeholder survey in September 2021 for the purpose of gaining insight into the opinions and expectations of stakeholders with regard to sustainability and the impact that Kinepolis, as an entertainment company, has on society. Specifically, stakeholders were asked which aspects they consider to be most

KINEPOLIS MATERIALITY MATRIX



relevant for Kinepolis with regard to the impact of Kinepolis on stakeholders and society, on the one hand, and in relation to the impact of ESG aspects on Kinepolis itself on the other (the so-called double materiality).

The stakeholder survey was conducted on the basis of an online survey, supplemented with a number of qualitative interviews. Various stakeholder groups were involved in the study, namely:

- all permanent employees of Kinepolis Group in Belgium, the Netherlands, Canada, Spain, Luxembourg, France and the USA (46% response);
- The top 15 investors (65% response);
- The top 50 suppliers (44% response);
- +30 000 B2C customers spread over Belgium, the Netherlands, Canada, Spain, Luxembourg, France and the USA (2% response);
- Board of Directors and senior management (84% response).

A materiality matrix was drawn up on the basis of the stakeholder and management consultation, which indicates the aspects that stakeholders and management consider to be most relevant for Kinepolis. In addition – and on the basis of additional questions about the topics indicated as most material – the stakeholder survey also provided valuable qualitative information to management for the implementation of the strategy.

The list of topics covered in the stakeholder consultation was drawn up on the basis of peer analysis and desk research, as well as several workshops with senior management, with a view to an adequate and comprehensive reflection of all strategic aspects that lead to the creation of impact, in any way whatsoever.

Kinepolis' policy on each of these topics is set out in more detail in this chapter.

Any risks associated with these ESG aspects (including climate risks) have been included in the description of the major business risks (see Corporate Governance, page 115-119).

HIGH-QUALITY CUSTOMER EXPERIENCE

Kinepolis strives to make every contact or visit a positive experience for its customers by offering them a top-quality film experience, by providing them with clear information, by interacting with them and by responding to their wishes. Attention is paid to all target groups, which is reflected in the film experiences offered, the film programming and the infrastructure of its cinemas.

WELL-BEING AND DEVELOPMENT OF EMPLOYEES

Kinepolis strives to be a company where people feel safe, listened to, motivated and valued. Kinepolis aims to develop talent and encourage employee development through its self-learning organisation, with bottom-up innovation and accountability at its core. As the employer of a large number of students and newcomers to the labour market, Kinepolis also plays an important role in teaching young people essential professional skills, a role that the company wishes to fulfil in the best possible way.

The Kinepolis Human Capital policy includes, among other things, an intensive onboarding process, various training programmes and career guidance. The annual measurement of employee satisfaction enables Kinepolis to closely monitor this policy, and to develop it further.

Kinepolis Metz Amphithéâtre (FR)

©MB Photo Sensor

CARE FOR THE ENVIRONMENT

GREEN AND RESILIENT CINEMA INFRASTRUCTURE

Via its 'Green Star' programme, Kinepolis is also committed to shouldering its responsibilities with regard to caring for the environment. In this regard, Kinepolis aims to improve the energy efficiency of its cinema infrastructure and buildings every year, with a view to the CO_2 neutrality of its activities in the longer term. In addition, Kinepolis is resolutely committed to sustainable design and implementation of new construction projects, as well as the sustainable renovation of existing cinemas. In all the work on its buildings, both new construction projects and renovations, Kinepolis monitors and takes into account the comfort of visitors and employees, with the ecological footprint also being further reduced through the use of innovative, energy-friendly materials and building practices.

RESPONSIBLE WASTE MANAGEMENT

Kinepolis also pays attention to limiting and sorting waste (and recycling where possible), and ensuring the specialised disposal of waste flows.

BUSINESS INTEGRITY

Integrity is always at the forefront of business operations at Kinepolis. The Group has a strict anti-corruption and bribery policy, and makes every effort to raise awareness of this policy among employees and management. In addition, Kinepolis undertakes to respect Human Rights as adopted by the United Nations, and to make the necessary efforts to safeguard these rights, as well as other ethical considerations, throughout the entire value chain. Irregularities of any kind can be reported through an internal whistle-blowing procedure.

REPORTING FRAMEWORK

In 2017, Kinepolis decided to structure its existing sustainability approach and frame it within the internationally recognised ISO 26000 standard (Guideline for Corporate Social Responsibility). Pending the entry into force of the *Corporate Sustainability Reporting Directive* (CSRD), the guideline for sustainability reporting adopted by the European Union in November 2022, Kinepolis will continue to use the IS0 26000 framework for the past financial year. The CSRD provides a uniform, mandatory reporting framework (making use of the *European Sustainability Reporting Standards* or ESRS), which represents an important step in the standardisation of the current ESG reporting landscape. Kinepolis will further analyse the reporting of its non-financial information in 2023 and 2024, and will align it with this new guideline and make the necessary preparations for a full report in accordance with its integrated strategy and in line with the CSRD, from 2024.


Kinepolis Leidschendam (NL)

©Disney / Westfield Mall of the Netherlands

MEASURING PERFORMANCE WITH REGARD TO THE SUSTAINABILITY POLICY

In order to measure the effectiveness and efficiency of Kinepolis' sustainability policy measures, one or more Key Performance Indicators (KPI) were determined for the most substantial topics. In addition, descriptive performance indicators and examples will be cited throughout this report to illustrate the policy.

Kinepolis will continue to build on an integrated strategy in the coming years and will further intensify its efforts in the field of sustainability.

An assessment of the possible risks related to these subjects will thereby be made on a regular basis, and it will be reviewed whether sufficient policy measures are in place to limit these risks.

In the table below, the aspects surveyed in the stakeholder consultation are linked to the relevant guidelines of the ISO 26000 standard, indicating the KPIs for the most material topics that are included in this report.

KEY PERFORMANCE INDICATORS (KPI)

	TOPICS INCLUDED IN THE MATERIALITY ANALYSIS	RELATED GUIDELINES ISO 26000	KPIs FOR THE MOST MATERIAL TOPICS
High-quality Customer Experience	• Accessible top-quality entertainment • Customer experience • Safety of customers and employees • Social meeting place • Diversity of content and tailor-made offering • Privacy and protection of customer data • Social inclusion • Support of charity projects / local communities	• Provision of services to consumers, support, resolution of complaints and disputes • Protection of consumer health and safety • Honest marketing, factual and unbiased information and fair practices when concluding contracts • Consumer privacy and data protection • Education and awareness	Response to Customer Satisfaction Index (CSI) Progress of implementation of CSI worldwide M EUR invested in maintenance and internal expansion (roll-out of premium cinema experiences) Proportion of local films (Kinepolis Europe)
Well-being and development of employees	• Development and Empowerment of employees • Well-being of employees, diversity and inclusion	• Employment and employment relations • Working conditions and social protection • Social dialogue • Health and Safety at work • Personal development and training in the workplace	PSI response Number of 'budget owners' in relation to the total number of employees Performance cycle Internal mobility ratio Diversity ratios
Green and resilient cinema infrastructure	• Green and resilient buildings and infrastructure • Waste management • Green mobility / accessibility	• Prevention of environmental pollution • Sustainable use of resources • Mitigation of and adaptation to climate change	Carbon footprint (scope 1 and 2 emissions) Energy consumption Progress in transition to laser projection: % of screens equipped with laser
Business integrity	• Ethical and sustainable purchasing policy • Business ethics (anti-bribery, human rights, integrity in marketing)	• Human rights • Honest business practices	% of employees who have signed the Code of Conduct

For a concise overview of the results in 2022 with regard to the above-mentioned ESG aspects, see pages 24-25

A high-quality customer experience

Customer experience is key at Kinepolis, which is why customer satisfaction and care for customers is of the utmost importance in all aspects of the Kinepolis 'customer journey'.

POLICY

Kinepolis strives to offer its customers a positive experience during each visit or contact and, in doing so, increase the probability of a repeat visit and positive word-of-mouth. Kinepolis focuses on a number of aspects in this regard, all of which contribute to a total customer experience:

- Modern, comfortable and easily accessible cinemas and auditoriums;
- An extensive range of films, in which everyone can find one that is to his or her liking;
- Providing a high-quality service to customers, where the well-being and safety of customers and employees are paramount.

During the Covid-19 pandemic, Kinepolis developed and implemented extensive safety protocols to protect the health of its customers and employees. As all Covid-19 measures were phased out and eventually abolished in the course of the first quarter of 2022, they will no longer be explained in this report. For an explanation of the safety protocols used during the pandemic, please refer to the previous annual reports for 2020 and 2021.

EVALUATION OF OUR POLICY: CUSTOMER SATISFACTION INDEX

The efforts made by Kinepolis with regard to the customer experience offered are measured on a continuous basis via the Customer Satisfaction Index (CSI). Within 24 hours after his or her cinema visit, every visitor who has bought tickets online and has thereby left an e-mail address is invited to tell us how she or he enjoyed that visit. Those who did not buy online can share their opinions via a form on the Kinepolis website. This survey assesses various aspects of the customer experience: how did they like the film, the quality of the picture and sound, the service, cleanliness/tidiness, customer friendliness, waiting times and so on. Customers can also submit suggestions in this way.

In 2022, Kinepolis Group received 424 837 completed surveys (+35% compared to 2021), 390 572 of which were in Europe and 34 265 [1] in North America.

The CSI was implemented in the acquired US complexes in 2021, and in some of the Canadian cinemas in 2022. The further roll-out of the CSI in Canada is planned for 2023. In 2022, Landmark used its own 'Tell Us About Us' survey for the Canadian cinemas where the CSI had not yet been implemented. This 'Tell Us About Us' survey is not offered via e-mail, but via the website. Customers are encouraged to fill it in by the cinema staff and through communication in the pre-show.

The CSI enables Kinepolis to continually collect customer feedback at a very detailed level, with the CSI results reported and assessed on a daily basis at team, cinema and national level. Kinepolis constantly refines its operational management and film programming on the basis of this customer feedback. Comments on seat comfort, for example, are immediately passed on to the relevant department, with the seat in question then checked as quickly as possible and repaired where necessary.

Furthermore, customer satisfaction – in addition to employee satisfaction and financial parameters – is an essential KPI within the Group for the assessment of the performance of cinema complexes, managers and employees. The above-mentioned parameters are also included in the bonus scheme for managers and budget managers. The response rate in all countries – with the exception of Canada – is more than high enough to provide a representative picture of customer satisfaction.

KPI

CUSTOMER SATISFACTION INDEX

NUMBER OF COMPLETED CUSTOMER SURVEYS [2]	EUROPE	CANADA [3]	USA	TOTAL
2019	540 193	17 000	-	557 193
2020	219 635	4 190	-	223 825
2021	295 307	1 101	17 688	314 096
2022	**390 572**	**4 748**	**29 517**	**424 837**

(1) Of which 1825 'Tell Us About Us' surveys for Canadian cinemas where the CSI is not yet in place or was not in place during the full year.
(2) The number of surveys in the years 2020, 2021 and (to a lesser extent) 2022 reflect the impact of the Covid-19 pandemic (with significantly lower visitor numbers due to long-term closures or restrictive measures).
(3) The CSI has been tested in 3 Canadian cinemas (Kanata, Calgary Market Mall and Saskatoon) since November 2022. No CSI was yet available for the other locations: this is planned for 2023.

Loyalty programmes

LANDMARK EXTRAS (CA)

Landmark EXTRAS was launched in September 2021, and offers movie lovers three formulas: Movie Fan, a free programme for collecting points with every purchase; Movie Insider, a formula based on an annual fee that allows you to collect more points; and Movie Club, a subscription formula with a fixed monthly fee for one free cinema visit a month and all subsequent visits at a reduced price, as well as other benefits for members.

> At the start of 2023, Landmark EXTRAS already had 488 542 active members, more than 14 000 of whom were Movie Club subscribers.

MOVIE CLUB (BE, NL)

After the positive experiences in Canada, Kinepolis launched the Movie Club formula in Belgium and the Netherlands in October 2022. People joining the Club pay a fixed amount each month, which enables them to enjoy films on the big screen every month, as well as numerous other film benefits. The price includes one film visit a month, with a reduced rate for additional visits during the month, and this also applies to the person accompanying the member. In addition, Movie Club members benefit from reductions in the Kinepolis shop, as well as exclusive film information and promotions. They also receive a reduction when purchasing tickets for a Kinepolis event.

At the beginning of 2023, the Movie Club programme in Belgium had 1 200 members.

‘THE ULTIMATE MOVIE EXPERIENCE’

The quality of the movie experience that we offer significantly determines customer satisfaction. Kinepolis strives for the highest quality standard, and continues to invest in cinema technology and experience concepts. The majority of these innovations fit into the further ‘premiumisation’ and broadening of the range, with which Kinepolis wants to optimally respond to the wishes of various target groups.

Kinepolis pursues the practice of testing new concepts in a few cinemas, and then rolling them out in more countries and cinemas. Customer satisfaction is the most important parameter for the evaluation of new products and concepts. We also see that customer satisfaction is, on average, higher in Premium auditoriums (e.g. Laser ULTRA, IMAX, etc.), which indicates the customer’s willingness to pay more for more experience.

SEAT CONCEPTS

- **Cosy Seats (Europe), Premiere Seats (CA) and VIP Seats (USA)**

Cosy Seats are seats that are even more comfortable, with extra-wide armrests featuring a convenient tray for drinks and snacks and a coat hook. They offer more space and privacy, enabling you to enjoy the film in your own bubble. The concept was introduced in Canada in 2020 under the name ‘Premiere Seats’, a Cosy Seat version of the reclining seats (recliners) that are common there. In 2022, these also made their appearance in the US under the name ‘VIP Seats’.

In 2021, the ‘Cosy Seat Plus’ was introduced for the first time in Leidschendam (NL), a variation of the Cosy Seats with an footstool for the legs, which allows you to sit back and relax.

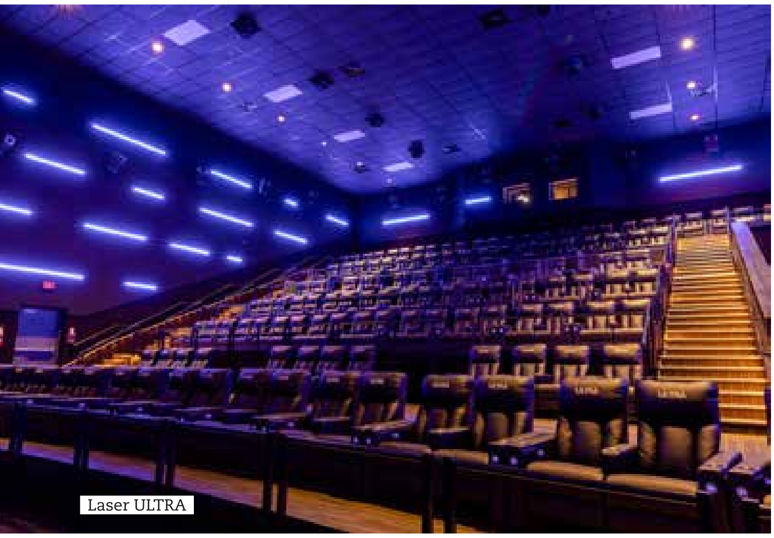
- **Recliner seating**

The recliner seating concept is very popular in North America. These are fully reclining, automated seats with a footrest, guaranteeing a 100% relaxed movie outing. Landmark Cinemas, who first introduced the concept in Canada, has now fully equipped most of its multiplexes with recliner seating. Most venues in the US are also equipped with recliners.

Cosy Seat Plus (EU)

Premiere Seats (CA)

VIP Seats (USA)



Laser ULTRA

IMAX

CINEMA TECHNOLOGY

■ Laser projection

Laser projectors guarantee a razor-sharp image and consume up to 40% less energy compared to traditional xenon lamp projectors. Laser provides more stable light, more light in the corners of the screen and higher contrast. Kinepolis took its first steps in laser projection back in 2014, and started a more general transition to laser projection in 2018. Since 2016, all newly-opened cinemas have been fully equipped with laser projection (full laser).

Kinepolis installed around 220 laser projectors in 2022, with 195 laser upgrades planned for 2023. At the end of 2022, 467 of the total of 1 124 screens (or 42% of all Kinepolis, Landmark and MJR screens) were equipped with laser projection. 43 of these are Laser ULTRA screens. By the end of 2023, 59% of Kinepolis' projector park worldwide will be laser. In Europe alone, 62% of Kinepolis' screens are currently equipped with laser projection.

■ Laser ULTRA

With Laser ULTRA, Kinepolis is combining the unique picture quality of Barco's 4K laser projector with the immersive Dolby Atmos sound system. Together, these two technologies give visitors an even more intense film experience, a feeling that they are at the centre of the action.

26 FULL LASER CINEMAS	43 LASER ULTRA SCREENS	62 SCREENS WITH DOLBY ATMOS

Numbers as of 31/12/2022

4D

The innovative 4D cinema technology takes the image of action-packed blockbusters to the next level, far beyond the traditional cinema experience, thanks to special effects such as moving seats, weather simulations and scent effects, perfectly synchronized with the on-screen action. This revolutionary cinema technology stimulates all the senses, and makes watching movies even more intense.

ScreenX

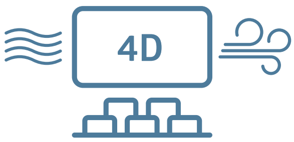
ScreenX is the world's first multi-projection technology that offers the visitor a 270° viewing experience by extending the scene to the side walls. Kinepolis has opened several ScreenX auditoriums in Europe since the end of 2019.

IMAX

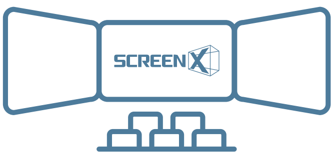
Landmark Cinemas has six IMAX screens.
In Kinepolis Brussels and Antwerp, film lovers can enjoy an immersive IMAX experience with the biggest blockbusters. These 'IMAX with Laser' theatres are equipped with a 4K laser projector in combination with an immersive audio experience.


4D


ScreenX



14
4D SCREENS



5
SCREENX SCREENS

8
IMAX SCREENS

Cinema: a shared experience

A SHARED EXPERIENCE

Going to the cinema is a social thing. It's quality time with family, relatives or friends. Or the perfect place for a first date or a romantic evening. Meeting people and sharing emotions (including with strangers in the audience) contributes to the positive impact of a cinema visit.
To reinforce that experience, Kinepolis is fully committed to event formulas aimed at bringing like-minded people together, such as marathons, one-off concert performances, Horror Nights, Kids weekends and so on.

VARIED FILM OFFERING AND PERSONALISED COMMUNICATION

In addition to seating comfort and image and sound technology, the film itself also plays an important role in the customer experience.

Kinepolis is committed to having something on offer for different target groups at all times, including social (such as ethnic or cultural) minorities. In addition to international blockbusters, Kinepolis programmes and promotes arthouse films, numerous local and multicultural films, event cinema (including concerts, sports competitions and stand-up comedy), and has developed its own successful cultural program with opera, ballet, art and theatre performances. Kinepolis always tailors its programme to the audience of a given cinema, taking demographic factors, regional identity and the cultural offer into account, among other things.

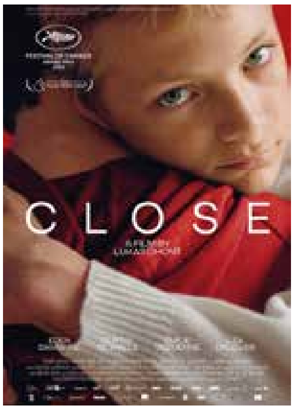
For example, Kinepolis programmes Indian Bollywood movies and Turkish blockbusters in multicultural cities that have large Indian and/or Turkish communities. Polish, Chinese and Japanese films are also included in the programming in some cinemas. In addition, films with regional themes and those of (often start-up) film-makers with strong regional roots are also given a platform in the relevant Kinepolis cinemas.

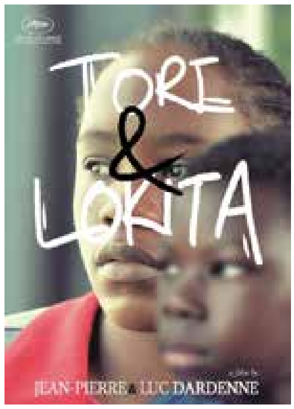
CINE K

Kinepolis launched its 'CINE K' program in Belgium in September 2022. CINE K is a 'cinema-in-cinema' concept that enables Kinepolis to highlight quality films that take a bit longer to attract their audience. CINE K was introduced in France back in 2014, and has since enjoyed success there. The CINE K concept allows Kinepolis to publicise a different type of film, such as 'Tori et Lokita' by the Dardenne brothers, 'Close' by Lukas Dhont or 'De Acht Bergen' by Felix Van Groeningen and Charlotte Vandermeersch. By showing them in a more intimate setting and with monthly programming, the artistic importance of these films is brought home to a wide audience. One or two screens are devoted permanently to CINE K in nearly all the Flemish Kinepolis cinemas, as well as in Kinepolis Brussels and Braine-l'Alleud.

PROPORTION OF ALTERNATIVE CONTENT

(concerts, theatre, opera, kids & pre-school specials, sports, etc.) Alternative content represented just over 2% of the total Box Office of Kinepolis Group in 2022, an increase of 14.8% compared to 2019.





With its relationship marketing strategy (see page 48), Kinepolis aims to optimally familiarise customers with the film offering and make recommendations based on personal preferences. In this way, Kinepolis tries to personalise all online communication as far as possible. The announcement of the NPS score per film (see box 'customers advise customers') also helps customers to choose the right film.

PROMOTION AND PRODUCTION OF LOCAL FILMS

Landmark Cinemas operates a 'Canadian Film Spotlight' label for a carefully curated selection of Canadian films, highlighting titles from the Canadian Independent Film Series and other local distributors.

In Belgium, Kinepolis also invests in the production and promotion of local Flemish films through Kinepolis Film Distribution. Kinepolis believes that supporting and producing local content is essential for a sustainable future of the cinema business and the local film culture.

SUPPORT OF LOCAL FILM FESTIVALS

In order to promote local film culture, Kinepolis in Europe and Landmark Cinemas in Canada also support numerous local film festivals every year (e.g. Film Fest Ghent and Film Festival Ostend in Belgium).

PROPORTION OF LOCAL FILMS (KINEPOLIS EUROPE)

In 2022, local films represented 43% of the total number of film titles programmed in Kinepolis theatres.

INCLUSIVE PROGRAMMING POLICY

Kinepolis is aware of its socio-cultural responsibilities, and is committed to creating a film programme that reflects the diversity of today's society. Kinepolis' multicultural programming and special screenings for senior citizens are concrete examples of its inclusive programming policy, with attention paid to all social target groups.

As part of its B2B activities, Kinepolis has also created a schools programme, focusing on current topics from the curriculum and offering films together with an educational file. Schools can benefit from significantly discounted prices in this regard. Films can be a catalyst for discussion, or can introduce students to another language or culture.

VISITOR SCORE PER FILM (NPS) CUSTOMERS ADVISE CUSTOMERS

The Customer Satisfaction Index (CSI) also measures the visitor score for each individual film in the Kinepolis programme, with this indicating the extent to which visitors would recommend the film they have just seen to others. The customer score is taken into consideration every week when programming films, making it an important indicator of how long a film will run in the cinema.

Kinepolis always publishes the visitor score of each film on its website, even if it is negative. In this way, customers advise each other on which films to see, with Kinepolis as the facilitator. The visitor score of a film also plays a role in the recommendations that Kinepolis makes to customers. The score is a factor in Kinepolis' 'recommendation engine', a piece of artificial intelligence that, as far as possible, tries to identify which films from the current programme will appeal to the customer.

PREMIUM CUSTOMER SERVICE

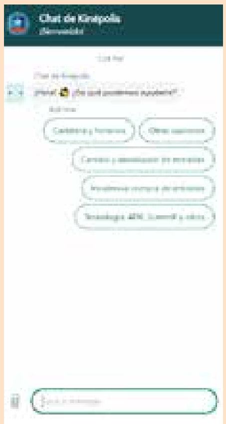
CUSTOMER SUPPORT

Kinepolis wants to be as accessible to customers as possible, and is committed to responding to questions and comments as quickly as possible. In order to inform customers as optimally as possible and to encourage self-reliance, Kinepolis uses an extensive series of 'frequently asked questions and answers' on its website (www.kinepolis.com and www.landmarkcinemas.com respectively) in both Europe and Canada. This list is regularly supplemented and adjusted based on contacts with customers. Kinepolis pro-actively directs online customers to this 'FAQ' section. If customers cannot find the answer to their question, they can use the contact form on the website. This contact form is designed to ensure that the question is immediately forwarded to the right department and/or cinema.

If there are any problems or questions in the cinema itself, customers can always approach the staff. Customer questions are also answered every day via social media (Twitter, Facebook).

CUSTOMER SERVICE TRAINING (NL)

In 2022, Kinepolis Netherlands organised a training programme around client focus in all cinemas. A total of 85 managers from the theatres received training, through 15 training sessions spread over three regions. The training consisted of four parts: mission & vision (acting on the basis of the core value 'Client Focus'), the importance of guest orientation (with the CSI as a guideline), how to develop employees towards greater customer orientation and communication (conversation techniques). The training also included role-playing with an actor, and allowed for a lot of interaction and sharing of best practices. The programme will be completed in the second quarter of 2023.



CUSTOMER SERVICE CHATBOT (ES)

In September 2022, Kinepolis Spain launched a chatbot to improve its customer service using artificial intelligence. This chat function has been added to the Spanish Kinepolis website, and acts as an automatic conversation partner to answer questions from customers. If the chatbot cannot provide assistance, it will automatically refer you to a customer service representative. Approximately **18 000 interactions** were registered in 2022, of which only **23%** had to be forwarded to the staffed customer service.

PROTECTION OF CUSTOMER DATA

As part of its relationship marketing strategy and Marketing as a Service credo, Kinepolis collects data about its customers. In this way, Kinepolis can optimally tailor its operational management to the wishes of its customers, and European customers always receive relevant film and event recommendations based on the data in their personal profile.

As of 25 May 2018, the use of personal data has been regulated by the European Union's General Data Protection Regulation (GDPR), which is aimed at the protection of personal data. The basic values behind the GDPR have always been the values followed by Kinepolis in the handling of customer data, namely:

- Kinepolis has a transparent data-processing policy with regard to its customers;
- The main objective of collecting and processing customer data is to improve the service provided to customers;
- Kinepolis attaches great importance to the rights of its customers with regard to data, and allows them to exercise these rights in a simple manner;
- Kinepolis has a strict organisational and technical security policy with regard to its customer data.

The Canadian equivalent of the GDPR is PIPEDA (The Personal Information Protection and Electronic Documents Act). Landmark Cinemas meets all PIPEDA requirements in its handling of customer data, and pursues the same values.

Respect for customers and respect for their data are inextricably linked, and Kinepolis takes both very seriously.

CYBER SECURITY

Kinepolis takes a whole series of measures to protect its ICT systems, and thereby also its employees, customers and business operations, against cyber attacks. ICT risks (and the control measures to cover them) are discussed on a bi-weekly basis in the Cyber Security Committee, and are also a regular item on the agenda of the monthly ICT Steering Committee. They are also formally discussed in the Audit Committee at least once a year.

Kinepolis has a Security & Compliance Officer, supported by various external consultants, who continuously checks the security of the ICT systems of Kinepolis. For several years now, Kinepolis has been working together with Intigriti, a 'bug bounty' platform that brings ethical hackers together to identify vulnerabilities on behalf of the company, so that Kinepolis can tackle them as quickly as possible. Kinepolis also applies a strict code to external partners with regard to cyber security.

Reserved seats for wheelchair users

©MB Photo Sensor

Ongoing investments have been made in additional protection mechanisms in recent years. An active patch management policy ensures that all systems are closely monitored. A great deal of effort was also made internally to provide the company and employees with maximum protection against phishing and other types of cybercrime. These efforts are also explained in the chapter on the development and well-being of our employees.

NOISE STANDARDS

Protecting the hearing of our visitors is of the greatest importance to Kinepolis, and the generally applicable national noise standards are therefore strictly observed. In Europe, this means, among other things, that Kinepolis:

- calibrates all its cinemas every year;
- subjects the sound settings to a careful monthly check;
- checks the maximum sound pressure level of the various programme types (such as the pre-show, children's films, etc.);
- systematically adapts the volume to suit the type of programme and the size of the auditorium.

In the USA and Canada, general maintenance of the theatres takes place every six months, including a check of the sound settings. Volumes are also systematically adapted to the type of programme.

WHEELCHAIR ACCESSIBILITY

Kinepolis is committed to making as many auditoriums as possible accessible to wheelchair users. More than 90% of all Kinepolis theatres and 100% of all Landmark and MJR theatres are accessible for people with limited mobility, and most of them have reserved wheelchair spaces.

All the recently-opened Kinepolis cinemas are 100% wheelchair accessible. In some cinemas in which not all the auditoriums are wheelchair accessible due to outdated infrastructure, Kinepolis ensures that films are screened in different auditoriums at different times, meaning that visitors with limited mobility are able to see all the films. Kinepolis always provides clear information on the wheelchair accessibility of its theatres, both online and on site.

Travel by tram to Kinepolis Madrid (ES)

When booking online, wheelchair-accessible seats are clearly marked on the theatre plan, enabling customers to reserve these places in advance when purchasing their ticket.

ACCESSIBILITY FOR PERSONS WITH AN AUDIO-VISUAL IMPAIRMENT

In line with the legislation in France, Kinepolis has installed the Twavox system in all its French cinemas, which enables people with a visual or auditory impairment to adjust (i.e. increase or even out) the sound to meet their needs using an app on their smartphone and a pair of headphones. People with visual impairment can also make use of an audio description.

The Whatscine app has been available in all Spanish Kinepolis cinemas since 2018. The Whatscine app offers users a choice between an audio description, subtitles or sign language via their smartphone, perfectly synchronised with the action on the screen, enabling everyone with impaired hearing or sight to enjoy the latest films.

In 28 of its cinemas, Landmark Cinemas Canada supports movie enthusiasts with an audio-visual disability through the Fidelio and CaptiView systems. Fidelio is a wireless storyline audio system adapted for both the visually and hearing impaired, and CaptiView is a closed captioning system for the hearing impaired or the deaf.

Kinepolis will evaluate the use of the above-mentioned systems with a view to a possible further roll-out in its European cinemas.

MOBILITY

To avoid any possible problems with mobility around its complexes and in the context of promoting 'green' mobility, Kinepolis encourages the use of alternative means of transport. Customers are informed as optimally as possible about the different ways of getting to the cinema. Most Kinepolis sites offer covered bicycle parking facilities and, where possible, the site is made accessible and open to public transport.

Twavox (FR)


Whatscine (ES)


CaptiView (CA)

Support for local communities

Kinepolis wants to take up its social responsibility and increase its involvement with local communities by supporting charities through sponsorship, the organisation or support of benefit campaigns, and the promotion of social employment.

In 2022, Kinepolis supported, among others, Kick Cancer, the victims of the floods in Liège and projects for nature conservation in Belgium, Les Restos du Cœur in France, Stichting Bio in the Netherlands and various projects in Spain (e.g. the Red Cross, the Soñar Despierto foundation, the Cadena 100 benefit concert), Kids Help Phone in Canada and a local food bank in Michigan (USA). In this way, Kinepolis contributed more than € 320 000 to charities in 2022.

These are just a few of the (larger) collaborations over the past year. Kinepolis is active in 9 countries with 110 cinemas, each of which is part of and contributes to the local community. Local applications for support are evaluated by the respective cinema and/or national team and, when deemed feasible and appropriate, support is often provided in kind, mainly through the selective use of cinema infrastructure, promotional channels, tickets and/or the organisation of film screenings.

KINEPOLIS SUPPORTS FLOOD VICTIMS IN LIÈGE (BE)

Between 25 December 2021 and the end of January 2022, Kinepolis organised a solidarity campaign for the inhabitants of the Liège municipalities most affected by the floods that occurred in the summer of 2021. Even months later, a large number of families were still confronted with the serious consequences on a daily basis.

The residents affected in the municipalities of Chaudfontaine, Esneux, Liège, Limbourg, Pepinster, Theux, Trooz and Verviers each received a cinema voucher and free popcorn for a free movie visit to Kinepolis. A total of 5 000 cinema vouchers were distributed. The action was supported by the province of Liège, with the municipalities responsible for the distribution of the vouchers.

> With this action, we wanted to give those who need it most the opportunity to relax – alone, with family or friends – and forget about their worries for a moment.
>
> Mohamed Chfalmi, Theatre Manager of Kinepolis Rocourt (Liège)

KINEPOLIS NETHERLANDS SUPPORTS THE BIO FOUNDATION

Stichting Bio (Bio Foundation) was founded by the Dutch cinema industry in 1927, and owes its name to it. The Foundation is committed to offering children with disabilities a relaxing holiday, such as in the Bio Vakantieoord in Arnhem.

From 2019 on, Kinepolis Netherlands has made it easy for everyone to donate to the Bio Foundation. This is currently done through the collection of plastic bottles, with the deposit being fully donated to Stichting Bio Vakantieoord (holiday resort). This resulted in a donation of € 43 448 in 2022.

Kinepolis Netherlands also collected PET bottles for the benefit of the Glazen Huis in Emmen. 60 000 PET bottles were donated, raising € 9 311.

Presentation of the cheque on 22/12/2022 (with Eddy Duquenne, Kinepolis CEO on the far left). As the film was still running in theatres at that time, the amount subsequently reached € 100 000 instead of € 83 246.

KINEPOLIS DONATES € 100 000 FROM THE INCOME GENERATED BY 'ONZE NATUUR, DE FILM' TO A NATURE CONSERVATION PROJECT (BE)

In September 2022, the nature documentary 'Onze Natuur, De Film' (a collaboration between VRT, production house Hotel Hungaria and Kinepolis Film Distribution) was shown in Belgian cinemas.

Kinepolis arranged for 1 euro per cinema ticket sold for this film to flow back into nature, via a donation to the involved nature associations, 'Agentschap voor Natuur en Bos' and 'Natuurpunt', in order to expand the habitat and population of the stag beetle (one of the stars of the film) and strengthen it by purchasing additional nature plots, among other things. The success of the film resulted in a total contribution of € 100 000. Money that has been fully invested in the conservation of Belgian nature and biodiversity.

LANDMARK PARTNER OF KIDS HELP PHONE (CA)

For many years now, Landmark Cinemas has been a loyal partner of Kids Help Phone, Canada's only national helpline that provides professional support and information to young people 24/7.

In 2022, Landmark Cinemas raised 109 528 Canadian dollars to support Kids Help Phone, and thereby the mental health of Canadian youth through participation in the annual Walk So Kids Can Talk, fund-raising and in-kind support through Landmarks online and in-theatre promotional channels.

MJR DIGITAL CINEMAS RELAUNCHES 'CANNED FILM FESTIVAL' (USA)

After an interruption of several years, MJR Digital Cinemas relaunched its 'Canned Film Festival' in 2022. This is a partnership with a local food bank and radio, which enables MJR customers to enjoy a free movie in exchange for five canned food products. MJR collected nearly 2 tons (4 000 pounds) of cans or 3 200 meals for those in need. MJR will continue to build on this programme in 2023, and expects to be able to significantly increase the help that can be provided.

LES RESTOS DU CŒUR (FR)

In France, Kinepolis has a partnership with Les Restaurants du Cœur in order to offer film screenings to vulnerable groups at a greatly reduced rate. In 2022, these screenings took place in Thionville, Klub (Metz), Rouen, Mulhouse and Fenouillet. Two more locations will be added in 2023 in addition to these, namely the cinemas in Nîmes and Bourgoin-Jallieu.

Well-being and development of employees

Plus est en nous

Thousands of employees are committed to providing millions of cinema visitors with an unforgettable movie experience every day. Kinepolis is aware that the talent and commitment of its employees is the driving force behind its success.

OUR HR POLICY: 'PLUS EST EN NOUS'

The 'Ultimate Movie Experience' begins and ends with the people who give substance to this every day, in front of or behind the scenes. Kinepolis is therefore aiming for sustainable growth by attracting, nurturing and developing talent.

The Kinepolis' Human Capital policy focuses on:

- attracting competent employees with the right attitude, in line with the behavioural values of Kinepolis (see further);
- retaining and developing committed and motivated talents by creating an optimal working environment, in which:

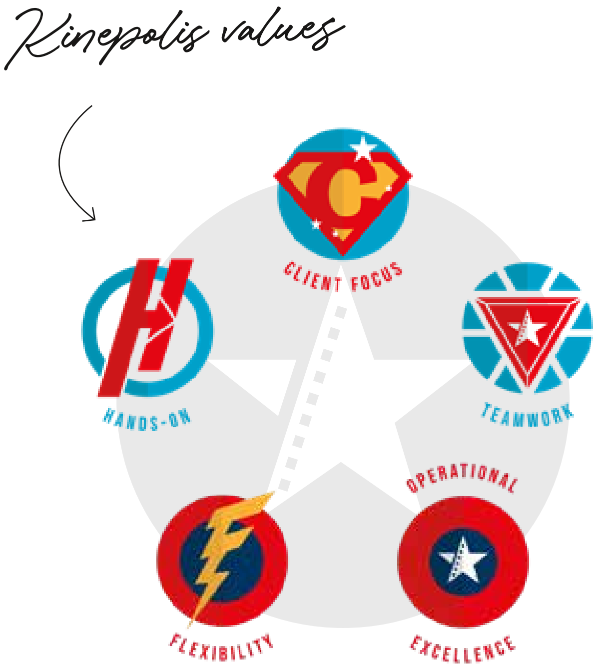
  1. Everyone feels safe, heard and valued;
  2. The Kinepolis values are applied in daily practice;
  3. Everyone can optimally develop and use his or her talents;
  4. Opportunities are offered for further growth at a personal and/or professional level;
  5. Every employee may and can contribute to the further development of the company and its products.

