

**IMAX**

# IMAX China Full-Year 2021 Financial Results

Feb 23, 2022



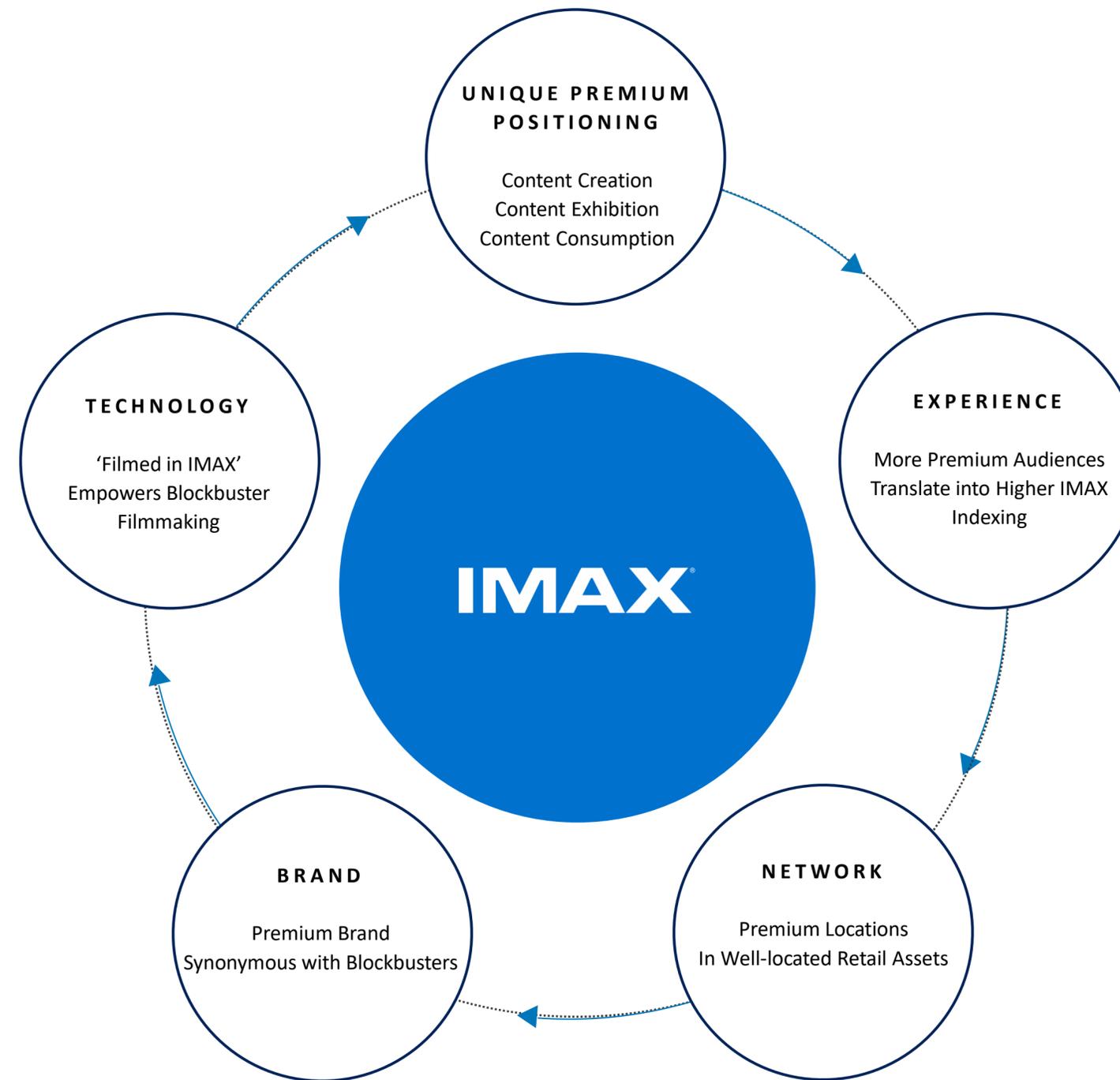
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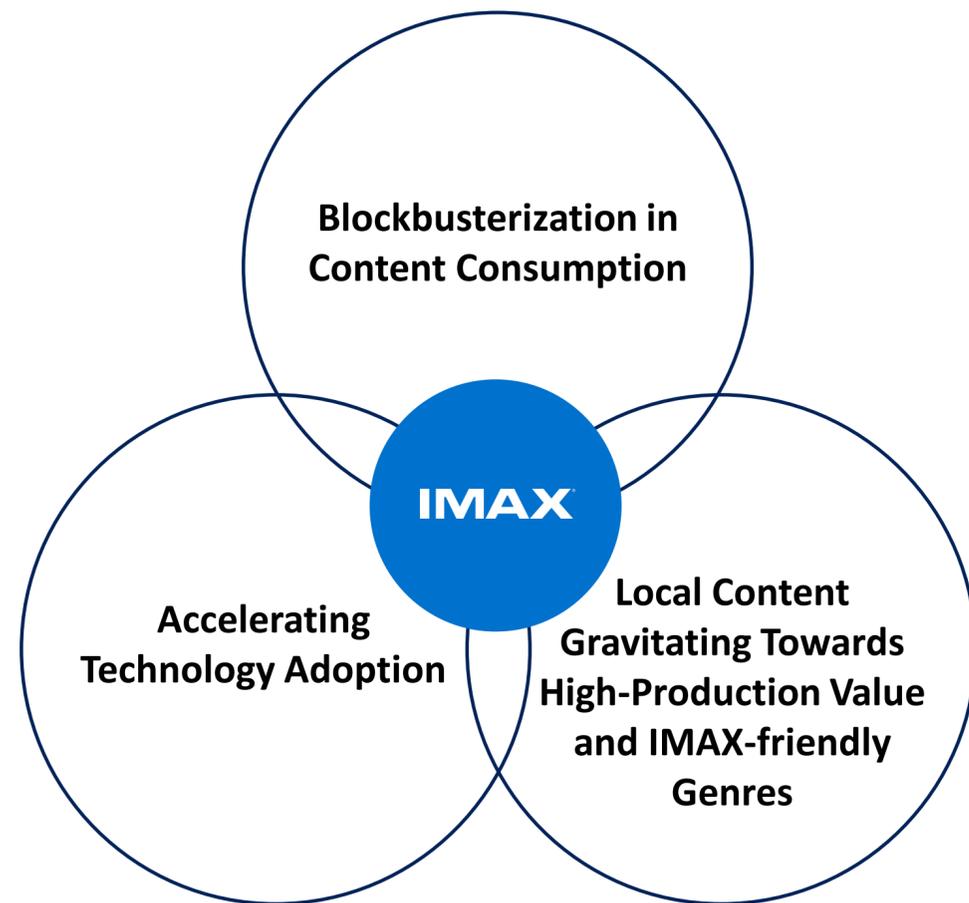
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# IMAX China is Uniquely Positioned to Benefit in the Post-Pandemic Theatrical Space



# Strong Full-Year Results Underscore Growing Demand for IMAX

## Benefits from strong secular tailwinds



## ...drive improving metrics across-the-board

### Strong Financials Turnaround

- Revenue of US\$113 million and adjusted earnings of US\$ 42 million recovered to levels nearly in line with 2019

