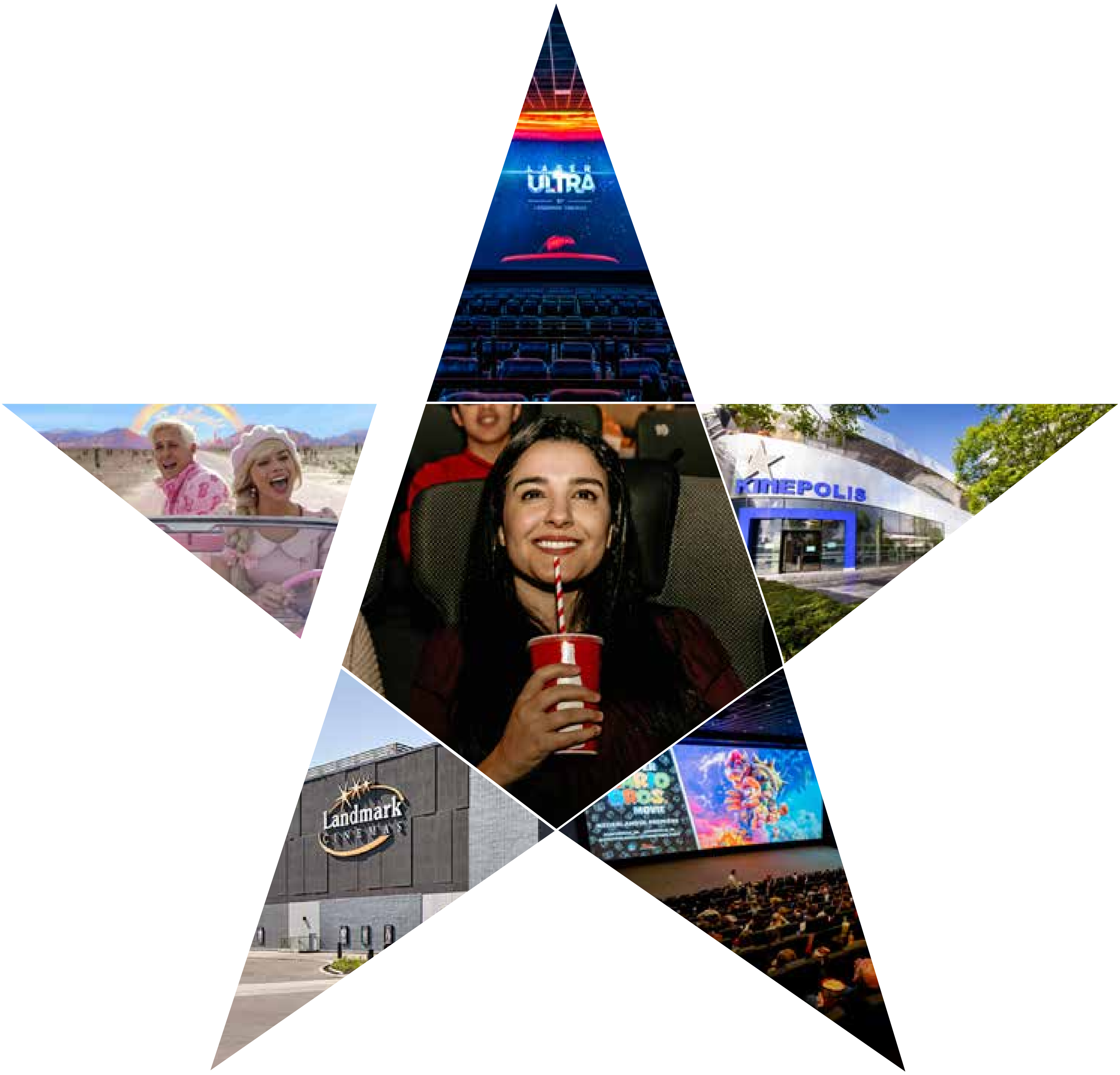
KINEPOLIS



ANNUAL REPORT 23

ANNUAL REPORT
2023

KINEPOLIS GROUP

Premiere 'The Super Mario Bros. Movie' in 2023, Kinepolis Leidschendam (NL)

Table of contents

01 | Word from the Chairman and the CEO

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

2023 was a record year for Kinepolis, with a higher than ever revenue, EBITDAL and net profit. The strong revenue generation was driven by an increase in visitors that was one-fifth higher than in 2022, combined with an increase in sales per visitor, a direct result of Kinepolis' substantial investments in premium concepts and film experiences.

EDDY DUQUENNE

Eddy Duquenne, Joost Bert

Ladies and Gentlemen,
Dear Shareholder, Customer and Employee,

2023 was the first full year without Covid measures, and it became a record year. Never before did we achieve higher revenue, EBITDAL and net profit. More importantly, these results were accompanied by record levels of customer and employee satisfaction.

The strong revenue generation was driven by an increase in visitors that was one-fifth higher than in 2022, combined with an increase in sales per visitor, which is a direct result of Kinepolis' substantial investments in premium concepts and film experiences. 2023 therefore confirmed that our strategy of fully focussing on greater customer experience is the right one.

After a good first half-year, thanks to 'Avatar: The Way of Water' and 'The Super Mario Bros. Movie', the mega-success of 'Barbie' and 'Oppenheimer' ensured a phenomenal summer. The number of Hollywood releases remained rather limited, however, compared to the offering before the pandemic. The progressive recovery of the film offering was also hampered by the months-long strike of actors and screenwriters in Hollywood and the associated postponement of several blockbusters (including 'Dune: Part Two'), which resulted in a weaker fourth quarter. The fact that we are achieving record results against this background makes us particularly excited about the potential in the coming years, given the expected expansion of the number of Hollywood releases.

Thanks to the commitment to further premiumisation of our product offering and the successful implementation of our Entrepreneurship and Star plans, the financial strength of Kinepolis increased considerably in the past year. The balance sheet is now stronger than before the pandemic, with higher solvency and substantially lower net debt and leverage.

01

21 new ScreenX screens in 2024 and 2025

With strong confidence for the future, a gross dividend of € 0.55 per share will be proposed to the General Meeting.

Kinepolis' results have ensured that we have now grown into one of the strongest players in the cinema industry. This illustrates that, through the application of a conservative risk profile – by focusing on innovation combined with annual optimisation of our activities – and a controlled debt ratio, the cinema industry offers sufficient opportunities to create value, and still has a lot of potential for the future. This motivates us to continue investing in the best possible movie and customer experience, and provides opportunities for the future expansion of the Group.

We successfully integrated three new French cinemas into our network in 2023. The cinemas in Amnéville (acquired at the end of 2022), Belfort (March 2023) and Béziers (December 2023) have expanded our footprint in France to 18 cinemas. We will also be opening a new Landmark cinema in Windsor, Ontario (CA) in the autumn of 2024.

We evaluate small to larger acquisitions, and, as always, we look not only at what we can handle financially as a Group, but also at what we can handle as management. The unique, self-learning corporate culture is really what determines the success of Kinepolis. The continuous improvement of our product range and the way in which we work, together with the exchange of experiences across cinemas and national borders, remains essential for realising the potential for improvement both in existing cinemas and those acquired.

The 'premiumisation' of our offering is bearing fruit, guaranteeing further 'internal' growth. For instance, we opened six new IMAX screens in the autumn of 2023. With these openings, we currently have 12 IMAX locations, six in Europe, five in Canada and one in Michigan. All the new venues are equipped with the latest IMAX technology, IMAX Laser, for an unparalleled image and sound experience.

We are also adding 21 new ScreenX screens to our portfolio. ScreenX is the world's first multi-projection cinema technology that provides a 270-degree viewing experience for select scenes of the film by extending the screens to the side walls of the auditorium. The openings are scheduled for 2024 and 2025. Five of the 21 screens were opened as early as in February 2024.

We also continue to focus on our Cosy Seats in Europe, and, in North America, we installed Premiere Seats and VIP Seats in various Landmark and MJR theatres, respectively. These comprise two or three heated recliners placed together – equipped with a coat hook and table – that offer more privacy than regular recliners. Our own Premium Large Format, Laser ULTRA, is also appreciated by our Canadian and American customers. For that reason, we also opened additional Laser ULTRA screens there in 2023.

In addition to these premium cinema concepts, we also continue to focus on our loyalty formulas (Movie Club), numerous event concepts that turn a movie outing into a real experience and the further development of our content offering (including concert films, which achieved particular success in 2023).

Premiere Seats in Landmark Tamarack (Edmonton)

Premiere of 'Trolls 3' in 2023, Kinepolis Leidschendam (NL)

©Westfield Mall of the Netherlands

Kinepolis continues to innovate and to reinforce this culture, we have also reintroduced our internal Innovation Lab to enable every employee – from student to manager – to submit new ideas.

Sustainability also remains a common thread running through our strategy. We have been working hard to prepare for a new reporting in line with the *Corporate Sustainability Reporting Directive* as of 2024, and have continued to work, in particular, on the further improvement of our carbon footprint and energy efficiency. Thanks to the roll-out of intelligent building management systems tailored to cinemas and the transition to laser projectors, we are succeeding in continuously reducing our energy consumption.

We continue to aim for a working environment in which everyone feels good, appreciated and valued. We want to further develop the considerable talent we have in-house, as well as attract new talented people and work together constructively with respect for everyone's individuality. Kinepolis is the right place for those who want to grow with us, and for those displaying a good measure of entrepreneurship. For everyone with a passion for movies and for our customers.

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

See you at the cinema!

YOUR
IDEA
OUR FUTURE
KINEPOLIS

Eddy Duquenne
CEO of Kinepolis Group

Joost Bert
Chairman of the Board of Directors

02 | Our purpose

Why?

At Kinepolis, we want to **enrich people's lives through the power of movies.**

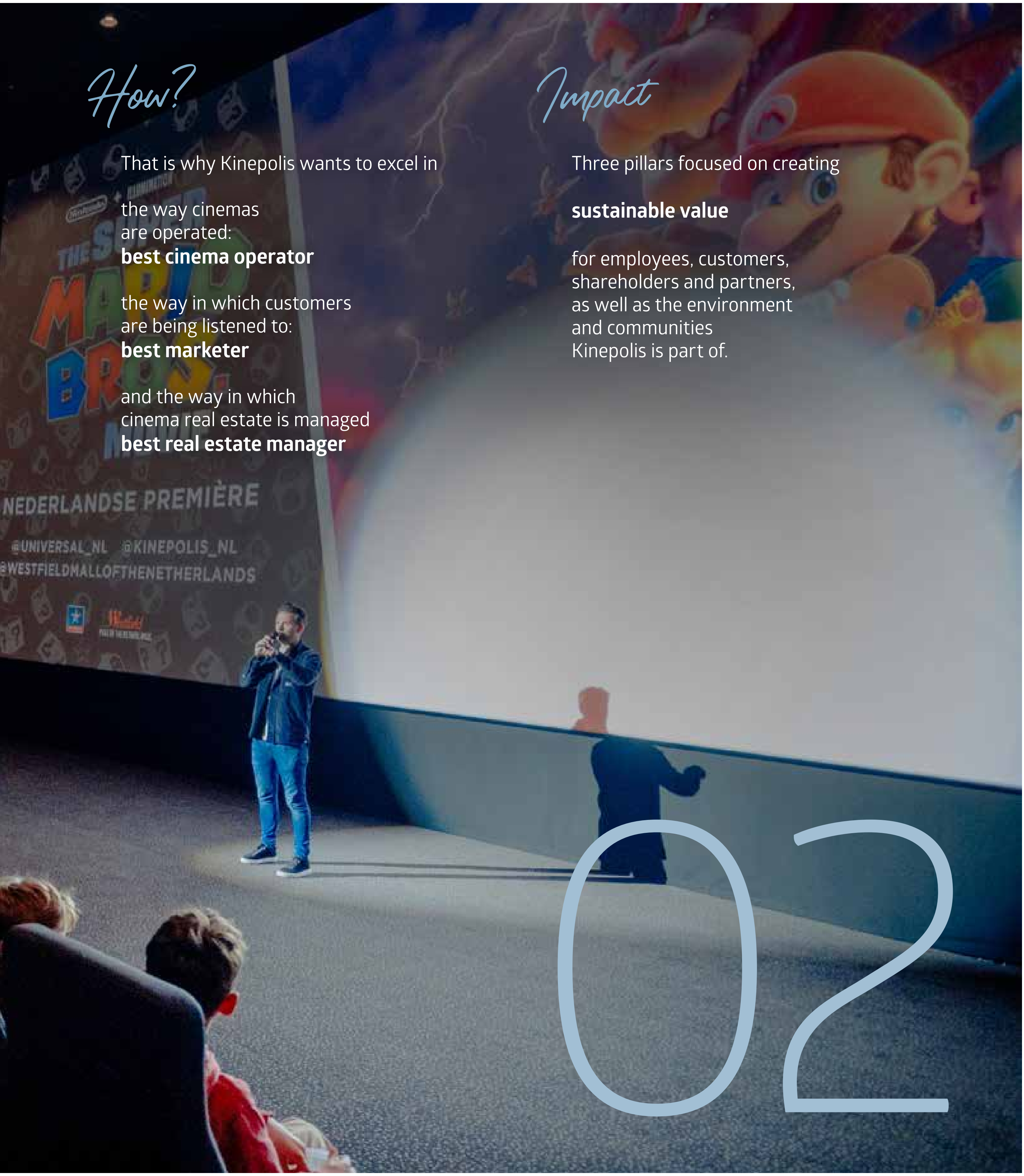
What?

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.

Premiere of the 'The Super Mario Bros. Movie' in Kinepolis Leidschendam (NL)



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 2023

Premiere Seats, Landmark Waterloo (CA)

03

Value creation model

A business model designed to deliver
the ultimate movie experience.

VISION

Creating the ultimate movie experience for you.

RESOURCES

HUMAN CAPITAL

- A very diverse team of more than 4 000 employees
- Self-learning corporate culture: 12.5% of employees with business responsibility
- Talent Factory

CINEMA NETWORK

- 3 brands: Kinepolis, Landmark, MJR
- 109 cinemas, 1 131 screens, +200 000 seats
- 9 countries (Europe & North America)
- 50 cinemas in ownership
- +90 000 m² leased to third parties

FINANCIAL CAPITAL

- Long-term investors
- Solid financial structure
- Cash position of € 209.9 million at the end of 2023
- € 605.5 million revenue

CONTENT

- International and local film releases
- Alternative content
- Relations with distributors
- Kinepolis Film Distribution

ACKNOWLEDGED EXPERTISE

- Strong brand: +50 years' experience in cinema operation, pioneering legacy
- Proven cinema concepts
- Advanced technology
- Award-winning business management

— STRATEGIC PILLARS —

STRATEGY

- BEING THE BEST CINEMA OPERATOR
- BEING THE BEST MARKETER
- BEING THE BEST REAL ESTATE MANAGER

ESG PRIORITIES

- Development and empowerment of employees
- Well-being of employees, diversity and inclusion
- Excellence in customer experience
- Green and future-proof cinema infrastructure
- Responsible waste management

Integrity in business, good governance

Impact 2023

SOCIAL

- 35.4 million people enjoyed a relaxing movie experience in 2023
- Feedback received from 486 597 customers
- Internal development of employees: 1 in 3 vacancies for permanent positions filled internally
- +1300 students accompanied in first working experience

- Tax contribution: € 19.7 million corporate taxes
- Support for local film culture and local communities (including € 500 000 support for charitable projects)

FINANCIAL / ECONOMIC

- Dividend policy:
  proposed gross dividend of € 0.55 per share

- Economic value creation:
  - € 151.4 million EBITDAL
  - € 56.1 million net profit
  - € 42.1 million investments (internal & external expansion)
  - 2 acquisitions (FR): Belfort, Béziers

ENVIRONMENTAL

- CO2 footprint (scope 1 & 2 emissions):
  25 805.07 tCO2e
- Energy consumption:
  217 857 kWh/million € revenue

- 59% of screens had already been equipped with sustainable laser projection by the end of 2023 (77% in Europe)
- Responsible waste management
- Sustainable renovation

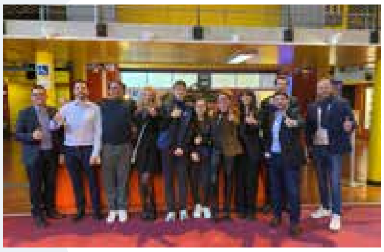
2023 at a glance

DEC JAN FEB MAR APR MAY JUN

2023

JANUARY
Procurement of 171 laser projectors for 2023

MARCH
Appointment of Head of International Trade Marketing and International Head of Event Cinema



29 MARCH
Acquisition of cinema in Belfort (FR)

Premiere Seats

APRIL
Introduction of Premiere Seats in five additional Landmark cinemas (CA)

LASER ULTRA

APRIL
Opening of a Laser ULTRA screen in Groningen (NL)

17 MAY
Agreement for six new IMAX screens and two upgrades

KINEPOLIS MOVIE CLUB

24 MAY
Launch Movie Club in Luxembourg

13 JUNE
Start of share buyback program

JULY
Rebranding of MJR Theatres (USA)


©Wikipedia

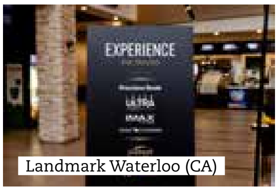
13 JULY
Start of the actors' strike (SAG-AFTRA) in America

19 - 21 JULY
Release of 'Barbie' and 'Oppenheimer'


MJR Sterling Heights (USA)

AUGUST
Opening of Laser ULTRA screen at MJR Sterling Heights (USA)

25 SEPTEMBER
Start of new share buyback program


Landmark Waterloo (CA)

OCTOBER
Inauguration of the renovated Landmark Waterloo cinema (CA)

5 OCTOBER
Closure of Landmark Kitchener (CA)


Kinepolis Nîmes (FR)

7 - 20 OCTOBER
Opening of IMAX screens in Waterloo (Ontario, CA), Liège (BE), Kirchberg (LU), Nîmes (FR) and Madrid (ES)


MJR Southgate (US)
© Week 99er – Becky

9 NOVEMBER
Opening of an IMAX screen at MJR Southgate (Michigan, USA)

10 NOVEMBER
End of the actors' strike (SAG-AFTRA) in America

18 NOVEMBER
Closure of Cineast Enschede (NL)


©ABAF

21 NOVEMBER
ABAF/BVFA award 'Best Investor Relations'

5 DECEMBER
Relaunch of Innovation Lab (Kinepolis Europe)


Cinema in Béziers (FR)
©Polygone Béziers

13 DECEMBER
Acquisition of the operation of the cinema in Béziers (FR)


ScreenX

18 DECEMBER
Agreement with CJ 4DPLEX for 21 new ScreenX screens

JUL | AUG | SEP | OCT | NOV | DEC | JA

2024

Key figures and ratios (1)

KEY FIGURES

Reconciliations. glossary and APMs on p. 212-216

NUMBER OF COMPLEXES (2) (3)	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHER (POLAND. SWITZERLAND)	TOTAL
2023	11	18	36	10	19	10	3	2	109

VISITORS (MILLIONS) (4)	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHER (POLAND. SWITZERLAND)	TOTAL
2022	5.80	5.12	7.55	3.62	3.21	3.30	0.64	0.09	29.32
2023	6.39	6.54	9.12	4.81	3.49	4.09	0.82	0.10	35.36
2023 compared to 2022	10.2%	27.9%	20.7%	33.0%	8.8%	24.1%	26.9%	14.7%	20.6%

CONSOLIDATED INCOME STATEMENT (IN '000 €)	2019	2020	2021	2022	2023
Revenue	551 482	176 282	266 393	499 908	605 475
EBITDA	172 339	17 188	72 667	150 250	186 864
EBITDAL	142 357	-13 981	38 510	113 975	151 364
Adjusted EBITDA	174 148	17 492	72 262	150 962	185 940
Adjusted EBITDAL	144 166	-13 677	38 105	114 688	150 440
Gross result	157 596	-43 357	6 370	114 436	160 370
Operating result	101 037	-65 663	-6 545	67 980	105 999
Financial result	-23 726	-26 052	-28 362	-30 286	-30 228
Result before tax	77 311	-91 715	-34 907	37 694	75 771
Result	**54 372**	**-69 111**	**-25 506**	**27 535**	**56 075**
Adjusted result	**56 003**	**-68 678**	**-24 926**	**28 649**	**56 288**

ANNUAL GROWTH RATES	2019	2020	2021	2022	2023
Revenue	15.9%	-68.0%	51.1%	87.7%	21.1%
EBITDA	47.1%	-90.0%	322.8%	106.8%	24.4%
EBITDAL		-109.8%	375.4%	196.0%	32.8%
Adjusted EBITDA	46.3%	-90.0%	313.1%	108.9%	23.2%
Adjusted EBITDAL		-109.5%	378.6%	201.0%	31.2%
Gross result	21.0%	-127.5%	114.7%	1 696.4%	40.1%
Operating result	27.7%	-165.0%	90.0%	1 138.6%	55.9%
Result	**14.7%**	**-227.1%**	**63.1%**	**208.0%**	**103.7%**
Adjusted result	**17.8%**	**-222.6%**	**63.7%**	**214.9%**	**96.5%**

(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. 212-216

CONSOLIDATED BALANCE SHEET (IN '000 €)	2019	2020	2021	2022	2023
Non-current assets	1 149 043	1 097 121	1 079 631	1 046 197	1 005 365
Current assets	134 779	71 059	115 447	123 299	161 662
TOTAL ASSETS	**1 283 822**	**1 168 180**	**1 195 078**	**1 169 496**	**1 167 027**
Equity	211 253	126 496	120 649	157 628	193 844
Non-current provisions and deferred tax liabilities	23 728	16 126	15 590	14 017	12 791
Non-current loans and borrowings	479 513	469 882	478 494	463 193	383 695
Non-current lease liabilities	383 052	358 317	354 271	335 375	323 196
Current loans and borrowings	10 099	76 599	71 557	28 378	96 000
Current lease liabilities	33 091	35 295	36 296	34 996	34 391
Trade and other payables	139 848	84 778	116 967	132 776	121 015
Others	3 238	687	1 254	3 133	2 095
TOTAL EQUITY AND LIABILITIES	**1 283 822**	**1 168 180**	**1 195 078**	**1 169 496**	**1 167 027**

DATA PER SHARE [5]	2019	2020	2021	2022	2023
Revenue	20.52	6.56	9.90	18.54	22.50
EBITDA	6.41	0.64	2.70	5.57	6.94
EBITDAL	5.30	-0.52	1.43	4.23	5.63
Adjusted EBITDA	6.48	0.65	2.69	5.60	6.91
Adjusted EBITDAL	5.36	-0.51	1.42	4.25	5.59
Result	2.02	-2.56	-0.94	1.02	2.08
Adjusted result	2.08	-2.55	-0.92	1.06	2.09
Equity, share of the Group	7.85	4.71	4.49	5.85	7.20
Gross dividend [6]				0.26	0.55
Pay-out ratio				25%	26%

(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

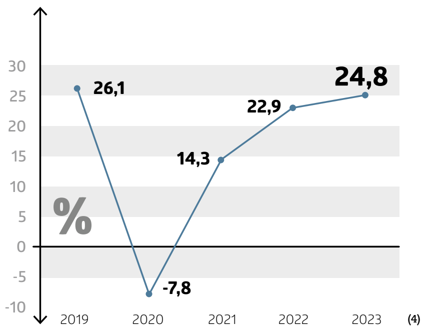
Reconciliations. glossary and APMs on p. 212-216

PROFITABILITY RATIOS	2019	2020	2021	2022	**2023**
EBITDA / Revenue	31.3%	9.8%	27.3%	30.1%	30.9%
EBITDAL / Revenue	25.8%	-7.9%	14.5%	22.8%	25.0%
Adjusted EBITDA / Revenue	31.6%	9.9%	27.1%	30.2%	30.7%
Adjusted EBITDAL [1] / Revenue	26.1%	-7.8%	14.3%	22.9%	24.8%
Gross result / Revenue	28.6%	-24.6%	2.4%	22.9%	26.5%
Operating result / Revenue	18.3%	-37.2%	-2.5%	13.6%	17.5%
Result / Revenue	9.9%	-39.2%	-9.6%	5.5%	9.3%

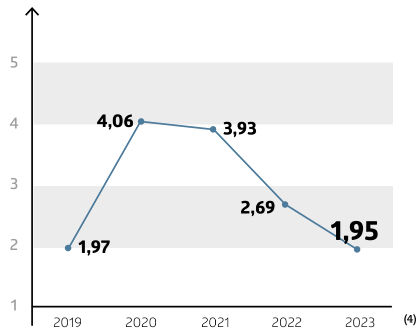
FINANCIAL STRUCTURE RATIOS EXCL. LEASE LIABILITIES	2019	2020	2021	2022	**2023**
Net financial debt	416 950	513 281	474 465	423 516	378 311
Net financial debt / EBITDAL	2.93	-36.71	12.32	3.72	2.50
Net financial debt / Adjusted EBITDAL	2.89	-37.53	12.45	3.69	2.51
Net financial debt [2] / Equity	1.97	4.06	3.93	2.69	1.95
Equity / Total equity and liabilities	24.3%	16.3%	15.0%	19.7%	23.9%
Current ratio	0.92	0.46	0.63	0.77	0.76
ROCE excl. IFRS 16 [3]	16.2%	-10.1%	-1.9%	9.2%	15.0%

FINANCIAL STRUCTURE RATIOS	2019	2020	2021	2022	**2023**
Net financial debt	833 093	906 892	865 032	793 887	735 898
Net financial debt / EBITDA	4.83	52.76	11.90	5.28	3.94
Net financial debt / Adjusted EBITDA	4.78	51.85	11.97	5.26	3.96
Net financial debt / Equity	3.94	7.17	7.17	5.04	3.80
Equity / Total equity and liabilities	16.5%	10.8%	10.1%	13.5%	16.6%
Current ratio	0.75	0.37	0.52	0.63	0.65
ROCE	12.9%	-6.1%	-0.6%	6.9%	10.9%

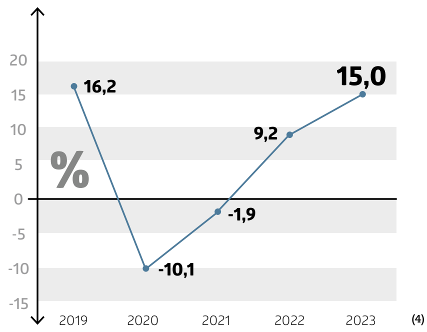
ADJUSTED EBITDA(L) [1] / REVENUE



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.
(4) These graphs have been adapted by means of an Erratum dated 11 April 2024.

Share information

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

EVOLUTION SHARE PRICE AND VOLUME OVER THE LAST 5 YEARS

Tine Duyck receives the 'Best Investor Relations Award 2023'

©ABAF

NUMBER OF SHARES

	2019	2020	2021	2022	2023
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)	26 872 851	26 884 346	26 900 080	26 965 643	26 907 356
Weighted average number of diluted ordinary shares (2)	27 084 005	27 158 344	27 186 753	27 268 287	27 564 765

SHARE TRADING

	2019	2020	2021	2022	2023
Closing price as per 31 December (in €)	59,20	34,75	54,80	38,78	44,70
Market value at closing price (in € '000)	1 620 020	950 941	1 499 613	1 061 222	1 223 224
Lowest price of the year (in €)	45,8	18,8	32,1	35,0	38,00
Highest price of the year (in €)	62,3	62,0	58,3	61,3	49,30
Traded volume per year	3 224 004	19 055 736	13 831 920	6 580 808	5 785 365
Average traded volume per day	12 643	74 147	53 612	25 606	22 688

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 of number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing stock option plans x dilution effect of the stock option plans.

Notes to the financial results

2023 was a record year for Kinepolis. With its highest ever revenue, EBITDAL and net profit, Kinepolis has now completely recovered from the Covid episode, despite a still rather limited Hollywood film offering.

REVENUE

With 35.4 million visitors in 2023 (20.6% more visitors than in 2022), Kinepolis achieved a total revenue of € 605.5 million, an increase of 21.1% compared with 2022. At constant exchange rates, a total revenue of € 616.5 million would have been achieved. Visitor-related revenue (sales of tickets, drinks and snacks) increased by 22.9%, thanks to the increase in visitors and higher revenue per visitor. Kinepolis also recorded a rise in revenue in all other business lines.

Revenue from ticket sales (Box Office, BO) increased by 22.1%, to € 318.6 million. BO revenue per visitor rose by 1.3%. Revenue from the sale of drinks and snacks (In-theatre Sales, ITS) increased by 24.2%, to € 192.8 million. ITS revenue per visitor increased by 3.5% (excluding home delivery revenue).

B2B revenue increased by 5.5% and real estate income by 16.6%. Revenue from Brightfish, the Belgian screen advertising sales house, saw an increase of 67.8%, while Kinepolis Film Distribution (KFD) revenue remained stable at € 4.8 million.

CFO Jeroen Mouton and CEO Eddy Duquenne at the presentation of the half-year results of Kinepolis in August 2023

COST OF SALES

In 2023, the cost of sales increased by 15.5% compared to 2022 (from € 385.5 million to € 445.1 million). This rise is mainly attributed to the growth in activities during 2023, which led to higher operating costs (including film rights, ITS beverages and snacks, etc.). Inflation and rising personnel costs also contributed to this increase. The increase in cost of sales (+15.5%) is significantly lower than the increase in sales (+21.1%), however, thanks to a relatively lower increase in depreciation, improved pricing and increased operational efficiency.

OPERATING COSTS

Operating costs increased in 2023 compared to 2022 (€ 54,4 million compared to € 46.5 million) in line with inflation, salary increases and increased operational activity. Despite the increase in operating costs (+17.0%), this remained significantly lower than the increase in revenue (+21.1%). This is due to several factors, including the effectiveness of the Entrepreneurship plan implemented, improved pricing and better operational efficiency.

EBITDA

EBITDA amounted to € 186.9 million in 2023. After adjustment for leases, EBITDAL was € 151.4 million. EBITDAL per visitor increased from € 3.89 to € 4.28.

NET FINANCIAL RESULT

The net financial result fell slightly to € 30.2 million in 2023 compared to € 30.3 million in 2022. The increase in bank costs, which are partly volume-related due to transaction costs per visitor, and interest costs is fully offset by an increase in interest income on bank deposits and a decrease in interest costs allocated to lease liabilities.

PROFIT FOR THE PERIOD

The effective tax rate was 26.0%, compared with 27.0% in the same period of the previous year. Net profit amounted to € 56.1 million. Earnings per share amounted to € 2.08, compared with € 1.02 in 2022.

FREE CASH FLOW AND NET FINANCIAL DEBT

A positive free cash flow of € 85.5 million was achieved in 2023, compared with € 70.1 million in 2022, mainly due to the good operating result offset by € 15.1 million in interest paid, € 20.4 million in taxes paid, € 18.8 million in maintenance investments and a negative working capital of € 7.0 million.

€ 42.1 million was invested in 2023, of which € 18.8 million in maintenance for existing cinema complexes. € 13.9 million was invested in internal expansion, mainly in the opening of new IMAX screens, the further roll-out of premium cinema experiences, energy-saving investments, new laser projectors and ICT developments.

In addition, € 9.4 million was invested in external expansion, including the takeover of the operation and renovation of the Pathé cinema in Belfort (FR), further renovation of the cinema in Amnéville (FR) and the completed renovation of the Landmark Waterloo cinema (CA).

Net financial debt, excluding lease liabilities, decreased from € 423.5 million at the end of 2022 to € 378.3 million at the end of 2023, thanks to the positive free cash flow.

BALANCE SHEET

Non-current assets (€ 1 005.4 million) accounted for 86.1% of the balance sheet total (€ 1 167.0 million) on 31 December 2023. This includes land and buildings (including investment properties) with a carrying value of € 368.4 million.

On 31 December 2023, equity amounted to € 193.8 million versus € 157.6 million at the end of 2022. The solvency ratio was 16.6%, compared with 13.5% at the end of 2022.

DIVIDEND

At the General Meeting to be held on 8 May 2024, the Board of Directors will propose the payment of a gross dividend of € 0.55 per share for the 2023 period. The dividend will be made available from 15 May 2024 (ex-date: 13 May 2024; record date: 14 May 2024).

ESG priorities and results

The objectives and KPIs will be further refined and, where necessary, revised during 2024, with a view to reporting in line with the *Corporate Sustainability Reporting Directive* from the 2024 period.

GREEN AND RESILIENT BUILDINGS AND INFRASTRUCTURE

COMMITMENT
Kinepolis aims to improve the energy efficiency of its cinema infrastructure and buildings, with a view to the CO2 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 2023

- CO2 footprint (scope 1 and 2 greenhouse gas emissions): 25 805.07 tCO2e
- Scope 3 exercise ongoing, reporting from the 2024 period
- Energy consumption: 131 907 246 kWh or 217 857 kWh/million € revenue
- Transition to energy-efficient laser projection: 59% of the projector park was laser at the end of 2023, compared to 42% at the end of 2022
- Establishment of energy efficiency expertise centre (as part of Real Estate department)
- Roll-out of intelligent building management systems (with energy savings of 25 to 50%) in several French, Spanish and Dutch cinemas
- Installation of a photovoltaic installation at Kinepolis Madrid (ES)

HIGH-QUALITY CUSTOMER EXPERIENCE

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

RESULTS 2023

- Stakeholder dialogue via the Customer Satisfaction Index (CSI): 486 597 customer surveys completed in 2023 (+15% compared to 2022)
- Full roll-out of CSI in Canada, which means that Kinepolis now proactively measures customer satisfaction in all its cinemas worldwide and with the same level of detail
- Roll-out of laser projectors (better visual experience for the customer), 59% laser screens compared to 42% at the end of 2022
- Investments of € 32.7 million in maintenance and internal expansion (roll-out of premium concepts such as IMAX, Laser ULTRA, VIP/Premiere/Cosy Seats)

STRATEGIC PILLARS

To be the **best cinema operator**

To be the **best marketer**

To be the **best real estate manager**

DEVELOPMENT AND 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 2023

- 12.5% business owners in relation to the total number of permanent employees
- Annual performance cycle for 100% of the employees
- Internal mobility: 1 out of 3 vacancies (full-time, permanent jobs) were filled internally in 2023
- +1 300 students accompanied during their first job experience (2023)
- Relaunch of Innovation Lab (Europe)
- Organisation of the Managers' Conference and the launch of an internal community platform (Landmark Cinemas Canada)

RESPONSIBLE WASTE MANAGEMENT

COMMITMENT

Reduce, reuse & recycle waste wherever possible.

