

IMAX

IMAX China (1970 HK) Investor Presentation

Aug 2022



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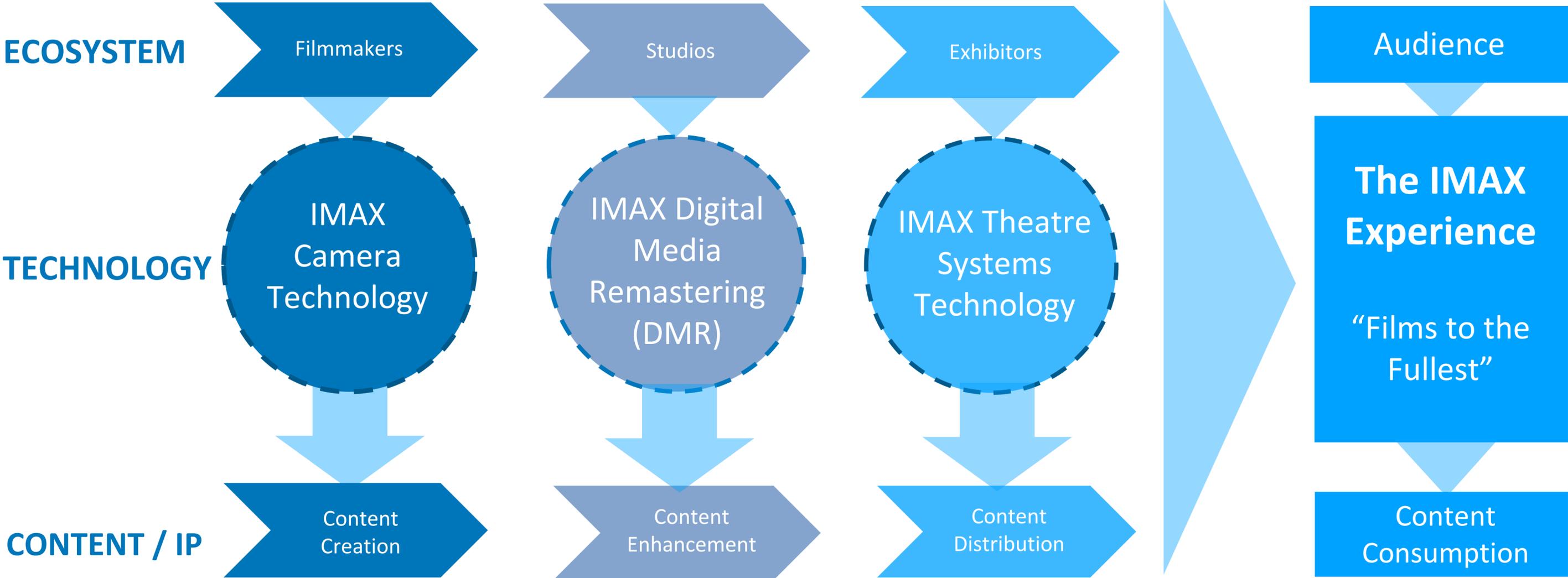
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- **Ecosystem**
- **Business Model**
- **Investment Thesis**
- **Financials**

