



## Kinopolis Group Business Update Q1 2021 Regulatory release - 29 April 2021

### Kinopolis remains financially solid despite prolonged closures and looks forward to reopening cinemas

In the first quarter of 2021, only the American MJR cinemas and a number of Spanish cinemas were open for all three months. The Kinopolis cinemas in Luxembourg were able to welcome visitors again from 13 January and all Spanish Kinopolis cinemas were open again on 26 March. Of the 46 Landmark complexes in Canada, only 2 to 5 cinemas were open during the first quarter. All cinemas in Belgium, the Netherlands, France and Switzerland remained closed throughout the first quarter. Kinopolis Schaffhausen, the Kinopolis complex in Switzerland, reopened its doors on 19 April.

In the countries where the cinemas are open to the public, the operation is subject to capacity restrictions and other health protection measures. These obviously have a direct impact on cinema attendance, which is further impacted by the worldwide market situation that is causing constant postponement of major film releases.

In this context, which resulted in only 0.4 million visitors in the first quarter, Kinopolis is continuing to optimally manage its cash burn. These efforts, combined with an additional loan of € 80.0 million, ensure that Kinopolis retains sufficient financial resources to bridge the gap for a considerable period to come, even in a full closure scenario.

Over the coming months, Kinopolis will maintain its focus on cash management, on reopening its cinemas and on the future performance of the Group. With these goals in mind, Kinopolis will continue working on the development and implementation of new ideas and optimisations. In the first quarter, Kinopolis also finalised three new construction projects, namely in the Netherlands, France and Canada. These cinemas are ready to open their doors as soon as the Covid-19 measures in the countries concerned allow it.

#### Key figures<sup>1</sup> first quarter 2021<sup>2</sup>

- ★ Due to most cinemas having to keep their doors closed, Kinopolis received only 0.4 million visitors in the first quarter, or 5.0% of visitors compared to the same period last year.
- ★ **Total revenue** decreased less sharply than the number of visitors in all countries.
- ★ **EBITDA** was negative, although the impact has been limited thanks to the cost control measures taken.
- ★ The **net result** was negative due to the negative operating result, depreciations and financial costs, somewhat offset by the tax impact.

<sup>1</sup> Glossary and APMs can be found on the investor relations website of Kinopolis Group.

<sup>2</sup> Figures from 1 January to 31 March 2021, compared to the same period in the previous year.



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- ★ Normalised **free cash flow**, excluding working capital impact, amounted to € -4.7 million per month in the first quarter.
- ★ The **net financial debt** compared to 31 December 2020, excluding lease liabilities, increased from € 513.3 million to € 539.6 million.
- ★ At the end of March 2021, available financial resources amounted to € 144.5 million.

### Important achievements

- ★ The normalised free cash flow (excluding working capital impact) during the first quarter was limited to € -4.7 million per month thanks to strong cost management.
- ★ An additional 3-year bullet loan of € 80.0 million was concluded, in combination with an extension of the covenant holiday until 30 June 2022.
- ★ Completion of new construction projects Kinopolis Leidschendam (NL), Landmark Edmonton Tamarack (CA) and Kinopolis Metz Waves (FR).
- ★ Start-up and/or continuation of new initiatives such as the home delivery service of cinema snacks, 'Kinopolis Privé', 'Kinopolis on Tour' and a streaming studio for hybrid corporate events.

**Eddy Duquenne, CEO Kinopolis Group:** "Kinopolis is today still in a strong financial position. The first quarter is characterised by more closures than in the last months of 2020, and in that context we are managing to limit the cash loss to € -4.7 million per month. Moreover, by taking out a new € 80 million loan earlier this year, we have created additional relief, resulting in € 144.5 million in available financial resources at the end of March.

We are looking forward impatiently to the reopening of our cinemas and to a cinema visit without any restrictions. The hunger of movie lovers is illustrated by the current success of 'Godzilla vs. Kong', a film that people really want to see on the big screen, and the American film studios are continuing to delay their major blockbusters in anticipation of a wide-scale cinema release. Our teams are more than ready to provide customers with the ultimate movie experience as before."



# Kinopolis Group

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#### Notes

In the first quarter, Kinopolis welcomed 0.4 million visitors, barely 5.0% of visitor numbers during the same period last year, due to most cinemas remaining closed for the entire quarter as a consequence of Covid-19 measures imposed by local and national governments. In cinemas that were open, we recorded 25 to 30% of the normal (pre-Covid) attendance, which is actually encouraging considering the lack of content and the far-reaching safety measures.