RESULTS

- Waste sorting (separate receptacles) applied in most cinemas
- Reporting on waste generation in preparation for the reporting from 2024 (no consolidated data available at this time)

WELL-BEING OF EMPLOYEES, DIVERSITY AND INCLUSION

COMMITMENT

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

RESULTS 2023

- Stakeholder dialogue: 87% of the employees took part in the PSI survey in 2023 (+6% compared to 2022)
- Diversity indicators:
  - 71% of employees under the age of 30
  - 49.5% men and 50.5% women
  - Depending on the country, 35% to 55% women in management positions
  - 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 2023

- 100% of the employees have signed the Kinepolis code of conduct
- Adjustment of the whistleblowing policy and introduction of online platform for reporting (Europe); implementation in North America planned for 2024
- Internal Phishing Awareness campaigns

04 | Core activities and strategy

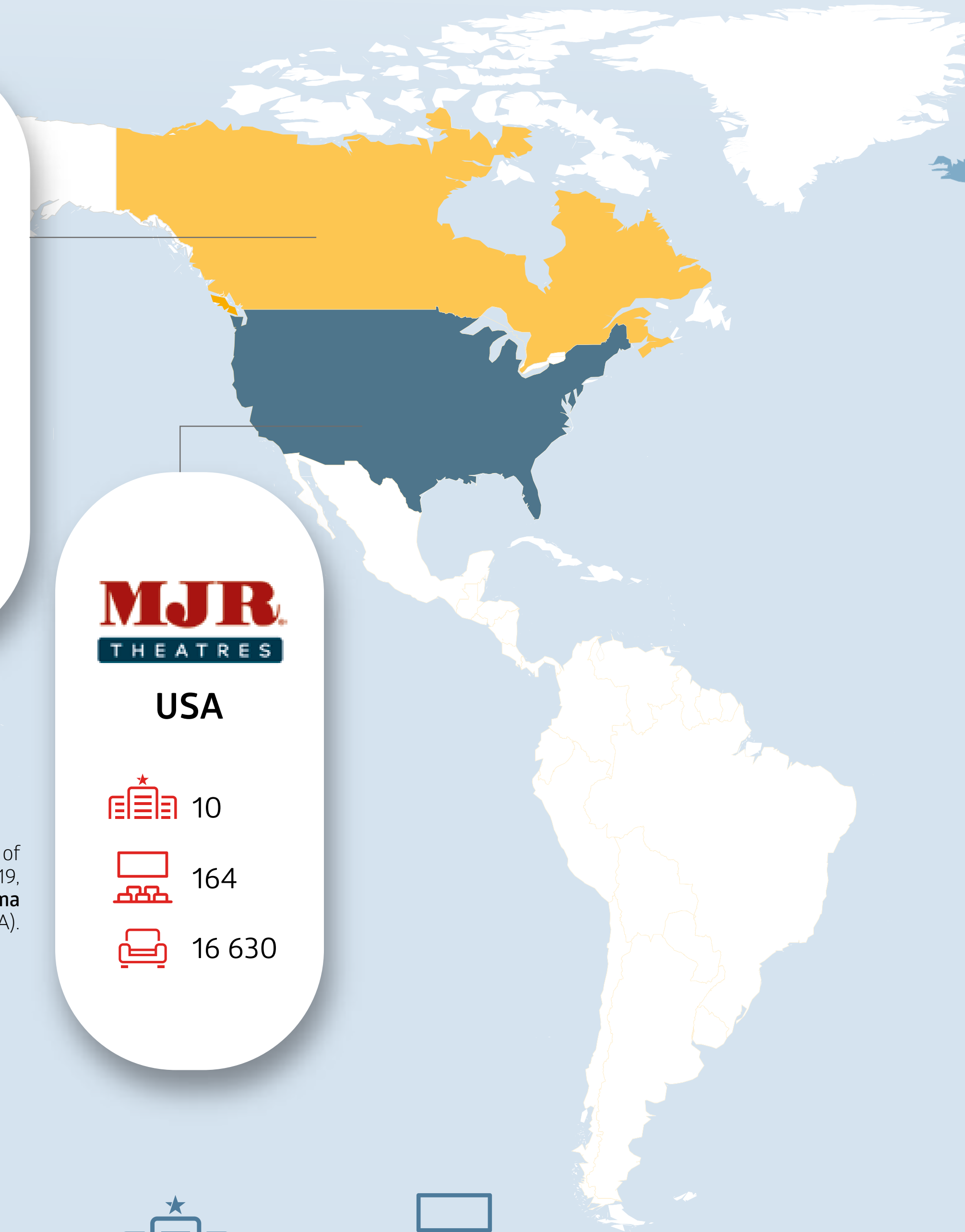
Kinepolis Leidschendam (NL)

©Disney/Westfield Mall of the Netherlands

04

Kinepolis worldwide

On the date of publication of this annual report, Kinepolis Group had a total of 109 cinema complexes[(1)] in its portfolio (50 of which it owns), amounting to 1131 screens and more than 200 000 seats.



Landmark CINEMAS

CANADA

36

299

38 496

Following the acquisition of Landmark Cinemas Canada in 2017, Kinepolis operates **36 cinemas** in Canada.

MJR THEATRES

USA

10

164

16 630

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

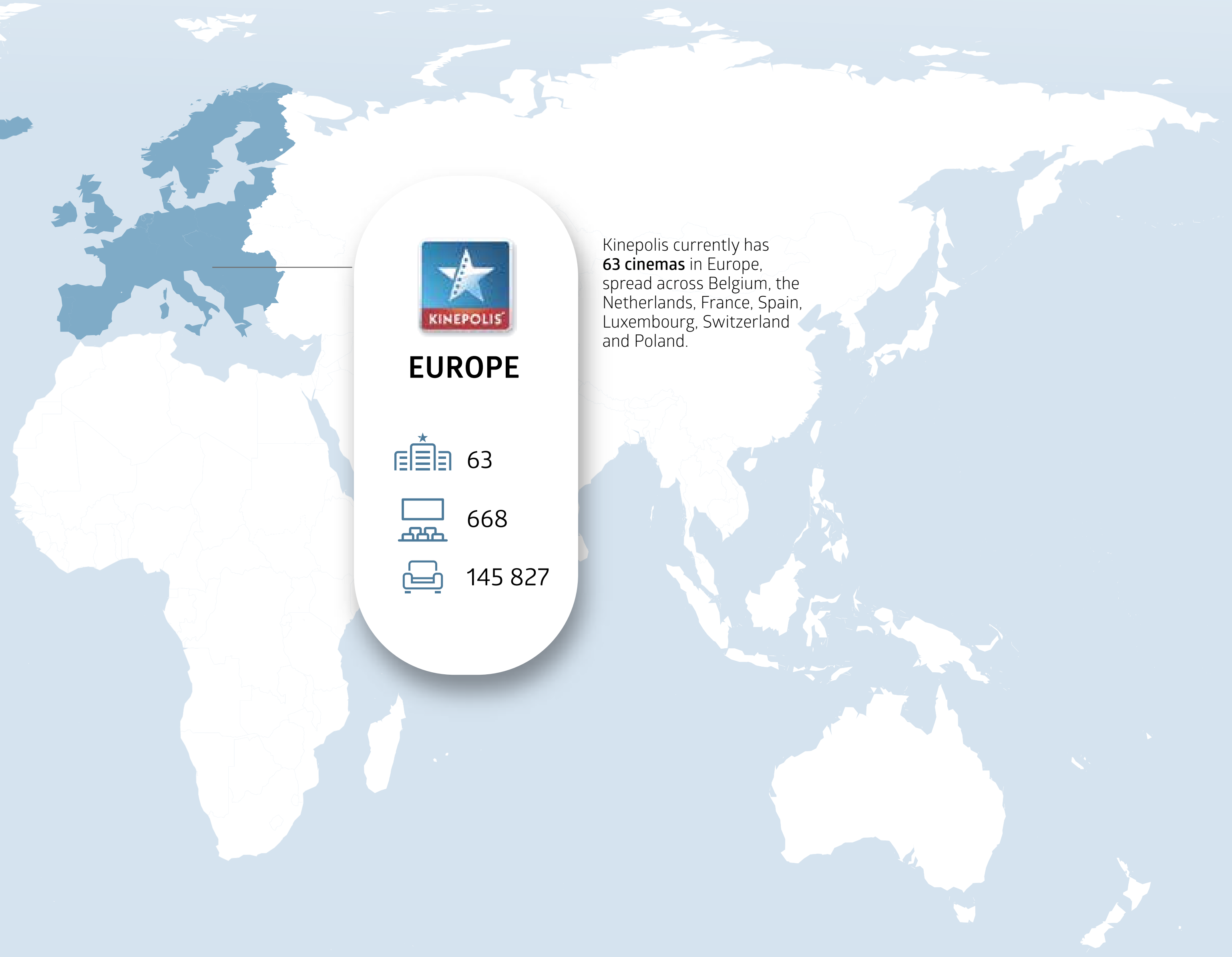
9 COUNTRIES

35.4 million VISITORS IN 2023

109 COMPLEXES

1 131 SCREENS

(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.



EUROPE

63

668

145 827

Kinepolis currently has **63 cinemas** in Europe, spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland.

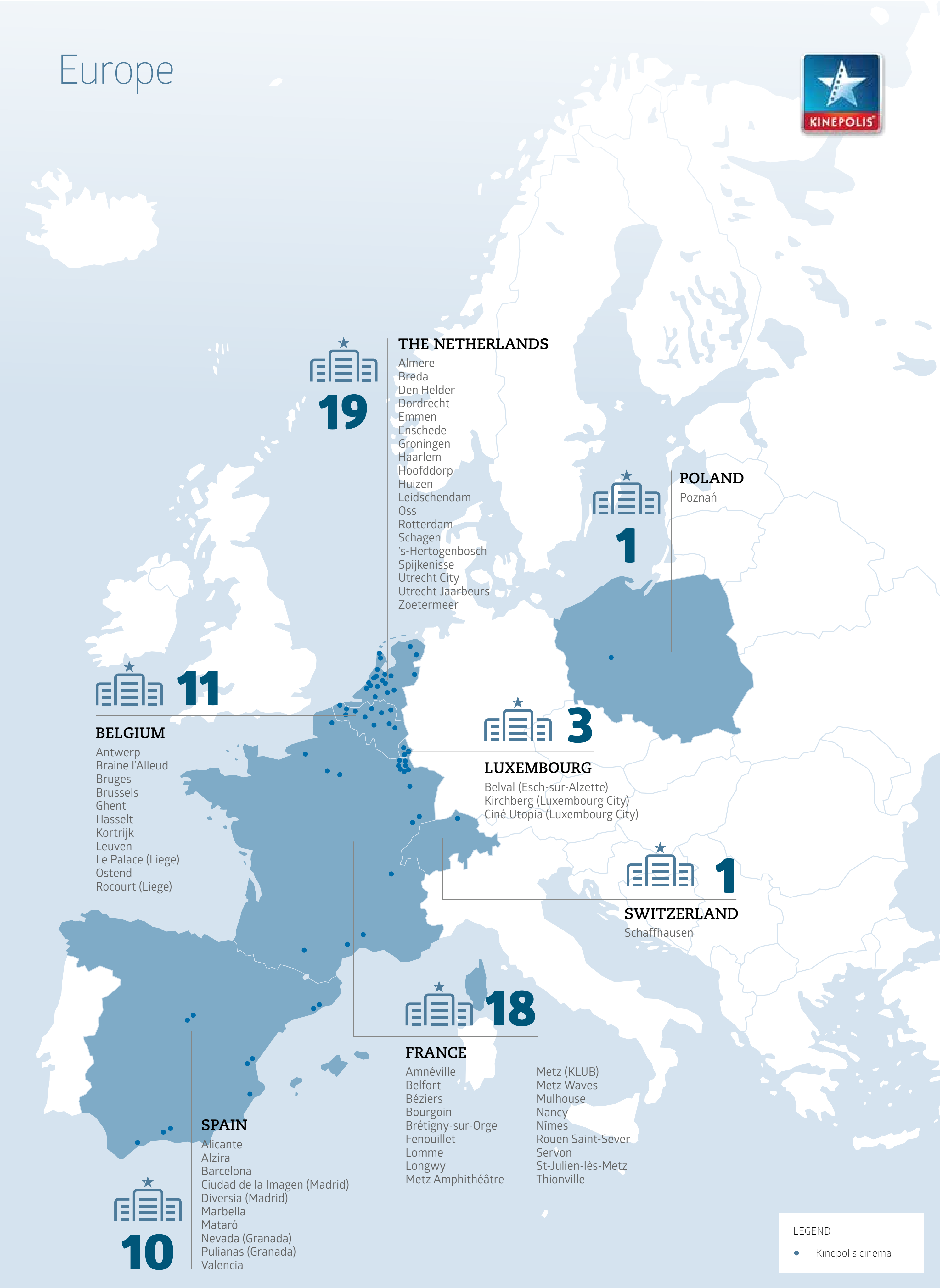
200 953
SEATS

4 237
EMPLOYEES
Headcount December 2023

Overview per country on the following pages.

Canada | USA


Landmark CINEMAS
MJR THEATRES
2
SASKATCHEWAN
Regina
Saskatoon
9
ONTARIO
Bolton
Hamilton (Jackson Sq.)
Kanata
Kingston
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
11
ALBERTA
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
19
THE NETHERLANDS
Almere
Breda
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
18
FRANCE
Amnéville
Belfort
Béziers
Bourgoin
Brétigny-sur-Orge
Fenouillet
Lomme
Longwy
Metz Amphithéâtre
Metz (KLUB)
Metz Waves
Mulhouse
Nancy
Nîmes
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

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 local 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 from 2014 on, thanks in part to the acquisition of Landmark Cinemas Canada and American MJR Theatres.

Albert Bert

First cinema in Harelbeke

First megaplex, Kinepolis Brussels (BE)

KLUB, THE KINEPOLIS ART HOUSE CINEMA CONCEPT

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 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, and was mainly a group 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. Landmark Cinemas was acquired by Kinepolis Group at the end of 2017, 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. Albert (CA)

MJR THEATRES, 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, enabling it to gain a first foothold in the United States. The American cinema complexes continue to operate under the registered 'MJR Theatres' brand.


MJR Theatres, Sterling Heights (USA)

Core activities

Our organisation comprises **six core activities**, all ingredients for the ultimate movie experience.

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 film offering.

Kinepolis endeavours to continuously optimise its theatre capacity and occupancy 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 program that appeals to various target groups at all times. The film offering is also constantly complemented by 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. This business has grown in significance 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 are complemented by local products for each country or region. Kinepolis is also developing other ITS concepts within this activity, such as the coffee corners in the cinema and the Douwe Egberts Café in Kinepolis Antwerp (BE). In terms of ITS also, we are aiming to provide a range of products that suits various target groups.


Self-service shop, Kinepolis Nîmes (FR)

MarketPlace, Landmark Cinemas Shawnessy (CA)

BUSINESS-TO-BUSINESS

Their advanced, flexible infrastructure make Kinepolis cinemas ideal B2B venues for conferences, avant-premieres and corporate events. In addition to the organisation of company 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 coordinating the management, utilisation and development of the Group's real estate portfolio. Kinepolis stands out from many other cinema operators thanks to its unique real-estate position. The Group actually owns a major part of its real estate (50 cinemas, which together generate 53% of the visitors). More than 90 000 m² are leased to third parties in the cinemas owned by Kinepolis. The flow of customers to these businesses (mainly shops, restaurants and bars) is mostly generated by the presence of the cinema.

FILM DISTRIBUTION

Kinepolis Film Distribution (KFD) focuses on the distribution of 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 the Belgian film landscape. As a media company, Kinepolis also stimulates the production and promotion of Flemish films via KFD. KFD also works closely with other partners, including Dutch FilmWorks (StudioCanal). KFD thereby distributes films from the DFW catalogue in Belgium and Luxembourg.

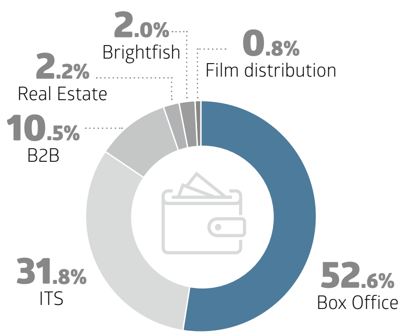
Kinepolis also carries out distribution activities for alternative content (concerts, kids content, etc.) in other European countries such as France and Spain.

SCREEN ADVERTISING IN BELGIUM

The Belgian screen advertising sales house Brightfish offers a wide range of media channels in and around the cinema, for everyone who wants to communicate specifically with cinema visitors.


Premiere of ‘Het Smelt’ in Kinepolis Antwerp (BE)

REVENUE PER ACTIVITY IN 2023



Business environment

2023 was marked by an international film offering that was still in recovery mode.

RECOVERING FILM OFFERING

The number of international releases increased compared to 2022, but without reaching pre-pandemic levels. This is because fewer cinema film productions were given the green light during the pandemic years, with the impact of the actors' strike in Hollywood – from July to November 2023 – also making itself felt. Some major films, including ‘Dune: Part Two’, were postponed to 2024 because the actors involved were not available for promotional purposes.

CONSUMERS LOOKING FOR AN EXPERIENCE

Given the oversupply of content for home consumption, the experience aspect has become even more important for cinemas. In recent years, Kinepolis has invested heavily in all the aspects that can take the customer experience to a higher level. The success of premium movie experiences – ranging from the best laser projection and immersive sound to various seating concepts and thematic events – has ensured that the market has continued to grow in terms of revenue, even in years in which visitor numbers did not. Focusing on experience and quality pays off, now even more than ever.

‘Taylor Swift: The Eras Tour’, Kinepolis Antwerp (BE)

©De Standaard – Katrijn van Giel

Moreover, the rise of ‘event cinema’ (including the success of concert films) illustrates this development. 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, as well as the increased diversity of modern society, ensure the increasing importance of content selection and targeted promotion by cinema operators. A cinema operator must guide the customer through the offer, and build up credibility through film programming and recommendations. Kinepolis aspires to be the ‘sommelier of the film’ for its customers, and applies the principle of active programming, constantly supplementing the blockbuster offer with local films, art house films and alternative content, according to audience composition and demand. The development of a more extensive content department within Kinepolis and quality labels such as ‘CINE K’ are part of this vision.

4DX, one of the premium movie experiences at Kinepolis

IMPORTANCE OF CINEMA FOR THE PROFITABILITY OF A FILM

A 'theatrical release' – especially for big budget films – has proved indispensable for maximising a film's revenue. The phrase *There's no substitute for Box Office revenue*, is often heard within the industry. A large part of the revenue generated in cinemas flows back to the producer, which is 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. Since the end of the pandemic – during which experiments with various release strategies were carried out – an exclusive theatrical release has once again become the preferred approach.

MARKET INFORMATION EUROPE [1]

2023 proved to be a successful year for European cinemas thanks to smash-hit international titles including 'Barbie', 'Oppenheimer', 'The Super Mario Bros. Movie', 'Spider-Man: Across the Spider-Verse', 'Mission: Impossible – Dead Reckoning Part One' and 'Wonka', as well as a wide range of highly popular national releases.

With figures for several territories still to be confirmed, UNIC [2] estimates that European admissions increased by 21% and that total box office for the year will reach € 7.1 billion – a rise of 24% in Europe and 25% in the EU compared with 2022, the latter being only 8% below the 2017-2019 results.

(1) Source: Press release UNIC of 14 February 2024 + information FCB (Fédération des Cinémas Belges) of 26 February 2024.
(2) UNIC is the European trade group representing cinema exhibitors and their national trade associations across 39 European territories. More information available on unic-cinemas.org.

The Netherlands, Croatia, Albania, Serbia and Montenegro ended the year with Box Office revenues above their 2017-2019 average. The Dutch achieved nearly 32 million admissions, 27% more than in 2022 and earned € 338 million, an increase of 31% on 2022. Serbia and Montenegro saw a Box Office increase of 27% compared to 2022, mainly thanks to the local title 'Guardians of the Formula'. Austria, the Czech Republic, Finland, Hungary and Slovakia were on par with pre-pandemic Box Office results. In Belgium the number of sold cinema tickets reached 16.7 million, 13.55% more than in 2022.

> 2023 sees further strong performances across European cinema territories with 24% Box Office growth.

German Box Office takings totalled € 859 million, up 24% from 2022, while total admissions increased year-on-year by 19% to 87 million. France achieved 181 million admissions, a 19% increase compared with 2022. The UK Box Office generated total revenues of over £ 978.5 million, an 8.5% increase. The Italian Box Office earned € 496 million and cinema admissions totalled 71 million, impressive increases of 62% and 59% respectively on 2022.

Barbie, 2023

©Warner Bros

In Spain, admissions increased by 22% to 75 million with Box Office of € 489 million.

The highlight of the year was undoubtedly the simultaneous release of two films that captivated audiences worldwide. Warner Bros' 'Barbie' grossed an astounding $ 1.44 billion globally, topping the charts in the UK and Ireland (£ 96 million), Germany (€ 55.3 million), and many other European countries. The Greta Gerwig-helmed feature was also the highest-grossing film ever directed by a woman.

Meanwhile, Universal Pictures' 'Oppenheimer' earned over $ 952 million worldwide. With many audiences embracing a double feature with 'Barbie', and often in premium formats, the phenomenon termed 'Barbenheimer' helped deliver an extraordinary summer in the Netherlands, Belgium, Sweden, Poland, the UK, Spain and Italy to name a few.

Not to be overlooked, 'The Super Mario Bros. Movie' earned more than a billion dollars worldwide, while 'Taylor Swift: The Eras Tour' set a new record for the highest global opening weekend for a concert film at $ 128 million. Released in October 2023 across 94 territories and over 4 500 venues, the four times album of the year Grammy winner achieved the top spot in the US, UK, Germany, Spain and Italy.

Local titles also played a key role in 2023's cinematic success story. In France, 12 national films scored over a million admissions with three reaching the year's top 10: 'Asterix and Obelix: The Middle Kingdom' (4.6 million admissions), 'Alibi.com 2' (4.3 million), and 'The Three Musketeers: D'Artagnan' (3.4 million). In Romania, for the first time, as many as four domestic releases ended up in the top 10. 'Miami Bici 2' was seen by 430 000 cinema-goers in just three weeks.

In Italy, the market share of local films also increased, achieving 24.3% of total revenues and 25.9% of admissions. Italian titles grossed € 120.7 million in 2023, twice as much as in 2022. The Italian 'dramedy' 'C'è ancora domani' was the top-grossing film of the year with Box Office takings of € 32.9 million [1], becoming the fifth most successful Italian film ever in the country to date.

In Norway, during the Christmas holiday season, three out of four cinema tickets were sold for a Norwegian film, such as 'Bukkene Bruse på Badeland' and 'Den første julen i Skomakergata'. Through the year as a whole, Norwegian films accounted for 23.7% of total revenues.

In Denmark, four local titles reached the top 10 – 'Meter i sekundet, Når befrielsen kommer, Bastarden, Kysset' – and were watched by a total audience of 1.1 million, delivering the same market share as 'Barbenheimer'. In autumn 2023, 35% of Danish households bought at least one cinema ticket.

National Cinema Days achieved significant success across Europe, with millions able to enjoy the Big Screen experience at discounted prices. France's 'La Fête du Cinéma' attracted 3.1 million cinema-goers in its 38th year. Italy's 'Cinema in Festa' and Spain's 'Fiesta del Cine' proved very popular, while Poland's Święto Kina, with tickets at 12 PLN (€ 2.60), drew an audience of 550 000 with Polish films accounting for 40% of ticket sales.

LAURA HOULGATTE, CEO OF UNIC

The impressive figures for 2023 show that the Big Screen has lost none of its allure for European audiences, with a mix of fantastic international films and superb national titles. The sheer diversity of programming and experience on offer means cinemas have something for every taste and every age group.

This is an industry with an unparalleled record of innovation and which continues to deliver. Some challenges remain – the impact of the Hollywood strikes and increased operational costs among them – but 2023 is proof that cinemas are as popular as ever.

MARKET INFORMATION FOR USA AND CANADA

The consolidated figures for the North American market in 2023 were not yet available at the time of publication, and are therefore not included in this report.

PRELIMINARY MARKET PERFORMANCE INDICATORS FOR 2023 (WHERE AVAILABLE) FOR THE COUNTRIES IN WHICH KINEPOLIS HAS SUBSIDIARIES

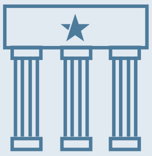
COUNTRY (CURRENCY)	TICKET SALES (MILLIONS, IN LOCAL CURRENCY)			VISITOR NUMBERS (MILLIONS)			SHARE OF NATIONAL FILMS (ACCORDING TO TICKET SALES)
	2022	2023	DEVELOPMENT 2022-2023	2022	2023	DEVELOPMENT 2022-2023	
Belgium (EUR) [2]	133.7	**145.7**	9.0%	14.1	**15.0**	6.5%	n/a
France (EUR) [3]	1 094.4	**n/a**	22.2%	152.0	**180.8**	18.9%	39.8%
Luxembourg (EUR) [4]	8.1	**n/a**	n/a	0.8	**n/a**	n/a	n/a
The Netherlands (EUR)	258.5	**338.1**	30.8%	25.0	**31.6**	26.5%	12.0%
Poland (PLN)	815.8	**1 039.7**	27.5%	42.8	**50.4**	17.9%	18.8%
Spain (EUR)	394.6	**489.0**	23.9%	61.8	**75.1**	21.5%	17.0%
Switzerland (CHF)	143.5	**175.8**	22.5%	9.1	**10.8**	19.4%	5.9%
EU27 & UK (EUR)				**539.6**	**653.9**	**21.2%**	
EUROPE (EUR)				**810.0**	**977.3**	**20.7%**	

(1) Data as at 31 December 2023
(2) Belgium: estimates, final figures not yet available at the time of publication.
(3) France: estimates, ticket sales data not fully available, share of national films according to visitor numbers.
(4) Luxembourg: figures for 2023 not yet available at the time of publication.

Our strategy

The Ultimate Movie Experience

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



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

All the pillars revolve around
creating the **Ultimate Movie Experience**,

through a cinema concept
focused fully on the visitor's **total experience** .

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

Best cinema operator

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

SELF-LEARNING ORGANISATION

The internal driving force 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 (see Chapter 5).

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 business structure, management reporting at the detail level and the organisation of contact opportunities to enable business owners to inspire each other (so called 'operating reviews'), has generated continuous potential for improvement in both mature and new cinema complexes over the last 15 years.

ENTREPRENEURSHIP PLAN

During the pandemic, Kinepolis carried out a more intensive exercise to further lower its break-even point in order to be able to absorb a long-term or possible structural loss of visitors. This 'Entrepreneurship plan', which was fully implemented by early 2022, enables Kinepolis to achieve the same EBITDA level with 25% fewer visitors compared to 2019 (pre-Covid).

Team Landmark Waterloo (CA)

BUSINESS OWNERSHIP

Within each cinema, a number of local managers are each responsible for a specific aspect of the business. These business 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, allowing 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.

(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 (CSI), Kinepolis gauges 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 the continuous collection of customer feedback at a very detailed level. The reporting and assessment of these results takes place on a daily basis at the team, cinema and country level, and Kinepolis constantly refines its business operations 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 translated into concrete actions.

Kinepolis Nancy (FR)

Relaunch of the 'Kinepolis Innovation Lab' in 2023

INNOVATION LAB:
EMPLOYEES BECOME ENTREPRENEURS

In 2016, the increasing importance of product innovation in the annual improvement exercise led to the creation of the Kinepolis Innovation Lab, an internal platform aimed at maximising innovation and entrepreneurship among all employees. The Innovation Lab was relaunched in a new form at the end of 2023.

The Innovation Lab offers every employee – from student to manager – the opportunity to submit ideas all year round. Ideas that fit in with who we are and that can contribute to operating profit and/or the positive impact that we as a company have on employees, customers and society as a whole.

Idea selection and assessment is carried out at national level. In addition, the best ideas from each country are presented at an annual international Innovation Lab Summit. The Kinepolis Innovation Awards will be presented during this meeting. The first edition of this event will take place in 2024.

The operation of the Innovation Lab is currently limited to Kinepolis Europe, as other methods are used to stimulate innovation internally in North America.

Kinepolis Innovation Awards will be presented again in 2024

MOVIE LOVER EXPERIENCE AWARDS

Landmark cinemas that exceed their customer satisfaction objectives are honoured by means of the Movie Lovers Experience Awards, an annual program of Landmark Cinemas Canada that aims to give wide internal recognition to cinemas that perform well.

INVESTING IN TALENT

With a strategy that is strongly driven by the creativity of employees, our human capital is our greatest asset. The recruitment, 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.

Testimonial

Dave Cohen

PRESIDENT, COUNTRY MANAGER LANDMARK CINEMAS CANADA

Last summer, Dave Cohen succeeded Bill Walker as President of Landmark Cinemas Canada. Before Dave started working at Landmark, he worked for EY for ten years, where he played an important role in completing the sale of Landmark to Kinepolis. He then joined Landmark, first as controller and later as CFO. Dave is committed to continuing the successful implementation of Kinepolis' self-learning corporate culture, as well as adapting the business concepts to the North American market, in order to continuously improve the cinema experience for movie lovers across the entire country.

> We continue to invest in the premiumisation of the cinema experience, with our continued expansion of Premiere Seats, Laser ULTRA and other premium offerings.
>
> DAVE COHEN

How would you describe the culture of continuous improvement – the self-learning corporate culture – at Kinepolis, and how does it take shape in the Canadian organisation?

Dave Cohen: "Our goal is to challenge our employees – from the cast and crew in our cinemas to our Cinema Support Centre – to make a meaningful contribution to 'their' cinemas and our business. We foster an environment that encourages professional and personal growth; this approach has led to the development and retention of many current leaders, and, in some cases, lifelong careers. Since becoming part of Kinepolis Group, we have, among other things, implemented a new organisational structure and management reporting, thereby embedding the self-learning culture in formal processes.

That self-learning culture means that we are creating a working environment in which everyone feels comfortable sharing their experiences and perspectives. This year, for example, we launched an online community forum for employees, where they can share their ideas and innovations to improve our business, recognise colleagues for living our corporate values and also share their passion for film. In 2023, we also held our first managers conference since 2019: three days of workshops focused on innovation, problem-solving skills and being available and empathetic leaders for our young cast and crew. We continue to work on driving bottom-up innovation to learn from the insights of the employees closest to our visitors."

Landmark Waterloo (CA), after the renovation, October 2023

As a part of Kinepolis, we have embedded the self-learning culture into formal processes.

DAVE COHEN


Dave Cohen, President, Country Manager Landmark Cinemas Canada

What steps has Landmark taken in 2023?

Dave Cohen: “The renovation of Landmark Waterloo with recliners, Premiere Seats, Laser ULTRA and IMAX – and the incredibly positive customer feedback combined with the impressive financial results – certainly deserves mention. As does the continued roll-out of our Premiere Seats.

Our loyalty program, Landmark EXTRAS, which now has 750 000 members, combined with the roll-out of the CSI (Customer Satisfaction Index) in Canada, will allow us to use feedback from moviegoers to communicate more effectively with movie lovers, through relevant news and promotions, in order to drive frequency and spend.”

What are the strategic priorities for Landmark as part of the overall Group strategy?

Dave Cohen: “Our goal is to enrich the lives of Movie Lovers and our Cast and Crew through the power of movies. We view our strategic priorities through this lens, and strive to continuously improve the cinema experience – from the quality of popcorn and the cleanliness of our premises to providing immersive projection and sound. We continue to invest in the premiumisation of the cinema experience through our ongoing expansion of Premiere Seats, Laser ULTRA and other premium offerings.

We are also working on implementing new technologies to create a smoother concession experience – both for our guests and our employees.

And to provide a memorable cinema experience, we also need to invest in our team. The development of a comprehensive onboarding program is high on the agenda this year.

It is important that we provide the tools and learning process to make our team stronger.”

What stays with you personally?

Dave Cohen: “The past year has reaffirmed the power and enduring appeal of the cinema experience. I am genuinely proud to lead a team of Movie Lovers who want to pass on their passion for movies and who continue to innovate to ensure we can provide the best possible moviegoing experience.”

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

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. Because the right film is also an important factor for a successful movie experience. Millions of customers receive film and event recommendations by e-mail, through the app, website and social media, based on their personal preferences.

Kinepolis 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.


