HALF-YEARLY FINANCIAL REPORT 2020

Kinepolis Group
Half-yearly Financial Report 30 June 2020
Regulatory release – 20 August 2020

Kinepolis responds quickly and decisively to the crisis, and is looking forward to the future with confidence

As is known, Kinepolis was forced to close all its cinemas from mid-March onwards following the Covid-19 outbreak. During the month of June, cinemas in several countries, namely in the Netherlands, Switzerland, Luxembourg, France, Spain, and some in Canada, were cautiously reopened, although with important capacity restrictions and other safety measures. As a result, the contribution of the second quarter to the results of the first half of the year was negative.

Up to the closing of the cinemas in all the countries where Kinepolis is active, the Group recorded an increase in visitors and financial results, partly due to its recent acquisitions.

The strategy and nature of the company, characterised by a maximum variability of costs, a solid real estate position, with a large proportion of cinema real estate owned, a self-learning organisation and a 'facts and figures'-driven corporate culture, have helped Kinepolis to respond quickly and decisively to the current crisis.

In the explanation of the results for the first half of 2020, we make a distinction between the results before the closure of the first cinemas[1] and the results for the entire first half of the year.

Results for 2020, up to and including 12 March (excluding the impact of Covid-19)[2]

- Up to and including 12 March, the **number of visitors** increased by 12.0%, thanks to the addition of the American activities acquired in the fourth quarter of 2019.
- **Revenue** from ticket, beverage and snack sales showed a stronger increase than the number of visitors, mainly due to an increase in revenue per visitor in almost all countries.
- **Adjusted EBITDA per visitor** rose, despite a slightly negative effect caused by the changed country mix as a result of the US market being added, and a consequently lower share for Belgium.

Results for the first half of 2020 (including the impact of Covid-19)[3]

- **The number of visitors** fell by 54.1%, to 8.1 million visitors
- **Total revenue** dropped by 52.7%, to € 112.6 million.
- **Adjusted EBITDA** decreased by 76.6%, to € 16.4 million.

[1] The first cinemas were closed on 13 March, with all the others following shortly afterwards.
[2] Visitor numbers and revenue up to and including 12 March. Other trends based on the figures available at the end of February. Comparisons are made in relation to the same period of the previous year.
[3] Figures from 1 January up to and including 30 June 2020, compared to the same period in the previous year.

- The **net result** amounted to € -29.7 million, due to the lower operating result, increased financial costs and higher depreciations and amortisations as a result of the expansion in 2019.
- The **net financial debt**, compared to 31 December 2019, excluding lease liabilities, increased to € 462.8 million.
- **Free cash flow** amounted to € -29.4 million due to the lower operating result, the evolution of the working capital and higher interest paid.

Important achievements in H1 2020

- Construction progress in Haarlem (NL), Leidschendam (NL), Metz Waves (FR) and South East Edmonton (CA) as planned.
- Renovation of previously acquired "Full" cinema in Barcelona (ES).
- Further roll-out of laser projection, including four new Laser ULTRA theatres in Canada.
- Successful reopening campaign in all European countries and Canada.
- Launch of the brand-new "Kinepolis on Tour" drive-in cinema concept in Belgium.

Kinepolis has taken various measures in recent months with a view to protecting its customers, employees and the company in the light of the Covid-19 pandemic and the measures taken by the authorities.

Kinepolis entered the crisis with a strong cash position, and subsequently made every effort to adjust its costs as much as possible and in the very short term to the impact of the Covid-19 virus on its activities. The measures taken include a drastic scaling back of the number of active employees, thereby drawing on the support measures in each country, both in cinemas and at the support services level in the national and international headquarters. In addition, various measures were taken to limit the 'cash out', such as the decision not to pay a dividend for 2019, negotiations with suppliers and the owners of rented cinemas with a view to obtaining financial concessions as a result of the reduction or closure of the activities, as well as the maximum postponement of all investments, except for the new-build projects already in progress.

Eddy Duquenne, CEO of Kinepolis Group, regarding the first half of the year:

“I am proud of the determination and speed with which our teams have responded to the current crisis, making it possible for us to protect our customers, employees and the company to the best of our ability. Given the exceptional and challenging circumstances, we are continuing to closely monitor the cash position of our company, and the associated cost control is proceeding according to plan. This means that our Group will be able to cope with the Covid-19 impact for a considerable time to come. Considering the lack of new international film content and the drastic measures taken to protect public health - which are more drastic in some countries than others - we receive a rather limited, but nevertheless encouraging number of visitors this summer. Our customer survey also shows that moviegoers appreciate the measures we have taken and feel comfortable during their visit. This strengthens our confidence that we can quickly return to achieving results once the external conditions are favourable again."

Key figures

in million €	H1 2020	H1 2019	% difference
Revenue	**112,6**	**238,1**	**-52,7%**
Visitors ('000)	*8 139*	*17 713*	*-54,1%*
EBITDA	**16,0**	**69,2**	**-76,9%**
Adjusted EBITDA	**16,4**	**70,1**	**-76,6%**
Adjusted EBITDA margin	*14,5%*	*29,4%*	*-1 489 bps*
Adjusted EBITDA / visitor	*2,01*	*3,96*	*-49,2%*
EBITDAL	**3,2**	**55,1**	**-94,2%**
Adjusted EBITDAL	**3,6**	**55,9**	**-93,6%**
Adjusted EBITDAL margin	*3,2%*	*23,5%*	*-2 029 bps*
Adjusted EBITDAL / visitor	*0,44*	*3,16*	*-86,0%*
EBIT	**-25,9**	**36,2**	**-171,5%**
Adjusted EBIT	**-25,3**	**37,0**	**-168,4%**
Adjusted EBIT margin	*-22,5%*	*15,6%*	*-3 807 bps*
Result	**-29,7**	**18,8**	**-257,7%**
Adjusted result	**-29,3**	**18,9**	**-255,3%**
Result per share (in €)	*-1,10*	*0,70*	*-257,1%*
Free Cash Flow	**-29,4**	**25,0**	**-217,6%**

in million €	30/06/2020	31/12/2019	% difference
Total assets	1 299,3	1 283,8	1,2%
Total equity	177,9	211,3	-15,8%
Net financial debt excl. lease liabilities (NFD)	**462,8**	**417,0**	**11,0%**

Notes

Visitors

Kinepolis received 8.1 million visitors (-54.1%) in the first half of 2020, due to the cinemas closing from mid-March. This decline was somewhat mitigated by the addition of the US activities in the fourth quarter of 2019. Cinemas in the Netherlands, Switzerland, Luxembourg, France, Spain and Canada were gradually reopened in the course of June, although with significant capacity constraints. This led to a limited contribution of 126,000 visitors in the second quarter.

