

IMAX

IMAX China (1970 HK) Investor Presentation

March 2023



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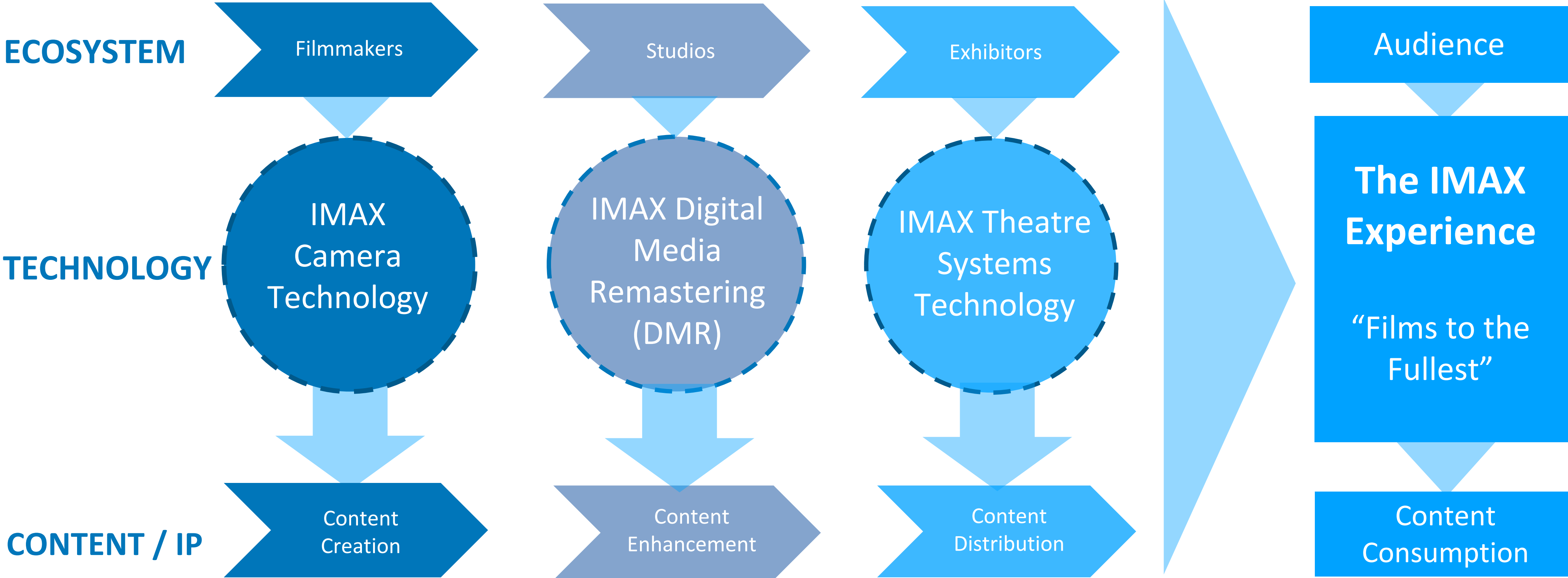
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- **Ecosystem**
- **Business Model**
- **Investment Thesis**
- **Financials**

Unique Position in the Greater China Entertainment Ecosystem

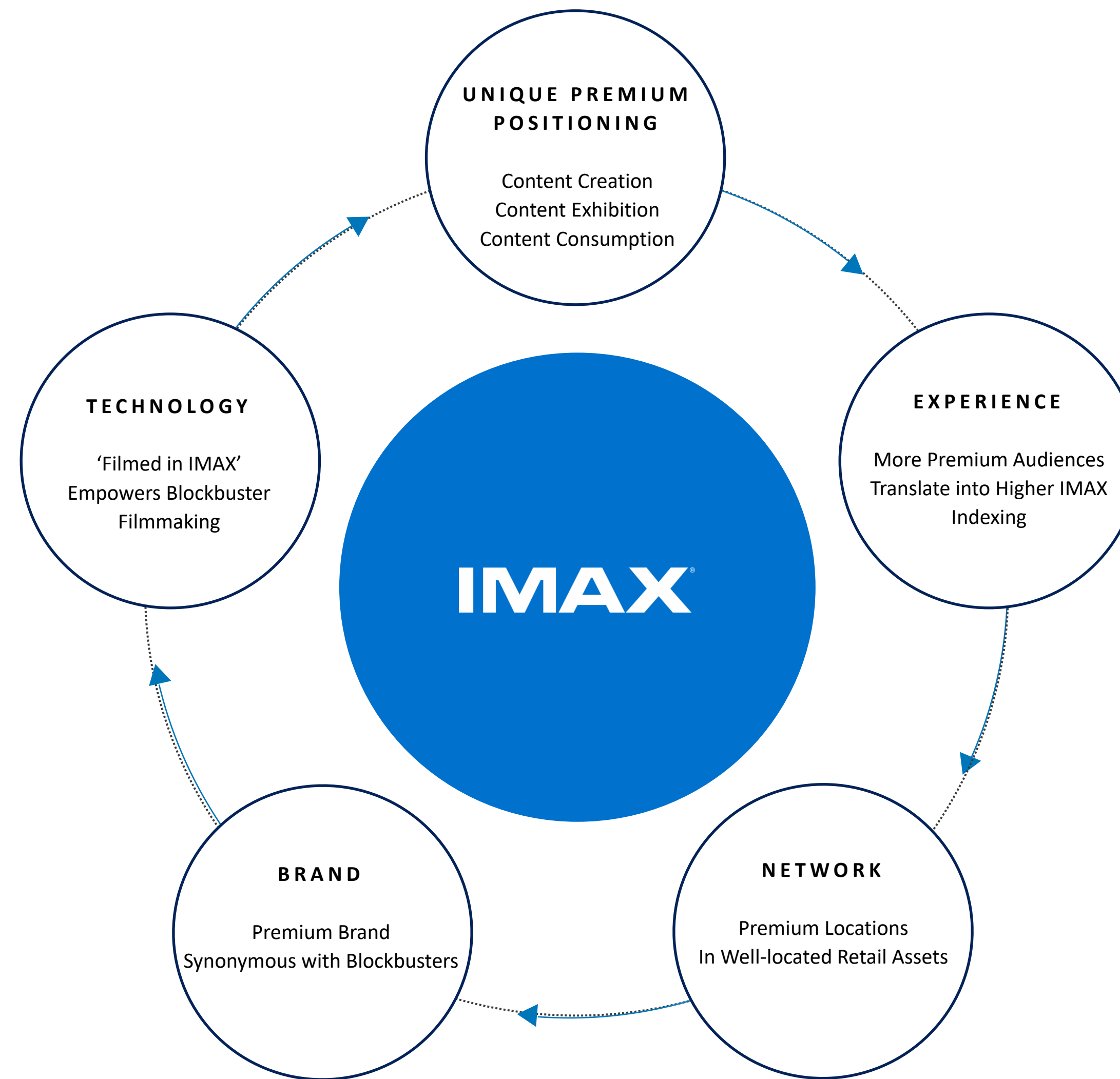
Upstream Downstream



OUR PARTNERS

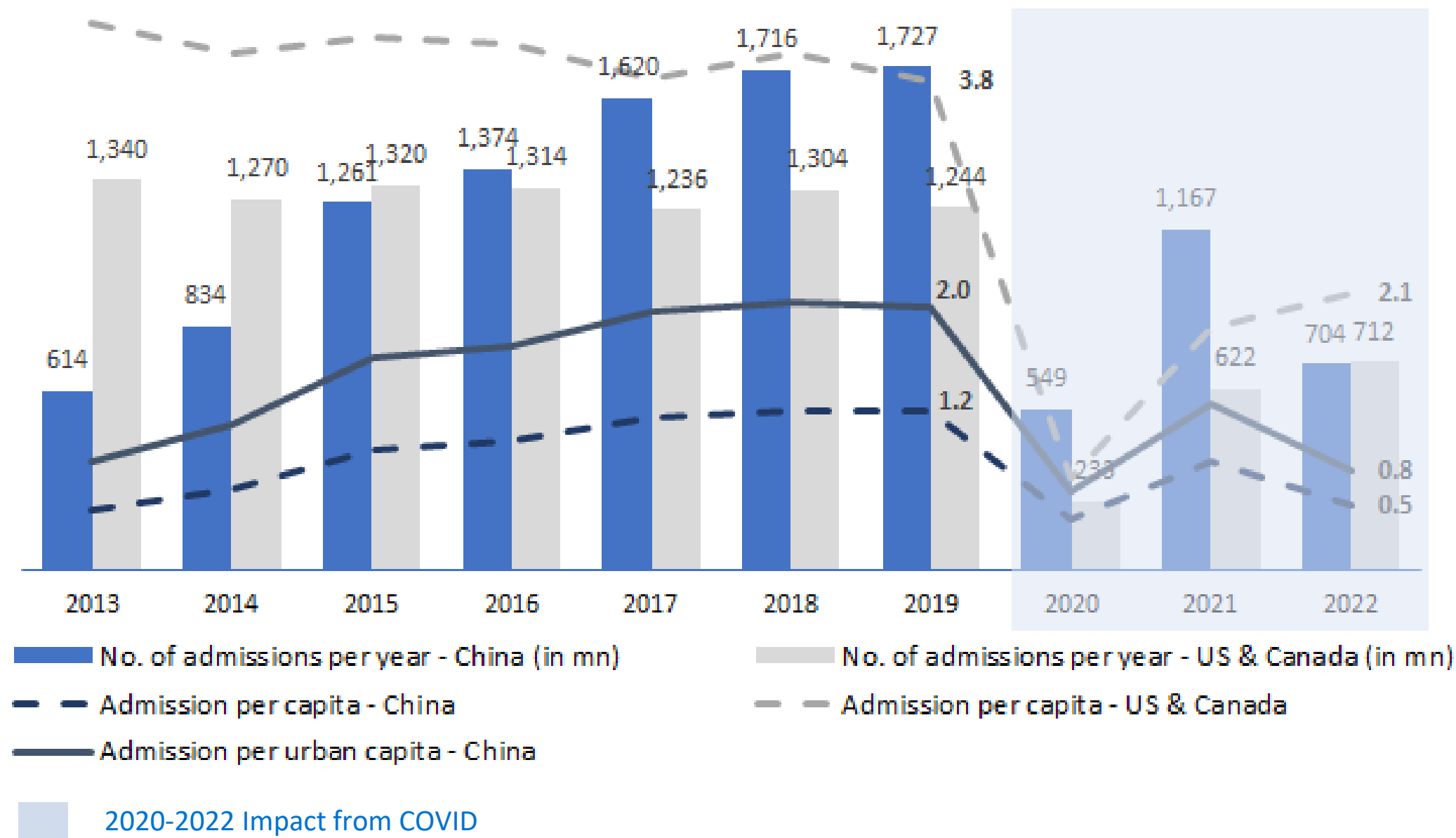


IMAX China is Uniquely Positioned to Benefit in the Post-Pandemic Theatrical Space



Chinese Film Market Sees Room for Long-term Growth From Both Demand and Supply Perspective