Unique Position in the Greater China Entertainment Ecosystem

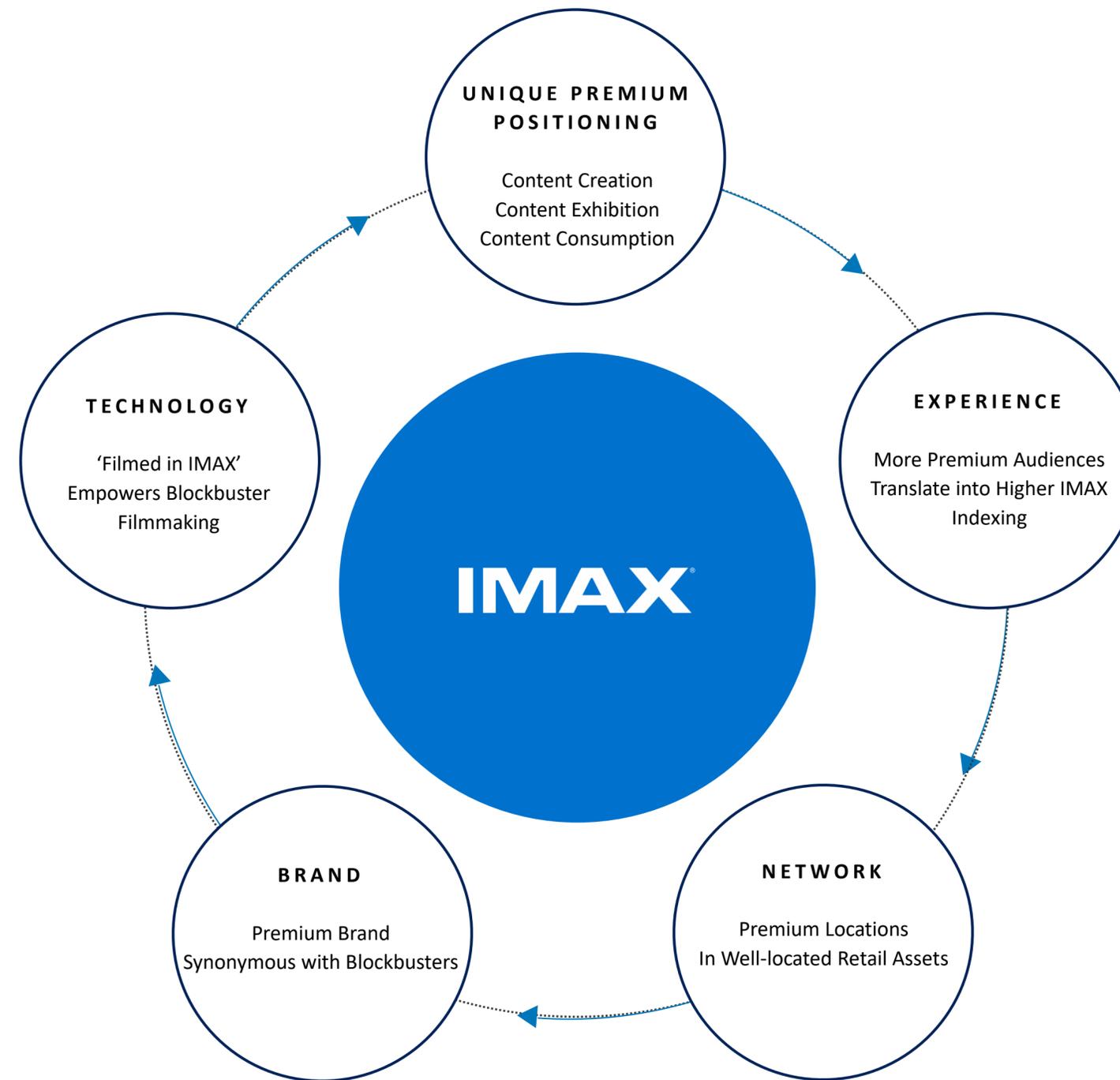
Upstream Downstream



OUR PARTNERS

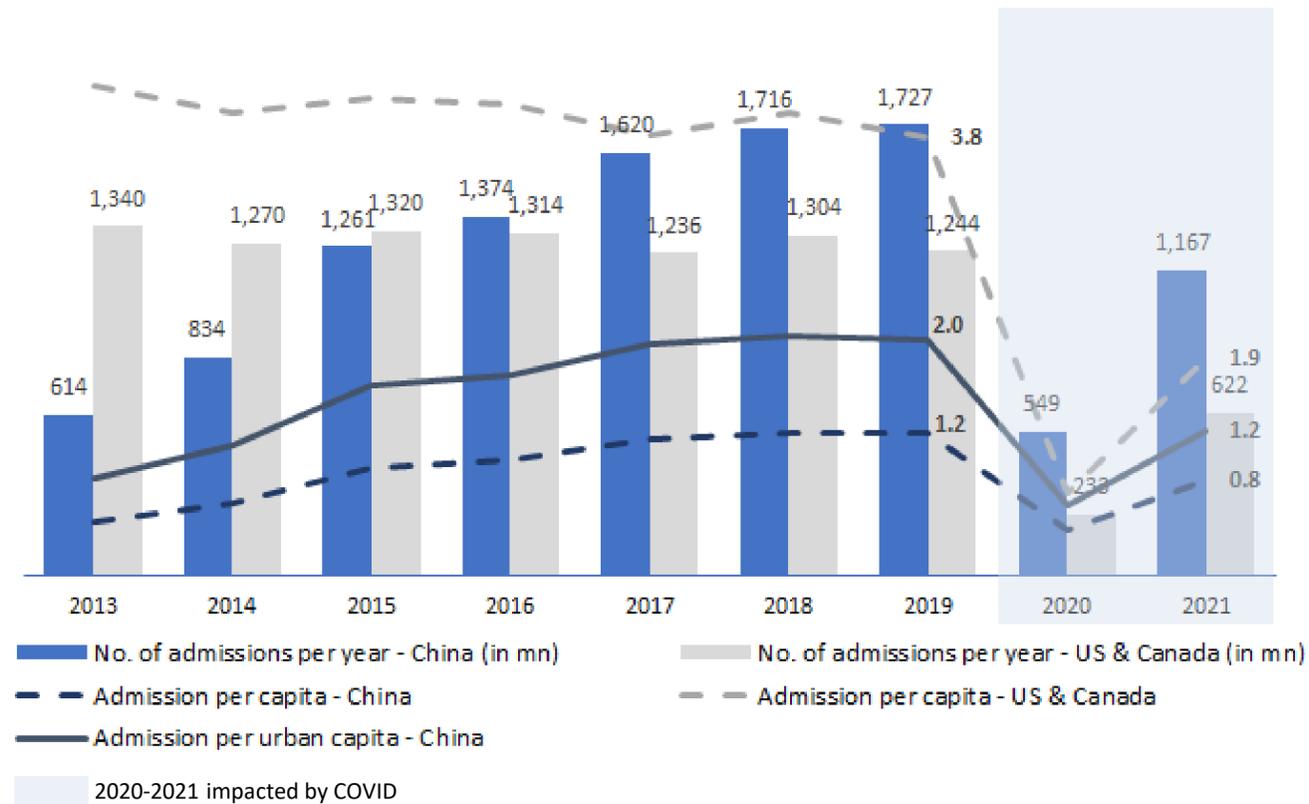


IMAX China is Uniquely Positioned to Benefit in the Post-Pandemic Theatrical Space