The most successful films in the first half of 2020 were ‘Bad Boys for Life’, ‘1917’, ‘Sonic The Hedgehog’, ‘Star Wars: The Rise of Skywalker’ and ‘Jumanji: The Next Level’. The most successful local films were ‘F.C. De Kampioenen 4’ in Belgium, ‘De Beentjes van Sint Hildegard’ in the Netherlands, ‘Ducobu 3.0’ in France and ‘Adú’ in Spain. Due to a lack of sufficient new films, many reruns have also been programmed since the reopening of the cinemas.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	United States	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	46	8	18	10	3	1	110
12/03/2020	**1,61**	**1,26**	**1,92**	**0,91**	**1,05**	**0,95**	**0,18**	**0,02**	**7,90**
12/03/2019	**1,56**	**1,60**	**1,96**	**0,80**	**0,91**		**0,20**	**0,02**	**7,06**
12/03/2020 vs 12/03/2019	**2,9%**	**-21,4%**	**-1,9%**	**13,8%**	**15,2%**		**-10,6%**	**-5,9%**	**12,0%**

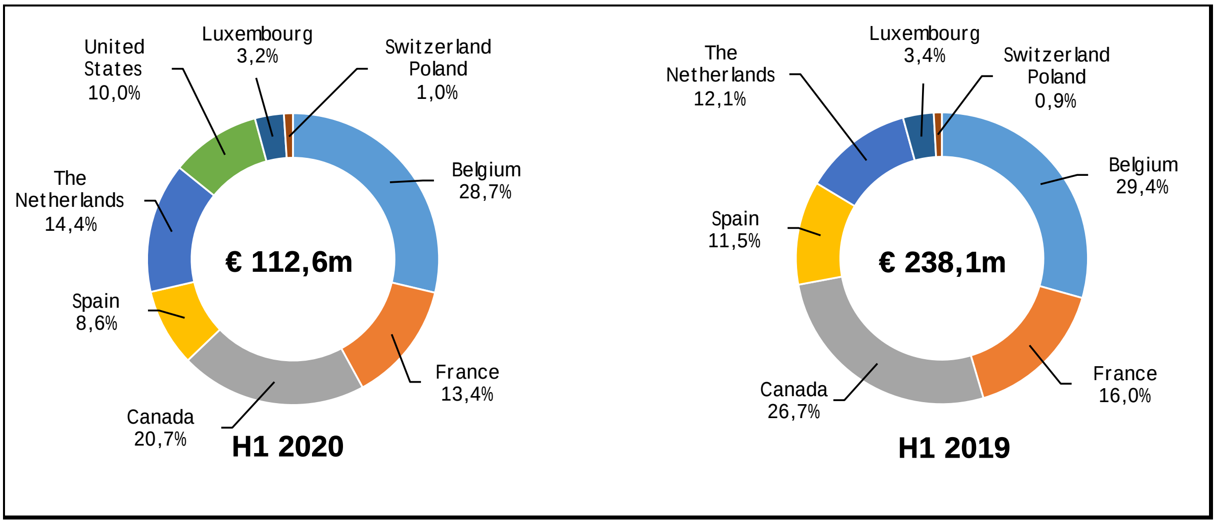
Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	United States	Luxembourg	Switzerland	Total
Number of cinemas*	11	13	46	8	18	10	3	1	110
H1 2020	**1,61**	**1,30**	**1,99**	**0,92**	**1,14**	**0,98**	**0,18**	**0,02**	**8,14**
H1 2019	**3,47**	**3,58**	**5,48**	**2,69**	**2,00**		**0,45**	**0,05**	**17,71**
H1 2020 vs H1 2019	**-53,6%**	**-63,8%**	**-63,6%**	**-65,7%**	**-43,1%**		**-59,4%**	**-56,0%**	**-54,1%**

* Operated by Kinepolis. In addition, one cinema (in Poland) is leased to third parties.
Number of cinemas at 30/06/2020.

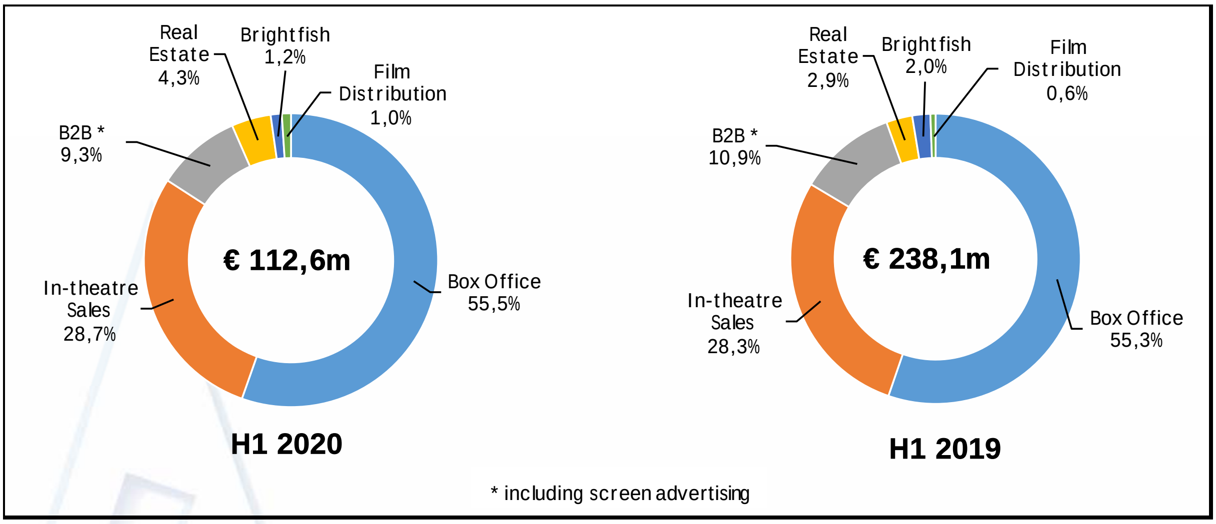
Revenue

Total revenue in the first half of 2020 amounted to € 112.6 million, a decline of 52.7% compared with the same period last year, due to the decrease in the number of visitors by 54.1%. Revenue per visitor increased, which resulted in a slightly less severe decline in visitor-related revenue (sales of tickets, beverages and snacks, -52.4%). We also saw a decline in turnover in all other business lines due to the impact of the Covid-19 crisis.

Revenue by country



Revenue by activity



Revenue from ticket sales (Box Office, BO) fell by 52.5%, to € 62.4 million. BO revenue per visitor rose by 3.3%, partly due to the positive effect of the changed country mix through a higher share for the Netherlands and inflation-compensating measures.

Revenue from the sale of beverages and snacks (In-theatre sales, ITS) fell by 52.0%, to € 32.4 million. ITS revenue per visitor increased by 4.4%, thanks to the addition of the US cinemas (with an above-average consumption) and a rise in ITS revenue per visitor in Canada, France and Luxembourg. The ITS per visitor declined slightly in Belgium, the Netherlands and Spain, due to an unfavourable comparison basis with last year, with a second quarter rich in "popcorn content" (including, among others, ‘Avengers: Endgame’ and ‘Captain Marvel’).

B2B revenue declined by 60.0% due to the Covid-19 crisis.

Real estate income fell by 29.3% due to the disappearance of variable rental income, mandatory financial concessions in some countries and a decrease in both parking income and income from owned concessions.

The turnover of **Brightfish** decreased by 71.2% and **Kinepolis Film Distribution (KFD)** saw its income decline by 17.5%.

Adjusted EBITDA

Adjusted EBITDA decreased by 76.6%, to € 16.4 million. After correction regarding the paid rent (= EBITDAL), the adjusted EBITDAL dropped by 93.6%, to € 3.6 million.

The adjusted EBITDA margin was 14.5% and the adjusted EBITDA per visitor decreased from € 3.96 to € 2.01.

Result for the period

Adjusted result in the first half-year decreased by 255.3%, to € -29.3 million, as a result of the lower operating result due to the Covid-19 impact, as well as higher depreciation and financial charges due to the expansion in 2019.

The total result amounted to € -29.7 million, compared to € 18.8 million in the first half of 2019.

The most important one-off costs and revenue (adjustments) in the first half of 2019 were transformation and expansion costs (€ -1.1 million), the impact of the change in corporate income tax legislation (€ +0.6 million) and a number of other items (€ +0.3 million). The positive tax effect on these adjustments amounted to € 0.2 million.

The most important one-off costs and revenue (adjustments) in the first half of 2020 were transformation and expansion costs (€ -0.4 million) and a number of other items (€ -0.1 million). The positive tax effect on these adjustments amounted to € 0.1 million.

Net financial charges increased by € 3.6 million to € 13.6 million. This increase was mainly caused by the private placement of bonds of € 225 million, concluded in 2019, in order to finance, among others things, the expansion in Spain and the United States with the acquisition of MJR Digital Cinemas.

The effective tax rate was 24.9%, compared to 28.1% in the same period the year before, due to the decrease in the corporate tax rate in a number of countries.