Film and event recommendations based on the customer's personal preferences

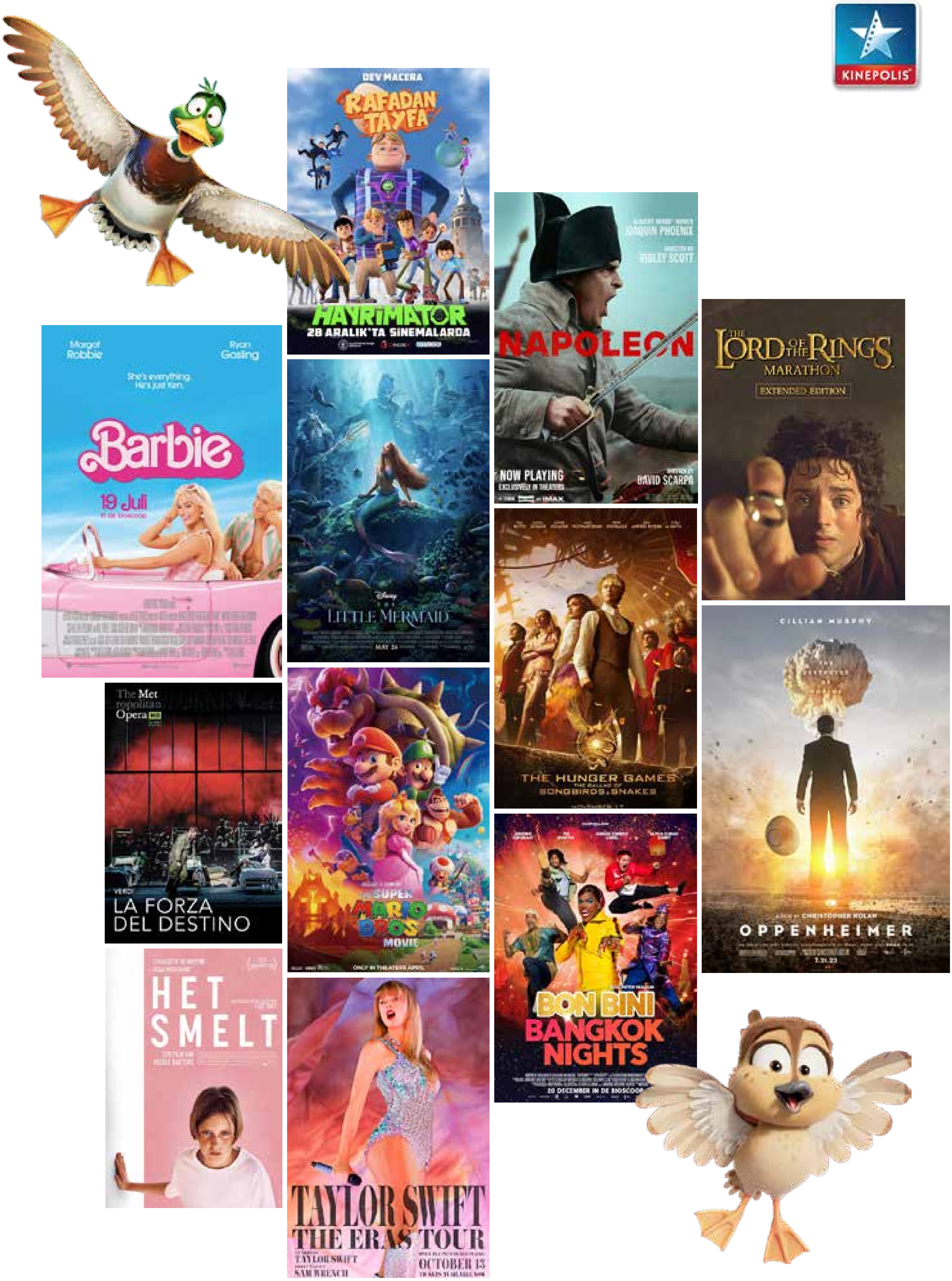
Respect for customers and respect for their data are inextricably linked, and Kinepolis takes both of these very seriously (see Chapter 5: Impactful and responsible business).


Use of social media

ACTIVE PROGRAMMING

The Kinepolis offering is not limited to the current international blockbusters but, rather, follows an active programming policy. 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.

Kinepolis continuously supplements its offer with alternative content, such as culture in the cinema (opera, ballet, art, theatre), world cinema (Polish, Turkish, Indian, Japanese, etc. films), concerts, live transmissions of events, and so on.


DEV MACERA
RAFADAN TAYFA
HAYRİMATOR
28 ARALIK'TA SİNEMALARDA
Margot Robbie
Ryan Gosling
She's everything. He's just Ken.
Barbie
19 Juli
JOAQUIN PHOENIX
RIDLEY SCOTT
NAPOLEON
NOW PLAYING
EXCLUSIVELY IN THEATERS
DAVID SCARPA
THE LORD OF THE RINGS
MARATHON
EXTENDED EDITION
Disney
THE LITTLE MERMAID
THE HUNGER GAMES
THE BALLAD OF SONGBIRDS & SNAKES
CILLIAN MURPHY
OPPENHEIMER
The Metropolitan Opera
VERDI
LA FORZA DEL DESTINO
THE SUPER MARIO BROS. MOVIE
ONLY IN THEATERS APRIL
BON BINI
BANGKOK NIGHTS
HET SMELT
TAYLOR SWIFT
THE ERAS TOUR
OCTOBER 13

EXPERIENCE

With the success of streaming services, the experience aspect as a differentiating factor for cinemas has gained considerable importance. Besides offering numerous event formulas (such as movie marathons, VIP experiences, Horror Nights, family weekends, etc.), Kinepolis has been investing for years in premium movie experiences such as IMAX, Laser ULTRA, 4D and ScreenX, as well as various seat concepts (Cosy Seats and Cosy Seat Plus in Europe; recliners and Premiere Seats or VIP Seats in North America). The majority of these products fit in with the 'premiumisation' and broadening of the range of products offered, so that Kinepolis can respond optimally to the wishes of various target groups.


Heated Premiere Seats, fitted with a coat hook and a small table

SEAT CONCEPTS

- **Cosy Seats (Europe)**

Cosy Seats are seats that are even more comfortable, with extra-wide armrests featuring a convenient small table for drinks and snacks and a coat hook. They offer more space and privacy, enabling you to enjoy the film in your own bubble. In 2021, Kinepolis introduced the 'Cosy Seat Plus', a variation of the Cosy Seats, with a footstool for the legs, which allows you to sit back and relax. Kinepolis has one to three rows of Cosy Seats in the majority of its European theatres.

- **Recliners**

The recliner seat concept is very popular in North America. This is a fully reclining, automated seat with footrest, which guarantees a 100% relaxed moviegoing experience. 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.

- **Premiere Seats (CA) or VIP Seats (USA)**

Premiere Seats are recliners to which the Cosy Seat principle has been applied. These comprise two or three heated recliners that offer more privacy than standard recliners and are additionally equipped with a coat hook and table. The concept was introduced in Kinepolis' Canadian theatres in 2020, under the name Premiere Seats, and in the USA in 2022 under the name VIP Seats.

37	50	71
FULL LASER CINEMAS	LASER ULTRA SCREENS	SCREENS WITH DOLBY ATMOS

Numbers as of 31/12/2023

CINEMA TECHNOLOGIES

■ **Laser projection**
Laser projectors guarantee a razor-sharp image and consume up to 40% less power compared to traditional xenon lamp projectors. Laser provides a 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, before launching a general transition to laser projection in 2018. By the end of 2023, 59% of all Kinepolis, Landmark and MJR screens were equipped with laser projection.

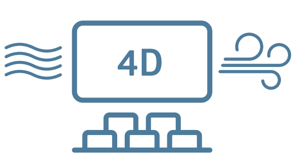
■ **Laser ULTRA**
With Laser ULTRA, Kinepolis combines the unique image quality of the Barco's 4K laser projector with the immersive Dolby Atmos sound system. Together, these two technologies provide visitors with an even more intense movie experience, as if they are at the centre of the action.

■ **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 synchronised with the on-screen action. This revolutionary cinema technology stimulates all the senses, and makes watching movies even more intense.

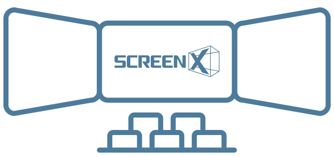
■ **ScreenX**
ScreenX is the world's first multi-projection technology, offering the visitor a 270° viewing experience by extending the scene to the side walls. Kinepolis has opened several ScreenX screens in Europe since the end of 2019, and, at the end of 2023, concluded an agreement with CJ 4DPLEX for 21 additional ScreenX screens in Europe and North America (opening in 2024 and 2025).

■ **IMAX**
Kinepolis opened six new IMAX screens in the fourth quarter of 2023. These openings bring the number of IMAX screens operated by Kinepolis Group to 12 locations, six of which are in Europe, five in Canada and one in Michigan, USA. All the new locations are equipped with IMAX Laser, specially developed to deliver crystal clear, lifelike images and accurate sound for a unique movie experience.

Experience movies more intensely



15
4D SCREENS



5
SCREENX SCREENS

12
IMAX SCREENS

Testimonial

Eric Meyniel

CHIEF BOX OFFICE OFFICER, KINEPOLIS GROUP

Eric Meyniel has been responsible for the Group's marketing strategy since November 2022. In doing so, he took over from the CEO as head of both the international and national Box Office, Sales & Marketing departments. While he remains responsible for the content strategy of Kinepolis and for the relationships with studios worldwide – which has been his area of expertise for more than 10 years – he is fully committed to a unified and solid marketing organisation.

Although the appetite of customers to return to cinemas has gradually recovered in recent years, and our audience shows a great appetite for films, there are two things that are of great importance: awareness (knowing what films are being shown in cinemas) and experience.

ERIC MEYNIEL

Eric Meyniel, Chief Box Office Officer, Kinepolis Group

What does Kinepolis understand by 'experience'?

Eric Meyniel: "It's about both the technological aspect – making the movie experience more intense through advanced cinema technologies – and the event aspect. We are fully committed to this, especially for the big blockbusters, which often have an existing fanbase.

We want to offer all our visitors the best possible experience. The total immersion offered by our Laser ULTRA theatres, the quality of 3D projections thanks to our RealD equipment, the added value of 4DX and ScreenX screens, not to mention the success of our IMAX theatres, all allow us to ensure that each audience can experience movies in their own way.

However, creating an experience is also about the relationship with our visitors, and the events we organise for them aimed at creating an unforgettable shared moment – beyond simply the film itself."

In a world of content overload, do people still know what hits screens in cinemas?

Eric Meyniel: "Although they usually know in case of big blockbusters, campaigns from the studios are coming later and later, and are more often outsourced, causing them to lose momentum. That's why it's essential to strengthen our own communications. Using the power of our databases to understand our audience's behaviour, to inform them based on their film preferences and to prompt them to visit us in the future is essential here.

As Kinepolis, our ambition is also to be the 'sommelier of film' and to adopt an active programming policy, bringing together a diverse offer based on target groups and audience preferences. This also means introducing visitors to other film genres, gaining their trust and taking them on different paths. Our 'CINE K' concept, initially launched in France and Spain, was extended to Belgium at the end of 2022, making it possible for us to attract new audiences. 'Filmhuis' – *the 'CINE K' concept in the Netherlands* – is enjoying increasing success. The same goes for our world cinema offering, aimed at exploring stories from other regions.

We are also hard at work programming alternative content, content where the social aspect – experiencing something together – is perhaps the most important aspect. This can be concerts, which saw extraordinary growth in 2023; Anime, which has shown time and again that there is a large fan base for this Japanese format, or shows for the very young, which we have strengthened over the past year, including a partnership with IMPS around the iconic Smurfs."

Are these the ingredients for the 'Star plans' *(Kinepolis' Sales & Marketing multi-year plan)*?

Eric Meyniel: "Among other things. We are committed to strengthening the top films – including through premium movie experiences and events – as well as broadening what we offer. And we will continue to invest in our digital marketing, as this is one of the most effective ways to reach and convince our audience. These are the paths on which we have already embarked and that we will continue to delve into. In our Star plans, we are also mainly focusing on new product development, the so-called unproven business cases. New content, new products, etc."

The Smurfs, 2023

How do you see the operation of an (inter)national marketing organisation?

Eric Meyniel: "The constant and direct exchanges between countries reminds me of the motto of Alexandre Dumas' Three Musketeers: 'All for one, and one for all'. In line with our self-learning corporate culture, we are aiming for a unified Box-Office Sales & Marketing department that shares ideas, campaigns and results on a daily basis.

Our Pink Party is perhaps one of the most telling examples of this, with the same 'Barbie' event in all our European cinemas. Thanks to the centralised organisation, we were able to anticipate the phenomenon and strengthen our connection with the film.

Our ambition here is to work even more closely with the studios, as far in advance of the release of films as possible so that, in addition to preparing communications well, we can also identify and leverage events."

How do you reflect on the past year?

Eric Meyniel: "I'm very enthusiastic about 2023. The realisation of projects, the achievements made and the strengthening of our teams have led to results that can only encourage us to strengthen our current approach.

Mufasa, The lion King, 2024

Our premium formats and events are particularly enjoyed by our audience, and studios are also increasingly supportive of our approach, which further motivates us."

What will 2024 bring?

"The strike by screenwriters and actors means that we may not yet be able to enjoy a fully restored Hollywood film offering in 2024, but we know that our resources and our approach are working. We look forward to amplifying the momentum around 'Dune 2', 'Deadpool' and 'Mufasa', and I'm sure 2024 will also have surprises in store, as was the case with 'Barbie' last year.

The energy of our team and our love for cinema are the strengths we rely on to reach our audience. We are constantly looking to form the most perfect combinations between film, audiences and Kinepolis in this regard."

Best real estate manager

Kinepolis owns a large part of its cinema real estate, in particular 50 complexes that generated 53% of visitors in 2023.

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 switch to an alternative use of 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.

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


'The Magic Forest', indoor playground, Madrid (ES)

Alternative use of overcapacity


D.E. Café in Kinepolis Antwerp (BE)

Kinepolis' Real Estate department manages the Group's real estate portfolio, and is closely involved in the development, realisation and coordination of new-build projects. And, finally, the team has an important responsibility for improving 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 theatre occupancy (see pages 89-90).

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

Kinepolis Metz Waves (FR)

Kinepolis Kirchberg (LU)

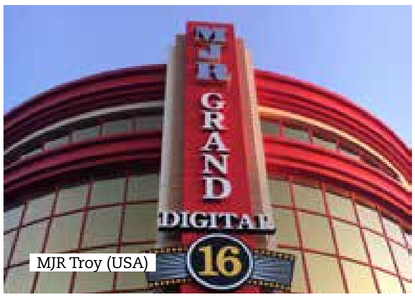

Kinepolis Kortrijk (BE)

Landmark Waterloo (CA)


Landmark St. Albert (CA)


Kinepolis Leidschendam (NL)

Kinepolis Madrid (ES)



MJR Troy (USA)


MJR Southgate (USA)

Expansion strategy

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

Significant steps to implement the Group's expansion strategy have been taken in recent years. Since 2014, the number of cinemas in the Kinepolis portfolio has increased from 23 to 109.

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

Kinepolis Metz Amphithéâtre (FR)

EXPANSION STRATEGY BASED ON THE POTENTIAL FOR IMPROVEMENT

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

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 cinemas involved, 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 far as possible. In addition to social considerations, affinity with the local market and culture is an important aspect of Kinepolis' business operations. To date, not a single acquisition has been accompanied by lay-offs or reorganisation measures with a significant social impact.

EXPANSION IN 2023

KINEPOLIS BELFORT

After acquiring the cinema in Amnéville at the end of 2022, Kinepolis acquired a second French cinema from the Pathé network at the end of March 2023, located in Belfort, in the Franche-Comté region.

Kinepolis took over the Pathé Belfort SAS company, which operated the (leased) cinema. The cinema complex has 14 screens (including a 4DX screen) and 2 562 seats.

Cinema in Béziers (FR)

©Polygone Béziers

> This acquisition fits perfectly into the execution of our expansion strategy, enabling us once again to strengthen our presence in north-east France.
>
> EDDY DUQUENNE

Team Kinepolis Belfort (FR)

KINEPOLIS BÉZIERS

On 13 December 2023, Kinepolis started operating a cinema in the Polygone shopping centre in Béziers, in the Hérault region of the south of France. The cinema was previously operated by MonCiné and has 9 screens with 1 462 seats.

The Polygone shopping centre, including the cinema, is owned by the Socri Limited real estate group. Kinepolis started renovation work to modernise the cinema infrastructure and adapt it to Kinepolis standards at the beginning of 2024.

Kinepolis Béziers is the third Kinepolis cinema in the south of France, and the eighteenth in France, accounting for a total of 199 screens.

05 | Impactful and responsible business

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

05

ESG policy

In its ESG policy, 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' based on our purpose, i.e. enriching people's lives through the power of movies.

In addition to evaluating actual and potential impacts of the company on its environment (the 'inside out' perspective), Kinepolis also evaluates the risks and opportunities associated with ESG topics that could impact the company's financial position (the 'outside in' perspective). Impacts, risks and opportunities were included in the materiality analysis and the development of the ESG policy.

Kinepolis 's-Hertogenbosch (NL)

The ESG (Environmental, Social and Governance) aspects discussed in this report are an integral part of a policy aimed at future-proofing the activities of Kinepolis. Kinepolis has taken various steps in the area of sustainability over the past decade and, starting in 2020, the Group launched a process to further professionalise its sustainability approach and incorporate this into its business operations in an optimal manner. The policy and framework developed for this purpose safeguard the interests of both the company and its stakeholders, i.e. employees, customers, suppliers, investors, the environment and local communities.

Currently, all steps are being taken to bring reporting in line with the requirements of the European *Corporate Sustainability Reporting Directive* (CSRD), which, for Kinepolis, will apply for the first time for financial year 2024 reporting.

To this end, Kinepolis is implementing the necessary internal reporting processes, including the collection of ESG data based on the reporting requirements included in the ESRS (*European Sustainability Reporting Standards*) that are relevant for Kinepolis. Pending the outcome of the implemented processes, and for the sake of continuity, the report for the 2023 period still largely follows the approach of previous annual reports. However, a number of adjustments and additions aimed at CSRD compliance have already been made in this report. For example, additional information has been provided on how Kinepolis has set up its ESG governance and the way in which ESG risks and opportunities have been considered in the materiality analysis and the subsequent prioritisation.

ESG GOVERNANCE

Kinepolis believes that the ESG policy and the related processes must be fully integrated into the existing policy, processes and organisational structures as it is an integral part of Kinepolis' business strategy and operations.

BOARD OF DIRECTORS

The Board of Directors ensures that the ESG objectives are recognised when determining the long-term strategy, and will also monitor the progress towards achieving these objectives. This is already explicitly recognised in the current version of the Corporate Governance Charter. In light of the above principle, no ESG-specific committees have been set up at the Board of Directors level. Specific ESG topics (such as ESG related remuneration and the control of ESG reporting) will be managed within the already existing committees.

ESG objectives are linked to executive remuneration in a similar manner to other strategic objectives. This aspect was therefore integrated into the current activities of the Remuneration Committee.

The responsibility of the Audit Committee was expanded to include the audit of non-financial reporting and ESG aspects were integrated into the existing risk management and audit activities.

EXECUTIVE MANAGEMENT

The Executive Management is responsible for translating the strategic ESG objectives into more short-term goals and action plans, in order to achieve those objectives. The Executive Management also ensures correct reporting in accordance with the CSRD, as well as the integration of ESG objectives into employee bonus plans.

In order to support the Executive Management in this regard, an overarching ESG steering group has been established, which forms the bridge between ESG strategy and implementation. This steering group meets at regular intervals to tackle the following tasks:


Kinepolis Thionville (FR)

- Determination of ESG policy points and objectives, in line with the ESG strategy
- Approving and prioritising ESG projects, making resources available, and monitoring the results of these projects
- Monitoring ESG KPIs

The preparation and implementation of action plans will be coordinated by project groups assigned to one (or more) ESG aspect(s).

STAKEHOLDER CONSULTATION AND MATERIALITY ANALYSIS

Kinepolis launched a strategic exercise in 2021 to identify which sustainability aspects are relevant for Kinepolis (pre-selection of topics) and gain insight into the opinions and expectations of stakeholders in terms of impacts, risks and opportunities (stakeholder consultation).

PRE-SELECTION OF TOPICS

The list of 15 pre-selected ESG topics (relevant for Kinepolis) was drawn up on the basis of peer analyses, desk research, various workshops with senior management and internal interviews. This exercise was carried out in collaboration with a specialist consultancy firm, with the aim of adequately and fully reflecting all aspects that lead to the creation or undergoing of positive or negative

Kinepolis Leidschendam (NL)

©Westfield Mall of the Netherlands

impacts, risks and opportunities. The stakeholder survey – and the analysis of this with senior management – then served to rank the topics of this shortlist according to materiality, and to set priorities accordingly.

VALIDATION AND PRIORITISATION OF TOPICS

Kinepolis conducted an extensive stakeholder survey in order to understand the views and expectations of stakeholders, both in terms of the impact of Kinepolis on its environment and the risks and opportunities for the company arising from sustainability issues. The stakeholder survey was based on the 15 pre-selected topics, but stakeholders were also given the opportunity to suggest any missing topics. Although the materiality analysis and the associated stakeholder survey pre-date the publication of the CSRD and ESRS, the principle of double materiality was already applied at that stage. Stakeholders were asked which ESG aspects they considered to be most relevant to Kinepolis from an impact and financial perspective.

Both the impact and the financial materiality were also taken into account in the analysis of the survey results and when translating them into strategic priorities and commitments.

The materiality matrix as published in the annual reports for 2021 and 2022 reflects impact materiality. For a more complete representation of the materiality analysis, we also publish in this report, in accordance with the CSRD, the materiality matrix for risks and opportunities as evaluated by the stakeholders and management. The topics considered material from a financial perspective largely correspond to the material topics from an impact perspective.

STAKEHOLDER GROUPS INVOLVED

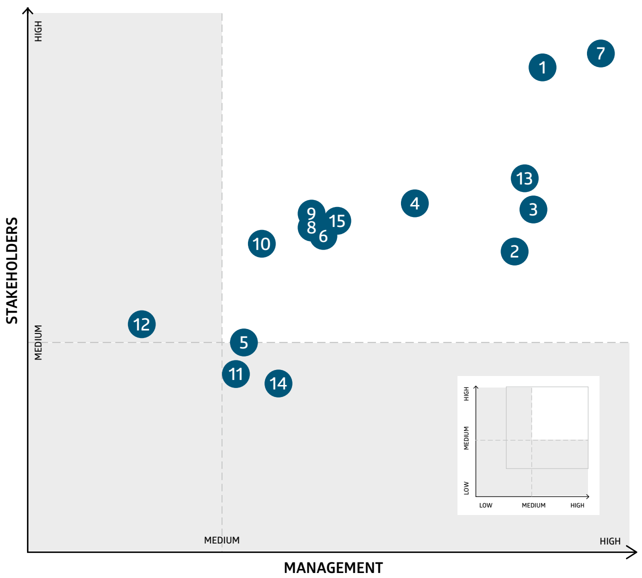
The stakeholder survey was carried out by means of an online survey, supplemented by a number of qualitative interviews. Various stakeholder groups were involved in the study, i.e.:

- All permanent employees in Belgium, the Netherlands, Canada, Spain, Luxembourg, France and the USA (46% response rate);
- The top 15 investors (65% response rate);
- The top 50 suppliers (44% response rate);
- +30 000 B2C customers spread across Belgium, the Netherlands, Canada, Spain, Luxembourg, France and the USA (2% response rate);
- The Board of Directors and Senior Management (84% response rate).

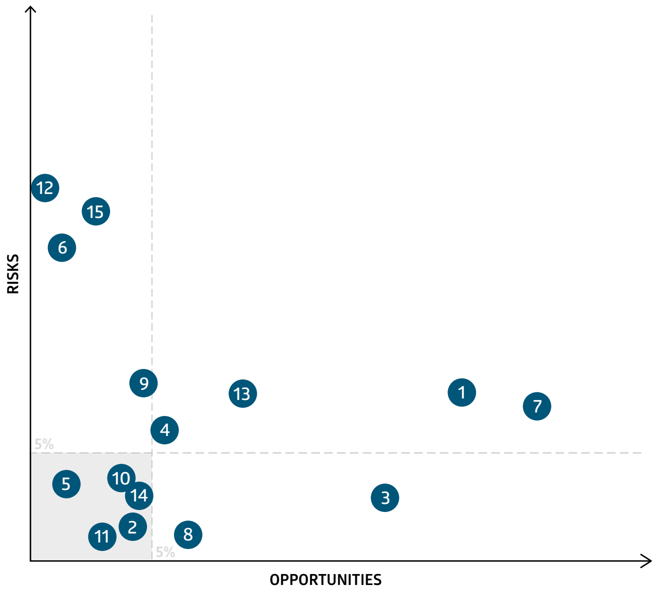
In addition to the evaluation of the materiality of pre-selected ESG topics, the stakeholder survey – using additional questions on the topics identified as most material – also provided the management with valuable qualitative information for the implementation of the strategy.

Kinepolis plans to conduct a new, similar survey in the near future, in which the methodology will be similar, but the terminology used will be aligned with the terminology used in the CSRD.

IMPACT MATERIALITY MATRIX



FINANCIAL MATERIALITY MATRIX



1	Affordable entertainment of premium quality	6	Business ethics	11	Charitable support
2	Social meeting place	7	Customer experience	12	Customer privacy and data protection
3	People development and empowerment	8	Content diversity and customized offering	13	Green and resilient building and infrastructure
4	Employee wellbeing, diversity and inclusion	9	Waste management	14	Mobility and geographical accessibility
5	Ethical and sustainable procurement	10	Social inclusion	15	Customer and employee safety and security

Kinepolis' policy on these material impacts, risks and opportunities is described in more detail in this chapter. Risks associated with ESG aspects (including climate risks) were also included in the description of the main business risks (see further: Corporate Governance).

The Kinepolis Human Capital policy includes, among other things, an intensive on-boarding 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.

WELL-BEING AND DEVELOPMENT OF EMPLOYEES

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

QUALITY CUSTOMER EXPERIENCE

Kinepolis strives to make every contact or visit a positive experience for its customers, by ensuring a top-quality movie experience, providing them with clear information, interacting with them and responding to their wishes. Attention is paid to the wishes and well-being of all target groups.

CARE FOR THE ENVIRONMENT

GREEN AND RESILIENT CINEMA INFRASTRUCTURE

Through its 'Green Star' program, Kinepolis also aspires to take responsibility for caring for the environment. For example, Kinepolis intends to reduce its carbon footprint and improve the energy efficiency of its cinema infrastructure and operations every year, with a view to making its activities CO_2 neutral by 2050. In addition, Kinepolis is resolutely committed to sustainable design and implementation of new-build projects, as well as the sustainable renovation of existing cinemas. In all the work on its buildings, new-build projects and renovations, Kinepolis monitors and takes into account the comfort of visitors and employees, with the ecological footprint also 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 Kinepolis' business operations. The Group has a strict anti-corruption and bribery policy, and makes every effort to raise awareness of this policy among its 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 a formal whistleblower procedure.

REPORTING FRAMEWORK

In 2017, Kinepolis decided to frame its existing sustainability approach 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 period. The CSRD provides a uniform, mandatory reporting framework (the *European Sustainability Reporting Standards* or ESRS), which represents an important step in the standardisation of the current ESG reporting landscape. Kinepolis has been preparing for some time to report its non-financial information in accordance with the CSRD's reporting requirements, starting from the 2024 period.

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 material topics. In addition, descriptive performance indicators and examples will be cited throughout this report to illustrate the policy.

Kinepolis will further intensify its sustainability efforts in the coming years. Potential and actual impacts, risks and opportunities will be reassessed on a regular basis, with verification as to whether sufficient policy measures have been provided to limit the 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 included in this report.

KEY PERFORMANCE INDICATORS (KPI)

	TOPICS INCLUDED IN THE MATERIALITY ANALYSIS	RELEVANT GUIDELINES ISO 26000	KPIS FOR THE MOST MATERIAL TOPICS
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 (People Satisfaction Index)
			% of employees covered by a collective bargaining agreement
			Number of 'business owners' relative to the total number of employees
			Evaluation cycle
			Internal mobility ratio
			Diversity ratios
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 the 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	CSI response (Customer Satisfaction Index)
			Progress of CSI implementation worldwide
			M € invested in maintenance and internal expansion (roll-out of premium cinema experiences)
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	CO2 footprint (scope 1 and 2 emissions)
			Energy consumption
			Progress in the 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 2023 with regard to the above-mentioned ESG aspects, see page 24-25

Well-being and development of employees

More than 4 000 employees dedicate themselves every day to providing an unforgettable film experience to millions of moviegoers. Kinepolis is aware that the talent and commitment of its employees is the driving force behind its success.

OUR HR POLICY

The 'Ultimate Movie Experience' begins and ends with the people who shape it 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, listened to and recognised;
2. The Kinepolis values are applied in daily practice;
3. Everyone can develop optimally and make the most of their talents;
4. Opportunities are offered for further growth at a personal and/or professional level;
5. Each employee may and can contribute to the further development of the company and its products.

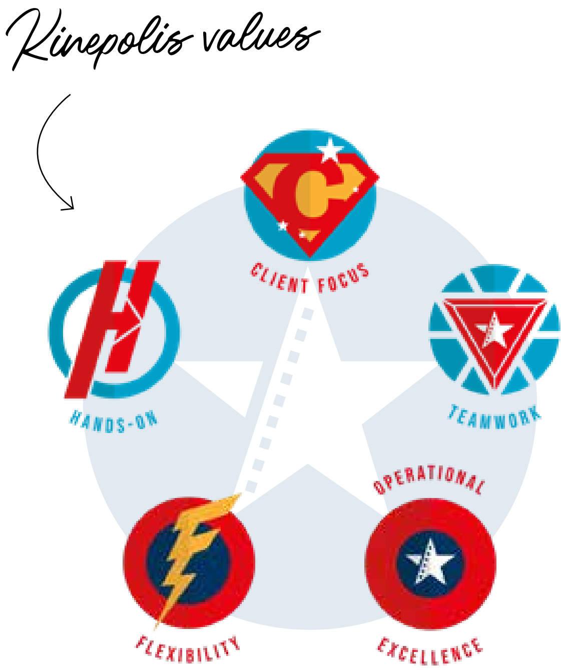
Employee participation and entrepreneurship are stimulated and facilitated in two ways:

- By giving as many people as possible responsibility for departmental objectives and budgets, while encouraging them to take the initiative and learn from each other, Kinepolis aims to be a **'self-learning' organisation**;
- Regardless of their level within 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 aims to not only be a self-learning, but also a **'self-innovating' organisation**. The Kinepolis Innovation Lab was also set up to this end (see further).

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 to us).


Plus est en nous *(there's more to us)*

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.

Team sessions about the K-values

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 October 2023, and achieved a response rate of 87% at Group level, an increase of 5.6% compared to 2022. Strengths and areas for improvement vary by country, and are analysed at the 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.

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 our employees. Kinepolis' policy in these areas is explained further in the following paragraphs.

KPI

PSI RESPONSE

2021	2022	2023
76%	81%	87%

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 Europe, Kinepolis has appointed a prevention advisor in almost every country to identify potential hazards and risks, implement preventive measures and advise both employer and employees on safety issues. There is also a focus on psychosocial risks (bullying, sexual harassment, stress, burnout, conflicts, violence, etc.), whereby employees can contact, among others, an external service (External Department for Prevention and Protection at Work) and/or an internal confidential counsellor.

In Canada, every cinema has a Health and Safety Committee (JHSC: Joint Health & Safety Committee), which is a partnership of employer and employee representatives focused on ensuring a safe working environment. This committee meets on a monthly basis to identify hazards, address them and recommend improvements. In doing so, the JHSC contributes to a proactive safety culture, as required by Canadian occupational health and safety legislation.

(1) Landmark Cinemas Canada previously used its own Employee Engagement Survey.

TELEWORKING & CYBER SECURITY

Kinepolis introduced a policy for structural teleworking in November 2021, giving employees of the Cinema Support Centres [1] the option of working from home two days a week. Kinepolis recognises the many benefits of working from home, but also always emphasises the importance of working at the office for the sake of a good connection with colleagues and for commitment to the company.

Teleworking at Kinepolis involves agreements regarding working hours and tasks being made between the employee and manager concerned on a daily basis. In order to facilitate maximum teleworking, Kinepolis has made additional investments in optimising IT infrastructure since the outbreak of the pandemic, with a range of efforts also made to monitor the security of networks and systems. In addition to the active monitoring of user account behaviour, Kinepolis also launches phishing campaigns on a regular basis in order to keep the alertness of employees at a high level.

INTERNAL COMMUNICATION

At the beginning of 2021, a new online platform was launched for European employees (called Kineportal) as a central hub for internal procedures, documents and applications. In addition, employees in Europe are kept informed about current initiatives and company news by means of regular updates and news items, via e-mail and/or via Kinetalks, an internal social medium used in Belgium, the Netherlands, Luxembourg and Spain. Kinetalks is an interactive platform that allows communication with employees at international, national, cinema and team level.

A new online employee community forum was also launched in Canada in 2023, where innovations and improvement suggestions can be shared, where employees can be recognised, and where they can share their passion for film with each other. In 2023, Landmark Cinemas Canada brought together all its managers for a three-day managers conference for the first time since the pandemic, with various activities focused on innovation, team spirit and the development of leadership competencies.

Managers Conference in Canada

Internal communication from the CEO is carried out on a regular basis via e-mail, twice a year through an extensive video message to all Group employees, and sporadically via Q&A sessions or internal roadshows. This includes an update on the current state of the company and the sector, on major and minor successes that have been achieved, and on 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.

CONSTRUCTIVE DIALOGUE WITH SOCIAL PARTNERS

Based on the governance framework, Kinepolis makes every effort to achieve a social dialogue and a long-term relationship with its employees and/or the 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.

PERCENTAGE OF THE TOTAL NUMBER OF EMPLOYEES COVERED BY A **COLLECTIVE BARGAINING AGREEMENT**

100%

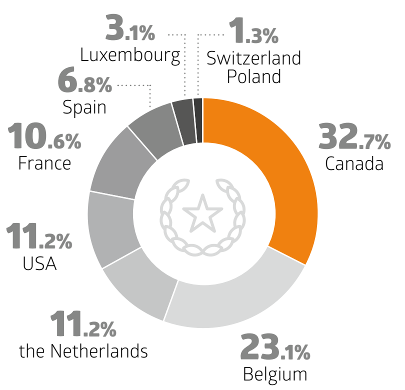
EUROPE (N/A for Canada, USA, Switzerland)

(1) If the nature of the job permits this.

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, disabilities 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.