### Market Share Gain in Local Language

- Record-high local language box office of US\$150 million
- Record-high Chinese New Year opening weekend and National Day Holiday box office
- Deepening IMAX DNA involvement with two out of the top three highest-grossing titles in 2021 being Filmed in IMAX
- Growing local language indexing to c.5%<sup>(1)</sup>

### Strengthening Hollywood Footprint

- Average Hollywood opening weekend indexing accelerated to over 13%<sup>(1)</sup>
- Strong 2022 blockbuster pipeline empowered with IMAX DNA

### Continued Network Expansion

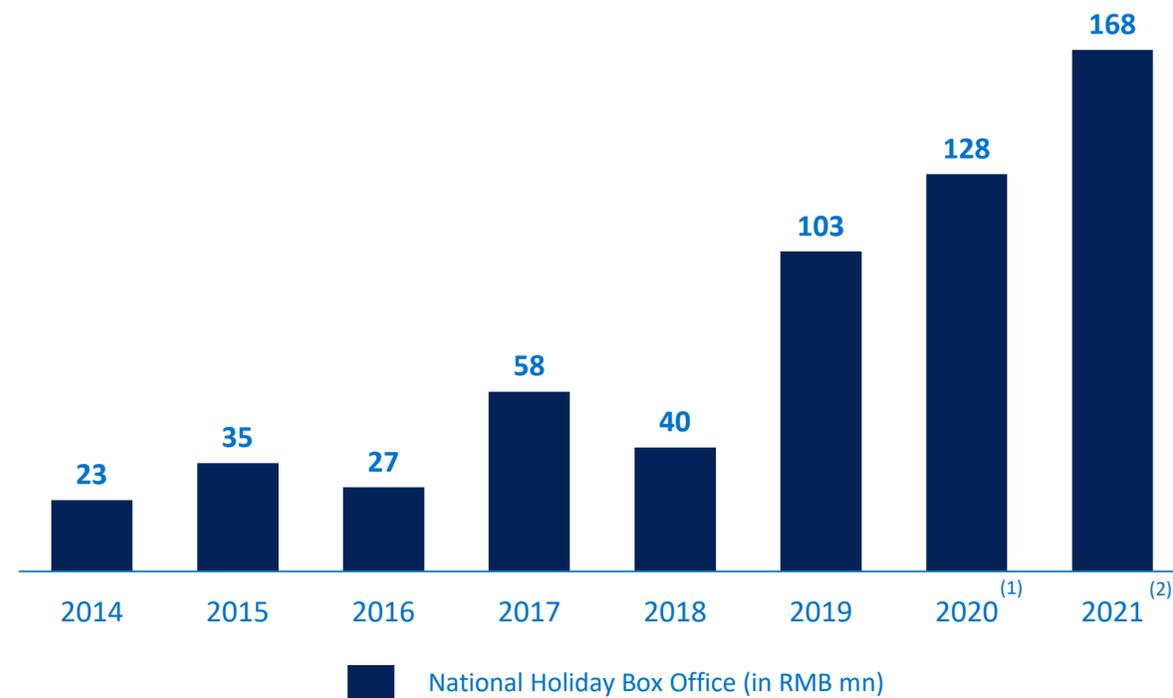
- Growing network to 783 theaters and 215 in backlog
- Sales and maintenance revenue surpassed that of 2019

(1): Average opening weekend indexing

Demonstrated demand for the IMAX Experience from consumers, studios and exhibitors drives strong business turnaround

# Strengthening Local Language Footprint on Rising Production Value and IMAX-friendly Genres

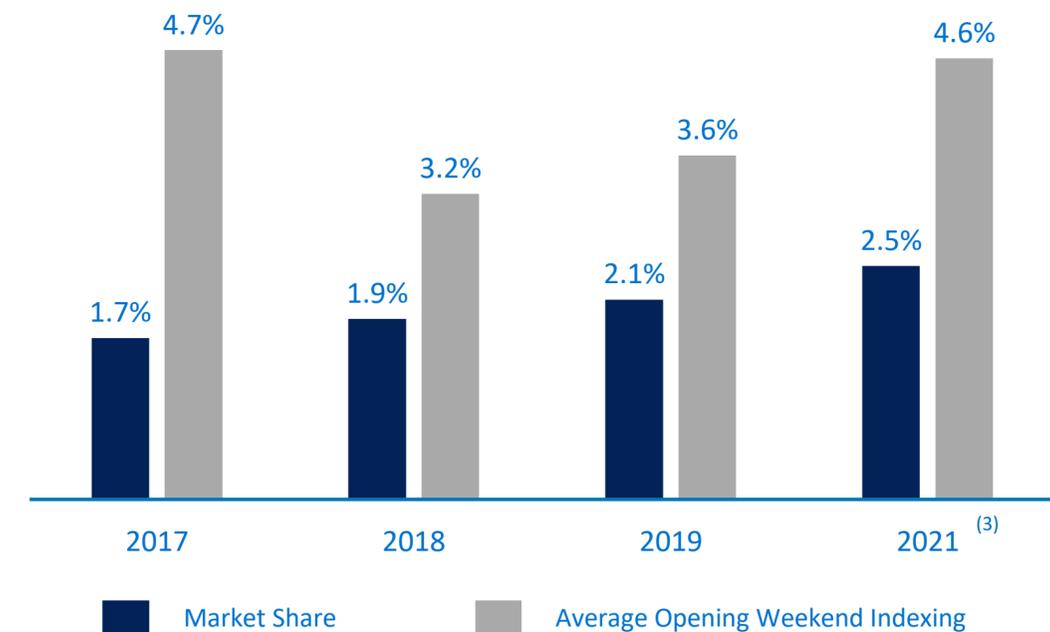
## IMAX China National Day Holiday Box Office



(1):2020 National Day Holiday box office includes Oct 1 to Oct 8  
 (2):2021 National Day Holiday box office includes Sept 30 to Oct 7

Source: Company data, all box office include service fees

## IMAX China Box Office Market Share and Indexing<sup>(3)</sup> in Local Language Titles



(3): Indexing = IMAX China's box office of a single title/ total box office of a single title