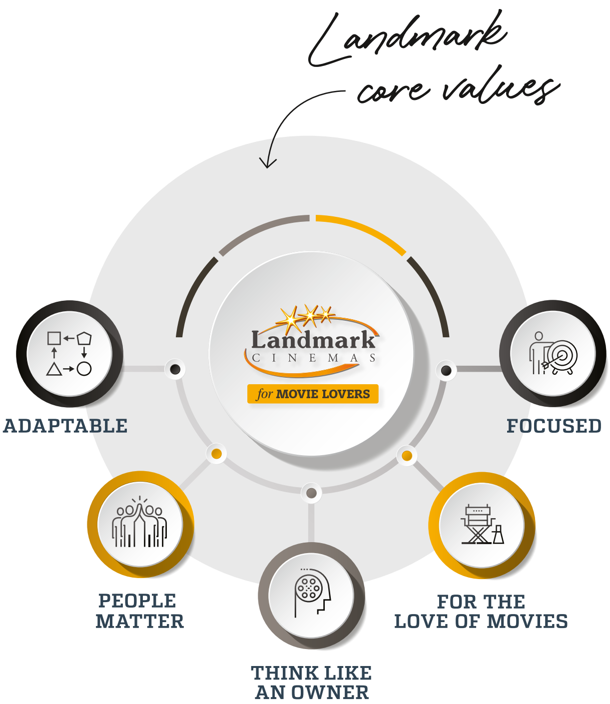
Employee participation and entrepreneurship are stimulated and facilitated in two ways:

- Kinepolis strives to be a 'self-learning' organisation by giving as many people as possible responsibility for departmental objectives and budgets, and by encouraging them to take the initiative and learn from each other;
- Regardless of their level in the organisation, employees are encouraged to constantly question accepted wisdom, to actively listen to customers, to think outside the box and to show initiative and enterprise in their job and beyond. In this way, Kinepolis wants to be a 'self-innovating' organisation as well as a self-learning organisation.

By enabling its employees to internalise the self-learning and self-innovating corporate culture, and by creating a working environment that facilitates the development of talent, Kinepolis aspires to get the best out of its employees under the motto 'Plus est en nous' (there's more inside us).

Team sessions about the K values





KINEPOLIS VALUES

'Client Focus', 'Teamwork', 'Operational Excellence', 'Flexibility' and 'Hands-On' are the behavioural values that every Kinepolis employee works hard to put into practice. Putting the customer first, working together constructively with a common goal in mind, performing your job correctly and efficiently, dealing flexibly with changes and with a sense of initiative and entrepreneurship: everyone is expected to implement each of these aspects, both individually and as a team. Kinepolis employs a 'Hire for attitude' policy for new recruitments: the right attitude is more important than the right diploma. Kinepolis is prepared to invest more in the training of new employees, as long as the behaviour and attitude of the candidates are in line with the values of the company.

The Landmark core values fit seamlessly with these Kinepolis values, but have a different form and formulation today.

WELL-BEING OF EMPLOYEES

EVALUATION OF OUR POLICY: PEOPLE SATISFACTION INDEX

Kinepolis measures employee satisfaction every year by means of a People Satisfaction Index (PSI) survey. The PSI was also introduced in Canada and the USA for the first time in 2021 (1). Employees are invited to share their experience of Kinepolis (or Landmark/MJR) as an employer in a completely anonymous way, indicating what they like and what they feel could be improved. The results are then discussed in the team, and are converted into concrete actions.

The PSI survey took place in November 2022, achieving a response rate of 81%, an increase of 5% at Group level compared to 2021. The strengths and areas for improvement vary by country, and are analysed at national, cinema and team level. Every manager organises an annual PSI meeting to discuss the results and actions as a team.

The People Satisfaction Index (PSI) is the most important benchmark for measuring and monitoring employee well-being. In addition, employee retention is also a possible indicator of the well-being of teams and individuals. Despite the continued impact of the pandemic, 90% of permanent staff (2) stayed on board in 2022.

A safe working environment, a healthy balance between work and private life, a good working atmosphere and sound internal communication make an important contribution to the well-being of employees. Kinepolis' policy in these areas is further explained in the following paragraphs.

HEALTH AND SAFETY OF EMPLOYEES

Kinepolis has always been committed to ensuring a safe working environment, and takes appropriate measures to ensure that all activities, such as maintenance work on technical installations and screens, are carried out as safely as possible.

In the last few years, Kinepolis' health and welfare policy has largely been dominated by the Covid-19 pandemic. Extensive safety protocols were drawn up to prevent the further spread of the virus and to offer maximum protection to employees while carrying out their jobs. Covid-19 measures (such as wearing a face mask) were still in place in all countries in the first quarter of 2022. In some regions, such as Spain, certain precautions (face masks for staff) were also briefly used later when Kinepolis deemed it necessary. The measures employed by Kinepolis during the corona pandemic turned out to be effective, as no cluster outbreak among employees has been detected since the start of the pandemic.

TELEWORKING & CYBER SECURITY

In November 2021, Kinepolis introduced a policy for structural teleworking, giving employees of the Cinema Support Centres (3) the option of working from home two days a week. Kinepolis recognises the many benefits of working from home, but also emphasises the importance of working at the office for the sake of connecting well with colleagues and for involvement in the company.

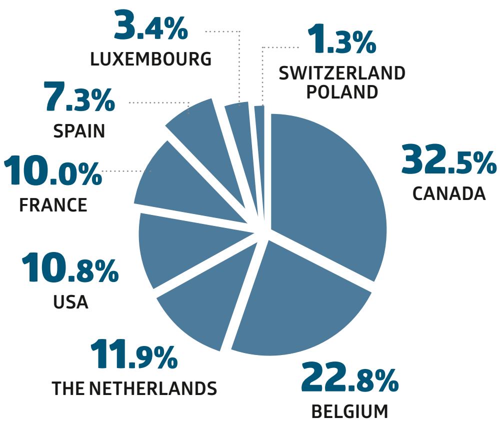
KPI

PSI RESPONSE

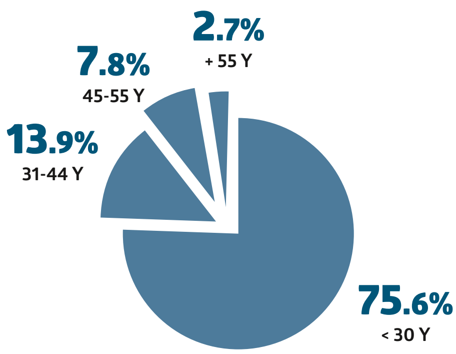
KINEPOLIS EUROPE		NO PSI DUE TO IMPACT OF COVID-19	KINEPOLIS GROUP	
2018	2019	2020	2021	**2022**
82%	85%	N/A	76%	**81%**

(1) Landmark Cinemas Canada previously used its own Employee Engagement Survey.
(2) Based on the available and comparable data (voluntary and involuntary departure) for Kinepolis Europe and the USA.
(3) If the nature of the job permits this.

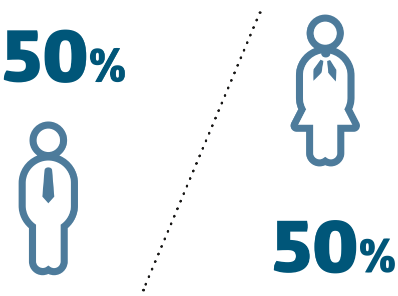
DISTRIBUTION OF EMPLOYEES BY COUNTRY (1)



AGE DISTRIBUTION (2)



M / F RATIO (2)



(1) Headcount 31/12, incl. interims
(2) All employees, excl. interims

Teleworking at Kinepolis means that agreements regarding working hours and tasks are made between employee and manager on a daily basis. Since the outbreak of the pandemic, Kinepolis has made additional investments in optimising IT infrastructure, with a range of efforts also made to monitor the security of networks and systems. For example, Kinepolis invested in additional security for incoming e-mail messages, a new VPN connection and 2-factor authentication for the entire Office 365 environment. In addition to the active monitoring of user account behaviour, Kinepolis has also launched phishing campaigns on a regular basis in order to keep the alertness of employees at a high level.

INTERNAL COMMUNICATION

A new sharepoint platform (called Kineportal) was launched at the beginning of 2021, as a central hub for internal procedures, documents and applications. This platform was further expanded in 2022 and is being used as a communication site by various departments.

In addition, employees are kept informed about current initiatives and company news via regular updates and news items, via e-mail and/or Kinetalks, an internal social medium used in Belgium, the Netherlands, Luxembourg and Spain. Kinetalks is an interactive platform that allows communication with employees at the international, national, cinema and team level.

Two new internal communication series were launched in 2022: ‘This is Us’ and ‘Spotlight’. Every month, ‘This is Us’ takes a look behind the scenes of a cinema, and introduces the team to their colleagues worldwide. ‘Spotlight’ gives a support department the opportunity to talk about itself every month. These internal series contribute to bonding between and appreciation for teams in a growing organisation.

Internal communication from the CEO is carried out on a regular basis via email, twice a year via an extensive video message to all employees of the Group, and sporadically via Q&A sessions or internal roadshows. These provide an update on the current state of the company and the sector, major and minor successes that have been achieved, and the strategy to be followed with a view to a sustainable future. The approach of this communication is always aimed at keeping employees engaged, motivated and feeling valued.

An international roadshow was organised in May and June of 2022, during which the CEO visited each country to explain the business strategy and impact of the economic and corona crisis on the company's results to the employees. Employees were also given the opportunity to ask questions and enter into a direct dialogue with the CEO.

CANADA – WELLNESS COMMITTEE

In order to promote the mental health of its employees, Landmark Cinemas set up a 'Wellness Committee' in 2020. Working together with the HR team, this working group provided a wellness newsletter every quarter in 2022, as well as information sessions for employees and a framework for managers to celebrate their employees on 'Employee Appreciation Day'.

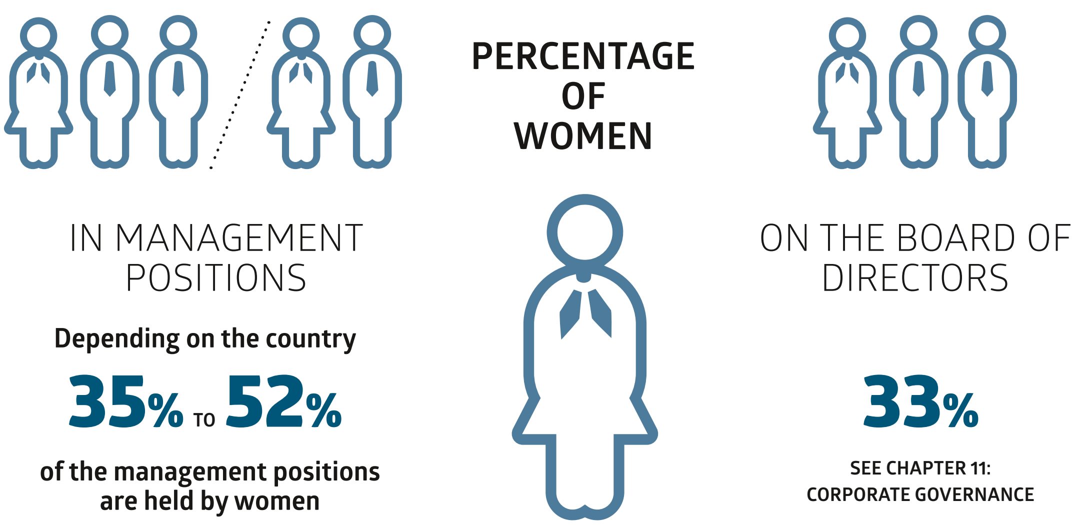
CONSTRUCTIVE DIALOGUE WITH SOCIAL PARTNERS

Based on the governance framework, Kinepolis strives to achieve a social dialogue and a long-term relationship with its employees and/or relevant external employee organisations in all countries. In consultation with the social partners, Kinepolis wants to find the best solution(s) for both employees and the company in the field of social dialogue, social relations and safety, with due consideration for the legal obligations.

DIVERSITY

Kinepolis respects the individuality of each of its employees, and is committed to ensuring equal opportunities for everyone, regardless of age, gender, origin, religion, limitations or medical background, sexual orientation, family background (such as pregnancy) or trade union membership. Kinepolis strives to reflect society in all its diversity in its workforce. Discrimination is not tolerated in any way within the company.

Over the past two years, Landmark Cinemas has reviewed and adjusted its internal procedures, as well as its recruitment approach and training, in order to pay greater attention to diversity and inclusion in the workplace.



DEVELOPMENT AND EMPOWERMENT OF EMPLOYEES

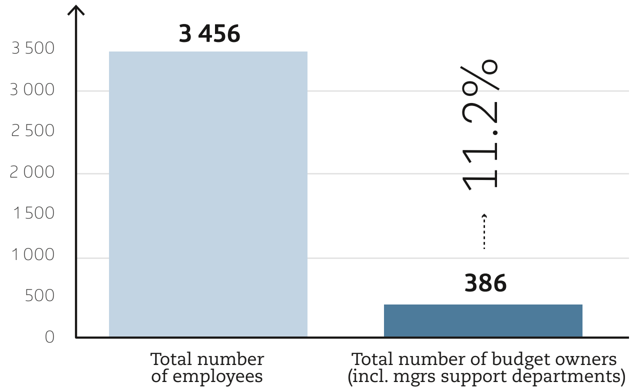
BUDGET OWNERSHIP

Kinepolis wants to give as many employees as possible responsibility for departmental targets and budgets, enabling them to actively contribute to the continuous improvement of Kinepolis' business operations. This bottom-up approach is part of the DNA of Kinepolis, and is illustrated by the number of 'budget owners' in relation to the total employee population.

In the case of takeovers, Kinepolis introduces the principle of budget ownership into the acquired organisations or cinemas as quickly as possible. 2022 was the first full year of integration for MJR Digital Cinemas (due to the Covid-19 pandemic that broke out immediately after acquisition) and, after rolling out the budget owner structure, all US budget owners were involved in the budget process for 2023 for the first time. Like all the other teams, they took part in the so-called 5% exercise (the annual improvement plan with the aim of lowering the break-even point of the company), in which budget owners themselves look for improvement potential using the processes, reporting and the KPIs provided by Kinepolis.


Landmark Team (CA)

KPI NUMBER OF '**BUDGET OWNERS**' IN RELATION TO THE TOTAL NUMBER OF EMPLOYEES IN 2022 [1]



(1) Number of employees as per 31/12/2022, excluding temporary employees.

SELF-LEARNING ORGANISATION

In its day-to-day operations, Kinepolis creates and stimulates learning networks through its so-called 'operating reviews', among other things. Here, employees in similar positions but from different cinemas talk to each other in order to gain new insights and learn from each other. In this way, Kinepolis invests in a work environment that revolves around feedback and entrepreneurship.

The budget owner structure and operating reviews serve as the basis for introducing and nurturing Kinepolis' self-learning corporate culture.

During the pandemic (2020 and 2021), improvement plans and budget exercises took a more top-down approach led by country management. Kinepolis was once again able to make optimal use of its self-learning culture and working method (including organising operating reviews) in 2022, and as such involve a maximum number of employees in the development of the company and its products.

SELF-INNOVATING ORGANISATION

With the introduction of the Kinepolis Innovation Lab in 2016, which encourages employees to submit innovative ideas and then elaborate them further together with a project team, Kinepolis strives to be both a self-learning and a self-innovating organisation. Everyone at Kinepolis – from student to manager – is encouraged to think outside the box and dare to be 'entrepreneurial'.

The best ideas are selected by an Innovation Lab jury, and teams are then put together to further develop and implement them. In this way, the Innovation Lab also ensures that employees collaborate more across departments. 'Innovation Awards' are presented for the best ideas each year. And even if a project turns out to be unsuccessful, the initiator is still rewarded with an entrepreneur bonus. The Innovation Lab has not yet been introduced in North America.

The operation of the Innovation Lab has been on hold since early 2020 due to the Covid pandemic. Nevertheless, Kinepolis has continued to work intensively on innovation in the past few years, even during periods of closure, with a view to developing new revenue sources in the light of the current market context. Cross-departmental teams set to work on new, strategic projects, such as a new loyalty formula (Landmark EXTRAS in Canada, Movie Club in Europe), a renewed shop layout (already implemented in various cinemas), a new way of interacting with customers during the pre-show (project Movie NOW) and new premium cinema experiences. Kinepolis opted to first reactivate the bottom-up exercise with budget owners in 2022, to provide maximum guidance to employees in this process (after a two-year interruption due to the pandemic) and to only relaunch the Innovation Lab in 2023.

KINEPOLIS ACADEMY

Training – for every employee – is another important aspect of the Human Capital policy. 'Kinepolis Academy' helps employees to sharpen their personal skills, for example by means of e-learning.
Many training courses are organised on the work floor, with more senior employees assuming a coaching role to help new employees during their onboarding process.

An updated digital 'Kinepolis Academy' was introduced in Europe in 2019, with various new e-learning modules and training programmes at various levels (Star(t)s, Professional, Lead and Develop).

Star(t)s training courses relate to general modules for new employees (such as safety, K-Values, GDPR), while the 'Professional' module contains job-specific training courses, 'Lead' offers courses for novice and experienced managers, while 'Develop' focuses on personal development needs, such as language training or an individual coaching process.

Normal training activities have been seriously disrupted since the beginning of 2020 due to the impact of the Covid-19 pandemic on Kinepolis' business operations. In 2021 and 2022, investments were mainly made in internal training courses dealing with, among other things, cyber security, GDPR (see page 95) and Business Intelligence in Europe, and with regard to talent management, recruitment and 'diversity and inclusion' in Canada. A specific training program on customer orientation has been organised in all cinemas in the Netherlands in 2022 (see page 69, Customer Service Training).

TALENT FACTORY

Every Kinepolis employee has a formal evaluation interview with his or her manager at least once a year. The performance of the person concerned is assessed, and personal objectives for the coming year are discussed. Our employees and managers are coached and encouraged to conduct this discussion openly, and to discuss both short- and long-term ambitions and development needs.

KPI PERFORMANCE CYCLE

1 x/year

Formal performance review for every employee

KPI INTERNAL MOBILITY RATIO (1)

1 out of 2

vacancies were filled internally in 2022

(1) Permanent, full-time positions

Under the name ‘Talent Factory’, Kinepolis offers a framework and toolset for identifying and coaching talents in order to further develop its human capital in this way. Talents within the company are identified with a view to development and promotion options, with all job opportunities always communicated internally. After all, internal mobility leads to greater commitment and deployability of employees. ‘Talent reviews’ are organised with managers throughout the year in order to identify and highlight the talent and development of their employees. In Canada, for example, ‘Talent Mapping Sessions’ were organised for all cinemas in 2022. Employees are encouraged to shape their own career in an open dialogue with their manager.

A large number of new employees joined the company in 2022, and various employees continued to grow internally. Of the 193 vacancies for permanent positions in 2022, 96 were filled internally, which corresponds to a percentage of 49.7%, or 1 in 2 vacancies.

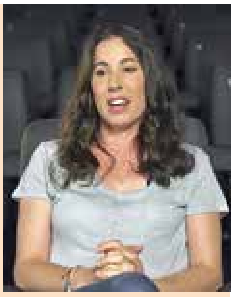
KINEPOLIS AS THE FIRST WORK EXPERIENCE FOR STUDENTS

Kinepolis is a major employer for students and newcomers on the labour market, and supports them in acquiring essential professional skills by giving them responsibility at a young age, allowing them to work in teams and often allowing them to coach or manage other employees. Kinepolis employed 710 students in Belgium and Luxembourg in 2022, guiding many young people through their first work experience.

> 710 young people coached in their first work experience

Student workers at Kinepolis commit to working in the cinema on at least one weekday and one weekend day per week. The duties vary: from working at the cash desk or in the shop, to cleaning and the coordination of events. Many students stay with Kinepolis for years, with numerous examples of students who have signed a permanent contract and have a rewarding career at Kinepolis.

Marlène Boudal



Theatre Manager,
Kinepolis Bourgoin-Jallieu (FR)

I started my career with Kinepolis as a student in Kinepolis Lomme. I became a polyvalent staff member and was ultimately ‘Hall’ responsible in Lomme. When Kinepolis took over the cinema in Bourgoin-Jallieu, I was given the opportunity to become a Local Manager. My ambition was to become a Theatre Manager one day. Not long after that, I had the chance to become Theatre Manager of Kinepolis Servon, the new French complex opened by Kinepolis in 2019.

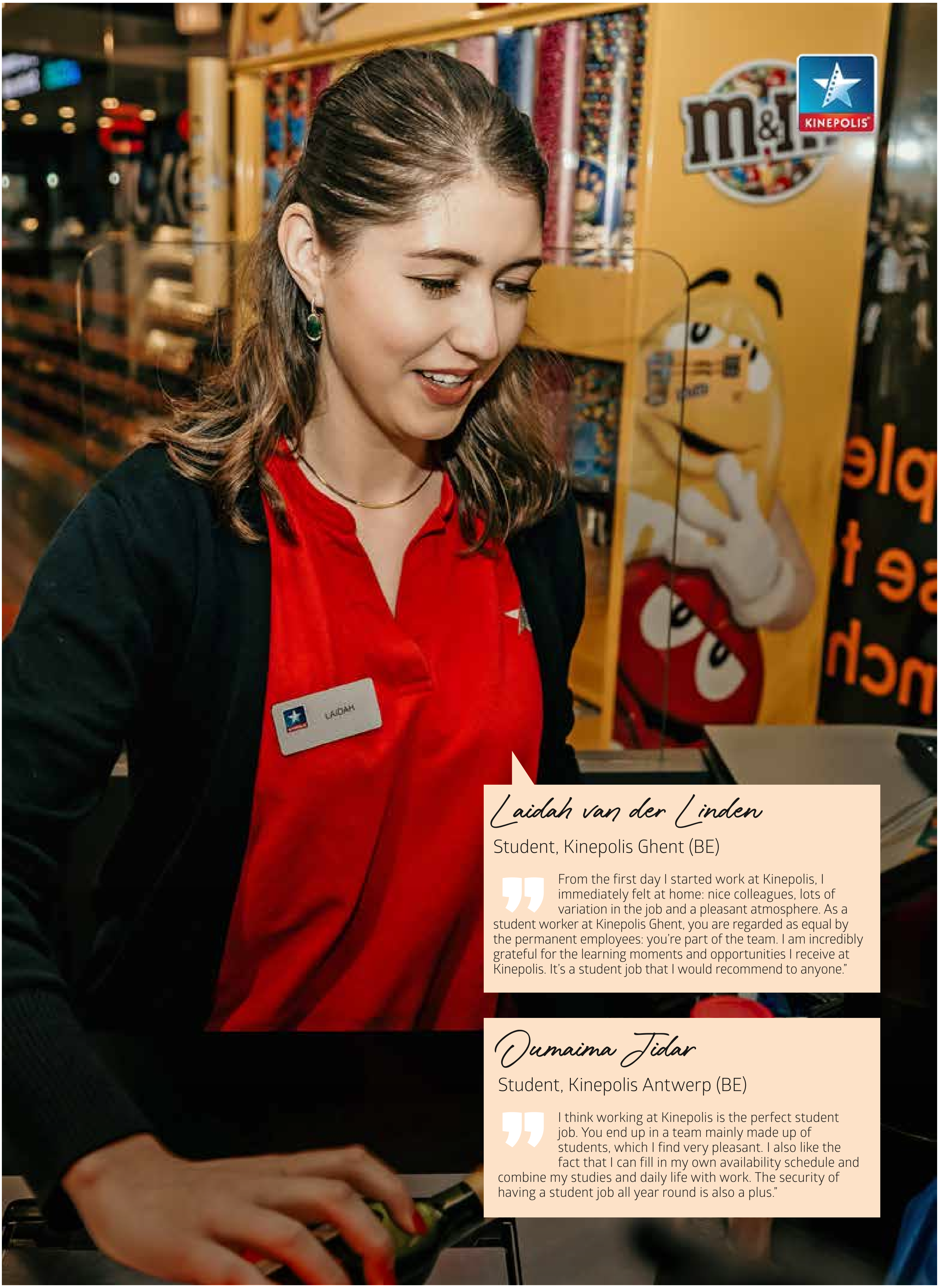
I later returned to Bourgoin-Jallieu in the position of Theatre Manager. I compare my career at Kinepolis to the film ‘The Secret Life of Walter Mitty’: it’s a real adventure, a quest that takes me to new places and allows me to work with new people and a new audience each time. I have already had a fantastic run, and I hope it never ends.”

Taylor Johnson

ITS Product Manager,
Landmark Cinemas (CA)

Taylor started his career as a cast member at Landmark Cinemas in Kanata (Ontario) in 2014, and was subsequently promoted to the position of Assistant Manager in 2017 and (after the acquisition by Kinepolis) Experience Manager in 2020. He has been the ITS Product Manager for Landmark Cinemas since September 2022.

Taylor: “The cinema industry has become part of my daily life since my very first job as a cast member of our cinema in Kanata. After performing various management roles in the cinema, my ambition was to drive more change and provide support on a larger scale. I focus on continuous improvement, process optimisation and revenue generation, and I’m happy to be able to use my talents in this new role to contribute to the further growth of new revenue streams.”



Laidah van der Linden

Student, Kinepolis Ghent (BE)

"From the first day I started work at Kinepolis, I immediately felt at home: nice colleagues, lots of variation in the job and a pleasant atmosphere. As a student worker at Kinepolis Ghent, you are regarded as equal by the permanent employees: you're part of the team. I am incredibly grateful for the learning moments and opportunities I receive at Kinepolis. It's a student job that I would recommend to anyone."

Oumaima Jidar

Student, Kinepolis Antwerp (BE)

"I think working at Kinepolis is the perfect student job. You end up in a team mainly made up of students, which I find very pleasant. I also like the fact that I can fill in my own availability schedule and combine my studies and daily life with work. The security of having a student job all year round is also a plus."

Kinepolis Metz Waves (FR)

Care for the environment

Kinepolis aims to limit its environmental footprint as much as possible by means of its **'Green Star' policy**, introduced in 2011. This policy also formed the basis for the Group's current sustainability policy, which has now been substantially expanded.

GREEN STAR POLICY

The Kinepolis 'Green Star' policy is based on the following principles:

- Sustainable design and execution of new-build projects;
- Sustainable renovation of existing cinemas;
- Application of water and energy-saving techniques;
- Sustainable cinema technology;
- Promotion of mobile ticketing and the pursuit of a ticketless customer journey;
- Limiting waste and raising awareness about waste sorting.


Mobile ticketing

ENERGY USE

The main aim of the above policy measures is to systematically improve the energy efficiency and sustainability of Kinepolis' cinema infrastructure, with a view to achieving CO_2 neutrality of Kinepolis' operations in the longer term. As a Key Performance Indicator (KPI), Kinepolis started measuring and reporting the development of energy consumption in its European complexes a few years ago.

As of 2021, energy consumption is reported for the entire Group (including the North American operations) in absolute terms as well as per million euros of sales, as this is considered a more relevant and reliable indicator than KWh/m². The energy consumption reported for 2021 has been retroactively adjusted according to this parameter in order to make the data comparable. Due to the limited activity and long-term closures of cinemas in 2020 and 2021, as well as the impact of Covid-19 measures on energy consumption (e.g. ventilation), this KPI is considered to be less relevant for those years.

KPI

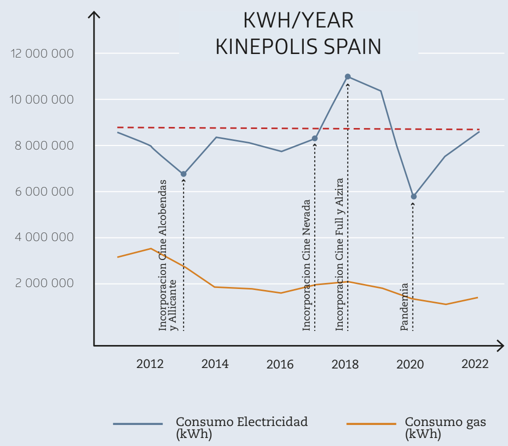
ENERGY EFFICIENCY KINEPOLIS GROUP

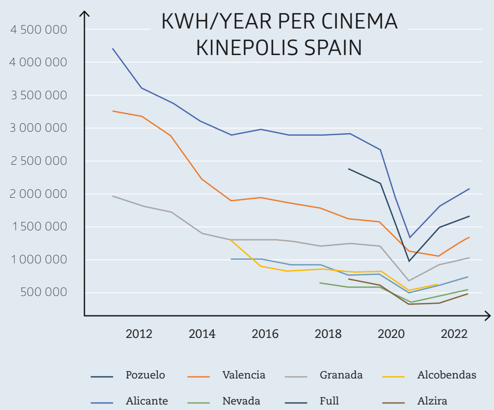
	2021	**2022**
Total energy consumption (kWh)	118 047 352	141 729 662
kWh/million EUR turnover	443 132	283 511

Best practice

EVOLUTION OF ENERGY CONSUMPTION AT KINEPOLIS SPAIN

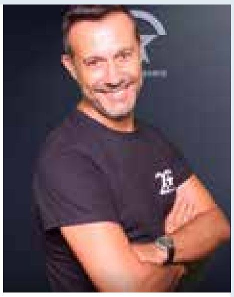
Kinepolis Spain has focused heavily on energy efficiency in recent years, thanks in part to the commissioning of tailor-made building management systems that continuously monitor consumption. In terms of electricity, the consumption of the 8 Spanish complexes in 2022 was similar to the consumption of Kinepolis Spain in 2011, which then had only 3 cinemas (Madrid, Granada and Valencia). All the Spanish cinemas managed to significantly reduce their energy consumption compared to pre-pandemic levels.





Julián Barrasa

Technical Director,
Kinepolis Spain



"Thanks to an energy dashboard, we manage the daily energy consumption per screen, and benchmark it against other screens. We have a building management system that integrates our projection systems and our Vista ticketing system. This ensures, for example, that the projector automatically activates the room's air conditioning system when the projector turns on, ensuring that the desired temperature is reached at the start of the show. The projector also ensures that the air-conditioning system is automatically switched off.

Ventilation is also automatically adjusted according to the number of customers per show, thanks to integration with Vista. In addition to the automation resulting from these intelligent systems, we also put a lot of effort into making staff more aware of energy consumption. The temperature in each auditorium is checked frequently, for example. And we even go so far as to take the energy performance of the respective rooms into account (where possible) when drawing up the programming.

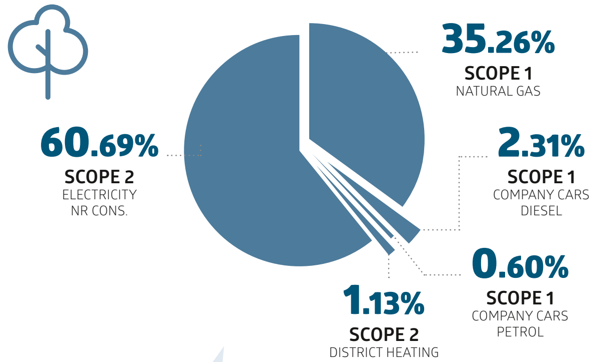
The transition to laser projection is, of course, also bringing significant improvements in energy efficiency. Important steps were taken in this respect in 2022, with three-quarters of the Spanish Kinepolis theatres now fully equipped with laser projection."

CARBON FOOTPRINT

Energy consumption is an important part of a company's overall carbon footprint. Although, as a pure service provider, Kinepolis is not engaged in any highly polluting activities, the company deems it appropriate to map its CO_2 emissions as a basis for further action to reduce its footprint. From 2021 onwards, Kinepolis has been reporting its carbon footprint in terms of Scope 1 and 2 emissions. Scope 1 emissions are direct greenhouse gas emissions from sources controlled by the company itself. Scope 2 emissions are indirect emissions from the generation of energy purchased. For Kinepolis specifically, it concerns electricity consumption, the use of natural gases, district heating and fuel consumption. It is important to note here that 2021 was a very atypical year, given the Covid-19 impact, with long-term closures and capacity restrictions. There was still an impact due to the pandemic in the first quarter of 2022 (with closures in the Netherlands and Canada).

Steps will be taken in 2023 to screen Kinepolis' Scope 3 emissions, and thereby the total carbon footprint of the company. Scope 3 emissions are indirect greenhouse gas emissions that occur in the Kinepolis value chain. They are the result of the activities of Kinepolis, but arise from business activities that are not controlled by the company.

KPI CARBON FOOTPRINT OF KINEPOLIS GROUP [1]
SCOPE 1 AND 2



TOTAL CARBON FOOTPRINT:
27 485.14 tCO_2e

(1) Emissions resulting from refrigerant leakages (Scope 1) are not included in the 2021 and 2022 footprint due to the unavailability of data.

GREEN AND RESILIENT CINEMA INFRASTRUCTURE

In addition to the comfort of visitors and employees, the green parameters are also central elements in both the design of new complexes and the renovation of existing ones. Kinepolis aims to minimise its ecological footprint through its choice of energy sources and building materials.

The following Green Star principles are applied for new-build projects:

- The use of certified materials and techniques with a limited ecological impact;
- Adaptation of systems to sustainable sources of energy, such as geothermal heating systems in Utrecht, Dordrecht and 's-Hertogenbosch (NL);
- Where possible, cinema complexes are supplied with renewable energy (by concluding green power contracts);
- Opting for LED lighting as standard;
- Simplicity of maintenance, as an important factor in the total cost of ownership (sum of construction plus operating costs);
- Focus on multifunctional spaces for various types of use, without major alterations;
- Efficient wall and roof insulation;
- Where feasible, we aim to obtain a sustainability certificate for new-build projects;
- Installation of water-saving technology in sanitary areas.

Renovations are often the ideal opportunity to implement additional measures, such as:

- The installation of additional insulation during roof renovations;
- The insulation of parking spaces under the theatres;
- The use of water-permeable asphalt when renovating parking lots, in order to take advantage of the absorption capacity of the soil;
- Installing rain drains to catch surface water;
- The installation of updated control systems for the central control of all systems for heating and cooling;
- Replacing the existing floors in our shops with Gerfloor, a 100% recyclable PVC flooring that is free of formaldehyde;
- Installation of water-saving technology in sanitary areas.

SOLAR PANELS

Kinepolis 's-Hertogenbosch has had a photovoltaic installation since the beginning of 2019. Solar panels were also installed on the roof of Kinepolis Braine-L'Alleud (BE) at the end of 2020. For Braine-L'Alleud, this led to yields of 250.24 MWh in 2022. The installation of solar panels for other cinemas is being assessed, although it is important to note that Kinepolis achieves less optimal returns here, given that such panels cover a relatively limited part of its own consumption, as cinemas mainly operate in the evening.

Solar panels on the roof of Kinepolis Braine-L'Alleud (BE)

INTELLIGENT BUILDING MANAGEMENT SYSTEMS

Kinepolis has been able to reduce power consumption year after year through the intensive monitoring and adjustment of its technical systems. Kinepolis systematically measures and evaluates the power consumption at its cinemas and, where possible, takes steps to continue to reduce consumption further. In the Kinepolis cinemas in 's-Hertogenbosch and Haarlem (NL), for example, the air treatment installation was fitted with a frequency-controlled variable pressure system. This is a revolutionary control technology that achieves a much more natural and pleasant indoor climate, while consuming up to 40% less energy compared to traditional air-conditioning systems. Where the design of the building allows it, Kinepolis opts for this technology as standard for new-build cinemas.

In addition, Kinepolis makes use of energy-saving systems in Europe by adjusting control installations in existing buildings as efficiently as possible and neutralising peaks in electricity consumption. By efficiently fine-tuning the installations and paying particular attention to the interaction between the installations, energy consumption can be significantly lowered, with peak capacities reduced by approximately 20%.

In Canada, the Landmark team launched the implementation of various energy-saving measures in 2019. These include switching to LED lighting, presence sensors, variable-speed HVAC drives and better building automation and control systems. The above-mentioned measures have already been implemented in most, if not all, European cinema complexes; these are practices that have now become common in Europe.

Implementation of LED lighting in Landmark cinemas (CA)

GPR CERTIFICATION

The Kinepolis cinemas in 's Hertogenbosch (photo) and Dordrecht were awarded the Dutch GPR certification, a label for sustainable real estate based on five themes (energy, environment, health, user quality and future values).

Kinepolis continues to look for ways to reduce its energy consumption. The heat generated in the projection booths, for example, is used to heat the foyers where possible. Another example is the switch from open to closed popcorn warmers and refrigerators in the shop. The closed popcorn warmers consume between 30% and 60% less power than open ones. Kinepolis started replacing open warmers with the closed version in 2017, and closed popcorn warmers are now in use in virtually all the complexes. Refrigerators are now also closed devices almost everywhere.

SAVING WATER

Kinepolis is also mindful of its water consumption, and is implementing various measures to reduce water consumption and prevent waste. Ipee technology was installed in the toilets at several cinema complexes, for instance. These are smart sensors that adjust the flushing in the urinals after every use, in order to ensure optimal hygiene without wasting water. In the Kinepolis cinema in Leidschendam (which opened in June 2021), this technology was not only applied to the urinals, but, for the first time, also to the ordinary toilets. In recent years, Kinepolis has also replaced the traditional washbasins in most complexes with automatic, water-efficient taps operating on the basis of optical detection.

SUSTAINABLE CINEMA TECHNOLOGY


Barco laser projectors

TRANSITION TO LASER PROJECTION

An important step in the Kinepolis sustainability policy was the digitisation of the projection systems. This technological development has made the chemical production of film celluloid and the transport of voluminous film rolls redundant. In the meantime, the delivery of DCPs (film files) takes place almost exclusively via data lines.

As far as projection technology is concerned, Kinepolis has fully opted for laser projection for several years now.

Laser projectors ensure a sublime image quality (and thereby a better viewing experience for customers), while also using 40% less energy than xenon lamp projectors. Moreover, the absence of lamps also reduces the need for cooling, and lamp replacement is, of course, now a thing of the past.

Kinepolis took its first steps in laser projection in 2014, opened the first full laser cinema in Europe (Kinepolis Breda, NL) in 2016, and started a general transition to laser projection in 2018. Since 2016, all newly-opened cinemas have been fully equipped with laser projection (full laser).

Kinepolis installed 220 laser projectors in 2022, with 195 laser upgrades planned for 2023. By the end of 2022, 467 of the total of 1 124 screens (or 42% of all Kinepolis, Landmark and MJR screens) were equipped with laser projection. 43 of these are Laser ULTRA screens (Kinepolis' own Premium Large Format, in which 4K laser projection from Cinionic is combined with Dolby Atmos sound). By the end of 2023, 59% of Kinepolis' projector park worldwide will be laser. In Europe alone, 62% of Kinepolis' screens are currently equipped with laser projection.