DISTRIBUTION OF EMPLOYEES BY COUNTRY (3)



Total number of employees: 4 237

PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS

Depending on the country,

35% TO 55%

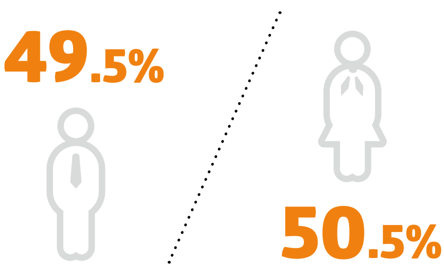
of the management positions are held by women (2)

Percentage of women on the Board of Directors:

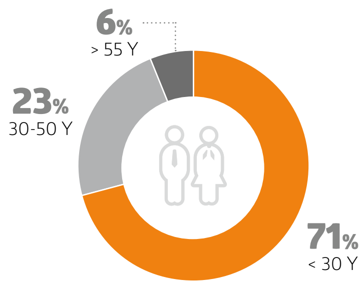
33%

See section 6: Corporate Governance

M / F RATIO (4)



AGE DISTRIBUTION (4)



(2) Based on the available data for Belgium, Luxembourg, the Netherlands, France, USA and Canada.
(3) Headcount 31/12/2023, incl. interims
(4) All employees, excl. interims

DEVELOPMENT AND EMPOWERMENT OF EMPLOYEES

BUSINESS 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 'business (or budget) owners' in relation to the total employee population.

In the case of acquisitions, Kinepolis introduces the principle of business ownership into the acquired organisations or cinemas as quickly as possible, as this is the driving force for realising improvement potential, involving employees in the implementation of the business strategy and developing talent.

Business owners take part in the so-called '5% exercise' (the annual improvement plan aimed at lowering the company's break-even point), whereby they themselves look for potential for improvement using the processes, reporting and KPIs provided by Kinepolis.

SELF-LEARNING ORGANISATION

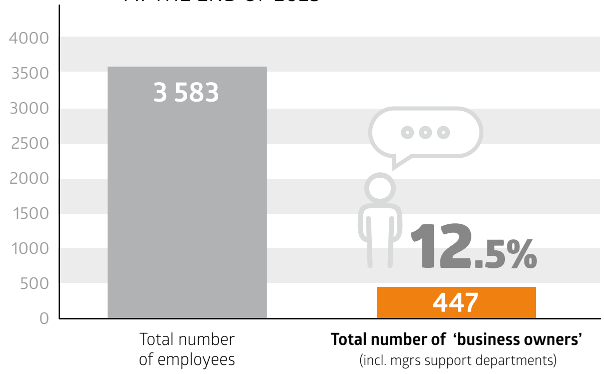
In its day-to-day business operations, Kinepolis creates and stimulates learning networks through, among other things, its so-called 'operating reviews'. Here, employees in similar positions but from different cinemas talk to each other in order to gain new insights and learn from each other. In this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

The business owner structure and operating reviews act as the basis for the introduction and nurturing of the Kinepolis self-learning corporate culture.

SELF-INNOVATING ORGANISATION

With the introduction of the Kinepolis Innovation Lab – in which all employees are encouraged to submit innovative ideas – Kinepolis aims to not only be a self-learning, but also a self-innovating organisation.

KPI NUMBER OF '**BUSINESS OWNERS**' IN RELATION TO THE TOTAL NUMBER OF EMPLOYEES AT THE END OF 2023[1]



(1) Number of employees as per 31/12/2023, excluding interim employees.

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 a national Innovation Lab jury, with teams then put together to further develop and implement these ideas. In this way, the Innovation Lab also ensures that employees collaborate more across departments. 'Innovation Awards' are presented for the best ideas each year.

The Innovation Lab was relaunched in a new and adapted form at the end of 2023. From now on, the best ideas from all countries will be judged and celebrated at an annual international Innovation Lab Summit, to be held for the first time in 2024.

The operation of the Innovation Lab as described above is limited to Kinepolis Europe. Different practices are used to drive innovation in North America. In 2023, for instance, Landmark Cinemas Canada launched an online forum for employees to share innovations and ideas to improve the business. Landmark Cinemas also held a managers' conference in 2023 that focused on innovation and leadership skills.

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 program.

The digital 'Kinepolis Academy' platform offers various e-learning modules and training courses at different levels, such as general modules for new employees (e.g. safety, K-Values, GDPR), job-specific training, training for novice and experienced managers, language training and individual coaching courses.


In 2023, Kinepolis Netherlands organised a leadership program for theatre managers, consisting of three modules

TALENT FACTORY
Every Kinepolis employee takes part in 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 as well as development needs.

KPI PERFORMANCE CYCLE

1 x/year

formal performance review for every employee

KPI INTERNAL MOBILITY RATIO (1)

1 in 3

vacancies were filled internally in 2023

(1) Permanent, full-time positions

Under the name ‘Talent Factory’, Kinepolis offers a framework and tool set for identifying and coaching talented staff, in order to further develop its human capital in this way. Talented people within the company are identified with a view to development and promotion options, with all job opportunities always being communicated internally, because internal mobility leads to greater commitment and deployability of employees. ‘Talent reviews’ with managers are organised throughout the year in order to identify and highlight the talent and the development of their employees. Employees are encouraged to shape their own careers in an open dialogue with their managers.

A large number of new employees joined the company in 2023, and many employees continued to grow internally. Several ‘supervisors’ advanced from the floor to a local manager position, a number of local managers were given the opportunity to become theatre managers, and there were also numerous internal promotions at the level of Cinema Support Centres. Of the 273 vacancies for permanent positions in 2023, 94 were filled internally, representing a rate of 34%, or 1 in 3 vacancies.

KINEPOLIS AS FIRST WORK EXPERIENCE FOR STUDENTS

Kinepolis is a major employer for students and newcomers to the labour market, guiding them in the acquisition of essential professional skills by giving them responsibility at an early age, getting them to work in teams and often also coaching or managing other employees. In 2023, Kinepolis employed more than 1 300 students, thus guiding many young people through their first work experience.

Student workers at Kinepolis commit themselves 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 coordinating events. A lot of students stay on board for years, and there are numerous examples of students who become permanent employees at Kinepolis and have rewarding careers there.

Examples of internal promotions

Rebecca VALCKE

administrative assistant in Kinepolis Brussels (BE) from 1999, was promoted to the corporate IT department in 2023 as Business Partner for the new E-shop.

Julián BARRASA

formerly Experience Manager at Kinepolis Spain, then took up a European position within the Real Estate team in 2023 as Efficiency Engineer for technical installations.

Sardjana SOEGIJARTO

formerly a supervisor at Kinepolis ’s-Hertogenbosch (NL), was promoted to Local Manager Box Office & In-theatre Sales at the same cinema.

Florian GASPAR

formerly Local Manager ITS at Kinepolis Brétigny-sur-Orge (FR), became Theatre Manager of Kinepolis Rouen (FR) in 2023.

> In 2023, Kinepolis supported more than 1300 young people in their first work experience.

"Working as a student at Kinepolis is fun because, among other things, you work together with a large and cool student group. The flexible hours make it perfectly possible to combine studying and working. And the variety of tasks and functions at Kinepolis ensures that you are never bored."

Madina SAMIR
Student, Kinepolis Antwerp (BE)

"As a student within Kinepolis, I was given the opportunity to develop new skills. I started in the shop, moved on to the Douwe Egberts Café (which Kinepolis runs itself) and eventually to Box Office and reception. Now that my studies are complete, I have been able to become a permanently-employed receptionist and make my student job my real job."

Elke VAN DER AUWERA
Student at Kinepolis Antwerp until September 2023,
permanently-employed receptionist since then.

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 film offering, among which everyone can find something that is to his or her liking;
- The provision of high-quality service to customers, where the well-being and safety of customers and employees are paramount.

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, in doing so, 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 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.

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In 2023, Kinepolis Group received 486 597 completed surveys (+15% compared to 2022), of which 429 362 in Europe and 57 235 in North America.

CSI IS ACTIVE IN ALL OUR CINEMAS WORLDWIDE

The CSI was introduced to the acquired US complexes in 2021, in a limited number of Canadian cinemas in 2022 and in all Canadian cinemas by the end of 2023. Landmark Cinemas Canada previously operated a different survey for customers ('Tell Us about Us') that was not proactively sent via e-mail.

The CSI enables Kinepolis to continually collect customer feedback at a very detailed level. The reporting and screening of the CSI results takes place on a daily basis at team, cinema and national level. Kinepolis constantly refines its business operations and film programming on the basis of this customer feedback. Comments on, for example, seat quality are immediately passed on to the relevant department, upon which the seat in question is checked and, where necessary, repaired as soon as possible.

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

KPI

CUSTOMER SATISFACTION INDEX

NUMBER OF COMPLETED CUSTOMER SURVEYS [1]	2021	2022	2023
Europe	295 307	390 572	429 362
North America [2]	18 789	34 265	57 235
TOTAL	**314 096**	**424 837**	**486 597**

(1) The lower number of surveys in 2021 reflect the impact of the Covid-19 pandemic (with lower visitor numbers due to closures or restrictive measures).
(2) For Canada, including the 'Tell Us About Us' surveys, insofar as the CSI had not been rolled out there (depending on the location, this happened in late 2022 or late 2023).

LOYALTY PROGRAMS

LANDMARK EXTRAS (CA)

Landmark EXTRAS was launched in Canada in September 2021, offering moviegoers three formulas: Movie Fan, a free program for collecting points with every purchase, Movie Insider, a formula based on an annual fee that enables you to accumulate more points, and Movie Club, a fixed-fee monthly subscription formula that offers members a monthly cinema visit and all subsequent visits at a reduced price, as well as numerous other benefits.

MJR PREMIER REWARDS (USA)

MJR Theatres, the US branch of Kinepolis, has been operating a loyalty program called 'MJR Premier Rewards' (with a free and paid option, 'Premier Free' and 'Premier Plus' respectively) since 2017. The system is similar to the Canadian programme's Movie Fan and Movie Insider formulas.

MOVIE CLUB (EUROPE)

After the positive experiences in Canada, Kinepolis launched the 'Movie Club' formula in its European markets during 2022 and 2023. Those joining the Club pay a fixed amount each month, enabling 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.

‘THE ULTIMATE MOVIE EXPERIENCE’

QUALITY AND INNOVATION

The quality of the movie experience offered significantly determines customer satisfaction. Kinepolis strives for the highest quality standard, and continues to invest in cinema technology and experience concepts (see page 50-51). The majority of these innovations fit in with the ‘premiumisation’ and broadening of the range of products offered, so that Kinepolis can respond optimally to the wishes of various target groups.

Kinepolis follows the practice of testing new concepts in a few cinemas, and then rolling them out in a number of 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 theatres (e.g. Laser ULTRA, IMAX, etc.), which indicates the customer's willingness to pay more for a better experience.

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BRINGING PEOPLE TOGETHER

Going to the cinema is also a social thing. It's quality time with the 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 even more, 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.

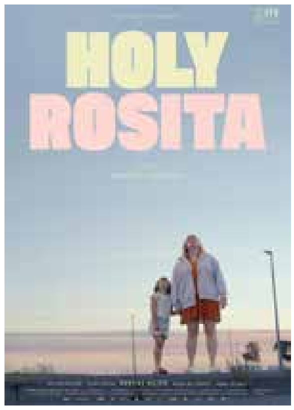
> In 2023, Kinepolis invested € 32.7 million in maintenance and internal expansion (roll-out of premium cinema experiences).

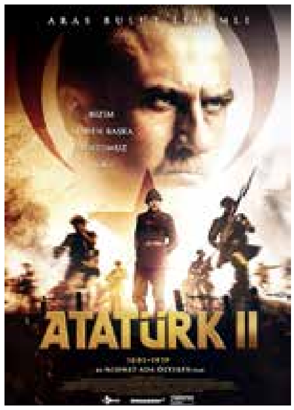
VARIED FILM OFFERING AND PERSONALISED COMMUNICATION

VARIED FILM OFFERING

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 programs and promotes arthouse films (supported via the CINE K/Filmhuis labels, among others), numerous local films, world cinema, event cinema (including concerts, sports competitions, etc.), and has developed its own successful cultural program with opera, ballet, art and theatre performances. Kinepolis always tailors its program to the audience of a given cinema, taking demographic factors, regional identity and the cultural offer into account, among other things.

For example, Kinepolis programs Indian Bollywood films 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.





In every country in which Kinepolis operates, local films are given a prominent place in its programming. 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.

In order to promote local film culture and a diverse film offering, Kinepolis in Europe – and Landmark Cinemas in Canada – also partners with several local film festivals each year (e.g. Film Fest Ghent and Film Festival Ostend in Belgium).

CINE K | FILMHUIS

CINE K (introduced in the Netherlands under the name 'Filmhuis') is a cinema-in-cinema concept that allows Kinepolis to showcase quality films that need a bit more time to find their audience. CINE K was introduced in France back in 2014, and has since enjoyed good success there. Kinepolis then launched the concept in Spain, and in other European markets from the end of 2022. The CINE K concept allows Kinepolis to highlight a different type of film. By showing them in a more intimate setting and with monthly programming, the artistic importance of these films is also brought home to a wider audience. At least one screen is permanently dedicated to CINE K in many Kinepolis cinemas.

PERSONALISED COMMUNICATION

Through its relationship marketing strategy (see p. 48), Kinepolis aims to optimally familiarise customers with the films on offer 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.

VISITORS' SCORE PER FILM (NPS): CUSTOMERS ADVISE CUSTOMERS

The Customer Satisfaction Index (CSI) also measures the visitor score for each individual film in the Kinepolis program, thus indicating the extent to which visitors would recommend the film they have just seen to others. The customer score is taken into consideration in the weekly programming of 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 the score 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 program will appeal to the customer.

INCLUSIVE PROGRAMMING POLICY

Kinepolis is aware of its socio-cultural responsibilities, and is committed to offering 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.

Kinepolis has also created a schools program, 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. For example, film can be a catalyst for discussion, or can introduce students to another language or culture in a fun way.

LANDMARK CINEMAS CANADA PROMOTES DIVERSITY

In 2023, Landmark Cinemas Canada decided to use its reach and platform to support the 'Canada Black Film Festival' (specifically, the Toronto and Ottawa festivals), the 'Inside Out Queer Film Festival' (the third-largest queer film festival in the world) and 'Spirit North', a non-profit organisation dedicated to indigenous youth through sports and play. Landmark donated advertising space in its cinemas to amplify the voices of the organisations involved for the purpose of promoting diversity.

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 encourage self-reliance, Kinepolis uses an extensive series of 'frequently asked questions and answers' on its websites, 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 (X, Facebook, Instagram).

PROTECTION OF CUSTOMER DATA

Kinepolis collects data about its customers as part of its relationship marketing strategy. In this way, Kinepolis can optimally tailor its business operations to the wishes of its customers, ensuring that 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 are the values that have always been 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 IT systems, and therefore also its employees, customers and business operations, against cyber attacks. IT 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.

Ongoing investments in additional protection mechanisms have been made over recent years. An active patch management policy ensures that all systems are closely monitored. A great deal of effort is also made internally to provide the company and employees with maximum protection against phishing and other types of cybercrime.

NOISE STANDARDS

Protecting the hearing of our visitors is of the greatest importance to Kinepolis, so 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 volume/sound level of the various program types (such as the pre-show, children's films, etc.);
- systematically adapts the volume to suit the type of program and the size of the auditorium.

In the USA and Canada, general maintenance of the screens 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 screens and 100% of all Landmark and MJR screens 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, where not all the screens 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, both online and on site, as to whether screens are wheelchair accessible. 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 headphones. Persons with a 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 impairment 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 possibly rolling it out further 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, with most Kinepolis sites providing secured bicycle parking and, where possible, the site is made accessible to and available via public transport.

Kinepolis team at the 100 km of 'Kom op tegen Kanker' (Fight Against Cancer) in 2023

SUPPORT FOR LOCAL COMMUNITIES

Kinepolis wants to recognise its social responsibility and increase its involvement with local communities by supporting charities through sponsorship, organising or supporting benefit campaigns, and promoting social employment.

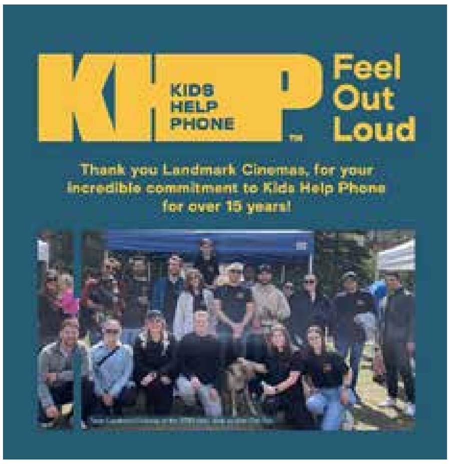
In 2023, Kinepolis supported Kick Cancer, Kom op tegen Kanker, Streekfonds Oost-Vlaanderen and various year-end campaigns (De Warmste Week, Pakje van mijn Hart) in Belgium, Les Restos du Cœur and EFS (Etablissement Français du Sang) in France, Stichting Bio and Stichting Jarige Job in the Netherlands, various projects in Spain (including the Cadena 100 benefit concert, Fundación Santos Patronos, Casa Ángeles) and Kids Help Phone in Canada, among other things. In this way, Kinepolis contributed at least € 500 000 to charities in 2023.

These are just a few of the (larger) collaborations over the past year. Kinepolis operates in nine countries with 109 cinemas, each of which in turn is part of, and contributes to a 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 NETHERLANDS SUPPORTS STICHTING BIO AND STICHTING JARIGE JOB
Kinepolis is donating the deposit money from plastic bottles collected in its cinemas to Stichting Bio and Stichting Jarige Job. Stichting Bio was created in 1927 by the Dutch cinema industry, 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. Stichting Jarige Job adds extra sparkle to the birthdays of more than 100 000 children from underprivileged families by offering them a birthday package.

KINEPOLIS FRANCE SUPPORTS 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 2023, these screenings took place in Thionville, Klub (Metz), Rouen, Mulhouse, Fenouillet, Nîmes and Bourgoin-Jallieu. In addition, the revenue from the Kinepolis Discovery Day 2023 went to Les Restos du Cœur.

LANDMARK A PARTNER OF KIDS HELP PHONE (CA)
For many years now, Landmark Cinemas has been a national partner of Kids Help Phone, Canada’s only national helpline that provides professional support and information to young people 24/7.
In 2023, Landmark Cinemas raised 100 000 Canadian dollars through its cinemas, and sponsored several campaigns and initiatives of Kids Help Phone (Feel Out Loud, Walk So Kids Can Talk) with advertising value through Landmark's online and in-theatre promotional channels.



Landmark is a partner of Kids Help Phone (CA)

Care for the environment

Kinepolis aims to minimise its environmental footprint through its **‘Green Star’ policy**, the basic principles of which were already introduced in 2011.

GREEN STAR POLICY

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

- The systematic improvement of energy efficiency through energy-saving techniques and sustainable technology;
- Application of water-saving techniques;
- Sustainable design and implementation of new-build projects;
- Sustainable renovation of existing cinemas;
- Limitation and sorting of waste;
- Commitment to a longer lifespan and re-use of materials.

With the policy measures set out above, Kinepolis aims to make its cinema infrastructure and operations increasingly sustainable, with a view to achieving CO2 neutrality of Kinepolis’ operations in the longer term. The main drivers for the reduction of Kinepolis' scope 1 and 2 emissions in the short to medium term are the implementation of intelligent building management systems tailored to cinemas and the transition to laser projection (see further).

Kinepolis Brétigny-sur-Orge (FR)

ENERGY CONSUMPTION AND CO2 FOOTPRINT

Kinepolis started measuring and reporting the development of energy consumption in its cinema complexes some years ago. As of 2021, energy consumption for the entire Group (including the North American operations) has been reported both in absolute terms and per million euros of turnover. The energy consumption reported in 2021 was retroactively adjusted according to this parameter (KWh/turnover) 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 less relevant for the above-mentioned years.

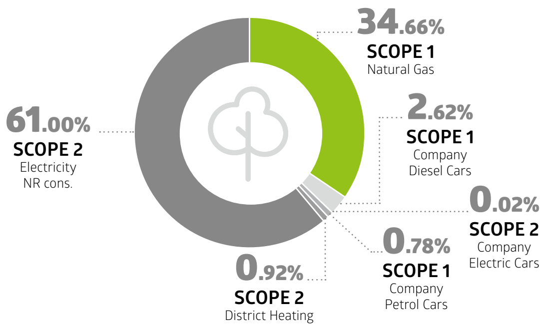
KPI

ENERGY CONSUMPTION KINEPOLIS GROUP

	2021	2022	**2023**
Total energy consumption (kWh)	118 047 352	141 729 662	131 907 246
kWh/million € turnover	443 132	283 511	217 857

Kinepolis Leidschendam (NL)

KPI CO2 FOOTPRINT OF KINEPOLIS GROUP [1] SCOPE 1 AND 2



Total CO2 footprint: 25 805.07 tCO2e

(1) Emissions possibly resulting from coolant leakage (Scope 1) are not included in the footprint due to the unavailability of data.

Energy consumption is an important part of a company's overall CO2 footprint. From 2021 onwards, Kinepolis has been reporting its CO2 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.

At the end of 2023, Kinepolis started an exercise to also map its scope 3 emissions and report the full carbon footprint (scope 1, 2 and 3) from 2024 onwards. Scope 3 emissions are indirect greenhouse gas emissions that occur in the Kinepolis value chain. Although these are the result of Kinepolis activities, they arise from business activities that are not controlled by the company.


Kinepolis Brétigny-sur-Orge (FR)

KPI EVOLUTION CARBON FOOTPRINT SINCE 2021

	2021 [1]	2022	2023
Absolute value (tCO2e)	19 867.77	27 485.14	25 805.07
tCO2e/ million € turnover	74.58	54.98	42.62

(1) Atypical year due to Covid-19 impact

POLICY MEASURES FOR A SUSTAINABLE CINEMA INFRASTRUCTURE

NEW-BUILD AND RENOVATION

In addition to the comfort of visitors and employees, the green parameters are also central elements in both the design of new cinemas and the renovation of existing buildings.

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

- The use of certified materials and techniques with a limited ecological impact;
- The adaptation of installations to sustainable sources of energy, such as geothermal heating systems in Utrecht and ’s-Hertogenbosch (NL);
- Where possible, cinema complexes are supplied with renewable energy (by entering into green power contracts);
- Standard choice of LED lighting;
- Simplicity of maintenance as an important factor in the 'total cost of ownership' (sum of construction and operating costs);
- Commitment to multifunctional spaces for different types of use without major renovations;
- Efficient wall and roof insulation;
- Where feasible, aiming for sustainability certification for new-build projects;
- The installation of water-saving technology in sanitary areas;
- Phasing out fossil fuels.

Carrying out renovations often provides an ideal opportunity to implement additional measures, such as:

- The installation of additional insulation in roof renovations;
- The insulation of parking areas under theatres;
- The use of water-permeable asphalt in parking area renovations in order to utilise the absorption capacity of the soil;
- The installation of rain cisterns to collect surface water;

GPR CERTIFICATION

The Kinepolis cinemas in ’s-Hertogenbosch and Dordrecht (picture) were awarded the Dutch GPR certification, a label of sustainable real estate based on five themes (energy, environment, health, quality of use and future value).

- The replacement of fluorescent lamps and fixtures with LED lighting;
- The installation of renewed control systems that centrally manage all systems in terms of heating and cooling (see further);
- Replacing the existing floors in our shops with Gerfloor, a 100% recyclable PVC flooring that is free of formaldehyde;
- The installation of water-saving technology in sanitary areas;
- Phasing-out of fossil fuels (for example, replacement of gas boilers by heat pumps).

Every year, measures to improve energy efficiency are carried out in existing (often older) cinemas, even if these are not a part of larger renovations. In addition to the implementation of better building automation and control systems (see further), the remaining fluorescent lighting in many cinemas was replaced by LED lighting in 2023, with motion sensors installed where they did not yet exist, and gas boilers in some cinemas (Spain, Luxembourg) replaced by heat pumps.

As of 2019, various energy-saving measures that have since become commonplace in most European Kinepolis cinemas have also been implemented in North America.

ENERGY CONSUMPTION OF LANDMARK WATERLOO REDUCED BY 35%

Over the past five years, the team at Landmark 10 Waterloo has made various efforts aimed at reducing their overall electricity consumption, and – after several pandemic years that cannot be considered to be representative – the impact of all these efforts became visible for the first time in 2023.

Landmark 10 Waterloo saw an overall 35% reduction in its electricity consumption in 2023, compared to the 2019 period. This drastic reduction is the result of measures in several areas, namely lighting (choice of LED, motion-controlled lighting in all ancillary locations and light sensors in the lobby), HVAC (introduction of variable-frequency drives), building automation systems and the upgrade from classic projectors to laser projection.

CREATION OF AN EXPERTISE CENTRE FOR ENERGY EFFICIENCY

As part of its efforts to reduce the company's carbon footprint and optimise its energy consumption, Kinepolis appointed an ‘Efficiency Engineer for Technical Installations’ in 2023. This new international position is part of the Real Estate department, with the aim of developing a strategy to improve the overall efficiency of technical installations in cinema complexes. Key focal points include the renewal of older installations with future-proof technology, new specifications for maintenance and the further roll-out of a centralised building management system (see next section).

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 by intelligent building management systems. A building management system is a fully computer-controlled and automated control system that controls and monitors a building’s technical equipment (including HVAC, lighting, electricity systems). By tailoring this system to the specific nature of cinemas – high, large volumes with varying occupancy – Kinepolis is succeeding in achieving an increasingly greater savings potential. Kinepolis thereby uses a tailor-made system that is linked, for example, to its ticketing system and with special models based on the geometry of its buildings. Depending on the maturity of the control system of the cinema involved, the implementation of such a tailor-made building management system can lead to energy savings of 25 to 50%.

In 2023, Kinepolis implemented an advanced building management system of this kind in several French, Spanish and Dutch cinemas, and the Group anticipates a further roll-out in the future. The knowledge acquired and extensive monitoring per cinema allows Kinepolis to benchmark the energy consumption per cinema and translate this into action plans.

SOLAR PANELS

Kinepolis’ cinemas in ’s-Hertogenbosch (NL), Braine-l’Alleud (BE) and – since 2023 – Pozuelo de Alarcón (Madrid, ES) each have a photovoltaic installation. The installation of solar panels for other cinemas is being evaluated. In this regard, it is important to be aware that Kinepolis can achieve a less than optimal return from such installations, as these only cover a relatively limited part of its own consumption, given that cinemas mainly operate in the evening. Nevertheless, Kinepolis does expect greater use of solar panels in the coming years, depending on the opportunities and developments in energy sharing.

SAVING WATER

Kinepolis is also mindful of its water consumption, and implements 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 based on optical detection.

SUSTAINABLE CINEMA TECHNOLOGY: LASER PROJECTION

An important, historical 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 visual 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.

Laser ULTRA auditorium in MJR Sterling Heights (USA)

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 its general transition to laser projection in 2018. From 2016 on, all newly-opened cinemas have been fully equipped with laser projectors (full laser).

By the end of 2023, 670 of the total of 1 131 screens (or 59% of all Kinepolis, Landmark and MJR screens) were equipped with laser projectors. 50 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 2024, 66% of Kinepolis' projector park worldwide will be laser. In Europe alone, 77% of the Kinepolis screens are currently equipped with laser projectors.

The 670 laser projectors that were in operation at the end of 2023 guarantee energy savings of 5.4 GWh per year [1] compared to Xenon projectors. The laser upgrades planned for 2024 will further boost those savings to 6 GWh per year.

KPI

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

	2021	2022	2023	**2024 TARGET**
% screens	25%	42%	59%	66%
Energy saving per year [1]	2 GWh	3.7 GWh	5.4 GWh	6 GWh

(1) Energy savings calculated relative to the xenon equivalent of the laser projector, based on 4 shows a day.

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.

In every country in which the Group operates, Kinepolis complies with local legislation in terms of waste management. In several countries (for example, the Netherlands, France, Belgium), the phasing-out of disposable cups is high on the agenda. Kinepolis is reviewing and implementing sustainable alternatives in this regard (with the scope and timing varying by country). Action plans regarding the general reduction in waste and a reduction of the proportion of residual waste are being developed in each country.

HAND IN YOUR PLASTIC BOTTLE AND DONATE TO A CHARITY (KINEPOLIS NETHERLANDS)

A 15 cent deposit on small plastic bottles was introduced 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. Every Dutch Kinepolis cinema has a special waste bin where the bottles can be handed in, and the deposit received for the plastic bottles is donated in full to a charity. In 2023, almost € 100 000 was collected and donated to the Bio Vakantieoord Foundation (see page 85), the Stichting Jarige Job and the Stichting Kinderen van de Voedselbank in Emmen.

NEW FILM BOX PACKAGING

For ecological reasons, Kinepolis Belgium replaced the familiar metal film boxes with colourful cardboard folders made of recycled cardboard at the end of 2023.

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 specialist companies.

Information on waste sorting is repeated regularly in the pre-show (the screen announcements before 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.

SUSTAINABLE FAÇADE BANNERS

Kinepolis always tries to work with sustainable materials. For example, the façade banners of Kinepolis Netherlands are largely made from used PET bottles.

LONGER LIFESPAN AND RE-USE OF MATERIALS

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

- In the sanitary areas, Kinepolis has replaced automatic towel rolls with electric drying systems wherever possible.
- The fabric and foam padding of cinema seats is fitted with Velcro, so that the fabric no longer needs to be glued to the padding. As a result, no glue is used on the foam padding during renovations, resulting in less damage to the foam padding, and enabling it to be re-used.
- In addition, the foam padding 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 theatres 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 are not damaged are used to furnish other complexes that are being renovated.

IN-THEATRE SALES OPTS 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, in most countries, the lids for soft drinks have been adapted to avoid single-use plastic. In several European countries, disposable (post-mix) cups are being phased out and being replaced by a more sustainable alternative, in line with local legislation.

Transport is also handled consciously: popcorn is produced locally as far as possible, and efforts are being made to reduce the frequency of deliveries from suppliers through optimal stock management.

Popcorn packaging made from (recycled) cardboard

A SECOND LIFE FOR IT AND AV HARDWARE
Kinepolis donates written-off computers, laptops and servers to 'Close the Gap', an organisation that gives these materials a second life in developing countries. In this way, we do our part to provide as many people as possible with access to technology and education. Together with Close the Gap, we ensure that the hardware is also returned to Europe afterwards, where it is dismantled in an ecological manner.

Old audio video devices (such as projectors) that are taken out of circulation are 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 be able 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. In this context, Kinepolis is an active member of the *Green Business Club Utrecht Central*, which looks for opportunities to bundle the logistical flows of companies in the station area, and thereby reduce emissions from trucks.


Kinepolis Utrecht (NL)

Secured bicycle parking at Kinepolis Ostend (BE)
©Signit

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.

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 head office as part of the (gradual) electrification of its fleet.

CLIMATE CHANGE

In its risk analyses (see page 121), Kinepolis takes into account any potential natural disasters that may affect its operations as a result of global warming and, where possible, takes appropriate action to anticipate them and minimise the risks. Through the mapping of its carbon footprint and ongoing efforts to reduce it, Kinepolis aims to achieve the CO_2 neutrality of its operations in the longer term.

Kinepolis Leidschendam, easily accessible by public transport (NL)

Business integrity

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 (and 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. Furthermore, Kinepolis 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

Code of Conduct
When joining the company, every employee receives and must sign a copy of the Kinepolis Code of Conduct, in which, among other things, the anti-corruption and bribery policy is set out in explicit terms. In addition, all managers must make a formal declaration every year that they have complied with the provisions of this code of conduct (including the above policy).

KPI % OF EMPLOYEES WHO SIGNED THE **CODE OF CONDUCT** IN 2023 [1]

100%

signed the Code of Conduct

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

Furthermore, Kinepolis management is made particularly aware of the anti-corruption and bribery policy through compulsory training courses on risk management and control measures.

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

Whistleblower procedure
When confronted with risk situations, staff are encouraged to report them in the first instance to their immediate superior, so that they can be handled appropriately. In addition, there is a formal whistleblowing procedure, through which employees can raise concerns about possible misconduct or unethical behaviour without any fear of retaliation. The Kinepolis whistleblower procedure has been set up in accordance with the applicable legislation.

Following the entry into force of the European Whistleblowing Directive, Kinepolis updated its existing whistleblower policy in 2023 and introduced an online platform to report concerns. Implementation of the whistleblower procedure in North America is planned in 2024.

Kinepolis undertakes to treat reported concerns seriously, fairly and discreetly at all times, and to take all necessary steps to preserve confidentiality or anonymity.

CODE OF CONDUCT FOR SUPPLIERS

Since 2022, Kinepolis applies 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 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 business operations. 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 its business operations, Kinepolis complies with all the requirements of the European GDPR legislation and the Canadian PIPEDA (see page 82), and continually invests in the protection of its ICT systems against cyber-attacks, as well as keeping employees vigilant with regard to cybercrime.

EU taxonomy

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

An activity is considered to be environmentally sustainable (taxonomy-aligned) if, among other things, it contributes significantly to one of the 6 environmental objectives recognised in the Taxonomy Regulation:

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

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In June 2021, the European Commission published a catalogue 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). The catalogue and specifications for the remaining four objectives were published in 2023. These are part of the reporting requirements with regard to EU taxonomy for the year 2023, but have no impact on the reporting of Kinepolis as the Group has no activities that have been listed as potentially contributing to any of these objectives.

For the year 2022, Kinepolis published, for the first time, both the degree of eligibility of its activities and the degree of alignment, i.e. 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 concerned. For an activity to be recognised as 'EU Taxonomy-aligned', not only must the criteria demonstrating a substantial contribution be met; the activity may also not cause significant harm to any of the other environmental objectives ('Do no significant harm' (DNSH) criteria) and basic social conditions must also be met ('minimum safeguards').

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', an activity can only be recognised as eligible under this environmental objective if a risk and vulnerability assessment with regard to the main physical climate risks for the activity in question has taken place and a Capex plan has been drawn up to adapt the activity in question to the (potential) physical consequences of climate change detected in this regard [1].