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

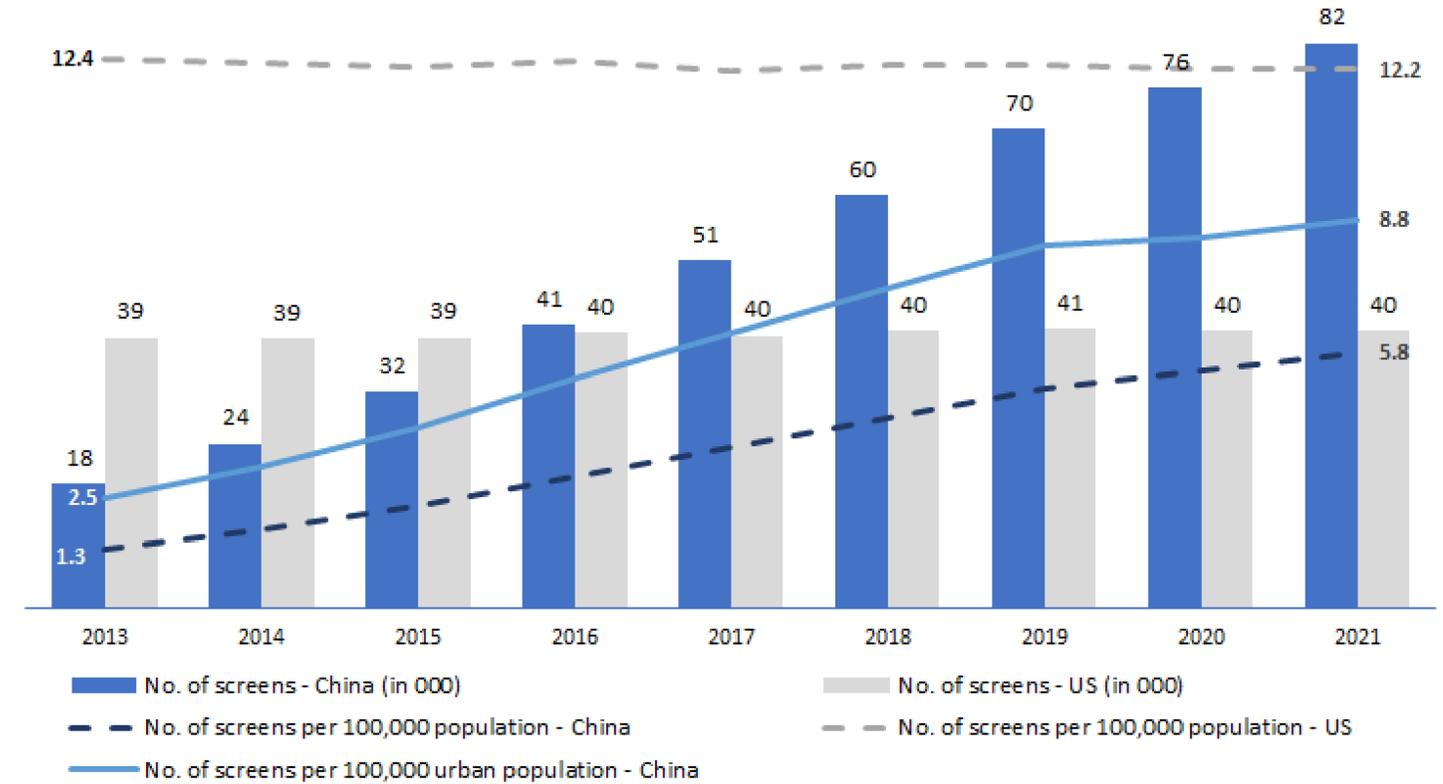
Movie admission per capita