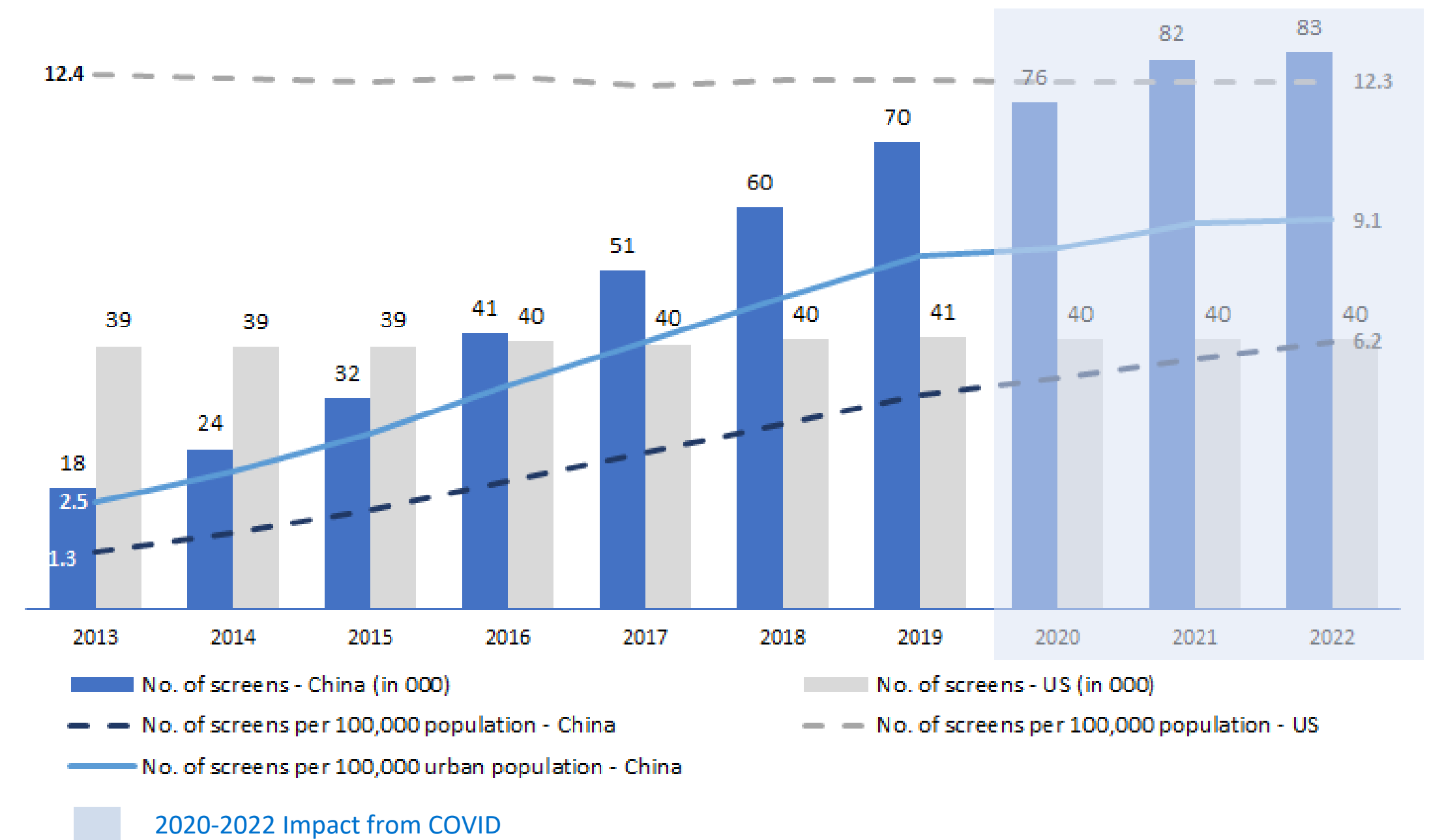
Movie admission per capita



Highlights from the 14th Five-Year Development Plan⁽¹⁾

- Maintain 55%+ box office contribution from local language movies
- Improve local content quality and drive technology adoption
 - Support local sci-fi and animation movie production
 - Support overseas distribution of Chinese movies

No. of cinema screen per 100,000 population



Highlights from the 14th Five-Year Development Plan⁽¹⁾

- Target at least 100,000 screens by 2025, implying 5%+ CAGR
 - Support cinema technology upgrades

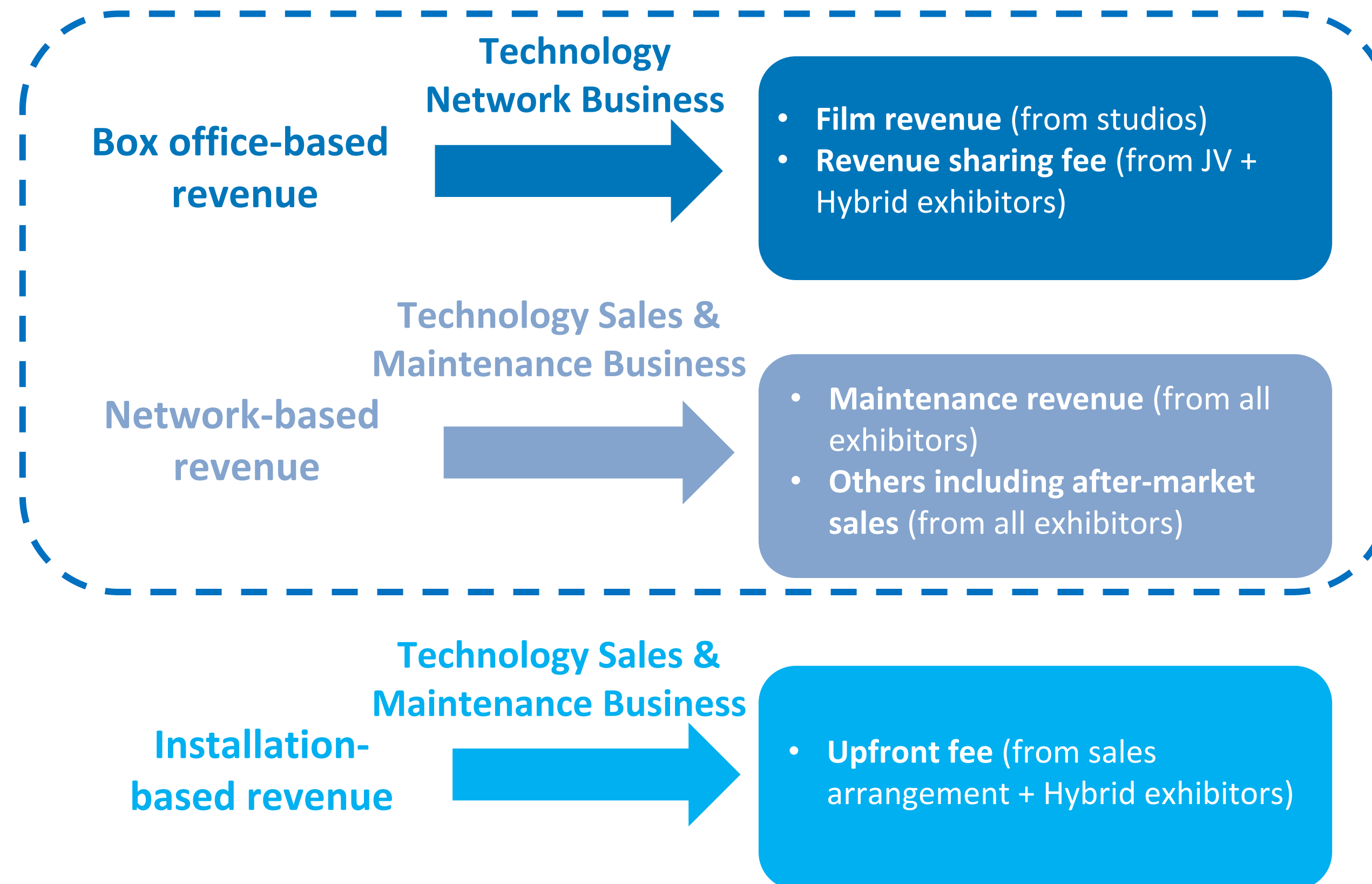
Note (1): Issued by the China Film Bureau in November 2021

Source: National Bureau of Statistics, China Film Administration, US Census, National Association of Theatre Owners

- Ecosystem
- **Business Model**
- Investment Thesis
- Financials

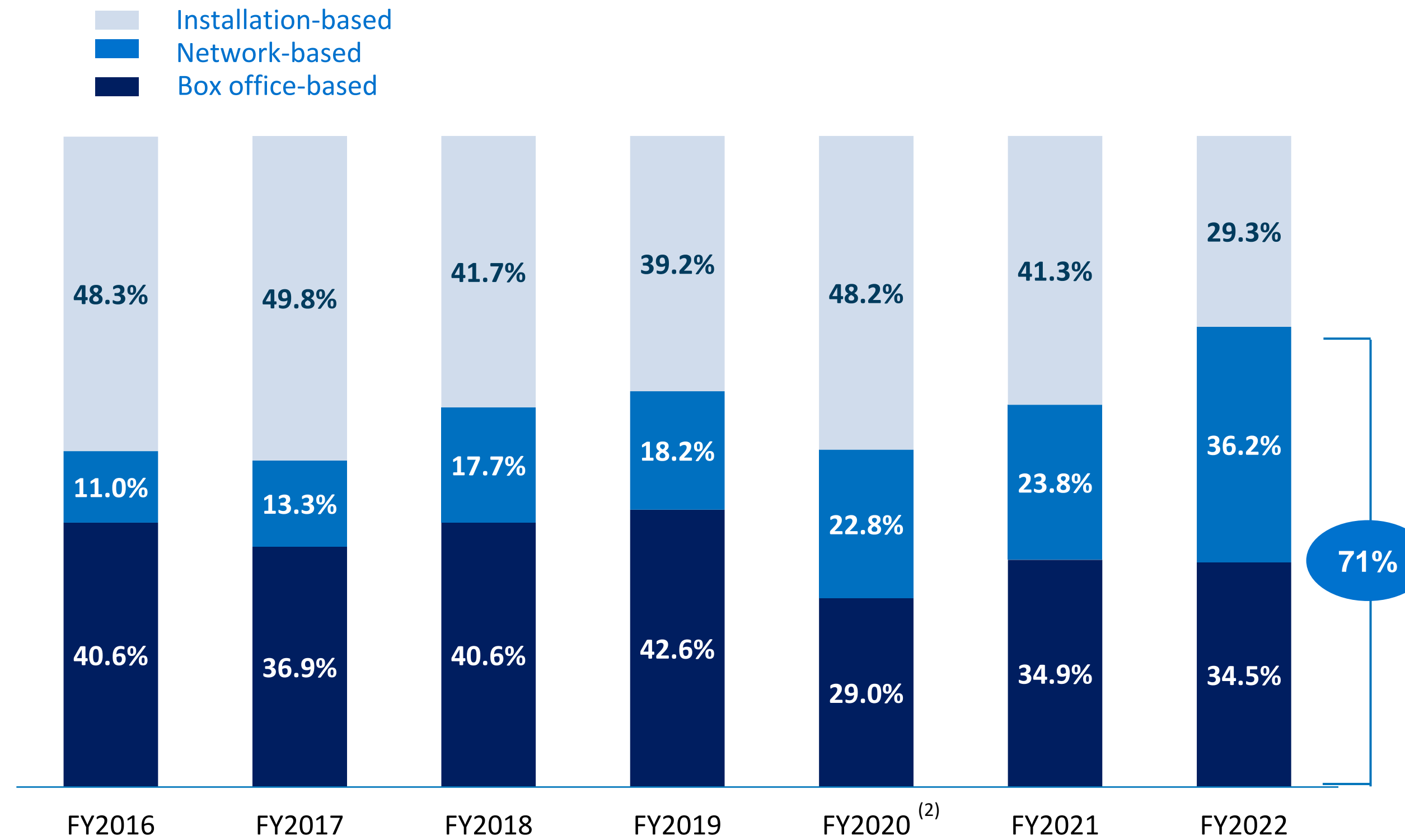
Our Business Model - Diversifying Monetization