Result per share amounted to € -1.1.

Free cash flow and net financial debt

Free cash flow decreased by € 54.5 million, to € -29.4 million, due to the lower operating result, a sharp reduction in working capital and higher interest paid. This decrease was somewhat offset by the scaling back of maintenance investments and the lower taxes paid.

In the first half of 2020, € 16.1 million was invested in, among other things, the construction of new cinemas (Haarlem and Leidschendam in the Netherlands), the renovation of the previously acquired

'Full' cinema in Barcelona (ES), product innovation, further conversion to laser projection, including four Laser ULTRA theatres in Canada, as well as the further roll-out of ScreenX and RealD 3D. Maintenance investments decreased by € 7.9 million, to € 4.5 million, due to the discontinuation of the maintenance programs in the second quarter as a result of the Covid-19 crisis.

The net financial debt, excluding lease liabilities, rose from € 417.0 million to € 462.8 million due to the negative free cash flow as a result of the discontinuation of activities in the second quarter. The ratio of NFD (excluding lease liabilities) to adjusted EBITDAL increased from 2.89 on 31 December 2019 to 5.04 on 30 June 2020.

Kinepolis only applies conditions to its bank debt with regard to, among other things, the maximum debt ratio (covenants). This only relates to € 146.9 million of the total gross debt, excluding lease liabilities. No covenants apply to the other debts. As a result of the Covid-19 pandemic, Kinepolis has reached an agreement with its financial institutions that a so-called "covenant holiday" will be allowed until 30 June 2021. This means that, among other things, the conditions with regard to the maximum debt ratio in relation to the EBITDAL will be temporarily suspended until the half-year figures as per 30 June 2021. These conditions, which only apply to bank debt, will be replaced by, among other things, a liquidity covenant, which stipulates that the sum of the available cash and confirmed credit lines must be at least € 30.0 million during the term of this "covenant holiday".

Balance sheet

The non-current assets (€ 1,118.8 million) represented 86.1% of the balance sheet total (€ 1,299.3 million) as per 30 June 2020. This includes land and buildings (including investment properties) with a carrying value of € 412.4 million.

Equity amounted to € 177.9 million on 30 June 2020. The solvency ratio was 13.7%, compared to 16.5% at the end of 2019.

Important events since 1 January 2020

Opening of a ScreenX theatre in Antwerp
The first Belgian ScreenX theatre opened its doors in Antwerp at the beginning of February 2020. ScreenX is a multi-projection cinema technology, designed to take the cinema experience to the next level. The technology creates a 270-degree film experience by extending the scenes to the side walls of the theatre, allowing the audience to look beyond the frame of a traditional cinema screen.

Kinepolis free to open new cinemas in Belgium from August 2021
On 23 October 2019, the Brussels Court of Appeal annulled the ruling of the Belgian Competition Authority (BCA) of 25 March 2019 and decided to abolish the condition that prevents Kinepolis from growing organically in Belgium. The Competition Authority then commented on the transitional period on 11 February 2020, ruling that Kinepolis would no longer require prior permission to open new cinema complexes in its home market from 12 August 2021.

New-build project in Haarlem
Kinepolis is currently building a new cinema in the Schalkwijk centre in Haarlem (NL). The cinema complex will have 6 screens and 934 seats, and all the screens will have laser projection technology. Kinepolis expects to receive approximately 300,000 visitors a year. The opening of this new cinema fits

in with the redevelopment of the Schalkwijk centre. The project for the new cinema in Haarlem was acquired by Kinepolis as part of the takeover of NH Cinemas in January 2018.

'Mall of the Netherlands' new-build project
Kinepolis also plans to open a new cinema as part of the 'Mall of the Netherlands' project in Leidschendam (NL). The Mall of the Netherlands is a project by Unibail-Rodamco-Westfield, in which the Leidsenhage shopping centre will be transformed into the largest shopping centre in the Netherlands. The cinema will have 11 screens, and Kinepolis expects to receive approximately 500,000 visitors a year.

Metz Waves new-build project
Kinepolis plans to open a new cinema in the Waves-Actisud commercial centre in Moulins-lès-Metz in the first quarter of 2021. The cinema will have 6 screens and around 900 seats. Kinepolis expects to receive approximately 300,000 visitors per year in this new French establishment.

South East Edmonton new-build project
Landmark Cinemas Canada and the Forster Harvard Development Corp. announced in 2019 that Landmark Cinemas is bringing its premium "recliner" cinema experience to the "Grove on 17" site in the Tamarack region in south-eastern Edmonton, Canada. All eight film theatres will be equipped with the Landmark luxury "recliner" seat concept in a full stadium layout. The new eight-screen cinema will be fully equipped with Cinionic Barco laser projection and will also have a "MarketPlace" shop, in line with the well-known Kinepolis shop concept.

Laser strategy progress
As part of the agreement with Barco's cinema joint venture Cinionic, signed in June 2018, to convert much of its projector fleet to laser by 2021, Kinepolis added Cinionic's Laser Light Upgrades to its laser product portfolio in the first half of the year. Laser Light Upgrades allow cinemas to upgrade existing projectors and enjoy the benefits of laser projection. With the addition of RGB+ laser technology, upgraded projectors provide crystal-clear image quality while also being more energy efficient and requiring less maintenance.

Four new Laser ULTRA theatres were also opened in Canada in the first half of 2020. These renovations were ongoing at the time of the shut-down due to the Covid-19 virus.

Launch of the 'Kinepolis on Tour' drive-in concept
Kinepolis launched the 'Kinepolis on Tour' drive-in cinema concept in Belgium at the beginning of the summer. During the summer, "Kinepolis on Tour" is visiting various locations to allow visitors to enjoy a film on the largest mobile LED screen in the world from the comfort of their car. Kinepolis On Tour hosted 7,800 cars in July, spread over 65 performances. 90% of the visitors subsequently indicated that they wanted to come back for another performance this summer. After Maldegem, Bilzen, Brussels, Durbuy and Bruges, three locations are on the programme for August: Machelen, Liege and Harelbeke.

Renovation of the 'Full' cinema in Barcelona
In Spain, the closure was used to thoroughly renovate the "Full" cinema acquired in Barcelona last year. For example, the cinema was fitted with a completely renovated shop, entirely in line with Kinepolis' well-known self-service shop concept. The cinema in Barcelona, which has 28 screens and more than 2,500 seats, will continue to operate under the established "Full" brand.

Line-up for the second half of 2020

The most popular films at the moment are ‘Bigfoot Family’, ‘Greenland’, ‘Ava’, ‘Onward’ and ‘Pinocchio’. Upcoming hits include ‘Tenet’, ‘The King’s Man’, ‘Wonder Woman 1984’, ‘No Time to Die’, ‘Black Widow’, ‘Soul’ and ‘West Side Story’. The local film programme includes 'Miss' and 'Les Tuches 4' in France, 'Red Sandra' and 'De Familie Claus' in Flanders, 'Alles is zoals het zou moeten zijn (*Everything is as it should be)*’ in the Netherlands and ‘Padre no hay más que uno 2’ and ‘Operación Camarón’ in Spain. Live opera and ballet will be complemented by art (‘Exhibition on Screen’), sports and concerts.

Financial calendar

Thursday 12 November 2020	Business update third quarter 2020
Thursday, 25 February 2021	Annual results for 2020
Wednesday 12 May 2021	Business Update Q1 2021
Wednesday 12 May 2021	General Meeting

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About Kinepolis

Kinepolis Group NV was formed in 1997 as a result of the merger of two family-run cinema groups and was listed on the stock exchange in 1998. Kinepolis offers an innovative cinema concept which serves as a pioneering model within the industry. In addition to its cinema business, the Group is also active in film distribution, event organization, screen publicity and property management.