The 467 laser projectors in operation at the end of 2022 guarantee energy savings of 3.7 GWh per year [(1)] compared to Xenon projectors. The laser upgrades in 2023 will result in additional energy savings of 1.7 GWh annually (0.95 GWh of which in Europe, and 0.73 GWh in North America).

ONLINE AND MOBILE TICKETING

The increasing importance of online and mobile ticket sales also reduces the ecological impact of Kinepolis' operations. Years ago, Kinepolis was one of the first cinema operators to introduce numbered and reserved seating, thereby stimulating the online sales of tickets.

59% of tickets in 2022 (at Group level) were purchased online or via the app. With mobile ticketing, customers can purchase tickets on their smartphone or tablet, and don't need to print them out to go to the cinema. Customers who purchase tickets at the ticket machines in the European cinemas can also enter without a printed ticket.

KPI 1

TRANSITION TO LASER PROJECTION: % OF SCREENS FITTED WITH LASER (KINEPOLIS GROUP)

	2021	2022	2023 TARGET
% screens	25%	42%	59%
Energy saving per year	2 GWh	3.7 GWh	5.4 GWh

(1) Energy savings calculated relative to the xenon equivalent of a laser projector, based on 4 shows per day and abstracting from the Covid-19 impact.

RESPONSIBLE WASTE MANAGEMENT

Kinepolis has always paid attention to reducing and sorting waste (and recycling where possible), and ensuring the specialised disposal of waste flows.

WASTE SORTING

Visitors are constantly reminded to pre-sort their waste. Separate receptacles at the entrances and exits of the theatres and in the foyer facilitate this waste collection, after which the waste is picked up and processed by specialised companies.

Information on waste sorting is regularly repeated in the pre-show (screen announcements ahead of the film). The rules and recycling options vary from country to country. In Canada, for example, a distinction is currently only made between paper/cardboard and other waste. In Belgium and the Netherlands, Kinepolis works together with Fost Plus (BE) and Milieu Service Nederland (NL) for (test) projects relating to waste sorting.

Electric hand-drying systems in sanitary rooms

©MB Photo Sensor

LESS WASTE AND A LONGER LIFE OF MATERIALS

The Refresh & Remodelling department within Kinepolis coordinates all the maintenance work and renovations at Kinepolis sites. Various actions have been taken in recent years to avoid residual waste and the wastage of material as much as possible.

- Kinepolis has replaced automatic towel rolls in the washrooms with electric drying systems wherever possible.
- The fabric and foam of the cinema seats are fitted with Velcro, so that the fabric no longer has to be glued onto the foam. This eliminates the use of glue, and there is less damage to the foam during renovations, making it possible to reuse it.
- In addition, the foam for the seats is no longer cut to shape, but is injected directly into a mould. In this way, the quality of the foam is guaranteed for a minimum of 20 years, which means that the foam does not have to be replaced as quickly.
- The floor and wall coverings in the cinemas are purchased in customised, smaller dimensions to ensure minimal cutting loss during fitting. By using vertical strips for the wall coverings, damage can be repaired in a targeted manner, meaning that it is not necessary to replace the entire wall covering.
- When converting standard seats to Cosy Seats, the metal structure of the seats is retained. As far as possible, seats that are removed for that reason, and that are not damaged, are used to furnish other complexes that are being renovated.

HAND IN YOUR PLASTIC BOTTLE AND DONATE TO STICHTING BIO (KINEPOLIS NETHERLANDS)

A 15 cent deposit was introduced on small plastic bottles in the Netherlands on 1 July 2021. An important change to the law, with a view to limiting plastic litter. Kinepolis has also provided the possibility of returning small plastic bottles from 2021 onwards. There is a special waste bin in every Dutch cinema where the bottles can be returned. The deposit for the plastic bottles is fully donated to the holiday resort of Stichting Bio (see page 72).

Popcorn packaging made from (recycled) cardboard

©MB Photo Sensor

IN-THEATRE SALES OPT FOR SUSTAINABLE SOLUTIONS

Kinepolis has switched to paper drinking straws and snack bags in most European countries. Nacho trays and popcorn packaging are made from (recycled) cardboard, and the lids for soft drinks have been adapted in most countries to avoid single-use plastic.

Transport is also handled consciously: popcorn is produced locally as far as possible, and an effort is made to reduce the frequency of deliveries from suppliers through optimal stock management. In 2021, Kinepolis switched to a new popcorn supplier (Jimmy's), which has a sustainability certificate for, among other things, the use of palm oil.

A SECOND LIFE FOR IT AND AV HARDWARE

Kinepolis donates written-off computers, laptops and servers to 'Close the Gap', an organisation that gives this material a second life in developing countries. In this way, we do our part to give as many people as possible access to technology and education. Together with Close the Gap, we ensure that the hardware also returns to Europe afterwards, where it is dismantled in an ecological way.

Old AV equipment (such as projectors) that is withdrawn from circulation is kept by Kinepolis for spare parts in order to extend the life of equipment.

PARTNERSHIPS

In general, Kinepolis endeavours to enter into partnerships at national and local level in order to join forces and come up with sustainable solutions together. Regular discussion partners include, among others, Coca Cola and waste-processing companies, as well as cities, municipalities and sustainability groups. For example, Kinepolis is an active member of the Green Business Club Utrecht Central, which is looking for opportunities to bundle the logistical flows of companies in the station area, and thereby reduce emissions from trucks.

The old IT hardware of Kinepolis is given a new life in developing countries, offering young people additional opportunities, for example, in Malawi

Kinepolis Leidschendam, easily accessible by public transport (NL)

MOBILITY

Kinepolis consistently aims to ensure the easy accessibility of its cinema complexes, whether by public transport, bicycle or car, and informs customers about this as far as possible via its website. Wherever possible, all European cinemas have secured bicycle parking areas.

Through the introduction of its structural teleworking policy (office personnel can work from home for up to 2 days) and by strongly limiting business travel by maximising the use of video conferencing, Kinepolis contributes to an overall reduction in CO_2 emissions.

In 2022, Kinepolis also introduced an updated car policy for its headquarters as part of the (gradual) electrification of its fleet from 2023 onwards.

CLIMATE CHANGE

In its risk analyses (see page 115-119), Kinepolis takes account of possible natural disasters as a result of global warming that could affect its operations and, where possible, takes appropriate action to anticipate these and minimise the risks as much as possible. By mapping its carbon footprint and continuous efforts to reduce its energy consumption, Kinepolis aims to achieve CO_2 neutrality of its operations in the longer term.

Integrity in business

Kinepolis Metz Amphithéâtre (FR)

©MB Photo Sensor

KINEPOLIS ANTI-CORRUPTION AND BRIBERY POLICY

Kinepolis pursues a stringent anti-corruption and bribery policy:

- Kinepolis prohibits the offering and/or payment of bribes to government employees (or the acceptance of such);
- Kinepolis prohibits the direct or indirect offering, promising, payment, demand or acceptance of bribes or other unlawful benefits in order to obtain or retain contracts or illegal advantages. Kinepolis also does not wish to be connected with money laundering in any way whatsoever;
- Kinepolis carries out business exclusively with partners who operate with integrity, and who cannot be associated with fraud in any way.

Kinepolis pursues such a stringent policy based on the conviction that, aside from the unethical aspect, corruption and bribery will ultimately result in irreparable reputational and economic damage to the company and its stakeholders.

POLICY MEASURES

This policy is explicitly described in the Kinepolis Code of Conduct, which every permanent employee receives when entering employment and is requested to sign. Furthermore, all managers must make a formal declaration every year that they have complied with the stipulations of this code of conduct (including the above policy).

KPI % OF EMPLOYEES WHO HAVE SIGNED THE CODE OF CONDUCT IN 2022 (1)

100%

Signed Code of Conduct

(1) Attached to the employment contract and signed by every new employee.

In addition, the Kinepolis management is made particularly aware of the anti-corruption and bribery policy through compulsory training courses on risk management and control measures. If they are confronted by any potential risk situations, employees are encouraged to immediately report this to their line manager, making use of the formal 'whistle-blower' procedure or otherwise, to ensure an appropriate response.

Breaches of the Code may lead to sanctions in accordance with the employment regulations and/or laws of the country in question.

CODE OF CONDUCT FOR SUPPLIERS

Since 2022, Kinepolis has applied an ethical code for suppliers in order to ensure that the values of the company with regard to working conditions, health, safety, the environment and ethics are also respected by its suppliers.

This code is an integral part of the contract that Kinepolis signs with its suppliers, and which allows Kinepolis to carry out interim checks to assess whether suppliers are complying with the agreed principles. If violations come to light that are not resolved within an appropriate period of time, Kinepolis has the right to terminate all contracts with the relevant supplier without any payment of compensation. The code of conduct can also be found on the Kinepolis website (www.kinepolis.com/corporate),under the heading 'sustainability'.

RESPECT FOR HUMAN RIGHTS

Kinepolis endorses the Universal Declaration of Human Rights as adopted by the United Nations, and endeavours to comply with it in all aspects of its operational management. On the one hand, these rights are guaranteed by compliance with the laws of the countries in which Kinepolis currently operates and, in addition, respect for human rights is an important criterion for Kinepolis when seeking and selecting potential partners, suppliers and materials.

Apart from the unethical aspect of such actions, the disregard of human rights would cause irreparable reputational and economic damage to the company and its stakeholders.

PRIVACY AND PROTECTION OF PERSONAL DATA

Kinepolis takes respect for its customers and employees, and thus also respect for the protection of their personal data, very seriously.

In the context of the European GDPR legislation (see page 69), 352 European employees attended the basic training programme on the protection of personal data in 2022, with 95 employees attending the advanced GDPR training module. This means that 90% of the intended target group has already completed the training, with the remaining 10% regularly urged to complete it.

As also explained on page 70, Kinepolis continuously invests in the protection of its IT systems against cyber attacks. Internal phishing campaigns are aimed at increasing employees' vigilance with regard to cybercrime.

EU Taxonomy

The EU Taxonomy Regulation of June 18, 2020 (the 'Taxonomy Regulation') introduced a classification system of economic activities that can qualify as 'environmentally sustainable' activities.

An activity is deemed environmentally sustainable if, among other things, it contributes substantially to one of the 6 environmental objectives set out in the Taxonomy Regulation:

a) climate change mitigation,
b) climate change adaptation,
c) sustainable use and protection of water and marine resources,
d) transition to a circular economy,
e) pollution prevention and control,
f) protection and restoration of biodiversity and ecosystems.

In June 2021, the European Commission published a classification of economic activities that can be taken into account for the first two environmental objectives: 'Climate Change Mitigation' and 'Climate Change Adaptation' (this is the Climate Delegated Act). For the remaining four objectives, final texts have not yet been adopted and they are not part of the reporting requirements regarding EU Taxonomy for the year 2022.

For the year 2021, according to the Disclosure Delegated Act of July 6, 2021, the scope of reporting was limited to 'eligibility': which activities are included in the EU Taxonomy and thus potentially qualify as 'sustainable' activities based on the first two objectives. For the year 2022 (and subsequent years), in addition to 'eligibility', the degree of 'alignment', namely which eligible business activities contribute substantially to the above-mentioned environmental objectives based on the criteria included in the EU Taxonomy for the economic activity in question, should also be reported. In order for an activity to be recognized as 'EU Taxonomy-aligned', not only the criteria demonstrating a substantial contribution must be met, but the activity must also do no significant harm to any of the other environmental objectives ('Do no significant harm' (DNSH) criteria) and basic social requirements must also be met ('minimum safeguards').

In the course of 2022, several FAQ documents were made available that provided more clarity on the implementation of the Taxonomy and the KPIs to be reported on eligibility and alignment. These new insights led to a revision of the previously reported eligible activities for Kinepolis [(1)]. The changes regarding 'eligibility' are based on the following insights:

1) With regard to activity 13.3 ('Production of Motion picture, video and television programme production' including motion picture projection), which is part of the activities listed for 'Climate Change Adaptation', it appears that an activity can only be recognised as eligible under this environmental objective if a climate risk and vulnerabilities assessment of the most important physical climate risks was performed for the activity and a Capex plan has been put in place to adapt the activity to the (possible) physical consequences of climate change thus detected [(2)]. Kinepolis has not yet carried out such an assessment and consequently no business activities can be qualified as eligible, however this is a possibility in the future provided the above conditions are met. It should also be noted that for 'adapted activities', such as activity 13.3, only Opex and Capex associated with the activity in question can be reported, as revenue generated by adapted activities cannot be recognised (cf. point 8 in the Commission Notice, December 2022).

2) In the 2021 annual report, the activities of In-theatre Sales, Sales & Events (these are the B2B activities) and screen advertising (excluding Brightfish) were classified under activity 13.3. However, the description of activity 13.3 in the Climate Delegated Act explicitly refers to the production, distribution, and projection of motion picture, but not to the aforementioned activities.

(1) For the revision of its EU Taxonomy eligibility KPIs and preparation of EU Taxonomy alignment KPIs, Kinepolis was supported by a third party (Sustainalize, a subsidiary of ERM).
(2) Q&A point 18, draft commission notice of 19 December 2022 re art. 8 Delegation Reg.

Thus, as part of its reevaluation of its eligible economic activities after the different FAQs were published, Kinepolis did no longer consider the aforementioned activities to be covered under 13.3. Hence, they are viewed as not eligible.

3) The main activity of Kinepolis (projection of motion picture) is included in the EU Taxonomy for 'Climate Change Adaptation' under item 13.3. All costs essential for carrying out this activity may be associated with this activity and thus be considered eligible as well. For Kinepolis, it is evident that its cinemas are essential for the projection of films and thus the execution of this activity, which is why Kinepolis made the choice not to report its cinema real estate under economic activity 7.7 ('Ownership and Acquisition of buildings') – listed under both 'Climate Change Mitigation' and 'Climate Change Adaptation' – but to recognise it as a possible 'eligible' activity directly related to the economic activity under 13.3. The intercorrelation between the Box Office activity and cinema real estate is also confirmed by the fact that the climate risk assessment for the activities in question (Box Office, Kinepolis Film Distribution) will largely focus on the climate resilience of its cinema buildings.

Consequently, 0% of Kinepolis' activities can be recognised as eligible for the year 2022. However, Capex and Opex for the Box Office and Kinepolis Film Distribution activities, as well as costs associated with the cinema real estate may be recognised as eligible in the future under economic activity 13.3 (subject to carrying out a climate risk assessment for these activities and preparing a plan to adapt the activity in order to minimize these risks) and as an aligned (adapted) activity provided that all criteria under activity 13.3 are met.

Activity 13.3 can also be qualified as an 'adapted-enabling activity' [(3)] if an additional criterion is met, namely being able to demonstrate that the primary objective of the product (in this case films) is

a) increasing the level of resilience to physical climate risks of other people or
b) contributing to adaptation efforts of other people.

Given that the proportion of films for which this could be regarded as an objective (examples are 'Don't Look Up' (2021) and the Belgian film 'Onze Natuur' (2022)) is negligible and the projection of such films is not expected to become Kinepolis' main objective in the foreseeable future, it is not our ambition to be recognized as an adapted-enabling activity. Kinepolis will, however, to the extent possible, strive for alignment as an adapted activity under 13.3 (thus meeting the first four criteria for substantial contribution, as well as the DNSH criteria and minimum safeguards).

Not recognising Kinepolis' cinema real estate as an eligible activity under 'Climate Change Mitigation' in no way means that Kinepolis is not making efforts and will continue do so in the future to make its cinema buildings more sustainable. These efforts are explained in the current annual report (chapter 10: impactful and responsible business) and will find a more extensive and detailed reflection in the sustainability reporting according to the Corporate Sustainability Reporting Directive (CSRD) from 2024 onwards. This directive and the relevant European Sustainability Reporting Standards (ESRS) will help Kinepolis translate its ambition to make its buildings climate-neutral over time.

(3) Q&A point 19, draft commission notice of 19 December 2022 re art. 8 Delegation Reg.

KPI

For the general accounting principles, we refer to note 1 in section 12 of the financial report.

KPI TURNOVER [1]

ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE TURNOVER (3)	PROPORTION OF TURNOVER (4)	SUBSTANTIAL CONTRIBUTION CRITERIA: CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER AND MARINE RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)
		€	%	%	%	%	%	%	%
A. TAXONOMY ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total (A.1 + A.2)		0	0%						
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy non-eligible activities (B)		499 908	100%						
TOTAL (A + B)		**499 908**	**100%**						

(1) For more information, we refer to note 3 in section 12 of the financial report.

KPI CAPEX [2]

ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE CAPEX (3)	PROPORTION OF CAPEX (4)	SUBSTANTIAL CONTRIBUTION CRITERIA: CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER AND MARINE RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)
		€	%	%	%	%	%	%	%
A. TAXONOMY ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total (A.1 + A.2)		0	0%						
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy non-eligible activities (B)		28 308	100%						
TOTAL (A + B)		**28 308**	**100%**						

(2) For more information, we refer to notes 9, 11, 12 and 27 in section 12 of the financial report.

KPI OPEX [3]

ECONOMIC ACTIVITIES (1)	CODE(S) (2)	ABSOLUTE OPEX (3)	PROPORTION OF OPEX (4)	SUBSTANTIAL CONTRIBUTION CRITERIA: CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER AND MARINE RESOURCES (7)	CIRCULAR ECONOMY (8)	POLLUTION (9)	BIODIVERSITY AND ECOSYSTEMS (10)
		'000 €	%	%	%	%	%	%	%
A. TAXONOMY ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
Total (A.1 + A.2)		0	0%						
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy non-eligible activities (B)		24 199	100%						
TOTAL (A + B)		**24 199**	**100%**						

(3) For more information, we refer to note 6 (breakdown of costs by type) in section 12 of the financial report.

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	TAXONOMY-ALIGNED PROPORTION OF TURNOVER YEAR N (18)	CATEGORY (ENABLING ACTIVITY OR) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%	0%	0%

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	TAXONOMY-ALIGNED PROPORTION OF CAPEX YEAR N (18)	CATEGORY (ENABLING ACTIVITY OR) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%	0%	0%

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER AND MARINE RESOURCES (13)	CIRCULAR ECONOMY (14)	POLLUTION (15)	BIODIVERSITY AND ECOSYSTEMS (16)	MINIMUM SAFEGUARDS (17)	TAXONOMY-ALIGNED PROPORTION OF OPEX YEAR N (18)	CATEGORY (ENABLING ACTIVITY OR) (20)	CATEGORY (TRANSITIONAL ACTIVITY) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%	0%	0%

11 Corporate Governance

The governance structure of the Company, and in particular the role and responsibilities, the composition and operation of the Board of Directors, its advisory committees and the Executive Management are described in the **Corporate Governance Charter** (the 'Charter').

Kinepolis Bourgoin (FR)

11

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 Kinepolis Group: www.kinepolis.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, Kinepolis 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.

Kinepolis Den Bosch (NL)

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 Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis 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;
- Kinepolis 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

Mr. Joost Bert, permanent representative of Pentascoop NV

Chairman of the Board of Directors and of the Nomination and Remuneration Committee

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.

Other positions in listed companies:
Mr. Joost Bert (Pentascoop NV) does not hold any mandates in other listed companies.

Mr. Eddy Duquenne

CEO

Mr. Eddy Duquenne, who holds a Master's degree in Applied Economics, has been CEO (co-CEO until 2018) and Managing Director of Kinepolis Group since 2008.
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.

Other positions in listed companies:
Mr. Duquenne does not hold any mandates in other listed companies.

Mrs. Marion Debruyne, permanent representative of Marion Debruyne BV

Independent director

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.

Other positions in listed companies:
Mrs. Debruyne (Marion Debruyne BV) is an independent non-executive director at Ackermans & van Haaren NV.

Mr. Philip Ghekiere, permanent representative of PGMS NV

Director

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.

Other positions in listed companies:
Mr. Ghekiere (PGMS NV) does not hold any mandates in other listed companies.

Mrs. Sonja Rottiers, permanent representative of SL Advice BV

Independent director, member of the Audit Committee and the Nomination and Remuneration Committee

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.

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.

Mrs. Marleen Vaesen, permanent representative of MAVAC BV

Independent director and member of the Audit Committee

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.

Other positions in listed companies:
Mrs. Vaesen is a non-executive director at Van de Velde NV.

Mr. Geert Vanderstappen, permanent representative of Pallanza Invest BV

Director and Chairman of the Audit Committee

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.

Other positions in listed companies:
Mr. Vanderstappen (Pallanza Invest BV) has been a non-executive director and Chairman of the Audit Committee at Smartphoto Group since 2006.

Mr. Ignace Van Doorselaere, permanent representative of 4F BV

Independent director and member of the Nomination and Remuneration Committee

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, until he became CEO at Neuhaus in 2017.

Other positions in listed companies:
Mr. Van Doorselaere (4F BV) does not hold any mandates in other listed companies.

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.

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;

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 Ghekiere (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. Marleen 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

- 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 Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis Group NV (hereafter Kinepolis) 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 Kinepolis. 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 Kinepolis 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 Kinepolis. 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.

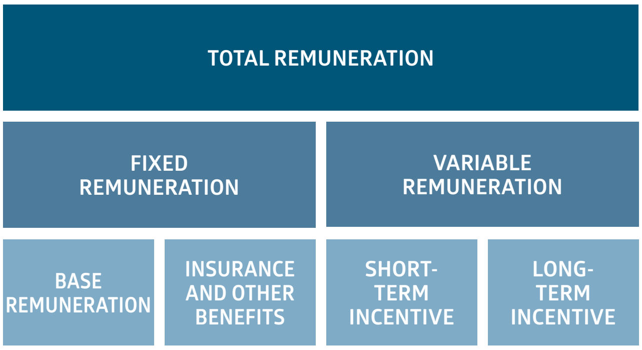
EXECUTIVE MANAGEMENT

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 Kinepolis, no explicit minimum requirements regarding the holding of Kinepolis shares have been included in the Remuneration Policy of Kinepolis.

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 Kinepolis;
- 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 Kinepolis.

(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 Kinepolis 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 Kinepolis.

The short term incentive is, in accordance with principle 7.10 of the Belgian Corporate Governance Code, an 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 Kinepolis. 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.

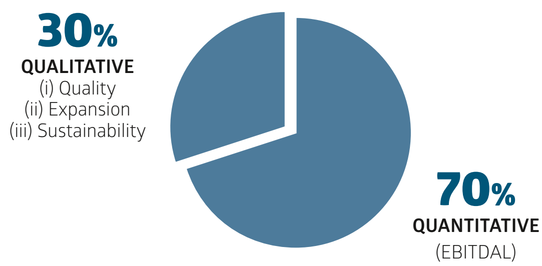
The qualitative criteria are based on (a) the known three-pillar strategy of Kinepolis (Best Cinema Operator, Best Marketer, Best Property Manager), (b) the internal and external expansion strategy and (c) the sustainability strategy.

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, Kinepolis aims to be able to attract, motivate, bind and retain the best management talent for Kinepolis over the long term.

SHORT-TERM INCENTIVE



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 Kinepolis 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 Kinepolis.

With the exception of the right to attend film screenings in Kinepolis cinemas, the non-executive directors did not receive any other remuneration, benefits, share-related bonuses or other incentive premiums from Kinepolis 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 Kinepolis 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 Kinepolis' reporting.
(5) Mr. Bert was CEO up to 10 May 2018.
(6) The evolution is based on the cost of labor of Kinepolis Group NV for all employees and for all natural and legal persons associated with Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis.

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 Kinepolis, 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, Kinepolis 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 Kinepolis 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. Kinepolis 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.

Kinepolis 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 Kinepolis 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 Kinepolis 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, Kinepolis Group highly values integrity and acting in an ethical manner. In addition to the existing legal framework, Kinepolis 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. Kinepolis 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.

Kinepolis Ghent (BE)

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, Kinepolis 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 Kinepolis 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 Kinepolis 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, Kinepolis 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.

DESCRIPTION OF THE MAIN BUSINESS RISKS

In order to gain insight into the main business risks, the Board of Directors and the Management of the Company 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 Kinepolis 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 Kinepolis is exposed.

AVAILABILITY AND QUALITY OF CONTENT SUPPLIED

Bearing in mind that Kinepolis 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, Kinepolis 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 Kinepolis 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. Kinepolis 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 Kinepolis 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. Kinepolis 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 Kinepolis 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 Kinepolis customers.

Kinepolis 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.

CEO Eddy Duquenne

ECONOMIC SITUATION

Changes to the general, global or regional economic situations, or the economic situations in areas where Kinepolis 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 Kinepolis Group. Kinepolis 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 Kinepolis 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. Kinepolis 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

Kinepolis 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 Kinepolis 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 Kinepolis 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 Kinepolis 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. Kinepolis 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, Kinepolis 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. Kinepolis accepts this challenge by offering attractive terms of employment, good knowledge management, open and targeted communication, internal career opportunities and a pleasant working atmosphere. Kinepolis also strives to measure employee satisfaction through a personnel survey, and make adjustments to its policy where necessary. Furthermore, Kinepolis 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 Kinepolis Group, which is why Kinepolis 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 Kinepolis 'customer journey'. Primarily, Kinepolis 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.

Kinepolis 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, Kinepolis 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, Kinepolis 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 Kinepolis 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. Kinepolis 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 Kinepolis 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, Kinepolis 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. Kinepolis 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 Kinepolis 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 Kinepolis 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.

Kinepolis Rouen (FR)

FINANCIAL RISKS AND THE USE OF FINANCIAL INSTRUMENTS

Kinepolis 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.

Compliance with the Corporate Governance Code

Kinepolis Leidschendam (NL)

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 Kinepolis 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.

Other information

RESEARCH AND DEVELOPMENT

In the year under review, Kinepolis developed a number of new concepts for the benefit of the operating entities within the framework of the three strategic pillars. In this regard, Kinepolis 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, Kinepolis 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. Kinepolis 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 Kinepolis Valencia (ES)).

SUBSEQUENT EVENTS AFTER CLOSING DATE

There are no subsequent events after closing date to disclose.

CONFLICT OF INTERESTS POLICY

The following decisions were taken by the Board of Directors on 23 March 2022, pursuant to Article 7:96 of the BCAC:

- the introduction of a claw-back mechanism with regard to the variable remuneration of the Executive Management;
- the quantitative and qualitative objectives for Executive Management for the financial year 2022;
- the adjustment of the remuneration policy for the Executive Management.

Manga K in Kinepolis

PROFIT APPROPRIATION AND DIVIDEND PAYMENT

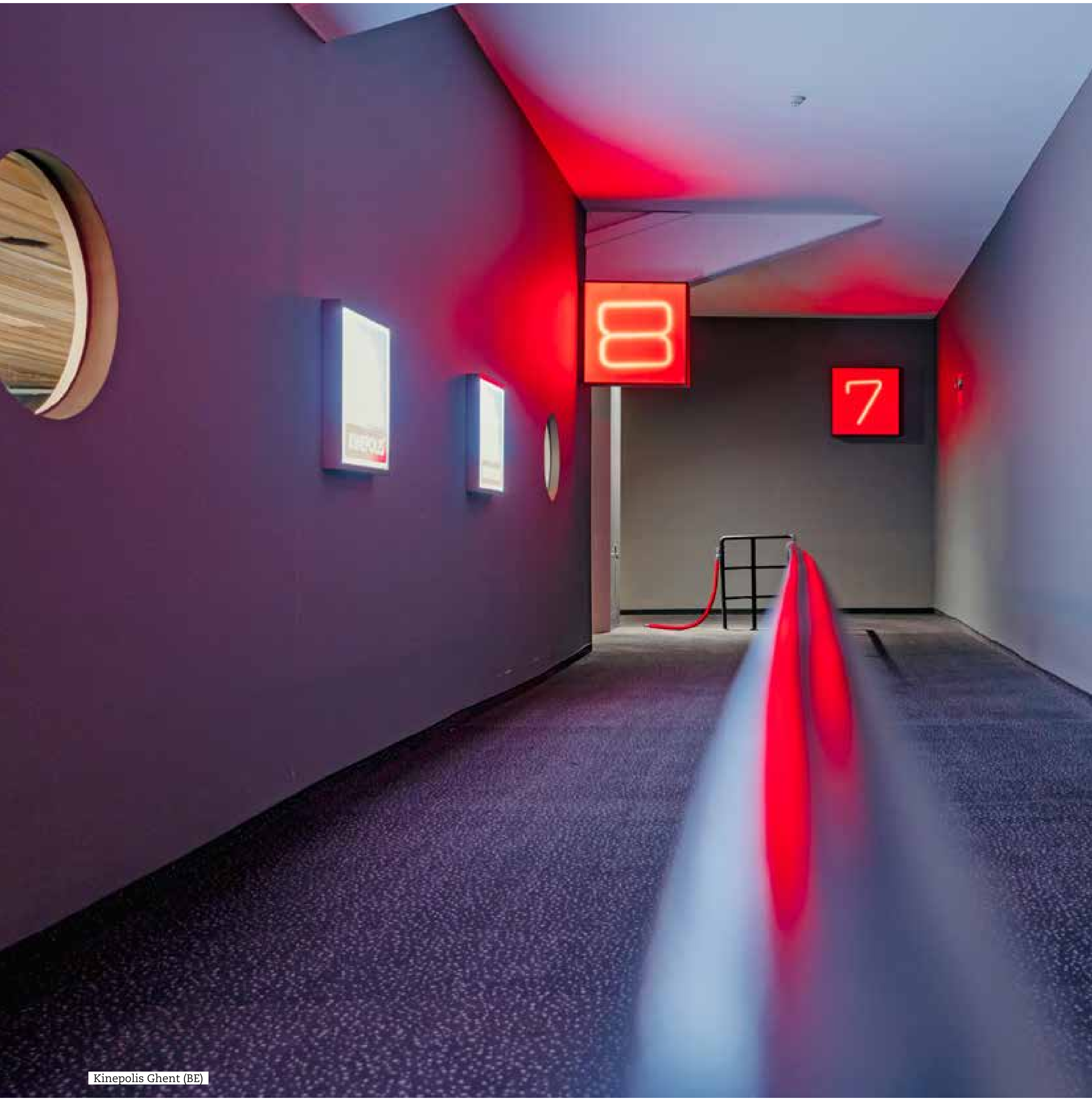
In its proposal to the General Meeting regarding the allocation and distribution of the result, various factors were taken into consideration by the Board of Directors, including the financial situation of the Company, the operating profits, the current and expected cash flows and the plans for expansion.

Kinepolis made significant gains in profitability and financial strength in 2022, due to, among other things, its commitment to the further 'premiumisation' of its product range and the successful implementation of its Entrepreneurship plan. Kinepolis also took the first steps in the further implementation of its expansion strategy, with a number of acquisitions. In line with this – and as a sign of confidence in the future – a dividend payment of € 0.26 gross per share is proposed to the General Meeting, which corresponds to a pay-out ratio of 25%, pending a further recovery of the solvency of the Group and deleveraging.

Theatre hall in Kinepolis Valencia (ES)

CINE K in Kinepolis

12 Financial report



Kinepolis Ghent (BE)

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Consolidated income statement

at 31 December

IN '000 €	NOTE	2021	2022
Revenue	*3*	266 393	499 908
Cost of sales	*6*	-260 023	-385 473
Gross result		6 370	114 436
Marketing and selling expenses	*6*	-14 274	-23 486
Administrative expenses	*6*	-22 370	-28 109
Other operating income	*4*	24 485	5 624
Other operating expenses	*4*	-756	-485
Operating result		-6 545	67 980
Financial income	*7*	851	851
Financial expenses	*7*	-29 213	-31 138
Result before tax		-34 907	37 694
Income tax expenses	*8*	9 401	-10 159
RESULT FOR THE PERIOD		**-25 506**	**27 535**
Attributable to:			
Owners of the Company		-25 399	27 547
Non-controlling interests		-107	-12
RESULT FOR THE PERIOD		**-25 506**	**27 535**
Basic result per share (€)	*19*	-0.94	1.02
Diluted result per share (€)	*19*	-0.93	1.01

Consolidated statement of profit or loss and other comprehensive income

at 31 December

IN '000 €	NOTE	2021	2022
Result for the period		-25 506	27 535
Realised results		-25 506	27 535
Items to be reclassified to profit or loss if specific conditions are met in the future:			
Translation differences on intra-group non-current borrowings in foreign currencies	*18, 26*	13 359	5 738
Translation differences of annual accounts in foreign currencies	*18*	5 766	2 533
Cash flow hedges – effective portion of changes in fair value	*26*	59	376
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods	*13*	-2 229	-709
		16 955	7 939
Items that will not be reclassified to profit or loss:			
Changes to estimates of employee benefits	*22*	441	806
Income taxes relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods	*13*	-110	-202
		331	605
Other comprehensive income for the period, net of income taxes		17 286	8 544
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-8 221	36 078
Attributable to:			
Owners of the Company		-8 145	36 091
Non-controlling interests		-76	-12
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-8 221**	**36 078**

THE NOTES ON P. 130-201 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of financial position

at 31 December

ASSETS

IN '000 €	NOTE	2021	2022
Intangible assets	9	11 129	11 408
Goodwill	10	169 498	174 870
Property, plant and equipment	11	498 087	482 512
Right-of-use assets	27	353 320	333 462
Investment property	12	17 406	15 878
Deferred tax assets	13	23 812	21 142
Non-current tax assets	25		1 653
Derivative financial instruments	26		349
Other receivables	15	6 352	4 896
Other financial assets		27	27
Non-current assets		1 079 631	1 046 197
Inventories	14	4 980	7 688
Trade and other receivables	15	33 754	41 050
Current tax assets	25	1 418	6 810
Cash and cash equivalents	16	75 295	67 751
Current assets		115 447	123 299
TOTAL ASSETS		**1 195 078**	**1 169 496**

EQUITY AND LIABILITIES

IN '000 €	NOTE	2021	2022
Share capital	18	18 952	18 952
Share premium	18	1 154	1 154
Consolidated reserves		100 676	130 009
Translation reserve	18	-54	7 603
Total equity attributable to the owners of the Company		120 728	157 719
Non-controlling interests	18	-79	-91
Total equity		120 649	157 628
Loans and borrowings	21	478 494	463 193
Lease liabilities	27	354 271	335 375
Provisions for employee benefits	22	1 491	791
Provisions	23	1 941	2 093
Deferred tax liabilities	13	12 158	11 133
Derivative financial instruments	26	28	
Other payables	24	5 396	5 044
Non-current liabilities		853 779	817 629
Bank overdrafts	16	12	
Loans and borrowings	21	71 557	28 378
Lease liabilities	27	36 296	34 996
Trade and other payables	24	111 543	127 732
Provisions	23	358	173
Current tax liabilities	25	884	2 960
Current liabilities		220 650	194 239
TOTAL EQUITY AND LIABILITIES		**1 195 078**	**1 169 496**

Consolidated statement of cash flow

at 31 December

IN '000 €	NOTE	2021	2022
Result before tax		-34 907	37 694
Adjustments for:			
Depreciations and amortisations	6	81 031	82 029
Provisions and impairments	15, 23	-1 819	241
Provisions for employee benefits	22		57
Government grants	4	-1 409	-725
Adjustments to right-of-use assets and lease liabilities	27		-287
(Gains) Losses on sale of property, plant and equipment	4	-459	-359
Change in fair value of derivative financial instruments and unrealised foreign exchange results	26	-148	382
Unwinding of non-current receivables and provisions	7, 23	-171	-116
Share-based payments	5	293	-145
Amortisation of refinancing transaction costs	7	619	577
Interest expenses and income	7	25 775	25 617
Forgiveness of lessee's lease payments	4, 27	-11 750	-2 810
Change in inventories		-1 033	-2 692
Change in trade and other receivables		-4 019	-5 764
Change in trade and other payables		32 407	16 205
Cash flow from operating activities		84 409	149 903
Income taxes paid / received		4 465	-13 880
Net cash flow - used in / + from operating activities		88 874	136 023
Acquisition of intangible assets	9	-1 648	-2 381
Acquisition of property, plant and equipment and investment property	11, 12	-15 406	-25 376
Advance lease payments	27	-254	
Acquisition of subsidiaries, net of acquired cash	10		-7 858
Proceeds from sales of investment property, intangible assets and property, plant and equipment	9, 11, 12, 17	1 579	2 278
Net cash flow used in investing activities		-15 730	-33 337
Acquisition of non-controlling interests	18, 21, 34	-341	
Investment contributions	21, 27	1 298	
Payment of lease liabilities incl. forgiveness of lessee's lease payments	21, 27	-12 599	-26 020
Proceeds from loans and borrowings	21, 26	80 000	12 500
Repayment of loans and borrowings	21, 26	-76 599	-71 557
Payment of transaction costs with regard to refinancing obligations	7, 21, 26	-449	
Interest paid	7, 21	-15 534	-16 329
Interest received	7, 21		9
Paid interest related to lease liabilities	21, 27	-10 323	-10 369
Sale of treasury shares	18, 20, 21, 26	2 422	1 045
Net cash flow - used in / + from financing activities		-32 124	-110 720
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		41 019	-8 034
Cash and cash equivalents at beginning of the period	16	32 895	75 283
Cash and cash equivalents at end of the period	16	75 283	67 751
Effect of exchange rate fluctuations on cash and cash equivalents		1 368	503
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		41 019	-8 034

THE NOTES ON P. 130-201 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of changes in equity

at 31 December

IN '000 €								**2022**
	ATTRIBUTABLE TO OWNERS OF THE COMPANY						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS		
AT 31 DECEMBER 2021	**20 106**	**-54**	**304**	**-21 497**	**3 268**	**118 604**	**-79**	**120 649**
Result for the period						27 547	-12	27 535
Realised results						27 547	-12	27 535
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences [1]		8 272					0	8 271
Cash flow hedges – effective portion of changes in fair value [2]			376					376
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		-614	-94					-709
		7 657	282				0	7 939
Items that will not be reclassified to profit or loss:								
Changes to estimates of employee benefits [3]						806		806
Income taxes relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods [4]						-202		-202
						605		605
Other comprehensive income for the period, net of income taxes		7 657	282			605	0	8 544
Total comprehensive income for the period		7 657	282			28 151	-12	36 078
Sale of treasury shares [5]				480		565		1 045
Share-based payments [5]					-380	234		-145
Total transactions with owners, recorded directly in equity				480	-380	799		900
AT 31 DECEMBER 2022	**20 106**	**7 603**	**587**	**-21 017**	**2 888**	**147 555**	**-91**	**157 628**

(1) For more information, we refer to note 18.
(2) For more information, we refer to note 26.
(3) For more information, we refer to note 22.
(4) For more information, we refer to note 13.
(5) For more information, we refer to notes 18 and 20.