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

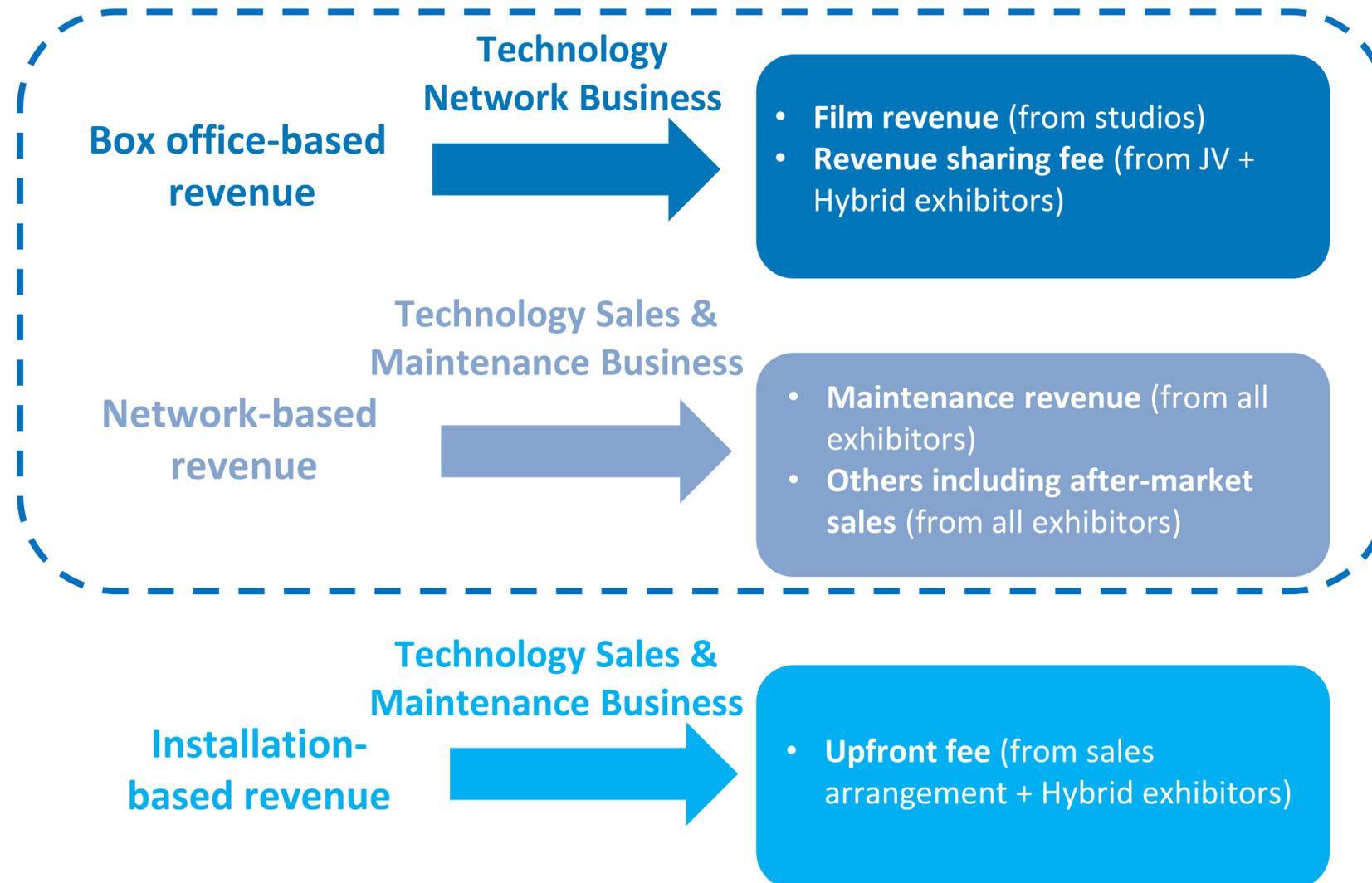
Note (1): Issued by the China Film Bureau in November 2021