In Europe, Kinepolis Group NV has 55 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. Since the acquisition of Canadian movie theatre group Landmark Cinemas and American movie theatre group MJR Digital Cinemas, Kinepolis also operates 45 cinemas in Canada and 10 in the US.

In total, Kinepolis Group currently operates 110 cinemas worldwide, with a total of 1,075 screens and almost 200,000 seats. Kinepolis employs 4,600 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinepolis.com/corporate.

CONDENSED CONSOLIDATED INCOME STATEMENT IN '000 €	Note	30/06/2020	30/06/2019
Revenue	9	112 575	238 080
Cost of sales		-125 403	-176 620
Gross result		**-12 828**	**61 460**
Marketing and selling expenses		-7 020	-11 710
Administrative expenses		-11 028	-14 223
Other operating income		5 078	986
Other operating expenses		- 53	- 352
Operating result		**-25 851**	**36 161**
Financial income		832	337
Financial expenses		-14 468	-10 339
Result before tax		**-39 487**	**26 159**
Income tax expenses		9 831	-7 351
RESULT FOR THE PERIOD		**-29 656**	**18 808**
Attributable to:			
Owners of the Company		-29 555	18 796
Non-controlling interests		- 101	12
RESULT FOR THE PERIOD		**-29 656**	**18 808**
Basic result per share (€)		**-1,10**	**0,70**
Diluted result per share (€)		**-1,09**	**0,70**

The notes are an integral part of the half-yearly financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN '000 €	30/06/2020	30/06/2019
Result for the period	-29 656	18 808
Realised results	**-29 656**	**18 808**
Items to be reclassified to profit or loss if specific conditions are met in the future:		
Translation differences of intra-group non-current borrowings in foreign currencies	-1 875	2 185
Translation differences of annual accounts in foreign currencies	-2 584	2 609
Cash flow hedges - effective portion of changes in fair value	40	- 13
Taxes on other comprehensive income	- 18	- 39
Other comprehensive income for the period, net of income tax	**-4 437**	**4 742**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-34 093**	**23 550**
Attributable to:		
Owners of the Company	-33 958	23 506
Non-controlling interests	- 135	44
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-34 093**	**23 550**

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS IN '000 €	Note	30/06/2020	31/12/2019
Intangible assets		12 704	12 987
Goodwill	7	168 143	169 374
Property, plant and equipment		532 142	542 324
Right-of-use assets	12	379 438	397 212
Investment property		16 322	16 881
Deferred tax assets	13	2 512	1 227
Other receivables		7 535	9 011
Other financial assets		27	27
Non-current assets		**1 118 823**	**1 149 043**
Inventories		4 882	5 851
Trade and other receivables		23 505	53 385
Current tax assets		7 034	1 303
Cash and cash equivalents		143 383	72 473
Assets classified as held for sale		1 684	1 767
Current assets		**180 488**	**134 779**
TOTAL ASSETS		**1 299 311**	**1 283 822**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES IN '000 €	Note	30/06/2020	31/12/2019
Share capital		18 952	18 952
Share premium		1 154	1 154
Consolidated reserves		162 638	191 448
Translation differences		-5 007	- 582
Total equity attributable to owners of the Company		**177 737**	**210 972**
Non-controlling interests		**146**	**281**
Total equity		**177 883**	**211 253**
Loans and borrowings	10 + 11	479 723	479 513
Lease liabilities	12	368 738	383 052
Provision for employee benefits		1 033	1 036
Provisions		2 029	2 284
Deferred tax liabilities		15 921	20 408
Derivative financial instruments		129	169
Other payables		7 117	6 939
Non-current liabilities		**874 690**	**893 401**
Bank overdrafts		174	115
Loans and borrowings	10 + 11	126 599	10 099
Lease liabilities	12	31 778	33 091
Trade and other payables		84 609	132 740
Provisions		538	549
Current tax liabilities		3 040	2 574
Current liabilities		**246 738**	**179 168**
TOTAL EQUITY AND LIABILITIES		**1 299 311**	**1 283 822**

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW IN '000 €	Note	30/06/2020	30/06/2019
Result before tax		-39 487	26 159
Adjustments for:			
Depreciations and amortisations		40 857	32 473
Provisions and impairments		867	600
Government grants		- 361	- 403
(Gains) Losses on sale of property, plant and equipment		- 13	- 309
Change in fair value of derivative financial instruments and unrealised foreign exchange results		261	43
Unwinding of non-current receivables and provisions		- 137	- 160
Share-based payments		244	356
Amortisation of refinancing transaction costs		255	171
Interest expenses and income		12 557	8 589
Forgiveness of lessee's lease payments	12	-3 855	
Change in inventory		934	- 328
Change in trade and other receivables		31 973	866
Change in trade and other payables		-52 021	-4 285
Cash from operating activities		**-7 926**	**63 772**
Income taxes paid		- 874	-6 443
Net cash from operating activities		**-8 800**	**57 329**
Acquisition of intangible assets		-1 202	-1 254
Acquisition of property, plant and equipment and investment property		-19 292	-27 568
Advance lease payments	12	- 41	
Acquisition of subsidiaries, net of acquired cash		- 87	-26 024
Proceeds from sale of investment property, intangible assets and property, plant and equipment		33	723
Net cash used in investing activities		**-20 589**	**-54 123**
Investment contributions	12	399	
Payment of lease liabilities incl. forgiveness of lessee's lease payments	12	-7 481	-9 151
Proceeds from loans and borrowings	10	116 500	59 990
Repayment of loans and borrowings			-59 395
Payment of transaction costs with regard to refinancing obligations		- 45	
Interest paid		-3 781	-6 627
Interest received		6	59
Paid interest related to lease liabilities	12	-5 323	-4 202
Sale of treasury shares		478	
Dividends paid			-24 723
Net cash - used in / + from financing activities		**100 753**	**-44 049**
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**71 364**	**-40 843**
Cash and cash equivalents at beginning of the period		72 358	65 345
Cash and cash equivalents at end of the period		143 209	24 964
Effect of exchange rate fluctuations on cash and cash equivalents		- 513	462
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**71 364**	**-40 843**

The notes are an integral part of the half-yearly financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY							2020
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 31 December 2019	**20 106**	**- 582**	**206**	**-22 830**	**3 088**	**210 985**	**281**	**211 254**
Result for the period						-29 555	- 101	-29 656
Realised results						**-29 555**	**- 101**	**-29 656**
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences		-4 425					- 34	-4 459
Cash flow hedges - effective portion of changes in fair value			40					40
Income taxes on other comprehensive income			- 18					- 18
Other comprehensive income for the period, net of income tax		**-4 425**	**22**				**- 34**	**-4 437**
Total comprehensive income for the period		**-4 425**	**22**			**-29 555**	**- 135**	**-34 093**
Sale of treasury shares				220		258		478
Share-based payments					132	112		244
Total transactions with owners, recorded directly in equity				**220**	**132**	**370**		**722**
At 30 June 2020	**20 106**	**-5 007**	**228**	**-22 610**	**3 220**	**181 800**	**146**	**177 883**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OF THE COMPANY							2019
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 31 December 2018	**20 106**	**-4 164**	**54**	**-22 830**	**2 365**	**181 872**	**214**	**177 617**
Result for the period						18 796	12	18 808
Realised results						**18 796**	**12**	**18 808**
Items to be reclassified to profit or loss if specific conditions are met in the future:								
Translation differences		4 761					32	4 793
Cash flow hedges - effective portion of changes in fair value			- 13					- 13
Income taxes on other comprehensive income			- 39					- 39
Other comprehensive income for the period, net of income tax		**4 761**	**- 52**				**32**	**4 742**
Total comprehensive income for the period		**4 761**	**- 52**			**18 796**	**44**	**23 550**
Dividends						-24 723		-24 723
Share-based payments					356			356
Total transactions with owners, recorded directly in equity					**356**	**-24 723**		**-24 367**
At 30 June 2019	**20 106**	**597**	**2**	**-22 830**	**2 721**	**175 945**	**258**	**176 800**

The notes are an integral part of the half-yearly financial report.