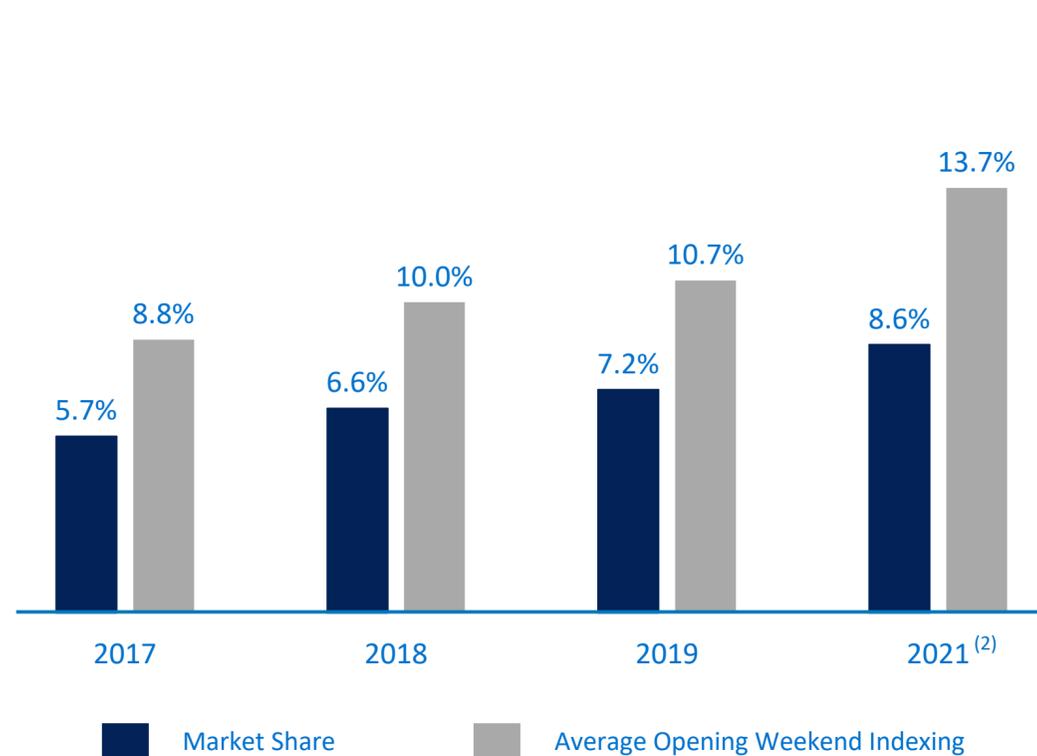
(4): As of Dec 31, 2021

Source: Company data

Record National Holiday box office and share gain in local language content

# 'Blockbusterization' in Content Consumption Drives Higher Indexing and Market Share for IMAX China

IMAX China Box Office Market Share and Indexing<sup>(1)</sup> in Hollywood Titles



(1): Indexing = IMAX China's box office of a single title/ total box office of a single title  
 (2): As of Dec 31, 2021  
 Source: Company data

Average IMAX Opening Weekend Indexing of Major Hollywood Tentpoles



Dune (24% indexing)



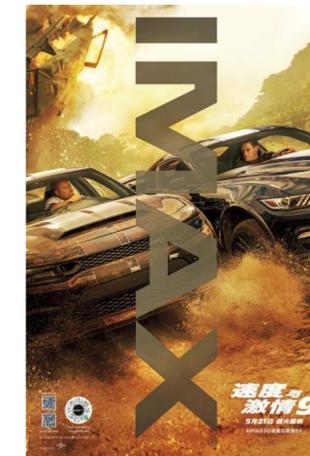
No Time to Die (15% indexing)



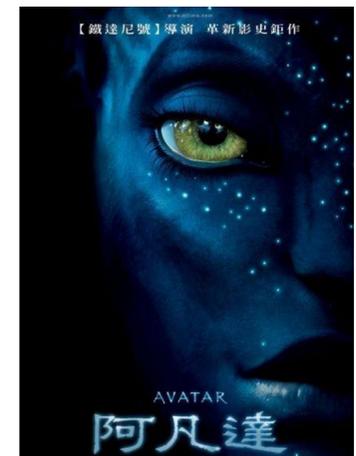
Free Guy (13% indexing)



Godzilla vs. Kong (12% indexing)



Fast and Furious 9 (9% indexing)



Avatar re-release (31% indexing)

IMAX China's average indexing and market share in Hollywood titles accelerated to over 13% and 8% respectively

# Strong Pipeline of Tentpole Releases in 2022



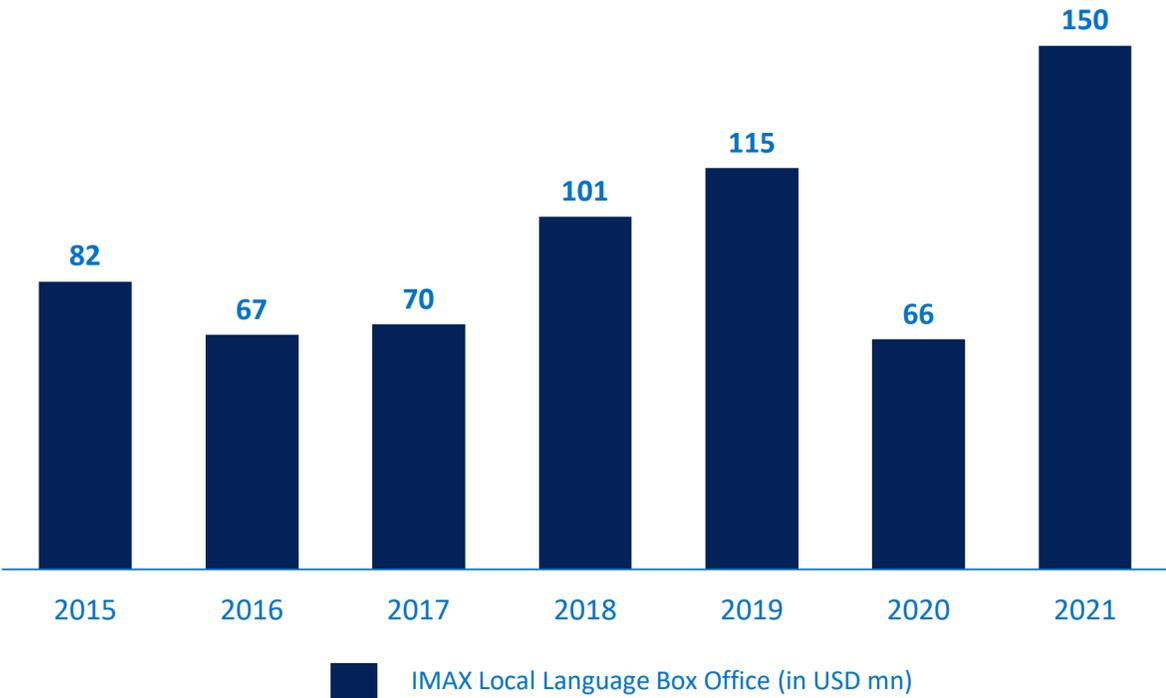
Heavy involvement of IMAX DNA bodes well for greater box office share

Note: Titles have been confirmed to be released in North America but such release schedule might be postponed due to the coronavirus pandemic. Release schedule in China to be determined except *Uncharted* and *The Batman*.