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

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

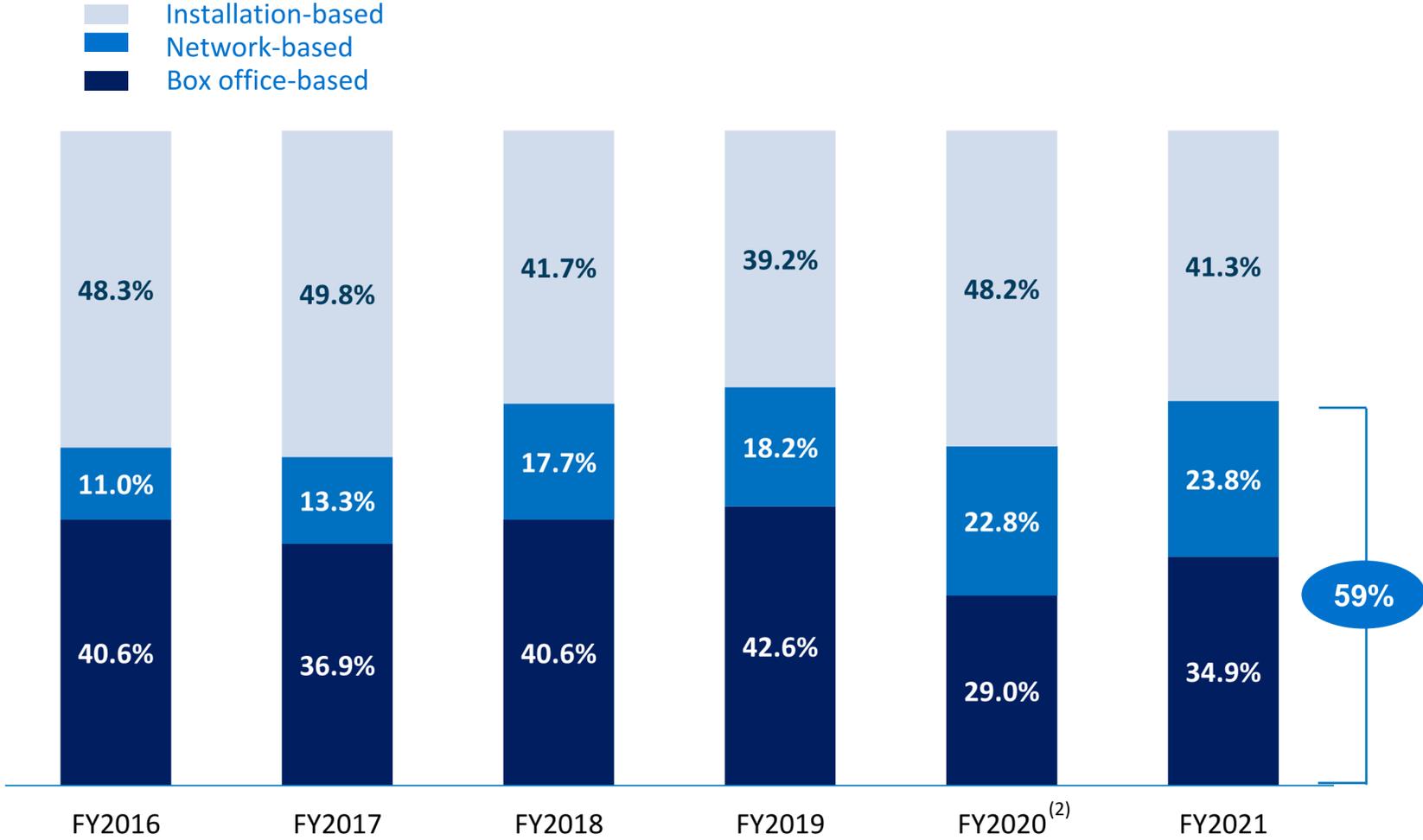
Our Business Model - Diversifying Monetization

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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Why IMAX China is Well-Positioned in a Post-Pandemic Theatrical Industry

Benefitting from Reopening

- ❑ Close to 95% of IMAX China theaters have reopened
- ❑ Demonstrated pent-up demand in moviegoing
- ❑ Franchise-heavy and IMAX-friendly film slate that extends beyond 2022

IMAX Beyond COVID

Accelerating Structural Tailwinds

- ❑ “Blockbusterization” effect in content consumption, creation and exhibition
 - Increasing consolidation towards top-grossing movies and top-performing theatres
- ❑ Local content gravitating towards IMAX genres with increasing production value
- ❑ Increasing number of “Filmed For IMAX” titles drives higher indexing and differentiation