										30 June 2020
CONDENSED SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	20 816	15 100	23 278	9 660	16 170	11 299	3 574	1 162		101 059
Intersegment revenue	11 545	- 20						- 9		11 516
Revenue	**32 361**	**15 080**	**23 278**	**9 660**	**16 170**	**11 299**	**3 574**	**1 153**		**112 575**
Segment result	**- 6 964**	**- 2 984**	**- 9 264**	**- 2 132**	**- 226**	**- 3 982**	**- 360**	**61**		**- 25 851**
Financial income									832	832
Financial expenses									- 14 468	- 14 468
Result before tax										**- 39 487**
Income tax expense									9 831	9 831
RESULT FOR THE PERIOD										**- 29 656**
Capital expenditure	**3 365**	**1 792**	**5 594**	**1 105**	**8 084**	**126**	**399**	**29**		**20 494**

										30 June 2020
CONDENSED SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment assets	**104 365**	**130 027**	**350 110**	**144 482**	**183 105**	**190 217**	**20 417**	**23 632**	**152 956**	**1 299 311**
Segment equity and liabilities	**47 465**	**45 470**	**251 755**	**62 134**	**27 157**	**58 132**	**3 271**	**458**	**803 469**	**1 299 311**

										30 June 2019
CONDENSED SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment revenue	85 753	38 215	63 390	27 461	28 720		8 100	2 241		253 880
Intersegment revenue	- 15 760	- 21						- 19		- 15 800
Revenue	**69 993**	**38 194**	**63 390**	**27 461**	**28 720**		**8 100**	**2 222**		**238 080**
Segment result	**8 145**	**9 437**	**5 338**	**5 509**	**5 060**		**1 984**	**688**		**36 161**
Financial income									337	337
Financial expenses									- 10 339	- 10 339
Result before tax										**26 159**
Income tax expense									- 7 351	- 7 351
RESULT FOR THE PERIOD										**18 808**
Capital expenditure	**7 643**	**6 560**	**7 811**	**1 931**	**3 079**		**1 484**	**314**		**28 822**

										31 December 2019
CONDENSED SEGMENT INFORMATION IN '000€	BELGIUM	FRANCE	CANADA	SPAIN	NETHERLANDS	UNITED STATES	LUXEMBOURG	OTHERS* (POLAND AND SWITZERLAND)	NOT ALLOCATED	TOTAL
Segment assets	**119 318**	**138 691**	**377 573**	**148 919**	**181 679**	**196 903**	**21 774**	**23 935**	**75 030**	**1 283 822**
Segment equity and liabilities	**62 384**	**52 060**	**277 010**	**67 596**	**33 246**	**61 392**	**5 321**	**682**	**724 131**	**1 283 822**

* The other operating segment includes Poland and Switzerland. None of these segments met the quantitative thresholds for reportable segments in 2019 and 2020.
The notes are an integral part of the half-yearly financial report.

ADJUSTMENTS IN '000€	30 June 2020	30 June 2019
EBITDA	- 383	- 835
Depreciations, amortisations and impairment losses	-253	
Provisions	128	-38
Income tax expense	131	824
Net impact of adjustments	- 377	- 49

RECONCILIATION OF ADJUSTED RESULT IN '000€	30 June 2020	30 June 2019
Operating result	-25 851	36 161
Financial result	-13 636	-10 002
Result before tax	-39 487	26 159
Income tax expenses	9 831	-7 351
Result for the period	-29 656	18 808
Net impact of adjustments	377	49
Adjusted result for the period	-29 279	18 857

RECONCILIATION OF EBITDAL IN '000€	30 June 2020	30 June 2019
EBITDA	15 983	69 234
Costs related to lease contracts	-12 764	-14 143
EBITDAL	3 219	55 091

RECONCILIATION OF ADJUSTED EBITDAL IN '000€	30 June 2020	30 June 2019
EBITDAL	3 219	55 091
Impact of adjustments on EBITDAL	383	835
Adjusted EBITDAL	3 602	55 926

RECONCILIATION ADJUSTED EBTIDA VS EBITDA IN '000€	30 June 2020	30 June 2019
Operating result	-25 851	36 161
Depreciations and amortisations	40 857	32 473
Provisions and impairments	977	600
EBITDA	15 983	69 234
Impact of adjustments on EBITDA	383	835
Adjusted EBITDA	16 366	70 069

RECONCILIATION OF NET FINANCIAL DEBT IN '000€	30 June 2020	31 December 2019
Financial debt	1 007 012	905 870
Cash and cash equivalents	-143 383	-72 473
Tax shelter investments	- 304	- 304
Net financial debt	863 325	833 093

RECONCILIATION OF NET FINANCIAL DEBT EXCL. LEASE LIABILITIES IN '000€	30 June 2020	31 December 2019
Financial debt excl. lease liabilities	606 496	489 727
Cash and cash equivalents	-143 383	-72 473
Tax shelter investments	- 304	- 304
Net financial debt excl. lease liabilities	462 809	416 950
Impact lease liabilities	400 516	416 143
Net financial debt	863 325	833 093

RECONCILIATION FREE CASH FLOW IN '000€	30 June 2020	30 June 2019
Cash flow from operating activities	-7 926	63 772
Income taxes paid	- 874	-6 443
Maintenance capital expenditures for intangible assets, property, plant and equipment and investment property	-4 459	-12 372
Interest paid / received	-3 775	-6 568
Payment of lease liabilities	-12 405	-13 353
Free cash flow	-29 439	25 036

RECONCILIATION ROCE IN '000€ (last 4 quarters)	30 June 2020	31 December 2019
Operating result	39 026	101 037
Impact of adjustments on EBIT	2 556	2 921
Adjusted EBIT	41 582	103 958
Average non-current assets	1 013 667	853 598
Average deferred tax assets	-1 936	-1 327
Average assets classified as held for sale	4 270	4 379
Average inventories	5 179	5 384
Average trade receivable	21 727	38 515
Average trade payables	-67 002	-96 187
Capital employed	975 904	804 362
Return on capital employed (ROCE)	4,3%	12,9%

RECONCILIATION ROCE EXCL. IFRS 16 IN '000€ (last 4 quarters)	30 June 2020	31 December 2019
Operating result + IFRS 16 depreciations - lease payments	39 492	97 308
Impact of adjustments on EBIT	2 556	2 921
Adjusted EBIT excl. IFRS 16	42 048	100 229
Average non-current assets excl. right-of-use assets	665 683	654 992
Average deferred tax assets excl. impact IFRS 16	-2 291	-1 594
Average assets classified as held for sale	4 270	4 379
Average inventories	5 179	5 384
Average trade receivable	21 727	38 515
Average trade payables	-67 002	-96 187
Capital employed excl. IFRS 16	627 566	605 490
Return on capital employed (ROCE) excl. IFRS 16	6,7%	16,6%

RECONCILIATION CURRENT RATIO IN '000€	30 June 2020	31 December 2019
Current assets	180 488	134 779
Current liabilities	246 738	179 168
Current ratio	0,73	0,75

RECONCILIATION CURRENT RATIO EXCL. CURRENT LEASE LIABILITIES IN '000€	30 June 2020	31 December 2019
Current assets	180 488	134 779
Current liabilities excl. current lease liabilities	214 960	146 077
Current ratio excl. current lease liabilities	0,84	0,92

RECONCILIATION CAPITAL EXPENDITURE ACCORDING TO THE STATEMENT OF CASH FLOW IN '000€	30 June 2020	30 June 2019
Acquisition of intangible assets	1 202	1 254
Acquisition of property, plant and equipment and investment property	19 292	27 568
Advance lease payments	41	
Acquisition of subsidiaries, net of cash acquired	87	26 024
Proceeds from sale of investment property, intangible assets and property, plant and equipment	- 33	- 723
Total capital expenditure according to the consolidated statement of cash flow	20 589	54 123

RECONCILIATION GEARING RATIO IN '000€	30 June 2020	31 December 2019
Net financial debt	863 325	833 093
Equity	177 883	211 253
Gearing ratio	4,85	3,94

RECONCILIATION GEARING RATIO EXCL. LEASE LIABILITIES IN '000€	30 June 2020	31 December 2019
Net financial debt excl. lease liabilities	462 809	416 950
Equity	177 883	211 253
Gearing ratio excl. lease liabilities	2,60	1,97

The notes are an integral part of the half-yearly financial report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2020

1. Information about the Company

Kinepolis Group NV (the "Company") is a company based in Belgium. The condensed consolidated interim financial statements of Kinepolis Group NV for the period ended 30 June 2020 include the Company and its subsidiaries (jointly referred to as the "Group").