(1) Q&A item 18, draft commission notice dated 19 December 2022, re Art. 8 Delegation Reg.

At this moment in time, Kinepolis has not carried out such an assessment, and consequently no business activities can be recognised as eligible, although this will be a possibility in the future provided the above conditions are met. It should also be noted that for activities contributing to the 'climate adaptation' objective, as is the case for activity 13.3, only Opex and Capex associated with the activity in question can be reported, as the revenue generated by such activities cannot be recognised (cf. point 8 in the Commission Notice, December 2022).

The main activity of Kinepolis (motion picture projection) is included in the EU taxonomy for 'Climate adaptation' under item 13.3. All costs essential to exercising this activity may be associated with this activity, and therefore be considered eligible. For Kinepolis, it is evident that its cinemas are essential for the projection of films, and therefore the exercise of this activity, which led Kinepolis to choose not to report its cinema real estate under economic activity 7.7 (Ownership and Acquisition of buildings) – listed under both 'Climate Mitigation' and 'Climate Adaptation' – but to recognise it as an 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 assessment of the climate risk for the related activities (Box Office, Kinepolis Film Distribution) will largely focus on the climate resilience of its cinema buildings.

0% of Kinepolis' operations can consequently be recognised as eligible for the year 2023. However, Capex and Opex for the Box Office and Kinepolis Film Distribution activities, as well as costs associated with the cinema real estate, may become eligible under economic activity 13.3 in the future (subject to carrying out an assessment of climate risks for these activities and drawing up a plan to adapt the activity in the light of these risks) and may also be recognised as an aligned (adapted) activity provided that all the criteria under activity 13.3 are met. Activity 13.3 may also become an enabling activity ('adapted-enabling activity') [(2)] if an additional criterion is met, i.e. being able to demonstrate that the primary objective of the product (in this case films)

a) is to make others more resilient to physical climate risks or
b) contributes to the efforts of others to adapt to climate change.

Given that the proportion of films for which this could be regarded as an objective is negligible, and that projecting such films will never become Kinepolis' main objective, it is not our ambition to be recognised as an enabling activity. To the extent possible, however, Kinepolis will strive to align with the other criteria under 13.3 (and thereby meet the first four criteria for substantial contribution, as well as the DNSH criteria and minimum conditions).

Not recognising the cinema real estate of Kinepolis as an eligible activity under 'Climate Mitigation' in no way means that Kinepolis is not making, and will not make efforts in the future to make its cinema buildings more sustainable. The efforts to this end are explained in the current annual report (section 5: impactful and responsible business) and, in the coming years, will be reflected more extensively and in greater detail 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 support Kinepolis in realising its ambition to make its buildings and operations climate-neutral in the longer term.

(2) Q&A point 19, draft commission notice dated 19 December 2022, re Art. 8 Delegation Reg.

KPI

For the general accounting principles, we refer to note 1 in section 7 of the annual report.

KPI TURNOVER 2023 [1]

				SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES (1)	CODE (2)	TURNOVER (3)	PROPORTION OF TURNOVER, 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)
		€ '000	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	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%	0%	0%	0%	0%	0%	0%
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		605 475	100%						
TOTAL		**605 475**	**100%**						

(1) For more information, please refer to note 3 in chapter 7 of the annual report.

KPI CAPEX 2023 [2]

				SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES (1)	CODE (2)	CAPEX (3)	PROPORTION OF CAPEX, 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (10)
		€ '000	%	%	%	%	%	%	%
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	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%	0%	0%	0%	0%	0%	0%
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		45 622	100%						
TOTAL		**45 622**	**100%**						

(2) For more information, please refer to notes 9, 11, 12 and 27 in chapter 7 of the annual report.

KPI OPEX 2023 [3]

				SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES (1)	CODE (2)	OPEX (3)	PROPORTION OF OPEX, 2023 (4)	CLIMATE CHANGE MITIGATION (5)	CLIMATE CHANGE ADAPTATION (6)	WATER (7)	POLLUTION (8)	CIRCULAR ECONOMY (9)	BIODIVERSITY (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%	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%	0%	0%	0%	0%	0%	0%
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		26 686	100%						
TOTAL		**26 686**	**100%**						

(3) For more information, please refer to note 6 (breakdown of costs per type) in chapter 7 of the annual report.

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY-ALIGNED (A.1.) OR -ELIGIBLE (A.2.) TURNOVER, 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%		
							0%		

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY-ALIGNED (A.1.) OR -ELIGIBLE (A.2.) CAPEX, 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%		
							0%		

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION (11)	CLIMATE CHANGE ADAPTATION (12)	WATER (13)	POLLUTION (14)	CIRCULAR ECONOMY (15)	BIODIVERSITY (16)	MINIMUM SAFEGUARDS (17)	PROPORTION OF TAXONOMY-ALIGNED (A.1.) OR -ELIGIBLE (A.2.) OPEX, 2022 (18)	CATEGORY ENABLING ACTIVITY (19)	CATEGORY TRANSITIONAL ACTIVITY (20)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
							0%		
							0%		
							0%		

06 | Corporate Governance

Kinepolis Thionville (FR)

06

Corporate Governance Statement

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 set out in the Corporate Governance Charter (the 'Charter').

At the beginning of 2021, the Board of Directors revised the Corporate Governance Charter, using the new Belgian Corporate Governance Code 2020 (the 'Code 2020') as a reference code.

This chapter of the annual report provides more factual information on the Corporate Governance policy pursued in the financial year 2023, with the aim of applying the principles resulting from this Charter as much as possible without affecting the unique character of the Company. Where necessary, the required explanation of the deviations from the Code 2020 is given in accordance with the 'comply or explain' principle.

The latest version of the Charter can be consulted on the Kinepolis Group website: www.kinepolis.com/corporate.

SHARE CAPITAL

The share capital on 31 December 2023 amounted to € 18 952 288.41, and is represented by 27 365 197 shares, without nominal value, all of which benefit the same corporate rights.

In the context of the authorisation issued by the Extraordinary General Meeting of 10 May 2023 to the Board of Directors to buy back 550 000 treasury shares to cover new options to be issued under the 2023 Stock Option Plan, the Board of Directors decided in 2023 to buy back a maximum of 200 000 treasury shares between 13 June 2023 and 16 August 2023, as well as a maximum of 151 000 treasury shares between 25 September 2023 and 24 March 2024, via a discretionary mandate to an intermediary. As a result of these mandates, 219 699 shares were purchased in 2023 for a total amount of € 9 903 408.20.

After the provision of 27 654 shares to the beneficiaries of stock options, Kinepolis Group NV held 588 121 treasury shares on 31 December 2023, with a capital value of € 407 314.40[1].

RIGHTS TO NOMINATE CANDIDATES TO THE BOARD OF DIRECTORS

According to the articles of association, eight (8) directors can be appointed from among the candidates nominated by 'Kinohold Bis', a 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 being appointed 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 Company's capital .

SHAREHOLDER AGREEMENTS

There are no known shareholder agreements 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 the 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.

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 € 34.6 million, as well as the General Terms and Conditions dated 5 December 2017 with regard to the private

(1) Taking into account an accounting adjustment of 1 320 shares in minus implemented in 2023

placement with institutional investors to the amount of € 125 million, as well as the Information memorandum dated 5 July 2019, in relation to the private placement with institutional investors amounting to € 225 million, provide clauses that, in the event a change of control occurring (as defined in the Information Memoranda available on Kinepolis Group's website), each bondholder shall have the right to require Kinepolis Group NV to repay all or part of its bonds, subject to the conditions included in these Memoranda.

Finally, the terms of the Commercial Paper/Midterm Notes Program of 16 February 2022, with regard to the possible issue of treasury bills for qualified investors to an amount of up to € 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 request the 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 Act of 1 April 2007, regarding Public Acquisition Bids, from Kinepolis Group NV, Kinohold Bis SA, Kinohold, Private Foundation under Belgian law (formerly Stichting Administratiekantoor 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 program, it is shown that, as of 31 December 2023:

- Kinohold Bis SA held 12 600 050 shares or 46.04% of the Company's shares, as well as 100 000 voting rights attached to shares sold in 2022;
- Kinohold Bis SA is controlled by Kinohold, Private Foundation under Belgian law, the latter in turn being subject to joint control by the following natural persons (in their capacity as directors of the Foundation): 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 588 121 or 2.15% 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 2023 can be viewed at www.kinepolis.com/corporate.

Shareholders' structure as per 31 December 2023

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	588 121	2.15
Free Float, of which:	13 684 808	50.01
TOTAL	**27 365 197**	**100%**

(1) After the recertification of 80 001 shares in Kinohold Private Foundation by Pentascoop NV, Adorea BV and Movieking BV, which has yet to be implemented, and excluding 100 000 voting rights attached to shares sold.
(2) Including Pentascoop NV.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association may be carried out with due consideration for the stipulations set out in the BCAC.

The Articles of Association were amended in 2023 by the Extraordinary General Meeting of 10 May, whereby two new Transitional Provisions were inserted, authorising, on the one hand and for a period of five years, the buy back of 550 000 treasury shares with a view to hedging stock options and, on the other hand, an authorisation to also use 397 396 treasury shares previously bought back to hedge a new stock option plan.

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 those for which the General Meeting is authorised. The Company considers this one-tier governance structure to be the most suitable form of governance, which allows rapid decision-making and has already proven its efficiency.

Composition of the Board of Directors

as per 31 December 2023

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 carry out any mandate in other listed companies.

Mr. Eddy Duquenne

Managing Director

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 NV since 2008.

Before this period, he acquired management and financial expertise in the leisure sector, property management and finance sectors through the holiday group Sunparks (1998-2007), where he was co-CEO, and also through the banking sector.

Other positions in listed companies:
Mr. Duquenne does not carry out any mandate in other listed companies.

Mrs. Marion Debruyne, permanent representative of Marion Debruyne BV

Independent director

Professor Marion Debruyne 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 holds a Master of Law (KUL) and an LLM degree from NY University, and also has extensive expertise in corporate financing. He is an Investment Partner at the Dovesco investment company. Before that, he was an Investment Director at NPM Capital for 7 years, a partner at the Capco technology services company for 8 years, and a partner at the Loeff Claeys Verbeke law firm (now Allen & Overy) for 10 years.

Other positions in listed companies:
Mr. Ghekiere (PGMS NV) does not carry out any mandate in other listed companies.
The mandate of PGMS NV will end on 8 May 2024.

Mrs. Sonja Rottiers, permanent representative of SDL 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. Following 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 is an independent and non-executive director at Bpost NV, where she is the Chairman of the Audit, Risk and Compliance Committee, and is also a member of the Nomination and Remuneration Committee.
The mandate of SDL Advice BV will end on 8 May 2024.

Mrs. Marleen Vaesen, permanent representative of MAVAC BV

Independent director and member of the Audit Committee

Mrs. Marleen Vaesen graduated from 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 post-graduate studies 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 was promoted from Group Controller to General Manager Finance & IT after 2 years, and was a Partner at Buy Out Fund CV from 1999 to 2016. He has also been 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 NV 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 gained a degree as an English-Spanish Conference Interpreter at 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 as Head of M&A in 1990, and was subsequently appointed Head of Corporate Strategy Worldwide, then as General Manager AB-I Netherlands, and finally as Executive Vice President Western Europe. In 2004, he joined the listed company Van de Velde NV as CEO, and was then CEO at Neuhaus NV before becoming CEO of The Cookware Company BV in 2023.

Other positions in listed companies:
Mr. Van Doorselaere (4F BV) does not carry out any mandate 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 its permanent representative, to be an independent director in accordance with article 7:87 of the 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 has always exercised her mandate completely independently of the vision of the Executive Management and the reference shareholders, and has always used her special and specific knowledge and know-how, including that 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 in an efficient manner, while still being able to keep a finger on the pulse 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 its 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 the shareholders, including the reference shareholders, and thereby further contributes to sustainable value creation for the Company, with a focus on the long-term interests of all stakeholders.

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 provides an overview of the attendance of the respective directors with regard to the 10 meetings that took place in 2023.

NAME	POSITION	END DATE	ATTENDANCE OF MEETINGS (10)
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	2025	8 of the 10 meetings
Mr. Philip Ghekiere permanent representative of PGMS NV (1)	Director	2024	All 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	9 of the 10 meetings
Mr. Ignace Van Doorselaere permanent representative of 4F BV	Independent director	2025	All meetings

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

Board of Directors: from left to right Marion Debruyne, Ignace Van Doorselaere, Eddy Duquenne, Marleen Vaesen, Philip Ghekiere, Joost Bert, Sonja Rottiers and Geert Vanderstappen

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, mainly the following topics were discussed:

- commercial and financial results, together with forecasts;
- treasury and financing policy;
- sustainability strategy, related governance structure and preparations for CSRD reporting;
- short- and long-term strategy including risk appetite and ongoing strategic projects;
- 2024 profit plan;
- ongoing cinema and real estate projects;
- reports of the Audit Committee and Remuneration Committee;
- 2023 Stock Option Plan and hereto related treasury share buyback programs;
- ICT policy, including ICT security policy;
- main business risks, including social and environmental risks, and the methods used to control them;
- reporting by the Executive Management with regard to the Investor Relations programs.

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

At least seven meetings are scheduled for the year 2024. Additional meetings may be held if needed.

COMPOSITION AND ACTIVITY REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE
In accordance with the applicable governance rules, the Company has just 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, who chairs this Committee;
- 4F BV, whose permanent representative is Mr. Ignace Van Doorselaere;
- SDL Advice BV, whose permanent representative is Mrs. Sonja Rottiers.

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 2023, headed by its Chairman, with all members of the Committee in attendance.

The following topics were mainly discussed during these meetings:

- the remuneration report to be included in the Annual Report 2022;
- feedback on the Remuneration Policy and remuneration report following the General Meeting of 10 May 2023;
- evaluation of the 2022 objectives for the Executive Management;
- setting the objectives (both quantitatively and qualitatively) for the variable remuneration of the Executive Management for 2023, as well as the related remuneration upon achievement of the objectives;
- introduction of the 2023 Stock Option Plan;
- adjustment of the remuneration package for the Executive Management;
- 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, whose permanent representative is Mr. Geert Vanderstappen, 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 NV Smartphoto Group NV;
- Mavac BV, whose permanent representative is Mrs. Marleen Vaesen, who, among other things, has held the position of CEO at Greenyard NV 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, whose permanent representative is Mrs. Sonja Rottiers, who held the position of CEO and Executive Director at Lloyds Insurance Company SA and CFO at Dexia Verzekeringen 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 five times in 2023, with all its members in attendance, and with the following topics 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 issued by the internal audit department and the internal audit Plan for 2024;
- the WACC for investment models;
- the 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;
- the evaluation of the effectiveness of the external audit process;
- the evaluation of the internal auditor's work;
- the monitoring of the financial reporting and its compliance with the applicable reporting standards;
- the discussion of the results of the impairment tests;
- the discussion of the implementation of a renewed whistleblower procedure;
- the process for the appointment of a new auditor from the financial year 2024 on, when the mandate of the current auditor will have reached its maximum term;
- the ICT risk reporting;
- the 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 functioning and performances are constantly and informally evaluated during the meetings, as is the interaction with the CEO, with whom is communicated in the same transparent manner.

Joost Bert, Eddy Duquenne and Philip Ghekiere

A formal written evaluation of the Board and its committees was held in 2023, which was then discussed in depth in order to adjust the operation where necessary.

The following topics were addressed in the evaluation: the size and composition of the Board of Directors and its committees, the general operation of the Board of Directors and its committees, the provision of information to the Board of Directors, the topics to be discussed at the meetings, the contribution of each individual director to the board activities, the attendance of each individual director at the meetings, the selection process of directors and the interaction with the Executive Management and the reference shareholder.

Eddy Duquenne and Joost Bert

DIVERSITY

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

In the coming years, the Board of Directors will not only focus its diversity policy on gender, skills and age, but will 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, political and economic context and structure in the various geographical areas in which Kinepolis Group operates. The above-mentioned diversity objectives 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, that the Board of Directors not only has three female directors, but is also composed of directors with complementary profiles in terms of competence, knowledge and experience, including international management experience.

EXECUTIVE MANAGEMENT

Following the retirement of Mr. Bert as Managing Director in 2018, Mr. Duquenne [1], 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 RELATED PARTIES

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 related parties, as included in the Notes to the Consolidated Financial Statements, were conducted in complete transparency with the Board of Directors.

(1) Eddy Duquenne BV

Remuneration report

I. INTRODUCTION

The Remuneration Policy of Kinepolis Group NV (hereinafter referred to as Kinepolis) (https://corporate.kinepolis.com/en/remuneration-policy) sets out the remuneration principles for the members of the Board of Directors and the Executive Management, which currently consists of the CEO. This policy 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. The Remuneration Policy was elaborated by the Board of Directors in 2021, on the proposal of the Nomination and Remuneration Committee, and subsequently amended in 2022 and, where required, submitted to the General Meeting for approval in accordance with the requirements of Article 7:89/1 of the Belgian Companies and Associations Code (hereafter referred to as the BCAC).

Kinepolis carried out a thorough analysis of the votes that were cast at the 2023 General Meeting regarding the remuneration proposals included on the agenda. Nevertheless, the Board remains of the opinion that the remuneration policy pursued contributes to sustainable value creation as reflected in the financial performance of Kinepolis, and is appropriate for the type of company that Kinepolis is.

II. GENERAL PRINCIPLES OF THE REMUNERATION POLICY OF KINEPOLIS

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, which is to remain a resilient, sustainable and innovative Group with significant added value for all stakeholders.

BOARD OF DIRECTORS

The overall 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. 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 in the boards 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 also the Chairman of a Committee, no additional remuneration is granted.

EXECUTIVE MANAGEMENT

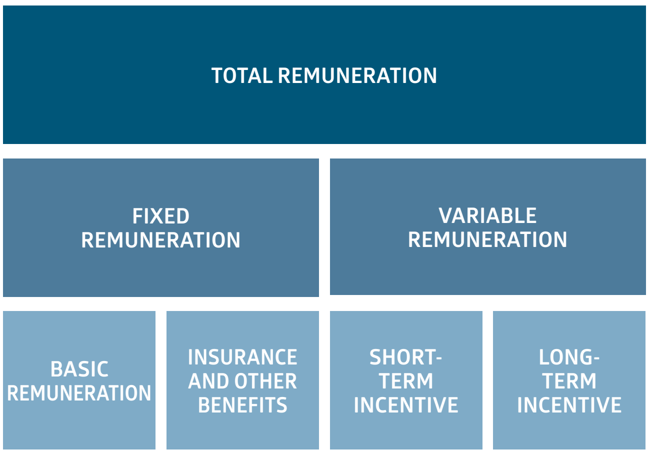
The Board of Directors determines the remuneration of the members of the Executive Management on the proposal of the Nomination and Remuneration Committee, taking into account the experience, level of responsibility and performance, and the benchmark results of comparable companies.

On the advice of the Nomination and Remuneration Committee, 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 a sound and effective risk management, and discourage taking risks that fall outside the risk tolerance limits of the Company.

The Nomination and Remuneration Committee will assess whether these performance criteria have been achieved and subsequently, after the annual results have been determined, the Board of Directors will evaluate the fulfilment of the objectives and determine the amount of variable remuneration based on this assessment.

As stipulated in the Remuneration Policy, the remuneration of the Executive Management can consist of four components: (i) a basic 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) Basic remuneration

The basic remuneration is evaluated by the Board of Directors every two years, 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 in order to ensure that the remuneration is in line with the market, taking into account that the Executive Management is self-employed;
- 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 a liability insurance for Managing Directors and Directors, the Executive Management receives no benefits in kind. In line with market practice, the 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. The Board of Directors will request a similar approval from the General Meeting of 8 May 2024.

(iii) 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.

In accordance with principle 7.10 of the Belgian Corporate Governance Code 2020, the maximum STI is set on a biennial basis by the Board of Directors at a percentage of the fixed remuneration, with careful consideration of an appropriate ratio between the fixed and the variable remuneration. Only in case of significant outperformance or exceptional performance can this STI be increased to a maximum of 100% of the fixed remuneration, being the ceiling.

The Board of Directors has decided in 2024 to give the same weighting to financial and non-financial objectives from the financial year 2024 onwards.

With regard to the quantitative objectives, the Board of Directors uses the evolution of the REBITDAL compared to the objectives set by the Board of Directors as the performance criterion, as this criterion is the relevant parameter for measuring the development of the value creation within Kinepolis. If the REBITDAL for the relevant year is within the predetermined margin, an amount between 0 and 100% of the part of the STI linked to the achievement of the quantitative objectives will be paid on a pro rata basis.

The qualitative criteria to be achieved over a one-year period, though always supporting long-term objectives, are based on:

(a) the known Kinepolis three-pillar strategy (Best Cinema Operator, Best Marketer, Best Real Estate Manager);
(b) the internal and external expansion strategy; and
(c) the sustainability strategy.

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

(iv) Long-term incentive (LTI)
Based on the 2016 Stock Option Plan, 543 304 options (with a term expiring on 10 May 2024) for existing shares could be granted to the 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 in which their interests are aligned with the interests of shareholders. In 2023, a similar Stock Option Plan was launched for the members of the Executive Management and selected executives, enabling up to 550 000 options to be granted. By granting stock options, Kinepolis aims to attract, motivate, commit and retain the best management in the long term.

Due to, among other things, Belgian tax legislation according to which stock options are taxed when granted, the granting of the stock options was – in line with Belgian market practice for small and medium-sized companies – not linked to predetermined and objectively quantifiable performance criteria. The interests of the Executive Management are, however, considered to be sufficiently aligned with those of Kinepolis in the long term, as their value lies in the long-term development of the share price.

The aim of retaining valuable key persons who contribute to the long-term sustainable growth of Kinepolis is achieved, among other things, by the fact that the stock options can only be exercised gradually from the start of the 4th calendar year after they were granted.

The main features of the above-mentioned Stock Option Plans can be summarised as follows:

- The exercise price was determined in accordance with the Belgian Stock Option Law;
- The options only 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 / Board of Directors;
- The options are subject to 'Bad leaver' provisions;
- The options are not transferable, except in case of death.

By granting the current Executive Management 90 000 stock options under the 2016 Stock Option Plan, and 112 500 stock options under the 2023 Stock Option Plan, and given the important and stable shareholder position of the Executive Management, the Board of Directors is of the opinion that this LTI, together with the other remuneration components, constitutes a remuneration package that aligns the interests of the Executive Management with those of Kinepolis and its stakeholders and promotes the execution of a strategy of sustainable profitable growth.

Claw-back provision
The General Meeting of 11 May 2022 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 of Directors 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 2023

REMUNERATION OF THE BOARD OF DIRECTORS
The Board of Directors was remunerated based on the principles included in the Remuneration Policy as approved at the General Meeting of 11 May 2022.

NAME	TITLE	REMUNERATION FOR MEETINGS OF THE BOARD OF DIRECTORS	REMUNERATION FOR MEETINGS OF A COMMITTEE	TOTAL REMUNERATION 2023 (1)
Mr. Joost Bert permanent representative of Pentascoop NV	Chairman of the Board of Directors and of the 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	€ 30 000	€ 67 500
Mrs. Marleen Vaesen permanent representative of Mavac BV	Independent director	€ 37 500	€ 15 000	€ 52 500
Mr. Geert Vanderstappen permanent representative of Pallanza Invest BV	Director and Chairman of the Audit Committee	€ 37 500	€ 27 000	€ 64 500
Mr. Ignace Van Doorselaere permanent representative of 4F BV	Independent director	€ 37 500	€ 15 000	€ 52 500
TOTAL				**€ 919 500**

(1) All amounts are gross amounts before taxes.

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 € 60 950 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 2023.

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 are fully vested and exercisable for each of the above-mentioned directors. The above-mentioned directors did not exercise any of these stock options in 2023.

REMUNERATION OF THE CEO

The remuneration package for the period 2022-2023 was determined as follows by the Board of Directors in 2022:

Fixed component:

- Basic 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.

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; in the event of the targets being significantly exceeded or in case of exceptional performance, an out-performance bonus can be granted;
- Long Term Incentive (LTI): The possibility of providing new stock option plans or similar instruments.

With regard to the reporting on the variable remuneration, Kinepolis has thoroughly considered the comments of a number of shareholders as expressed in response to the remuneration report for the financial year 2022, and has decided to adjust its reporting method in this respect and, as from the financial year 2023, to explain the variable remuneration as granted for the reported financial year, and no longer that relating to the financial year preceding the reported financial year. This report therefore exceptionally reports on the variable remuneration for two financial years. The Board of Directors takes the financial results drawn up by the Board of Directors as the basis in this regard.

Remuneration package as applied in 2023

The remuneration package for 2023 was granted in accordance with the package determined by the Board of Directors in 2022:

Basic remuneration

The basic salary for the financial year 2023 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):

Quantitative objective (70%): After analysing the evaluation by the Nomination and Remuneration Committee, the Board of Directors concluded that the collective target regarding REBITDAL to be achieved had been more than met, and therefore granted the portion of the related STI in full, in the amount of € 364 000.

Qualitative objectives (30%): The qualitative objectives in 2023 continued to focus on the further development and support of the three-pillar strategy, the expansion strategy and the sustainability strategy.

PERFORMANCE MEASURE	DESCRIPTION AND RELEVANCE FOR THE STRATEGY	RELATIVE WEIGHTING
Innovation/diversification of the product offer	The development and roll-out of experience concepts and premium products was continued in 2023, thanks to, among other things, the relaunch of the Innovation Lab, and was made concrete by, among other things, the opening of 6 new Imax screens and the planned opening of 21 ScreenX screens, which further contributed to strengthening the ‘Best Cinema Operator’ pillar.	10%
Further elaboration of the ESG strategy and implementation	A consistent ESG governance structure was developed in 2023, in which clear roles and responsibilities were defined, starting from the Board of Directors down to the employees on the floor. The necessary processes to prepare the company for CSRD sustainability reporting were also started, with ESG targets also included in the bonus system for certain managerial positions.	10%
Expansion strategy	The expansion strategy was evaluated based on a thorough analysis of the various geographic markets, the recovery in visitor numbers and the geopolitical situation in those markets, as well as the financial strength of the company in various scenarios. As part of the strategy, 2 cinemas were acquired in France.	10%
QUALITATIVE OBJECTIVES		**30%**

After analysing the evaluation by the Nomination and Remuneration Committee, the Board of Directors concluded that these qualitative objectives had been fully met, and therefore granted the part of the related STI in full, in the amount of € 156 000.

Kinepolis achieved record results in 2023, with a 21% increase in revenue compared to 2022, with an increase in EBITDAL of 32.8% to € 151.4 million and net profit doubling to € 56.1 million. The strong revenue generation was driven by a 20.6% increase in visitors compared to 2022, combined with an increase in sales per visitor, which is a direct result of Kinepolis' substantial investments in premium concepts and film experiences.

The strong operating result also resulted in a balance sheet that is stronger than before the pandemic, with higher solvency, lower gearing and substantially lower net debt and leverage. Kinepolis therefore remains one of the best performing cinema groups worldwide.

Given this outperformance of the Executive Management, the Board decided to also award an outperformance bonus in the sum of € 266 000.

Overview of remuneration for the financial year 2023

EDDY DUQUENNE BV [1]	FIXED REMUNERATION		VARIABLE SHORT-TERM REMUNERATION	OUTPERFORMANCE/ EXCEPTIONAL COMPENSATION	PENSION COSTS	TOTAL REMUNERATION	RATIO BETWEEN FIXED AND VARIABLE REMUNERATION
	BASIC	BENEFITS [2]					
2023	€ 786 000	€ 9 000	€ 520 000	€ 266 000	0	€ 1 581 000	Fixed: 50% – Variable 50%

(1) All amounts are gross amounts before taxes
(2) Expense allowance

Long-term incentives (LTI)
Given the objective of the Stock Option Plans, which is to attract and keep the best management talent on board, and taking into account the Belgian tax legislation under which stock options are taxed upfront, the vesting of stock options under the 2016 and 2023 Stock Option Plan is not directly linked to predetermined performance criteria. Indirectly, the individual and collective performance is indeed taken into account given the 'bad leaver' provisions on the one hand and the evolution of the share price on the other.

The Executive Management did not exercise any stock options under the 2016 Stock Option Plan in 2023.

Under the 2023 Stock Option Plan, 112 500 stock options were granted to the Executive Management in 2023, which can be exercised as follows:

- 66.64% from 1 January 2027;
- 16.66% from 1 January 2028;
- 16.70% from 1 January 2029.

CEO	NUMBER OF OPTIONS GRANTED	TOTAL NUMBER OF OPTIONS EXERCISABLE	NUMBER OF OPTIONS EXERCISED
Stock Option Plan 2016	90 000	90 000	0
2023 Stock Option Plan	112 500	0	n/a

Variable remuneration (STI) as allocated for the financial year 2022
Quantitative objective (70%): After an evaluation by the Nomination and Remuneration Committee, the Board of Directors considered that, due to exceptional circumstances, and in particular the fact that a significant number of blockbusters were unexpectedly postponed, the collective target regarding REBITDAL had not been fully met and granted part of the related STI in the amount of € 182 000.

Qualitative objectives (30%): The qualitative objectives to which 30% of the STI is related all concerned the further development and support of the three-pillar strategy, the expansion strategy and the sustainability strategy.


Kinepolis Ghent (BE)

PERFORMANCE MEASURE	DESCRIPTION AND RELEVANCE FOR THE STRATEGY	RELATIVE WEIGHTING
Re-implementation – after the Covid-19 pandemic – of the corporate strategy throughout all parts of the company	The re-launch of the 'self-learning organisation' and the high involvement of employees achieved by assigning budget responsibility to a significant proportion of them has contributed to making the company more agile in changing circumstances and to strengthening the 'Three Pillar Strategy'.	6.66%
Further development and roll-out of commercial plans to stimulate top-line growth	The development of these plans, which not only consist of broader initiatives, but also of a whole series of smaller, targeted initiatives, has significantly contributed to the further improvement of the customer experience, and thus to the further development of the 'Best Cinema Operator' pillar. Reference is made, among other things, to the start of the roll-out of Premiere Seats in Canada and VIP seats in the US, the launch of the 'Movie Club' formula in Belgium and the Netherlands, the launch of the Cine K program in Belgium, etc.	10%
Implementation of the ESG strategy throughout all parts of the company	An ESG strategy can only be successful if it is supported by all employees. Employee involvement in the implementation of the ESG strategy was significantly increased by providing the various business units with an extensive explanation of the ESG strategy and enhancing the awareness of employees throughout the company in this regard.	6.66%
Expansion in the post-Covid period	The post-Covid market was analysed in the light of the market development expectations estimated in 2022, which, at that time, did not yet provide a clear picture regarding the degree of recovery of visitor numbers and led to the confirmation of the existing expansion strategy. As part of this known strategy, three complexes were added to the portfolio in a period still characterised by Covid consequences, i.e. two cinemas in Spain and one in France.	6.66%
QUALITATIVE OBJECTIVES		**30%**

Based on the NRC's evaluation, the Board of Directors determined that the qualitative objectives had been fully met, leading to the award of the related part of the STI, amounting to € 156 000.

The Board of Directors also noted that the international cinema sector was still impacted by the Covid-19 crisis in the financial year 2022, but that, despite these ongoing challenging financial and operational Covid-19 consequences, Kinepolis still managed to construct a new cinema in 2022, as well as to acquire three cinemas and to emerge as one of the strongest players in the industry from a financial point of view through, among other things, significant gains in profitability and financial strength. For example, 90.6% of revenue and 80% of EBITDA were achieved in 2022, compared to the particularly strong year of 2019, while visitor numbers only recovered to 72.7% and EBITDAL per visitor rose to its (then) highest level ever, i.e. € 3.89.

Kinepolis Metz Amphithéatre (FR), built in 2022

These results were not only due to the strong implementation of the company's three-pillar strategy combined with its post-Covid expansion strategy but, above all, to the development and implementation of detailed budgeting plans and ambitious commercial plans that resulted in a significant further reduction of the break-even point. This not only steered the Company through a difficult period, but also prepared it for further sustainable growth in changing market conditions while not losing sight of the focus on innovation, with the result that Kinepolis is considered to be one of the best-performing cinema operators worldwide.

The Board of Directors therefore rewarded this outstanding performance of the Executive Management by awarding an exceptional bonus to the amount of € 448 000.

Remuneration package 2024-2025
The Nomination and Remuneration Committee and the Board of Directors evaluated the remuneration envelope for the CEO in 2023, whereby the reference framework consisted of a selection of Mid-Cap companies whose international activities are similar to those of Kinepolis.

Based on external executive remuneration surveys and taking into account the impact of inflation, the Board of Directors decided, after advice from the Nomination and Remuneration Committee, to set the remuneration package as follows, with effect from 1 January 2024:

Fixed component:
- Basic remuneration: € 900 000 (1)
- Other benefits: Directors' liability insurance

Variable component:
- Short Term Incentive (STI): an STI amounting to a maximum of € 600 000, depending on the achievement of the performance objectives; the remuneration policy also provides the possibility of granting an exceptional bonus in the event of objectives or exceptional performance, whereby the total amount of the STI may not exceed the basic remuneration;
- Long Term Incentive (LTI): the LTI consists of the stock options granted in 2023.

In determining this package, care was taken to ensure that an appropriate and motivating balance is maintained between the fixed and the variable parts. In this package, the variable STI part amounts to approximately 40% of the total remuneration if all objectives are met, and up to 50% in the case of exceptional performance.


Kinepolis Marbella La Cañada (ES), acquired in 2022

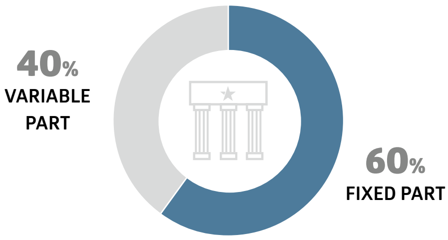
IV. SEVERANCE PAYMENTS

No severance payments were paid out, as no member of the Board of Directors or the Executive Management left the Company in 2023.