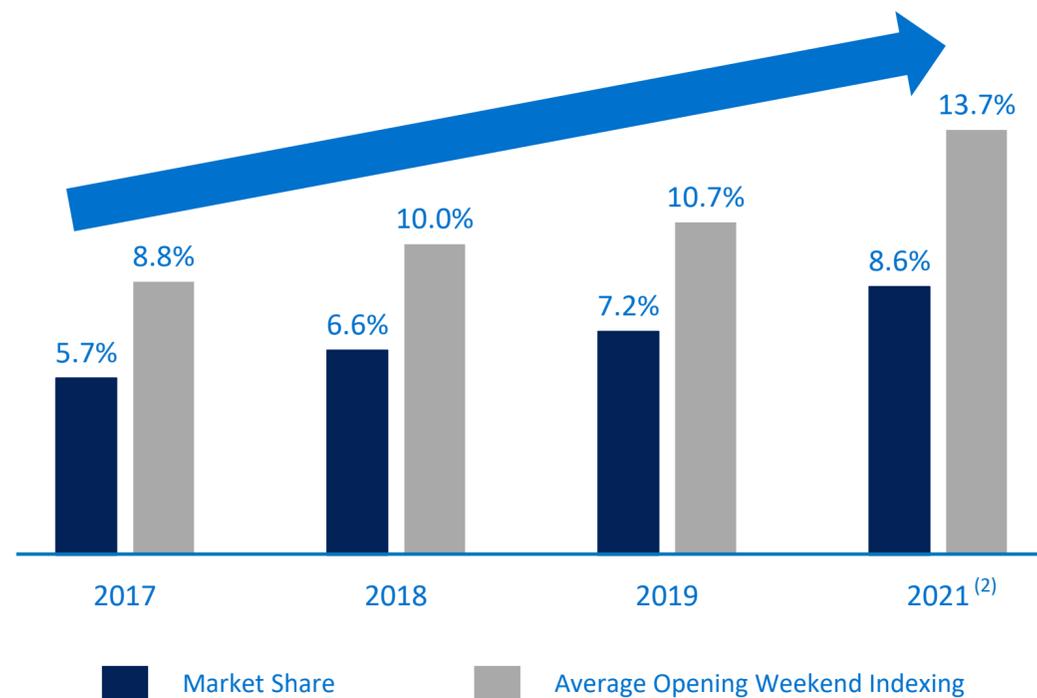
Differentiated positioning

- ❑ China’s largest premium entertainment network
- ❑ Leading brand and technology to both consumers and exhibitors
- ❑ Concentrated footprint in top-performing theatre complexes
- ❑ Strong content pipeline empowered by IMAX DNA, both Hollywood and local language
- ❑ Asset-light technology licensing business model with strong operating leverage and solid balance sheet

IMAX China is strategically positioned as post-pandemic theatrical experience calls upon differentiated offering in both content and exhibition

'Blockbusterization' in Content Consumption Drives Higher IMAX Indexing and Market Share across both Hollywood and Local Language

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
 Note (2): As of Dec 31, 2021
 Source: Company data

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



Dune (24% indexing)



No Time to Die (15% indexing)



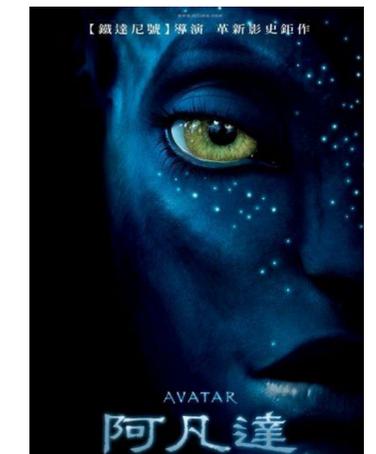
Fantastic Beasts: The Secrets of Dumbledore (15% indexing)



Godzilla vs. Kong (12% indexing)



Jurassic World 3 (12% indexing)

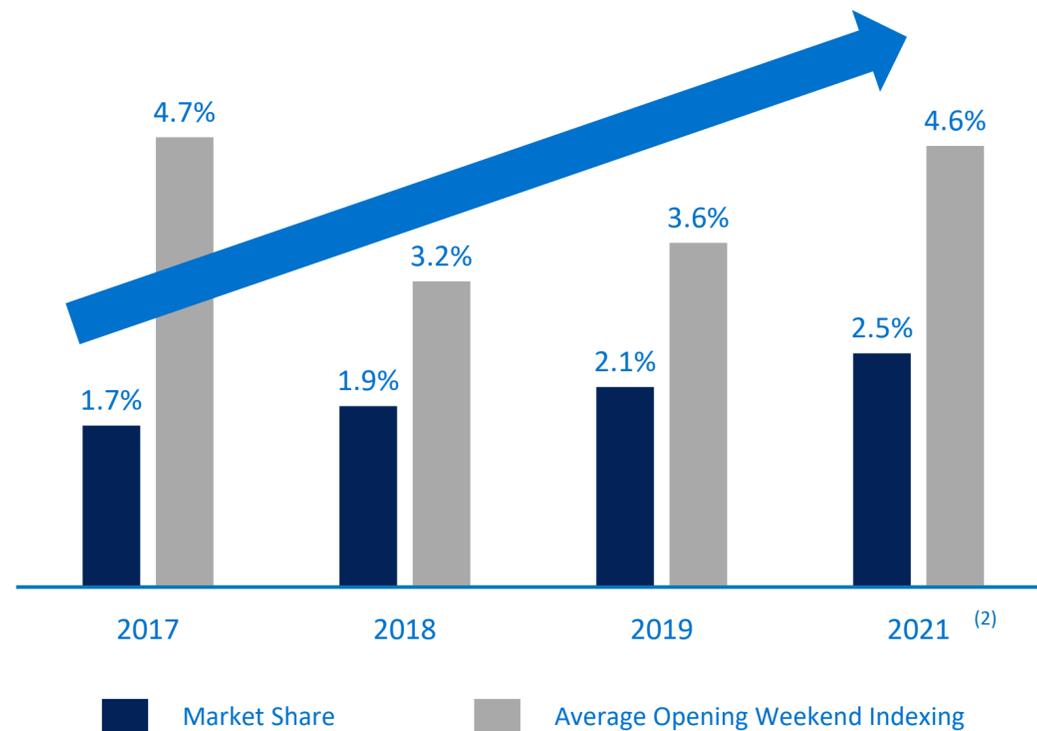


Avatar re-release (31% indexing)