The unaudited condensed consolidated interim financial statements were approved for publication by the Board of Directors on 18 August 2020.

2. Statement of compliance

The condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting", as published by the International Accounting Standards Board (IASB) and approved by the European Union. They do not contain all the information required for the financial report, and should be read in conjunction with the Group's consolidated annual report for the financial year ended 31 December 2019.

The Group's consolidated annual financial statements for the financial year 2019 are available on the corporate.kinepolis.com website, and are available free of charge from Investor Relations upon request.

3. Summary of the significant accounting principles

The financial accounting policies used by the Group in these condensed consolidated interim financial statements are, except as set out below, fully in accordance with the policies applied by the Group in the consolidated annual financial statements for the financial year 2019.

The amendments to standards that were effective from 1 January 2020 have no material impact on the condensed consolidated interim financial statements for the six months ended 30 June 2020, except for the impact of the amendment to IFRS 16.

Amendments to standards adopted by the Group

The IASB **issued Covid-19-Related Rent Concessions (Amendment to IFRS 16)** on 28 May 2020. The amendment provides an optional practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the Covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 June 2020, with earlier application permitted. The amendment received a favourable opinion from EFRAG and was approved by ARC. EU endorsement is expected in the coming months. The Group already applied the amendment to IFRS 16 when preparing the condensed consolidated interim financial statements as per 30 June 2020.

The Group makes use of the optional practical expedient, and applies it retroactively to all rent concessions, that are a direct result of the Covid-19 pandemic, and meet the following conditions:

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

If the rent concessions resulting directly from the Covid-19 pandemic meet the conditions, they are treated as if they were not lease modifications. The rent concessions are then processed in the same way as a negative variable lease payment, and are therefore included in the consolidated income statement under "Other operating income", as part of "Operating result". We refer to note 12 for more information.

Standards that are not yet applied by the Group

A number of new standards, amendments to standards and interpretations are not yet effective for the annual periods ended on 31 December 2020, and have not been applied in the preparation of these condensed consolidated interim financial statements.

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

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current, issued on 23 January 2020, clarifies 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.

The amendments are effective for annual periods beginning on or after 1 January 2022. However the IASB has issued an exposure draft to defer the effective date to 1 January 2023 as a result of the Covid-19 pandemic. These amendments have not yet been endorsed by the EU.

Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as well as Annual Improvements, issued on 14 May 2020, include several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between the requirements in the Standards:
- **Amendments to IFRS 3 Business Combinations** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting, without changing the accounting requirements for business combinations.
- **Amendments to IAS 16 Property, Plant and Equipment** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** specify which costs a company includes when assessing whether a contract will be loss-making.
- **Annual Improvements** make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.

The amendments are effective for annual periods beginning on or after 1 January 2022. These amendments have not yet been approved by the EU.

4. Significant impact of the Covid-19 pandemic

Following the worldwide Covid-19 outbreak, Kinepolis was forced to close all of its cinemas as of mid-March. Our absolute priority has always been the health of our movie lovers and our staff, and we rely on the expert advice of the competent authorities in each country regarding the duration of the closure, as well as the conditions for reopening. Cinemas in all countries, except the United States, have now been re-opened. In all countries, Kinepolis applies a strict safety protocol for visitors and staff, whereby respecting appropriate distances, managing visitor flows and adhering to strict hygiene rules being of utmost importance.

The strategy and nature of the company, characterised by maximum cost variability, a solid real estate position with a large proportion of cinema real estate owned, a decentralised organisation and a facts-and-figures driven corporate culture, help Kinepolis Group to manage this crisis optimally.

In recent months, measures have been taken to reduce the operating cost base and protect the company's cash flow situation. Kinepolis' activities are such that, under normal circumstances, approximately 70% of the costs affecting EBITDA are variable. Thanks to the strategy adopted in recent years of thinking about revenue-enhancing and efficiency-driven measures at cinema and team level, there is detailed knowledge available at every level of the organisation about the cost structure and the measures to be taken to influence certain costs. This has enabled Kinepolis to take swift action in order to make even more costs variable, resulting in almost 80% of operating costs being variable at present. Naturally, the measures taken by the authorities in the various countries in which Kinepolis operates have also helped. Efforts were also made at management level, such as voluntary salary reductions or the postponement of its payment by executive and senior management, the reduction of fees for the Board of Directors and the postponed payment of the bonuses for the year 2019, which was an excellent year. Furthermore the Board of Directors did not made a proposal to the General Meeting to pay a dividend, with regard to the 2019 period, and the General Meeting followed this, proposing instead to transfer the profit to the "Retained earnings" item.

Kinepolis will continue to take all measures necessary to further reduce the impact at all cost levels, including the fixed costs and outgoing cash flows. As an example, all investments that were not urgent or to which no commitment had yet been made, have been stopped. The ongoing investments in the new-build projects in Haarlem (NL), "Mall of the Netherlands" in Leidschendam (NL), Metz Waves (FR) and South East Edmonton (CA) are being continued.

At the start of the Covid-19 pandemic, Kinepolis held almost € 70.0 million in liquid assets and a line of credit amounting to € 120.0 million. As of 30 June 2020, Kinepolis still has € 143.4 million available in cash. Thanks to the measures taken, Kinepolis has sufficient liquid assets to cope with this crisis. In recent years, Kinepolis has pursued a prudent financial policy. This has resulted in an average maturity date of more than five years for the outstanding financial liabilities. The next major repayment of its bonds will not take place until 2022. Kinepolis also has a strong and healthy balance sheet with an important real estate portfolio. The Group's management is also convinced that it has taken the necessary measures and has sufficient liquidity at its disposal to deal with this crisis. Kinepolis has also reached an agreement with its financial institutions to allow a so-called "covenant holiday" until 30 June 2021. We refer to Note 10 for more information.

In view of the above measures and circumstances, Kinepolis is able to maintain its going concern.

5. Risks and uncertainties

There are no fundamental changes to the risks and uncertainties for the Group as set out in the 2019 Report of the Board of Directors. This information on risks and uncertainties has been included in the 2019 annual report (Part III Financial Report - Corporate Governance).

As a result of the Covid-19 pandemic, Kinepolis, like many other companies, is confronted with some of these risks and uncertainties.

The absolute priority of Kinepolis has always been the health of its movie lovers and staff, and we rely on the expert advice of the competent authorities in each country regarding the duration of the closure, as well as the conditions for reopening. In all countries, Kinepolis applies a strict safety protocol for visitors and staff, whereby respecting appropriate distances, managing visitor flows and adhering to strict hygiene rules being of utmost importance.

Kinepolis has been exposed to the Covid-19 pandemic and the consequences for the economic conditions, but the availability of new content and the timing of the film releases also play a role. Kinepolis is taking measures to further reduce the impact at all cost levels, including fixed costs, and outgoing cash flows. In addition, it tries to make its cost structure as variable as possible and is taking extensive measures to ensure internal efficiency, while closely monitoring the expenditure and margins.