 = indicates IMAX DNA with expanded aspect ratio or filmed with IMAX certified cameras

# IMAX Technology Empowers Blockbuster Filmmaking

IMAX China Local Language Box Office



Source: Company data  
 Note: Mainland China only, excluding Hong Kong and Taiwan



**The Battle at Lake Changjin (Oct 2021)**

- IMAX expanded aspect ratio
- **Highest-grossing title in China film history**



**Detective Chinatown 3 (Feb 2021)**

- Filmed with IMAX cameras
- **Best 3-day opening weekend of all time**

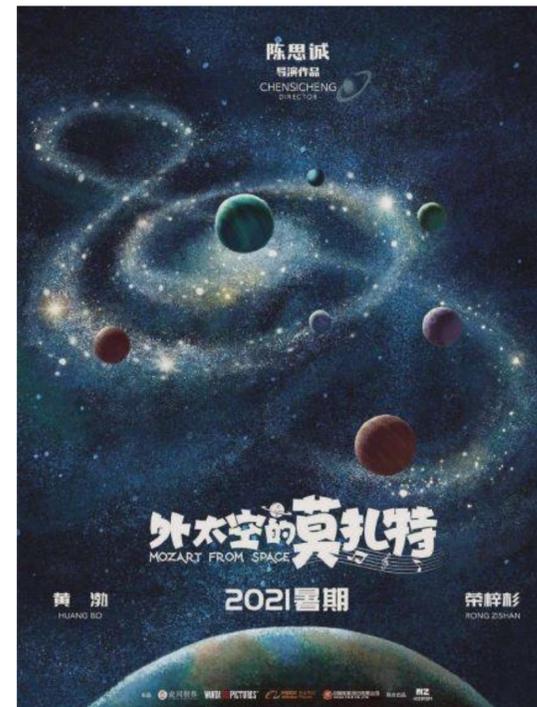
Value of IMAX brand and technology gains widening recognition among local filmmakers

# Promising Pipeline of Potential Local Language Titles

Watergate Bridge



Mozart From Space (2)



Wandering Earth 2



(1): Sequel to The Battle at Lake Changjin

(2): Filmed in IMAX

Note: Release schedule of the abovementioned titles in China to be determined.

Multiple blockbuster caliber potential local language titles

## Chinese Film Makers Embrace IMAX Technology



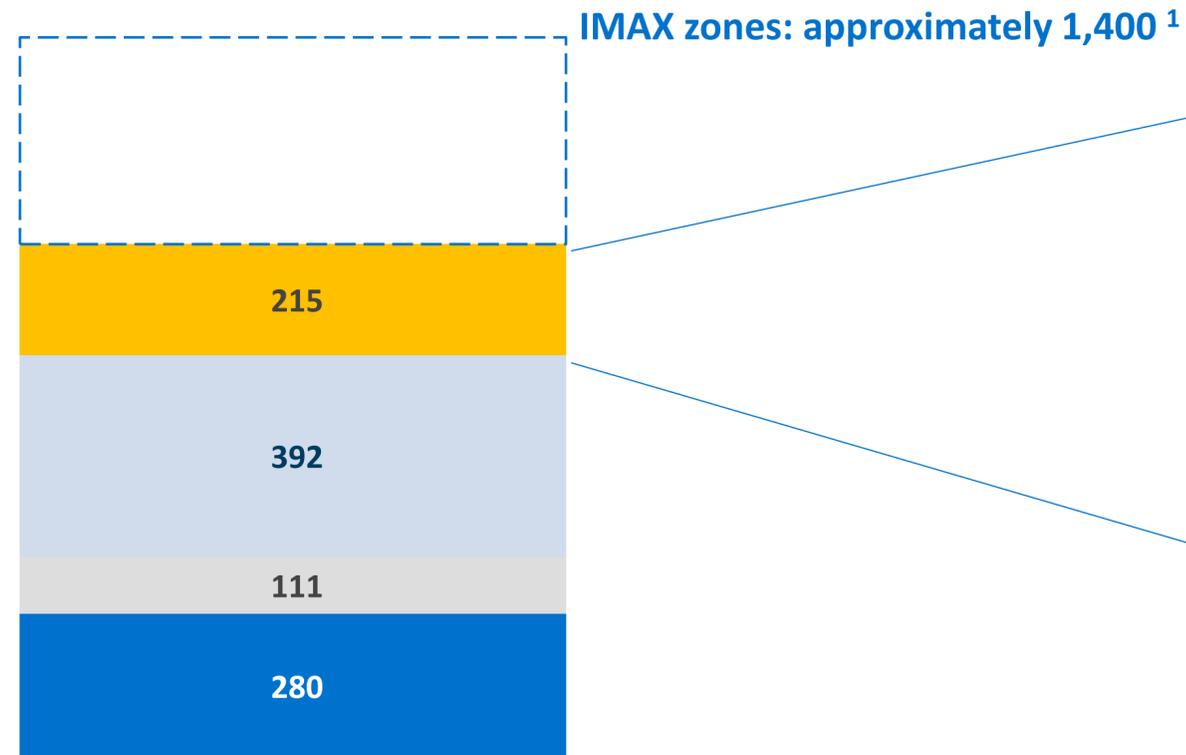
**Director Lu Yang (*A Writer's Odyssey*) and Director of Cinematography Cao Yu (*The Eight Hundred*) at *IMAX No Time To Die* screening**

We expect more and more directors and producers to embrace the IMAX technology to differentiate their films

# Exhibitor Partners Continue to See the Value of IMAX to Their Business

## IMAX Greater China Theater Footprint

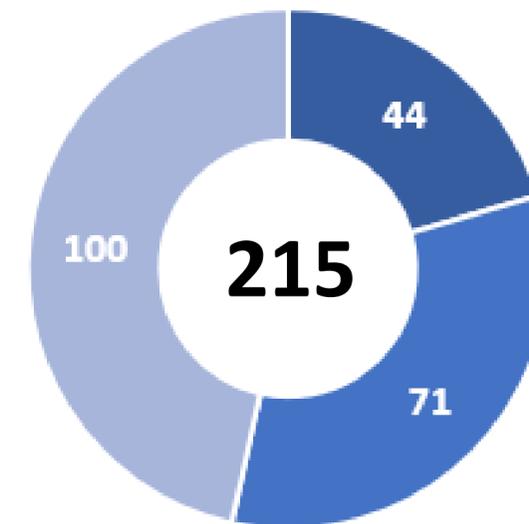
- Backlog
- Full revenue sharing
- Hybrid revenue sharing
- Sales arrangement