IN '000 €	2021							
	ATTRIBUTABLE TO OWNERS OF THE COMPANY						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS		
AT 31 DECEMBER 2020	**20 106**	**-17 254**	**260**	**-22 610**	**3 445**	**142 548**	**4**	**126 496**
Result for the period						-25 399	-107	-25 506
Realised results						-25 399	-107	-25 506
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences		19 094					31	19 125
Cash flow hedges – effective portion of changes in fair value			59					59
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods (1)		-1 894	-15			-320		-2 229
		17 200	44			-320	31	16 955
Items that will not be reclassified to profit or loss:								
Changes to estimates of employee benefits (2)						441		441
Income taxes relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods (1)						-110		-110
						331		331
Other comprehensive income for the period, net of income taxes		17 200	44			11	31	17 286
Total comprehensive income for the period		17 200	44			-25 389	-76	-8 221
Sale of treasury shares (3)				1 113		1 309		2 422
Share-based payments (3)					-177	470		293
Acquisition of non-controlling interests, without changes in control (4)						-334	-6	-341
Total transactions with owners, recorded directly in equity				1 113	-177	1 445	-6	2 374
AT 31 DECEMBER 2021	**20 106**	**-54**	**304**	**-21 497**	**3 268**	**118 604**	**-79**	**120 649**

(1) For more information, we refer to note 13.
(2) For more information, we refer to note 22.
(3) For more information, we refer to notes 18 and 20.
(4) For more information, we refer to notes 18 and 34.

THE NOTES ON P. 130-201 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Notes to the consolidated financial statements

1. Significant accounting policies

Kinepolis Group NV (the 'Company') is a company established in Belgium. The consolidated financial statements of Kinepolis Group for the year ending 31 December 2022 include the Company and its subsidiaries (together referred to as the 'Group'). These consolidated financial statements were approved for publication by the Board of Directors on 22 March 2023.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and adopted by the European Union until 31 December 2022.

BASIS OF PREPARATION

The consolidated financial statements are presented in Euro, rounded to the nearest thousand. In certain cases, rounding up or down can lead to a non-material deviation of the total amount.

The consolidated financial statements were drawn up on a historical cost basis, with the exception of the following assets and liabilities, which are recorded at fair value: derivative financial instruments, contingent considerations and financial assets measured at fair value through other comprehensive income. In accordance with IFRS 5, assets classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

The accounting policies have been applied consistently across the Group. They are consistent with those applied in the previous financial period.

The amendments to standards applicable as of 1 January 2022 gave no cause to change the Group's accounting policies and have no material impact on the consolidated financial statements.

The preparation of the financial statements under IFRS requires management to make judgements, estimates and assumptions that influence the application of the policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and related assumptions are based on past experience and on various other factors that are considered reasonable in the given circumstances. The outcomes of these form the basis for the judgement as to the carrying amount of assets and liabilities when this is not evident from other sources.

Actual results can differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which the estimates are revised if the revision affects only this period, or in the revision period and future periods if the revision affects both the reporting period and future periods.

Judgements, estimates and assumptions are made, among other things, when:

- Determining the useful life of intangible assets and property, plant and equipment (see the related accounting policies);
- Assessing the necessity of and estimating impairment losses on intangible assets, goodwill, property, plant and equipment, right-of-use assets and investment property;
- Recording and calculating provisions;
- Assessing the degree to which losses carried forward will be used in the future;
- Determining the term of the leases under IFRS 16.

The estimates and assumptions with a significant probability of causing a material adjustment to the value of the assets and liabilities during the next financial period are stated below.

IMPAIRMENT TESTS FOR INTANGIBLE ASSETS, GOODWILL, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTY
The recoverable amount of the cash-generating units is defined as the higher of their value in use or their fair value less costs to sell. These calculations require the use of estimates and assumptions with regard to, among other things, discount rates, future investments and expected operating performance. We refer to note 10 for the relevant assumptions.

PROVISIONS
The estimates and judgements that most impact the amount of the provisions are the estimated costs and the expected likelihood and timing of the cash outflows. They are based on the most recent available information at balance sheet date. We refer to note 23 for the relevant assumptions.

RECOVERABILITY OF DEFERRED TAX ASSETS
Deferred tax assets for unused tax losses will only be recognised if future taxable profits will be available to be able to recover these losses (based on budgets and estimates). The budgets and estimates are further expanded to future expected taxable profits in order to analyse the recoverability of the losses and credits.

The actual tax result may differ from the assumption made when the deferred tax was recorded. For more information we refer to note 13.

LEASES (IFRS 16): DETERMINING THE TERM OF A LEASE

A contract is classified as a lease if it includes the right to control the use of an identified asset for a specified period of time in exchange for a consideration. When determining the term of a lease, the Group took into account any possible extension options and whether or not to exercise an early termination option. This is assessed for each contract separately. As a general principle in making this assessment for the key lease assets, lease agreements for land and buildings (cinema complexes), Kinepolis Group has considered that a term between 15 and 20 years reflects the entity's reasonable expectation of the period during which the underlying asset will be used. The same term is also used in our valuation and impairment models to determine future cash flows. Moreover, the lease term is considered reasonably certain in view of the useful life of the leasehold improvements and the investments made. For more information we refer to note 27.

Other assumptions and estimates will be discussed in the respective notes where they are used.

BASIS OF CONSOLIDATION

BUSINESS COMBINATIONS

A business combination is defined as a transaction or other event in which the Group obtains control of one or more businesses. The Group shall determine whether a transaction or other event is a business combination by applying the definition, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition.

A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. A business generally consists of inputs, processes applied to those inputs and the ability to contribute to the creation of outputs. To determine whether an acquired set of activities and assets is a business or not, the Group may use a concentration test. This is a simplified assessment that will result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If the Group does not apply the concentration test, or the test is failed, then the assessment focuses on the existence of substantive processes.

Business combinations are accounted for using the acquisition method on the date when control is transferred to the Group (see Basis of Consolidation – Subsidiaries). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see Intangible assets – Goodwill). Any gain on an advantageous purchase is immediately recognised in profit or loss. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), and if they relate to services provided in the past, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market value of the replacement awards compared with the market value of the acquiree's awards and the extent to which the replacement awards relate to services provided before the business combination.

SUBSIDIARIES

Subsidiaries are those entities over which the Company exercises control. Control means that the Company is exposed to, or has rights to variable returns from its involvement in the entity, and has the ability to affect these returns through its power over the entity.

The financial statements of subsidiaries are recognised in the consolidated financial statements from the date that control commences, until the date that control ceases.

Losses realised by subsidiaries with non-controlling interests are proportionally allocated to the non-controlling interests in these subsidiaries, even if this means that the non-controlling interests display a negative balance.

If the Group no longer has control over a subsidiary, all assets and liabilities of the subsidiary, any non-controlling interests and other equity components with regard to the subsidiary are derecognised. As a result of the loss of control, certain components are recorded in the income statement. Any remaining interest in the former subsidiary will be recognised at fair value on the date of the loss of control, after which it will be recognised as an associated company or as a financial asset measured at fair value, depending on the level of control retained.

EQUITY ACCOUNTED INVESTEES

Equity accounted investees are entities over which the Group exercises significant influence over the financial and operating policies, but has no control or joint control. Significant influence is deemed to exist when the Group holds between 20 and 50 percent of the voting rights of another entity. Participating interests in equity accounted investees are recorded using the equity method, and are initially recognised at cost. The transaction costs are included in the cost price of the investment.

The consolidated financial statements include the Group's share in the comprehensive income of the investments, which is recorded following the equity method, from the start to the end date of this significant influence. Whenever the Group's share in the losses exceeds the carrying amount of the investments in equity accounted investees, the carrying amount is reduced to zero and future losses are no longer recognised, except to the extent that the Group has an obligation on behalf of the investees. When there are impairment indicators, the accounting policy concerning impairment losses is applied.

ACQUISITION OF NON-CONTROLLING INTERESTS

The acquisition of non-controlling interests in a subsidiary does not lead to the recognition of goodwill, because this is deemed to be a shareholders transaction and is recognised directly in equity. The non-controlling interests are adjusted on the basis of the proportional part in the equity of the subsidiary.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intercompany balances and transactions, along with any unrealised gains and losses on transactions within the Group or gains or losses from such transactions, are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated proportionally to the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only where there is no indication of impairment.

FOREIGN CURRENCY

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the relevant functional currency of the Group entities at the exchange rate on the transaction date. Monetary assets and liabilities expressed on the balance sheet date in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date. Non-monetary assets and liabilities expressed in foreign currency are translated at the exchange rate on the transaction date. Non-monetary assets and liabilities in foreign currencies measured at fair value are translated to the functional currency at the exchange rates on the date on which the fair value was determined. Exchange rate differences that arise in the translation are immediately recognised in the income statement, with the exception of:

- Exchange rate differences arising from the translation of the net investment in foreign operations, and from loans and other currency instruments intended as hedges of such investments, included in other comprehensive income;
- Qualifying cash flow hedges to the extent that the hedges are effective.

Advance payments in foreign currencies are translated at the exchange rate on the transaction date specified in IFRIC 22. The transaction date, as a basis for determining the exchange rate, is set on the initial date on which the non-monetary assets and liabilities are recognised. If multiple advance payments are applicable, a transaction date is determined for each advance payment.

FINANCIAL STATEMENTS IN FOREIGN CURRENCIES
Assets and liabilities relating to foreign operations, including goodwill and fair value adjustments on acquisition, are translated to Euro at the exchange rate on the balance sheet date. Income and expenses of foreign entities are translated to Euro at exchange rates approaching the exchange rates prevailing on the transaction dates.

The exchange differences arising from the translation are recognised directly in equity, under translation reserve.

If the settlement of monetary receivables from, or payables to foreign entities is neither planned nor likely in the foreseeable future, exchange rate gains and losses on these monetary items are deemed to be part of the net investment in these foreign entities, and are recognised in other comprehensive income, under the translation differences. Translation differences that arise from the revaluation of non-current loans from foreign subsidiaries with a different functional currency are also included in other comprehensive income in equity, as they form part of a net investment hedge of the participating interests in the same subsidiaries. The potential repayments of these loans are not considered to be a realisation of the net investment. Consequently, no reclassification to the income statement takes place.

FINANCIAL INSTRUMENTS

Issued loans, receivables and deposits, issued debt instruments and loans received are initially recognised by the Group on the date they originated. All other financial assets and liabilities are initially recognised on the transaction date. The transaction date is the date on which the contractual terms of the instrument become binding for the Group.

IFRS 9 has three classifications for financial assets: measured at amortised cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss. This classification is based on the ‘business model’ in which the financial assets are managed, and on the contractual cash flows that result from these financial assets. The business model used to manage the financial assets determines whether the cash flow results from:

- A contractual cash flow;
- A sale of financial assets; or
- A combination of both.

This contractual cash flow may relate to payments of the principal amount (capital) and interest on the outstanding amount.

NON-DERIVATIVE FINANCIAL INSTRUMENTS
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value plus (or minus for loans and borrowings), for instruments not measured at fair value with changes in value recognised through profit or loss, any directly attributable transaction costs. After the initial recognition, non-derivative financial instruments are measured as described below.

Financial assets measured at amortised cost
Financial assets are measured at amortised cost when the business model aims to hold the financial assets to obtain the contractual cash flows. The contractual cash flows consist of the repayment of the principal amount (capital) and interest on the outstanding amount and on specific dates.

After the initial recognition, these financial assets are measured at amortised cost using the effective interest method, less impairment losses, if any.

Significant financial assets measured at amortised cost are individually tested for impairment. The other financial assets measured at amortised cost are classified in groups with comparable credit risk characteristics, and are assessed collectively. When assessing whether there is a collective impairment, the Group uses historical trends with regard to the likelihood that payment obligations will not be fulfilled, the time period within which collection occurs, and the level of the losses incurred. The outcomes are adjusted if management judges that the current economic and credit circumstances are such that it is likely that the actual losses will be higher or lower than the historical trends imply.

An impairment loss is determined as the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate of the asset. Current receivables are not discounted. Impairment losses are recognised in the income statement. If an event leads to a reduction of the impairment, this reduction is reversed through profit or loss.

Financial assets measured at amortised cost include cash and cash equivalents, which are cash and deposits with a residual maturity of less than three months and where the risk of changes in fair value is negligible. Bank overdrafts, which are an integral part of the Group's cash management, are viewed as part of cash and cash equivalents in the presentation of the statement of cash flow.

Financial assets measured at fair value through other comprehensive income
Financial assets are measured at fair value, with the recognition of changes in value through other comprehensive income when the business model aims to both hold the financial assets to obtain the contractual cash flows and to sell the financial assets. The contractual cash flows consist of the repayment of the principal amount (capital) and interest on the outstanding amount.

In addition, the Group can make the irrevocable choice to measure equity instruments that are measured at fair value through profit or loss at fair value through other comprehensive income. This choice is irrevocable and is only allowed in order to eliminate or limit an inconsistency in the measurement on initial recognition.

These financial assets measured at fair value through other comprehensive income are measured at fair value after initial recognition. Gains and losses resulting from the change in fair value of a participating interest that is classified as a financial asset measured at fair value through other comprehensive income are recognised directly via equity. When the participating interest is sold, disposed or otherwise disposed of, the profit or loss accumulated at that point, which was previously included in equity, will not be transferred to profit or loss. When repayments are made on the financial assets, or when the carrying amount of the participating interest is written off due to an impairment, the profit or loss accumulated at that point, which was previously included in equity, will not be transferred to profit or loss, but to retained earnings.

Impairment losses on financial assets recognised at fair value through other comprehensive income are only recognised for debt instruments. In accordance with IFRS 9, there are no impairment losses for equity instruments.

The impairment losses on debt instruments are recognised by transferring the accumulated loss in the fair value reserve in equity to profit or loss. The amount of the cumulative loss transferred from equity to profit or loss is equal to the difference between the acquisition price, less any repayment of the principal amount, and the actual fair value, less any impairment loss that has already been recognised in profit or loss.

If in a subsequent period the fair value of a financial asset measured at fair value through other comprehensive income increases, the recovered amount is recognised in other comprehensive income.

Financial assets measured at fair value through other comprehensive income include investments in equity securities, i.e. participating interests in companies over which the Group has no control or significant influence.

Financial assets measured at fair value through profit or loss
Financial assets are measured at fair value through profit or loss if the conditions of the above categories are not met, or if the Group irrevocably chooses debt instruments that are measured at fair value through other comprehensive income to be measured at fair value through profit or loss account. This choice is irrevocable, and is only allowed in order to eliminate or limit an inconsistency in the valuation on initial recognition.

After initial recognition, these financial assets are measured at fair value with fair value changes through profit or loss.

Financial liabilities
Financial liabilities can be classified as financial liabilities at amortised cost or as financial liabilities at fair value with the recognition of changes in value through profit or loss.

After initial recognition, the first category is measured at amortised cost using the effective interest method, including any interest expense, while the second is measured at fair value with fair value changes through profit or loss.

Expected credit losses
Impairment losses on financial assets are determined as follows:

- *The 12-month expected credit losses:* these are expected credit losses that result from possible default events that take place within 12 months after the end of the reporting date.
- *Expected credit losses over the full life cycle:* these are expected credit losses that result from possible default events over the expected life of a financial instrument.

The determination on the basis of expected credit losses over the full life cycle always applies to trade receivables without a significant financing component.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets
The Group derecognises a financial asset when (i) the contractual rights to the cash flows arising from the financial asset expire, (ii) it transfers the rights to the cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or (iii) in a transaction in which the Group neither transfers nor retains the risks and benefits, but no longer retains control of the financial asset.

When the Group enters into a transaction in which it transfers financial assets that are included in the balance sheet, but retains substantially all risks and benefits of the transferred assets, the transferred assets remain recognised in the balance sheet.

Financial liabilities
The Group derecognises a financial liability when the contractual obligations are terminated or expired. The Group also derecognises a financial liability if the conditions are changed and the cash flows of the changed financial liability are significantly different, in which case a new financial liability is recognised at fair value based on the changed conditions.

When a financial liability is derecognised, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

OFFSETTING
The financial assets and financial liabilities are offset and the net amount is recognised in the consolidated balance sheet if, and only if, the Group has a legally enforceable right to offset the amounts and it intends to settle the financial instruments on a net basis or to realise the financial asset and settle the financial liability simultaneously.

SHARE CAPITAL
Ordinary shares are classified as equity. Additional costs that are directly attributable to the issuance of ordinary shares and share options are deducted from equity, after deducting any tax effects.

Treasury shares: when share capital, classified as equity, is reacquired by the Company, the amount paid, including the directly attributable costs, is viewed as a change in equity. Purchased treasury shares are recognised as a deduction of equity. The profit or loss pursuant to the sale or cancellation of treasury shares is directly recognised in equity.

Dividends are recognised as amounts payable in the period in which they are declared.

DERIVATIVE FINANCIAL INSTRUMENTS
The Group uses derivative financial instruments to manage the exchange rate and interest risks deriving from operational, financial and investment activities. Under its treasury management policy, the Group does not use derivative financial instruments for trading purposes. Derivative financial instruments that do not meet the requirements of hedge accounting are, however, accounted for in the same way as derivatives held for trading purposes.

Derivative financial instruments are initially measured at fair value. Attributable transaction costs are expensed in the income statement as incurred. Subsequent to initial recognition, these instruments are measured at fair value. The accounting treatment of the resulting profits or losses depends on the nature of the derivative financial instrument.

The fair value of derivative financial instruments is the estimated amount that the Group will obtain or pay in an orderly transaction on the balance sheet date at the end of the contract in question, with reference to present interest and exchange rates and the creditworthiness of the counterparty.

HEDGING

Cash flow hedges
Whenever derivative financial instruments serve to hedge the variability in cash flows of a liability or a highly probable future transaction, the effective portion of the changes in fair value of these derivatives is recorded directly in equity. When the future transaction results in the recording of an asset or liability, the cumulative profits or losses are removed from equity and transferred to the carrying amount of the asset or liability. In the other case, the cumulative profits or losses are removed from equity and transferred to the income statement at the same time as the hedged transaction. The non-effective portion of profits and losses is recognised immediately in the income statement. Profits or losses deriving from changes in the time value of derivatives are not taken into consideration in determining the effectiveness of the hedging transaction, and are recognised immediately in the income statement.

At the initial recognition of a derivative financial instrument as a hedging instrument, the Group formally documents the relationship between hedging instrument(s) and hedged item(s), including its risk management goals and strategy when entering the hedging transaction, the risk to be hedged and the methods used to assess the effectiveness of the hedge relationship. When entering the hedge relationship and subsequently, the Group assesses whether, during the period for which the hedge is designated, the hedging instruments are expected to be 'highly effective' in offsetting the changes in fair value or cash flows allocated to the hedged position(s) and whether the actual results of each hedge are within the range of 80% to 125%. A cash flow hedge of an expected transaction requires that it is highly likely that the transaction will occur and that this transaction results in exposure to the variability of cash flows such that this can ultimately impact the reported profit or loss.

Whenever a hedging instrument or hedge relationship is ended, but the hedged transaction has still not taken place, the cumulative gains or losses remain in equity and will be recognised in accordance with the above policies once the transaction takes place.

When the hedged transaction is no longer likely, the cumulative gains or losses included in equity are immediately recorded in the income statement.

Fair value hedges

Hedge accounting is not applied to derivative instruments that are used for fair value hedging of foreign currency denominated monetary assets and liabilities. Changes in the fair value of such derivatives are recognised in the income statement as part of the foreign exchange gains and losses.

PROPERTY, PLANT AND EQUIPMENT

OWNED ASSETS

Items of property, plant and equipment are measured at cost less accumulated depreciations and impairments (see below). The cost of self-constructed assets includes the cost price of the materials, direct employee benefit expenses, any costs of dismantling and removal of the asset and the costs of restoring the location where the asset is located. Where parts of an item of property, plant and equipment have different useful lives, these are accounted for as separate property, plant and equipment items. The fair value of the land and buildings from acquisition is established on the basis of a valuation report or a concrete offer.

Gains and losses on the sale of property, plant and equipment are determined by comparing the sales proceeds with the carrying amount of the assets, and are recognised within 'Other operating income and expenses' in the income statement.

SUBSEQUENT EXPENDITURE

The cost price of replacing part of property, plant and equipment is included in the carrying amount of the asset whenever it is probable that the future economic benefits relating to the assets will flow to the Group and the cost price of the assets can be measured reliably. The replaced part of property, plant and equipment will therefore be derecognised, and the result of the remaining carrying amount will be included in the income statement. The costs of the daily maintenance of property, plant and equipment are recognised in the income statement as and when incurred.

DEPRECIATIONS

Depreciations are charged to the income statement using the straight-line method over the expected useful life of the asset, and of the separately recorded major components of an asset. It begins when the asset is ready for its intended use. The residual value, useful lives and depreciation methods are reviewed annually. Land is not depreciated. The fair value adjustments for buildings from acquisition are depreciated over the estimated expected remaining useful life.

The estimated useful lives are as follows:

- Buildings: 30 years
- Photovoltaic panels: 20 years
- Building fixtures: 5 – 15 years
- Computers: 3 years
- Machinery and equipment: 5 – 10 years
- Furniture and vehicles: 3 – 10 years.

LEASES

The Group leases several sites, buildings, cars, equipment for in-theatre sales and projection equipment.

A contract is classified as a lease if it includes the right to control the use of an identified asset for a specified period of time, in exchange for a consideration. Leases are recognised as right-of-use assets and the corresponding lease liabilities at the date on which the leased asset is available for use by the Group.

The lease term considered in the calculation of the lease liabilities is determined on the basis of the underlying lease contracts, taking into account any extensions that can be estimated with reasonable certainty and whether or not to exercise an early termination option. As a general principle in making this assessment for the key lease assets, lease agreements for land and buildings (cinema complexes), Kinepolis Group has considered that a term between 15 and 20 years reflects the entity's reasonable expectation of the period during which the underlying asset will be used. The same term is also used in our valuation and impairment models to determine future cash flows. Moreover, the lease term is considered reasonably certain in view of the useful life of the leasehold improvements and the investments made.

The Group will only reassess the term of a lease when there has been a significant event or a significant change in circumstances, within the control of the Group. Significant events or changes in circumstances within the control of the Group include but are not limited to significant changes to the contract terms, exercise a renewal option or termination option and significant leasehold improvements.

The Group submits all its lease contracts to an extensive analysis to determine whether the contracts meet the lease definition. The Group has thereby decided to make use of the following exemptions:

- Leases with a lease term of 12 months or less;
- Leases for which the underlying asset has a limited value.

The payments for the exempt leases are recognised as an expense in the income statement.

RIGHT-OF-USE ASSETS
Right-of-use assets are measured at the cost that includes:

- Initial recognition of the lease liabilities;
- Advance lease payments;
- Initial direct costs;
- Estimated costs for dismantling and repairs;
- Deferred investment contributions.

The right-of-use assets are depreciated on a straight-line basis, from the commencement date of the agreement, over the lease term, taking into account extensions that can be estimated with reasonable certainty. If the ownership of the leased asset is transferred to the Group at the end of the lease term or if the costs of the right-of-use assets reflect that the Group will exercise a purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The useful life is determined in the same way as for other property, plant and equipment.

In addition, the right-of-use assets are reduced by impairments where applicable, and are adjusted for certain remeasurements to the lease liabilities.

LEASE LIABILITIES
Lease liabilities are initially measured at the present value of future lease payments. Only the lease component of the payment is recognised. The lease payments are discounted at the rate implicit in the lease, or, if this is not available, at the average interest rate of the Group. As the Group makes use of a general financing policy, this is the average interest rate of the Group for external financing taking into account the credit standing of the Group, the parent company, rather than each individual subsidiary. Kinepolis Financial Services NV acts as an in-house bank for the entire Group. As a result, the interest rate is the interest rate that the Group would have to pay to obtain an asset with similar value to the right-of-use asset, taken into account in a similar economic environment, term and security. The discount rate is updated on a yearly basis and will be applied to new leases or for changes to lease agreements which are to be measured at a revised discount rate.

Lease payments recognised in the valuation of the lease liabilities include:

- Fixed lease payments;
- Minimum variable lease payments based on an index or rate;
- Amounts that are expected to be payable under a residual value guarantee;
- The exercise price of a purchase option that the Group will exercise with reasonable certainty, lease payments in an optional extension period that the Group believes will be exercised with reasonable certainty, and penalties for early termination of a lease, unless the Group is reasonably certain that it will not end early.

Lease liabilities are remeasured whenever there is a change in future lease payments as a result of a change in an index or a rate, if there is a change in the estimate of the amount that the Group will owe under a residual value guarantee, if the Group assesses whether or not it will exercise an option to purchase, extend or terminate, or if there is a change in expected future lease payments. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the right-of-use asset no longer has a carrying amount, this is recognised in the income statement when the lease liability decreases.

All lease payments that expire within 12 months are recognised as current liabilities. All lease payments that expire after 12 months are recognised as non-current liabilities.

Lease payments are split into the repayment of the lease liability and the financial interest cost. In the consolidated statement of cash flow, both can be found under 'Cash flow from financing activities'. Interests are recognised as an expense in the income statement.

COVID-19 RELATED RENT CONCESSIONS
The IASB issued Covid-19 Related Rent Concessions (Amendment to IFRS 16) on 28 May 2020. This first amendment provides an optional practical expedient that permits lessees not to assess whether rent concessions, that occur as a direct consequence of the Covid-19 pandemic and meet specified conditions, are lease modifications and should therefore be processed via the balance sheet, and instead to account for those rent concessions as if they were not lease modifications and are therefore processed through the income statement. As of 2020, the Group makes use of the practical expedient, and applies it retroactively to all rent concessions, that are a direct result of the Covid-19 pandemic, and that meet the following conditions:

- The change in lease payments results in revised consideration for the lease, which is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction in lease payments relates to payments originally due on or before 30 June 2021;
- No substantive changes have been made to other terms of the lease.

On 31 March 2021, Covid-19 Related Rent Concessions beyond 30 June 2021 was issued by the IASB. In this second amendment, the application period was extended by one year. This amendment is applicable as of 1 April 2021, but early application is permitted. The Group has made use of this early application. This second amendment modifies the second condition as follows:

- The reduction in lease payments relates to payments originally due on or before 30 June 2022.

If the rent concessions resulting directly from the Covid-19 pandemic meet the conditions, they are treated as if they were not lease modifications. The rent concessions are then processed in the same way as a negative variable lease payment, and are therefore included in the income statement within 'Other operating income', as part of Operating result. The rent concessions are recognised in the income statement in the period in which the event or condition, that causes the payment, occurs. For more information we refer to note 27.

LEASES AS LESSOR
The Group leases out its investment properties and owned land and buildings. The Group has classified these leases as operating leases.

For the leases in which the Group acts as a lessor, each of the leases must be classified as an operating or finance lease. A lease is classified as a finance lease if substantially all of the risks and rewards associated with ownership of an underlying asset are transferred. If this is not the case, the lease is recognised as an operational lease.

The Group also leases out parts of leased buildings, which, under the application of IFRS 16, are recognised under Right-of-use assets (the so-called subleases). When the right-of-use of these assets is not fully transferred to the sublessee (which is the case, amongst others, when the rental period of the sublease is significantly shorter than the one of the head lease), these subleases are classified as operating sublease agreements and the rental income is recognised in the income statement on a straight-line basis over the lease term. The Group assessed the classification of the subleases with reference to the right-of-use assets rather than the underlying assets, and concluded that all subleases are classified as operating leases.

Income from leases, both fixed and variable, is recognised as lease income. The variable rent is recognised when it is highly probably that the lease income will be received. If an agreement contains both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract. We refer to the related accounting policies.

INVESTMENT PROPERTY

Investment property is property that is held in order to earn lease income or for capital appreciation or both, but is not intended for sale in the context of usual business operations, for use in the production, for delivery of goods or for administrative purposes.

Investment property is measured at cost, less accumulated depreciations and impairments. The accounting policies for property, plant and equipment apply.

Lease income from investment property is accounted for as described below in the accounting policy for revenue.

IAS 40 requires real estate to be transferred to or from investment property whenever there is an actual change in use. A change in management intention alone does not support a transfer.

INTANGIBLE ASSETS AND GOODWILL

GOODWILL

Goodwill arising from an acquisition is determined as the positive difference between the fair value of the consideration transferred plus the carrying amount of any non-controlling interest in the acquired entity, on the one hand, and the fair value of the acquired identifiable assets and liabilities, on the other. If this difference is negative, it is immediately recognised in the income statement.

Goodwill is measured at cost less impairment losses. In respect of equity accounted investees, the carrying amount of the investment in the entity also includes the carrying amount of the goodwill. Goodwill is not amortised. Instead, it is subject to an annual impairment test.

INTANGIBLE ASSETS

Intangible assets acquired by the Group are measured at cost less accumulated amortisations and impairment losses (see below). Costs of internally generated goodwill and brands are recognised in the income statement as incurred. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, or whenever there is a valid reason to do so. The indefinite life is reassessed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made prospectively.

INTERNALLY GENERATED INTANGIBLE ASSETS

Development activities entail a plan or design for the production of new or fundamentally improved products and processes. Internally developed intangible assets are capitalised whenever the development costs can be reliably determined, the product or process is technically and commercially feasible, the future economic benefits are probable, and the Group intends and has sufficient resources to complete the development and to actively use or sell it. The cost of internally generated intangible assets includes all costs directly attributable to the asset, primarily direct employee benefit expenses.

Other development costs and expenditures for research activities are expensed to the income statement as and when incurred.

SUBSEQUENT EXPENDITURE

Subsequent expenditure in respect of intangible assets is capitalised only when it increases the future economic benefits specific to the related asset. All other expenditure is expensed as incurred.

AMORTISATIONS

Amortisations are charged to the income statement by the straight-line method over the expected useful life of the intangible assets. Intangible assets are amortised from the date on which they are ready for their intended use. Their estimated useful life is 3 to 15 years. The residual value, useful lives and amortisation methods are reviewed annually.

INVENTORIES

Inventories are measured at the lower of cost or net realisable value. The net realisable value is equal to the estimated sales price less the estimated costs of completion and selling expenses.

The cost of inventories includes the costs incurred in acquiring the inventories and bringing them to their present location and condition. Inventories are measured according to the latest purchase price.

IMPAIRMENT LOSSES

The carrying amounts of the non-financial assets of the Group, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is an indication of impairment, the recoverable amount of the asset is estimated. In case of goodwill and intangible assets with an indefinite useful life or which are not yet ready for their intended use, the recoverable amount is estimated at the same date each year. An impairment loss is recorded whenever the carrying amount of an asset, or the cash-generating unit to which the asset belongs, is higher than the recoverable amount.

The recoverable amount is the higher of the value in use or the fair value less costs to sell. When determining the value in use, the discounted value of the estimated future cash flows is calculated using a proposed weighted average cost of capital, that reflects both the current market rate and the specific risks with regard to the asset or the cash-generating unit. Where an asset does not generate significant cash flows by itself, the recoverable amount is determined based on the cash-generating unit to which the asset belongs. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Impairment losses are recorded in the income statement. Impairment losses recorded with respect to cash-generating units are first deducted from the carrying amount of any goodwill assigned to cash-generating units (or groups of units), and then deducted proportionally from the carrying amount of the other assets of the unit (or group of units), excluding financial assets.

An impairment is reversed when the reversal can be objectively linked to an event occurring after the impairment was recorded. A previously recorded impairment is reversed when a change has occurred in the estimates used to determine the recoverable value, but not in a higher amount than the net carrying amount that would have been determined if no impairment had been recorded in previous years. Goodwill impairments are not reversed.

ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets (or groups of assets and liabilities being disposed of) for which the carrying amount is expected to be recovered mainly via a sales transaction and not through the continuing use thereof are classified as 'held for sale'. Directly prior to this classification, the assets (or the components of a group of assets being disposed of) are remeasured in accordance with the financial accounting policies of the Group. Hereafter, the assets (or a group of assets to be disposed of) are measured on the basis of their carrying amount or, if lower, fair value less cost to sell.
Non-current assets are no longer depreciated as soon as they are classified as held for sale. Any impairment loss on a group of assets being disposed of is allocated in the first place against goodwill and then, proportionally, against the remaining assets and liabilities, except that no impairments are allocated against inventories, financial assets, deferred tax assets and employee benefit assets, which will continue to be measured in accordance with the Group's accounting policies.
Impairment losses on initial classification and gains and losses on subsequent measurement are recognised in the income statement.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS
Short-term employment benefit obligations include wages, salaries and social security contributions, holiday pay, continued payment of wage in the event of illness, bonuses and benefits in kind. These are expensed when the services in question are provided. Some of the Group's employees are eligible for a bonus, based on personal performance and financial objectives. The amount of the bonus that is recognised in the income statement is based on an estimation at the balance sheet date.

POST EMPLOYMENT BENEFITS
Post employment benefits include the pension plans. The Group provides post employment remuneration for some of its employees in the form of 'defined contribution plans'.

OTHER LONG-TERM EMPLOYEE BENEFITS
The Group has an obligation in France to pay a retirement premium to employees upon their retirement. This compensation is also accounted for as a defined benefit plan.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined pension plans are recognised as an employee benefit expense in the income statement in the periods during which related services are rendered by employees.

In Belgium, employers are obliged to guarantee a minimum return on defined contribution plans throughout the employee's career (Art. 24 of the Law of 28 April 2003 – WAP). To the extent that the legally guaranteed return is adequately covered by the insurance company, the Group has no further payment obligation towards the insurance company or the employee beyond the pension contributions, recognised through profit and loss in the year in which they are owed. As a consequence of this guaranteed minimum return, all Belgian plans with defined contributions under IFRS are qualified as defined benefit plans.

The liability recognised on the balance sheet for these defined benefit plans is the current value of the future benefit obligations that employees have accrued in the fiscal year and previous years, minus the fair value of the fund investments. The liability is calculated periodically by an independent actuary using the 'projected unit credit method'. The fair value of the fund investments is determined as the mathematical reserves that are accrued within the insured plans.

Revaluations of the net liability arising from defined pension plans, which consist of actuarial profit and loss, the return on the fund investments (excluding interest) and the effect of the asset ceiling (if present, excluding interest), are recognised directly in other comprehensive income.

The Group determines the net liability (the net asset) ensuing from defined contribution plans for the fiscal year using the discount rate employed to value the net liability (the net asset) at the beginning of the fiscal year, with due consideration for any changes to the net liability (the net asset) during the fiscal year as a consequence of contributions and pay-outs. Net interest charges and other charges with regard to defined contribution plans are recognised in profit and loss.

If the pension entitlements arising from a plan are changed or a plan is restricted, the resulting change in entitlements with regard to past service or the profit or loss on that restriction is recognised directly in profit or loss. The Group justifies profit or loss on the settlement of a defined contribution plan at the time of that settlement.

SHARE-BASED PAYMENTS AND RELATED BENEFITS

The stock option plan enables Group employees to acquire shares of the Company. The option exercise price is equal to the average of the closing price of the underlying shares over thirty days prior to the date of offer. No compensation costs or liabilities are recognised.

Share transactions with employees are charged to the income statement over the vesting period, based on the fair value on the date of offering, with a corresponding increase in equity. The fair value is determined using an option valuation model. The amount expensed is determined on the basis of the number of awards for which the service conditions are expected to be fulfilled.

To hedge its liabilities within the framework of the allocation of stock options to its directors and executives, the Group buys back its treasury shares at the specific times those options are allocated. This can occur by means of several buybacks. These shares will be charged to equity on transaction date for the sum paid, including the related costs. When the options are exercised, treasury shares are derecognised by applying the FIFO-principle. The difference between the option exercise price and the average price of the shares in question is recognised directly in equity.

TERMINATION BENEFITS

Termination benefits are expensed when the Group can no longer withdraw the offer of those benefits or, if earlier, when the Group recognises the restructuring expenses. If benefits are payable more than twelve months after the reporting date, they are then discounted to their present value.

PROVISIONS

A provision is recorded in the statement of financial position whenever the Group has an existing (legal or constructive) obligation as a result of a past event and where it is probable that the settlement of this obligation will result in an outflow of resources containing economic benefits. Where the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax discount rate that reflects both the current market assessment of the time value of money and, where applicable, the risks inherent to the obligation.

RESTRUCTURING

A provision for restructuring is set up whenever the Group has approved a detailed, formal restructuring plan and the restructuring has either been commenced or publicly announced before the balance sheet date. No provisions are recognised for future operating costs.

SITE RESTORATION

In accordance with the contractual obligations of the Group, a provision for site restoration is set up whenever the Group is obliged to restore land to its original condition.

ONEROUS CONTRACTS

A provision for onerous contracts is set up whenever the economic benefits expected from a contract are lower than the unavoidable costs of meeting the contract obligations. Before a provision is set up, the Group first recognises any impairment loss on the assets relating to the contract.

REVENUE

SALES OF GOODS AND SERVICES

The Group applies the 5-step model to include revenue in the income statement. When selling goods or services, the Group will recognise the proceeds of the amount to which the Group expects to be entitled in exchange for those goods or services. In order to apply this principle, the Group must go through the following steps:

1. Identification of the contract with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when the Company fulfils a performance obligation.