V. CLAW-BACK RIGHTS

There were no circumstances in 2023 that would give rise to a full or partial claw-back of the variable remuneration.

TOTAL REMUNERATION



(1) Including the former expense allowance, amounting to € 9 000.

VI. EVOLUTION OF THE REMUNERATION AND PERFORMANCE OF KINEPOLIS

	2018	2019	2020	2021	2022	2022 (REWORKED)	2023
Remuneration of directors	+89.73% (1)	+19.52%	-21.90% (2)	+27.87%	-2.45%	n/a	+1%
Remuneration of CEO Eddy Duquenne (3)	+19.74%	+1.08%	+10.57% (4)	-42.1%	+8.27%	+115.32%	+0%
Remuneration of CEO Joost Bert	-34.98% (5)	n/a	n/a	n/a	n/a	n/a	n/a
Net profit	-3.38%	+14.69%	-227.11%	+63.09%	+208%	n/a	+104%
Adjusted EBITDA	+14.10%	+46.34%	-89.96%	+313.11%	+108.9%	n/a	+23%
Average remuneration of the employees (6)	+5%	-14%	-31%	+21%	+24%	+15.44%	+22.68%

(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 temporarily reduced by 20% in 2020.
(3) The evolution up to 2021 takes into account the total remuneration whereby, for the STI, the amount granted for objectives achieved in the previous financial year was taken into consideration, while the remuneration as a director is not included in the evolution.
(4) In order to maintain comparability, the deferred payment in 2021 of the variable performance remuneration for 2019 was added to the remuneration for 2020, in line with the Kinepolis reporting guidelines.
(5) Mr. Bert was CEO up to 10 May 2018.
(6) The evolution is based on the wage costs of Kinepolis Group NV for all employees as well as all natural and legal persons associated with the Company through a management agreement or similar, and takes into account fixed and variable remuneration, holiday pay, end-of-year pay, all fringe benefits and the employer contributions.

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

VIII. SHAREHOLDER'S VOTE

In accordance with article 7:149, paragraph 3 of the BCAC, Kinepolis has carefully evaluated the votes cast by the shareholders and, where possible, has discussed them with its (represented) shareholders, but 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, Kinepolis has, where necessary, explained the rationale behind the choices made with regard to the Remuneration Policy in more detail in this remuneration report, and, in accordance with the Belgian Corporate Governance Code 2020, a claw-back mechanism with regard to the variable remuneration of the Executive Management was also introduced in 2022, as already explained above. Moreover the reporting method regarding the variable remuneration has been adjusted in this report.

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 2024.

Risk management

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

The Company has developed a process for risk management in accordance with the Corporate Governance rules and the various relevant regulations. In this regard, 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 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 that the corporate objectives are achieved.

Kinepolis Group follows the design of this model in the measures taken to manage the above risks in the business processes and in financial reporting. The system is developed centrally and is applied uniformly in the various parts of the organisation and its subsidiaries as far as possible. The system fills in the various components as specified by the reference model, as well as the various roles and responsibilities relating to internal controls and risk control.

ROLES AND RESPONSIBILITIES

Risk management within Kinepolis Group is not the exclusive responsibility of the Board of Directors and the Executive Management; 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 with regard to 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 ultimate 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 their proper implementation by his or her subordinates (who may, in turn, be managers).

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

APPLICATION OF THE VARIOUS COMPONENTS

The way in which the Group applies the various components of the COSO framework is outlined below. This description 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, in line with the various countries and business processes. The organisational structure, the determination of the various objectives, the management of the budget and the remuneration process are also aligned to each other.

In addition, correct employee training and guidance is essential for the proper application of risk management. To this end, the training needs of each employee are assessed on an annual basis, separate from the training courses that are already mandatory for certain positions. New managers also attend 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, and the attainment of these objectives is linked to the Remuneration Policy.

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

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

As stated above, it is first and foremost the duty of every manager to properly set up and implement the various internal risk-management activities (including monitoring) within the scope of his/her job. In other words, each manager is responsible for the appropriate and timely identification and evaluation of business risks, and for ensuring that the control measures are taken and managed. Although the individual manager has some latitude when applying these rules, Kinepolis aims to standardise the process as far 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 developed.

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 to further tighten risk management.

DESCRIPTION OF THE MAIN BUSINESS RISKS

In order to gain an insight into the main business risks, the Board of Directors and the Management of the Company will conduct a risk assessment on an annual basis, with this assessment to be subsequently analysed and validated by the Board of Directors. As in previous years, this took place again in 2023 on the basis of a written survey of the participants in order to gain both quantitative and qualitative results that enable 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, it remains an estimate of potential risks and the possible measures to restrict such risks that, as inherent in the definition of risk, provides no guarantee whatsoever with regard to the avoidance of 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 guard

against this by maintaining or establishing good long-term relations with the major film distributors, producers and other content suppliers, by pursuing a policy of programme diversification, and by itself playing a role as a distributor in Belgium, Spain and France. The capital expenditure on 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, due to the fact that the producers and distributors determine the timing of the release 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. Although Kinepolis largely accepts this risk, given that the costs of a financial hedging policy would exceed the revenue received from it, the company endeavours to mitigate the consequences by varying its cost structure as much as possible, among other things.

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 results not only 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 ongoing 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 set up measures to counter any 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 movie experience, as well as through the development of innovative concepts.

ECONOMIC CONDITIONS

Changes in general, global or regional economic conditions, or the economic conditions in areas where Kinepolis Group is active and that can influence 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 by 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

In the case of further growth, competition authorities could 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 acquisitions 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, are managed accordingly.

POLITICAL, REGULATORY AND COMPETITIVE RISKS

Kinepolis Group strives to always operate within the legal framework. Additional or amended legislation, including tax laws, could restrict the growth and/or operations of Kinepolis Group, however, or could result in additional capital expenditure or costs. Wherever possible, these risks are actively managed through the necessary training, such as compliance training regarding competition law and privacy regulations, and by appropriately communicating and defending the positions of Kinepolis Group vis-à-vis the relevant political, administrative or legal bodies. Furthermore, all employees must comply with the Kinepolis Code of Conduct, and all Kinepolis partners must comply with the Kinepolis Business Code of Conduct, which includes, amongst other things, labour, ethical and sustainability standards. Kinepolis Group has also updated its Whistleblower Policy, whereby possible violations of regulations and/or the Code of Conduct can be reported 24/7 in complete confidentiality.

TECHNOLOGICAL RISKS
Cinema has become a highly computerised and automated sector, in which the correct technological choices and optimal functioning of projection systems, sales systems and other ICT systems are critical in order to be able to offer optimal service to the customer. There is therefore also a risk of disruption of the IT systems due to a cyber-attack or technological failure, with a potential impact on sales, cash flows and ultimately on results, as well as on the company's reputation. 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. The Chief Information Security Officer plays an essential role with regard to cybersecurity. Efforts are also being made to implement staff awareness campaigns, including the integration of automated training platforms that make advanced simulations of phishing possible in the system environments.

PERSONNEL RISKS
As a service company, Kinepolis Group largely depends on its employees to provide high-quality service. Hiring and retaining the right managers and employees with the required knowledge and experience in all parts of the Company is therefore a constant challenge. Kinepolis meets 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 makes adjustments to its policy where necessary. Kinepolis furthermore 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 and air quality in the theatres) and prevention of feelings of insecurity through an appropriate surveillance policy.

Kinepolis also continuously measures customer satisfaction via the Customer Satisfaction Index (CSI), which gauges customer experience and 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 implemented a number of legal and security measures to protect customer data; the company also organises GDPR training courses for staff, while the necessary audits are carried out to ensure that the company's privacy policy remains up-to-date at all times, and that 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 to the delivery of products, could have a negative impact on activities. Kinepolis strives to minimise the potential impact of

such risks as far as possible through a combination of preventive measures (such as building structure decisions, evacuation planning) and detection measures (such as fire detection systems), and by taking out adequate insurance cover.

ENVIRONMENTAL LIABILITY AND PROPERTY RISKS
The real estate that Kinepolis Group owns and leases 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 also take the measures necessary to avoid environmental damage and limit property risks.

Furthermore, risks associated with the physical impacts of climate change, coupled with ever-increasing regulatory and reporting requirements, can pose a challenge. Kinepolis Group is very spread out geographically, 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 regard.

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 the prior approval by the BMA regarding acquisitions in Belgium, remain in force.

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 's-Hertogenbosch (NL)

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 2023 was € 378.3 million, excluding lease liabilities. In order to hedge the interest risk on a fixed-term loan amounting to € 80 million, Interest Rate Swaps were concluded for 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)

©Westfield Mall of the Netherlands

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 interest of the Company and its shareholders, in addition to the circumstances already described above, to deviate from:

- Provision 4.6. of the Code: the professional qualifications and duties of the directors to be re-appointed were not stipulated in the convening notices to the General Meeting of 10 May 2023, given that these qualifications were already published in several press releases and annual reports.
- Provision 7.6. of the Code: the Non-Executive Directors will not be partly remunerated in shares, as the Company considers that sustainable value creation is an essential pillar of the 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 shareholding 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 2023, Kinepolis therefore invested further in, among others, the further roll-out of Premiere and VIP seats and Laser Ultra in North America, as well as continuing the transition to laser projection, resulting in 59% of the theatres being equipped this way, and in the opening of six Imax theatres.


Premiere Seats (CA)

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events after the balance sheet date need to be included.

CONFLICT OF INTERESTS POLICY

The following decisions were taken by the Board of Directors on 17 May and 14 August 2023, pursuant to Article 7:96 of the BCAC:

- the quantitative and qualitative objectives for the Executive Management for the financial year 2023;
- the granting of stock options to the Executive Management.

RESULT APPROPRIATION AND DIVIDEND

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 once more achieved significant gains in profitability and financial strength in 2023 and also took further steps in the implementation of its expansion strategy, with the acquisition of two cinemas. In line with this, a dividend payment in the amount of € 0.55 gross per share is proposed to the General Meeting, corresponding to a pay-out ratio of 26%.

Laser Ultra in Landmark Cinemas Calgary (CA)

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IMAX, Kinepolis Brussel (BE)

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Consolidated income statement

at 31 December

IN '000 €	NOTE	2022	**2023**
Revenue	*3*	499 908	605 475
Cost of sales	*6*	-385 473	-445 105
Gross result		114 436	160 370
Marketing and selling expenses	*6*	-23 486	-28 119
Administrative expenses	*6*	-28 109	-30 179
Other operating income	*4*	5 624	5 485
Other operating expenses	*4*	-485	-1 558
Operating result		67 980	105 999
Financial income	*7*	851	2 772
Financial expenses	*7*	-31 138	-32 999
Result before tax		37 694	75 771
Income tax expenses	*8*	-10 159	-19 697
RESULT FOR THE PERIOD		**27 535**	**56 075**
Attributable to:			
Owners of the Company		27 547	56 064
Non-controlling interests		-12	11
RESULT FOR THE PERIOD		**27 535**	**56 075**
Basic result per share (€)	*19*	1.02	2.08
Diluted result per share (€)	*19*	1.01	2.03

Consolidated statement of profit or loss and other comprehensive income

at 31 December

IN '000 €	NOTE	2022	2023
Result for the period		27 535	56 075
Realised results		**27 535**	**56 075**
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*	5 738	-3 777
Translation differences of annual accounts in foreign currencies	*18*	2 533	-1 481
Cash flow hedges – effective portion of changes in fair value	*26*	376	-70
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods	*13*	-709	-131
		7 939	-5 459
Items that will not be reclassified to profit or loss:			
Changes to estimates of employee benefits	*22*	806	-197
Income taxes relating to the components of other comprehensive income not to be reclassified to profit or loss in subsequent periods		-202	
		605	-197
Other comprehensive income for the period, net of income taxes		8 544	-5 656
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		36 078	50 419
Attributable to:			
Owners of the Company		36 091	50 317
Non-controlling interests		-12	102
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**36 078**	**50 419**

THE NOTES ON P. 136-205 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of financial position

at 31 December

ASSETS

IN '000 €	NOTE	2022	2023
Intangible assets	9	11 408	10 957
Goodwill	10	174 870	174 757
Property, plant and equipment	11	482 512	462 441
Right-of-use assets	27	333 462	318 487
Investment property	12	15 878	15 426
Deferred tax assets	13	21 142	16 139
Non-current tax assets	25	1 653	1 653
Derivative financial instruments	26	349	
Other receivables	15	4 896	5 478
Other financial assets		27	27
Non-current assets		**1 046 197**	**1 005 365**
Inventories	14	7 688	7 469
Trade and other receivables	15	41 050	41 334
Current tax assets	25	6 810	10 279
Cash and cash equivalents	16	67 751	101 381
Derivative financial instruments	26		278
Assets held for sale	17		921
Current assets		**123 299**	**161 662**
TOTAL ASSETS		**1 169 496**	**1 167 027**

EQUITY AND LIABILITIES

IN '000 €	NOTE	2022	2023
Share capital	18	18 952	18 952
Share premium	18	1 154	1 154
Consolidated reserves		130 009	171 518
Translation reserve	18	7 603	2 209
Total equity attributable to the owners of the Company		157 719	193 833
Non-controlling interests	18	-91	11
Total equity		**157 628**	**193 844**
Loans and borrowings	21	463 193	383 695
Lease liabilities	27	335 375	323 196
Provisions for employee benefits	22	791	919
Provisions	23	2 093	1 920
Deferred tax liabilities	13	11 133	9 952
Other payables	24	5 044	6 378
Non-current liabilities		**817 629**	**726 060**
Bank overdrafts	16		113
Loans and borrowings	21	28 378	96 000
Lease liabilities	27	34 996	34 391
Trade and other payables	24	127 732	114 637
Provisions	23	173	98
Current tax liabilities	25	2 960	1 884
Current liabilities		**194 239**	**247 123**
TOTAL EQUITY AND LIABILITIES		**1 169 496**	**1 167 027**

Consolidated statement of cash flow

at 31 December

IN '000 €	NOTE	2022	2023
Result before tax		37 694	75 771
Adjustments for:			
Depreciations and amortisations	*6*	82 029	82 877
Provisions and impairments	*15, 23*	241	-2 012
Provisions for employee benefits	*22*	57	-201
Government grants	*4*	-725	-2 311
Adjustments to right-of-use assets and lease liabilities		-287	-125
(Gains) Losses on sale of property, plant and equipment	*4*	-359	388
Change in fair value of derivative financial instruments and unrealised foreign exchange results		382	614
Unwinding of non-current receivables and provisions	*7, 23*	-116	-29
Share-based payments	*5*	-145	2 227
Impairment of tax shelter investments	*5*		188
Amortisation of refinancing transaction costs	*7*	577	501
Interest expenses and income	*7*	25 617	24 149
Forgiveness of lessee's lease payments	*4, 27*	-2 810	-147
Change in inventories		-2 692	200
Change in trade and other receivables		-5 764	5 358
Change in trade and other payables		16 205	-12 522
Cash flow from operating activities		149 903	174 926
Income taxes paid / received		-13 880	-20 478
Net cash flow - used in / + from operating activities		136 023	154 448
Acquisition of intangible assets	*9*	-2 381	-2 311
Acquisition of property, plant and equipment and investment property	*11, 12*	-25 376	-33 712
Advance lease payments	*27*		-104
Acquisition of subsidiaries, net of acquired cash	*10*	-7 858	-5 431
Proceeds from sales of investment property, intangible assets and property, plant and equipment	*9, 11, 12, 17*	2 278	-4
Net cash flow used in investing activities		-33 337	-41 562
Acquisition of non-controlling interests	*18, 21, 33*		-685
Payment of lease liabilities incl. forgiveness of lessee's lease payments	*21, 27*	-26 020	-25 383
Proceeds from loans and borrowings	*21, 26*	12 500	16 000
Repayment of loans and borrowings	*21, 26*	-71 557	-28 378
Interest paid	*7, 21*	-16 329	-16 659
Interest received	*7, 21*	9	1 520
Paid interest related to lease liabilities	*21, 27*	-10 369	-9 566
Purchase of treasury shares	*18*		-9 903
Sale of treasury shares	*18, 20, 21, 26*	1 045	1 174
Dividends paid	*18*		-7 016
Net cash flow - used in / + from financing activities		-110 720	-78 896
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**-8 034**	**33 990**
Cash and cash equivalents at beginning of the period	*16*	75 283	67 751
Cash and cash equivalents at end of the period	*16*	67 751	101 267
Effect of exchange rate fluctuations on cash and cash equivalents		503	-474
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**-8 034**	**33 990**

THE NOTES ON P. 136-205 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Consolidated statement of changes in equity

at 31 December

IN '000 €	2023							
	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 2022	**20 106**	**7 603**	**587**	**-21 017**	**2 888**	**147 555**	**-91**	**157 628**
Result for the period						56 064	11	56 075
Realised results						56 064	11	56 075
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences [1]		-5 246					-12	-5 258
Cash flow hedges – effective portion of changes in fair value [2]			-70					-70
Income taxes relating to the components of other comprehensive income to be reclassified to profit or loss in subsequent periods		-148	17					-131
		-5 394	-53				-12	-5 459
Items that will not be reclassified to profit or loss:								
Changes to estimates of employee benefits [3]						-197		-197
						-197		-197
Other comprehensive income for the period, net of income taxes		-5 394	-53			-197	-12	-5 656
Total comprehensive income for the period		-5 394	-53			55 867	-1	50 419
Dividends to the shareholders [1]						-7 016		-7 016
Purchase of treasury shares [1]				-9 903				-9 903
Sale of treasury shares [4]				1 174				1 174
Share-based payments [4]				-621	1 687	1 161		2 227
Acquisition of non-controlling interests, without changes in control						-787	102	-685
Total transactions with owners, recorded directly in equity				-9 350	1 687	-6 642	102	-14 203
AT 31 DECEMBER 2023	**20 106**	**2 209**	**534**	**-30 367**	**4 575**	**196 776**	**11**	**193 844**

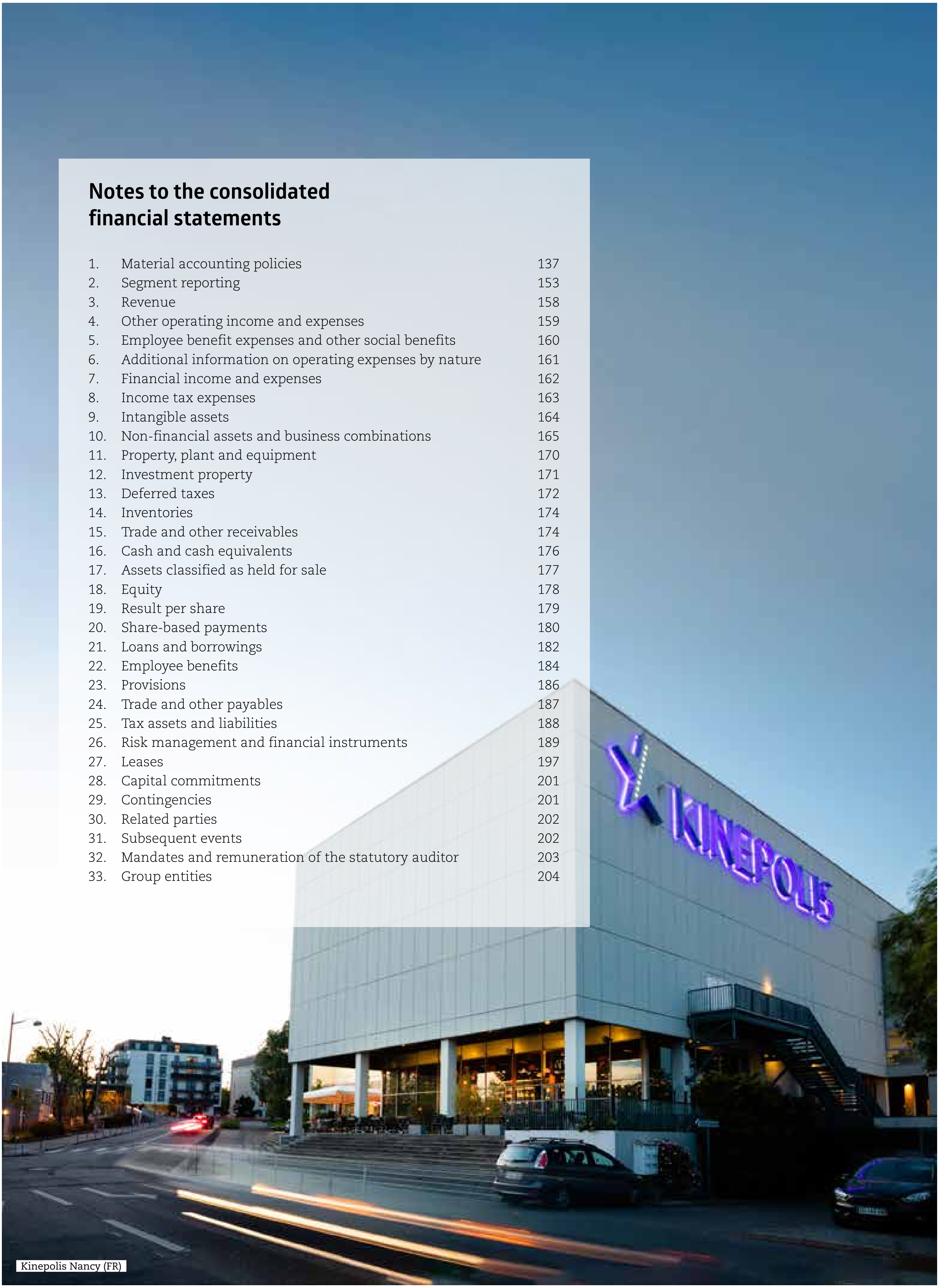
(1) For more information, we refer to note 18.
(2) For more information, we refer to note 26.
(3) For more information, we refer to note 22.
(4) For more information, we refer to notes 18 and 20.

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.

THE NOTES ON P. 136-205 ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Notes to the consolidated financial statements



Kinepolis Nancy (FR)

1. Material 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 2023 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 19 March 2024.

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 2023.

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, apart from 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 2023 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;
- Determining the fair value of share-based compensation based on an option pricing model.

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 regarding, 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 meets the definition of a financial instrument classified as equity, no subsequent remeasurement occurs 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.

ACQUISITION OF NON-CONTROLLING INTERESTS
The acquisition of non-controlling interests in a subsidiary does not lead to the recognition of goodwill, as this is considered a transaction between shareholders and is recognised directly in equity. The non-controlling interests are adjusted based on 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, except for:

- 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 regarding 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 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 based on 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 granted.

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 based on 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.

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. 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 to produce 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 regarding 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 regarding 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.

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.

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.

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.

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

A number of new standards, amendments to standards and interpretations are not yet effective for fiscal years ending per 31 December 2023 and have not been applied in the preparation of these consolidated financial statements.

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

Amendments to IAS 1 Presentation of Financial Statements:
- Classification of liabilities as current and non-current (issued January 23, 2020);
- Classification of liabilities as current and non-current – deferral of effective date (issued July 15, 2020); and
- Non-current liabilities with covenants (issued October 31, 2022).

Amendments to IAS 1 Presentation of Financial statements: classification of liabilities as current or con-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.

Amendments to IAS 1 Presentation of Financial Statements: non-current liabilities with covenants, issued 31 October 2022, 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 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.

Amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: disclosures: financing arrangements with suppliers, issued May 25, 2023, introduce additional disclosures for entities entering into financing arrangements with suppliers. The amendments are effective for fiscal years beginning on or after 1 January 2024, with early application permitted. However, in the year of initial application, an exemption is provided for certain disclosures. These amendments have not yet been adopted by the EU.

Amendments to IAS 21 The effects of changes in foreign exchange rates: lack of exchangeability, issued August 15, 2023, clarify when a currency is exchangeable into another currency (or not). When a currency is not convertible, the entity estimates a constant exchange rate. This estimate aims to reflect the rate that would have been applicable on the date of the transaction in a regular exchange transaction between market participants given prevailing economic conditions. The adjustments contain no specific requirements for estimating a spot rate. As a result of the adjustments, entities will need to provide new disclosures to assess the impact of using an estimated exchange rate on the financial statements. The adjustments are effective for fiscal years beginning on or after January 2025, with early adoption pitted. These adjustments have not yet been adopted by the EU.

Kinepolis Servon (FR)

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.

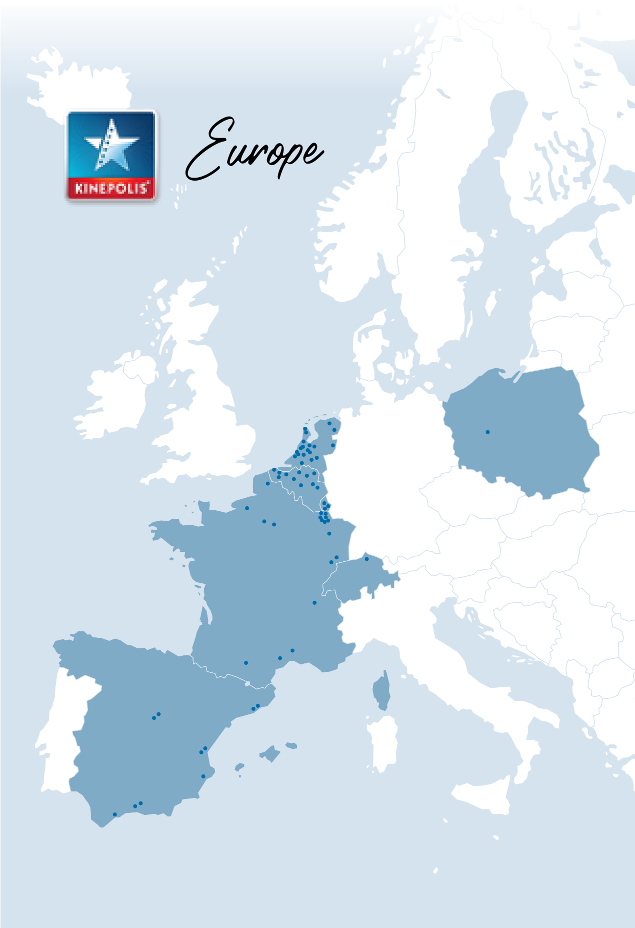
Financial income and expenses and income tax expenses and their related assets and liabilities (excluding Lease liabilities) are not monitored by segment by the Group's CEO and CFO.

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 2023

INCOME STATEMENT

IN '000 €	2023									
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	192 972	88 450	144 519	56 158	67 145	62 205	19 237	4 731		635 419
Intersegment revenue	-29 828	-115								-29 944
Revenue	163 144	88 335	144 519	56 158	67 145	62 205	19 237	4 731		605 475
Cost of sales	-102 554	-61 682	-118 827	-43 949	-51 894	-51 526	-12 118	-2 557		-445 105
Gross result	**60 590**	**26 653**	**25 693**	**12 210**	**15 251**	**10 680**	**7 120**	**2 174**		**160 370**
Marketing and selling expenses	-11 613	-2 645	-7 425	-2 056	-1 769	-1 376	-1 130	-104		-28 119
Administrative expenses	-17 481	-1 247	-6 482	-948	-1 296	-2 095	-218	-414		-30 179
Other operating income	166	2 223	349	699	61	1 729	244	14		5 485
Other operating expenses	-442	-390	-676	-1	-19	-7	-24			-1 558
Segment result	**31 220**	**24 594**	**11 458**	**9 904**	**12 228**	**8 931**	**5 992**	**1 671**		**105 999**
Financial income									2 772	2 772
Financial expenses									-32 999	-32 999
Result before tax										**75 771**
Income tax expenses									-19 697	-19 697
RESULT FOR THE PERIOD										**56 075**

BALANCE SHEET – ASSETS

IN '000 €	2023									
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Intangible assets	5 206	907	2 800	317	75	1 630	22			10 957
Goodwill	6 586	15 870	33 960	22 015	34 057	49 924	5 844	6 502		174 757
Property, plant and equipment	53 992	83 748	68 659	45 483	119 018	72 231	11 238	8 072		462 441
Right-of-use assets	8 682	32 653	175 178	38 099	17 003	42 705	4 168			318 487
Investment property				6 721				8 706		15 426
Deferred tax assets									16 139	16 139
Non-current tax assets									1 653	1 653
Other receivables	1	4 222	199	1 051			5			5 478
Other financial assets									27	27
Non-current assets	**74 466**	**137 399**	**280 796**	**113 686**	**170 153**	**166 490**	**21 276**	**23 280**	**17 819**	**1 005 365**
Inventories	2 751	782	1 560	634	1 158	332	187	65		7 469
Trade and other receivables	16 934	7 745	6 828	2 448	2 879	3 002	1 271	228		41 334
Current tax assets									10 279	10 279
Derivative financial instruments									278	278
Assets held for sale			921							921
Cash and cash equivalents									101 381	101 381
Current assets	**19 685**	**8 527**	**9 308**	**3 081**	**4 037**	**3 334**	**1 458**	**293**	**111 938**	**161 662**
SEGMENT ASSETS	**94 150**	**145 926**	**290 105**	**116 767**	**174 190**	**169 824**	**22 734**	**23 573**	**129 757**	**1 167 027**

BALANCE SHEET – EQUITY AND LIABILITIES

IN '000 €	2023									
	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									171 518	171 518
Translation reserve									2 209	2 209
Equity attributable to the									193 834	193 834
owners of the Company									11	11
Non-controlling interests									193 844	193 844
Loans and borrowings									383 695	383 695
Lease liabilities	6 640	31 210	185 752	36 648	15 650	43 342	3 954			323 196
Provisions for employee benefits	77	842								919
Provisions	1 555	176	189							1 920
Deferred tax liabilities									9 952	9 952
Other payables	70	5 662		583	63					6 378
Non-current liabilities	**8 342**	**37 890**	**185 941**	**37 231**	**15 713**	**43 342**	**3 954**		**393 646**	**726 059**
Bank overdrafts									113	113
Loans and borrowings									96 000	96 000
Lease liabilities	2 190	3 112	17 036	3 846	4 120	3 585	502			34 391
Trade and other payables	42 868	20 545	23 291	7 690	9 417	7 133	2 966	726		114 637
Provisions	67				31					98
Current tax liabilities									1 884	1 884
Current liabilities	**45 125**	**23 657**	**40 327**	**11 536**	**13 568**	**10 719**	**3 468**	**726**	**97 997**	**247 123**
SEGMENT EQUITY AND LIABILITIES	**53 467**	**61 547**	**226 269**	**48 767**	**29 281**	**54 060**	**7 422**	**726**	**685 488**	**1 167 027**

CAPITAL EXPENDITURE

IN '000 €	2023									
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
CAPITAL EXPENDITURE	**7 875**	**5 813**	**8 077**	**4 141**	**1 746**	**6 107**	**2 113**	**152**		**36 024**

NON-CASH ELEMENTS

IN '000 €	2023									
	BELGIUM	FRANCE	CANADA	SPAIN	THE NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS (POLAND, SWITZERLAND)	NOT ALLOCATED	TOTAL
Depreciations, amortisations, impairments and provisions	11 220	11 370	26 887	7 999	11 132	10 659	1 747	-148		80 865
Others	2 227									2 227
TOTAL	**13 447**	**11 370**	**26 887**	**7 999**	**13 132**	**10 659**	**1 747**	**-148**		**83 092**

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									157 719	157 719
owners of the Company									-91	-91
Non-controlling interests									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**

3. Revenue

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

IN '000 €	2022	**2023**
Box Office	260 884	318 612
In-theatre Sales	155 202	192 795
Business-to-Business	60 210	63 494
Brightfish	7 388	12 395
Film distribution	4 764	4 800
Technical department	48	68
TOTAL IFRS 15	**488 496**	**592 164**
Real estate	11 412	13 311
TOTAL	**499 908**	**605 475**

Total revenue amounted to € 605.5 million in 2023, an increase with 21.1% compared to 2022. Visitor related revenue (ticket sales, drinks and snacks) increased by 22.9%, thanks to the growth in visitor numbers and increased sales per visitor. Kinepolis also recorded an increase in revenue in all other business lines.

Revenue from ticket sales (Box Office, BO) increased by 22.1%, to € 318.6 million. BO revenue per visitor increased by 1.3%. 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 24.2% to € 192.8 million. ITS revenue per visitor rose by 3.5% (excluding home delivery revenue), thanks to higher consumption per visitor and inflation compensating price increases in almost all countries.

B2B revenue increased by 5.5%, both in terms of revenue from events and screen advertising revenue.

Real estate income increased by 16.6% thanks to an increase in variable rental income, mainly parking income, the impact of annual indexations as well as income from owned concessions.

The turnover of Brightfish, the Belgian screen advertising agency, increased by 67.8%, mainly due to the growth of screen advertising and local events such as 'Alors on Chante', 'Kom op tegen Kanker' and Cinevox.

Kinepolis Film Distribution (KFD) remained stable at € 4.8 million, supported by succesful local releases such as 'Het Smelt' and 'WIL' in 2023 and thanks to the long cinema run of successful films released at the end of 2022 ('Zillion', 'De Acht Bergen').

Revenue from Box Office and In-theatre Sales (which together represented 84.4% 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. 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 €	2022	2023
Government grants	725	2 311
Government grants and support measures due to the Covid-19 pandemic	1 148	1 588
Rent concessions due to the Covid-19 pandemic	2 810	94
Capital gains on disposal of property, plant and equipment and investment property	379	49
Other grants – not Covid-19 related	427	828
Others	135	616
TOTAL	**5 624**	**5 485**

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 € 2.2 million in 2023 (2021: € 0.7 million). We refer to note 24.

In Spain, Kinepolis received capital grants from the government in 2023 (€ 0.1 million) 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 note 24.

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 2023 non-directly attributable or general grants for € 1.6 million in the United States, linked to employee retention during the Covid-19 period. Throughout 2022 the Group obtained € 1.1 million (Spain: € 0.8 million, Canada: € 0.4 million, France: € 0.2 million and Belgium: € -0.2 million).