6. Supporting measures

As a result of the outbreak of the Covid-19 virus, the governments, in the various countries where Kinepolis is active, have taken supporting measures. Therefore, Kinepolis has been able to make use of the system of economic unemployment in Belgium and Spain, and the system of wage subsidy in France, the Netherlands, Luxembourg and Canada. In addition, Kinepolis obtained a postponement of payment through various support measures for, among other things, VAT, income taxes, local taxes, property tax, withholding tax and social security contributions.

7. Goodwill

Following the worldwide Covid-19 outbreak, Kinepolis was forced to close all of its cinemas as of mid-March. Due to the closure of all locations, almost all revenue was lost during this period, and this has had a serious impact on the financial results of the Group in 2020.

In the short term, Kinepolis is dependent on the availability and timing of content. In addition, the maximum capacity per theatre and screening is 50% in most countries. Due to the size of the theatres and the historical occupancy rate, this is not a limitation for most of the screenings. Without additional measures, more than 80% of the customers can be received with 35% capacity. By adjusting the screening hours and the programming, this percentage can even be substantially increased to above 90%. For example, important blockbusters can be played at the same time in several theatres of the complex in order to offer everyone the full movie experience.

Kinepolis currently sees no reason to expect the business model to be affected in the longer term, and currently still considers the impact of the Covid-19 pandemic to be a short-term impact that does not change the underlying parameters of its business model. Market studies show that supply and demand will not change in the long term.

Due to the economic situation, the closure of the complexes in mid-March and the restrictions imposed on re-opening, additional analyses were performed on 30 June 2020 on the impairment tests at the end of 2019 in order to determine whether there are any indications of a possible impairment of non-financial assets. During these analyses, the Group considered, among other things, the economic situation, the evolution of visitor numbers, EBITDA and the components that make up the weighted average cost of capital determined by the Group.

Sensitivity analyses were performed with regard to the various parameters used. A sensitivity analysis on EBITDA, in which we allowed the number of visitors to drop by 50% in the tests compared to the budget for the entire 2020, shows that no problems have been identified. Only when we adjust the cost of debt to 5% (this is 2.67% in the calculation of the cost of capital at the end of 2019), this could lead to an impairment in one country. In a sensitivity analysis with the scenario of a 100% drop in visitors over 2020, this could only lead to a limited impairment in one country at an unchanged cost of capital.

At the moment, we have no indicators that the business will be affected by Covid-19 in the longer term, which means that we only foresee an impact in the year 2020 in the sensitivity analysis at the level of EBITDA. However, it can be noted here that there is still sufficient headroom in all countries in the scenario with a 50% drop in visitors over 2020. Headroom is defined here as the ratio between the value in use of the cash-generating units on the one hand, and the 'carrying amount' or book value on the other. This is a factor higher than 2 for all countries. Only for Poland, the Netherlands, Switzerland, Spain and Canada this is a factor between 1.2 and 1.6 at unchanged cost of capital.

A sensitivity analysis was also performed with regard to the parameters of the cost of capital. The projected cost of debt at the end of 2019 was 2.67%. This was at a similar level of 2.70% at the end of June 2020. In terms of the debt/equity ratio, we see a significant increase at the end of June 2020. This is caused, on the one hand, by a decrease in equity, which is based on the enterprise value of the company and therefore evolves with the market capitalisation of the company, and not on the consolidated equity. On the other hand, there is an increase in debt due to the inclusion of available credit lines in the context of bridging the Covid-19 situation. Given the above elements, we do not expect an increase in the cost of capital, as the development of the parameters will lead to a decrease in the cost of capital. Even an increase in the cost of debt from 2.70% to 4.50% would not give rise to an increase in the cost of capital.

As a result of the analyses performed, no impairments were recognised. Management monitors the impairment tests, as always, at country level.

8. Segment information

We refer to the separate table

9. Revenue

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

IN '000 €	30/06/2020	30/06/2019
Box office	62 444	131 571
In-theatre sales	32 353	67 412
Business-to-business	10 395	26 005
Brightfish	1 387	4 813
Film distribution	1 115	1 351
Technical department	5	27
TOTAL IFRS 15	**107 699**	**231 179**
Real estate	4 876	6 901
TOTAL	**112 575**	**238 080**

10. Financial liabilities - future cash flows

The following table gives an overview of the contractual maturities for the non-discounted financial liabilities at 30 June 2020, including estimated interest payments:

IN '000 €				30/06/2020
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Private placement of bonds	12 256	140 051	369 470	521 777
Bond	635	17 148		17 783
Trade payables	56 351			56 351
Loans and borrowings with credit institutions	127 778	20 708		148 486
Bank overdrafts	174			174
Non-derivative financial liabilities	**197 194**	**177 907**	**369 470**	**744 571**
Interest rate swaps		129		129
Derivative financial instruments		**129**		**129**
TOTAL	**197 194**	**178 036**	**369 470**	**744 700**

The following table gives an overview of the contractual terms for the non-discounted financial liabilities at 31 December 2019, including estimated interest payments:

IN '000 €				31/12/2019
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Private placement of bonds	12 256	107 109	405 156	524 521
Bond	635	17 783		18 418
Trade payables	108 912			108 912
Loans and borrowings with credit institutions	10 481	20 632		31 113
Bank overdrafts	115			115
Non-derivative financial liabilities	**132 399**	**145 524**	**405 156**	**683 079**
Interest rate swaps		169		169
Derivative financial instruments		**169**		**169**
TOTAL	**132 399**	**145 693**	**405 156**	**683 248**

Per 30 June 2020, there was an outstanding draw for € 116.5 million on an existing Group credit facility with a variable interest rate of 0.90%.

Kinepolis only applies conditions to its bank debt with regard to, among other things, the maximum debt ratio (covenants). This is only about € 146.9 million of the total € 606.5 million gross debt excluding lease liabilities. No covenants apply to the other debts. As a result of the Covid-19 pandemic, Kinepolis has reached an agreement with its financial institutions that a so-called "covenant holiday" will be allowed until 30 June 2021. This means that, among other things, the conditions with regard to the maximum debt ratio in relation to the EBITDAL will be temporarily suspended until the half-year figures of 30 June 2021. These conditions, which only apply to bank debt, will be replaced by, among other things, a liquidity covenant, which stipulates that the sum of the available cash and confirmed credit lines must be at least € 30.0 million during the term of this "covenant holiday".

11. 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 clean fair value and the carrying amount of the main interest-bearing financial loans and borrowings (measured at amortised cost).

IN '000 €	30/06/2020		31/12/2019	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Private placement of bonds - fixed interest rate	446 000	431 634	446 000	452 610
Public bond - fixed interest rate	15 878	16 302	15 878	17 037
Interest-bearing loans - variable interest rate	146 855	146 855	30 355	30 355
Bank overdrafts	174	174	115	115
Transaction costs refinancing	- 2 411	- 2 411	- 2 621	- 2 621
TOTAL	**606 496**	**592 554**	**489 727**	**497 496**

The fair value of the public bond with fixed interest rate (Level 2) was determined by discounting future cash flows based on an interest rate of 3.05% (2019: 2.08%) with a maturity date in 2023.

The fair value of the private placement bond of 2015 with fixed interest rate (Level 2) was determined by discounting the future cash flows based on an interest rate of 3.85% (2019: 1.96%) for the bond with a term of 7 years, and 3.49% (2019: 2.47%) for the part of the bond with a term of 10 years.

The fair value of the private placement bond of 2017 with fixed interest rate (Level 2) was determined by discounting the future cash flows based on an interest rate of 3.03% (2019: 1.98%) for the bond with a term of 8 years, and 3.73% (2019: 2.63%) for the part of the bond with a term of 10 years.