More specifically, the Group will apply the following principles and recognition rules when selling goods and delivering services:

- Box Office is the result of the sale of cinema tickets (and 3D glasses). Box Office sales are recognised as revenue on the date of the showing of the film they relate to;
- In-theatre Sales (ITS) include all revenue from the sale of beverage, snacks and merchandising in the complexes. In-theatre sales are recognised as revenue at the checkout;
- Revenue from the advance sale of tickets or other prepaid gift vouchers are recognised in current liabilities, and are recognised as revenue when the ticket holder uses the ticket.
- Gift vouchers that have not been exercised ('breakage fees') are recognised as revenue, taking into account the expected non-redemption, and no later than the expiry date of the gift vouchers;
- Revenue from exchange deals is recognised as revenue at the moment the service has been delivered;
- Events (business-to-business) are recognised as revenue when the event takes place. If the event takes place over a longer period of time, the revenue is recognised in the income statement on a straight-line basis over the duration of the event;
- Turnover resulting from screen advertising is recognised as revenue spread over the period (number of film days per month) in which the advertisement is shown;
- Turnover from promotions (business-to-customer) is recognised as revenue when the promotion takes place;
- The theatrical revenue from film distribution is recognised over the term of the film based on the number of visitors. The revenue from after theatrical rights are recognised in the first period on the basis of usage, and in the following period on the basis of a fixed price that is recognised as one-off revenue when the rights are transferred. Whereas the Group does not act as an agent for revenue from theatrical and after theatrical rights, this revenue is not offset by the related costs.

Supplier discounts (PET intervention, volume discounts, collaboration costs and media or marketing support) are deducted from the cost of sales or from marketing costs.

LEASE INCOME
Lease income, both fixed and variable lease income, is recognised in the income statement on a straight-line basis over the lease period. This with the exception of Covid-19 related rent concessions, on amounts already invoiced in the past, which are recognised directly in the income statement. Lease incentives granted are regarded as an integral part of lease income.

GOVERNMENT GRANTS
Government grants are initially recognised at fair value whenever a reasonable certainty exists that they will be received and that the Group will comply with the conditions associated with them. The Group makes a distinction between grants received from the Centre National du Cinéma et de l'Image Animée (CNC), capital grants and other grants.

Grants received from the Centre National du Cinéma et de l'Image Animée
The Group receives grants in France from the CNC for cinema related investments. These grants come from a fund financed by contributions from cinema operators in the form of a percentage of ticket sales. The grants are recorded as liabilities as deferred revenue, and are taken into the income statement, within 'Other operating income', over the useful life of the related assets. The unwinding of receivables related to the grants is included under financial income.

Capital grants
In Spain, the Group receives capital grants from the government to finance investment projects for innovation, digitalisation and audio visual techniques, financed by the European Union (the so-called 'next generation EU'). The grants are recorded as liabilities as deferred revenue, and are taken into the income statement, within 'Other operating income', over the useful life of the related assets.

Other grants
Other grants relate on the one hand to grants obtained as compensation for specific costs incurred and on the other hand to general government and CNC support measures. Grants obtained as compensation for directly attributable costs are taken directly to the income statement, deducted from the related costs. General support measures received from the government are also included in the income statement, within 'Other operating income'.

FINANCIAL INCOME
Financial income consists of interest received on investments, dividends, foreign exchange gains, the unwinding of receivables with regard to government grants and the profits on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement based on the effective interest method. Dividend income is included in the income statement on the date that the dividend is declared.

Foreign exchange gains and losses are offset per currency.

EXPENSES

EXPENSES RELATED TO LEASES
For leases that meet the requirements of IFRS 16, a depreciation expense linked to the right-of-use asset and an interest expense linked to the lease liability are recognised. These are recognised as expenses in the income statement.

Leases that are exempted under IFRS 16 are recognised in the income statement using a straight-line method.

FINANCIAL EXPENSES
The financial expenses comprise interest to be paid on loans, interest costs on lease liabilities, foreign exchange losses, the unwinding of discounts on non-current provisions and losses on hedging instruments that are recognised in the income statement.

Interest charges are recognised based on the effective interest method.

Financial expenses directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset.

Foreign exchange gains and losses are compensated per currency.

INCOME TAX EXPENSES

Income tax expenses consist of current and deferred taxes. Income taxes are recorded in the income statement except where they relate to a business combination or elements recorded directly in equity. In this case, the income taxes are recognised directly in equity or goodwill.

Current taxes consist of the expected tax payable on the taxable profit of the year, calculated using tax rates enacted or substantively enacted at the balance sheet date, as well as tax adjustments in respect of prior years. The amount of current income taxes is determined on the basis of the best estimate of the tax gain or expense, with due consideration for any uncertainty with regard to income tax.

Additional income taxes resulting from issuing dividends are recognised simultaneously with the liability to pay the dividend in question.

Deferred taxes are recorded based on the balance sheet method, for all temporary differences between the taxable base and the carrying amount for financial reporting purposes, for both assets and liabilities. No deferred taxes are recognised for the following temporary differences:

- Initial recognition of assets and liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profits;
- Differences with regard to investments in subsidiaries to the extent that an offsetting entry is unlikely in the near future;
- Taxable temporary differences that arise at the initial recognition of goodwill.

The amount of the deferred taxes is based on expectations with regard to the realisation of the carrying value of the assets and liabilities, whereby the tax rates enacted or substantively enacted at the balance sheet date are used.

A deferred tax asset is only recorded in the consolidated statement of financial position when it is probable that adequate future taxable profits are available against which the tax benefit can be utilised. Deferred tax assets are reduced whenever it is no longer probable that the related tax benefit will be realised.

The deferred and current tax receivables and liabilities are offset per tax jurisdiction if the Group has a legal enforceable right to offset the amounts and it intends to settle the liability on a net basis, or to realise the receivable and the liability simultaneously.

SEGMENT REPORTING

An operating segment is a clearly distinguishable component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses in relation to transactions with any of the Group's other components. The Group is organised geographically. The different countries constitute operating segments, in accordance with the internal reporting to the CEO and CFO of the Group.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that represents a separate important operation or geographic business area, is part of a single coordination plan to dispose of a separate important operation or geographic business area or concerns a subsidiary that was acquired exclusively with the intent of selling it.

Classification as discontinued operations occurs upon the disposal of or, if earlier, when the business activity fulfils the criteria for classification as held for sale. Whenever an activity is classified as a discontinued operation, the comparative income statement figures are restated as if the activity had been discontinued from the start of the comparative period.

NEW AND / OR AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE GROUP

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended per 31 December 2022, and have not been applied in preparing these consolidated financial statements.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies, issued on 12 February 2021, include narrow-scope amendments to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. The amendments to IAS 1 require companies to disclose their *material* accounting policy information rather than their *significant* accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments are effective for annual periods beginning on or after 1 January 2023 with early application permitted. These amendments have been endorsed by the EU.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on 12 February 2021, clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments are effective for annual periods beginning on or after 1 January 2023 with early application permitted. These amendments have been endorsed by the EU.

Amendments to IAS 12 Income Taxes: Deferred Taxes related to Assets and Liabilities arising from a Single Transaction, issued on 7 May 2021, clarify how companies should account for deferred taxes on transactions such as leases and decommissioning obligations. IAS 12 Income Taxes specifies how a company accounts for income taxes, including deferred taxes. In specified circumstances, companies are exempt from recognising deferred taxes when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred taxes on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred taxes on leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023 with early application permitted. These amendments have been endorsed by the EU.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:

- Specify that an entity's right to defer settlement must exist at the end of the reporting period;
- Clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- Clarify how lending conditions affect classification; and
- Clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

On 15 July 2020, the IASB issued **Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)** deferring the effective date of the aforementioned amendments by one year.

On 31 October 2022, the IASB issued **Non-current liabilities with Covenants**, which amends IAS 1 and specifies that covenants (i.e. conditions specified in a loan arrangement) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements. All of the amendments are effective for annual reporting periods beginning on or after 1 January 2024, with early adoption permitted. The amendments have not yet been endorsed by the EU.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 2022, introduce a new accounting model which will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.

Under this new accounting model for variable payments, a seller-lessee will:

- Include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and
- After initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments apply retrospectively for annual periods beginning on or after 1 January 2024 with early application permitted. These amendments have not yet been endorsed by the EU.

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2. Segment reporting

Segment information is given for the Group's geographic segments. The geographic segments reflect the countries in which the Group operates. The prices for intersegment transactions are determined on a business-like, objective basis. The segment information was drawn up in accordance with IFRS.

Segment results, assets and liabilities of a particular segment include those items that can be attributed, either directly or reasonably, to that segment.

Financial income and expenses and income tax expenses and their related assets and liabilities (excluding Lease liabilities) are not monitored by segment by the Group's CEO and CFO.

The capital expenditures of a segment are all costs incurred during the reporting period to acquire assets that are expected to remain in use in the segment for longer than one reporting period.

GEOGRAPHIC SEGMENTS

The Group's activities are managed and monitored on a country basis. The main geographic markets are Belgium, France, Canada, Spain, the Netherlands, United States and Luxembourg. The Polish and Swiss activities are combined in the 'Other' geographical segment, in accordance with the internal reporting to the CEO and CFO of the Group.

In presenting information on the basis of geographic segments, revenue from the segment is based on the geographic location of the customers. The basis used for the assets of the segments is the geographic location of the assets.

Segment reporting

at 31 December 2022

INCOME STATEMENT

IN '000 €										2022
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	153 868	67 915	122 777	41 378	57 859	49 305	14 961	3 493		511 556
Intersegment revenue	-11 588	-59								-11 647
Revenue	142 280	67 856	122 777	41 378	57 859	49 305	14 961	3 493		499 908
Cost of sales	-91 180	-48 777	-109 808	-35 351	-44 524	-43 015	-9 816	-3 003		-385 473
Gross result	**51 100**	**19 079**	**12 969**	**6 027**	**13 335**	**6 290**	**5 145**	**491**		**114 436**
Marketing and selling expenses	-9 873	-2 516	-5 814	-1 956	-1 553	-760	-915	-98		-23 486
Administrative expenses	-15 618	-1 899	-6 013	-1 006	-1 257	-1 723	-235	-359		-28 109
Other operating income	69	922	2 539	1 025	957	59	53			5 624
Other operating expenses	-13	-22	-65	-10	-362		-14			-485
Segment result	**25 665**	**15 565**	**3 615**	**4 080**	**11 121**	**3 866**	**4 034**	**33**		**67 980**
Financial income									851	851
Financial expenses									-31 138	-31 138
Result before tax										**37 694**
Income tax expenses									-10 159	-10 159
RESULT FOR THE PERIOD										**27 535**

BALANCE SHEET – ASSETS

IN '000 €										2022
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Intangible assets	5 302	911	2 839	264	124	1 941	28			11 408
Goodwill	6 586	13 708	34 396	22 015	34 057	51 762	5 844	6 502		174 870
Property, plant and equipment	55 503	85 556	75 496	46 179	125 763	76 048	10 395	7 571		482 512
Right-of-use assets	6 276	24 979	191 308	39 653	19 470	47 389	4 387			333 462
Investment property			691	6 721				8 466		15 878
Deferred tax assets									21 142	21 142
Non-current tax assets									1 653	1 653
Derivative financial instruments									349	349
Other receivables	2	3 616	231	1 037			11			4 896
Other financial assets									27	27
Non-current assets	**73 669**	**128 770**	**304 962**	**115 867**	**179 414**	**177 140**	**20 664**	**22 540**	**23 171**	**1 046 197**
Inventories	3 333	607	1 502	577	943	555	131	39		7 688
Trade and other receivables	17 863	8 577	5 204	2 420	3 636	1 776	1 478	94		41 050
Current tax assets									6 810	6 810
Cash and cash equivalents									67 751	67 751
Current assets	**21 197**	**9 185**	**6 706**	**2 998**	**4 579**	**2 331**	**1 609**	**133**	**74 561**	**123 299**
SEGMENT ASSETS	**94 866**	**137 955**	**311 667**	**118 865**	**183 993**	**179 471**	**22 273**	**22 673**	**97 733**	**1 169 496**

BALANCE SHEET - EQUITY AND LIABILITIES

IN '000 €										2022
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Share capital and share premium									20 106	20 106
Consolidated reserves									130 009	130 009
Translation reserve									7 603	7 603
Equity attributable to the owners of the Company									157 719	157 719
Non-controlling interests									-91	-91
Total equity									157 628	157 628
Loans and borrowings									463 193	463 193
Lease liabilities	4 121	23 938	199 514	37 512	18 825	47 352	4 112			335 375
Provisions for employee benefits	28	763								791
Provisions	1 679	223	192							2 093
Deferred tax liabilities									11 133	11 133
Other payables	111	4 402	3	465	63					5 044
Non-current liabilities	5 938	29 327	199 709	37 977	18 888	47 352	4 112		474 326	817 629
Loans and borrowings									28 378	28 378
Lease liabilities	2 087	2 339	18 387	3 671	4 299	3 698	515			34 996
Trade and other payables	52 856	21 801	23 163	9 012	10 573	6 434	3 224	669		127 732
Provisions	47				126					173
Current tax liabilities									2 960	2 960
Current liabilities	54 990	24 141	41 551	12 682	14 998	10 132	3 738	669	31 338	194 239
SEGMENT EQUITY AND LIABILITIES	**60 928**	**53 467**	**241 260**	**50 660**	**33 886**	**57 483**	**7 851**	**669**	**663 291**	**1 169 496**

CAPITAL EXPENDITURE

IN '000 €										2022
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
CAPITAL EXPENDITURE	**5 629**	**7 436**	**5 736**	**2 876**	**1 679**	**3 737**	**603**	**60**		**27 756**

NON-CASH ELEMENTS

IN '000 €										2022
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Depreciations, amortisations, impairments and provisions	11 552	10 101	29 493	7 700	10 662	10 397	1 686	680		82 269
Others	-145									-145
TOTAL	**11 407**	**10 101**	**29 493**	**7 700**	**10 662**	**10 397**	**1 686**	**680**		**82 124**

Segment reporting

at 31 December 2021

INCOME STATEMENT

IN '000 €										2021
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	84 344	38 699	52 835	26 253	32 366	28 773	8 555	2 557		274 382
Intersegment revenue	-7 959	-31						1		-7 989
Revenue	76 385	38 668	52 835	26 253	32 366	28 773	8 555	2 558		266 393
Cost of sales	-60 885	-34 002	-67 103	-25 767	-31 870	-31 510	-6 910	-1 976		-260 023
Gross result	**15 500**	**4 666**	**-14 268**	**486**	**496**	**-2 737**	**1 645**	**582**		**6 370**
Marketing and selling expenses	-7 825	-1 467	-1 924	-1 075	-956	-244	-720	-63		-14 274
Administrative expenses	-13 422	-1 143	-3 799	-705	-1 358	-1 478	-182	-283		-22 370
Other operating income	2 406	7 842	9 206	2 144	2 126		452	309		24 485
Other operating expenses	-137	-390	-51	-160	-1		-17			-756
Segment result	**-3 478**	**9 508**	**-10 836**	**690**	**307**	**-4 459**	**1 178**	**545**		**-6 545**
Financial income									851	851
Financial expenses									-29 213	-29 213
Result before tax										**-34 907**
Income tax expenses									9 401	9 401
RESULT FOR THE PERIOD										**-25 506**

BALANCE SHEET – ASSETS

IN '000 €										2021
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Intangible assets	4 831	921	2 849	266	159	2 059	44			11 129
Goodwill	6 586	11 317	34 499	22 015	34 057	48 678	5 844	6 502		169 498
Property, plant and equipment	59 528	80 953	83 886	47 891	132 816	74 698	11 037	7 278		498 087
Right-of-use assets	6 892	25 958	212 822	38 488	17 544	46 813	4 803			353 320
Investment property			1 778	6 721				8 907		17 406
Deferred tax assets									23 812	23 812
Other receivables	9	5 130	428	794	-20		11			6 352
Other financial assets									27	27
Non-current assets	**77 846**	**124 279**	**336 262**	**116 175**	**184 556**	**172 248**	**21 739**	**22 687**	**23 839**	**1 079 631**
Inventories	1 895	434	1 018	470	621	391	116	35		4 980
Trade and other receivables	14 363	6 594	3 686	1 595	5 099	968	1 171	278		33 754
Current tax assets									1 418	1 418
Cash and cash equivalents									75 295	75 295
Current assets	**16 258**	**7 028**	**4 704**	**2 065**	**5 720**	**1 359**	**1 287**	**313**	**76 713**	**115 447**
SEGMENT ASSETS	**94 104**	**131 307**	**340 966**	**118 240**	**190 276**	**173 607**	**23 026**	**23 000**	**100 552**	**1 195 078**

BALANCE SHEET - EQUITY AND LIABILITIES

IN '000 €										2021
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Share capital and share premium									20 106	20 106
Consolidated reserves									100 676	100 676
Translation reserve									-54	-54
Equity attributable to the owners of the Company									120 728	120 728
Non-controlling interests									-79	-79
Total equity									120 649	120 649
Loans and borrowings									478 494	478 494
Lease liabilities	4 603	24 568	219 635	36 224	18 697	46 085	4 459			354 271
Provisions for employee benefits	764	727								1 491
Provisions	1 484	153	304							1 941
Deferred tax liabilities									12 158	12 158
Derivative financial instruments									28	28
Other payables	111	5 110	3	117	55					5 396
Non-current liabilities	6 962	30 558	219 942	36 341	18 752	46 085	4 459		490 680	853 779
Bank overdrafts									12	12
Loans and borrowings									71 557	71 557
Lease liabilities	2 204	2 347	19 640	3 717	4 341	3 540	507			36 296
Trade and other payables	44 156	19 856	21 592	7 694	7 616	7 185	2 897	547		111 543
Provisions					358					358
Current tax liabilities									884	884
Current liabilities	46 360	22 203	41 232	11 411	12 315	10 725	3 404	547	72 453	220 650
SEGMENT EQUITY AND LIABILITIES	**53 322**	**52 761**	**261 174**	**47 752**	**31 067**	**56 810**	**7 863**	**547**	**683 782**	**1 195 078**

CAPITAL EXPENDITURE

IN '000 €										2021
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
CAPITAL EXPENDITURE	**2 505**	**8 301**	**1 969**	**260**	**2 832**	**340**	**836**	**12**		**17 055**

NON-CASH ELEMENTS

IN '000 €										2021
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Depreciations, amortisations, impairments and provisions	12 119	9 697	27 365	7 219	11 456	9 190	1 664	502		79 212
Others	293									293
TOTAL	**12 412**	**9 697**	**27 365**	**7 219**	**11 456**	**9 190**	**1 664**	**502**		**79 505**

3. Revenue

The table below shows the breakdown of revenue by activity, product or service offered by the Group:

IN '000 €	2021	2022
Box Office	142 882	260 884
In-theatre Sales	81 965	155 202
Business-to-Business	24 010	60 210
Brightfish	6 354	7 388
Film distribution	2 094	4 764
Technical department	53	48
TOTAL IFRS 15	**257 358**	**488 496**
Real estate	9 035	11 412
TOTAL	**266 393**	**499 908**

Revenue from ticket sales (Box Office, BO) increased by 82.6%, to € 260.9 million. BO revenue per visitor increased by 7.0%. This increase was seen in nearly all countries, thanks in part to the success of premium cinema experiences and inflation-compensating price increases.

Revenue from the sale of drinks and snacks (In-theatre Sales, ITS) increased by 89.4% to € 155.2 million. ITS revenue per visitor rose by 13.0% (excluding home delivery revenue) , driven by an increase in ITS revenue per visitor in almost all countries.

B2B revenue increased by 150.8%, both in terms of revenue from events and screen advertising revenue. B2B activities experienced a solid recovery in the second half of the year, thanks to renewed appreciation of physical events.

Real estate income increased by 26.3% thanks to an increase in variable rental income, mainly parking income, and less rent allowances granted, the impact of annual indexations as well as income from owned concessions.

The turnover of Brightfish, the Belgian screen advertising agency, increased by 16.3%, thanks to more screen advertising.

Kinepolis Film Distribution (KFD) saw its income more than double thanks to successful releases in 2022 (including 'Zillion' and 'Onze Natuur, De Film') and higher revenue from Video-on-Demand (VOD).

Revenue from Box Office and In-theatre Sales (which together represented 83.2% of total revenue) are directly linked to the evolution of the visitors. These in turn depend on the number of films produced, their success with the customer and external factors, such as competitive activities, weather conditions and exceptional events such as the Covid-19 pandemic. Consequently, the number of visitors, and therefore the turnover, can be very volatile. For more information regarding the risks involved, we refer to 'Description of the main business risks' in the 'Corporate Governance Statement' section.

B2B consists of three products: sales of vouchers, sales of cinema advertising and sales of film and non-film related events. Film related events make up the bulk of B2B and are closely related to the line-up and the number of films produced and their potential success. The sale of vouchers and cinema advertising strongly depend on the macro-economic climate and business confidence.

The Brightfish results are highly dependent on the macro-economic climate, the advertising spending mainly in the FMCG industry and the share of cinema and marketing campaigns of the major advertisers. Depending on the pricing in other media such as online and TV, this can fluctuate widely.

The results for film distribution depend on the number and success of the Flemish productions of which Kinepolis Film Distribution (KFD) owns the rights, combined with the international releases of which Kinepolis Film Distribution owns the rights for the Belgian and Luxembourg territory, together with Dutch Filmworks (DFW).

4. Other operating income and expenses

OTHER OPERATING INCOME

IN '000 €	2021	2022
Government grants	1 409	725
Government grants and support measures due to the Covid-19 pandemic	10 337	1 148
Rent concessions due to the Covid-19 pandemic	11 750	2 810
Capital gains on disposal of property, plant and equipment and investment property	461	379
Other grants – not Covid-19 related	220	427
Others	308	135
TOTAL	**24 485**	**5 624**

GOVERNMENT GRANTS
In France, the Group receives grants from the Centre National du Cinéma et de l'image Animée (CNC) for cinema related investments. These grants come from a fund financed by a contribution from cinema operators in the form of a percentage of ticket sales. The grants are recorded as liabilities on the balance sheet, and are taken into the result over the useful life of the related assets, at € 0.7 million in 2022 (2021: € 1.4 million).

In Spain, Kinepolis received capital grants from the government in 2022 to finance investment projects for innovation, digitalisation and audio visual techniques, financed by the European Union (the so-called 'Next Generation EU'). The grants are recorded on the balance sheet as liabilities, and are recognised in the result over the useful life of the related assets.

GOVERNMENT GRANTS AND SUPPORT MEASURES AS A RESULT OF THE COVID-19 PANDEMIC
As a result of the outbreak of the Covid-19 pandemic, governments, in the various countries where Kinepolis operates, and the CNC in France have decided to provide support measures. The Group obtained in 2022 non-directly attributable or general grants for € 1.1 million in this regard (ES: € 0.8 million, CA: € 0.4 million, FR: € 0.2 million and BE: € -0.2 million). Throughout 2021 the Group obtained € 10.3 million (FR: € 6.1 million, BE: € 1.7 million, ES: € 1.0 million, NL: € 0.9 million, LUX: € 0.4 million and CH: € 0.3 million). For more information and a detailed breakdown we refer to note 30.

RENT CONCESSIONS AS A RESULT OF THE COVID-19 PANDEMIC
In addition, the Group obtained € 2.8 million rent concessions in 2022 (2021: € 11.8 million) as a direct result of the Covid-19 pandemic. Most of this relates to the lease of land and buildings in Canada (2022: € 1.9 million – 2021: € 8.7 million). The rent concessions obtained are only included in 'Other operating income' if the conditions of Covid-19-related rent concessions (amendments to IFRS 16) are met. For more information we refer to note 27.

CAPITAL GAINS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY
In May 2022, Kinepolis sold an unused part of land at the complex in Adrian (US). In addition, in December 2022, the 'old' Canadian complex Fort McMurray (a newbuild complex opened in 2018), classified as Investment property, was sold. A capital gain of € 0.3 million was realised for the sale of both.

In 2021 Kinepolis decided to close six Canadian cinemas, each with only one or two screens, as the maintenance investments required were disproportionate to the contribution of these cinemas to the turnover development of the Group. Specifically, it concerned two leased Landmark cinemas, Dawson Creek (BC) and Airdrie (Alberta), and four owned Landmark cinemas, namely Yorkton (Saskatchewan), Selkirk (Manitoba) and the two cinemas located in the Yukon province. In 2021, a capital gain of € 0.5 million was realised on the sale of these Canadian cinemas.

OTHER OPERATING EXPENSES

IN '000 €	2021	2022
Losses on disposal of property, plant and equipment	-3	-21
Losses on disposal of trade receivables	-662	-40
Others	-91	-424
TOTAL	**-756**	**-485**

The movement of the losses on disposal of trade receivables is related to the settlement of outstanding receivables with regard to leased concessions due to the closure of the complexes as a result of the Covid-19 pandemic in 2021. This was less applicable throughout 2022.

5. Employee benefit expenses and other social benefits

IN '000 €	2021	2022
Wages and salaries	-42 934	-65 098
Mandatory social security contributions	-7 772	-11 723
Employer contributions to employee insurances	-1 102	-1 081
Share-based payments	-293	145
Other employee benefit expenses	-1 639	-2 532
TOTAL	**-53 740**	**-80 288**
Total full-time equivalents at the balance sheet date	1 962	1 982

The increase in employee benefit expenses is mainly attributable to the resumption of activities in 2022 as a consequence of the Covid-19 pandemic. One of the measures that Kinepolis has taken at the start of the pandemic in 2020 to arm itself against the consequences is to scale down its temporary and permanent staff. With regard to the employees of the complexes in view of the mandatory closure and capacity restrictions, as well as the employees of the support services, by limiting those to only the strictly necessary services. The increase in employee benefit expenses compared to 2021 is explained by the fact that there was only a partial resumption of the activities in 2021.

As a result of the Covid-19 pandemic, the Group was also able to make use of the system of economic unemployment in Belgium and Spain, as well as the system of wage subsidies in France, the Netherlands, Luxembourg, Canada and Switzerland. In the economic unemployment system, the wage cost does not have to be paid by the Company, but is paid directly to the employee by the government. By contrast, the wage cost is first paid by the Company in the wage subsidy system, and can subsequently be reclaimed from the government in whole or in part.

The Group received € 2.3 million (2021: € 10.6 million) in wage subsidies. Grants obtained as compensation for directly attributable costs, such as employee benefit expenses, are taken directly in the income statement, deducted from the related costs. In the other countries, the system of economic unemployment was applied, with the wage costs borne, in part or otherwise, directly by the government.

The share-based payments are related to the options granted in 2017, 2018 and 2019. For more information we refer to note 20.

The employee benefit expenses also include early retirement pensions, which, in accordance with IFRS, should be treated as termination benefits, as no reasonable expectation was generated among employees during hiring or employment that they would be entitled to an early retirement pension before the legal retirement age. They are non-material amounts.

For more information regarding employee benefits we refer to note 22.

6. Additional information on operating expenses by nature

The table below shows the breakdown of cost of sales by nature:

IN '000 €	2021	2022
Purchases	-91 709	-168 711
Services and other goods	-43 934	-68 988
Employee benefit expenses and other social benefits	-38 995	-59 530
Depreciations and amortisations	-78 212	-79 772
Provisions and impairments	1 640	-335
Others	-8 813	-8 136
COST OF SALES	**-260 023**	**-385 473**

The table below shows the breakdown of marketing and selling expenses by nature:

IN '000 €	2021	2022
Services and other goods	-8 806	-15 261
Employee benefit expenses and other social benefits	-4 599	-7 738
Depreciations and amortisations	-1 039	-493
Provisions and impairments	177	20
Others	-7	-13
MARKETING AND SELLING EXPENSES	**-14 274**	**-23 486**

The table below shows the breakdown of administrative expenses by nature:

IN '000 €	2021	2022
Services and other goods	-10 406	-12 889
Employee benefit expenses and other social benefits	-10 146	-13 020
Depreciations and amortisations	-1 780	-1 698
Provisions and impairments	3	9
Others	-41	-511
ADMINISTRATIVE EXPENSES	**-22 370**	**-28 109**

The increase in operating expenses is mainly due to the resumption of activities in 2022 as a consequence of the Covid-19 pandemic. In addition, the Group obtained directly attributable grants and support measures as a result of the Covid-19 pandemic. However, these are more limited through 2022 than 2021. For more information we refer to note 30.

In total, the operating expenses increased with 47.3%, compared to an increase of 87.7% in revenue.

7. Financial income and expenses

FINANCIAL INCOME

IN '000 €	2021	2022
Interest income		9
Foreign exchange gains	347	226
Unwinding of non-current government grants receivable	209	154
Others	295	462
TOTAL	**851**	**851**

The foreign exchange gains mainly relate to the fluctuations of the Canadian Dollar against the Euro in 2022 (2021: fluctuations of the American Dollar against the Euro).

FINANCIAL EXPENSES

IN '000 €	2021	2022
Interest expenses	-15 452	-15 258
Interest expenses on lease liabilities	-10 323	-10 369
Foreign exchange losses	-227	-304
Others	-3 211	-5 208
TOTAL	**-29 213**	**-31 138**

The decrease in interest expenses is explained by less interest on the private placement of bonds in 2015 (€ 61.4 million) as it was repaid in January 2022, lower interest expenses throughout 2022 on the outstanding balance of the term loan, which was fully repaid in December 2022 and less interest expenses related to the roll-over credit as it was less used in 2022. This was slightly offset by higher interest on the € 80.0 million loan concluded at the beginning of January 2021 and an interest increase on the private placement of 2019 due to exceeding a specific debt ratio.

The interest expenses attributed to lease liabilities amounted to € 10.4 million (2021: € 10.3 million). For more information we refer to note 27.

The exchange rate losses mainly relate to the fluctuations of the American Dollar against the Euro in 2022 (2021: fluctuations of the Swiss Franc against the Euro).

In 2022, the capitalisation of interest costs related to construction projects amounted to € 0.1 million (2021: € 0.2 million). As the Group applies a general financing policy, a weighted average interest rate of 2.62% (2021: 2.62%) was applied to the capitalisation of the interest costs of construction projects.

The costs related to refinancing are included in the result via the effective interest method, and are part of the other financial expenses. For more information we refer to notes 21 and 26. The impact on the income statement per refinancing round can be found in the table below:

IN '000 €	TOTAL COST	RECOGNISED IN INCOME STATEMENT IN 2021	RECOGNISED IN INCOME STATEMENT IN 2022	OUTSTANDING POSITION PER 31 DECEMBER 2022
Refinancing 2012	1 096	-14	-14	27
Refinancing 2015	1 663	-186	-141	103
Refinancing 2016	45	-3	-3	5
Refinancing 2017	450	-50	-50	196
Refinancing 2019	1 708	-259	-259	844
Refinancing 2021	449	-108	-110	232
TOTAL	**5 411**	**-619**	**-577**	**1 407**

The remaining other financial expenses in 2022 and 2021 mainly relate to bank charges. The bank charges are partly volume-related, with the result that this increase is partly explained by the increase in the number of visitors.

8. Income tax expenses

IN '000 €	2021	2022
Current tax expenses	-1 552	-8 441
Deferred tax expenses	10 953	-1 718
TOTAL	**9 401**	**-10 159**

Total income taxes are an expense in 2022. In 2021 it concerned an income, due to the possibility to compensate the negative result before tax, due to the Covid-19 pandemic, with profits from other periods. The effective tax rate was 26.95% in 2022 (2021: 26.93%). The change in effective tax rate is due to several offsetting effects. The main effects are the change from a negative to a positive result before tax and the corresponding impact of disallowed expenses, tax-exempt grants, which were only applicable in 2021 and the impact of corrections to provisions from previous years.

EFFECTIVE TAX RATE RECONCILIATION

IN '000 €	2021	2022
Result before tax	-34 907	37 694
Belgian tax rate	**25.00%**	**25.00%**
Income taxes using the local tax rate	8 727	-9 423
Effect of tax rates in foreign jurisdictions	27	-19
Disallowed expenses	-327	-781
Tax-exempt grants	847	
Tax-exempt income	60	25
Losses for which no deferred tax asset is recognised	-26	-2
Use of unrecognised losses and tax losses for which no deferred tax asset was recognised	8	74
Under / (over) provision in prior periods	147	-141
Change in law and tax rate in the Netherlands	-20	37
Change in average tax rate in Canada	-26	32
Other adjustments	-16	39
TOTAL INCOME TAX EXPENSES	**9 401**	**-10 159**
Effective tax rate	**26.93%**	**26.95%**

The 'Change in law and tax rate in the Netherlands' in 2022 includes the change of the income tax rate on the first bracket from 15.00% to 19.00% as of 2023. In 2021, this was the change of the general income tax rate from 25.00% to 25.80% as of 2022.

The 'Change in average tax rate in Canada' includes the change in the average income tax rate from 25.20% to 25.30% in 2022 (2021: from 25.50% to 25.20%). The average income tax rate is determined by a weighted average of the tax rates per province. As a result, there may be a limited change in Canada's average income tax rate every year.

9. Intangible assets

IN '000 €	PATENTS AND LICENSES	OTHERS	INTERNALLY GENERATED INTANGIBLE ASSETS	TOTAL
Acquisition value	20 465	6 102	4 822	31 389
Amortisations and impairment losses	-14 937	-1 251	-3 528	-19 716
NET CARRYING AMOUNT AT 31/12/2020	**5 528**	**4 851**	**1 294**	**11 673**
Acquisitions	1 463		185	1 648
Transfer to other categories	53	2		55
Amortisations	-1 985	-155	-500	-2 640
Effect of exchange rate fluctuations	55	338		393
Acquisition value	22 083	6 457	5 007	33 547
Amortisations and impairment losses	-16 969	-1 421	-4 028	-22 418
NET CARRYING AMOUNT AT 31/12/2021	**5 114**	**5 036**	**979**	**11 129**
Acquisitions	2 067		314	2 381
Amortisations	-1 680	-134	-389	-2 203
Effect of exchange rate fluctuations	22	79		101
Acquisition value	24 189	6 550	5 320	36 059
Amortisations and impairment losses	-18 665	-1 568	-4 417	-24 650
NET CARRYING AMOUNT AT 31/12/2022	**5 524**	**4 982**	**903**	**11 408**

The patents and licenses mainly comprise software purchased from third parties. The internally generated intangible assets mainly concern the changes to the Group's ticketing system software, partially due to the various loyalty programs, and the back office software.

The 'Other' category includes the trade name 'Landmark Cinemas', which amounts to € 2.8 million (2021: € 2.8 million). The trade name has an indefinite useful life. The trade name was retained with the acquisition of Landmark Cinemas in 2017, as this is the second largest cinema group in Canada. Further organic growth on the Canadian market and the marketing of the existing cinemas is carried out under the name 'Landmark Cinemas'.

In addition, this category also contains the trade name 'MJR Digital Cinemas' for € 1.4 million (2021: € 1.4 million) with a definite useful life.

The acquisitions amount to € 2.4 million in 2022 (2021: € 1.6 million) and mainly concern investments in various software used by the Group, such as developments of various loyalty programs and the corresponding modifications to the ticketing system software, as well as investments in IT infrastructure. These consist of the internal hours worked for € 0.3 million and purchases from third parties for € 2.1 million.

10. Non-financial assets and business combinations

IMPAIRMENT TEST

As a result of the global outbreak of the Corona virus, Kinepolis was confronted in 2021 and 2022 with alternating periods of closure and opening of cinemas, often with restrictions, with this differing from country to country. Due to the closure of almost all cinemas until the end of May / beginning of June 2021, the majority of the Group's turnover was lost for several months. Even after reopening as of May / beginning of June 2021, there were still measures in place in most countries with regard to capacity restrictions, distancing rules and access restrictions, such as having a Covid passport. In December 2021, the cinemas had to close again in Belgium and the Netherlands. This had a serious impact on the Group's financial results in 2021.

In 2022, we saw a promising recovery in cinema attendance, especially since Covid measures were still in place in most countries in the first months of the year and Dutch cinemas, as well as part of Canadian cinemas, remained closed until the end of January 2022. Nevertheless, attendance recovered to 72.7% of 2019 attendance levels, an increase of 70.7% compared to 2021 attendance. For 2023, we expect a substantial increase in visitors compared to 2022. Moreover, with 72.7% of the 2019 visitor level, 90.6% of the 2019 revenue level was achieved, indicating an increase in revenue per visitor. We expect to maintain at least the 2022 level of revenue per visitor in the coming years. The visitor recovery was driven in part by particularly successful blockbusters such as 'Top Gun: Maverick' and 'Avatar: The Way of Water' but on the other hand was hindered by the still rather limited number of Hollywood releases compared to the pre-pandemic offering. More releases are expected for 2023 than in 2022, which will provide more visitors. A normal volume of releases is expected back as of 2024-2025. In addition, the recovery of visitors in 2022 was also driven by the Group's expansion. A greater spread of blockbusters (and postponement of titles announced for 2022) as well as a slowdown in production were at the root of a less well-filled international film calendar. The studios' renewed focus on the cinema model will complete the offering again for the coming years.

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

Kinepolis currently sees no reason to expect the business model to be affected in the longer term, this also thanks to all the measures taken, and consequently still considers the impact of the Covid-19 pandemic to be a short-term impact that does not change the underlying parameters of its business model.

At the end of 2022, as every year, a review was performed to identify any indications of a possible impairment of non-financial assets. Management monitors the impairment tests, as always, at country level. This is also the level at which the organisation is monitored for internal control purposes. As in every year, the economic situation, geo-political changes, inflation and costs increases, as well as the expected evolution of visitor numbers, EBITDA, free cash flow and the components that determine the Group's weighted average cost of capital, i.e. the risk-free interest rate, the market risk premium and the cost of debt, were taken into account in this regard.

An annual impairment test must always be performed for cash-generating units to which goodwill is allocated, and for intangible assets with an indefinite useful life, regardless of whether there are indications of impairment. With respect to the carrying amount of intangible assets with indefinite useful life allocated to the cash-generating unit 'Canada', we refer to note 9.

Each year, the data from the budget for the next year is taken as the basis for the next 20 years for all cash-generating units. The latest estimates for 2023 were taken as the basis for the impairment test, and the budget has the following characteristics:

- The visitor numbers, which are the most important driver, are normally based on a lower number of visitors (-5% visitors compared to the 2022 budget). In principle, this exercise is carried out annually, with the aim of making the Company look for measures to increase profitability, and thereby lower the break-even point. The Company does not assume that visitor numbers will decrease by 5% but, by working with this visitor evolution, the operational entities of the Group are forced to think about how they can increase the contribution per visitor and the total, in order to compensate for the difference in visitors.