IMAX China business model



Our Network Effect Drives Higher Recurring Revenue Mix

Increasing mix of recurring revenue ⁽¹⁾



Note (1): Recurring revenue refers to box office and network-based revenue

Note (2): Box office-related revenue impacted by 6-month theater closure due to COVID-19

Source: Company data

- Ecosystem
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Covid Easing and Recovery in Content Supply Drives Sharp Turnaround

Major easing of Covid restrictions

China pivots away from 'Covid-zero' policy since December 2022

Vast majority of IMAX China theaters are reopened

Theaters no longer require PCR test

Lockdown and quarantine is fully lifted

Recovery in content supply

Return of Hollywood blockbusters highlighted by *'Avatar: The Way of Water'* and *'Ant-man and the Wasp: Quantumania'* – first day-and-date Marvel release since 2019

Accelerating pipeline of import titles including *'Shazam: Fury of the Gods'*, *'Dungeons and Dragons: Honor Among Thieves'* and *'Suzume'*

Strong Hollywood film slate that extends beyond 2023

An IMAX-catered local language film slate in Chinese New Year, led by *'The Wandering Earth 2'* and *'Full River Red'*, drives IMAX year-to-date market share to 4.4%¹, double that from same period last year

Strong consumer demand for IMAX

Chinese New Year industry box office grew by a healthy 12% year-over-year to RMB6.8 billion– **second-best in history**

IMAX Chinese New Year box office reached **record-high** of RMB231 million, up 54% year-over-year

Highest-grossing January box office of all-time for IMAX China

Record 22% IMAX indexing in *'Avatar: The Way of Water'* – second highest-grossing IMAX China film of all-time

'The Wandering Earth 2', a Filmed-for-IMAX title, became the highest-grossing local language film and third highest-grossing release of all-time for IMAX China

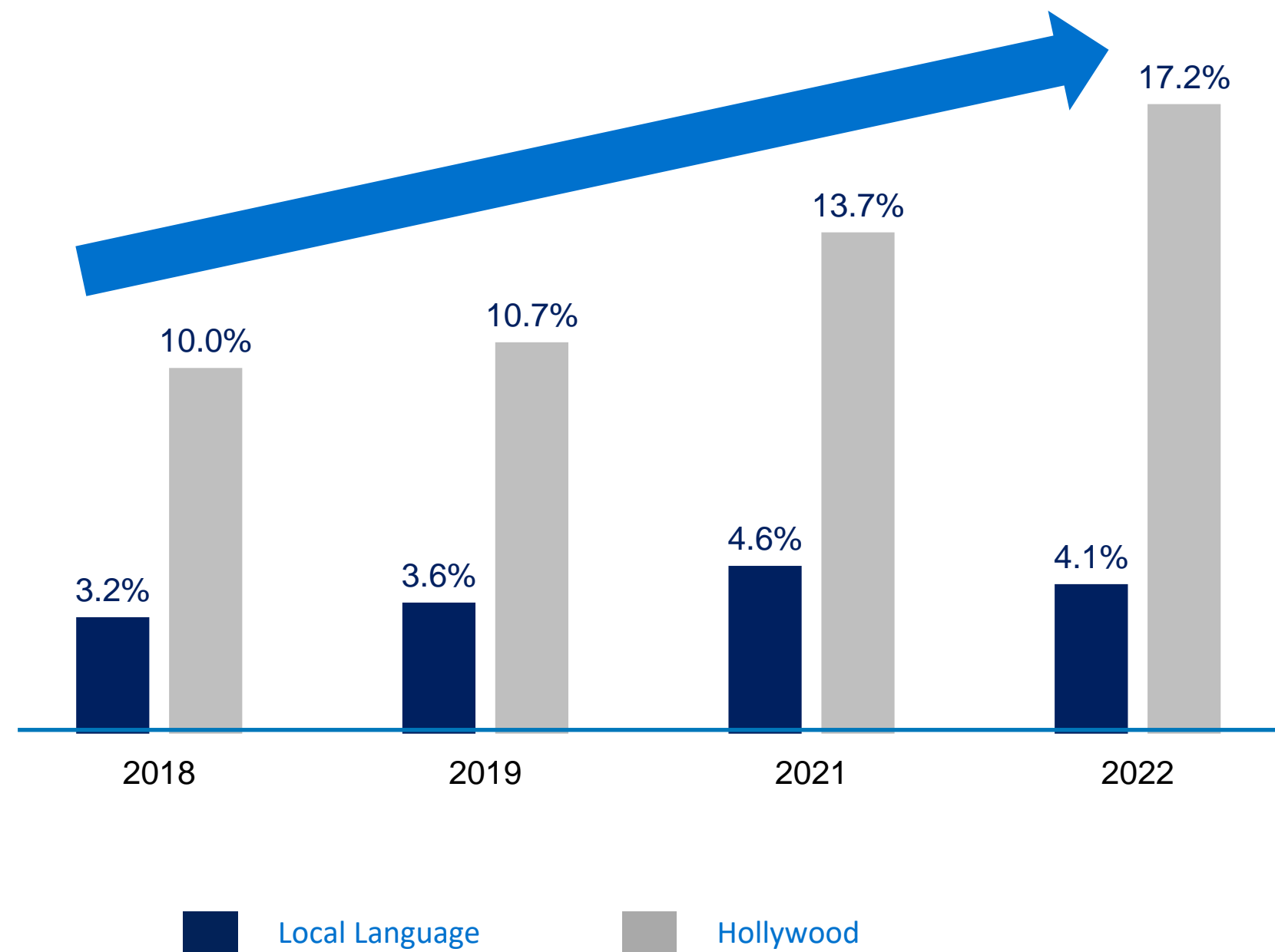
IMAX Hong Kong per-screen average in 2022 came in c.70% higher than pre-pandemic level in 2019, driven by blockbuster film slate and growing demand for the IMAX Experience

Note 1: As of Feb 19

Poised for reaccelerating growth upon a normalizing content supply and release of strong pent-up demand

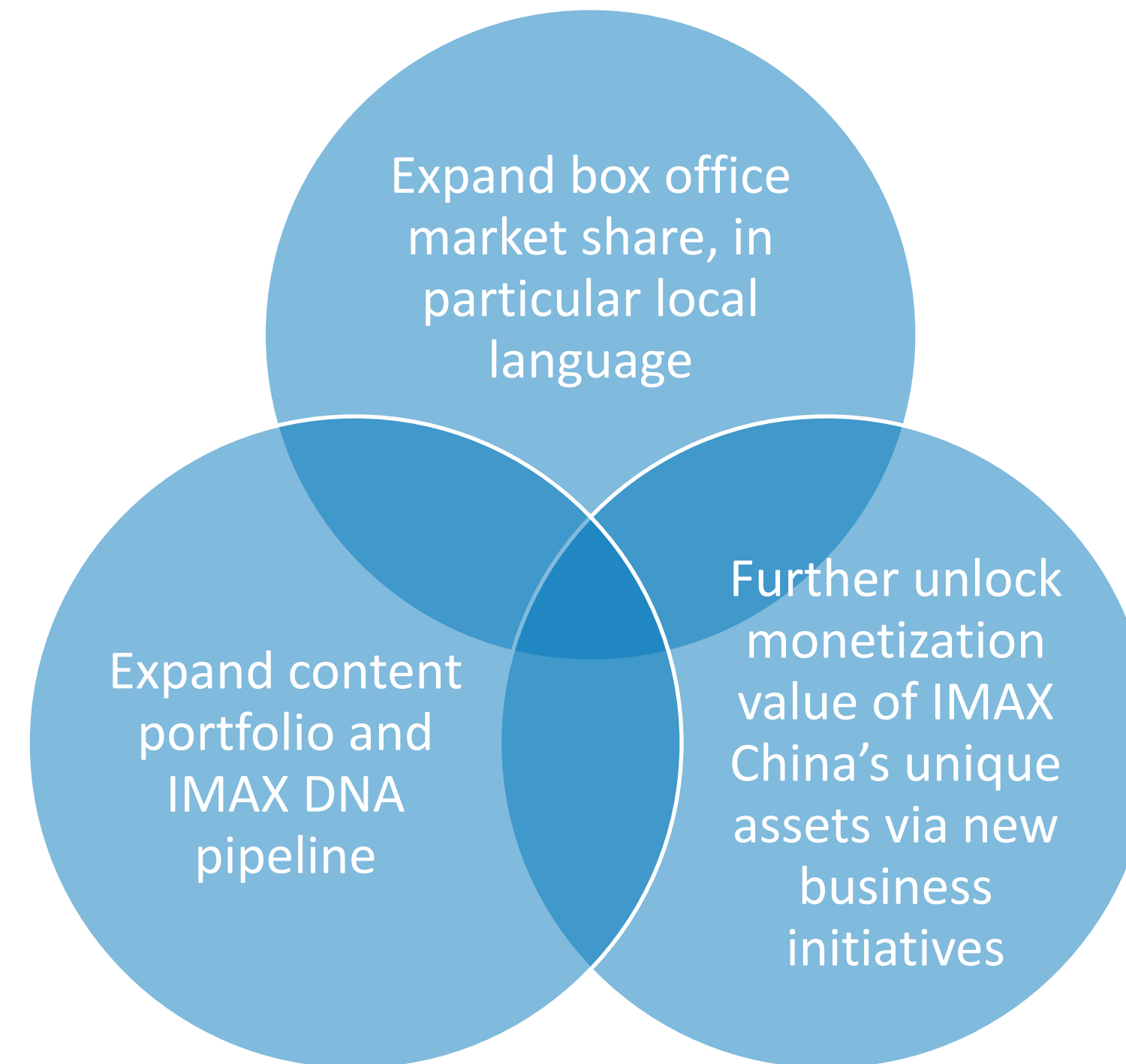
Staying at the Forefront of China's Premiumization

IMAX China Box Office Average Opening Weekend Indexing⁽¹⁾
In Local Language and Hollywood Titles



Note (1): Indexing = IMAX China's box office of a single title/ total box office of a single title
Source: Company data