As of December 31, 2021

Note 1: As of December 31, 2021  
Source: Company Data

## Greater China Backlog Mix<sup>2</sup>



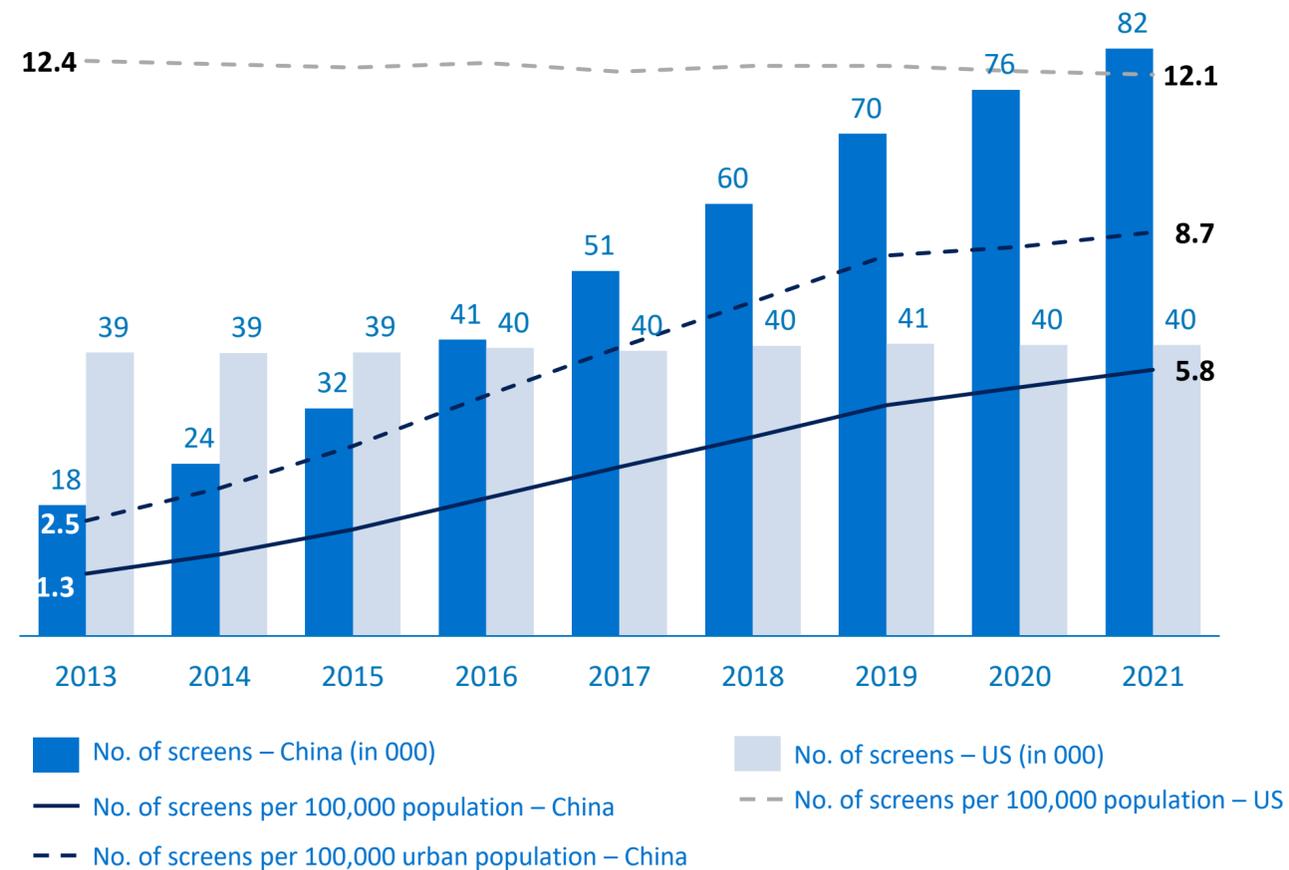
- Full Revenue Sharing
- Sale Arrangement
- Hybrid Revenue Sharing

Note 2: As of Dec 31, 2021  
Source: Company Data

Including backlog, Greater China contracted network approaching a 1,000-theater milestone for the first time

# Favorable Policy Support

No. of Cinema Screens per 100,000 Population



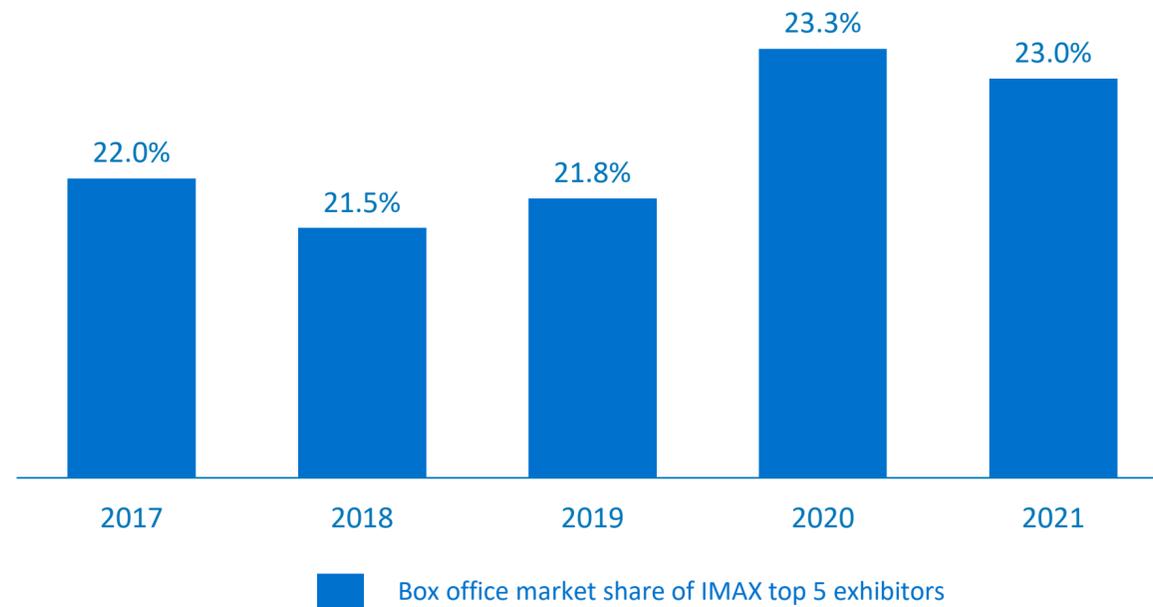
## Highlights from the 14<sup>th</sup> Five-Year Development Plan Published by China Film Bureau

- Target at least 100,000 screens by 2025
- Maintain at least 55% industry box office contribution from local language movies – leaving room for Hollywood and other international releases
- Improve local language content creation quality and technology adoption
- Support local sci-fi and animation movie production
- Support cinema technology upgrades for better movie-going experience
- Support overseas distribution of Chinese movies

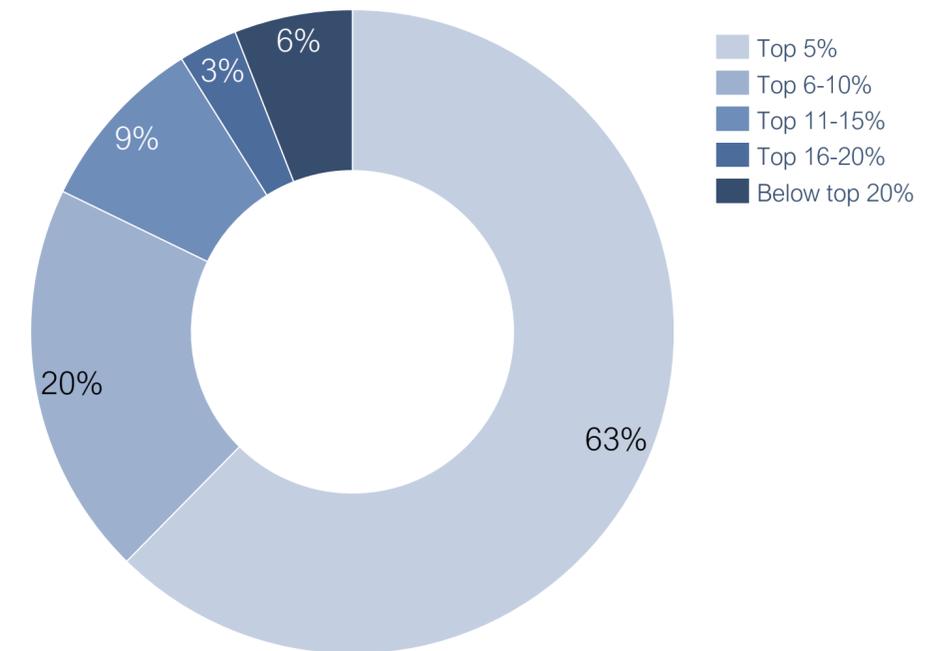
Urbanization, rising purchasing power and supply of quality content should continue to drive screen growth