A substantial increase in visitor numbers was assumed for 2023 compared to 2022 but with a more cautious approach for the United States (10% less increase for 2023 versus the other countries). This more cautious assumption regarding attendance is assumed due to the fact that MJR Digital Cinemas in the United States was not acquired until the end of 2019 and the integration into the Group was delayed due to the Covid-19 pandemic. As a result, the roll-out of the Kinepolis way of working on the acquired assets and the resulting positive financial impact will only be able to take place in full over the next few years.

- All the other drivers are also based on the budget for the coming year, which also includes all improvements and optimisations as included in the 'Entrepreneurship 2022' plan and successfully implemented in 2022.
- The EBITDA grows by 1% annually, and is applied to all countries and for each cash-generating unit, which is a conservative approach as with an equal percentage increase in sales and costs, the EBITDA margin increases.
- The assumptions regarding replacement investments are based on historical ratios, adjusted for changes in the life and replacement cycle of the underlying equipment and are differentiated depending on whether they refer to buildings that are owned or leased. The amounts are determined on the basis of the group guidelines, which must be followed by all countries.

In the markets where Kinepolis operates, we are facing inflation which is expected to decrease again by the end of 2023. However, due to the specific business model of cinema operation, which, with regard to Box Office revenue, is based on a 'shared revenue model', we can state that only a limited part of our income statement is impacted by inflation. The 'shared revenue model' means that for each ticket sold, a certain percentage is ceded to the film distributor in accordance with specific agreements. Approximately only 45% to 50% of our cost structure is subject to inflation. In addition, the Group's unique real estate position provides additional protection compared to other players in our sector who often operate from leased buildings where inflation has a significant impact on the rental cost.

In Europe and the United States, Kinepolis owns the majority of the complexes and receives approximately 70% to 75% of its visitors in owned complexes, so that we are not affected by any impact of inflation on rental costs in our income statement. For the limited number of leased complexes, the Group is subject to inflation in terms of rental cost. Our approach is to follow the market and take inflation compensation measures towards the customer. This takes place across all product lines, increasing our operating margin in percentage terms.

In Canada, almost all complexes are leased by the Group. However, the leases contain long-term rent increases that were fixed at the initial conclusion of these contracts, but whose predefined increases are well below the level of current inflation. We believe that, despite inflation, the predetermined margins and EBITDA will be preserved.

As a result of the impairment tests that were performed, no impairment was identified. For the United States a limited headroom was identified. A more prudent approach, compared to the other cash-generating units, was assumed for 2023 (10% less increase for 2023 versus the other countries), for 2024 we expect a further increase in order to return in 2025 to the level of the pre-Covid visitor number of 2019. The test result for the United States is positive for an amount of USD 27.8 million.

The cash flows of the Group are generated per country:

- The programming of films and negotiations with distributors takes place at country level;
- The management structures are organised at country level;
- The tickets are sold through the websites, which are organised at country level;
- The pricing of tickets, drinks and snacks is set at country level;
- The film rental is negotiated at country level;
- Marketing contributions by distributors are negotiated on a country-by-country basis;
- Screen advertising is managed at country level;
- Vouchers are sold via the business-to-business sales teams per country. Customers use their vouchers through the central back office systems at country level;
- The business-to-business events are organised at complex and country level.

The value in use was taken into consideration when carrying out the impairment tests. The value in use was determined for all cash-generating units by discounting the future cash flows calculated over the period from 2023 to 2042, based on the 2023 budget. However, due to the impact of IFRS 16, which applies as of 2019, the definition of future cash flows has been changed, and the starting point for determining future cash flows has been EBITDA which, due to the impact of the implementation of IFRS 16, no longer includes lease payments for leased complexes, among other things. This increases the value in use of the tested assets. To compensate for this, the lease liability arising from these payments under IFRS 16 was deducted from the value in use in the impairment calculations. The future cash flows are calculated over a period of 20 years, as the Group owns a large part of its real estate and is therefore assured of long-term exploitation.

The calculation of the lease liability must be based on the remaining lease term, including any extensions. In the case of the calculation of the lease liability starting from a term different to the assumed 20 years, the calculation of the lease liability was adjusted to 20 years.

The impact of IFRS 16 was also taken into account in determining the carrying amount of the non-financial fixed assets or the carrying amount of the cash-generating units, with the right-of-use assets and the lease liabilities being part of the carrying amount. A terminal value after 20 years is not taken into account, in exchange for this, the net book value of the country is not included in the test.

The projections are performed in the functional currency of the relevant country and discounted at the proposed weighted average cost of capital of the countries. The implementation of IFRS 16 required a more diversified approach to the proposed weighted average cost of capital at country level as, from 2019, the debt will also include the lease liabilities of the country, and future cash flows will be discounted at the weighted average cost of capital, while right-of-use assets are calculated on the basis of a discount rate. In order to align this, the country-specific debt / equity ratio was taken into account when calculating the weighted average cost of capital at country level, with the debt capital also including the lease liability of the country.

The calculation of impairment tests also took into account the impact of changes in the underlying components of the proposed weighted average cost of capital. By updating the underlying parameters, we see an increase in the weighted average cost of capital in almost all countries. This is caused, on the one hand, by an increase in the risk-free interest rate in all countries and, on the other hand, by a higher proposed cost of debt.

The proposed weighted average cost of capital is 8.36% for Belgium, 7.94% for France, 5.80% for Canada, 7.61% for Spain, 7.81% for the Netherlands, 7.51% for the United States, 8.02% for Luxembourg, 8.31% for Switzerland and 7.07% for Poland (2021: 7.13% for Belgium, 6.83% for France, 4.94% for Canada, 6.43% for Spain, 6.88% for the Netherlands, 6.38% for the United States, 6.89% for Luxembourg, 7.28% for Switzerland and 7.77% for Poland) and was determined on the basis of the following theoretical parameters:

	2021						2022					
	RISK-FREE INTEREST RATE	MARKET RISK PREMIUM	BETA	PROPOSED COST OF DEBT (1)	COST OF OWN EQUITY	DEBT CAPITAL / EQUITY	RISK-FREE INTEREST RATE	MARKET RISK PREMIUM	BETA	PROPOSED COST OF DEBT (1)	COST OF OWN EQUITY	DEBT CAPITAL / EQUITY
Belgium	0.80%	6.84%	1.19	2.62%	8.95%	26.06%	2.94%	6.44%	1.24	4.03%	10.95%	32.68%
France	0.80%	6.84%	1.19	2.62%	8.95%	30.20%	2.88%	6.44%	1.24	4.03%	10.89%	37.49%
Canada	1.35%	6.84%	1.19	2.62%	9.51%	60.46%	3.89%	6.44%	1.24	4.03%	11.90%	68.70%
Spain	0.80%	6.84%	1.19	2.62%	8.95%	36.10%	3.45%	6.44%	1.24	4.03%	11.46%	45.64%
The Netherlands	0.80%	6.84%	1.19	2.62%	8.95%	29.75%	2.61%	6.44%	1.24	4.03%	10.62%	36.79%
United States	1.42%	6.84%	1.19	2.62%	9.58%	41.89%	3.57%	6.44%	1.24	5.19%	11.58%	52.65%
Luxembourg	0.80%	6.84%	1.19	2.62%	8.95%	29.50%	2.94%	6.44%	1.24	4.03%	10.95%	36.97%
Switzerland	0.80%	6.84%	1.19	2.62%	8.95%	25.04%	2.52%	6.44%	1.24	4.03%	10.53%	31.49%
Poland	1.50%	6.84%	1.19	2.62%	9.66%	25.04%	7.95%	6.44%	1.24	4.03%	15.96%	70.00%

(1) Before tax.

The debt to equity ratio is differentiated by country due to the impact of lease liabilities under IFRS 16 at country level. For Poland, a higher ratio of debt to equity was taken into account compared to the other countries because Kinepolis' activities in Poland are considered real estate operations. Equity is based on the enterprise value of the Company, and not on the consolidated equity.

The parameters for the weighted average cost of the capital are tested annually on the basis of the assumptions used by the analysts who follow the Group's share, while also taking into account the specific circumstances of each country. As a more conservative approach for 2022, for risk-free rate, the country-specific risk-free rate was assumed to be higher than the analysts' average in each case, with the result that the calculated cost of equity for 2022 gives a more differentiated result at the country level compared to the calculated cost of equity for 2021. For market risk premium, beta and predetermined cost of debt, the average used by analysts was assumed. Except for the United States where an additional margin was added in the calculation of the assumed cost of debt. This extra margin was added because of the higher risk-free interest rate.

The weighted average cost of capital before tax is 8.69% for Belgium, 8.32% for France, 6.50% for Canada, 8.07% for Spain, 8.20% for the Netherlands, 8.22% for the United States, 8.39% for Luxembourg, 8.48% for Switzerland and 7.61% for Poland (2021: 7.30% for Belgium, 7.04% for France, 5.34% for Canada, 6.67% for Spain, 7.07% for the Netherlands, 6.66% for the United States, 7.09% for Luxembourg, 7.37% for Switzerland and 7.90% for Poland). These percentages before taxes do not deviate substantially from the iterative calculation.

Management believes that the assumptions used in the impairment tests provide the best estimates of future developments, and believes that no reasonably possible change in any of the key assumptions would lead to a carrying amount of the cash-generating units that would materially exceed their recoverable amount, with the exception of the United States where there is a limited headroom between both.

As every year, a sensitivity analysis was performed with regard to the weighted average cost of capital and attendance at limited margin. We conclude from this that with an increase in the weighted average cost of capital by 200 base points in all countries, no impairment occurs in any country except the United States, up to a possible impairment of USD 0.3 million. A decrease in the United States of more than 9% of the projected visitor numbers gives rise to a possible impairment.

GOODWILL

IN '000 €	2021	2022
BALANCE AT END OF PREVIOUS PERIOD	**163 148**	**169 498**
Acquisitions through business combinations		2 391
Effect of exchange rate fluctuations	6 350	2 980
BALANCE AT END OF CURRENT PERIOD	**169 498**	**174 870**

The acquisitions through business combinations are discussed elsewhere in this note (see Business combinations).

GOODWILL PER CASH-GENERATING UNIT

IN '000 €	2021	2022
Belgium	6 586	6 586
France	11 317	13 708
Canada	34 499	34 396
Spain	22 015	22 015
The Netherlands	34 057	34 057
United States	48 678	51 762
Luxembourg	5 844	5 844
Poland	6 502	6 502
BALANCE AT END OF CURRENT PERIOD	**169 498**	**174 870**

BUSINESS COMBINATIONS

ACQUISITIONS 2022

Acquisition of 'Amnéville'

As of 14 December 2022 Kinepolis Group is taking over a French cinema from the Pathé network in the east of France: the Gaumont cinema in Amnéville. Kinepolis acquires the operational management as well as the cinema property. The complex has 12 screens with a total of 2 462 seats and is located near Luxembourg and 20 minutes away from the Kinepolis complexes of Thionville and Saint-Julien-lès-Metz. The cinema has a 4DX screen and is located in a recreation area with many restaurants. In 2019 (pre-Covid), the cinema welcomed more than 410 000 visitors.

The transaction has an enterprise value of € 7.9 million. The inclusion of the cinema Amnéville in the consolidation scope of the Group as of 14 December 2022, the date on which the effective control was acquired, resulted in preliminary determined goodwill of € 2.4 million.

This goodwill originates from strengthening the position of Kinepolis in north-eastern France, synergy benefits and being able to offer the Kinepolis film experience to even more visitors. This acquisition fits perfectly into the expansion strategy of our Group.

As of 31 December 2022, the cinema Amnéville contributed € 0.3 million revenue, € 0.1 million EBITDA and € 0.1 million result to the consolidated results of the Group. If the control had been transferred on 1 January 2022, the cinema Amnéville would have contributed € 4.4 million revenue, € 1.3 million EBITDA and € 0.9 million result. The transaction expenses linked to this acquisition were € 0.8 million at 31 December 2022, and were recognised in the result as part of the administrative expenses.

NET IDENTIFIABLE ASSETS AND LIABILITIES

IN '000 €	2022
Property, plant and equipment	5 441
Inventories	26
TOTAL	**5 467**

Given the fact that the acquisition was only recent, as at 31 December 2022, the fair value of the net identifiable assets and liabilities was preliminary determined to calculate the goodwill arising from this acquisition. This analysis will be finetuned within a period of twelve months following the acquisition date.

GOODWILL CALCULATION AND RECONCILIATION WITH THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	2022
NET IDENTIFIABLE ASSETS AND LIABILITIES	5 467
GOODWILL	2 391
ACQUISITION OF SUBSIDIARIES, NET OF ACQUIRED CASH, IN THE STATEMENT OF CASH FLOW	**7 858**

ACQUISITIONS 2021
There were no new business combinations during 2021.

11. Property, plant and equipment

IN '000 €	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
Acquisition value	738 072	400 074	15 413	1 153 558
Depreciations and impairment losses	-344 215	-288 207		-632 422
NET CARRYING AMOUNT AT 31/12/2020	**393 857**	**111 867**	**15 413**	**521 136**
Acquisitions	1 696	7 013	6 697	15 406
Sales and disposals	-6	-32	-27	-65
Transfer to assets held for sale	-1 055			-1 055
Transfer to other categories	1 710	11 557	-13 322	-55
Depreciations and impairment losses	-26 173	-24 646	-4	-50 823
Effect of exchange rate fluctuations	10 553	2 815	175	13 543
Acquisition value	754 225	424 610	8 931	1 187 766
Depreciations and impairment losses	-373 643	-316 036		-689 679
NET CARRYING AMOUNT AT 31/12/2021	**380 581**	**108 574**	**8 931**	**498 087**
Acquisitions	3 777	19 588	2 008	25 373
Sales and disposals	-117	-41		-159
Acquisitions through business combinations	4 405	1 036		5 441
Transfer to other categories	7 290	938	-8 958	-729
Depreciations and impairment losses	-26 549	-24 139		-50 688
Effect of exchange rate fluctuations	4 653	502	32	5 187
Acquisition value	775 296	446 734	2 012	1 224 042
Depreciations and impairment losses	-401 254	-340 276		-741 530
NET CARRYING AMOUNT AT 31/12/2022	**374 041**	**106 458**	**2 012**	**482 512**

ACQUISITIONS
Acquisitions in 2022 include investments in France (€ 7.4 million), Canada (€ 5.7 million), the United States (€ 3.7 million), Belgium (€ 3.3 million), Spain (€ 2.9 million), the Netherlands (€ 1.6 million) and Luxembourg (€ 0.6 million).

The investments relate to the furnishing and finishing of the new cinema Amphithéâtre Metz (FR) and investments in the new leased cinemas La Cañada and Mataró (ES). Investments were also made in internal expansion particularly in the continued roll-out of premium cinema experiences such as the 'VIP Seats' in the United States and 'Premiere Seats' in Canada, energy-saving investments, new laser projectors, the renovation of the 'Pen Centre' cinema in St. Catharines (CA) and ICT developments. In addition, acquisitions also include maintenance investments.

SALES AND DISPOSALS
In May 2022, Kinepolis sold an unused part of land at the complex in Adrian (US).

ACQUISITIONS THROUGH BUSINESS COMBINATIONS
The acquisition of the operations and real estate of the cinema in Amnéville (FR) increased property, plant and equipment by € 5.4 million. For more information on business combinations, we refer to note 10.

IMPAIRMENT LOSSES
It was decided through 2022 that the leased cinema in West Kelowna Encore and the owned cinema in Winnipeg Towne (CA) will be permanently closed. Property, plant and equipment related to these complexes were impaired to fair value (less costs to sell) if lower than the remaining carrying amount. An impairment loss amounting to € 0.7 million was recorded.

TRANSFER TO OTHER CATEGORIES
With regard to the complex owned in Winnipeg Towne (CA), the assets included in land and buildings were transferred from Property, plant and equipment to Investment property for an amount of € 0.7 million. For more information we refer to note 12.

12. Investment property

IN '000 €	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	TOTAL
Acquisition value	23 847	479	24 326
Depreciations and impairment losses	-6 303	-466	-6 769
NET CARRYING AMOUNT AT 31/12/2020	**17 544**	**13**	**17 557**
Depreciations and impairment losses	-319	-2	-321
Effect of exchange rate fluctuations	170		170
Acquisition value	24 035	480	24 516
Depreciations and impairment losses	-6 640	-469	-7 110
NET CARRYING AMOUNT AT 31/12/2021	**17 395**	**11**	**17 406**
Acquisitions	3		3
Sales and disposals	-1 741		-1 741
Transfer from other categories	729		729
Depreciations and impairment losses	-429	-2	-431
Effect of exchange rate fluctuations	-89		-89
Acquisition value	22 832	471	23 303
Depreciations and impairment losses	-6 963	-462	-7 425
NET CARRYING AMOUNT AT 31/12/2022	**15 869**	**9**	**15 878**

As of 18 January 2007 the land, building, machinery and equipment in Poznań (PL) are no longer used for own operations, but leased to Cinema City, owned by the cinema group Cineworld, and to a number of smaller third parties. As required by IAS 40 (Investment property), the assets in question have been transferred to this category. The total carrying amount of the investment property in Poland is € 8.5 million (2021: € 8.9 million).

The plot in Valencia (ES) (€ 6.7 million) has been part of the investment property since 2015, as it is reserve capacity that is not necessary for the execution of the business and can be redeveloped.

SALES AND DISPOSALS

During 2022 the land in Weyburn and the complex in Fort McMurray, both situated in Canada, were sold. A capital gain was realised for the sale of the complex in Fort McMurray. For more information we refer to note 4.

TRANSFER FROM OTHER CATEGORIES

The assets included in land and buildings of the complex in Winnipeg Towne (CA) were transferred in 2022 from Property, plant and equipment to Investment property for an amount of € 0.7 million as these are held to realise an increase in value. The carrying amount per 31 December 2022 amounts to € 0.7 million. For more information, we refer to note 11.

RENTAL INCOME

Rental income from investment property was € 1.1 million (2021: € 1.0 million). Rental income in 2022 and 2021 are subject to the consequences of the Covid-19 pandemic. Moreover, there is a legal obligation in Poland whereby concessions do not have to pay rent during the period of full closure. The direct operating charges (including repairs and maintenance) ensuing from investment property were € 0.5 million (2021: € 0.4 million).

FAIR VALUE

The fair value of the investment property is measured periodically by independent experts.

The external experts possess the required recognised professional qualifications and experience in appraising real estate at the locations and in the categories concerned.

The fair value of the investment property was € 48.2 million (2021: € 38.4 million).

The fair value of the investment property is recognised as a level 3 fair value based on the unobservable inputs that were used for the measurement. The market approach is used for the measurement of the fair value of the land and buildings. The independent experts base the price per square meter on their knowledge of the market and information on market transactions relating to comparable assets. The size, characteristics, location and layout of the land and buildings and the destination of the area in which they are situated have also been taken into account. When determining the fair value of the buildings, their accessibility and the visibility from the street are also taken into account. The fair value of the other assets that are part of investment property is measured on the basis of the cost approach, in which the current replacement value of the assets is adjusted to account for physical, functional and economic obsolescence.

13. Deferred taxes

IN '000 €	2021	2022
Deferred tax assets	23 812	21 142
Deferred tax liabilities	12 158	11 133

The decrease in net deferred tax assets and liabilities is mainly related to a decrease in deferred taxes on tax losses carried forward and a decrease in the temporary difference on goodwill due to tax-accepted amortisations, partially offset by the movement in deferred taxes on intangible assets, property, plant and equipment and IFRS 16.

TAX LOSSES CARRIED FORWARD AND UNUSED TAX CREDITS

For tax losses carried forward and unused tax credits amounting to € 11.4 million (2021: € 11.7 million) no deferred tax asset was recognised in the balance sheet as, based on our budgets and estimates, it seems unlikely that sufficient taxable profits will be available in the foreseeable future to be able to benefit from the tax benefit.

For tax losses carried forward and unused tax credits amounting to € 123.2 million (2021: € 136.7 million) a deferred tax asset was recognised in the balance sheet. In Belgium, France and Canada, there is a decrease due to the offsetting of the current year's tax profits with tax losses carried forward. In the United States, there is an increase of € 6.8 million, due to an increase of € 3.7 million in tax losses and tax credits throughout 2022, enforced by the effect of exchange rate fluctuations of € 3.1 million.

The Group bases itself on the assumptions used for the annual impairment test. We refer to note 10 for the relevant assumptions. These assumptions and estimates of the impairment test are further extended to future expected taxable profits in order to further analyse the recoverability of the losses. After an extensive analysis, it is considered probable for these losses that sufficient taxable profit will be available in the future.

The tax losses carried forward are indefinite in Belgium, France, the Netherlands, Luxembourg and the United States. In Canada, tax losses carried forward can be carried forward for 20 years.

The tax losses carried forward and unused tax credits can be allocated as follows:

IN '000 €	2021			2022		
	TOTAL	LOSSES FOR WHICH A DEFERRED TAX ASSET IS RECOGNISED	LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED	TOTAL	LOSSES FOR WHICH A DEFERRED TAX ASSET IS RECOGNISED	LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED
Belgium	49 697	41 234	8 463	33 453	25 066	8 387
France	2 010	2 010		1 847	1 847	
Canada	42 076	42 076		37 957	37 957	
The Netherlands	560	560		672	672	
United States	50 843	50 843		57 615	57 615	
Luxembourg	2 836		2 836	2 702		2 702
Poland	435		435	319		319
TOTAL	**148 458**	**136 723**	**11 735**	**134 566**	**123 157**	**11 408**

DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities recognised in the statement of financial position can be attributed as follows:

IN '000 €	2021			2022		
	ASSETS	LIABILITIES	DIFFERENCE	ASSETS	LIABILITIES	DIFFERENCE
Intangible assets and property, plant and equipment	717	-35 171	-34 454	1 108	-33 276	-32 169
Goodwill	1 557		1 557	456		456
Right-of-use assets		-87 345	-87 345		-82 408	-82 408
Receivable CNC grants	172		172	134		134
Trade and other receivables	5		5	18		18
Provisions		-137	-137		-140	-140
Deferred CNC grants	669	-254	415	556	-216	340
Provisions for employee benefits	373		373	191		191
Derivative financial instruments through equity	7		7		-87	-87
Lease liabilities	96 375		96 375	92 037		92 037
Trade and other payables	125	-77	48	316		316
Tax losses carried forward and unused tax credits	34 636		34 636	31 321		31 321
TOTAL	**134 638**	**-122 985**	**11 654**	**126 138**	**-116 128**	**10 010**
Tax offsetting	-110 826	110 826		-104 995	104 995	
NET DEFERRED TAX ASSETS AND LIABILITIES	**23 812**	**-12 158**	**11 654**	**21 142**	**-11 133**	**10 010**

CHANGES IN DEFERRED TAX BALANCES DURING THE YEAR

IN '000 €	2020	RECOGNISED IN INCOME STATEMENT	EFFECT OF EXCHANGE RATE FLUCTUATIONS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	2021	RECOGNISED IN INCOME STATEMENT	EFFECT OF EXCHANGE RATE FLUCTUATIONS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	2022
Intangible assets and property, plant and equipment	-35 943	3 028	-1 539		-34 454	2 836	-551		-32 169
Goodwill	2 479	-1 080	159		1 557	-1 214	112		456
Right-of-use assets	-89 945	8 006	-5 407		-87 345	5 788	-851		-82 408
Receivable CNC grants	205	-33			172	-39			134
Trade and other receivables	3	2			5	12			18
Provisions	-134	-3			-137	-3			-140
Deferred CNC grants	514	-99			415	-75			340
Provisions for employee benefits	249	235		-110	373	20		-202	191
Derivative financial instruments through equity	22			-15	7			-94	-87
Lease liabilities	97 575	-7 154	5 954		96 375	-5 182	844		92 037
Trade and other payables	464	-414	-2		48	268			316
Investments in subsidiaries		1 614		-1 614					
Tax losses carried forward and unused tax credits	26 183	6 850	1 603		34 636	-4 131	816		31 321
TOTAL	**1 671**	**10 953**	**768**	**-1 738**	**11 654**	**-1 718**	**370**	**-296**	**10 010**

The effect of exchange rate fluctuations in 2022 relate to deferred taxes in Canada (€ 0.0 million – 2021: € 0.3 million) and the United States (€ 0.4 million – 2021: € 0.4 million).

In 2021, due to a negative result before tax, the tax effect on the exchange rate results, relating to the non-current borrowings in US Dollar from Kinepolis Group NV to Kinepolis US INC, is recognised as a deferred tax, in line with the deferred tax on the loss carried forward.

14. Inventories

IN '000 €	2021	2022
3D glasses	369	455
Goods purchased for resale in cinemas	3 158	4 729
Components inventory, technical department	1 211	2 215
Others	242	289
TOTAL	**4 980**	**7 688**

The cost of sales of inventories recognised in the income statement was € 37.3 million (2021: € 19.8 million).

15. Trade and other receivables

OTHER NON-CURRENT RECEIVABLES

IN '000 €	2021	2022
Cash guarantees	1 003	1 243
CNC grants	5 057	3 533
Other receivables	292	120
TOTAL	**6 352**	**4 896**

The non-current grants mainly relate to the sector-related grants that can be obtained in France from the CNC, based on the number of visitors. During 2022 € 1.7 million was transferred from other non-current receivables to other current receivables. We refer to note 4 for more information.

TRADE AND OTHER CURRENT RECEIVABLES

IN '000 €	2021	2022
Trade receivables	20 281	28 928
Tax receivables, other than income taxes	2 709	2 458
Deferred charges and accrued income	5 328	5 615
Tax shelter receivables	88	88
Tax shelter investments	304	304
Grants receivable related to the Covid-19 pandemic	4 521	1 400
CNC grants	29	1 707
Other receivables	494	549
TOTAL	**33 754**	**41 050**

Trade receivables increased by € 8.6 million or 42.6% which is mainly related to increased activity in 2022 compared to 2021. At the end of 2021, Covid-19 measures were applicable again, including mandatory closures of complexes in Belgium, the Netherlands and Canada.

Tax receivables, other than income taxes, have decreased by € 0.3 million, mainly due to a decrease in recoverable VAT and other local taxes.

Deferred charges and accrued income increased by € 0.3 million, mainly due to an increase in prepaid rent compared to 2021.

The tax shelter receivables concern the loans made to third parties to finance and support film production in Belgium. The tax shelter investments concern the film rights the Group acquires as part of tax shelter transactions.

Grants receivable related to the Covid-19 pandemic amount to € 1.4 million (2021: € 4.5 million). The main part of the grants were received throughout 2022. The amount outstanding per 31 December 2022 mainly includes grants related to personnel costs, allowances to receive related to the aid for fixed costs and other allowances as a result of the Covid-19 pandemic. There are conditions attached to these receivables, which were met on the balance sheet date, and therefore the receivables were recognised.

The increase in the current portion of the French sector-related grants (CNC) is explained by a transfer through 2022 from other non-current receivables to other current receivables for an amount of € 1.7 million.

The other receivables include capital grants in Spain for € 0.4 million (2021: € 0.0 million). Further, there is a decrease of € 0.3 million on miscellaneous other receivables.

AGEING OF THE TRADE AND OTHER NON-CURRENT AND CURRENT RECEIVABLES

IN '000 €	2021			2022		
	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Not yet due on reporting date	33 240		33 240	39 084	-9	39 075
Less than 30 days past due	2 923	-26	2 897	3 722	-41	3 681
Between 31 and 120 days past due	2 482	-491	1 991	1 713	-570	1 143
Between 120 days and 1 year past due	1 314	-978	336	1 472	-840	633
Over 1 year past due	3 050	-1 408	1 642	3 098	-1 685	1 414
TOTAL	**43 009**	**-2 903**	**40 106**	**49 089**	**-3 143**	**45 946**

MOVEMENT OF IMPAIRMENTS ON TRADE RECEIVABLES

IN '000 €	2021	2022
BALANCE AT END OF PREVIOUS PERIOD	-4 307	-2 903
Recognised impairments	-2 077	-2 210
Used impairments	467	26
Reversed impairments	3 036	1 935
Effect of exchange rate fluctuations	-22	10
BALANCE AT END OF CURRENT PERIOD	**-2 903**	**-3 143**

In 2022, impairments on trade receivables increased by € 0.2 million. The increase is mainly explained by an additional impairment, in line with the financial policy of the Group, partially offset by the further reversal of impairments on trade receivables with regard to leased concessions due to the Covid-19 pandemic.

During 2021 the impairments on the trade receivables decreased by € 1.4 million. The decrease was mainly explained by a decrease of the impairment on trade receivables with regard to leased concessions. In 2021, the Group was able to largely reverse the impairments set up in 2020 with regard to leased concessions as a result of the Covid-19 pandemic.

For the impact of the final settlement of the outstanding trade receivables, we refer to note 4.

The value for losses is determined in accordance with IFRS 9. We refer to note 26 for more information.

There is no ageing problem for the financial assets other than trade receivables.

16. Cash and cash equivalents

IN '000 €	2021	2022
Cash at bank and in hand	75 295	67 751
TOTAL	**75 295**	**67 751**
Bank overdrafts used for the statement of cash flow	-12	
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOW	**75 283**	**67 751**

There are no significant unavailable cash and cash equivalents.

17. Assets classified as held for sale

IN '000 €	2021	2022
BALANCE AT END OF PREVIOUS PERIOD	0	0
Transfer from / to assets held for sale	1 055	
Sales and disposals	-1 055	
BALANCE AT END OF CURRENT PERIOD	**0**	**0**

Kinepolis decided to close six Canadian cinemas in 2021, each with only one or two screens, as the maintenance investments required were disproportionate to the contribution of these cinemas to the turnover development of the Group. Specifically, it concerns two leased Landmark cinemas, Dawson Creek (BC) and Airdrie (Alberta), and four owned Landmark cinemas, namely Yorkton (Saskatchewan), Selkirk (Manitoba) and the two cinemas located in the Yukon province.

With regard to the owned complexes, the assets included in land and buildings were subsequently transferred from Property, plant and equipment to Assets held for sale for an amount of € 1.1 million. The owned cinemas were all sold at the end of the summer 2021.

At 31 December 2022, there are no assets classified as held for sale.

18. Equity

The various components of equity, as well as the changes between 31 December 2022 and 31 December 2021, are set out in the consolidated statement of changes in equity.

SHARE CAPITAL

The share capital of the Company at 31 December 2022 was € 19.0 million (2021: € 19.0 million), represented by 27 365 197 ordinary shares without nominal value (2021: 27 365 197 shares). All shares are paid up in full. The share premium at 31 December 2022 was € 1.2 million (2021: € 1.2 million). The ordinary shares are entitled to a dividend, and the holders of these shares are entitled to cast one vote at the shareholder meetings of the Company.

TREASURY SHARES RESERVE

The Extraordinary General Meeting of 11 May 2016 authorised the Board of Directors to buy back 410 958 treasury shares to cover the new options to be issued. Under the 2016 Share Option Plan, the Board of Directors decided on 22 December 2017 to buy back up to 360 000 treasury shares through the grant of a discretionary mandate to an agent, either on the stock exchange or outside of it, between 15 January 2018 and 30 September 2018, whereby block trades can be considered as well during open periods. The share buyback program, which started on 15 January 2018, was terminated on Tuesday, 12 June 2018. As part of the discontinued share buyback program, Kinepolis Group has bought back 360 000 shares for an amount of € 20 302 894.

In 2022, 25 156 treasury shares were sold due to exercise of options for € 1.0 million (2021: 58 299 shares – € 2.4 million). Furthermore, no shares were cancelled in 2022 (2021: 0 shares – € 0.0 million). The total number of treasury shares on 31 December 2022 amounts to 397 396 (2021: 422 552). The majority of these shares will be used for the 2016 option plan.

HEDGING RESERVE

The hedging reserve contains the effective portion of the cumulative net change in the fair value of the cash flow hedges for which the hedged future transaction has not yet occurred.

TRANSLATION RESERVE

The translation reserve includes on the one hand all exchange rate differences resulting from the translation of the annual accounts of foreign entities in foreign currencies and on the other hand exchange rate differences of the translation of intra-group non-current borrowings in foreign currencies.

The movement in 2022 is mainly due to the exchange rate fluctuation of the American Dollar against the Euro.

In addition, some non-current borrowings with Switzerland, Poland, Canada and the United States are considered as a net investment hedge for the participating interest in the same subsidiaries. Consequently, the translation differences on these borrowings were included in equity under the other comprehensive income. For more information we refer to note 26.

SHARE-BASED PAYMENTS RESERVE

On 31 December 2022 a total of 306 313 options were allocated (2021: 361 469). These shares entitle their holders to one share per option. For more information we refer to note 20. The options will expire 8 years after the date of approval of the Plan by the General Meeting, which is 11 May 2024.

DIVIDENDS TO THE SHAREHOLDERS

On 13 February 2023, a gross dividend of € 26 cents per share entitled to dividend was proposed for the 2022 financial year. Based on the number of shares entitled to dividend at the date of publication of this annual report, this means a gross dividend of € 7.0 million. This dividend has not yet been approved by the Company's General Meeting of Shareholders, and is therefore not yet recognised in the consolidated financial statements.

In view of the result and the impact of the Covid-19 virus on the business operations, it was decided not to distribute a dividend for the 2021 financial year.

NON-CONTROLLING INTERESTS

The participation of Kinepolis Group in Landmark Cinemas Holding LTD and Landmark Cinemas Canada LP increased in 2021 from 99.02% to 99.30% due to the acquisition of non-controlling interests, without changes in control. Throughout 2022, there were no changes.

19. Result per share

BASIC RESULT PER SHARE
The calculation of the result per share is based on the result of € 27.5 million, attributable to the ordinary shareholders (2021: € -25.4 million), and on a weighted average of the number of ordinary shares, outstanding during the financial year, of 26 965 643 (2021: 26 900 080).

DILUTED RESULT PER SHARE
The calculation of the diluted result per share is based on the result of € 27.5 million attributable to the ordinary shareholders (2021: € -25.4 million), and on a weighted average of the number of diluted ordinary shares, outstanding during the financial year, of 27 268 287 (2021: 27 186 753).

IN '000 (unless indicated otherwise)	2021	2022
RESULT ATTRIBUTABLE TO OWNERS OF THE COMPANY	-25 399	27 547
Weighted average number of ordinary shares	26 900	26 966
Effect of options	287	303
Weighted average number of diluted shares	27 187	27 268
BASIC RESULT PER SHARE (IN €)	-0.94	1.02
DILUTED RESULT PER SHARE (IN €)	-0.93	1.01

20. Share-based payments

SHARE OPTION PLAN

The General Meeting approved a share option plan on 11 May 2016. 543 304 options can be allocated under this share option plan.

It was decided to set the exercise price at the average closing price of the Kinepolis Group share over 30 days preceding the offer. The options will expire 8 years after the date of the approval of the Plan by the General Meeting.

This share option plan was offered to the Chairman of the Board of Directors, Executive Management and eligible management staff of the Company or its subsidiaries on 29 December 2016.

As at 28 February 2017, a total of 396 500 options were allocated. On 31 December 2017, a total of 23 500 options were offered to the executive management of Landmark Cinemas. These were granted in full on 5 January 2018. Throughout 2019, 21 000 options were granted. Throughout 2022, no options were granted (2021: 0), 25 156 options were exercised (2021: 58 299) and 30 000 options were forfeited (2021: 0).

The fair value of these share-based payments was estimated when these options were allocated. The Black-Scholes model is used for this.

The expected volatility is based on the historic volatility calculated on the basis of five years.

For more information we refer to note 5.

AMOUNTS IN € (unless indicated otherwise)	12/2016 (1)	12/2017	04/2019	10/2019
Fair value of allocated options	7.30 / 9.71	12.91	8.87	9.98
Share price at grant date	44.19 / 48.29	57.30	51.30	57.80
Exercise price	41.55	48.25	49.75	53.40
Expected volatility	23.43% / 23.53%	25.45%	26.41%	24.81%
Original expected term (in years)	8	7	6	5
Expected dividend growth	7.86%	7.86%	8.30%	8.30%
Risk-free interest rate	-0.14%	0.01%	-0.179%	-0.443%

(1) Due to the evolution of the share price during the period of acceptance, two fair values were calculated for the allocated options, based on above listed parameters.

The options are exercisable for the first time during the first exercise period that falls in the fourth calendar year after the year in which the options were offered to the participants. The options only become unconditional once the other party has been employed for a certain period.

The options can be permanently acquired in tranches. For the options granted in 2017, the first tranche of 16.66% is acquired at the time of their granting. The other tranches of 16.66% per year during the five years after their grant date.

For the options granted in 2018, the first tranche of 20% is acquired at the time of their granting. The other tranches of 20% per year during the four years after their grant date. Concerning the options granted in 2019, the tranches are different between the grants in April and October. The first tranche of 16.66% / 25% is acquired at the time of their granting. The other tranches of 16.66% / 25% per year during five / three years after their grant date.

AMOUNTS IN € (unless indicated otherwise)	2021		2022	
	NUMBER OF OPTIONS	AVERAGE FAIR VALUE	NUMBER OF OPTIONS	AVERAGE FAIR VALUE
OUTSTANDING OPTIONS AT END OF PREVIOUS PERIOD	419 768		361 469	
Options allocated during the year				
Options exercised during the year	-58 299		-25 156	
Options forfeited during the year			-30 000	
OUTSTANDING OPTIONS AT END OF CURRENT PERIOD	**361 469**	**9.52**	**306 313**	**9.51**

21. Loans and borrowings

This note provides information on the Group's interest-bearing loans and borrowings. For further information on the contractual terms of these loans and borrowings and the Group's exposure to interest and foreign currency risks, we refer to note 26.

NON-CURRENT LOANS AND BORROWINGS

IN '000 €	2021	2022
Public bond	15 878	
Private placement of bonds	384 600	384 600
Loans and borrowings with credit institutions	80 000	80 000
Transaction costs refinancing	-1 984	-1 407
TOTAL	**478 494**	**463 193**

CURRENT LOANS AND BORROWINGS

IN '000 €	2021	2022
Public bond		15 878
Private placement of bonds	61 400	
Loans and borrowings with credit institutions	10 157	
Other loans		12 500
TOTAL	**71 557**	**28 378**

Kinepolis Group issued a € 75.0 million bond in March 2012, with maturity in March 2019. The bond was partially extended until June 2023 in June 2015. In March 2019, € 59.1 million was repaid. In 2022, the loan was transferred from non-current to current loans and borrowings. As of 31 December 2022 the outstanding debt is € 15.9 million. The loan will be repaid in June 2023.