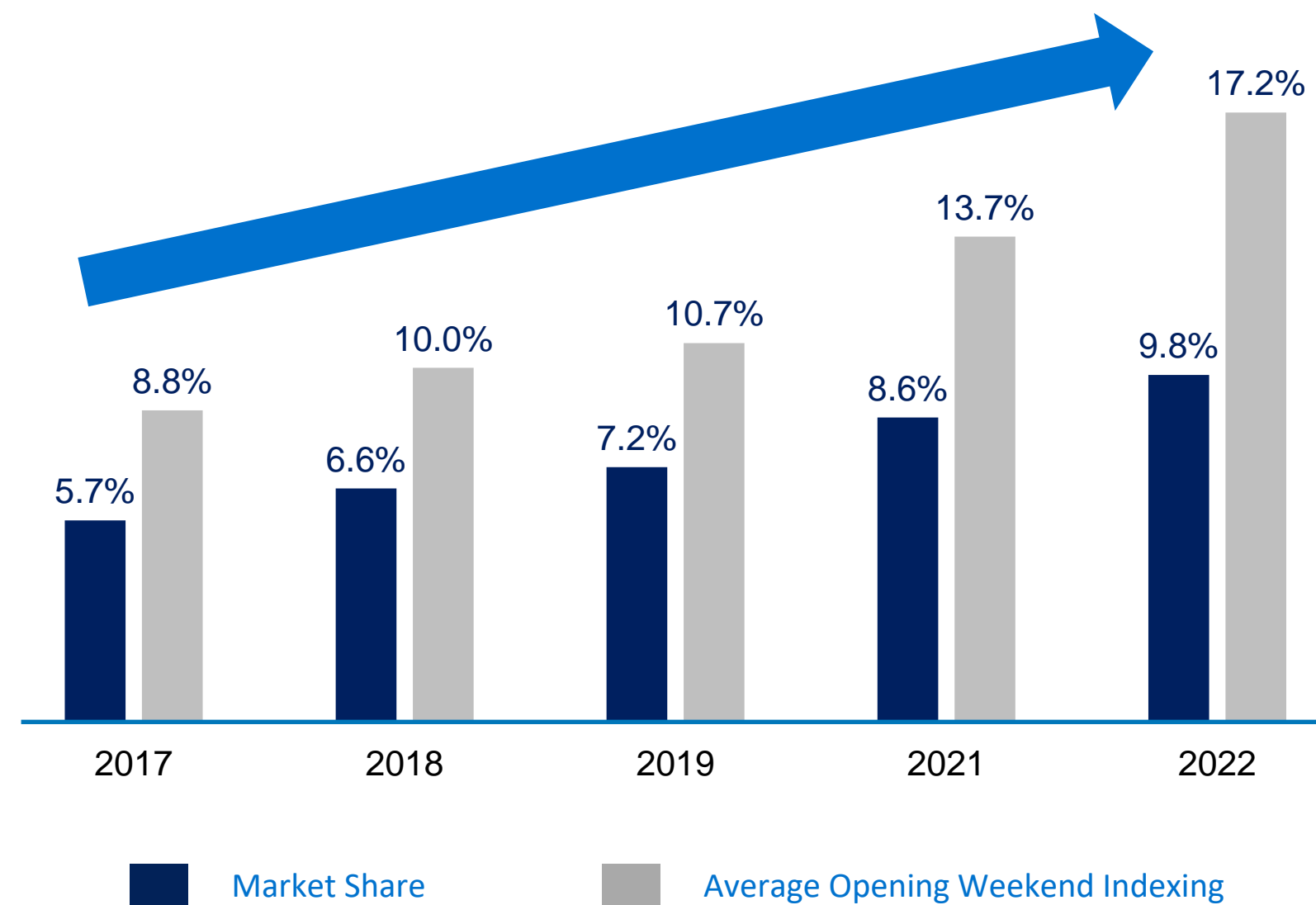
Key Strategic Priorities



Blockbusterization in content consumption and creation sets a favorable backdrop for IMAX China's market share gain

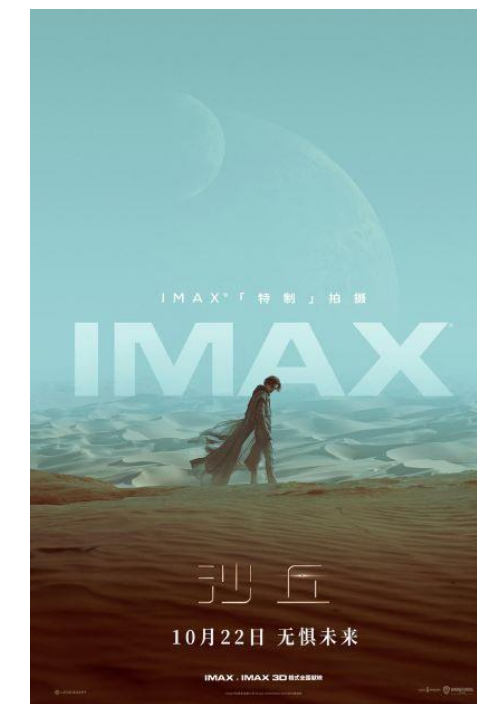
'Blockbusterization' in Content Consumption Drives Higher IMAX Indexing

IMAX China Box Office Market Share and Indexing⁽¹⁾ in Hollywood Titles



Note (1): Indexing = IMAX China's box office of a single title/ total box office of a single title
Source: Company data

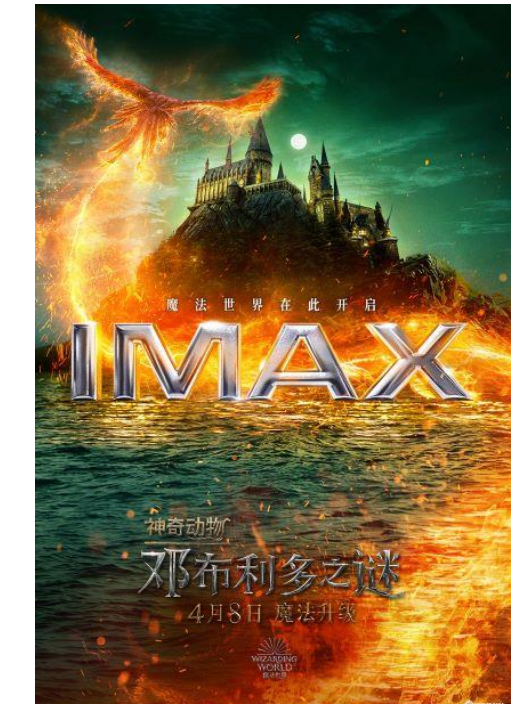
Average IMAX Opening Weekend Indexing of Major Hollywood Tentpoles in 2021/22



Dune (24% indexing)



No Time to Die (15% indexing)



Fantastic Beasts: The Secrets of Dumbledore (15% indexing)



Godzilla vs. Kong (12% indexing)



Jurassic World 3 (12% indexing)

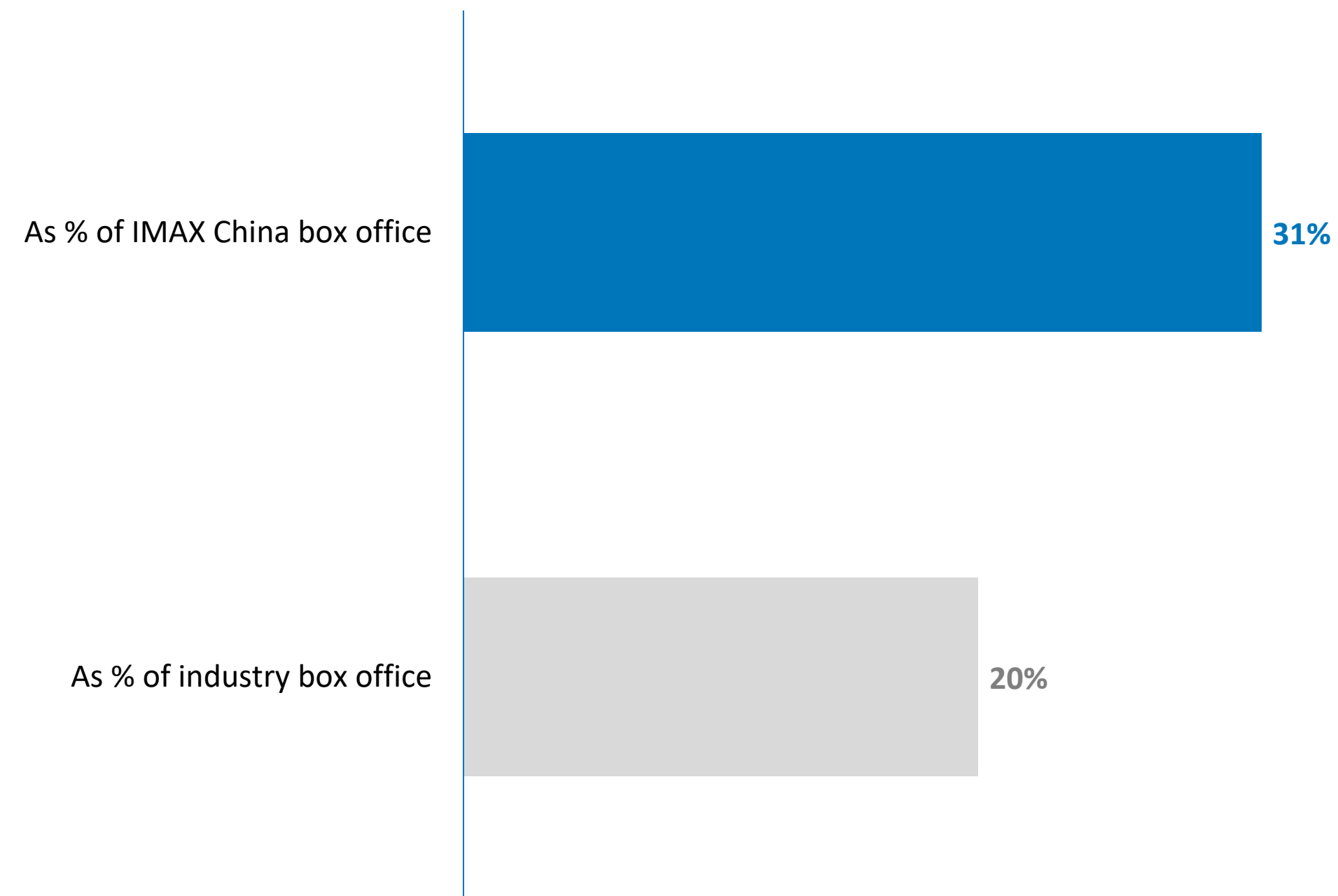


Avatar: The Way of Water (27% indexing)

IMAX China's average indexing and market share in Hollywood titles accelerated to over 17% and 10% respectively

IMAX DNA Empowers Blockbuster Filmmaking

IMAX DNA box office contribution (2022)