RENT CONCESSIONS AS A RESULT OF THE COVID-19 PANDEMIC

In addition, the Group obtained € 0.1 million rent concessions in 2023 (2022: € 2.8 million) as a direct result of the Covid-19 pandemic. This relates to the lease of land and buildings in Canada (2022: € 1.9 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. In 2023, the allocation of these lease concessions is extinguished in line with the positive development of the Covid-19 pandemic.

OTHER SUBSIDIES – NOT COVID-19 RELATED

Furthermore, in 2023, the Group also obtained € 0.8 million (Spain: € 0.6 million and Luxembourg € 0.2 million) in other subsidies. Through 2022, the Group obtained € 0.4 million (The Netherlands: € 0.3 million and Belgium € 0.1 million).

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 2023, the capital gain was linked to several smaller realisations of tangible assets.

OTHER OPERATING EXPENSES

IN '000 €	2022	2023
Losses on disposal of property, plant and equipment	-21	-437
Losses on disposal of trade receivables	-40	-365
Others	-424	-756
TOTAL	**-485**	**-1 558**

The change in other operating expenses in 2023 compared to 2022 is mainly caused by the closure of the cinemas Landmark Kitchener with 12 theaters, Landmark Brooks with 1 theater and Cineast Enschede with 3 theaters, and the resulting write-downs, decommissioning costs and capital losses on realisations.

5. Employee benefit expenses and other social benefits

IN '000 €	2022	2023
Wages and salaries	-65 098	-72 165
Mandatory social security contributions	-11 723	-13 383
Employer contributions to employee insurances	-1 081	-1 039
Share-based payments	145	-2 227
Other employee benefit expenses	-2 532	-2 820
TOTAL	**-80 288**	**-91 635**
Total full-time equivalents at the balance sheet date	1 982	1 976

The number of FTE's decreased slightly with 0.3% in 2023 compared to 2022 (1,976 against 1,982 in 2022), mainly in Canada and Spain. In the other countries, the number of FTE's is slightly increasing.

The increase of personnel costs is mostly due to salary increases, and also to an increase of share based payments and a higher provision for KPI bonusses.

In 2022, the Group received € 2.3 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 2023, a wage subsidy was obtained in the United States related to employee retention in prior years.

The grant was not recorded as a deduction from personnel expenses, but as 'other operating income' (see Note 4) since this grant does not relate to directly attributable personnel expenses of the current fiscal year.

The share-based payments are related to the options granted in two option plans, the 2016 plan to expire in 2024, and a new option plan in 2023. The expenses are mainly linked to this new option plan. We refer to note 20 for more information.

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 €	2022	2023
Purchases	-168 711	-214 980
Services and other goods	-68 988	-77 093
Employee benefit expenses and other social benefits	-59 530	-66 842
Depreciations and amortisations	-79 772	-80 371
Provisions and impairments	-335	2 072
Others	-8 136	-7 893
COST OF SALES	**-385 473**	**-445 105**

In 2023, cost of sales increased by 15.5%. This increase is mainly attributed to growth in activities during 2023, which led to higher operating costs (including film rights, ITS beverages and snacks, etc.). In addition, inflation and rising personnel costs contributed to this increase.

However, the increase in cost of sales (+15.5%) is significantly lower than the increase in revenue (+21.1%), due to a relatively lower increase in depreciation, improved pricing and increased operational efficiency.

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

IN '000 €	2022	2023
Services and other goods	-15 261	-18 105
Employee benefit expenses and other social benefits	-7 738	-9 421
Depreciations and amortisations	-493	-634
Provisions and impairments	20	47
Others	-13	-6
MARKETING AND SELLING EXPENSES	**-23 486**	**-28 119**

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

IN '000 €	2022	2023
Services and other goods	-12 889	-12 779
Employee benefit expenses and other social benefits	-13 020	-15 373
Depreciations and amortisations	-1 698	-2 002
Provisions and impairments	9	23
Others	-511	-48
ADMINISTRATIVE EXPENSES	**-28 109**	**-30 179**

Sales and marketing and administrative expenses increased by 19.7% and 7.4% respectively in 2023 in line with inflation, salary increases and increased operating activity. Nevertheless, it remains significantly lower than the increase in sales (+21.1%). This is due to several factors, including the effectiveness of the implemented Entrepreneurship Plan, improved pricing and increased operational efficiency.

7. Financial income and expenses

FINANCIAL INCOME

IN '000 €	2022	2023
Interest income	9	1 828
Foreign exchange gains	226	699
Unwinding of non-current government grants receivable	154	68
Others	462	178
TOTAL	**851**	**2 772**

The increase in financial income is mainly linked to an increase in interest income on bank deposits. In 2023, as in 2022, the foreign exchange gains mainly relate to the fluctuations of the Canadian Dollar against the Euro. In 2023 those foreign exchange gains relate to realised gains.

FINANCIAL EXPENSES

IN '000 €	2022	2023
Interest expenses	-15 258	-16 412
Interest expenses on lease liabilities	-10 369	-9 566
Foreign exchange losses	-304	-516
Impairments on tax shelter investments		-188
Others	-5 208	-6 318
TOTAL	**-31 138**	**-32 998**

The increase in interest expenses is explained by higher interest rates in 2023 compared to 2022, as well as a higher withdrawal of Commercial Paper, partially offset by lower interest expenses due to lower use of the revolving credit and loan repayments through 2022. The higher interest expenses were compensated by higher interest income, due to the increase of the obtained interest rates on bank depositos (compared to 2022, where the obtained interest was 0%).

The interest expenses attributed to lease liabilities amounted to € 9.6 million (2022: € 10.4 million). For more information we refer to note 27.

The exchange rate losses mainly relate to the fluctuations of the Canadian Dollar against the Euro for the non-realised exchange losses (2022; fluctuations of the American Dollar against the Euro).

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 2022	RECOGNISED IN INCOME STATEMENT IN 2023	OUTSTANDING POSITION PER 31 DECEMBER 2023
Refinancing 2012	1 096	-14	-14	13
Refinancing 2015	1 663	-141	-65	75
Refinancing 2016	45	-3	-3	2
Refinancing 2017	450	-50	-50	146
Refinancing 2019	1 708	-259	-259	585
Refinancing 2021	449	-110	-110	0
TOTAL	**5 411**	**-577**	**-501**	**906**

The remaining other financial expenses in 2023 and 2022 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 €	2022	2023
Current tax expenses	-8 441	-15 694
Deferred tax expenses	-1 718	-4 003
TOTAL	**-10 159**	**-19 697**

Total income taxes have almost doubled in 2023 compared to 2022, mainly due to the doubling of the result before income taxes. The effective tax rate was 25.99% in 2023 (2022: 26.95%). The change in effective tax rate is due to several offsetting effects. The main effects are the tax losses for which no deferred tax asset was recognised (€ 0.3 million against € 0.1 million in 2022), a timing difference in the taxation of revenue and deductibility of charges that will be taxed in a later period (€ 0.3 million in Poland and France), the decrease of disallowed expenses (€ 0.1 million lower than in 2022 or a decrease from 2.0% to 0.9% of the result before taxes); partially nullified by the increase of non-deductible charges for the new option plan (€ +0.6 million in 2023).

EFFECTIVE TAX RATE RECONCILIATION

IN '000 €	2022	2023
Result before tax	37.694	75.771
Belgian tax rate	25.00%	25.00%
Income taxes using the local tax rate	-9 424	-18 943
Effect of tax rates in foreign jurisdictions	-19	50
Disallowed expenses	-781	-542
Tax-exempt income	25	310
Losses for which no deferred tax asset is recognised	-2	11
Use of unrecognised losses and tax losses for which no deferred tax asset was recognised	74	269
Non deductible expenses for option plans	36	-557
Under / (over) provision in prior periods	-141	-311
Change in law and tax rate in the Netherlands	37	0
Change in average tax rate in Canada	32	0
Other adjustments	3	16
TOTAL INCOME TAX EXPENSES	**-10 159**	**-19 697**
Effective tax rate	**26.95%**	**25.99%**

9. Intangible assets

IN '000 €	PATENTS AND LICENSES	OTHERS	INTERNALLY GENERATED INTANGIBLE ASSETS	TOTAL
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**
Acquisitions	2 115	4	192	2 311
Sales and disposals	-303		-39	-342
Acquisition through business combinations	13			13
Amortisations	-1 833	-126	-376	-2 335
Effect of exchange rate fluctuations	-17	-85		-102
Acquisition value	26 352	6 432	3 959	36 742
Amortisations and impairment losses	-20 851	-1 656	-3 279	-25 786
NET CARRYING AMOUNT AT 31/12/2023	**5 501**	**4 776**	**680**	**10 957**

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 (2022: € 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 Theatres' for € 1.2 million (2022: € 1.4 million) with a definite useful life.

The acquisitions amount to € 2.3 million in 2023 (2022: € 2.4 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 € 0.2 million and purchases from third parties for € 2.1 million.

10. Non-financial assets and business combinations

IMPAIRMENT TEST

At the end of 2023, as every year, a review was conducted to ensure that there were no indications that non-financial assets might be impaired. In doing so, management monitors impairment tests, as always, at the country level. This is also the level at which the organization is monitored for internal management purposes. These tests considered, as every year, the economic situation, geopolitical changes, inflation and cost increases, the expected evolution of visitor figures, EBITDA, free cash flow and the components that determine the Group's assumed weighted average cost of capital, in particular the risk-free interest rate, the market risk premium and the cost of debt.

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 based on a lower number of visitors (-5% visitors compared to the 2023 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. For 2024, the United States Is expected to see a further growth in visitors of 16% compared to 2023 – which amounts to 85% of the visitors In 2019 – before growing further by 17% In 2025 and thus reaching the visitor level of 2019. This assumption regarding visitor numbers is assumed because MJR Digital Cinemas in the United States was not acquired until late 2019 and the integration into the Group was delayed due to the Covid-19 pandemic. As a result, the rollout of the Kinepolis way of working on the acquired assets and the positive financial impact resulting from this will only be able to take place in full during the coming years.
- EBITDA grows by 1% annually, this is applied for all countries and for each cash-generating unit. This is only intended to compensate for inflation while keeping the EBITDA margin constant. The 1% is a conservative approach as it is less than long-term inflation expectations and historical trends;
- 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 based on 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 in the following years. 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. Only for the Netherlands a limited headroom was identified with a positive test result of € 10.0 million, compared to € 63.8 million in 2022. This is mainly caused by a slower recovery of visitors in the Dutch market in 2023, which meant that the visitor figures for 2024 were estimated very conservatively, as they are based on the low number of visitors for 2023 -5%. For the United States, the test result is positive amounting to USD 41.7 million. We note that the results achieved for 2023 are above our estimates, both in terms of the number of visitors achieved and the EBITDA per visitor.

As always, management monitors the impairment tests at country level. This is also the level at which the organisation is monitored for internal management purposes.

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 2024 to 2043, based on the 2024 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 based on 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 9.38% for Belgium, 8.95% for France, 7.49% for Canada, 8.64% for Spain, 8.25% for the Netherlands, 9.40% for the United States, 8.71% for Luxembourg, 7.22% for Switzerland and 8.14% for Poland (2022: 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) and was determined on the basis of the following theoretical parameters:

	2022						2023					
	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	2.94%	6.44%	1.24	4.03%	10.95%	32.68%	3.60%	6.62%	1.17	4.75%	11.32%	25.03%
France	2.88%	6.44%	1.24	4.03%	10.89%	37.49%	3.56%	6.62%	1.17	4.70%	11.27%	29.97%
Canada	3.89%	6.44%	1.24	4.03%	11.90%	68.70%	4.17%	6.62%	1.17	5.83%	11.89%	58.41%
Spain	3.45%	6.44%	1.24	4.03%	11.46%	45.64%	4.03%	6.62%	1.17	5.18%	11.75%	39.46%
The Netherlands	2.61%	6.44%	1.24	4.03%	10.62%	36.79%	2.80%	6.30%	1.26	4.90%	10.74%	35.00%
United States	3.57%	6.44%	1.24	5.19%	11.58%	52.65%	4.95%	6.62%	1.17	7.25%	12.67%	44.91%
Luxembourg	2.94%	6.44%	1.24	4.03%	10.95%	36.97%	3.16%	6.62%	1.17	4.31%	10.88%	28.33%
Switzerland	2.52%	6.44%	1.24	4.03%	10.53%	31.49%	1.16%	6.62%	1.17	2.30%	8.87%	24.07%
Poland	7.95%	6.44%	1.24	4.03%	15.96%	70.00%	5.97%	6.62%	1.17	7.11%	13.69%	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 9.67% for Belgium, 9.30% for France, 8.35% for Canada, 9.16% for Spain, 8.69% for the Netherlands, 10.24% for the United States, 9.02% for Luxembourg, 7.29% for Switzerland and 9.09% for Poland (2022: 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). 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 100 base points in all countries, no impairment occurs in any country except in the Netherlands, up to a possible impairment of € 0.3 million. If the weighted average cost of capital increases by 200 base points in all countries, there is no additional impairment in any other country. The test result for the Netherlands would then be negative by € 9.6 million.

GOODWILL

IN '000 €	2022	2023
BALANCE AT END OF PREVIOUS PERIOD	169 498	174 870
Acquisitions through business combinations	2 391	2 162
Effect of exchange rate fluctuations	2 980	-2 275
BALANCE AT END OF CURRENT PERIOD	**174 870**	**174 757**

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

GOODWILL PER CASH-GENERATING UNIT

IN '000 €	2022	2023
Belgium	6 586	6 586
France	13 708	15 870
Canada	34 396	33 960
Spain	22 015	22 015
The Netherlands	34 057	34 057
United States	51 762	49 923
Luxembourg	5 844	5 844
Poland	6 502	6 502
BALANCE AT END OF CURRENT PERIOD	**174 870**	**174 757**

BUSINESS COMBINATIONS

ACQUISITIONS 2023

'Belfort' acquisition
On March 29, 2023, Kinepolis Group acquired the French company 'Pathé Belfort' from the Pathé Group. The cinema complex is leased and has 14 screens with a total of 2 562 seats and is located in eastern France, between Strasbourg and Lyon.

The transaction has an enterprise value of € 5.4 million. The inclusion of the Belfort cinema in the Group's consolidation scope as of March 29, 2023, the date on which control was acquired, resulted in goodwill of € 2.1 million.

At December 31, 2023, the Belfort cinema contributed € 2.3 million in revenue, € 0.6 million in EBITDA and € 0.02 million of earnings to the Group's consolidated result. If the transfer of control had taken place on January 1, 2023, the acquisition would have contributed € 3.0 million in revenue, € 0.8 million in EBIT and € 0.03 million in result.

'Amnéville' acquisition
(acquisition in 2022 – final calculation of goodwill in 2023)
At the end of 2022, Kinepolis Group acquired the Gaumont cinema in Amnéville. Kinepolis took over both the operational management as well as the cinema property.

The transaction had an enterprise value of € 7.9 million. At the end of 2022, the goodwill related to the inclusion of the Amnéville cinema in the scope of consolidation was determined at € 2.4 million. A further non-material adjustment linked to the creation of a provision for pensions was made in 2023. Final goodwill remained € 2.4 million.

Both Belfort and Amnéville acquisitions fit perfectly into the Kinepolis Group's expansion strategy. The goodwill stems from strengthening Kinepolis' position in the east and northeast of France, synergy benefits and being able to offer the Kinepolis film experience to even more visitors. Transaction costs for both acquisitions (Belfort and Amnéville) amounted to € 0.8 million.

NET IDENTIFIABLE ASSETS AND LIABILITIES

IN '000 €	AMNEVILLE	BELFORT
Property, plant and equipment	5 441	1 755
Intangible assets		13
Right-of-use assets		4 047
Deferred tax assets	19	424
Inventory	26	13
Trade and other receivables		1 835
Provision for pensions	-77	-110
Lease liabilities		4 047
Bank overdrafts		-1
Trade and other payables		-602
TOTAL	**5 409**	**3 327**

The fair value of the assets and liabilities acquired for Amnéville was provisionally determined at € 5.5 million in 2022 and was adjusted to € 5.4 million in 2023. The assets and liabilities were finally determined at the end of 2023 to calculate the goodwill resulting from this acquisition.

GOODWILL CALCULATION AND RECONCILIATION WITH THE CONSOLIDATED STATEMENT OF CASH FLOW

IN '000 €	AMNEVILLE	BELFORT
Net identifiable assets and liabilities	5 409	3 327
Goodwill	2 449	2 104
ACQUISITION OF SUBSIDIARIES, NET OF ACQUIRED CASH, IN THE STATEMENT OF CASH FLOW	**7 858**	**5 431**

ACQUISITIONS 2022

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 (see also above).

11. Property, plant and equipment

IN '000 €	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
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	5 463	28 249		33 712
Sales and disposals		-7	-64	-71
Acquisitions through business combinations	1 404	348	4	1 756
Transfer to other categories	701	525	-1 462	-236
Depreciations and impairment losses	-26 954	-25 120		-52 074
Effect of exchange rate fluctuations	-2 438	-704	-17	-3 159
Acquisition value	785 244	473 363	474	1 259 081
Depreciations and impairment losses	-432 291	-364 351		-796 641
NET CARRYING AMOUNT AT 31/12/2023	**352 954**	**109 012**	**474**	**462 440**

ACQUISITIONS

Acquisitions in 2023 include investments in Canada (€ 8.1 million), the United States (€ 6.1 million), France (€ 5.8 million), Belgium (€ 5.6 million), Spain (€ 4.1 million), Luxembourg (€ 2.1 million) and the Netherlands (€ 1.7 million).

The investments are related to the furnishing and finishing of the new cinema Belfort (FR), investments in the recently bought cinema in Amnéville (FR) and the finished renovation of Landmark cinema Waterloo (CA). Investments were also made in internal expansion particularly in the opening of new IMAX-screens, the further roll out of premium cinema experiences, energy-saving investments, new laser projectors and ICT developments. In addition, acquisitions also include maintenance investments.

ACQUISITIONS THROUGH BUSINESS COMBINATIONS

The acquisition of the operations and real estate of the cinema in Belfort (FR) increased 'Property, plant and equipment' by € 1.8 million. For more information on business combinations, we refer to note 10.

IMPAIRMENT LOSSES

It was decided throughout 2023 to permanently close the cinemas Landmark Kitchener with 12 screens, Landmark Brooks with 1 screen and Cineast Enschede with 3 screens. Property, plant and equipment related to these complexes were impaired to fair value if lower than the remaining carrying amount. An impairment loss amounting to € 1.2 million was recorded.

TRANSFER TO OTHER CATEGORIES

Regarding the complex owned in Brooks (CA), the assets included in 'Land and buildings' were transferred from 'Property, plant and equipment' to 'Investment property' for an amount of € 0.2 million. For more information we refer to note 17.

12. Investment property

IN '000 €	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	TOTAL
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**
Acquisitions	4		4
Transfer from other categories	-680		-680
Depreciations and impairment losses	-312	-2	-314
Effect of exchange rate fluctuations	538	1	539
Acquisition value	23 089	509	23 598
Depreciations and impairment losses	-7 670	-501	-8 171
NET CARRYING AMOUNT AT 31/12/2023	**15 419**	**8**	**15 427**

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 € 8.7 million (2022: € 8.5 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.

TRANSFER FROM/TO 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. In 2023, this building was transferred to 'Assets held for sale' as the company plans to sell the building within 12 months for an amount at least equal to the net carrying amount.

RENTAL INCOME

Rental income from investment properties amounts to € 1.4 million (2022: € 1.1 million). Direct operating expenses (including repairs and maintenance) arising from investment properties amount to € 0.6 million (2022: € 0.5 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 investment properties was €47.2 million (2022: €48.2 million). The decrease is linked to the fair value of the complex in Winnepeg Towne, which was transferred to 'Assets held for sale'.

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 considered. 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 €	2022	2023
Deferred tax assets	21 142	16 139
Deferred tax liabilities	11 133	9 952

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 € 9.6 million (2022: € 11.4 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 € 98.5 million (2022: € 123.2 million) a deferred tax asset was recognised in the balance sheet. In Belgium and Canada, there is a decrease due to the offsetting of the current year's tax profits with tax losses carried forward. In France (€ +1.7 million) and the United States (€ +1.3 million), there is an increase. In the United States, tax losses increased with of € 3.8 million, tempered by the effect of exchange rate fluctuations of € -2.1 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 €	2022			2023		
	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	33 453	25 066	8 387	14 450	7 137	7 313
France	1 847	1 847		3 182	3 182	
Canada	37 957	37 957		27 597	27 597	
The Netherlands	672	672		586	586	
United States	57 615	57 615		59 347	59 347	
Luxembourg	2 702		2 702	1 751	627	1 124
Poland	319		319	1 124		1 124
TOTAL	**134 566**	**123 157**	**11 408**	**108 037**	**98 476**	**9 561**

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 €	2022			2023		
	ASSETS	LIABILITIES	DIFFERENCE	ASSETS	LIABILITIES	DIFFERENCE
Intangible assets and property, plant and equipment	1 108	-33 276	-32 169	1 618	-30 451	-28 833
Goodwill	456		456	-716		-716
Right-of-use assets		-82 408	-82 408		-78 712	-78 712
Receivable CNC grants	134		134	117		117
Trade and other receivables	18		18	6	-2	4
Provisions		-140	-140		-142	-142
Deferred CNC grants	556	-216	340	443	-177	267
Provisions for employee benefits	191		191	223		223
Derivative financial instruments through equity		-87	-87	0	-70	-70
Lease liabilities	92 037		92 037	88 704		88 704
Trade and other payables	316		316	383	-169	214
Tax losses carried forward and unused tax credits	31 321		31 321	25 132		25 132
TOTAL	**126 138**	**-116 128**	**10 010**	**115 910**	**-109 723**	**6 188**
Tax offsetting	-104 995	104 995		-99 771	99 771	
NET DEFERRED TAX ASSETS AND LIABILITIES	**21 142**	**-11 133**	**10 010**	**16 139**	**-9 952**	**6 188**

CHANGES IN DEFERRED TAX BALANCES DURING THE YEAR

IN '000 €	2021	RECOGNISED IN INCOME STATEMENT	EFFECT OF EXCHANGE RATE FLUCTUATIONS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	2022	RECOGNISED IN INCOME STATEMENT	EFFECT OF EXCHANGE RATE FLUCTUATIONS	RECOGNISED IN OTHER COMPREHENSIVE INCOME	OTHER	2023
Intangible assets and property, plant and equipment	-34 454	2 836	-551		-32 169	2 889	447			-28 833
Goodwill	1.557	-1 214	112		456	-1 138	-34			-716
Right-of-use assets	-87 345	5 788	-851		-82 408	2 554	1 142			-78 712
Receivable CNC grants	172	-39			134	-17				117
Trade and other receivables	5	12			18	-14				4
Provisions	-137	-3			-140	-2				-142
Deferred CNC grants	415	-75			340	-73				267
Provisions for employee benefits	373	20		-202	191	32				223
Derivative financial instruments through equity	7			-94	-87	-19		17	19	-70
Lease liabilities	96 375	-5 182	844		92 037	-2 045	-1 288			88 704
Trade and other payables	48	268			316	-104	2			214
Tax losses carried forward and unused tax credits	34 636	-4 131	816		31 321	-6 064	-642		517	25 132
TOTAL	**11 654**	**-1 718**	**370**	**-296**	**10 010**	**-4 002**	**-373**	**17**	**537**	**6 188**

The effect of exchange rate fluctuations in 2023 mainly related to deferred taxes in the United States and Canada (€ -0.4 million – 2022: € 0.4 million). In 2023 there were also other changes that were not included in results or were linked to exchange rate movements (€ 0.5 million - 2022: € 0.0 million). These were mainly linked to deferred tax balances recognized upon the acquisition of Belfort.

14. Inventories

IN '000 €	2022	2023
3D glasses	455	642
Goods purchased for resale in cinemas	4 729	4 862
Components inventory, technical department	2 215	1 588
Others	289	377
TOTAL	**7 688**	**7 469**

The cost of sales of inventories recognised in the income statement was € 47.8 million (2022: € 37.3 million).

15. Trade and other receivables

OTHER NON-CURRENT RECEIVABLES

IN '000 €	2022	2023
Cash guarantees	1 243	1 290
CNC grants	3 533	4 058
Other receivables	120	130
TOTAL	**4 896**	**5 478**

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 2023, new CNC subsidies were awarded for a total amount of € 3.5 million, of which € 0.5 million is a long-term receivable.

TRADE AND OTHER CURRENT RECEIVABLES

IN '000 €	2022	2023
Trade receivables	28 928	29 385
Tax receivables, other than income taxes	2 458	2 040
Deferred charges and accrued income	5 615	4 895
Tax shelter receivables	88	94
Tax shelter investments	304	116
Grants receivable related to the Covid-19 pandemic	1 400	1 560
CNC grants	1 707	2 384
Other receivables	549	860
TOTAL	**41 050**	**41 334**

Trade receivables remained at a stable level compared to 2022 (+€ 0.5 million).

Tax receivables, other than income taxes, have decreased by € 0.4 million, mainly due to a decrease in recoverable VAT and other local taxes.

Deferred charges and accrued income decreased with € 0.7 million, mainly due to a decrease in rent receivable compared to 2022.

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 amouned to € 1.6 million (2022: € 1.4 million). The amount outstanding per 31 December 2023 relates to a subsidy for employee retention during the Covid-19 pandemic in the United States.

The increase in the current portion of the French sector-related grants (CNC) is explained by the payment of new subsidies for an amount of € 2.4 million and newly awarded subsidies for € 3.5 million, of which € 3.0 million was receivable on the short term.

The other receivables include capital grants in Spain for € 0.6 million (2022: € 0.4 million).

AGEING OF THE TRADE AND OTHER NON-CURRENT AND CURRENT RECEIVABLES

IN '000 €	2022			2023		
	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT	GROSS CARRYING AMOUNT	IMPAIRMENT	NET CARRYING AMOUNT
Not yet due on reporting date	39 084	-9	39 075	32 590	-7	32 583
Less than 30 days past due	3 722	-41	3 681	8 015	-17	7 998
Between 31 and 120 days past due	1 713	-570	1 143	3 518	-175	3 343
Between 120 days and 1 year past due	1 472	-840	633	1 791	-211	1 580
Over 1 year past due	3 098	-1 685	1 414	2 237	-929	1 308
TOTAL	**49 089**	**-3 143**	**45 946**	**48 151**	**-1 339**	**46 812**

MOVEMENT OF IMPAIRMENTS ON TRADE RECEIVABLES

IN '000 €	2022	2023
BALANCE AT END OF PREVIOUS PERIOD	-2 903	-3 143
Recognised impairments	-2 210	-392
Used impairments	26	423
Reversed impairments	1 935	1 817
Effect of exchange rate fluctuations	10	-44
BALANCE AT END OF CURRENT PERIOD	**-3 143**	**-1 339**

In 2023, impairments on trade receivables decreased by € 1.8 million. The decrease is mainly explained by the reversal of provision for an amount of € 1.8 million, mostly in Canada, where a doubtful debtor has paid part of his debts and by a final loss of receivables for an amount of € 0.4 million, offset by an additional impairment of € 0.4 million set up out of caution for some slow-paying customers.

During 2022 the impairments on the 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 regarding leased concessions due to 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 €	2022	2023
Cash at bank and in hand	67 751	101 381
TOTAL	**67 751**	**101 381**
Bank overdrafts used for the statement of cash flow		-113
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOW	**67 751**	**101 267**

There are no significant unavailable cash and cash equivalents.

17. Assets classified as held for sale

IN '000 €	2022	2023
BALANCE AT END OF PREVIOUS PERIOD	0	0
Transfer from / to assets held for sale		921
BALANCE AT END OF CURRENT PERIOD	**0**	**921**

As per 31 December 2023, the assets held for sale amounted to € 0.9 million.

During 2023, Kinepolis decided to close the cinema complex Landmark Brooks (CA). For this owned complex, the assets were transferred from 'Property, plant and equipment' to 'Assets held for sale' for the remaining net carrying amount of € 0.2 million.

In 2022, it was decided to close the Winnipeg Towne complex (CA). The assets for land and buildings were transferred from 'Property, plant and equipment' to 'Investment property' for the net carrying amount of € 0.7 million. In April 2023, the building was transferred to 'Assets held for sale'.
The building was put up for sale.

The Group expects both buildings to be sold within the next year.

18. Equity

The various components of equity, as well as the changes between 31 December 2023 and 31 December 2022, are set out in the consolidated statement of changes in equity.

SHARE CAPITAL
The share capital of the Company at 31 December 2023 was € 19.0 million (2022: € 19.0 million), represented by 27 365 197 ordinary shares without nominal value (2022: 27 365 197 shares). All shares are paid up in full. The share premium at 31 December 2023 was € 1.2 million (2022: € 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
At the Extraordinary General Meeting on May 10, 2023, authorisation was granted to the Board of Directors to repurchase treasury shares, under certain conditions.

On 12 June 2023, Kinepolis announced the commencement of a share buyback program, starting on 13 June 2023, in which an independent intermediary has been given a discretionary mandate to buy back – on behalf of Kinepolis Group NV – up to 200 000 own shares on or off Euronext Brussels between 13 June 2023 and 16 August 2023. The buyback program was ended on 16 August 2023. During the buyback program, 117 699 shares were bought for a total amount of € 5 233 532.60.

On 22 September 2023 Kinepolis announced the commencement of a share buyback program, starting on 25 September 2023, in which an independent intermediary has been given a discretionary mandate to buy back – on behalf of Kinepolis Group NV – up to 151 000 own shares on or off Euronext Brussels between 25 September 2023 and 24 March 2024. On February 14, the repurchase program was ended early, considering the repurchase of the maximum number of shares was reached. During the buyback program, 151 000 shares were bought for a total amount of € 6 697 595.35.

In 2023, a total of 219 699 treasury shares were bought back pursuant to the above buyback programs for € 9.9 million (2022: 0 shares – € 0.0 million). In 2023, 27 654 treasury shares were sold pursuant to the exercise of options for € 1.2 million (2022: 25 156 shares – € 1.0 million). Furthermore, no shares were cancelled in 2023 (2022: 0 shares – € 0.0 million). The total number of treasury shares at 31 December is 588 121 (2022: 396 076). The majority of these shares will be used for the option plans.

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 2023 is mainly due to the exchange rate fluctuation of the American Dollar and the Canadian 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 2023 a total of 657 409 options were allocated (2022: 306 313). 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 Board of Directors.

DIVIDENDS TO THE SHAREHOLDERS
On 13 February 2024, a gross dividend of € 55 cents per share entitled to dividend was proposed for the 2023 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 € 14.7 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.

For the financial year 2022, a dividend of € 26 cents was paid per share entitled to dividend. Total amount of dividend was € 7.0 million.

NON-CONTROLLING INTERESTS
The participation of Kinepolis Group in Landmark Cinemas Holding LTD and Landmark Cinemas Canada LP increased in 2023 from 99.3% to 100.0% due to the acquisition of the remaining non-controlling interests.

19. Result per share

BASIC RESULT PER SHARE
The calculation of the result per share is based on the result of € 56.1 million, attributable to the ordinary shareholders (2022: € 27.5 million), and on a weighted average of the number of ordinary shares, outstanding during the financial year, of 26 907 356 (2022: 26 965 643).

DILUTED RESULT PER SHARE
The calculation of the diluted result per share is based on the result of € 56.1 million attributable to the ordinary shareholders (2022: € 27.5 million), and on a weighted average of the number of diluted ordinary shares, outstanding during the financial year, of 27 564 765 (2022: 27 268 287).

IN '000 (unless indicated otherwise)	2022	2023
RESULT ATTRIBUTABLE TO OWNERS OF THE COMPANY	27 547	56 064
Weighted average number of ordinary shares	26 966	26 907
Effect of options	303	657
Weighted average number of diluted shares	27 268	27 565
BASIC RESULT PER SHARE (IN €)	1.02	2.08
DILUTED RESULT PER SHARE (IN €)	1.01	2.03

20. Share-based payments

SHARE OPTION PLAN 2016

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 on 10 May 2024.

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.

Throughout 2023, no options were granted (2022: 0), 27 654 options were exercised (2022: 25 156) and 25 000 options were forfeited (2022: 30 000).

YEAR	GRANTED	EXERCISED	FORFEITED	TOTAL
2017	396 500			396 500
2018	23 500		-3 000	20 500
2019	21 000			21 000
2020		-11 495	-6 737	-18 232
2021		-58 299		-58 299
2022		-25 156	-30 000	-55 156
2023		-27 654	-25 000	-52 654
TOTAL	**441 000**	**-122 604**	**-64 737**	**253 659**

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 20.00% is acquired at the time of their granting. The other tranches of 20.00% 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% / 25.00% is acquired at the time of their granting. The other tranches of 16.66% / 25.00% per year during five / three years after their grant date.

SHARE OPTION PLAN 2023

On 17 May 2023, the Board of Directors approved the share option plan 2023. Under this new plan, 550 000 options can be allocated. The exercise price is determined by the Nomination and Remuneration Committee. For the 2023 allocations, the exercise price was set equal to the average closing price of Kinepolis Group shares during 30 days prior to the offer. The options will expire 8 years after the date of the approval of the Plan by the Board of Directors.

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 16 June 2023.

Throughout 2023, 403 750 options were granted (June: 383 750, October: 15 000, December: 5 000). No options were exercised nor forfeited in 2023.

YEAR	GRANTED	EXCERCISED	FORFEITED	TOTAL
2023	403 750			403 750
TOTAL	**403 750**	**0**	**0**	**403 750**

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 two years. The fair value of the options is expensed according to the period in which the options can be exercised. The fair value of the options totals € 5.5 million. Of this, an amount of €2.2 million was expensed as at 31 December 2023. For more information we refer to note 5.

AMOUNTS IN € (unless indicated otherwise)	06/2023	10/2023	12/2023
Fair value of allocated options	13.62	14.68	12.61
Share price at grant date	43.80	46.70	45.35
Exercise price	43.76	43.76	45.32
Expected volatility	34.80%	33.10%	32.20%
Original expected term (in years)	8	8	8
Expected dividend yield	0.56%	0.56%	0.57%
Risk-free interest rate	2.72%	2.72%	2.98%

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 exercised in tranches. For the options granted in 2023, the first tranche of 66.64% can be exercised from 1 January 2027, a second tranche of 16.66% from 1 January 2028 and the last tranche of 16.70% from 1 January 2029.