In January 2015, the Group concluded a private placement of bonds with institutional investors for an amount of € 96.0 million. € 61.4 million was placed with a term of 7 years, € 34.6 million with a term of 10 years, both at a fixed interest rate. In January 2022, € 61.4 million was repaid.

In December 2017, the Group concluded a private placement of bonds with institutional investors for € 125.0 million. € 60.0 million was placed with a term of 8 years and € 65.0 million with a term of 10 years, both at a fixed interest rate.

In July 2019, the Group concluded a private placement of bonds with institutional investors for an amount of € 225.0 million. The full amount was placed with a term of 7.5 years and a fixed interest rate.

A credit agreement for a roll-over credit was concluded in 2012. This credit agreement was revised and extended in December 2019. In December 2021, the maturity date of the roll-over credit was extended from December 2024 to December 2026, by exercising the two available extension options. As of 31 December 2022, there is no outstanding draw on the roll-over credit (2021: € 0.0 million). This credit facility was extended in December 2015, following the Utopolis acquisition, with a 7-year term loan with annual repayments. In 2017, the credit facility was extended once again with a 5-year term loan with annual repayments. In December 2022 the outstanding position of € 10.2 million was repaid. On 31 December 2022, there is no outstanding balance anymore (2021: € 10.2 million). For more information we refer to note 26.

Throughout 2021 and 2020 the cinema industry and Kinepolis were badly hit by the Covid-19 pandemic, resulting in cinema closures, capacity restrictions and postponements of Hollywood blockbuster releases. In order to be prepared for possible longer delays before the full resumption of its activities, Kinepolis has taken out an additional loan with its main bankers on 8 January 2021 of € 80.0 million for a period of 3 years, at a variable interest rate and supported by a government guarantee. Given the volatility of the market throughout 2022, Kinepolis decided to hedge the variable interest rate to a fixed interest rate. For more information we refer to note 26.

At the end of 2022, the outstanding 'Commercial Paper' debt amounted to € 12.5 million (2021: € 0.0 million). This amount is part of Other loans.

The transaction costs are recognised in the result over the term of the financing. The amount not taken into the result is deducted from the interest-bearing loans, at the end of 2022 this amounts to € 1.4 million (2021: € 2.0 million). For more information we refer to note 7.

RECONCILIATION BETWEEN THE MOVEMENT OF THE FINANCIAL LIABILITIES AND THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	NOTE	FINANCIAL LIABILITIES		EQUITY			TOTAL
		LOANS AND BORROWINGS	LEASE LIABILITIES	TREASURY SHARES RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	
BALANCE AT 31/12/2021		**550 051**	**390 567**	**-21 497**	**118 604**	**-79**	**1 037 646**
Cash flow from financing activities							
Payment of lease liabilities incl. forgiveness of lessee's lease payments	*27*		-26 020				-26 020
Proceeds from loans and borrowings	*26*	12 500					12 500
Repayment of loans and borrowings	*26*	-71 557					-71 557
Interest paid	*7*	-16 382					-16 382
Capitalised interest expenses	*7*	53					53
Interest received	*7*	9					9
Paid interest related to lease liabilities	*27*		-10 369				-10 369
Sale of treasury shares	*18, 20*			480	565		1 045
NET CASH FLOW – USED IN / + FROM FINANCING ACTIVITIES		**-75 377**	**-36 389**	**480**	**565**		**-110 720**
Other adjustments							
Interest expenses	*7*	15 258					15 258
Refinancing costs	*7, 26*	577					577
Movement accrued interests	*26*	1 062					1 062
Movement lease liabilities	*27*		16 193				16 193
Total other adjustments		16 896	16 193				33 088
Total other equity adjustments					28 386	-12	28 373
BALANCE AT 31/12/2022		**491 571**	**370 371**	**-21 017**	**147 555**	**-91**	**988 387**

22. Employee benefits

The amounts on the balance sheet are determined as follows:

IN '000 €	2021	2022
Defined benefit plans	764	28
Other employee benefits	727	763
TOTAL	**1 491**	**791**

DEFINED BENEFIT PLANS

The pension plans held by the Group in Belgium are included under 'defined benefit plans'.

The Group has two pension plans in Belgium that are deemed to be pension plans with defined contributions by law. As Belgian law applies to all second pillar pension plans (so-called 'Vandenbroucke Law'), all Belgian plans with defined contributions are qualified under IFRS as a defined benefit plan. The 'Vandenbroucke Law' states that, in the context of the defined contribution plans, the employer must guarantee a minimum return of a percentage that is adjusted based on market returns, with a minimum of 1.75% and a maximum of 3.75%, which reduces the risk for the employer.

These minimum return requirements for the defined contribution plans in Belgium expose the employer to a financial risk (because there is a legal obligation to pay future contributions if the fund has insufficient assets to pay all the employee benefits related to the work performed by the employees in the current and past periods). As a consequence, these plans must be classified and recognised in the accounts as a defined benefit plan as under IAS 19.

The amounts for the pension plans held in Belgium are determined as follows as at 31 December:

IN '000 €	2021	2022
Liability from defined benefit plans	6 855	6 325
Fair value of fund investments	-6 090	-6 297
Net liability (asset) from defined benefit plans	764	28

Assets concern qualifying insurance policies and are not part of the Group's own financial instruments. The minimum return guarantee is currently 1.75%.

ACTUARIAL ASSUMPTIONS

The main actuarial assumptions are:

IN %	2021	2022
Weighted average discount rate	0.90%	3.70%
Expected inflation	1.75%	2.30%
Expected general pay rise	2.75%	3.30%

Life expectancy is based on the Belgian mortality table MR / FR, adjusted by -5 years.

TOTAL COMPREHENSIVE INCOME

For these pension plans, the following amounts are included in total comprehensive income:

IN '000 €	2021	2022
Included in the income statement		
Pension costs allocated to the year of service	-321	-246
Interest expenses	-6	-5
	-327	-251
Included in other comprehensive income		
Change to estimate of defined benefit rights	329	786
	329	786
TOTAL COMPREHENSIVE INCOME	**2**	**535**

The expected pension costs from defined benefit plans for 2023 amount to € 0.2 million, and primarily relate to allocated pension costs.

SENSITIVITY ANALYSIS

IN '000 €	31 DECEMBER 2022	
	INCREASE	DECREASE
Discount rate (1% movement)	27	-137
Future pay fluctuation (1% movement)	-9	7
Life expectancy (1% movement)	0	0

Its defined benefit plans expose the Group to a number of risks, the most important of which are explained below:

- *Changes to discount rate*: a reduction in the discount rate leads to an increase in the liabilities;
- *Salary risk*: the gross liabilities of most schemes are calculated on the basis of the future payments to the participants. As a consequence, a higher than expected salary rise will lead to higher liabilities;
- *Longevity risk*: pension plans provide participants benefits as long as they live, so an increase in life expectancy will result in an increase in plan liabilities.

OTHER EMPLOYEE BENEFITS

The Group has an obligation in France to pay a departure benefit to employees following their retirement. This compensation is also accounted for as a defined benefit plan.

ACTUARIAL ASSUMPTIONS

The main actuarial assumptions are:

IN %	2021	2022
Discount rate	0.90%	3.70%
Expected salary inflation	1.50%	1.50%

TOTAL COMPREHENSIVE INCOME

For this obligation, the following amounts are included in total comprehensive income:

IN '000 €	2021	2022
Included in the income statement		
Costs allocated to the year of service	-47	-50
Interest expenses	-5	-6
	-52	-57
Included in other comprehensive income		
Change in experience adjustments, financial and demographic assumptions	112	20
	112	20
TOTAL COMPREHENSIVE INCOME	60	36

The expected costs for this obligation for 2023 amount to € 0.0 million.

23. Provisions

The provisions mainly relate to site restoration and a number of disputes.

SITE RESTORATION

The lease of the Brussels (BE) cinema complex on the land owned by the City of Brussels has a definite term. The Company has a contractual obligation to restore the site to its original state.

At 31 December 2022, the provision for the demolition of the building and the restoration of the site to its original state was € 1.4 million (2021: € 1.4 million).

DISPUTES

At 31 December 2022, the provision for disputes was € 0.8 million (2021: € 0.9 million). These relate to disputes regarding employee matters and disputes from third parties for the purpose of obtaining compensations. When these provisions will be used or reversed depends on the outcome of the related legal disputes, and is therefore uncertain. The estimates and judgements that primarily impact the amount of the provisions are the estimated costs, the expected likelihood and the timing of the cash outflows. They are based on the most recent available information at the balance sheet date.

IN '000 €	2021	2022
BALANCE AT END OF PREVIOUS PERIOD	2 290	2 299
Additions of provisions	419	415
Unwinding of provisions	38	38
Use of provisions	-122	-358
Reversal of provisions	-349	-133
Effect of exchange rate fluctuations	23	5
BALANCE AT END OF CURRENT PERIOD	2 299	2 266
Balance at end of current period (non-current)	1 941	2 093
Balance at end of current period (current)	358	173
TOTAL	2 299	2 266

24. Trade and other payables

OTHER NON-CURRENT PAYABLES

IN '000 €	2021	2022
Deferred grants	4 663	4 293
Other payables	733	751
TOTAL	**5 396**	**5 044**

The other non-current payables primarily comprise the grants that can be claimed from the CNC in France based on the number of visitors. In Spain, Kinepolis received capital grants from the government in 2022 to finance investment projects for innovation, digitalisation and audio visual techniques, financed by the European Union (the so-called 'Next Generation EU'). Both grants, for an amount of € 4.3 million (2021: € 4.7 million, only France), are recognised as 'Other operating income' in line with the depreciation rate of the assets for which these grants were obtained. We refer to note 4 for more information. The category Other payables mainly includes guarantees received for € 0.8 million (2021: € 0.7 million).

TRADE AND OTHER CURRENT PAYABLES

IN '000 €	2021	2022
Trade payables	56 633	73 408
Gift vouchers	27 855	24 701
Payables related to remuneration and social security	14 625	14 642
Accrued charges and deferred income	6 692	6 960
Tax payables, other than income taxes	5 301	7 630
Other payables	437	391
TOTAL	**111 543**	**127 732**

Trade payables increased with € 16.8 million or 29.6% which is mainly related to increased activity in 2022 compared to 2021. At the end of 2021, Covid-19 measures were applicable again, including mandatory closures of complexes in Belgium, the Netherlands and Canada.

Payables related to remuneration and social security remain approximately the same. Per 31 December 2022, there is a strong decrease in liabilities related to social security. As a result of the Covid-19 pandemic, the Group obtained deferral of payment for social security in a number of countries. During 2022, the outstanding position has been largely repaid. The decrease on social security is offset by an increase in payables related to wages due to the resumption of operations in 2022.

On 31 December 2022, the accrued interest expenses with respect to the public and private bonds issued and loans and borrowings with credit institutions amounted to € 2.6 million (2021: € 3.8 million). The decrease is explained by the fact that a private placement of bonds and a term loan were fully repaid in 2022. For more information we refer to notes 21 and 26. There is no more accrued interest expense applicable related to these loans and borrowings as of 31 December 2022.

The deferred income amounts to € 4.2 million on 31 December 2022 (2021: € 2.8 million), mainly due to an increase in advance sales of cinema tickets.

There is an increase of € 2.3 million in tax payables, other than income taxes. The increase is explained, on the one hand, by increased activity in 2022, on the other, as per 31 December 2022, some assessment for local taxes, such as city taxes and property taxes, were not yet received making these outstanding at year-end. In 2021, these had already been received and paid. Additionally, in Belgium a deferral of payment was granted for withholding taxes for November and December 2022.

The current contractual obligation with regard to gift vouchers amounts to € 24.7 million at 31 December 2022 (2021: € 27.9 million). The evolution of the balance of the current obligation with regard to the gift vouchers depends on the evolution of the number of visitors and the period in which they can be used. The gift vouchers have an average duration to maturity of less than 12 months in Europe. In the United States, gift vouchers have a duration of five years, and gift vouchers have an unlimited duration in Canada. The expiry dates of gift vouchers have been extended in some countries due to the Covid-19 pandemic. In 2022 the expiry dates of gift vouchers were no longer extended.

CURRENT CONTRACTUAL OBLIGATION WITH REGARD TO THE GIFT VOUCHERS

IN '000 €	2021	2022
BALANCE AT END OF PREVIOUS PERIOD	20 775	27 855
Newly issued gift vouchers	25 370	47 881
Gift vouchers exercised or expired	-18 747	-51 164
Effect of exchange rate fluctuations	457	129
BALANCE AT END OF CURRENT PERIOD	**27 855**	**24 701**

25. Tax assets and liabilities

NON-CURRENT TAX ASSETS

IN '000 €	2021	2022
Non-current tax assets		1 653

In 2020, the Group was informed that it was going to receive a tax audit on the tax unit in Spain regarding corporate income taxes for the years 2015 and 2016. Throughout 2022, the authorities completed their audit work and the Group was informed that the Spanish authorities noticed disputes. As a result, Kinepolis had to pay an additional amount of € 1.7 million to the tax authorities in 2022.

The Group has filed objections to these disputes. Based on the conclusions of the Group's tax advisors, there are technical and factual arguments that justify that it is more than likely that the dispute will be annulled by the authorities. As a result, the amount paid is recognised as a Non-current tax asset on the balance sheet.

CURRENT TAX ASSETS AND LIABILITIES

IN '000 €	2021	2022
Current tax assets	1 418	6 810
Current tax liablities	884	2 960

Current tax assets amount to € 6.8 million (2021: € 1.4 million). At the end of 2022 there are current tax assets in Belgium (€ 5.2 million), Luxembourg (€ 1.2 million) and Spain (€ 0.4 million), due to prepayments which are higher than the taxes due.

Current tax liabilities increased from € 0.9 million to € 3.0 million in 2022. Current tax liabilities mainly consist of taxes payable in France (€ 1.4 million), the Netherlands (€ 1.0 million) and Belgium (€ 0.5 million), due to lower prepayments compared to the taxes due.

26. Risk management and financial instruments

RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT
The Group's principal financial instruments are bank loans, private and public bonds, lease liabilities and cash.

The Group has various other financial instruments, such as trade and other receivables and payables, which arise directly from its operations.

The Group also enters into derivative transactions, primarily interest rate forward contracts, interest rate swaps and forward exchange contracts. The purpose is to manage the interest rate and foreign currency risks arising from the Group's activities and its sources of financing.

The main risks arising from the Group's financial instruments are the interest rate risk, the liquidity risk, the foreign currency risk and the credit risk. It is Group's policy to negotiate the terms of the derivative financial instruments to match the terms of the hedged item, so as to maximise hedge effectiveness.

It is Group's policy not to allow the use of derivative financial instruments for speculative purposes.

The Board of Directors investigates and approves policies for managing each of these risks. These policies are summarised in this document. The accounting treatment of the derivative financial instruments is included in the accounting policies.

INTEREST RATE RISK
The Group's exposure to market risk arising from changes in interest rates primarily relates to the Group's current and non-current loans and borrowings.

Group policy is to manage interest rate expenses with a mixture of fixed and variable interest rate liabilities. To manage this mix in a cost-efficient manner, the Group can enter into certain transactions:

- Interest rate swaps and interest rate forward contracts in which the Group agrees to exchange, at specified intervals, the difference between the fixed and variable interest amounts, calculated by reference to a pre-agreed principal amount;
- Interest rate derivatives with fixed ceilings, hence limiting the impact of interest rate fluctuations.

The Group pursues a conservative financial policy and, since 2008, only uses derivative financial instruments to hedge the interest rate risk.

At the balance sheet date, the Group had only interest rate swap agreements outstanding, on which the Group receives a variable interest rate equal to EURIBOR and pays a fixed interest rate. These swaps are used to cover the variability in the cash flows of the underlying loans. These interest rate swaps are classified as cash flow hedges in accordance with IFRS 9 hedge accounting. Consequently, the portion of the profit or loss on the interest rate swap, which can be considered to be an effective hedge, is recognised directly in equity. The total of the changes in the fair value of the interest rate swaps recognised in equity gives rise to a € 0.4 million increase in equity before deferred taxes on 31 December 2022 (2021: € 0.1 million).

On 31 December 2022, taking into account the effect of interest rate swaps, 97.46% of the Group's loans and borrowings had been contracted at a fixed interest rate (2021: 84.74%).

INTEREST RATE RISK SENSITIVITY ANALYSIS
The interest-bearing loans and borrowings at the balance sheet date were € 493.0 million (2021: € 552.0 million). € 92.5 million or 18.8% of the interest-bearing loans and borrowings have a variable interest rate, without taking into account the effect of the interest rate swaps (2021: € 90.2 million or 16.3%).

Total interest expenses, excluding interest expenses attributed to the lease liabilities, charged to the income statement in 2022, amount to € 15.3 million (2021: € 15.5 million).

The loan of € 41.6 million with variable interest was fixed with an interest rate swap at the beginning of 2016. The balance of the loan was fully repaid in December 2022 (2021: € 5.9 million).

Given the volatility of the market through 2022, Kinepolis has decided to hedge the variable interest rate to a fixed interest rate for the loan of € 80.0 million.

FOREIGN CURRENCY RISK
The Group has a foreign currency risk on positions that derive from purchases or sales and from outstanding loans and borrowings with group companies in currencies other than the functional currency (Euro) (transactional risk). Group policy is focused to limit the cash impact of exchange rate fluctuations on the result as much as possible. Derivative instruments can be used at any time to hedge this risk.

34.4% (2021: 30.6%) of the sales of the group companies are denominated in currencies other than the functional currency, in particular the sales of Landmark Cinemas (Canada) in Canadian Dollar and the sales of MJR Digital Cinemas (United States) in US Dollar. Given the fact that the cash flows from these countries are reinvested in the countries concerned, there are no forward contracts to hedge the foreign currency risk of the operational cash flows from these countries. The purchases of the subsidiaries of the Group mainly concern the purchases of materials by the Group in US and Canadian Dollar. On 31 December 2022, the Group has no outstanding forward exchange contracts (2021: $ 0.0 million) with the intention of hedging this risk.

Loans between Kinepolis Financial Services NV or Kinepolis Group NV and other group companies are expressed in the currency of the latter. Exchange rate results regarding the non-current loans in Canadian Dollar, US Dollar, Swiss Franc and Polish Złoty from Kinepolis Financial Services NV to Kinepolis Canada LTD, Kinepolis Schweiz AG and Kinepolis Poznań Sp.z o.o, as well as from Kinepolis Group NV to Kinepolis US INC are recognised in other comprehensive income, as these loans are considered to be part of the Group's net investment in these foreign entities.

The following exchange rate results were recorded directly in equity, before taxes:

IN '000 €	2021	2022
Canadian Dollar	6 363	-392
US Dollar	6 454	5 771
Polish Złoty	24	-66
Swiss Franc	518	426
TOTAL	**13 359**	**5 738**

The Group is also exposed to a foreign currency risk due to the inclusion in the consolidation of foreign companies that do not have the Euro as their functional currency (Canada, United States, Switzerland and Poland). This translation risk is not hedged. Only the US and Canadian Dollar have a material effect.

The tables below state the possible exchange rate changes for the Canadian Dollar, US Dollar, Polish Złoty and Swiss Franc against the Euro, estimated on the basis of theoretical and actual volatility. The actual volatility has been determined based on the evolution of the rate over the past 5 years.

SENSITIVITY ANALYSIS FOR FOREIGN CURRENCY RISK

1 EURO CORRESPONDS TO:	CLOSING RATE 31/12/2022	AVERAGE RATE 2022	THEORETICAL VOLATILITY	POSSIBLE CLOSING RATE 31/12/2022	POSSIBLE AVERAGE RATE 2022
Canadian Dollar	1.4440	1.3695	10%	1.30 – 1.59	1.23 – 1.51
US Dollar	1.0666	1.0530	10%	0.96 – 1.17	0.95 – 1.16
Polish Złoty	4.6899	4.6861	10%	4.22 – 5.16	4.22 – 5.15
Swiss Franc	0.9847	1.0047	10%	0.89 – 1.08	0.90 – 1.11

If, at the balance sheet date, the Canadian Dollar, the US Dollar, the Polish Złoty and the Swiss Franc had strengthened / weakened as indicated above, and all other variables being constant, the result of 2022 would have been € 0.1 million lower or € 0.1 million higher, and equity would be € 17.3 million higher or € 14.1 million lower at the end of 2022. Only the Canadian Dollar and the US Dollar have a material impact in the above sensitivity analysis.

1 EURO CORRESPONDS TO:	CLOSING RATE 31/12/2022	AVERAGE RATE 2022	ACTUAL VOLATILITY	POSSIBLE CLOSING RATE 31/12/2022	POSSIBLE AVERAGE RATE 2022
Canadian Dollar	1.4440	1.3695	6.33%	1.35 – 1.54	1.28 – 1.46
US Dollar	1.0666	1.0530	7.87%	0.98 – 1.15	0.97 – 1.14
Polish Złoty	4.6899	4.6861	6.42%	4.39 – 4.99	4.39 – 4.99
Swiss Franc	0.9847	1.0047	7.55%	0.91 – 1.06	0.93 – 1.08

If, at the balance sheet date, the Canadian Dollar, the US Dollar, the Polish Złoty and the Swiss Franc had strengthened / weakened as indicated above, and all other variables being constant, the result of 2022 would have been € 0.1 million lower or € 0.1 million higher, and equity would be € 12.0 million higher or € 10.4 million lower at the end of 2022. Only the Canadian Dollar and the US Dollar have a material impact in the above sensitivity analysis.

CREDIT RISK

The credit risk with respect to trade receivables is the risk of financial loss to which the Group is exposed if a customer fails to meet the contractual obligations. Credit losses are recognised on the basis of a model based on 'expected credit losses' in line with IFRS 9 – Financial Instruments. The application of this model requires judgement by the Group, taking into account the impact of changes in economic factors on expected credit losses.

In accordance with IFRS 9, the loss allowances will be determined on the following basis:

- *The 12-month expected credit losses:* these are expected credit losses that result from possible default events that take place within 12 months after the end of the reporting date.
- *Expected credit losses over the full life cycle:* these are expected credit losses that result from possible default events over the expected life of a financial instrument.

Both historical and forward-looking information are taken into account.

The determination on the basis of expected credit losses over the full life cycle always applies to trade receivables and contractual assets without a significant financing component.

In order to assess the materiality of the provision for impairment losses, Kinepolis conducted an analysis over a five-year period (2018-2022). The Group recognised an average of 0.08% (2017-2021: 0.06%) compared to total revenue, which is considered to be immaterial. The majority of the activities of the Group are cash-based transactions. It is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the receivable balance is monitored on an ongoing basis. Based on the above analysis, the Group decided that the impact of the model based on expected credit losses over the full life cycle of Kinepolis Group is immaterial.

With regard to credit risk from the other financial assets of the Group, including cash and cash equivalents, financial assets measured at fair value through other comprehensive income and certain derivative financial instruments, the Group's exposure to credit risk consists of the counterparty default risk, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group. The Group has no customers that account for more than 10% of revenue.

LIQUIDITY RISK

The Group's goal is to ensure that there is sufficient financing for the long term. The financing need is determined on the basis of the strategic long-term plan. Various credit forms are used to guarantee the continuity and flexibility of the financing, including bonds, credit lines and bank loans. The Group's liquidity is managed through the in-house bank, Kinepolis Financial Services NV.

Throughout the Covid-19 pandemic, the Group has taken the necessary measures to limit the negative financial impact of the business closures and to safeguard its liquidity. As a result, Kinepolis has sufficient available financial resources to deal with this crisis. Moreover, Kinepolis pursued a prudent financial policy in recent years. This has resulted in an average maturity of more than 3 years for the outstanding financial liabilities as per 31 December 2022. The next significant repayment will not take place until January 2024. In December 2021, the maturity date of the roll-over credit was also extended from December 2024 to December 2026 by exercising the two foreseen extension options.

CAPITAL MANAGEMENT
Board of Directors' policy is aimed at maintaining a strong capital position in order to retain the confidence of investors, creditors and markets and to safeguard the future development of the business activities. The Board of Directors monitors the return on equity, which is defined by the Group as the operating result divided by equity, excluding non-controlling interests. The Board of Directors also monitors the level of the dividend payable to the shareholders, if circumstances permit.

The Board of Directors seeks a balance between the higher return that is potentially available with a higher level of debt on the one hand, and the benefits and security of a solid equity position on the other. In seeking this balance, the Board of Directors' objective is to achieve the pre-defined level of ratios of net financial debt to EBITDAL and net financial debt to equity.

The Board of Directors believed that the ratios of net financial debt to equity and net financial debt to EBITDA were at risk of becoming too low as from mid 2010, and therefore proposed to the General Meeting to reduce the share capital and to buy back and destroy treasury shares with the aim of improving the ratios, and thereby create shareholder value. After approval by the Extraordinary General Meeting of 20 May 2011, the capital was therefore reduced by € 30.0 million and shares were bought back between 2011 and 2015, for the hedging of options on the one hand, and for cancellation on the other, which has taken place in the meantime. The expansion strategy of Kinepolis Group was started in 2014 and, due to the success of this expansion program, the capital optimisation program was stopped in 2015. The Group continues to strive for a combination of a higher-than-average market return with a lower-than-average risk through the combination of its strategic pillars with an expansion strategy based on improvement potential, and a cautious financial policy with regard to the debt ratio, taking the real estate position of the Group into account.

Kinepolis Group bought 360 000 shares for a total amount of € 20 302 894 in 2018. The total number of treasury shares on 31 December 2022 amounts to 397 396 (2021: 422 522). The majority of these shares are intended to cover the Group's current stock option plan. In 2022, 25 156 treasury shares were sold (2021: 58 299) and no treasury shares were bought back (2021: 0).

FINANCIAL INSTRUMENTS

DEBT PORTFOLIO
On 15 February 2012, within the framework of the refinancing of its existing syndicated credit and the financing of the further general development of the Group, Kinepolis Group NV signed a € 90.0 million credit agreement with ING Belgium, KBC Bank and BNP Paribas Fortis until 31 March 2017 (roll-over credit). At the end of June 2015, this existing credit facility was renewed with the bank consortium for the full term until the end of June 2020. In May 2016, the term of the existing credit agreement for € 90.0 million was extended by one year, to June 2021. In December 2019, the existing credit agreement for the roll-over credit was revised and extended. Belfius was added to the existing bank consortium, and the roll-over credit was expanded from € 90.0 million to € 120.0 million. Of this, € 30.0 million can be drawn in a currency other than Euro. In December 2021, the maturity date of the roll-over credit was extended from December 2024 to December 2026, by exercising the two foreseen extension options. On 31 December 2022, there is no outstanding draw on this credit facility (2021: € 0.0 million). At the end of 2022, the outstanding 'Commercial Paper' debt was € 12.5 million (2021: € 0.0 million). This outstanding balance reduces the availability of the roll-over credit by the same amount.

In addition, this credit facility was extended in December 2015, following the Utopolis acquisition, with a 7-year term loan with annual repayments. In 2017, the credit facility was extended once again, with a 5-year term loan with annual repayments. In December 2022, the remaining balance of € 10.2 million was repaid, leaving no outstanding balance as of 31 December 2022 (2021: € 10.2 million).

On 6 March 2012, the Group issued an unsubordinated bond in Belgium for € 75.0 million. The bonds mature in 7 years, and have a fixed annual gross interest of 4.75%. On 12 May 2015, Kinepolis Group NV announced the launch of an unconditional public exchange offer on all outstanding € 75.0 million fixed interest bonds with a gross interest of 4.75% and a maturity date on 6 March 2019. Holders of the existing bonds had the opportunity to exchange their existing bonds for new bonds to be issued by Kinepolis Group NV with a nominal value of € 1 000, a gross nominal interest of 4.0% per year and a term of 8 years, with maturity date on 9 June 2023 (the 'New Bonds'). Bonds with a total value of € 15.9 million were exchanged. € 59.1 million was repaid on 6 March 2019.

In January 2015, the Group also concluded a private placement of bonds with institutional investors for € 96.0 million: € 61.4 million was placed with a term of 7 years, € 34.6 million with a term of 10 years. A fixed annual gross interest is paid on both bonds. This private placement complies with the Group's financial strategy and serves to support expansion by increasing the diversification of the sources of financing and by refinancing the existing credits. In January 2022, € 61.4 million was repaid from available financial funds.

In December 2017, the Group concluded a private placement of bonds with institutional investors for an amount of € 125.0 million: € 60.0 million was placed with a term of 8 years, and € 65.0 million with a term of 10 years. A fixed annual gross interest is paid on both bonds. This private placement was primarily used to finance the acquisition of Landmark Cinemas in Canada.

In July 2019, the Group concluded a private placement of bonds with institutional investors for € 225.0 million, with a term of 7.5 years. A fixed annual gross interest is paid on the bond. The private placement was mainly used to finance the various acquisitions in 2019, investments in the renovation of existing complexes and the construction of new complexes.

Throughout 2021 and 2020 the cinema industry and Kinepolis in particular were badly hit by the Covid-19 pandemic, resulting in cinema closures, capacity restrictions and postponements of Hollywood blockbuster releases. In order to be prepared for possible longer delays before the full resumption of its activities and to finance the ongoing investment programs in, among other things, new-build cinemas, Kinepolis has taken out an additional loan with its main bankers on 8 January 2021 of € 80.0 million for a period of 3 years, at a variable interest rate. The loan is supported by an 80% state guarantee provided by Gigarant in Belgium. Given the volatility of the market through 2022, Kinepolis has decided to hedge the variable interest rate to a fixed interest rate.

No securities were provided. Only a number of conditions apply with regard to the sale or the guarantee of certain of the Group's assets to a third party. Kinepolis is required to comply with conditions relating to, among others, the maximum debt ratio (covenants) on its bank debt. This relates to the roll-over credit of € 120.0 million (no outstanding draw per 31 December 2022). The credit taken out at the beginning of January 2021 for an amount of € 80.0 million is also covered by these covenants. No covenants apply to the majority of the other debts. There is only an increase in interest on the private placement of 2019 if a specific debt ratio is exceeded.

The calculation of the covenants as well as the maximum or minimum values were adjusted during the revision of the credit agreement in 2019. The financial covenants consist of a maximum leverage ratio of 3.75, which temporarily increases to 4.25 in the case of a material acquisition, and a minimum interest coverage ratio of 4.5. In addition, there are a number of potentially restrictive commitments that restrict or prohibit certain trading transactions.

The definitions of the covenants have been adapted to the standard IFRS 16: Leases. As such, for the determination of the leverage ratio, among other things, the net financial debt is corrected for the lease liabilities on the one hand, and the EBITDA is corrected for the impact of IFRS 16 on the other.

As a result of the Covid-19 pandemic, Kinepolis has reached an agreement with its financial institutions to allow a suspension of the credit covenants ('covenant holiday') until 30 June 2023. This suspension means that, among other things, the conditions relating to the maximum debt ratio in relation to the EBITDAL, being EBITDA adjusted for lease, will be temporarily suspended until the half-year figures of 30 June 2023.

Kinepolis already obtained an extension of suspension during 2022 until 31 December 2022. A quality film offering is absolutely crucial for attracting customers to the cinema. In the fourth quarter, a number of film releases were postponed and rescheduled, partly due to longer Chinese lockdowns. As a precautionary measure, it had been decided to request an extension from the banks until 30 June 2023. This is in line with the Group's prudent financial policy. The extension was obtained in December 2022. Per 31 December 2022, the Group met its covenants.

During the period of suspension of the credit covenants, these conditions, which only apply to bank debt, were replaced by, among other things, a liquidity covenant, which means that the sum of the available cash and confirmed credit lines must be at least € 30.0 million during the term of this 'covenant holiday'. In line with the existing bank credit facilities, the additional credit of € 80.0 million provides for a number of conditions that limit the disposal of assets, acquisitions and the payment of dividends, above a financial debt level of 3.75.

The interest payable on term loans is calculated on the basis of the EURIBOR applicable for the selected borrowing period, plus the negotiated margin. The average interest rate of the debt portfolio on 31 December 2022 was 2.81% (2021: 2.62%). As the vast majority of the loans are at a fixed interest rate, no sensitivity analysis was performed for the remaining variable part.

FINANCIAL LIABILITIES – FUTURE CASH FLOWS

The following table gives an overview of the contractual maturities for the non-discounted financial liabilities at 31 December, including the estimated interest payments:

IN '000 €	2021				2022			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Private placement of bonds	74 781	363 967	66 885	505 633	11 723	415 754		427 477
Public bond	635	16 513		17 148	16 513			16 513
Trade payables	56 633			56 633	73 408			73 408
Loans and borrowings with credit institutions	11 690	81 848		93 537	3 423	80 700		84 123
Other loans					12 519			12 519
Bank overdrafts	12			12				
Non-derivative financial liabilities	**143 751**	**462 328**	**66 885**	**672 964**	**117 587**	**496 454**		**614 041**
Interest rate swaps	28			28		-349		-349
Derivative financial instruments	**28**			**28**		**-349**		**-349**
TOTAL	**143 779**	**462 328**	**66 885**	**672 992**	**117 587**	**496 105**		**613 692**

In respect of interest-bearing financial liabilities with a variable interest rate, the following table gives an overview of the expected maturities:

IN '000 €	2021		2022	
	TOTAL	< 1 YEAR	TOTAL	< 1 YEAR
Loans and borrowings with credit institutions	90 157	10 157	80 000	
Other loans			12 500	12 500
Bank overdrafts	12	12		
TOTAL	**90 169**	**10 169**	**92 500**	**12 500**

HEDGING ACTIVITIES

The Group uses derivative financial instruments to hedge the interest rate risk and the foreign currency risk. All derivative financial instruments are measured at fair value.

The following table gives the remaining term of the outstanding derivative financial instruments at balance sheet date. The amounts given in this table are the nominal values.

IN '000 €	2021				2022			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Interest rate swaps	5 907			5 907		80 000		80 000
TOTAL	**5 907**			**5 907**		**80 000**		**80 000**

FAIR VALUE

The fair value is the amount at which an asset can be traded or a liability settled in an orderly transaction between well-informed, willing parties, following the arm's length principle.

The following table discloses the actual fair value and the carrying amount of the main interest-bearing financial loans and borrowings (measured at amortised cost).

IN '000 €	2021		2022	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Private placement of bonds – fixed interest rate	446 000	446 000	384 600	346 322
Public bond – fixed interest rate	15 878	15 878	15 878	15 613
Interest-bearing loans – variable interest rate	90 157	90 157	92 500	92 500
Bank overdrafts	12	12		
Transaction costs refinancing	-1 984	-1 984	-1 407	-1 407
TOTAL	**550 064**	**550 064**	**491 571**	**453 028**

The following table gives the nominal or contractual amounts and the actual fair value of all outstanding derivative financial instruments (cash flow hedging instruments). The nominal or contractual amounts reflect the volume of the derivative financial instruments outstanding at the balance sheet date. As such, they represent the Group's risk on these transactions.

IN '000 €	2021		2022	
	NOMINAL VALUE	FAIR VALUE	NOMINAL VALUE	FAIR VALUE
Interest rate swap	5 907	-28	80 000	349
TOTAL	**5 907**	**-28**	**80 000**	**349**

The fair value of financial products related to the interest rates is determined by discounting the expected future cash flows, taking into account the current market interest rates and the interest rate curve for the remaining life of the instrument. There were no outstanding forward exchange contracts at 31 December 2022.

The fair value of the derivative instruments is included in the balance sheet of the Group as follows (value before tax):

IN '000 €	2021			2022		
	ASSETS	LIABILITIES	NET VALUE	ASSETS	LIABILITIES	NET VALUE
Non-current		-28	-28	349		349
TOTAL		**-28**	**-28**	**349**		**349**

The change in the fair value of the derivative financial instruments on the balance sheet is as follows:

IN '000 €	NOMINAL VALUE	CARRYING AMOUNT		INCLUDED IN THE FOLLOWING LINE ITEM IN THE STATEMENT OF FINANCIAL POSITION	CHANGES IN THE FAIR VALUE OF THE HEDGING INSTRUMENT INCLUDED IN OTHER COMPREHENSIVE INCOME
		ASSETS	LIABILITIES		
Interest rate swap	80 000	349		Derivative financial instruments	376

FAIR VALUE – HIERARCHY
The following table provides an overview of financial instruments recognised at fair value by the valuation method. The different levels are defined as follows:

- *Level 1:* quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* input that does not refer to any quoted market price included in level 1, and that is observable for the asset or the liability, either directly (i.e. as price) or indirectly (i.e. derived from price).
- *Level 3:* input for the asset that is, or the liability that is not based on observable market data (unobservable input).

IN '000 €	2021			**2022**		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Cash flow hedging – Currency						
Interest rate swaps		-28			349	
TOTAL		**-28**			**349**	

LEVEL 3 FAIR VALUES
Per 31 December 2022 there are no contingent considerations (2021: € 0.0 million).

27. Leases

LEASES AS LESSEE

The Group leases several sites, buildings, cars, equipment for in-theatre sales and projection equipment. If the contracts are classified as leases, they are recognised on the date on which the leased asset is available for use by the Group. On the one hand a right-of-use asset is recognised, which is depreciated on a straight-line basis over the lease term. On the other hand, a lease liability is recognised, that consists of future lease payments that are discounted at the Group's average interest rate for external financing.

The discount rate applied throughout 2022 is 2.62% (2021: 2.62%). The discount rate is updated on a yearly basis and will be applied to new leases or for changes to existing lease agreements which are to be measured at a revised discount rate.

When determining the term of a lease, extension options which will be executed with reasonable certainty at the start of the contract, are included in the lease liabilities. For the key category, land and buildings (cinema complexes), the Group applies as a general principle a term between 15 and 20 years. This term reflects the entity's reasonable expectation of the period during which the underlying asset will be used.

The Group will only reassess the term of a lease when there has been a significant event or a significant change in circumstances, within the control of the Group. Significant events or changes in circumstances within the control of the Group include but are not limited to significant changes to the contract terms, exercise a renewal option or termination option and significant leasehold improvements.