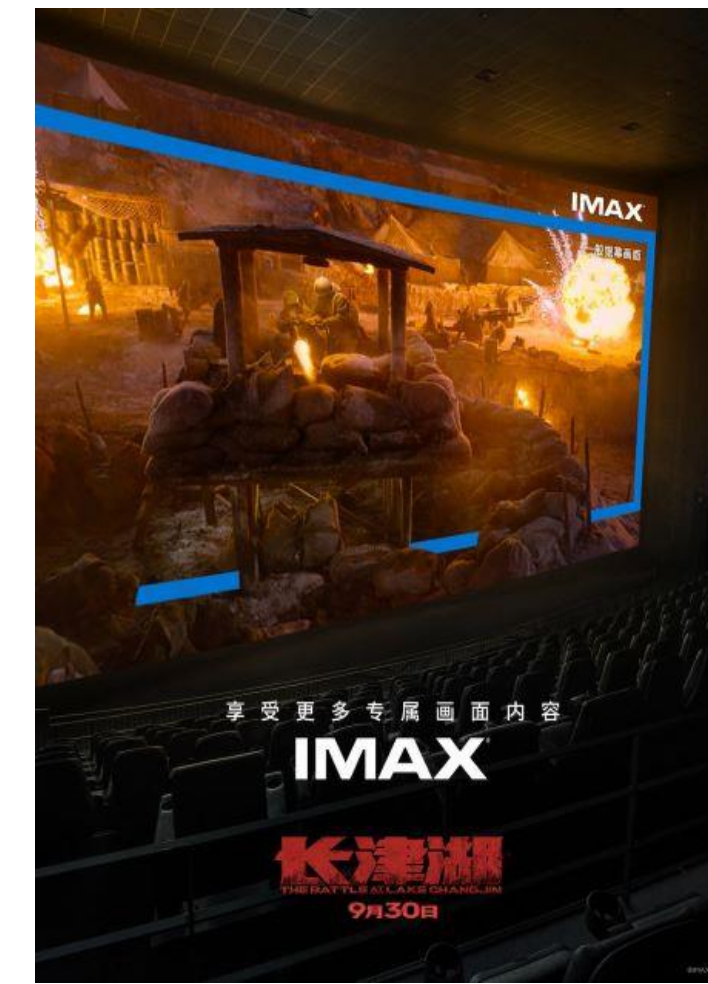
Source: Company data

Filmed-for-IMAX releases consistently top the chart



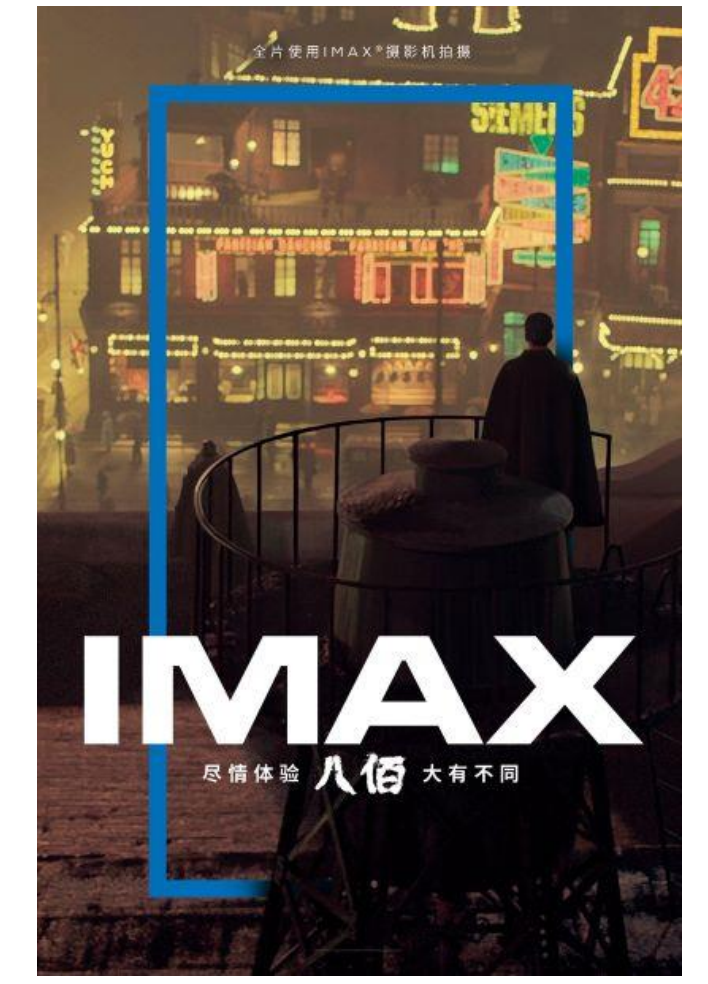
Watergate Bridge (2022)

- IMAX expanded aspect ratio
- RMB4.1 billion box office
- **6% IMAX indexing** in opening weekend



The Battle at Lake Changjin (2021)

- IMAX expanded aspect ratio
- **Highest-grossing title in China film history**
- Highest-grossing film globally in the year 2021
- RMB5.8 billion box office
- **6% IMAX indexing** in opening weekend



The Eight Hundred (2020)

- Filmed with IMAX cameras
- Highest-grossing film globally in the year 2020
- RMB3.1 billion box office
- **6% IMAX indexing** in opening weekend

Each of the yearly top-grossing title in 2020-2022 was Filmed-for-IMAX

IMAX Accounts for Eight of The Top Ten Highest-Grossing Titles in China's Film History



#1 The Battle at Lake Changjin 
(RMB5.8bn GBO)



#4 Nezha
(RMB5.0bn GBO)



#5 The Wandering Earth
(RMB4.7bn GBO)



#6 Detective Chinatown 3 
(RMB4.5bn GBO)



#7 Full River Red
(RMB4.5bn GBO)




#8 Avengers Endgame 
(RMB4.3bn GBO)



#9 Water Gate Bridge 
(RMB4.1bn GBO)



#10 The Wandering Earth 2 
(RMB4.0bn GBO)

Five of the top ten highest-grossing titles of all-time are 'Filmed For IMAX'

 = indicates IMAX DNA

Further Deepening Our Involvement in the Chinese Entertainment Industry

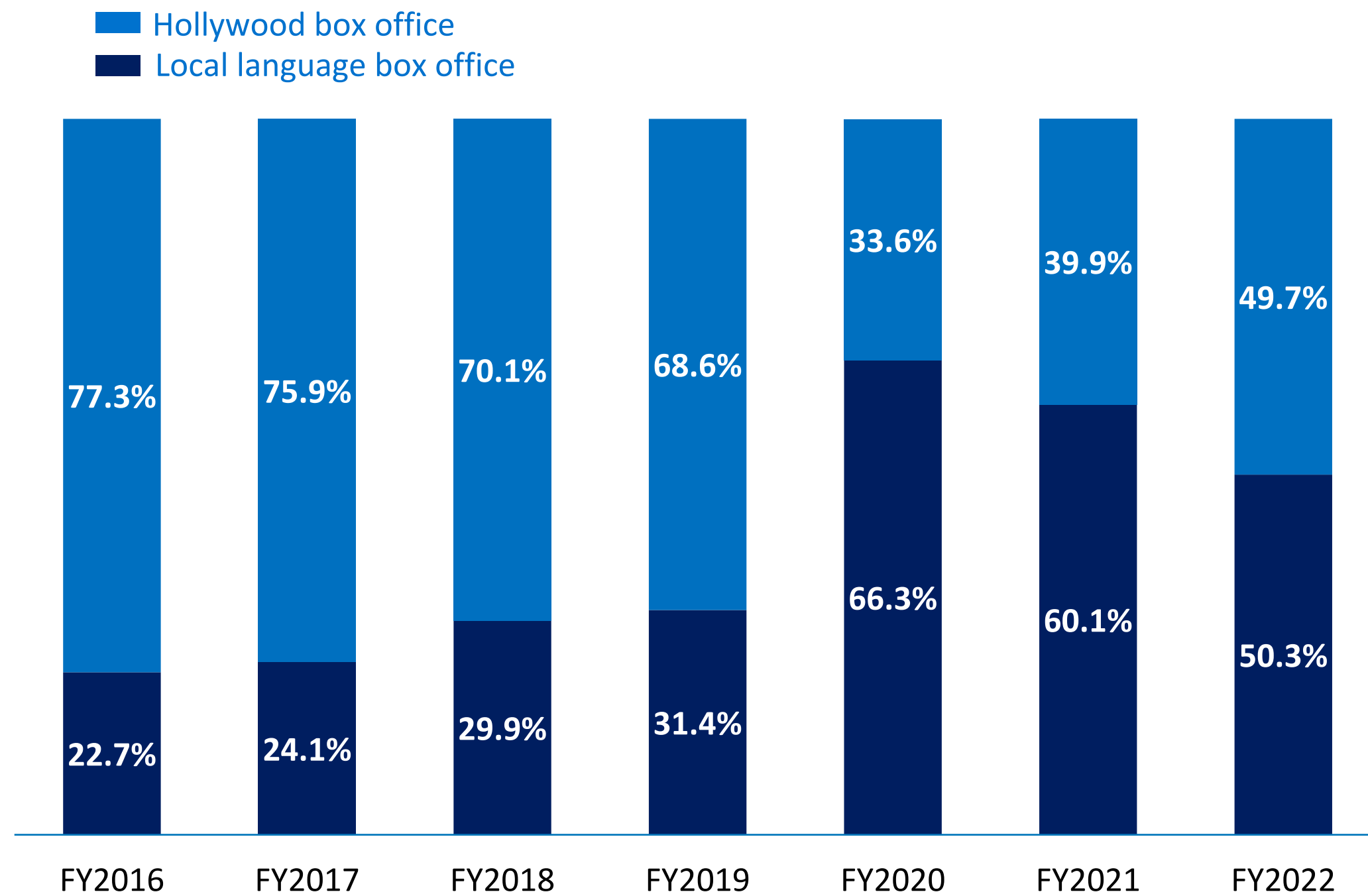


Director Lu Yang (*A Writer's Odyssey*) and Director of Cinematography Cao Yu (*The Eight Hundred*) at IMAX *No Time To Die* screening

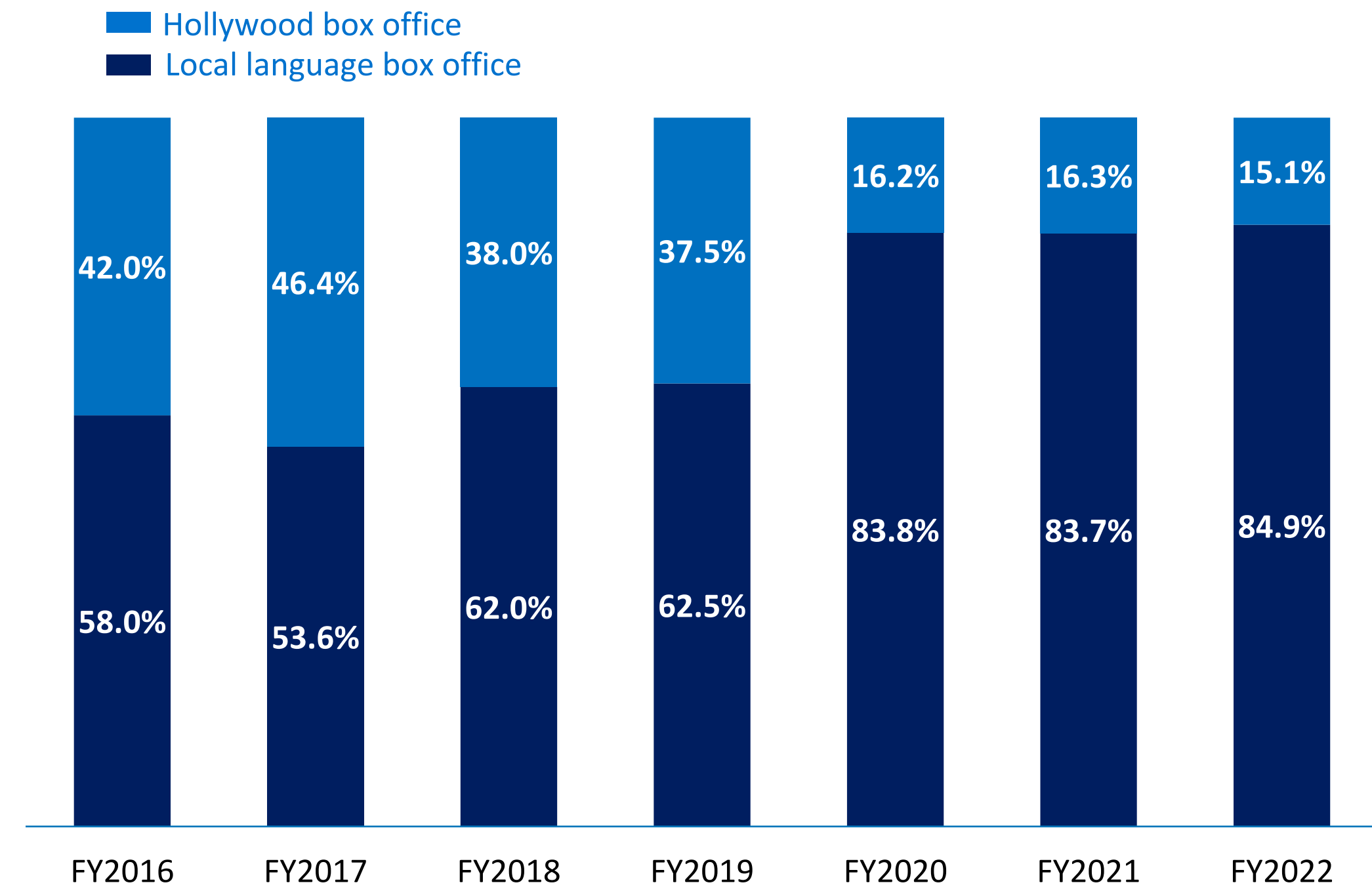
Local talents increasingly embrace IMAX technology to differentiate and create big-budget franchise