OUTSTANDING OPTIONS

AMOUNTS IN € (unless indicated otherwise)	2022		2023	
	NUMBER OF OPTIONS	AVERAGE FAIR VALUE	NUMBER OF OPTIONS	AVERAGE FAIR VALUE
OUTSTANDING OPTIONS AT END OF PREVIOUS PERIOD	361 469		306 313	
Options allocated during the year			403 750	
Options exercised during the year	-25 156		-27 654	
Options forfeited during the year	-30 000		-25 000	
OUTSTANDING OPTIONS AT END OF CURRENT PERIOD	**306 313**	**9.51**	**657 409**	**11.99**

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 €	2022	2023
Private placement of bonds	384 600	384 600
Loans and borrowings with credit institutions	80 000	0
Transaction costs refinancing	-1 407	-905
TOTAL	**463 193**	**383 695**

CURRENT LOANS AND BORROWINGS

IN '000 €	2022	2023
Bank Overdrafts		113
Public bond	15 787	
Loans and borrowings with credit institutions		80 000
Other loans	12 500	16 000
TOTAL	**28 378**	**96 113**

Kinepolis Group issued a € 75.0 million bond in March 2012, with maturity in March 2019. In June 2015, the bond was partially extended until June 2023. In March 2019, € 59.1 million was repaid. The remaining amount of the loan, € 15.8 million, was repaid in June 2023.

In January 2015, the Group 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, both with 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 at 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 2023, there is no outstanding draw on the roll-over credit (2022: € 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. As of 31 December 2023, there was no outstanding balance, as there was in 2022. For more information we refer to note 26.

In 2021, due to the long-term impact of the Covid-19 pandemic on the cinema sector, Kinepolis contracted an additional loan of € 80.0 million with its house bankers for a term of 3 years, with 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. In 2023, the loan was transferred from long-term to short-term loan. The loan was repaid in January 2024. For more information, we refer to note 26.

At the end of 2023, the outstanding 'Commercial Paper' debt amounted to € 16.0 million (2022: € 12.5 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 2023, this amounts to € 0.9 million (2022: € 1.4 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 31/12/2022		**491 571**	**370 371**	**-21 017**	**147 555**	**-91**	**998 387**
Cash flow from financing activities							
Payment of lease liabilities incl. forgiveness of lessee's lease payments	*27*		-25 383				-25 383
Proceeds from loans and borrowings	*26*	16 000					16 000
Repayment of loans and borrowings	*26*	-28 378					-28 378
Interest paid	*7*	-16 659					-16 659
Interest received	*7*	1 520					1 520
Paid interest related to lease liabilities	*27*		-9 566				-9 566
Purchase of treasury shares	*18, 20*			-9 903			-9 903
Sale of treasury shares	*18, 20*			553	621		1 174
Purchase of minority share					-787	102	-685
Dividends paid	*8*				-7 016		-7 016
NET CASH FLOW – USED IN / + FROM FINANCING ACTIVITIES		**-27 517**	**-34 949**	**-9 350**	**-7 182**	**102**	**-78 896**
Other adjustments							
Interest expenses	*7*	16 412					16 412
Refinancing costs	*26*	502					502
Movement accrued interests		-1 273					-1 273
Movement lease liabilities	*27*		22 165				22 165
Total other adjustments		15 641	22 165				37 805
Total other equity adjustments					56 407		56 407
BALANCE AT 31/12/2023		**479 695**	**357 587**	**-30 367**	**196 780**	**11**	**1 003 703**

22. Employee benefits

The amounts on the balance sheet are determined as follows:

IN '000 €	2022	2023
Defined benefit plans	28	49
Other employee benefits	763	870
TOTAL	**791**	**919**

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). Consequently, 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 2023:

IN '000 €	2022	2023
Liability from defined benefit plans	6 325	6 716
Fair value of fund investments	-6 297	-6 667
Net liability (asset) from defined benefit plans	28	49

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 %	2022	2023
Weighted average discount rate	3.70%	3.20%
Expected inflation	2.30%	2.30%
Expected general pay rise	3.30%	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 €	2022	2023
Included in the income statement		
Pension costs allocated to the year of service	-246	-233
Interest expenses	-5	7
	-251	-226
Included in other comprehensive income		
Change to estimate of defined benefit rights	786	-76
	786	-76
TOTAL COMPREHENSIVE INCOME	**535**	**-302**

The expected pension costs from defined benefit plans for 2024 amount to € 0.3 million, and primarily relate to allocated pension costs.

SENSITIVITY ANALYSIS

IN '000 €	31 DECEMBER 2023	
	INCREASE	DECREASE
Discount rate (1% movement)	66	-237
Future pay fluctuation (1% movement)	-24	20
Normal retirement age (1 year movement)	9	-9
Life expectancy (1% movement)	0.1	-0.1

Its defined benefit plans expose the Group to several 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;
- *Increase of retirement age:* an increase of the retirement age leads to an increase in the 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 %	2022	2023
Discount rate	3.70%	3.41%
Expected salary inflation	1.50%	2.00%

TOTAL COMPREHENSIVE INCOME

For this obligation, the following amounts are included in total comprehensive income:

IN '000 €	2022	2023
Included in the income statement		
Costs allocated to the year of service	-50	-56
Past service pension cost		69
Interest expenses	-6	-26
	-57	-13
Included in other comprehensive income		
Change in experience adjustments, financial and demographic assumptions	20	-120
	20	-120
TOTAL COMPREHENSIVE INCOME	**36**	**-133**

The expected costs for this obligation for 2024 amount to € 0.1 million.

23. Provisions

The provisions mainly relate to site restoration and a few 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 2023, the provision for the demolition of the building and the restoration of the site to its original state was € 1.5 million (2022: € 1.4 million).

DISPUTES

At 31 December 2023, the provision for disputes was € 0.5 million (2022: € 0.8 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 €	2022	2023
BALANCE AT END OF PREVIOUS PERIOD	2 299	2 266
Additions of provisions	415	159
Unwinding of provisions	38	38
Use of provisions	-358	-254
Reversal of provisions	-133	-188
Effect of exchange rate fluctuations	5	-3
BALANCE AT END OF CURRENT PERIOD	2 266	2 018
Balance at end of current period (non-current)	2 093	1 920
Balance at end of current period (current)	173	98
TOTAL	**2 266**	**2 018**

24. Trade and other payables

OTHER NON-CURRENT PAYABLES

IN '000 €	2022	2023
Deferred grants	4 293	5 664
Other payables	751	714
TOTAL	**5 044**	**6 378**

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 2023 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 € 5.7 million (2022: € 4.3 million), 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 € 0.7 million (2022: € 0.8 million).

TRADE AND OTHER CURRENT PAYABLES

IN '000 €	2022	2023
Trade payables	73 408	60 520
Gift vouchers	24 701	28 385
Payables related to remuneration and social security	14 642	12 414
Accrued charges and deferred income	6 960	5 329
Tax payables, other than income taxes	7 630	7 693
Other payables	391	296
TOTAL	**127 732**	**114 637**

Trade payables increased with € 12.9 million or 18.3% which is mainly related to lower activity in Q4 2023 compared to 2022 (less events, smaller films and timing of payments).

Payables related to remuneration and social security decreased by € 2.2 million, mostly due to the timing of payments of bonuses. The other social payables remain approximately at the same level as 2022.

On 31 December 2023, the accrued interest expenses with respect to the public and private bonds issued and loans and borrowings with credit institutions amounted to € 2.2 million (2022: € 2.6 million). The decrease is explained by a slightly lower debt ratio in 2023. For more information we refer to notes 21 and 26.

The deferred income amounted to € 3.1 million on 31 December 2023 (2022: € 4.2 million), mainly due to a decrease in advance sales of cinema tickets.

The tax payables, other than income taxes remained at the same level of € 7.7 million. The withholding taxes payable decreased with € 1.1 million, whereas the property taxes payable increased with € 0.8 million and the city taxes with € 0.5 million.

The current contractual obligation with regard to gift vouchers amounted to € 28.4 million at 31 December 2023 (2022: € 24.7 million). The evolution of the balance of the current obligation regarding 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 in Canada, gift vouchers have an unlimited duration.

CURRENT CONTRACTUAL OBLIGATION WITH REGARD TO THE GIFT VOUCHERS

IN '000 €	2022	2023
BALANCE AT END OF PREVIOUS PERIOD	**27 855**	**24 701**
Newly issued gift vouchers	47 881	61 383
Gift vouchers exercised or expired	-51 164	-57 391
Effect of exchange rate fluctuations	129	-245
BALANCE AT END OF CURRENT PERIOD	**24 701**	**28 385**

25. Tax assets and liabilities

NON-CURRENT TAX ASSETS

IN '000 €	2022	2023
Non-current tax assets	1 653	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. As of December 31, 2023, there is no evolution in the ongoing proceedings.

CURRENT TAX ASSETS AND LIABILITIES

IN '000 €	2022	2023
Current tax assets	6 810	10 279
Current tax liablities	2 960	1 884

Current tax assets amount to € 10.3 million (2022: € 6.8 million). At the end of 2023 there are current tax assets in Belgium (€ 8.5 million) and Luxembourg (€ 1.5 million), due to prepayments which are higher than the taxes due.

Current tax liabilities decreased from € 3.0 million to € 1.9 million in 2023. Current tax liabilities mainly consist of taxes payable in France (€ 0.9 million) and the Netherlands (€ 1.0 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 € -0.1 million decrease in equity before deferred taxes on 31 December 2023 (2022: € 0.4 million).

On 31 December 2023, considering the effect of interest rate swaps, 96.67% of the Group's loans and borrowings had been contracted at a fixed interest rate (2022: 97.46%).

INTEREST RATE RISK SENSITIVITY ANALYSIS

The interest-bearing loans and borrowings at the balance sheet date were € 480.6 million (2022: € 493.0 million). € 96.0 million or 20.0% of the interest-bearing loans and borrowings have a variable interest rate, without taking into account the effect of the interest rate swaps (2022: € 92.5 million or 18.8%).

Total interest expenses, excluding interest expenses attributed to the lease liabilities, charged to the income statement in 2023, amount to € 16.4 million (2022: € 15.3 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 until the expiry date of the loan.

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.

34.1% (2022: 34.4%) 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 Theatres (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 2023, the Group has no outstanding forward exchange contracts (2022: $ 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 €	2022	2023
Canadian Dollar	-392	-1 329
US Dollar	5 771	-3 268
Polish Złoty	-66	262
Swiss Franc	426	558
TOTAL	**5 738**	**-3 777**

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 based on 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 31/12/2023	AVERAGE RATE 2023	THEORETICAL VOLATILITY	POSSIBLE CLOSING RATE 31/12/2023	POSSIBLE AVERAGE RATE 2023
Canadian Dollar	1.4642	1.4595	10%	1.32 - 1.61	1.31 - 1.61
US Dollar	1.1050	1.0813	10%	0.99 - 1.22	0.97 - 1.19
Polish Złoty	4.3395	4.5420	10%	3.91 - 4.77	4.09 - 5.00
Swiss Franc	0.9260	0.9718	10%	0.83 - 1.02	0.87 - 1.07

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 2023 would have been € 0.6 million lower or € 0.5 million higher, and equity would be € 15.1 million higher or € 12.4 million lower at the end of 2023. Only the Canadian Dollar and the US Dollar have a material impact in the above sensitivity analysis.

1 EURO CORRESPONDS TO:	CLOSING RATE 31/12/2023	AVERAGE RATE 2023	ACTUAL VOLATILITY	POSSIBLE CLOSING RATE 31/12/2023	POSSIBLE AVERAGE RATE 2023
Canadian Dollar	1.4642	1.4595	5.68%	1.38 - 1.55	1.38 - 1.54
US Dollar	1.1050	1.0813	7.22%	1.03 - 1.18	1.00 - 1.16
Polish Złoty	4.3395	4.5420	5.47%	4.10 - 4.58	4.29 - 4.79
Swiss Franc	0.9260	0.9718	5.14%	0.88 - 0.97	0.92 - 1.02

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 2023 would have been € 0.4 million lower or € 0.3 million higher, and equity would be € 9.5 million higher or € 8.3 million lower at the end of 2023. 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.

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 (2019-2023). The Group recognised an average of less than 0.01% (2018-2022: 0.08%) of 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 based on 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.

CAPITAL MANAGEMENT

The 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. To hedge against a new option plan in 2023, two new share repurchase programs were initiated: a first between June 13, 2023, and August 16, 2023 in which 117,699 shares were repurchased, and a second between September 25 and March 24, 2024, which closed early on February 14, 2024 after reaching the anticipated maximum of 115 000 shares. 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 regarding the debt ratio, taking the real estate position of the Group into account.

Kinepolis Group bought 219 699 shares for a total amount of € 9 903 408.19 in 2023. The total number of treasury shares on 31 December 2023 amounts to 588 121 (2022: 396 076). The majority of these shares are intended to cover the Group's current stock option plan. In 2023, 27 654 treasury shares were sold (2022: 25 156).

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 2023, there is no outstanding draw on this credit facility (2022: € 0.0 million). At the end of 2023, the outstanding 'Commercial Paper' debt was € 16.0 million (2022: € 12.5 million). This outstanding balance reduces the availability of the roll-over credit by the same amount.

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 March 6, 2019, and the balance of € 15.9 million was repaid in June 2023.

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.

In 2021, Kinepolis took an additional loan of € 80.0 million with Its main bankers for a term of 3 years, with a variable Interest rate and support via a government guarantee. Given the volatility of the market throughout 2022, Kinepolis decided to hedge the variable Interest rate to a fixed interest rate. The loan was repaid In January 2024, € 34 million from own cash, € 16 million from commercial paper and €30 million from a drawdown of the rollover credit.

No securities were provided. Only several 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 2023). 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 of December 31, 2023, the Group was in compliance with its covenants:

- Net Financial Debt/adjusted EBITDA: 2.35 (maximum 3.75)
- Interest Coverage (adjusted EBITDA/net interest cost): 10.29 (minimum 4.5)

The additional credit of € 80.0 million, which was reimbursed in January 2024, in line with existing bank credit, provided for a number of conditions limiting asset disposals, acquisitions and dividend payments, above a financial debt ratio of 3.75.

Interest payable on term loans is calculated based on the EURIBOR applicable for the selected borrowing period plus the negotiated margin. The average interest rate on the debt portfolio on 31 December 2023 was 2.66% (2022: 2.81%). Since the vast majority of loans are at a fixed interest rate, no sensitivity analysis was performed for the remaining variable portion.

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 €				2022				**2023**
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Private placement of bonds	11 723	415 754		427 477	10 598	405 156		415 754
Public bond	16 513			16 513				
Trade payables	73 408			73 408	60 520			60 520
Loans and borrowings with credit institutions	3 423	80 700		84 123	80 783			80 783
Other loans	12 519			12 519	16 000			16 000
Bank overdrafts					113			113
Non-derivative financial liabilities	117 587	496 454		614 041	168 014	405 156		573 170
Interest rate swaps		-349		-349	-278			-278
Derivative financial instruments		-349		-349	-278			-278
TOTAL	**117 587**	**496 105**		**613 692**	**167 736**	**405 156**		**572 892**

In respect of interest-bearing financial liabilities with a variable interest rate, the following table gives an overview of the expected maturities:

IN '000 €		2022		**2023**
	TOTAL	< 1 YEAR	TOTAL	< 1 YEAR
Loans and borrowings with credit institutions	80 000		80 000	80 000
Other loans	12 500	12 500	16 000	16 000
Bank overdrafts				
TOTAL	**92 500**	**12 500**	**96 000**	**96 000**

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 €	2022				2023			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Interest rate swaps		80 000		80 000	80 000			80 000
TOTAL		**80 000**		**80 000**	**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 €	2022		2023	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Private placement of bonds – fixed interest rate	384 600	346 322	384 600	355 955
Public bond – fixed interest rate	15 878	15 613		
Interest-bearing loans – variable interest rate	92 500	92 500	96 000	96 000
Bank overdrafts			113	113
Transaction costs refinancing	-1 407	-1 407	-905	-905
TOTAL	**491 571**	**453 028**	**479 808**	**451 955**

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 €	2022		2023	
	NOMINAL VALUE	FAIR VALUE	NOMINAL VALUE	FAIR VALUE
Interest rate swap	80 000	349	80 000	278
TOTAL	**80 000**	**349**	**80 000**	**278**

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 2023.

The fair value of the derivative instruments is included in the balance sheet of the Group as follows (value before tax):

IN '000 €	2022			2023		
	ASSETS	LIABILITIES	NET VALUE	ASSETS	LIABILITIES	NET VALUE
Non-current	349		349	278		278
TOTAL	**349**		**349**	**278**		**278**

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	278		Derivative financial instruments	-70

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 €	2022			2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Cash flow hedging – Currency						
Interest rate swaps		349			278	
TOTAL		**349**			**278**	

LEVEL 3 FAIR VALUES

Per 31 December 2023 there were no contingent considerations (2022: € 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 2023 is 4.03% (2022: 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	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**
New leases	5 799	3 533			9 332
New leasess through business combinations	4 047				4 047
Transfer to/from other categories				103	103
Expired leases and disposals	116	-1		-35	80
Adjustments	3 557	234			3 791
Depreciations and impairment losses	-25 965	-1 372	-249	-568	-28 154
Effect of exchange rate fluctuations	-4 153		-10	-13	-4 176
Acquisition value	435 108	6 333	1 550	3 950	446 941
Depreciations and impairment losses	-122 432	-2 511	-1 040	-2 473	-128 456
NET CARRYING AMOUNT AT 31/12/2023	**312 676**	**3 822**	**510**	**1 477**	**318 485**

LEASE LIABILITIES

IN '000 €	TOTAL
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**
New leases	9 332
New leases through business combinations	4 047
Interest	9 566
Repayment	-34 949
Forgiveness of lessee's lease payments	-146
Adjustments	4 056
Effect of exchange rate fluctuations	-4 690
NET CARRYING AMOUNT AT 31/12/2023	**357 587**

At 31 December 2023, the Group had a lease liability of € 357.6 million (2022: € 370.4 million) and a right-of-use asset of € 318.5 million (2022: € 333.5 million). During 2023 the lease liabilities decreased with € 12.8 million and the right-of-use assets with € 15.0 million.

The RealD 3D equipment used by the Group is included under the right-of-use assets (€ 1.5 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 the building (€ 5.8 million), especially for the new exploitation in Béziers and for cars (€ 3.5 million). There also was a new leasing contract through the business combination Belfort (€ 4.0 million). This resulted in the same additional lease liability and increase in right-of-use assets.

(EARLY) TERMINATED LEASES

The group has terminated various car lease agreements early throughout 2023.

ADJUSTMENTS

During 2023 several leases were adjusted, mainly due to changes to the contractual term or other adjustments such as indexations or new negotiations for future lease payments. All this led to an adjustment of the lease liabilities of € 4.1 million and an adjustment of the right-of-use assets of € 3.8 million.

IMPAIRMENT LOSSES

In 2023 there were no impairment losses for leasing contracts. 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.

RENT CONCESSIONS AS A RESULT OF THE COVID-19 PANDEMIC

As a result of the Covid-19 pandemic, the Group had obtained rent concessions from the lessor for part of the lease agreements, mainly related to land and buildings. In 2023, the Group received a last part of that rent concession in Canada: € 0.1 million (2022: €2.8 million).

IMPACT ON THE CONSOLIDATED RESULT AND THE STATEMENT OF CASH FLOW

Per 31 December 2023 the Group had € 28.2 million (2022: € 28.7 million) depreciations and impairment losses on right-of-use assets and € 9.6 million (2022: € 10.4 million) interest on lease liabilities. The Group repaid € 34.9 million lease liabilities in 2023 (2022: € 36.4 million), of which € 9.6 million (2022: € 10.4 million) was interest. The rent concessions, as a consequence of Covid-19, almost completely disappeared In 2023: € 0.1 million compared to € 2.8 million in 2022. 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 €				2022				2023
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
NON-DISCOUNTED LEASE LIABILITIES	35 407	124 216	287 729	447 351	34 813	128 490	266 750	430 054

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 2023 (2022: € 0.1 million) and are considered as immaterial.

Variable lease liabilities

In addition, variable lease liabilities are also not recognised under IFRS 16. The total operational lease cost of this amounts to € 2.5 million in 2022 (2022: € 0.4 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'.

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 based on 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 € 2.9 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 € 2.1 million.

Lease commitments already entered into

The Group had entered into a lease commitment as of December 2023 for an office in Toronto, the lease term of which is 5 years starting from December 2024 and with the total future undiscounted lease liability being € 0.2 million.

Extension options

If the Group were to exercise all possible renewal options that it has available in the contracts as of December 31, 2023, there would be an additional outgoing cash flow of non-discounted lease liabilities of € 291.6 million over the entire term of the related contracts. As of 31 December 2023, the Group believed that these additional potential renewal options will not yet be exercised with reasonable certainty, so they are not included in the ending balance of the lease liabilities and the non-discounted lease liability. If the Group were to recognise only the contractually required renewal options, the future cash outflow of non-discounted lease liabilities would decrease from € 421.8 million to € 258.9 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 €	2022	2023
Less than one year	6 705	8 200
Between one and two years	4 190	4 699
Between two and three years	2 965	2 698
Between three and four years	1 430	1 578
Between four and five years	1 022	974
More than five years	2 449	2 211
TOTAL	**18 760**	**20 360**
Minimum lease payments in the income statement with regard to operational leases	8 198	9 109
Variable lease payments in the income statement with regard to operational leases	621	782

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 several complexes are leased out for a term of 1 to 15 years (renewable) or for an undefined term in Belgium, for a period of 9 years or for an undefined term in Luxembourg or for an undefined 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, corrected for overhead expenses.

28. Capital commitments

At 31 December 2023, the Group had material capital commitments for € 9.1 million. This mainly concerns commitments related to the renovation of the newly acquired cinema complex in Béziers (€ 2.2 million), renovation of technical installations and parking in other complexes in France (€ 1.3 million), new projectors for € 0.3 million, renovation in a complex in Orleans (CA) for € 0.2 million and commitments regarding the completion of the cinema Kinepolis Metz Amphithéâtre (FR) for € 0.2 million.

The Group also has committed to renovate the complex in Windsor (CA), that was acquired in 2024, for an amount of € 4.7 million.

At 31 December 2022, the Group had material capital commitments for € 0.7 million. This mainly concerned commitments related to new servers for € 0.3 million and commitments regarding the completion of the cinema Kinepolis Metz Amphithéâtre (FR) for € 0.1 million.

29. Contingencies

At the end of 2023 the Group had unrecognised contractual obligations for € 10.5 million (2022: € 1.5 million). These mainly concerned conditional contractual obligations for potential investments in real estate and 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. 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 €	2022	2023
Directors		
Remuneration	909	920
Executive officers (CEO)		
Short-term employee benefits	1 581	1 581
TOTAL	**2 490**	**2501**

In 2023, new options were granted to the Group's CEO (Incentive Plan). He did participate in this for 112 500 options. The fair value of these options is €1.5 million. The cost for 2023 is €0.6 million. There were no new options granted for the 2017 option plan (Participation in 2017 by the CEO of the Group, the Chairman and Vice-Chairman of the Board of Directors: 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 2023 (2022: € 0.1 million).

31. Subsequent events

Landmark Cinemas Canada, a subsidiary of Kinepolis Group, will open a cinema at the Mikhail Centre in Windsor, Ontario, in the fall of 2024. Kinepolis will renovate the existing cinema building in the months leading up to the opening.

The loan of € 80.0 million taken out in 2021 was repaid in January 2024: € 34 million with own cash, € 16 million via commercial paper and € 30 million through a drawdown of the roll-over credit.

Furthermore, no significant events have occurred after year-end as of the date of publication.

32. 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 €	2022	2023
Remuneration of the statutory auditor	420	436
Other audit-related services		
Other assignments outside the audit assignments	11	8
Remuneration for exceptional services or special assignments performed within the Company and its subsidiaries by the statutory auditor	11	0
Remuneration for persons associated with the statutory auditor for the performance of a mandate as statutory auditor	472	483
Tax advisory services	19	51
Other assignments outside the audit assignments	16 [1]	91
Remuneration for exceptional services and special assignments performed within the Company and its subsidiaries by persons associated with the statutory auditor	35	0
TOTAL	**937**	**1 069**

(1) Including a reversal of provision of K€ 38 for work not yet completed related to the NOW audit.

33. Group entities

LIST OF THE FULLY CONSOLIDATED COMPANIES

COUNTRY	NAME	MUNICIPALITY	VAT OR COMPANY REGISTRATION NUMBER	% 2022	% 2023
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	100
	Landmark Cinemas Canada LP	Calgary	CA 2017 564 317	99.30	100
	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
	Kinepolis Belfort SAS	Belfort	FR 70432250223	0	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	% 2022	% 2023
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

There were 2 acquisitions in France during 2023. Kinepolis Belfort was acquired and is reported as a separate entity. The activities of Béziers are incorporated into an existing company.

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 2023

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 2023, 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 29 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 2023, prepared in accordance with IFRS Accounting 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 balance sheet as at 31 December 2023, the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of material accounting policies and other explanatory information. The total of the consolidated statement of financial position6 amounts to EUR 1.167.027.(000) and the consolidated statement of profit or loss6 shows a profit for the year of EUR 56.075.(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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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 83% of the Group's total assets as of 31 December 2023.

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 Accounting 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 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 2023' and section 6 '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: Core activities and strategy

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 5 '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 2023, 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, 29 March 2024

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 2023.

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 2023, 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 €	2022	2023
Non-current assets	620 472	611 384
Intangible assets	5 182	5 027
Property, plant and equipment	835	1 256
Financial fixed assets	614 455	605 101
Current assets	57 380	70 718
TOTAL ASSETS	**677 852**	**682 102**
Equity	88 018	165 537
Issued capital	18 952	18 952
Share premiums	1 154	1 154
Legal reserve	1 895	1 895
Unavailable reserves	14 675	25 926
Available reserves	7 050	7 050
Profit carried forward	44 291	110 560
Provisions and deferred taxes	130	150
Non-current loans and borrowings	475 744	384 600
Current loans and borrowings	101 969	121 218
Accrued charges and deferred income	11 992	10 597
TOTAL EQUITY AND LIABILITIES	**677 852**	**682 102**

CONDENSED UNCONSOLIDATED INCOME STATEMENT OF KINEPOLIS GROUP NV

IN '000 €	2022	2023
Operating income	73 934	99 163
Operating expenses	-46 538	-48 129
OPERATING RESULT	**27 396**	**51 035**
Financial result	-12 075	47 174
Current tax expenses	-1 260	-5 958
PROFIT / (LOSS) FROM THE FINANCIAL YEAR FOR APPROPRIATION	**14 061**	**92 250**

APPROPRIATION OF THE RESULTS OF KINEPOLIS GROUP NV

IN '000 €	2022	2023
Profit / (loss) from the fiscal year for appropriation	14 061	92 250
Profit carried forward from previous financial year	31 092	44 287
Transfer to / (from) equity:		
- to the unavailable reserves	-6 150	
- to the other reserves		11 251
Profit to be carried forward	44 287	110 560
Dividend	7 015	14 727

MANDATES AND REMUNERATION OF THE STATUTORY AUDITOR OF KINEPOLIS GROUP NV

IN '000 €	2022	2023
Remuneration of the statutory auditor(s) for the performance of a mandate as statutory auditor	287	301
Other audit-related services		
Other assignments outside the audit assignments	6	3
Remuneration for exceptional services or special assignments performed within the Company by the statutory auditor(s)	6	3
Tax advisory services	19	34
Other assignments outside the audit assignments	4	
Remuneration for exceptional services or special assignments performed within the Company by persons associated with the statutory auditor(s)	23	34
TOTAL	**316**	**337**

Reconciliations

ADJUSTMENTS

IN '000 €	2022	2023
EBITDA	-712	924
Depreciations, amortisations and impairment losses	-892	-1200
Provisions	117	
Income tax expenses	373	62
NET IMPACT OF ADJUSTMENTS	**-1 114**	**-213**

RECONCILIATION OF ADJUSTED RESULT

IN '000 €	2022	2023
Operating result	67 980	105 999
Financial result	-30 286	-30 228
Result before tax	**37 694**	**75 771**
Income tax expenses	-10 159	-19 697
Result for the period	**27 535**	**56 075**
Net impact of adjustments	1 114	213
ADJUSTED RESULT FOR THE PERIOD	**28 649**	**56 288**

RECONCILIATION OF EBITDAL

IN '000 €	2022	2023
EBITDA	150 250	186 864
Costs related to lease contracts (excl. rent abatements and common charges)	-36 274	-35 500
EBITDAL	**113 975**	**151 364**

RECONCILIATION OF ADJUSTED EBITDAL

IN '000 €	2022	2023
EBITDAL	113 975	151 364
Impact of adjustments on EBITDA	712	-924
ADJUSTED EBITDAL	**114 688**	**150 440**

RECONCILIATION ADJUSTED EBITDA VS EBITDA

IN '000 €	2022	2023
Operating result	67 980	105 999
Depreciations and amortisations	82 029	82 877
Provisions and impairments	241	-2 012
EBITDA	150 250	186 864
Impact of adjustments on EBITDA	712	-924
ADJUSTED EBITDA	**150 962**	**185 940**

RECONCILIATION OF NET FINANCIAL DEBT

IN '000 €	2022	2023
Financial debt	861 942	837 395
Cash and cash equivalents	-67 751	-101 381
Tax shelter investments	-304	-116
NET FINANCIAL DEBT	**793 887**	**735 898**

RECONCILIATION OF NET FINANCIAL DEBT EXCL. LEASE LIABILITIES

IN '000 €	2022	2023
Financial debt excl. lease liabilities	491 571	479 808
Cash and cash equivalents	-67 751	-101 381
Tax shelter investments	-304	-116
NET FINANCIAL DEBT EXCL. LEASE LIABILITIES	**423 516**	**378 311**
Impact lease liabilities	370 371	357 587
NET FINANCIAL DEBT	**793 887**	**735 898**

RECONCILIATION FREE CASH FLOW

IN '000 €	2022	2023
Cash flow from operating activities	149 903	174 926
Income taxes paid / received	-13 880	-20 478
Maintenance capital expenditures for intangible assets, property, plant and equipment and investment property	-13 197	-18 845
Interest paid / received	-16 319	-15 139
Payment of lease liabilities	-36 389	-34 949
FREE CASH FLOW	**70 117**	**85 515**

RECONCILIATION ROCE

IN '000 €	2022	2023
Operating result	67 980	105 999
Impact of adjustments on EBIT	1 487	276
Adjusted EBIT	**69 467**	**106 274**
Average non-current assets	1 062 914	1 025 781
Average deferred tax assets	-22 477	-18 641
Average assets held for sale		460
Average inventories	6 334	7 578
Average trade receivables	24 604	29 157
Average trade payables	-65 021	-66 964
Capital employed	**1 006 354**	**977 371**
RETURN ON CAPITAL EMPLOYED (ROCE)	**6.9%**	**10.9%**

RECONCILIATION ROCE EXCL. IFRS 16

IN '000 €	2022	2023
Operating result + IFRS 16 depreciations – costs related to lease contracts (excl. rent abatements and common charges)	60 413	98 653
Impact of adjustments on EBIT	1 487	276
Adjusted EBIT excl. IFRS 16	**61 900**	**98 929**
Average non-current assets excl. right-of-use assets	719 523	699 806
Average deferred tax assets excl. impact IFRS 16	-15 998	-12 141
Average assets held for sale		460
Average inventories	6 334	7 578
Average trade receivables	24 604	29 157
Average trade payables	-65 021	-66 964
Capital employed excl. IFRS 16	**669 443**	**657 896**
RETURN ON CAPITAL EMPLOYED (ROCE) EXCL. IFRS 16	**9.2%**	**15.0%**

RECONCILIATION CURRENT RATIO

IN '000 €	2022	2023
Current assets	123 299	161 662
Current liabilities	194 239	247 123
CURRENT RATIO	**0.63**	**0.65**

RECONCILIATION CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES

IN '000 €	2022	2023
Current assets	123 299	161 662
Current liabilities excl. current lease liabilities	159 243	212 732
CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES	**0.77**	**0.76**

RECONCILIATION CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW

IN '000 €	2022	2023
Acquisition of intangible assets	2 381	2 311
Acquisition of property, plant and equipment and investment property	25 376	33 712
Advance lease payments		104
Acquisition of subsidiaries, net of cash acquired	7 858	5 431
Proceeds from sale of investment property, intangible assets and property, plant and equipment	-2 278	4
TOTAL CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW	**33 337**	**41 562**

RECONCILIATION GEARING RATIO

IN '000 €	2022	2023
Net financial debt	793 887	735 898
Equity	157 628	193 844
GEARING RATIO	**5.04**	**3.8**

RECONCILIATION GEARING RATIO EXCL. LEASE LIABILITIES

IN '000 €	2022	2023
Net financial debt excl. lease liabilities	423 516	378 311
Equity	157 628	193 844
GEARING RATIO EXCL. LEASE LIABILITIES	**2.69**	**1.95**

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

EBIT
Earnings before tax

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
- Maintenance
- Digital equipment
- Remodeling
- Expansion

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 2024-2025

THURSDAY
25
Apr 2024
PUBLICATION
BUSINESS UPDATE
Q1 2024

WEDNESDAY
8
May 2024
GENERAL MEETING
KINEPOLIS GROUP NV

THURSDAY
22
Aug 2024
PUBLICATION HALF-YEAR
RESULTS 2024
PRESENTATION TO PRESS
AND ANALYSTS

THURSDAY
24
Oct 2024
PUBLICATION
BUSINESS UPDATE
Q3 2024

THURSDAY
20
Feb 2025
PUBLICATION
ANNUAL RESULTS 2024
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.

19 March 2024

Eddy Duquenne

CEO Kinepolis Group

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