RIGHT-OF-USE ASSETS

IN '000 €	LAND AND BUILDINGS	CARS	IN-THEATRE SALES	PROJECTION EQUIPMENT	TOTAL
Acquisition value	404 582	5 120	958	3 554	414 214
Depreciations and impairment losses	-48 006	-2 451	-466	-810	-51 733
NET CARRYING AMOUNT AT 31/12/2020	**356 576**	**2 669**	**492**	**2 744**	**362 481**
New leases		152	29	254	435
Expired leases and disposals	1				1
Adjustments	-4 051	352			-3 699
Depreciations and impairment losses	-25 108	-1 323	-274	-543	-27 248
Effect of exchange rate fluctuations	21 208		35	107	21 350
Acquisition value	424 744	5 062	1 070	3 954	434 830
Depreciations and impairment losses	-76 118	-3 212	-788	-1 392	-81 510
NET CARRYING AMOUNT AT 31/12/2021	**348 626**	**1 850**	**282**	**2 562**	**353 320**
New leases		551			551
Expired leases and disposals				-4	-4
Adjustments	3 820	307	810		4 936
Depreciations and impairment losses	-26 554	-1 279	-296	-578	-28 707
Effect of exchange rate fluctuations	3 383		-27	11	3 367
Acquisition value	431 068	5 535	1 835	3 929	442 367
Depreciations and impairment losses	-101 793	-4 107	-1 067	-1 938	-108 905
NET CARRYING AMOUNT AT 31/12/2022	**329 275**	**1 428**	**768**	**1 991**	**333 462**

LEASE LIABILITIES

IN '000 €	TOTAL
NET CARRYING AMOUNT AT 31/12/2020	**393 612**
New leases	181
Interest	10 323
Repayment	-22 922
Forgiveness of lessee's lease payments	-11 750
Adjustments	-2 401
Effect of exchange rate fluctuations	23 524
NET CARRYING AMOUNT AT 31/12/2021	**390 567**
New leases	551
Interest	10 369
Repayment	-36 389
Forgiveness of lessee's lease payments	-2 810
Adjustments	4 649
Effect of exchange rate fluctuations	3 434
NET CARRYING AMOUNT AT 31/12/2022	**370 371**

At 31 December 2022, the Group has a lease liability of € 370.4 million (2021: € 390.6 million) and a right-of-use asset of € 333.5 million (2021: € 353.3 million). During 2022 the lease liabilities decreased with € 20.2 million and the right-of-use assets with € 19.9 million.

The RealD 3D equipment used by the Group is included under the right-of-use assets (€ 2.0 million). As these assets are fully prepaid, there is no outstanding lease liability for these assets.

NEW LEASES

The new leases mainly consist of new leases concluded for cars (€ 0.6 million). This resulted in the same additional lease liability and increase in right-of-use assets.

(EARLY) TERMINATED LEASES

During 2022 several lease agreements related to cars are terminated (early), as well as one contract related to RealD 3D equipment.

ADJUSTMENTS

During 2022 a number of leases were adjusted, mainly due to changes to the contractual term or other adjustment such as indexations or new negotiations for future lease payments. All this led to an adjustment of the lease liabilities of € 4.6 million and an adjustment of the right-of-use assets of € 4.9 million.

IMPAIRMENT LOSSES

Throughout 2022 it was decided that the cinema in West Kelowna Encore (CA) will be permanently closed. As a result of this decision, the right-of-use-assets were impaired for € 0.1 million, as well as the property, plant and equipment in this complex. We refer to note 11 for more information. The contractual term of the lease agreement ends in April 2025.

RENT CONCESSIONS AS A RESULT OF THE COVID-19 PANDEMIC

As a result of the Covid-19 pandemic, the Group has obtained rent concessions from the lessor for part of the lease agreements, mainly related to land and buildings.

If the rent concessions resulting directly from the Covid-19 pandemic meet the conditions, they are treated as if they were not lease modifications. For the conditions imposed, we refer to note 1. The rent concessions are then processed in the same way as a negative variable lease payment, and are therefore included in the income statement within 'Other operating income', as part of 'Operating result'. In 2022 the Group obtained € 2.8 million (2021: € 11.8 million) rent concessions. We refer to note 4.

IMPACT ON THE CONSOLIDATED RESULT AND THE STATEMENT OF CASH FLOW

Per 31 December 2022 the Group has € 28.7 million (2021: € 27.2 million) depreciations and impairment losses on right-of-use assets and € 10.4 million (2021: 10.3 million) interest on lease liabilities. The Group repaid € 36.4 million lease liabilities in 2022 (2021: € 22.9 million), of which € 10.4 million (2021: € 10.3 million) was interest. Without the rent concessions as a result of Covid-19, the repayment of lease liabilities as of 31 December 2022 would have been € 39.2 million (2021: € 34.7 million). In the consolidated statement of cash flow this can be found under 'Cash flow from financing activities'.

FINANCIAL LIABILITIES – FUTURE CASH FLOWS

The following table gives an overview of the contractual maturities of the non-discounted lease liabilities at 31 December:

IN '000 €				2021				2022
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
NON-DISCOUNTED LEASE LIABILITIES	36 958	125 312	314 641	476 911	35 407	124 216	287 729	447 351

NOT RECOGNIZED UNDER IFRS 16

Exemption from recognition

The Group has decided to make use of the option of exemption of recognition under IFRS 16 for short-term leases and leases in which the underlying asset has a low value. The operational lease cost related to the exempt short-term leases amounts to € 0.0 million in 2022 (2021: € 0.0 million). Leases for which the underlying asset has a low value include cash recyclers. The operational lease cost related to these exempted leases amounts to € 0.1 million in 2022 (2021: € 0.1 million). This is classified in the consolidated statement of cash flow under 'Cash flow from operating activities'.

Variable lease liabilities

In addition, variable lease liabilities are also not recognised under IFRS 16. The total operational lease cost of this amounts to € 0.4 million in 2022 (2021: € 0.1 million). This has led to the same outgoing cash flow that is classified in the consolidated statement of cash flow under 'Cash flow from operating activities'. Variable lease liabilities in 2021 were significantly impacted by the Covid-19 pandemic, as variable lease liabilities are primarily dependent on realised revenue and the number of visitors.

The main parameters of variable lease liabilities are the realised revenue and the number of visitors. The Group has performed a sensitivity analysis with possible changes in the variable lease liabilities, estimated on the basis of a theoretical volatility of both revenue and number of visitors to be able to estimate the future impact. If the revenue and the number of visitors would increase by 10%, the total operational lease cost of the variable lease liability would increase to € 0.5 million. If the revenue and the number of visitors would decrease by 10%, the total operational lease cost of the variable lease liability would be € 0.4 million.

Recognition criteria not met

In the third quarter of 2022, Kinepolis has concluded a lease agreement with real estate company General de Galerías Comerciales to take over the operation of two Spanish cinemas: one in Mataró (Barcelona) and the other in Marbella, in the successful La Cañada shopping mall. These leases are not recognized under IFRS 16 as they do not meet all recognition criteria.

Lease commitments already entered into

As of 31 December 2022 the Group has not entered into any other lease commitments that impact the future outgoing cash flow.

Extension options

If the Group were to exercise all possible extensions options that it has available in the contracts as of 31 December 2022, there would be an additional cash outflow of non-discounted lease liabilities of € 288.0 million over the entire term of the included contracts. As of 31 December 2022, the Group is of the opinion that these additional extension options will not yet be exercised with reasonable certainty, as a result of which they are not included in the ending balance of the lease liabilities and the non-discounted lease liability. If the Group were to include only the contractually agreed extension options, the future cash outflow of the non-discounted lease liabilities would decrease from € 447.4 million to € 289.4 million.

LEASES AS LESSOR

The Group has leased out parts of its property under operational leases. The non-discounted lease payments under non-cancellable operational leases are recoverable as follows:

IN '000 €	2021	2022
Less than one year	7 416	6 705
Between one and two years	3 998	4 190
Between two and three years	2 834	2 965
Between three and four years	1 753	1 430
Between four and five years	1 049	1 022
More than five years	2 949	2 449
TOTAL	**19 999**	**18 760**
Minimum lease payments in the income statement with regard to operational leases	6 821	8 198
Variable lease payments in the income statement with regard to operational leases	286	621

The Group leases out part of its complexes to third parties for the exploitation of shops or cafés. These concessions have a term of 1 to 20 years (renewable), unless they are agreed for an undefined term.

In addition, the car parks of a number of complexes are leased out for a term of 1 to 15 years (renewable) or for an indefinite term in Belgium, for a period of 9 years or for an indefinite term in Luxembourg or for an indefinite term in Poland and France. A fixed rent is charged for part of these car parks. The revenue from the other car parks is variable, based on the number of parking tickets sold, adjusted for management expenses. The variable rent of the car parks was impacted by the Covid-19 pandemic in 2021.

28. Capital commitments

At 31 December 2022, the Group has material capital commitments for € 0.7 million. This mainly concerns commitments related to new servers for € 0.3 million and commitments with regard to the completion of the new cinema Kinepolis Metz Amphithéâtre (FR) for € 0.1 million.

At the end of 2021, the Group had material capital commitments for € 0.8 million. This mainly concerned commitments for the installation of recliner seats in St. Catharines (CA) for € 0.5 million and commitments with regard to the construction and finishing of the new cinema Kinepolis Metz Amphithéâtre (FR) for € 0.3 million.

29. Contingencies

KFD

At the end of 2022 the Group had unrecognised contractual obligations for € 1.5 million (2021: € 1.9 million). These are primarily minimum guarantee commitments of Kinepolis Film Distribution NV towards Dutch Filmworks BV and local producers for films that have not yet been released, but for which contractual obligations already exist.

30. Government grants and support measures

Government grants and support measures received as compensation for directly attributable costs are recognised as deductions from the related costs. General grants and support measures received from local governments are included under 'Other operating income'.

GOVERNMENT GRANTS

In France, the Group receives grants from the Centre National du Cinéma et de l'image Animée (CNC) for cinema related investments. These grants come from a fund financed by a contribution from cinema operators in the form of a percentage of ticket sales. The grants are recorded on the balance sheet as liabilities, and are recognised in the result over the useful life of the related assets. We hereby refer to notes 4 and 24. The grant can be claimed from the CNC in proportion to the number of visitors. We refer to note 15 for the outstanding receivables.

In Spain, Kinepolis received capital grants from the government in 2022 to finance investment projects for innovation, digitalisation and audio visual techniques, financed by the European Union (the so-called 'Next Generation EU'). The grants are recorded on the balance sheet as liabilities, and are recognised in the result over the useful life of the related assets. We refer to notes 4 and 24.

GOVERNMENT GRANTS AND SUPPORT MEASURES AS A RESULT OF THE COVID-19 PANDEMIC

As a result of the outbreak of the Covid-19 virus, governments, in the various countries where Kinepolis is active, and the CNC in France have taken support measures. The support measures obtained during 2022 are more limited than in 2021.

DIRECTLY ATTRIBUTABLE GRANTS AND SUPPORT MEASURES

Mainly during 2021 the Group was able to make use of the system of economic unemployment in Belgium and Spain, and of the system of wage subsidies in France, the Netherlands, Luxembourg, Canada and Switzerland. In the economic unemployment system, the wage cost does not have to be paid by the Company, but is paid directly to the employee by the government. By contrast, the wage cost in the wage subsidy system is first paid by the Company, and can subsequently be reclaimed from the government in whole or in part. Throughout 2022 the wage subsidy was only a material amount in Canada. In 2021 the social contributions in Spain and France were also partially waived. We refer to note 5 for more information.

Both in 2022 as in 2021 the Group received an additional allowance towards wage costs when employees remained employed during the Covid-19 pandemic in Luxembourg (2022: € 0.0 million – 2021: € 0.3 million).

Throughout 2022, the Group received in Belgium an allowance for property taxes (€ 0.2 million) and both in 2022 as in 2021 the Group obtained an allowance from the National Office for Social Security (NSSO) for the holiday pay of white-collar workers who made use of the system of economic unemployment (2022: € 0.1 million – 2021: € 0.1 million).

In Canada, as a result of the mandatory closure in the province of Ontario, the Group received a compensation for energy costs and a grant for property taxes. In addition, a rent subsidy was obtained in Canada, with part of the rent paid subsidised by the government, and obtained a compensation for significant loss. For Canada, this concerns a total amount of € 1.6 million (2021: € 3.9 million).

In the United States, the Group obtained rent and property tax allowances in 2022 (€ 1.9 million).

In France, the Group received an allowance in the form of a reduction of the property taxes and other local taxes (2022: € 0.4 million – 2021: € 0.7 million). In addition, due to various support measures, the Group obtained a deferral of payment in 2021, for example for local taxes.

GENERAL GRANTS AND SUPPORT MEASURES
The general support measures include grants for significant revenue loss, grants as a result of the mandatory closure, reimbursements for fixed costs, grants received from CNC and grants for the cultural sector. In 2022, the Group included € 1.1 million (2021: € 10.3 million) in 'Other operating income'. We refer to note 4 for this.

The general support measures consist of:

IN '000 €		2021	2022
Belgium	Globalisation premium	1 205	
Belgium	Protection mechanism and nuisance premium	514	-169
France	Grant received from CNC	2 967	
France	Aid for fixed costs *('Aide coûts fixes')*	2 236	-307
France	Solidarity fund *('Fonds de solidarité')*	758	
France	Safeguard fund *('Fonds de sauvegarde')*	477	
France	Remission *'taxe spéciale additionelle'* (TSA)	23	
France	Grant for significant revenue loss	-348	
France	Grant as a result of the mandatory closure of the shops		476
France	Others	9	
Canada	Telefilm grant		365
Spain	Grants from multiple regional governments	963	782
The Netherlands	Reimbursement fixed costs (TVL) and reimbursement entrepreneurs affected sectors (TOGS)	866	
Luxembourg	Aid for costs not covered and others	367	
Switzerland	Others	298	
TOTAL		**10 337**	**1 148**

31. Related parties

The transactions between the Group and its subsidiaries were eliminated in the consolidation, and are accordingly not included in this note. The transactions with other related parties are explained below.

REMUNERATION OF THE DIRECTORS AND EXECUTIVE OFFICERS

IN '000 €	2021	2022
Directors		
Remuneration	933	909
Executive officers (CEO)		
Short-term employee benefits	734	786
TOTAL	**1 668**	**1 695**

Under the Group's 2016 Stock Option Plan (Incentive Plan), no new options were granted to the Group's CEO, the Chairman and Vice-Chairman of the Board of Directors in 2022. They did participate in this in 2017 (180 000). We refer to the remuneration report in the Corporate Governance Statement and note 20 for more information.

TRANSACTIONS WITH OTHER RELATED PARTIES
Kinohold BIS SA provides certain administrative services to the Group, for which it charged € 0.1 million in 2022 (2021: € 0.0 million).

Pentascoop NV provides a number of maintenance and transport services to the Group, for which it charged € 0.0 million in 2022 (2021: € 0.1 million).

32. Subsequent events

As at the date of publication, no significant subsequent events have occurred.

33. Mandates and remuneration of the statutory auditor

The statutory auditor for the Company is KPMG Bedrijfsrevisoren, represented by Mr. F. Poesen.
The mandates and remunerations for the entire Group can be summarised as follows:

IN '000 €	2021	2022
Remuneration of the statutory auditor	387	420
Other audit-related services	2	
Other assignments outside the audit assignments	3	11
Remuneration for exceptional services or special assignments performed within the Company and its subsidiaries by the statutory auditor	5	11
Remuneration for persons associated with the statutory auditor for the performance of a mandate as statutory auditor	418	472
Tax advisory services	13	19
Other assignments outside the audit assignments	277 (1)	16 (2)
Remuneration for exceptional services and special assignments performed within the Company and its subsidiaries by persons associated with the statutory auditor	290	35
TOTAL	**1 099**	**937**

(1) Including a provision of K€ 265 for work not yet completed related to the NOW-audit and TVL-attestation.
(2) Including a reversal of provision of K€ 38 for work not yet completed related to the NOW audit.

34. Group entities

LIST OF THE FULLY CONSOLIDATED COMPANIES

COUNTRY	NAME	MUNICIPALITY	VAT OR COMPANY REGISTRATION NUMBER	% 2021	% 2022
Belgium	Brightfish NV	Brussels	BE 0450 523 725	100	100
	Kinepolis Braine SA	Braine-L'Alleud	BE 0462 688 911	100	100
	Kinepolis Film Distribution (KFD) NV	Brussels	BE 0445 372 530	100	100
	Kinepolis Financial Services NV	Brussels	BE 0886 547 831	100	100
	Kinepolis Group NV	Brussels	BE 0415 928 179	100	100
	Kinepolis Immo Hasselt NV	Hasselt	BE 0455 729 358	100	100
	Kinepolis Immo Multi NV	Brussels	BE 0877 736 370	100	100
	Kinepolis Liège NV	Hasselt	BE 0459 469 796	100	100
	Kinepolis Mega NV	Brussels	BE 0430 277 746	100	100
	Kinepolis Multi NV	Kortrijk	BE 0434 861 589	100	100
Canada	Kinepolis Canada LTD	Calgary	CA 2020 757 353	100	100
	Landmark Cinemas Holding LTD	Calgary	CA 2020 757 536	99,30	99,30
	Landmark Cinemas Canada LP	Calgary	CA 2017 564 317	99,30	99,30
	Landmark Cinemas Canada GP	Calgary	CA 2017 564 317	100	100
France	Eden Panorama SA	Lomme	FR 02340483221	100	100
	Forvm Kinepolis SA	Nîmes	FR 86421038548	100	100
	Kinepolis Bourgoin SA	Bourgoin-Jallieu	FR 65779487297	100	100
	Kinepolis France SAS	Lomme	FR 20399716083	100	100
	Kinepolis Film Distribution France SAS	Lomme	FR 43789848280	100	100
	Kinepolis Immo St. Julien-lès-Metz SAS	Metz	FR 51398364463	100	100
	Kinepolis Immo Thionville SA	Thionville	FR 10419162672	100	100
	Kinepolis Le Château du Cinéma SAS	Lomme	FR 60387674484	100	100
	Kinepolis Mulhouse SA	Mulhouse	FR 18404141384	100	100
	Kinepolis Nancy SAS	Nancy	FR 00428192819	100	100
	Kinepolis Prospection SAS	Lomme	FR 45428192058	100	100
	Kinepolis St. Julien-lès-Metz SAS	Metz	FR 43398364331	100	100
	Kinepolis Thionville SAS	Thionville	FR 09419251459	100	100
	Utopolis Longwy SAS	Longwy	FR 21432763563	100	100
Luxembourg	Utopolis Belval SA	Luxembourg	LU 220 75 333	100	100
	Majestiek International SA	Luxembourg	LU 19942206638	100	100
	Utopia SA	Luxembourg	LU 160 90 380	100	100

COUNTRY	NAME	MUNICIPALITY	VAT OR COMPANY REGISTRATION NUMBER	% 2021	% 2022
The Netherlands	Kinepolis Immo BV	Utrecht	NL 003182794B01	100	100
	Kinepolis Rotterdam BV	Utrecht	NL 808810261B01	100	100
	Kinepolis Bioscopen Holding BV	Utrecht	NL 822624382B01	100	100
	Kinepolis Enschede BV	Utrecht	NL 808883574B01	100	100
	Kinepolis Groningen BV	Utrecht	NL 816165774B01	100	100
	Kinepolis Huizen BV	Utrecht	NL 820697230B01	100	100
	Kinepolis Exploitatie BV	Utrecht	NL 819683036B01	100	100
	Kinepolis UBOS BV	Utrecht	NL 856681866B01	100	100
	Kinepolis Immo Schagen BV	Utrecht	NL 815246353B01	100	100
	Kinepolis Cinemagnus Schagen BV	Utrecht	NL 815293446B01	100	100
	Kinepolis Immo Hoofddorp BV	Utrecht	NL 821608563B01	100	100
	Kinepolis Cinemeerse Hoofddorp BV	Utrecht	NL 821608666B01	100	100
	City Monumenten Utrecht BV	Utrecht	NL 002611375B01	100	100
	NH Haarlem BV	Utrecht	NL 855813593B01	100	100
	Cineschalkstad BV	Utrecht	NL 855814275B01	100	100
	Utopia Nederland BV	Almere	NL 804687237B03	100	100
	Utrechtse Film Onderneming 'Ufio' BV	Utrecht	NL 003182812B01	100	100
	Kinepolis Immo Spijkenisse BV	Utrecht	NL 810523358B01	100	100
	Kinepolis Spijkenisse BV	Utrecht	NL 800351575B01	100	100
Poland	Kinepolis Poznań Sp.z o.o.	Poznań	NIP 5252129575	100	100
Spain	Kine Invest SA	Pozuelo de Alarcon	ESA 824 896 59	100	100
	Kinepolis España SA	Pozuelo de Alarcon	ESA 814 870 27	100	100
	Kinepolis Granada SA	Pozuelo de Alarcon	ESA 828 149 55	100	100
	Kinepolis Jerez SA	Pozuelo de Alarcon	ESA 828 149 22	100	100
	Kinepolis Madrid SA	Pozuelo de Alarcon	ESA 828 149 06	100	100
	Kinepolis Paterna SA	Pozuelo de Alarcon	ESA 828 149 14	100	100
	Cines Llobregat SL	Madrid	NIF B651 443 70	100	100
	Cines El Punt SA	Madrid	NIF A621 222 21	100	100
United States	Kinepolis US INC	Michigan	EIN 61-1936179	100	100
	MJR Group LLC	Michigan	EIN 38-3367945	100	100
	MJR Sterling Heights LLC	Michigan	EIN 46-3910496	100	100
Switzerland	Kinepolis Schweiz AG	Schaffhausen	CH 2903013216-5	100	100

CHANGES IN THE CONSOLIDATION SCOPE

The operations acquired in 2022 in Spain and France were incorporated into existing companies. In Spain, the operations of the cinema in La Cañada (Marbella) were included in Kinepolis Granada SA and the operations of the cinema in Mataró (Barcelona) in Cines Llobregat SL. In France, the activities of the cinema acquired in Amnéville were included in the entities Kinepolis Thionville SAS and Kinepolis Immo St. Julien-lès-Metz SAS.

Statutory auditor's report

to the General Meeting of Kinepolis Group NV on the consolidated financial statements as of and for the year ended 31 December 2022

FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH

In the context of the statutory audit of the consolidated financial statements of Kinepolis Group NV ('the Company') and its subsidiaries (jointly 'the Group'), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2022, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the General Meeting of 11 May 2022, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the General Meeting deliberating on the annual accounts for the year ended 31 December 2024. We have performed the statutory audit of the consolidated financial statements of the Group for 28 consecutive financial years.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2022, prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 1 169 496 (000) and the consolidated income statement shows a profit for the year of EUR 27 535 (000).

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

BASIS FOR OUR UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ('ISAs') as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the 'Statutory auditors' responsibility for the audit of the consolidated financial statements' section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of intangible assets, property, plant and equipment, right-of-use assets and goodwill

We refer to note 10 'Non-financial assets and business combinations' of the consolidated financial statements.

Description

As set out in note 10, 'Non-financial assets and business combinations', the Group performed an impairment assessment over intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill. This assessment was performed for each of the smallest groups of assets that generate largely independent cash flows (the cash-generating unit or 'CGU'). The Group has defined a CGU as the country. The Group determined the recoverable value of a CGU as the higher of its value in use ('VIU') which is based on discounted estimated future cash flows and its fair value less costs to sell as determined by an external valuation expert.

Intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill represent 86% of the Group's total assets as of 31 December 2022.

Determining the amount of impairment losses to be recorded, if any, requires the Group to exercise significant judgment and make important assumptions, particularly in relation to:

- the determination of the Group's CGUs;
- the estimation of a CGU's value-in-use, including the estimation of future cash flows and the applicable discount rates.

Our audit procedures
With the assistance of our valuation specialists, we performed the following audit procedures:

- we evaluated the appropriateness of the accounting treatment used by management based on the relevant accounting standard (IAS 36 Impairment of Assets);
- we challenged management's assessment of potential indicators of impairment of intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill based on our own expectations developed from our knowledge of the Group and our understanding of internal and external factors relevant to the Group, the Group's business and the industry in which the Group operates;
- we challenged management's identification of CGUs with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards;
- where a CGU required testing, we challenged key inputs and data used in the valuation model such as forecasted revenues, operating costs, maintenance capital expenditure, and respective weighted average cost of capital based on our knowledge of the business and the cinema industry;
- we assessed the Group's historical ability to forecast cash flows, and challenged the reasonableness of current forecasts given the future strategy of the Group and our understanding of the Group's past performance;
- we verified the mathematical accuracy of the discounted cash flow model;
- we performed sensitivity analyses on the respective weighted average cost of capital and the forecasted cash flows used by the Group to assess what change thereto would result in a different conclusion being reached, and assessing whether there were any indications of management bias in the selection of these assumptions; and
- we assessed the appropriateness of the Group's disclosures in respect of impairment of intangible assets, property, plant and equipment ('PPE'), right-of-use assets and goodwill as included in note 10 to the consolidated financial statements.

BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS
The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board and as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

STATUTORY AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements, the statement of the non-financial information attached to the board of directors' annual report on the consolidated financial statements and the other information included in the annual report.

STATUTORY AUDITOR'S RESPONSIBILITIES

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, the statement of the non-financial information attached to the board of directors' annual report on the consolidated financial statements and the other information included in the annual report, and to report on these matters.

ASPECTS CONCERNING THE BOARD OF DIRECTORS' ANNUAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, as included in section 3 'Results 2022' and section 11 'Corporate Governance' , we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Section 1: Word from the Chairman and the CEO
- Section 4: Kinepolis worldwide
- Section 7: Core activities

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in section 10 'Impactful and responsible business' of the annual report. The Company has prepared this non-financial information based on ISO26000. In accordance with article 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned ISO26000.

INFORMATION ABOUT THE INDEPENDENCE

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

In accordance with the draft standard on the audit of compliance of the financial statements with the European Single Electronic Format (hereafter 'ESEF'), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter 'Delegated Regulation').

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter 'digital consolidated financial statements') included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the official Dutch version of the digital consolidated financial statements as per 31 December 2022, included in the annual financial report of Kinepolis Group NV, are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

OTHER ASPECT

This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Antwerp, 31 March 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

Frederic Poesen
Bedrijfsrevisor / Réviseur d'Entreprises

Condensed financial statements of Kinepolis Group NV

The following information is an extract from the statutory financial statements of Kinepolis Group NV, drawn up in accordance with the Belgian accounting principles. These statutory financial statements will be filed, together with the report of the Board of Directors to the General Shareholders Meeting and the auditor's report, with the National Bank of Belgium within the legal deadline.

It should be noted that only the consolidated financial statements as presented above give a true and fair view of the financial position and performance of Kinepolis Group NV.

As Kinepolis Group NV is essentially a holding company that accounts for its investments at cost in its statutory financial statements, these separate financial statements only give a limited view of the financial position of Kinepolis Group NV. The Board of Directors has therefore deemed it appropriate to present only a condensed unconsolidated balance sheet and income statement, prepared according to the Belgian accounting principles for the year ended 31 December 2022.

The statutory auditor's report is 'unqualified', and confirms that the statutory financial statements of Kinepolis Group NV, prepared in accordance with Belgian accounting principles for the year ending 31 December 2022, give a true and fair view of the financial position of Kinepolis Group NV in accordance with all legal and regulatory provisions.

The statutory financial statements of Kinepolis Group NV can be obtained free of charge from the website of the National Bank of Belgium (www.nbb.be), in the section 'Central Balance Sheet Office', subsection 'Consult' or can be requested free of charge from Investor Relations.

CONDENSED UNCONSOLIDATED BALANCE SHEET OF KINEPOLIS GROUP NV

IN '000 €	2021	**2022**
Non-current assets	609 567	620 472
Intangible assets	4 696	5 182
Property, plant and equipment	665	835
Financial fixed assets	604 206	614 455
Current assets	48 912	57 380
TOTAL ASSETS	**658 479**	**677 852**
Equity	80 969	88 018
Issued capital	18 952	18 952
Share premiums	1 154	1 154
Legal reserve	1 895	1 895
Unavailable reserves	20 825	14 675
Available reserves	7 050	7 050
Profit carried forward	31 092	44 291
Provisions and deferred taxes	33	130
Non-current loans and borrowings	491 622	475 744
Current loans and borrowings	71 362	101 969
Accrued charges and deferred income	14 493	11 992
TOTAL EQUITY AND LIABILITIES	**658 479**	**677 852**

CONDENSED UNCONSOLIDATED INCOME STATEMENT OF KINEPOLIS GROUP NV

IN '000 €	2021	2022
Operating income	30 837	73 934
Operating expenses	-30 808	-46 538
OPERATING RESULT	**29**	**27 396**
Financial result	-2 819	-12 075
Current tax expenses	248	-1 260
PROFIT / (LOSS) FROM THE FINANCIAL YEAR FOR APPROPRIATION	**-2 542**	**14 061**

APPROPRIATION OF THE RESULTS OF KINEPOLIS GROUP NV

IN '000 €	2021	2022
Profit / (loss) from the fiscal year for appropriation	-2 542	14 061
Profit carried forward from previous financial year	39 641	31 092
Transfer to / (from) equity:		
- to the unavailable reserves	6 008	-6 150
Profit to be carried forward	31 092	44 291
Dividend		7 012

MANDATES AND REMUNERATION OF THE STATUTORY AUDITOR OF KINEPOLIS GROUP NV

IN '000 €	2021	2022
Remuneration of the statutory auditor(s) for the performance of a mandate as statutory auditor	265	287
Other audit-related services	2	
Other assignments outside the audit assignments	3	6
Remuneration for exceptional services or special assignments performed within the Company by the statutory auditor(s)	5	6
Tax advisory services	13	19
Other assignments outside the audit assignments	3	4
Remuneration for exceptional services or special assignments performed within the Company by persons associated with the statutory auditor(s)	16	23
TOTAL	**286**	**316**

Reconciliations

ADJUSTMENTS

IN '000 €	2021	2022
EBITDA	405	-712
Depreciations, amortisations and impairment losses	-1 181	-892
Provisions		117
Income tax expenses	196	373
NET IMPACT OF ADJUSTMENTS	**-580**	**-1 114**

RECONCILIATION OF ADJUSTED RESULT

IN '000 €	2021	2022
Operating result	-6 545	67 980
Financial result	-28 362	-30 286
Result before tax	**-34 907**	**37 694**
Income tax expenses	9 401	-10 159
Result for the period	**-25 506**	**27 535**
Net impact of adjustments	580	1 114
ADJUSTED RESULT FOR THE PERIOD	**-24 926**	**28 649**

RECONCILIATION OF EBITDAL

IN '000 €	2021	2022
EBITDA	72 667	150 250
Costs related to lease contracts (excl. rent abatements and common charges)	-34 157	-36 274
EBITDAL	**38 510**	**113 975**

RECONCILIATION OF ADJUSTED EBITDAL

IN '000 €	2021	2022
EBITDAL	38 510	113 975
Impact of adjustments on EBITDA	-405	712
ADJUSTED EBITDAL	**38 105**	**114 688**

RECONCILIATION ADJUSTED EBITDA VS EBITDA

IN '000 €	2021	2022
Operating result	-6 545	67 980
Depreciations and amortisations	81 031	82 029
Provisions and impairments	-1 819	241
EBITDA	72 667	150 250
Impact of adjustments on EBITDA	-405	712
ADJUSTED EBITDA	**72 262**	**150 962**

RECONCILIATION OF NET FINANCIAL DEBT

IN '000 €	2021	2022
Financial debt	940 631	861 942
Cash and cash equivalents	-75 295	-67 751
Tax shelter investments	-304	-304
NET FINANCIAL DEBT	**865 032**	**793 887**

RECONCILIATION OF NET FINANCIAL DEBT EXCL. LEASE LIABILITIES

IN '000 €	2021	2022
Financial debt excl. lease liabilities	550 064	491 571
Cash and cash equivalents	-75 295	-67 751
Tax shelter investments	-304	-304
NET FINANCIAL DEBT EXCL. LEASE LIABILITIES	**474 465**	**423 516**
Impact lease liabilities	390 567	370 371
NET FINANCIAL DEBT	**865 032**	**793 887**

RECONCILIATION FREE CASH FLOW

IN '000 €	2021	2022
Cash flow from operating activities	84 409	149 903
Income taxes paid / received	4 465	-13 880
Maintenance capital expenditures for intangible assets, property, plant and equipment and investment property	-2 819	-13 197
Interest paid / received	-15 534	-16 319
Payment of lease liabilities	-21 624	-36 389
FREE CASH FLOW	**48 897**	**70 117**

RECONCILIATION ROCE

IN '000 €	2021	2022
Operating result	-6 545	67 980
Impact of adjustments on EBIT	776	1 487
Adjusted EBIT	-5 769	69 467
Average non-current assets	1 088 376	1 062 914
Average deferred tax assets	-19 295	-22 477
Average inventories	4 423	6 334
Average trade receivables	17 700	24 604
Average trade payables	-56 620	-65 021
Capital employed	1 034 583	1 006 354
RETURN ON CAPITAL EMPLOYED (ROCE)	**-0.6%**	**6.9%**

RECONCILIATION ROCE EXCL. IFRS 16

IN '000 €	2021	2022
Operating result + IFRS 16 depreciations – costs related to lease contracts (excl. rent abatements and common charges)	-13 454	60 413
Impact of adjustments on EBIT	776	1 487
Adjusted EBIT excl. IFRS 16	-12 678	61 900
Average non-current assets excl. right-of-use assets	730 475	719 523
Average deferred tax assets excl. impact IFRS 16	-15 220	-15 998
Average inventories	4 423	6 334
Average trade receivables	17 700	24 604
Average trade payables	-56 620	-65 021
Capital employed excl. IFRS 16	680 757	669 443
RETURN ON CAPITAL EMPLOYED (ROCE) EXCL. IFRS 16	**-1.9%**	**9.2%**

RECONCILIATION CURRENT RATIO

IN '000 €	2021	2022
Current assets	115 447	123 299
Current liabilities	220 650	194 239
CURRENT RATIO	**0.52**	**0.63**

RECONCILIATION CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES

IN '000 €	2021	2022
Current assets	115 447	123 299
Current liabilities excl. current lease liabilities	184 354	159 243
CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES	**0.63**	**0.77**

RECONCILIATION CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW

IN '000 €	2021	2022
Acquisition of intangible assets	1 648	2 381
Acquisition of property, plant and equipment and investment property	15 406	25 376
Advance lease payments	254	
Acquisition of subsidiaries, net of cash acquired		7 858
Proceeds from sale of investment property, intangible assets and property, plant and equipment	-1 579	-2 278
TOTAL CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW	**15 730**	**33 337**

RECONCILIATION GEARING RATIO

IN '000 €	2021	2022
Net financial debt	865 032	793 887
Equity	120 649	157 628
GEARING RATIO	**7.17**	**5.04**

RECONCILIATION GEARING RATIO EXCL. LEASE LIABILITIES

IN '000 €	2021	2022
Net financial debt excl. lease liabilities	474 465	423 516
Equity	120 649	157 628
GEARING RATIO EXCL. LEASE LIABILITIES	**3.93**	**2.69**

Glossary and APMs

The glossary below also contains Alternative Performance Measures (APMs) that are aimed to improve the transparency of financial information.

Gross result
Revenue – cost of sales

Operating result (EBIT)
Gross result – marketing and selling expenses – administrative expenses + other operating income – other operating expenses

Adjusted operating result
Operating result after eliminating adjustments; is used to reflect the operating result from normal operating activities

EBITDA
Operating result + depreciations + amortisations + impairments + movements in provisions

EBITDAL
EBITDA less costs related to lease contracts (excl. rent abatements and common charges, these are already part of EBITDA and should therefore not be included in the deduction)

Adjusted EBITDA
EBITDA after eliminating adjustments; is used to reflect the EBITDA from normal operating activities

Adjustments
This category primarily includes results from the disposal of fixed assets, impairment losses on assets, provisions, costs from restructuring and acquisitions and other exceptional income and expenses

Financial result
Financial income – financial expenses

Effective tax rate
Income tax expenses / result before tax

Adjusted result
Result for the period after eliminating adjustments; is used to reflect the result from normal operating activities

Result for the period, share of the Group
Result attributable to equity holders of the Company

Basic result per share
Result for the period, share of the Group / (average number of outstanding shares – average number of treasury shares)

Diluted result per share
Result for the period, share of the Group / (average number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing share option plans x dilution effect of the share option plans)

Dividend
Payment of the result of a company to its shareholders

Pay-out ratio
The pay-out ratio indicates which part of the net result is being paid to the shareholders

Capital expenditure
Capitalised investments in intangible assets, property, plant and equipment and investment property

Gross financial debt
Non-current and current financial liabilities

Net financial debt
Financial debt after deduction of cash and cash equivalents and tax shelter investments

Net financial debt excl. lease liabilities
Financial debt excluding lease liabilities after deduction of cash and cash equivalents and tax shelter investments

ROCE (Return on capital employed)
Adjusted EBIT / (average non-current assets – average deferred tax assets + average assets classified as held for sale + average trade receivables + average inventories – average trade payables)

Current ratio
Current assets / current liabilities

Free cash flow
Cash flow from operating activities – maintenance capital expenditures for intangible assets, property, plant and equipment and investment property – interest paid

Financial calendar 2023-2024

THURSDAY	WEDNESDAY	THURSDAY
27	10	17
Apr 2023	May 2023	Aug 2023
PUBLICATION BUSINESS UPDATE Q1 2023	GENERAL MEETING KINEPOLIS GROUP NV	PUBLICATION HALF-YEAR RESULTS 2023 PRESENTATION TO PRESS AND ANALYSTS

THURSDAY	THURSDAY
26	22
Oct 2023	Feb 2024
PUBLICATION BUSINESS UPDATE Q3 2023	PUBLICATION ANNUAL RESULTS 2023 PRESENTATION TO PRESS AND ANALYSTS

These dates are subject to change.

For adjustments to the financial calendar, please refer to the website:
WWW.KINEPOLIS.COM/CORPORATE

Statement with regard to the information incorporated in the annual report

The undersigned certifies that, to his knowledge:

- The financial statements, which have been prepared in accordance with the applicable standards and on a going concern basis, 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.

22 March 2023

Eddy Duquenne

CEO Kinepolis Group

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