# IMAX China's Premium Network is Well-insulated From Any Potential Industry Consolidation

### Box Office Market Share of IMAX's Top Five Exhibitor Partners



### IMAX China FY21 GBO by Multiplex Cohort

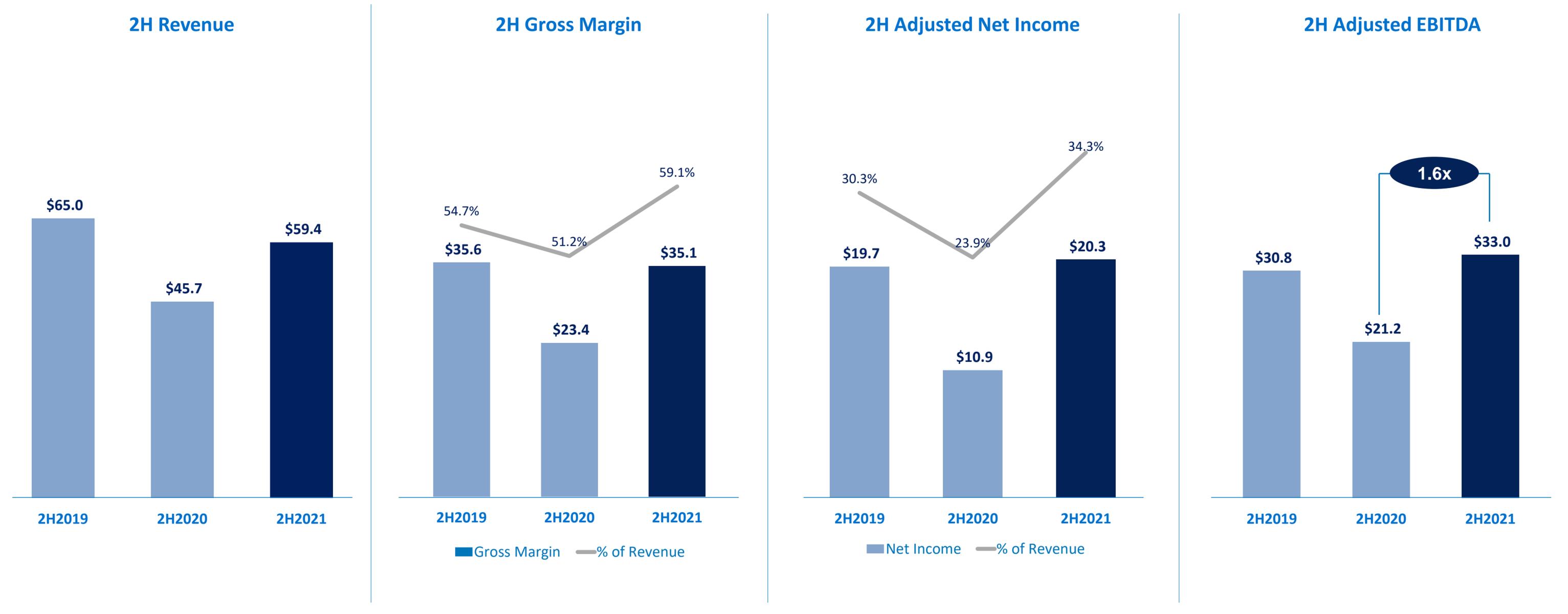


Source: TOP Consulting

95% of IMAX China box office was generated from top 20% multiplexes

# Strong 2H2021 provides momentum into 2022

\$ in Millions



Source: Company Data

Compared to 2H2019: growth of Net Income and Adjusted EBITDA in 2H2021; growth of Gross Margin and Net Income Margin in 2H2021

# Strong Financials Turnaround

- FY21 total revenue of US\$112.8 million, up from US\$52.3 million in FY20
  - Technology network revenue of US\$39.4 million, up from US\$15.3 million in FY20 driven by box office recovery to US\$239.5 million and higher take-rate of 16.4% on higher local language contribution
  - Technology sales and maintenance revenue of US\$73 million, up from US\$36.8 million in FY20, and 2.8% higher than that of FY19 driven by pick-up in installations and higher mix of Laser installs
- FY21 adjusted net profit<sup>(1)</sup> of US\$ 42 million, vs. net loss <sup>(1)</sup> of US\$4.6 million in FY20
- Returned a total of US\$27 million capital to shareholders in 2021 including US\$17 million in dividends on a higher payout ratio of 50%, and US\$10 million in share buybacks
- Strong balance sheet with US\$97.7 million in cash as of Dec 31, 2021, up from US\$88.4 million in YE20

Growing indexing and pick-up in installs drives strong revenue and earnings rebound to levels largely in-line with FY19