The top 5 films in the first quarter of 2021 were 'The Croods: A New Age', 'Tom and Jerry', 'Wonder Woman 1984', 'Raya and the Last Dragon' and 'Godzilla vs. Kong'. The most successful local films were 'Hasta el cielo' in Spain and 'Gott, du kannst ein Arsch sein' in Luxembourg.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	United States	Luxembourg	Switzerland	Total
Number of cinemas*	11	14	46	8	20	10	3	1	113
Q1 2021			0,04	0,13		0,18	0,05		0,40
Q1 2020	1,61	1,27	1,98	0,91	1,07	0,98	0,18	0,02	8,01
Q1 2021 vs Q1 2020	-100,0%	-100,0%	-97,8%	-85,5%	-100,0%	-81,6%	-74,7%	-100,0%	-95,0%

\* Operated by Kinopolis. In addition, one cinema (in Poland) is leased to third parties.  
Number of cinemas at 31/03/2021

Total **revenue** decreased less sharply than the number of visitors, mainly due to a smaller decline in revenue from concessions (rental of commercial space) and film distribution.

Revenue per visitor from ticket sales (Box Office) showed a slight drop, mainly because of the country mix and lower sales of 3D and premium experiences due to the lack of blockbusters. Revenue per visitor from beverage and snack sales (In-theatre Sales) increased because of the country mix dominated by the US, with above-average ITS consumption.

Revenue from **B2B activities** and **screen advertising** continued to be strongly impacted by the Covid-19 pandemic, as most complexes were closed.

**Revenue from real estate activities** was also under pressure due to the severe impact of the Covid-19 crisis on the hospitality industry.

**EBITDA** was negative, but the impact was partly offset by the cost control measures taken. Costs fell by nearly half in the first quarter of 2021, compared to the same period the year before.

**Free cash flow** excluding working capital was € -19.5 million in the first quarter. Not taking into consideration a number of one-off annual payments in January and February, the cash burn, again excluding working capital impact, amounted to € -4.7 million per month. This is substantially lower than the calculated cash loss in a fully closed situation (€ -5.8 million per month).

Kinopolis invested a total of € 4.4 million in the first quarter, of which € 4.0 million in new construction projects and internal expansion and € 0.4 million in maintenance.



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The **net financial debt** compared to 31 December 2020, excluding lease liabilities, increased from € 513.3 million to € 539.6 million. This is due to the negative free cash flow combined with the investments in the construction of new complexes.

### **Covid-19 impact and measures**

The strategy and nature of the company, characterised by maximum variability of costs, a solid real estate position, with a large proportion of cinema real estate being owned, a decentralised organisation and a corporate culture driven by facts and figures, have all helped Kinopolis Group to manage this crisis optimally and mitigate its impact.

Kinopolis continues to take measures to further reduce the impact on all cost levels, including fixed costs and cash outflows. All investments that were not urgent or for which no commitments had been made were stopped. Ongoing investments in new construction projects, for which a commitment was already made, continue as planned.

Kinopolis still had € 144.5 million in cash and unused available credit lines as at the end of March 2021, partly attributable to an additional € 80.0 million loan taken out at the start of this year. This means that Kinopolis has ample liquidity to cope with this crisis for a considerable period of time. In recent years, Kinopolis has pursued a prudent financial policy. This has resulted in the average term of more than four years of its outstanding financial liabilities. The next significant repayment of its bonds will not take place until January 2022. Kinopolis also has a strong and healthy balance sheet with an important real estate portfolio.

### **Key events since 1 January 2021**

#### **Kinopolis concludes 3-year credit of € 80.0 million and extends the covenant holiday**

In order to be prepared for possible longer delays before the full resumption of its activities, Kinopolis has taken out, in early January, an additional loan of € 80.0 million with its main bankers for a period of 3 years. In this context, the banks also extended the suspension of the credit covenants ('covenant holiday') until 30 June 2022. These covenants - which include a maximum debt level - were replaced by a liquidity covenant following the extended suspension. In line with the existing bank credit facilities, the additional credit provides for a number of conditions that limit the disposal of assets, acquisitions and the payment of dividends above a financial debt level of 3.75. On account of its strong balance sheet, the rigorous cost control measures applied, the solid real estate position and the back-up of an 80% guarantee provided by Gigarant (the state guarantee fund), Kinopolis succeeded in concluding the additional credit at attractive commercial terms.