Low Hanging Fruit Opportunity in Local Language Programming

IMAX China box office distribution (Hollywood vs. Local)



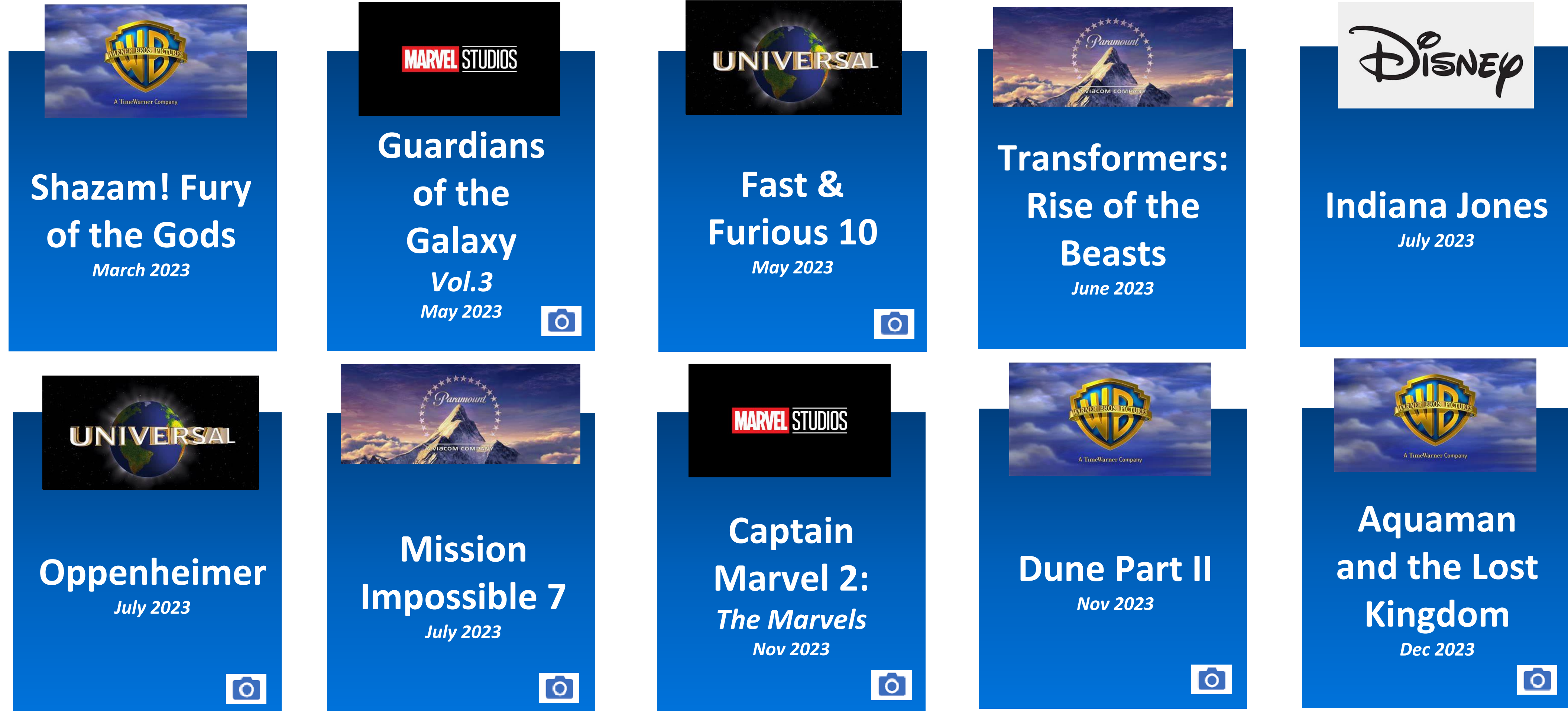
China box office distribution (Hollywood vs. Local)



Source: Company data, China Film Administration

Growing contribution from local language titles bodes well for higher blended take-rate

Strong Pipeline of Blockbuster Releases (2023)



IMAX China is well-positioned to reap the rewards from a franchise-heavy and IMAX-friendly slate in 2023

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.

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

Promising Pipeline of Potential Local Language Titles



Post Truth
(March 10, 2023)



Born to Fly
(April 28, 2023)



Creation of Gods: I
(TBD)



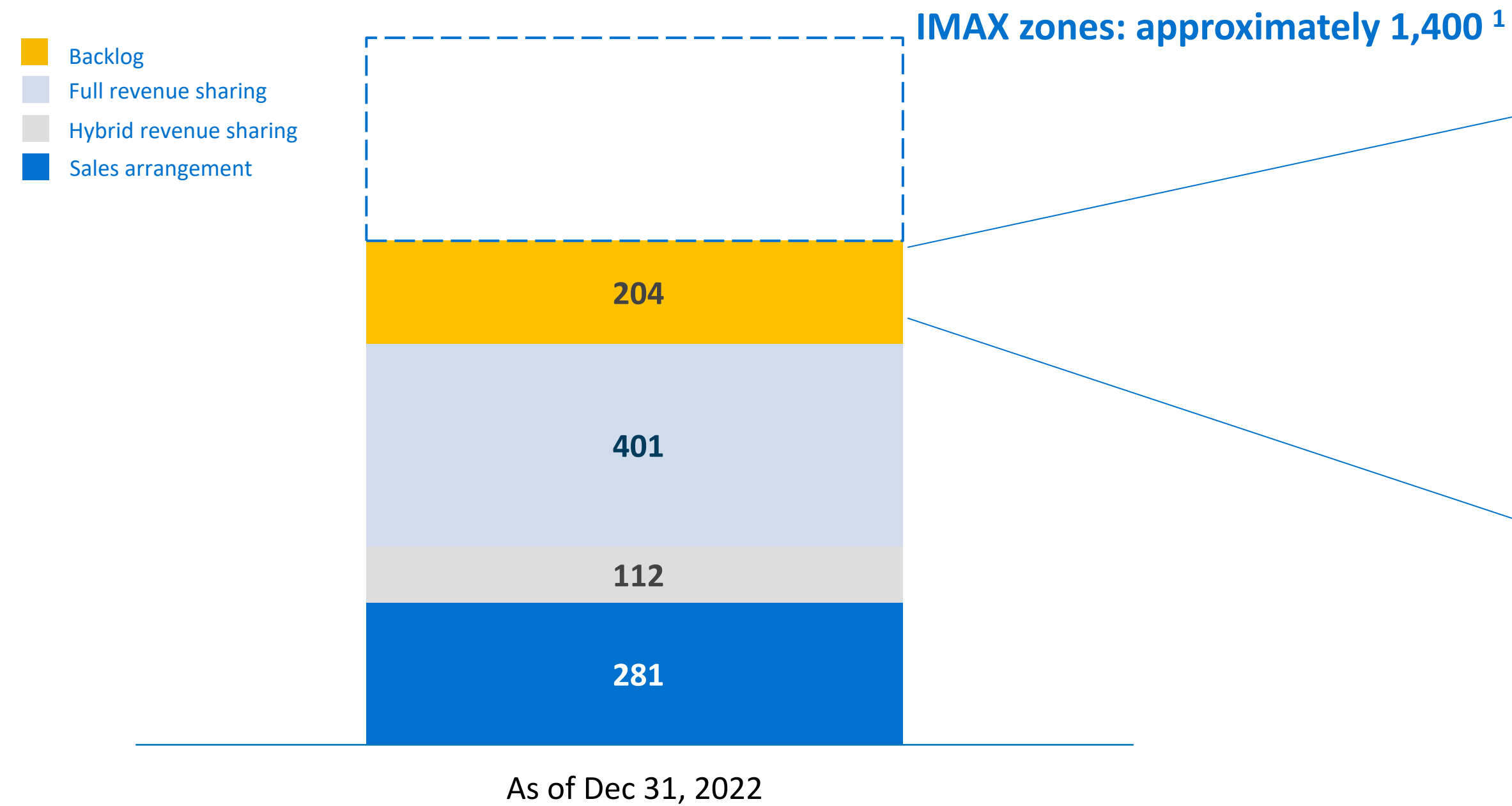
Outcast 
(TBD)

 = indicates IMAX DNA

Multiple blockbuster caliber potential local language titles

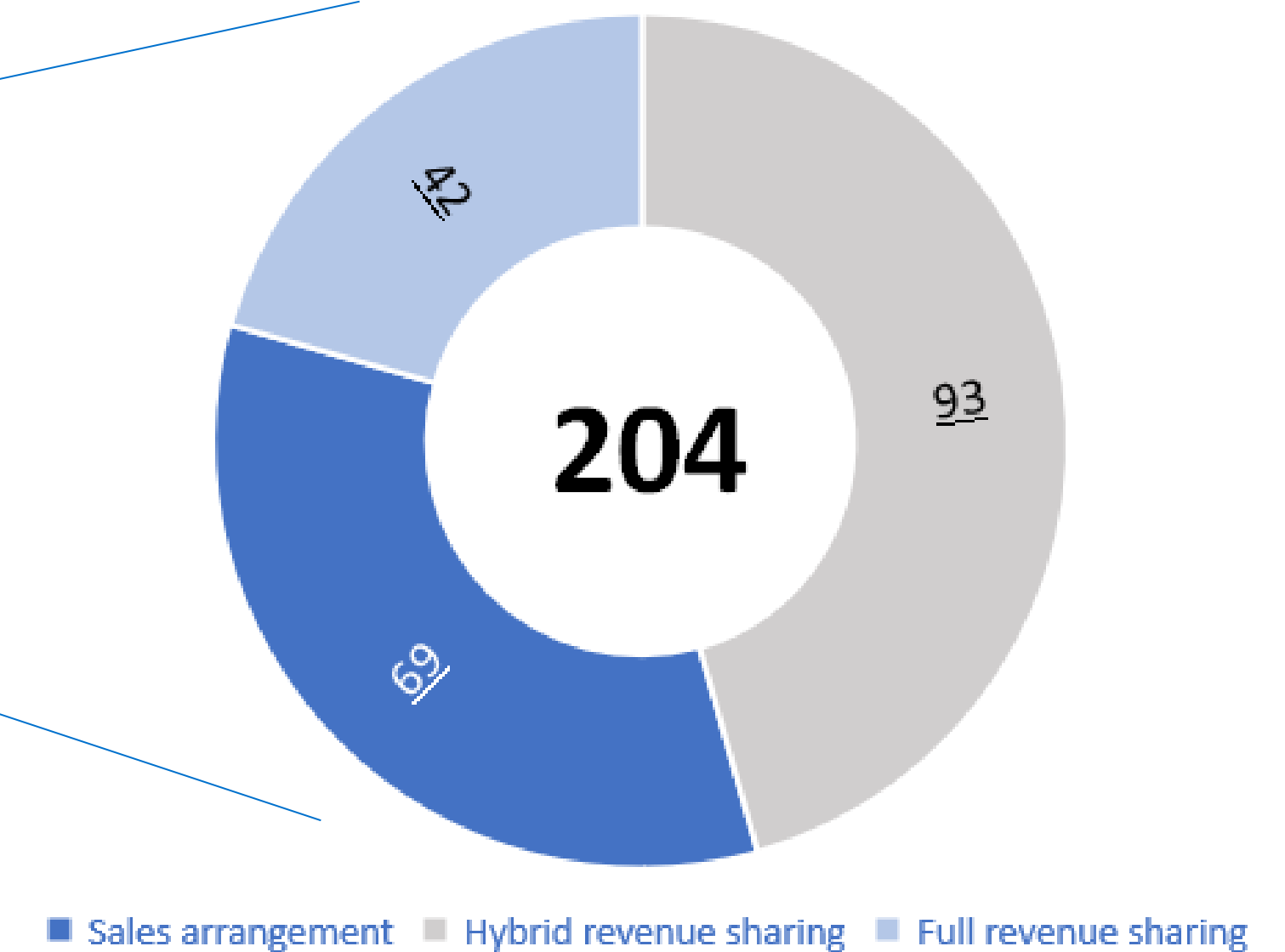
IMAX with Laser and Expanding Filmed-for-IMAX Content Portfolio Further Differentiates IMAX China Offering