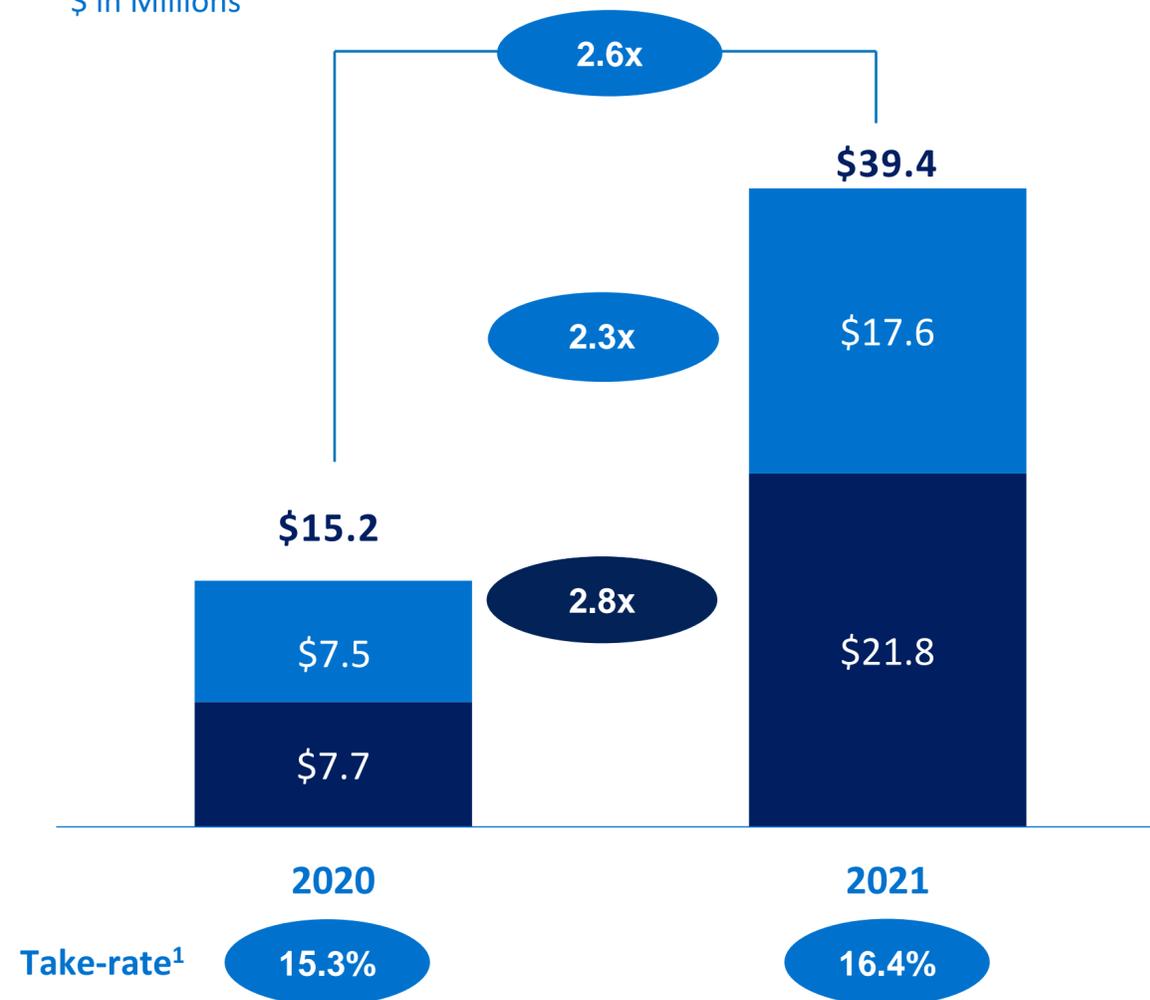
Note 1: Adjusted net profit excludes share-based compensation and deferred income tax charge that is non-cash and non-recurring in nature

# 2021 Segment Details: Technology Network

## IMAX Technology Network

- Revenue sharing arrangements – contingent rent
- Film Revenue

\$ in Millions



Note 1: Take-rate defined as network revenue divided by total IMAX box office  
Source: Company data

### Network revenue of \$39.4 million, up from \$15.2 million in 2020

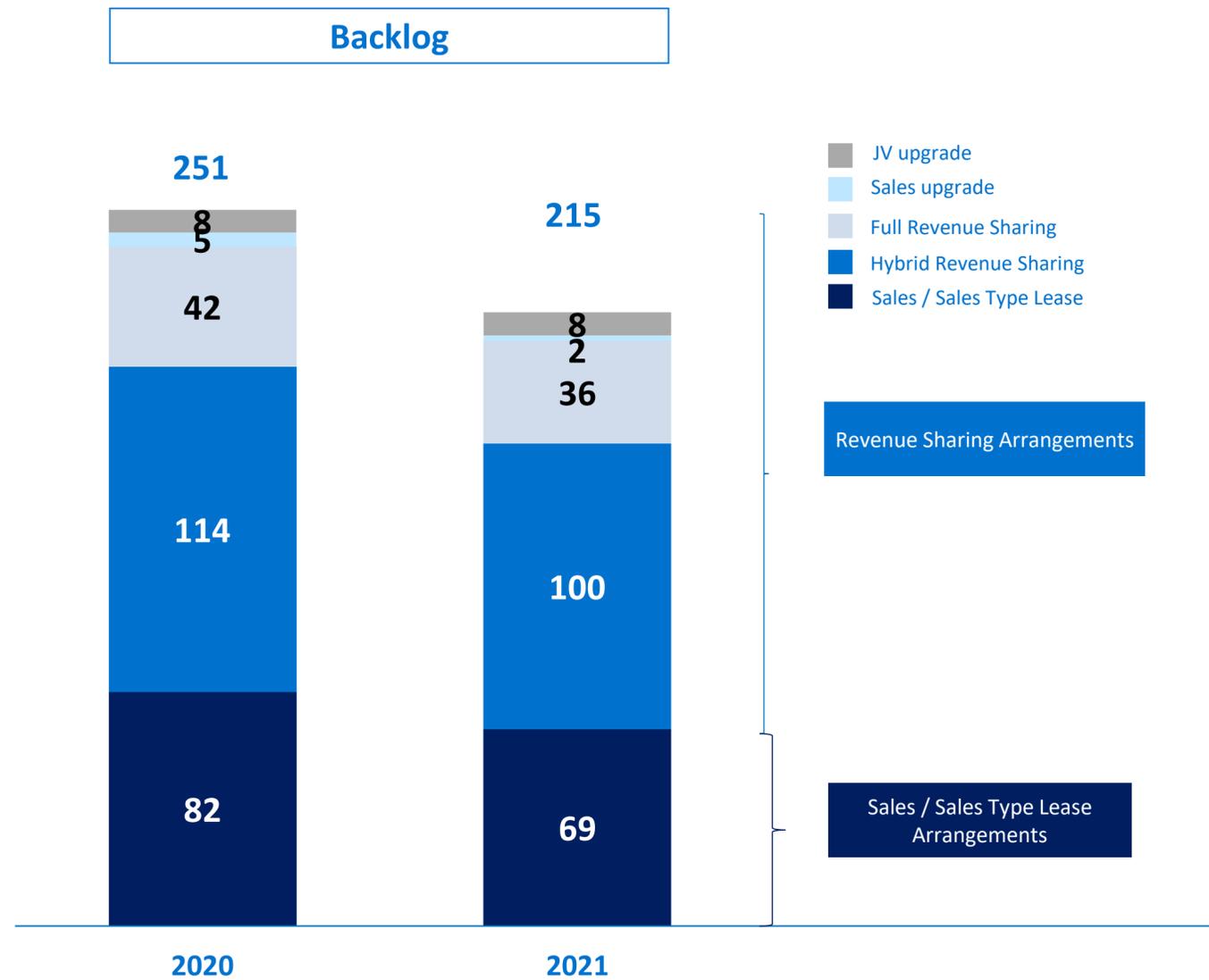
- Greater China box office of \$239 million, up from \$99 million in prior year period
- Improving box office take-rate to 16.4%, +110bps, with local language contributing 63% of IMAX box office

### Network gross margin of 57%, vs. 0.6% in 2020

- Benefitting from inherent operating leverage
- Higher take rate also attributed to a higher box office in local language films