#### **Completion of Kinopolis Leidschendam in 'Westfield Mall of the Netherlands'**

On 18 March 2021, the shopping centre 'Westfield Mall of the Netherlands' in Leidschendam (NL) officially opened its doors. The brand-new Kinopolis cinema inside the shopping centre is ready, but is waiting for the government restrictions to be eased before it can welcome its first visitors. 'Westfield Mall of the Netherlands' is a development project of Unibail-Rodamco-Westfield, where the former Leidsenhage shopping centre was transformed into the largest shopping centre in the Netherlands. Kinopolis Leidschendam has 11 cinema screens and Kinopolis expects to receive about 500,000 visitors a year.



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### **Completion of Kinopolis Metz Waves**

Another project that was completed in the first quarter is the new Kinopolis cinema in the Waves-Actisud commercial centre in Moulins-lès-Metz (FR). The cinema complex has 6 screens and around 900 seats, and is ready to open its doors as soon as the French cinemas reopen. Kinopolis expects to welcome about 300,000 visitors a year in this new French establishment.

### **Completion of Landmark Tamarack**

Also in Canada, as soon as the situation allows, a brand-new Landmark cinema will open on the 'Grove on 17' site, located in the Tamarack neighbourhood in southeast Edmonton, Alberta. All eight auditoriums feature Landmark's luxurious recliner seat concept in a full stadium configuration. The new cinema is fully equipped with Barco laser projection from Cinionic and has its own 'Market-Place' shop, in line with the well-known Kinopolis shop concept.

### **Launch of 'Kinopolis Privé' and 'Kinopolis Play' in Luxembourg**

After a successful launch in its American cinemas, Kinopolis introduced the 'Kinopolis Privé' concept in its Luxembourg cinemas. 'Kinopolis Privé' allows cinema enthusiasts to book a private film screening for a group of up to 10 people, while of course respecting the Covid-19 safety measures in force. As part of the 'Kinopolis Privé' concept, 'Kinopolis Play' was launched in Kinopolis Kirchberg on 31 March. 'Kinopolis Play' gives gaming fans the opportunity to book a room to play video games on the big screen with groups of up to 10 people.

### **After its successful Easter edition, 'Kinopolis on Tour' will also take place in May**

After last year's successful summer edition, 'Kinopolis on Tour' set up for two weeks during the Easter holidays on the parking lot of Plopsaland De Panne. The drive-in movie concept allows visitors to enjoy films on the biggest mobile LED screen in the world from the comfort of their cars. The Easter edition of 'Kinopolis On Tour' exceeded all expectations, with 10,000 'Covid bubbles' enjoying a drive-in movie experience. Almost half of all visitors chose to see the new K3 film 'K3: Dans van de Farao'. The successful partnership with Studio 100 will be continued in May, as 'Kinopolis on Tour' settles down in Puurs-Sint-Amands from 12 May to 24 May, on the parking lot of the Studio 100 pop-up theatre.

### **Line-up**

Most cinemas are currently still forced to keep doors closed due to the measures imposed in relation to the Covid-19 pandemic. In countries where cinemas are allowed to open, the most successful films currently on the big screen are 'Godzilla vs. Kong', 'Tom and Jerry', 'Nomadland' (in Luxembourg), 'Mortal Kombat' and 'Demon Slayer The Movie: Mugen Train'. The following titles are among the new films that will soon hit cinemas: 'The Conjuring 3', 'A Quiet Place: Part II', 'Vivo', 'Peter Rabbit 2', and 'Fast & Furious 9'. There are also many local films scheduled for release in the coming months, including 'K3: Dans van de Farao', 'Rookie' and 'Red Sandra' in Flanders, 'Amants', 'Le Sens de la Famille' and 'Eiffel' in France and Wallonia, 'Ostwind - Der Grosse Orkan' in Luxembourg, 'Operación Camarón' in Spain, and 'De Slag om de Schelde' and 'De Veroordeling' in the Netherlands. Live opera, ballet and theatre are as always complemented by art exhibitions and concerts.

### **Financial calendar**

Wednesday 12 May 2021  
Thursday 19 August 2021  
Thursday 28 October 2021

General Meeting  
Half-year results 2021  
Business update Q3 2021



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#### About Kinopolis

Kinopolis 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. Kinopolis 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, Kinopolis Group NV has 58 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, Kinopolis also operates 46 cinemas in Canada and 10 in the US.

In total, Kinopolis Group currently operates 114 cinemas worldwide, with a total of 1,106 screens and almost 200,000 seats. Kinopolis' employees are all committed to giving millions of visitors an unforgettable movie experience. More information on [www.kinopolis.com/corporate](http://www.kinopolis.com/corporate).