The fair value of the private bond placing of 2019 with fixed interest rate (Level 2) was determined by discounting the future cash flows based on an interest rate of 3.24% (2019: 2.66%) for the bond with a term of 7.5 years.

The fair value of the other non-derivative financial assets (loans and receivables) and liabilities (measured at amortised cost) is equal to the carrying amount. The fair value of financial instruments related to the interest rate is determined by discounting the expected future cash flows, taking account of the current market interest rates and the interest rate curve for the remaining term of the investment.

12. Leases

LEASES AS LESSEE

Right-of-use assets

IN '000 €	Land and buildings	Cars	In-theatre sales	Projection equipment	TOTAL
Acquisition value	415.351	4.674	1.026	3.549	424.599
Depreciation and impairment losses	-25.556	-1.276	-235	-319	-27.387
NET CARRYING AMOUNT AT 31/12/2019	**389.795**	**3.397**	**790**	**3.229**	**397.212**
New leases	525	641		41	1.207
Expired leases and disposals		-6			-6
Transfer to other categories				86	86
Adjustments	5.680	39			5.718
Depreciations	-12.738	-796	-128	-257	-13.918
Effect of exchange rate fluctuations	-10.753		-35	-72	-10.860
Acquisition value	409.840	5.235	977	3.590	419.641
Depreciation and impairment losses	-37.332	-1.960	-350	-562	-40.204
NET CARRYING AMOUNT AT 30/06/2020	**372.508**	**3.274**	**628**	**3.028**	**379.438**

Lease liabilities

IN '000 €	TOTAL
NET CARRYING AMOUNT AT 31/12/2019	**416.143**
New leases	1.166
Interest expenses	5.323
Repayments	-12.804
Forgiveness of lessee's lease payments	-3.855
Adjustments	6.111
Effect of exchange rate fluctuations	-11.567
NET CARRYING AMOUNT AT 30/06/2020	**400.516**

New leases
The new leases include € 0.6 million new car leases and € 0.5 million new land and building leases. In addition, the RealD 3D equipment that the Group uses is also included under right-of-use assets. As these assets are fully prepaid, there is no outstanding lease liability for these assets.

Adjustments
A number of existing leases have been adjusted, mainly due to changes to the contractual term and other adjustments such as indexations of future rental amounts. In addition, the Group has received a leasehold inducement for an existing contract that has been deducted from the right-to-use assets. All this has resulted in an adjustment of the lease liability for € 6.1 million and an adjustment of the right-to-use assets of € 5.7 million.

Impact on the consolidated result and cash flow statement

As of 30 June 2020, the Group has included € 13.9 million (30 June 2019: € 11.1 million) depreciations on right-of-use assets and € 5.3 million (30 June 2019: € 4.2 million) interests on lease liabilities in the consolidated income statement.

Impact of the Covid-19 pandemic

As a result of the Covid-19 pandemic, Kinepolis has received rent concessions from the lessor for part of the lease agreements, mainly related to land and buildings. These rent concessions, which are a direct result of the Covid-19 pandemic, include a full or partial forgiveness or deferral of the lease liabilities, and largely relate to the period of closure of the cinemas. Some rent concessions also include a partial forgiveness or deferral of payment for future periods.

Kinepolis makes use of the optional practical expedient in the amendment to IFRS 16 regarding Covid-19-Related Rent Concessions. Thanks to this amendment, rent concessions, that are a direct result of the Covid-19 pandemic and that meet the specified conditions, are accounted for as if they were not lease modifications. The rent concessions are therefore not recognised as a lease modification, meaning that no adjustment to the right-of-use assets and lease liabilities is recognised. The rent concessions, on the other hand, are processed as negative variable lease payments, and are therefore directly included in the consolidated income statement under "Other operating income", part of "Operating result". As of 30 June 2020, the total rent concessions resulting from Covid-19 that are included in the consolidated income statement amount to € 3.9 million.

As of 30 June 2020, the Group has repaid € 12.8 million of lease liabilities (2019: € 13.4 million), of which € 5.3 million (2019: € 4.2 million) is interest. Excluding the rent concessions resulting from Covid-19, the repayment of lease liabilities as at 30 June 2020 would have been € 16.7 million. This can be found in the consolidated cash flow statement under "Cash flow from financing activities".

Financial liabilities - future cash flows

The following table shows the contractual maturities for the non-discounted lease liabilities as of 30 June 2020.

IN '000 €	30/06/2020			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Non-discounted lease liabilities	32.431	122.279	343.994	498.704

The following table shows the contractual maturities for the non-discounted lease liabilities as of 31 December 2019:

IN '000 €	31/12/2019			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Non-discounted lease liabilities	33.764	126.221	357.188	517.173

13. Recognition of deferred tax assets

Deferred tax assets for tax losses carried forward are recognised only if future taxable profits will be available to recover these losses, based on budgets and estimates for the next five years. The budgets and estimates are further expanded to future expected taxable profits in order to analyse the recoverability of the losses and credits.

On tax losses carried forward and unused tax credits for an amount of € 12.5 million (31/12/2019: € 12.6 million), no deferred tax asset has been recognised in the balance sheet, as based on our budgets and estimates, it seems unlikely that sufficient taxable profit will be available in the foreseeable future to enjoy the tax benefit.

A deferred tax asset has been recognised in the balance sheet with respect to tax losses carried forward and unused tax credits amounting to € 44.0 million (31/12/2019: € 26.4 million). It is probable that sufficient taxable profit will be available for these losses.

No deferred tax asset has been recognised for the negative result in Belgium in 2020, as it is expected that the loss can be partly offset against the result of the coming months on the one hand, and can be offset against the profit of the previous period on the other, in accordance with the law of 23 June 2020, published on 1 July 2020, on the temporary tax exemption of profits pending tax losses realised in the Covid-19 period (the so-called 'carry back' system).

14. Transactions with related parties

There are no additional transactions with related parties other than those disclosed in the 2019 annual report (Part III Financial Report - Financial Report - Notes to the consolidated financial statements - Note 29).

15. Subsequent events after 30 June 2020

Except for the additional information provided in the first part of the press release, no additional subsequent events have occurred after 30 June 2020.

16. Other disclosures

For additional information, reference is made to the first part of the press release.

STATEMENT OF MANAGEMENT RESPONSIBILITY

Eddy Duquenne, CEO of Kinepolis Group NV, and Nicolas De Clercq, CFO of Kinepolis Group NV, declare that, to the best of their knowledge, the condensed consolidated interim financial statements, which have been prepared in accordance with the International Financial Reporting Standards (“IFRS”), give a true and fair view of the net assets, the financial position and the results of Kinepolis Group NV. The interim financial report provides a true and fair view of the development and results of the Company and of the Group's position.

Glossary and APMs

The glossary below also contains Alternative Performance Measures (APMs) that are aimed to improve the transparency of financial information.

Gross result
Revenue – cost of sales

Operating result (EBIT)
Gross result – marketing and selling expenses - administrative expenses + other operating income - other operating expenses

Adjusted operating result
Operating result after eliminating adjustments; is used to reflect the operating result from normal operating activities

EBITDA
Operating result + depreciations + amortisations + impairments + movements in provisions

EBITDAL
EBITDA less rent

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 expense / 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 of 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)

Capital expenditure
Capitalised investments in intangible assets, property, plant and equipment and investment property

Gross financial debt
Non-current and current financial liabilities

Net financial debt
Financial debt after deduction of cash and cash equivalents and tax shelter investments

Net financial debt excl. lease liabilities
Financial debt excluding lease liabilities after deduction of cash and cash equivalents and tax shelter investments

ROCE (Return on capital employed)
Adjusted EBIT / (average non-current assets – average deferred tax assets + average assets classified as held for sale + average trade receivables + average inventory – 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

Excluding IFRS 16
The figures, applying the lease standard IFRS 16, have been recalculated according to the former lease standard IAS 17 to make the comparability between the figures of previous reporting periods more transparent