# Network Update



Source: Company Data

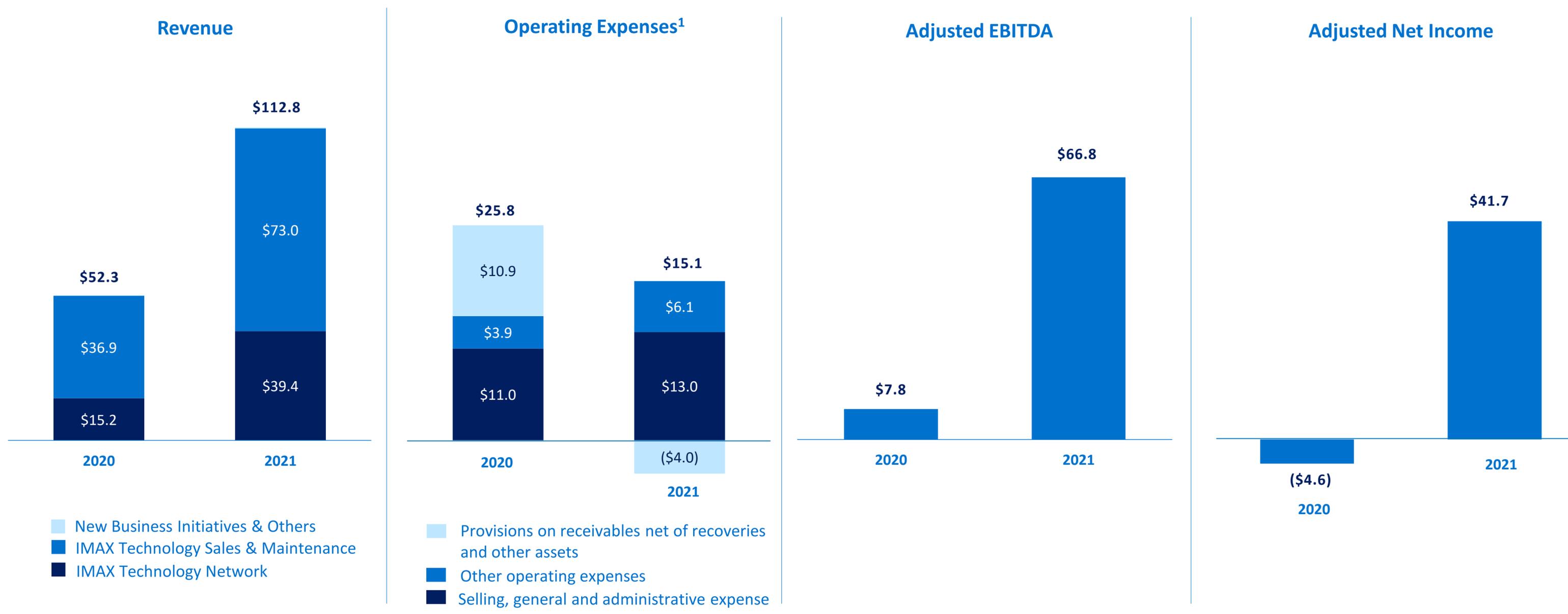
**Signings and Installations**

**2021**

	Total Signings	Total Installations
Sales and STL	9	20
Hybrid	0	9
JV	9	15
Upgrades	2	5
Relocation	0	8
Renewal	5	-
<b>Total</b>	<b>25</b>	<b>57</b>

# 2021 Financial Summary

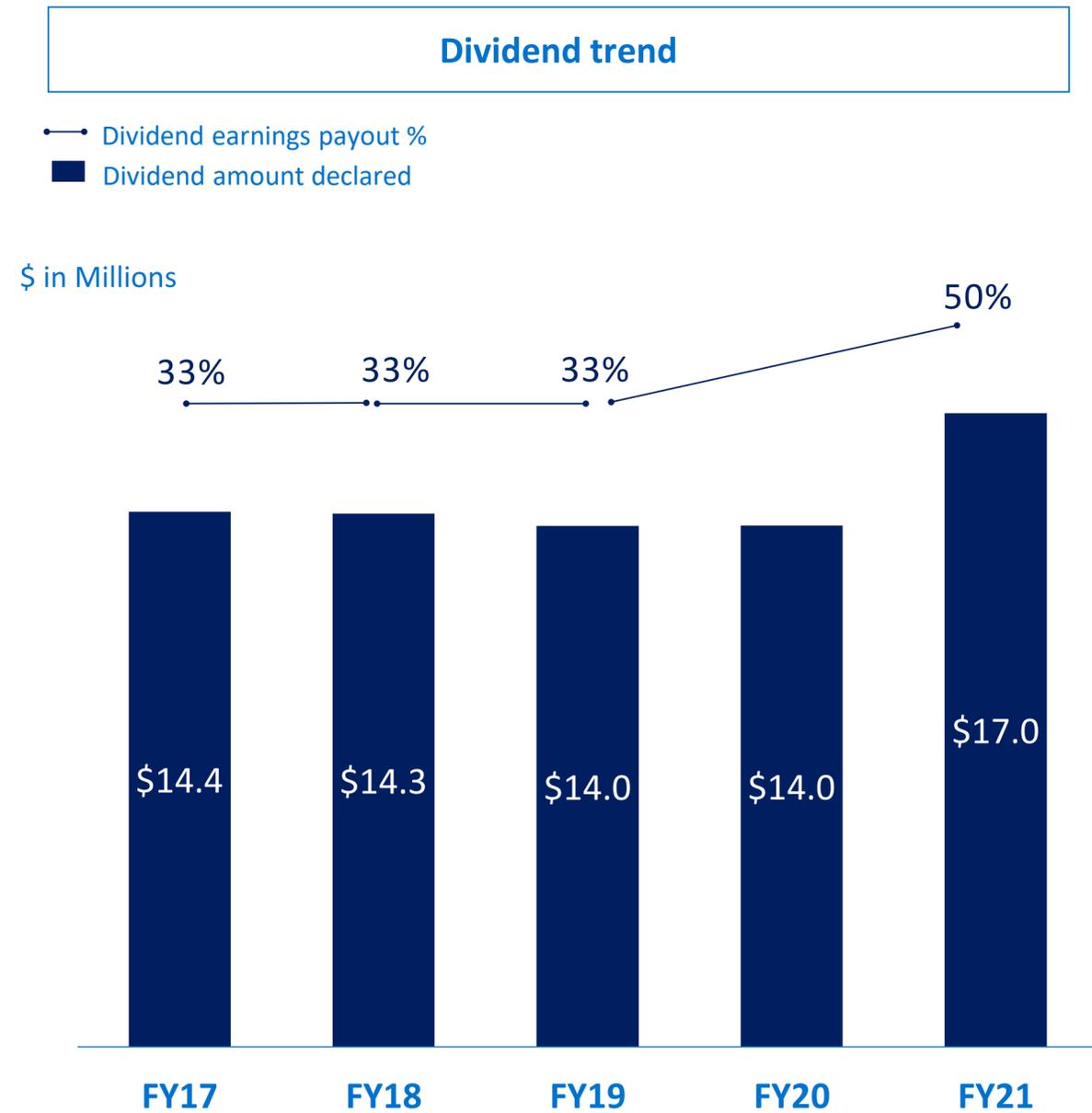
\$ in Millions



Note 1: Operating expenses defined as selling, general and administrative expenses and others, less stock-based compensation

Source: Company data

# Shareholder Return



Source: Company data

**Committed to increase shareholder return with a strong balance sheet, sustainable cash flow and earnings growth**

- Increased dividend payout ratio from 33% to 50% for FY22
- Returned a total of US\$27 million capital to shareholders in 2021 including US\$17 million in dividends and US\$10 million in share buybacks