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

'Blockbusterization' in Content Consumption Drives Higher IMAX Indexing and Market Share across both Hollywood and Local Language

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



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

Selected IMAX titles that surpassed a RMB1 billion box office milestone⁽³⁾



The Battle at Lake Changjin
 (Sept 2021) 📷
 GBO RMB5.8 billion
 Highest-grossing title in China film history



Detective Chinatown 3
 (Feb 2021) 📷
 GBO RMB4.5 billion
 6th highest-grossing title in China film history



Water Gate Bridge
 (Feb 2022) 📷
 Cumulative GBO RMB4.1 billion
 8th highest-grossing title in China film history



The Eight Hundred
 (Aug 2020) 📷
 GBO RMB3.1 billion
 13th highest-grossing title in China film history



My People My Homeland
 (Oct 2020)
 GBO RMB2.8 billion



Moon Man
 (July 2022)
 GBO RMB2.5 billion⁽⁴⁾



Legend of Deification
 (Oct 2020)
 GBO RMB1.6 billion



Chinese Doctors
 (July 2021)
 GBO RMB1.3 billion

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

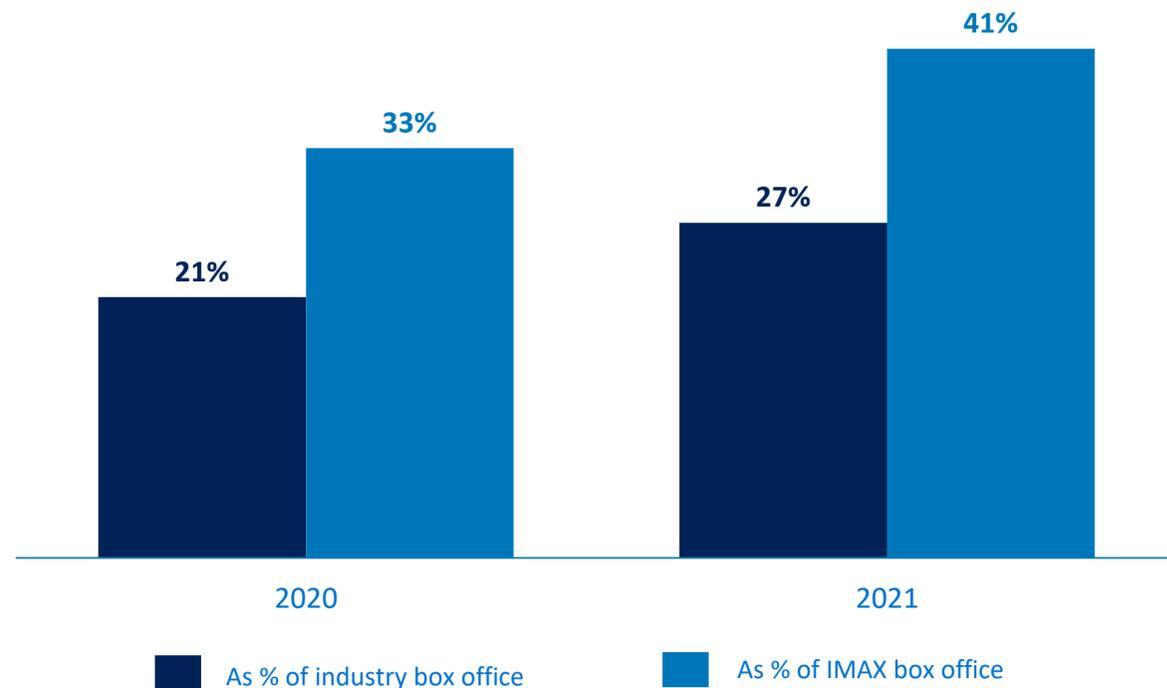
Note (3): Since theaters reopened in July 2020

Note (4): As of Aug 16, 2022

IMAX China's average indexing and market share in local language titles grew to approximately 5% and 3% respectively