IMAX Greater China Theater Footprint



Note 1: As of December 31, 2022
Source: Company Data

Greater China Backlog Mix²

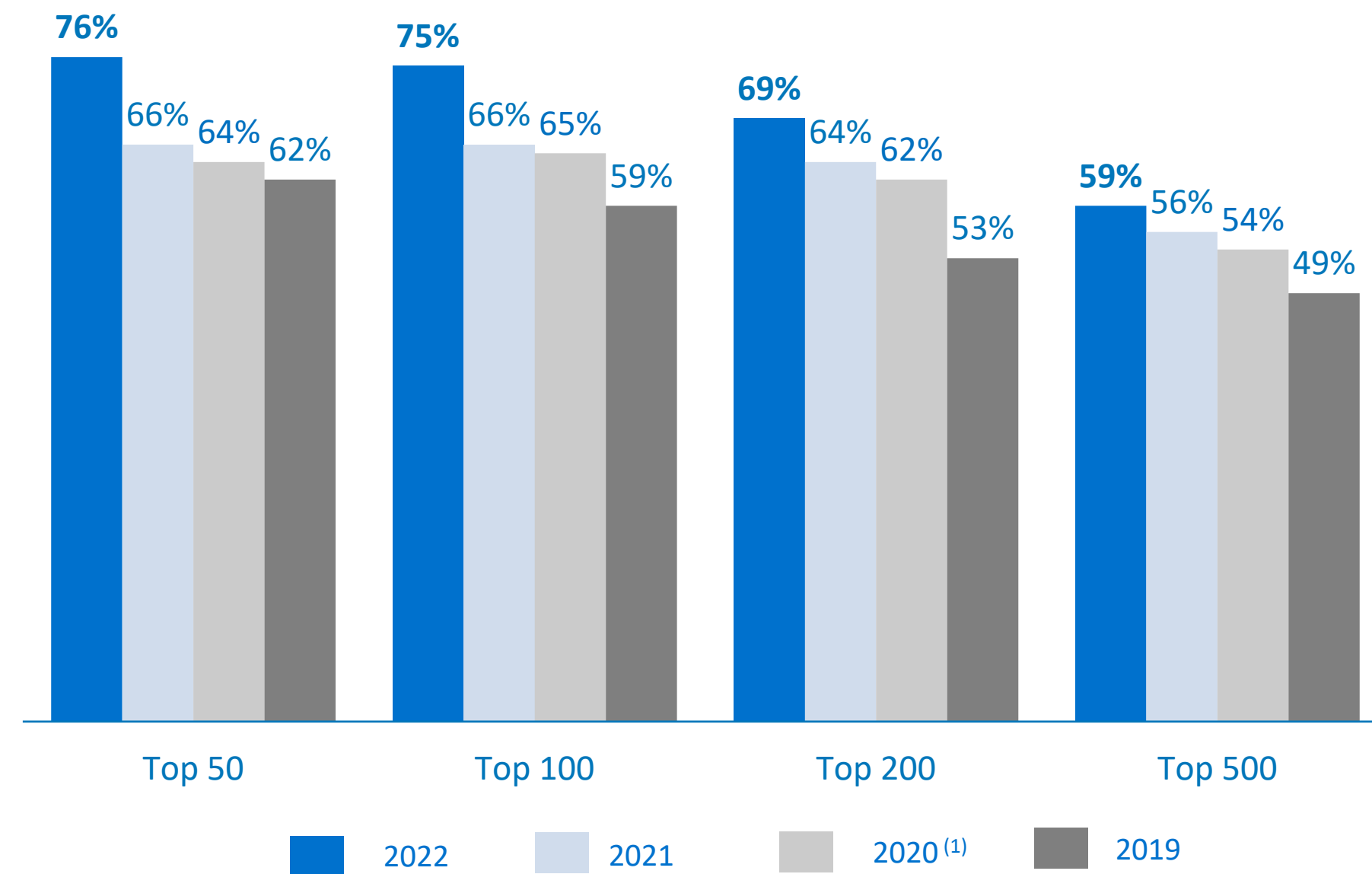


Note 2: As of December 31, 2022
Source: Company Data

Approaching 1,000 theatre milestone with current network of 794 and backlog of 204 systems

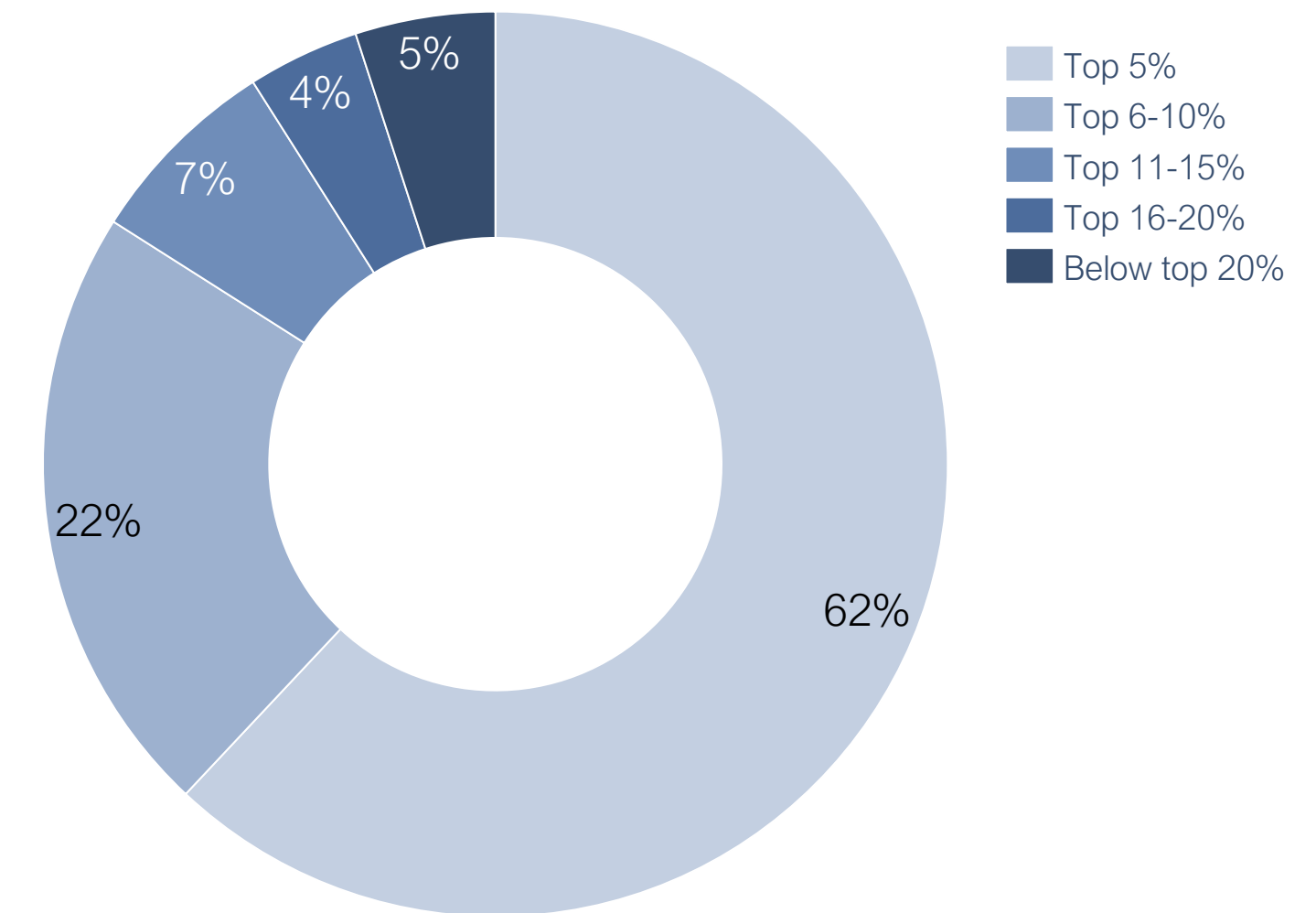
Industry Consolidation an Opportunity, Not a Risk

IMAX China Theater Penetration in Top 500 Complexes





Source: TOP Consulting
 Note (1): from July 20, 2020 – Dec 31, 2020

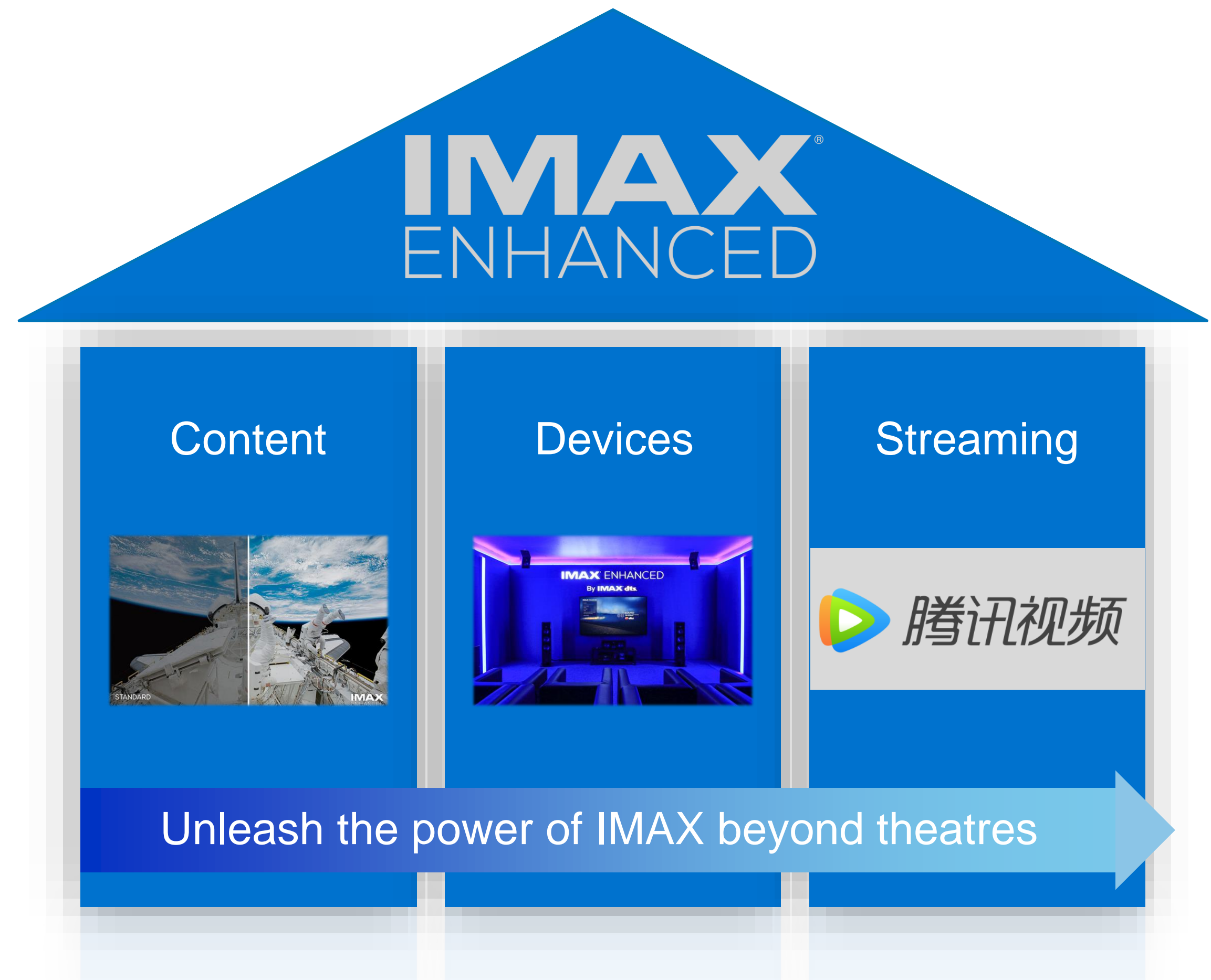
IMAX China FY22 GBO by Multiplex Cohort



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

Expanding the IMAX Experience Beyond Theatrical

Studios & streaming services	TVs, projectors and cellphones
	



IMAX
ENHANCED

Content Devices Streaming

腾讯视频

Unleash the power of IMAX beyond theatres

IMAX Enhanced partners with leading domestic TV, smartphone manufacturers and major streaming platforms

Note: China domestic OEMs refers to CE manufacture companies that are ultimately owned or otherwise controlled by companies that are organized and primarily headquartered in Greater China

- **Ecosystem**
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Unique Asset-Light Business Model Positions Us Well for Meaningful Financials Recovery as Business Normalizes

Financial Strength

- ❑ Asset-light business model
- ❑ High operating leverage and incremental margin
- ❑ Healthy, cash-rich balance sheet with US\$62 million in net cash as of Dec 31, 2022
- ❑ Committed to 50% dividend payout
- ❑ Delivered US\$12.4 million adjusted net profit⁽¹⁾ despite rolling closure of theaters and limited content supply throughout 2022



Strong Momentum in Business Recovery

- ❑ Record-breaking Chinese New Year box office, up 54% year-over-year
- ❑ Delivered over US\$86 million box office⁽²⁾ in mainland China year-to-date – well over half of 2022 full-year box office
- ❑ Year-to-date box office market share of 4.4%⁽²⁾, up from 2.2% same period of last year
- ❑ 2nd and 3rd highest-grossing IMAX films of all time in China with ‘Avatar: The Way of Water’ and ‘The Wandering Earth 2’ – the latter being also IMAX China’s biggest local language release ever
- ❑ Record 22% IMAX indexing in ‘Avatar: The Way of Water’

Strong financial position with ample liquidity and balance sheet flexibility

Note 1: adjusted net profit excludes share-based compensation and the related tax impact

Note 2: as of Feb 19, 2023

Financial Summary (FY2022 vs. FY2021)

Key Financial Highlights (in USD 000, unless otherwise stated)	FY2022	FY2021
Greater China Box Office ¹	162,672	239,454
Theatre Network (in unit)	794	783
Total Revenue	73,330	112,801
- Technology Network Business	25,307	39,373
Take-rate ²	15.6%	16.4%
- Technology Sales & Maintenance Business	47,885	73,002
Gross Profit	36,967	68,188
Adjusted EBITDA	30,449	66,805
Adjusted Net Profit	12,358	41,661

Note 1: Box office excludes booking fee

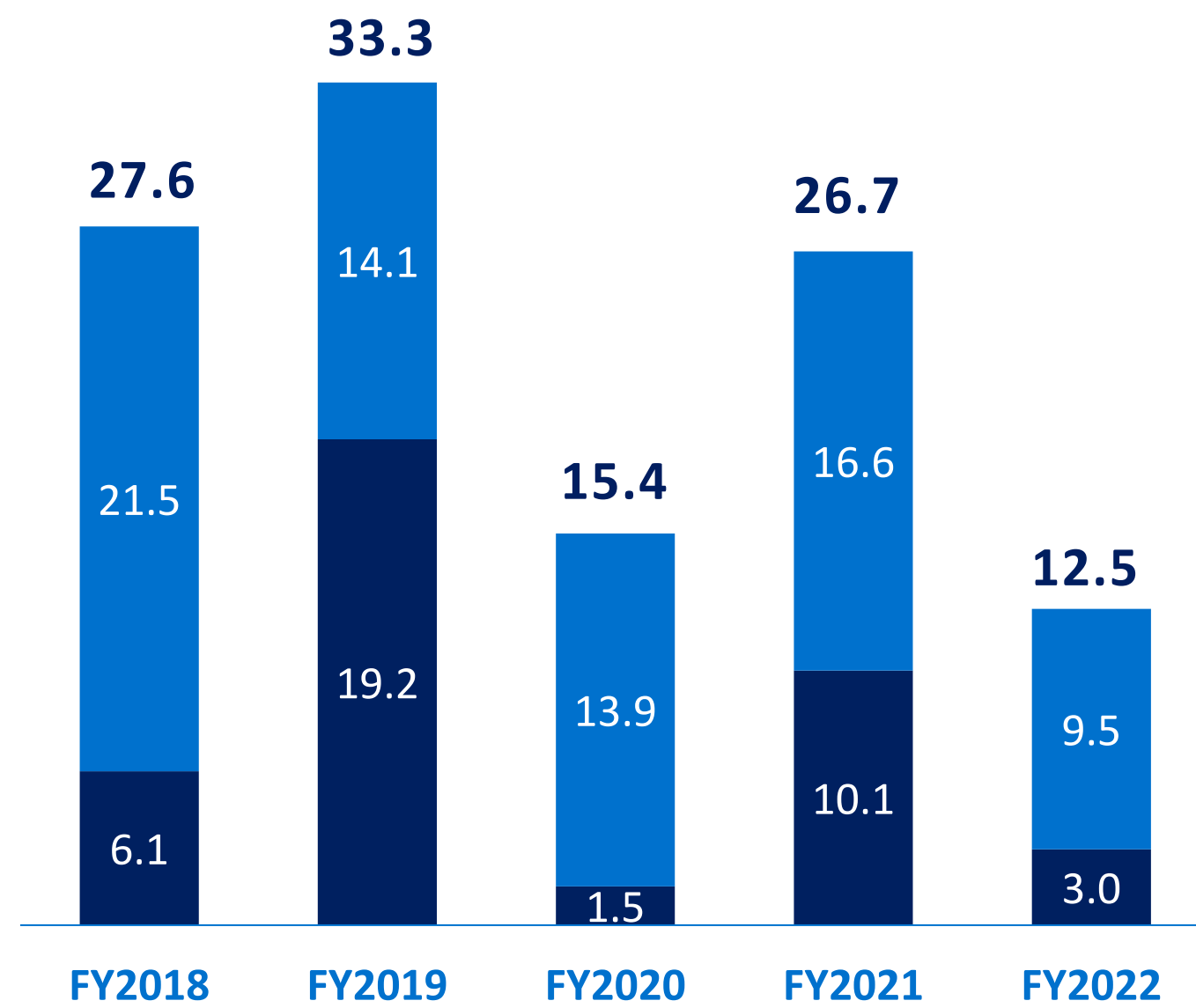
Note 2: Take-rate defined as network business revenue divided by IMAX China box office

Source: Company data

Long-term Shareholder Value Creation

Capital returned to shareholders

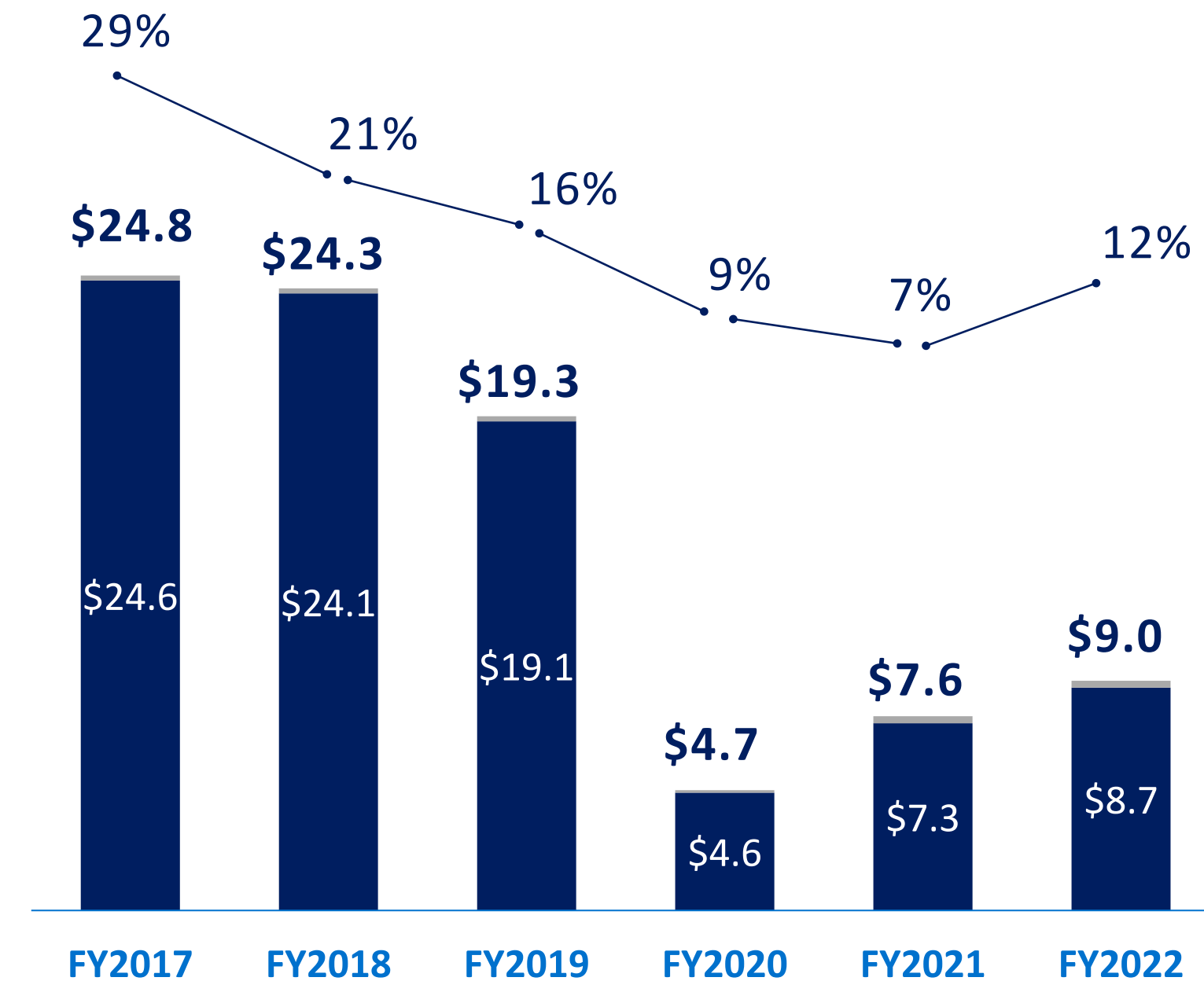
(in USD mn)



■ Dividends paid (as reflected on cash flow statement)
 ■ Share buyback

Capex trend

(in USD mn)



— Capex as % of revenue
 ■ Maintenance capex = purchase of property, plant & equipment
 ■ Growth capex = investment in joint-revenue sharing equipment

Source: Company data

We have returned a total of more than \$115mn capital to shareholders since 2018