IMAX DNA Empowers Blockbuster Filmmaking

IMAX DNA box office contribution



Source: Company data

Filmed-for-IMAX releases consistently top the chart



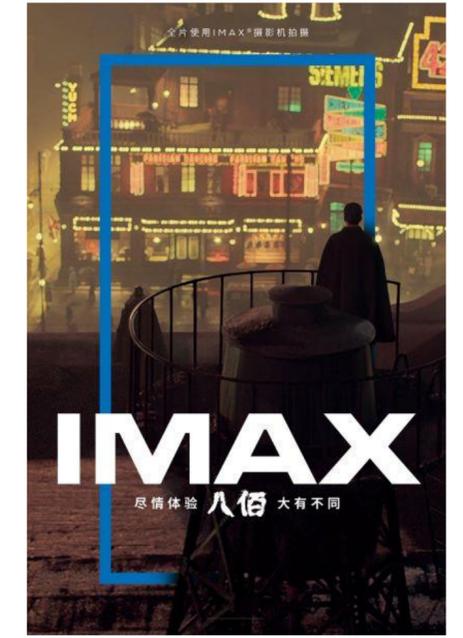
Watergate Bridge (2022)

- 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

Movies with IMAX DNA contributed close to 30% of industry box office and over 40% of IMAX China's in 2021

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 Avengers Endgame 
(RMB4.3bn GBO)



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



#9 Operation Red Sea
(RMB3.7bn GBO)



#10 Detective Chinatown 2
(RMB3.4bn GBO)

Four 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

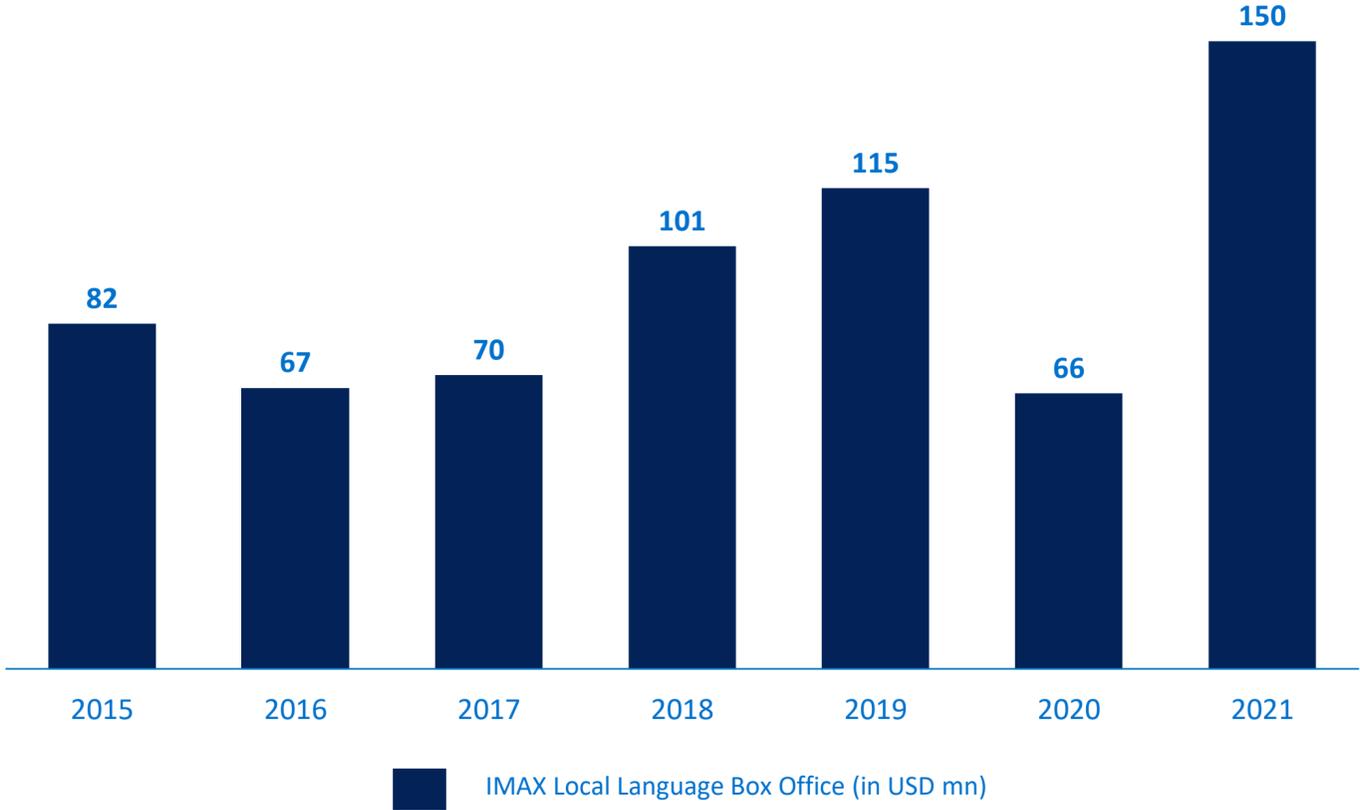


Director Lu Yang (*A Writer's Odyssey*) and Director of Cinematography Cao Yu (*The Eight Hundred*) at IMAX *No Time To Die* screening

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

Strengthening Relationship With Local Studios and Filmmakers Driving Both IMAX DNA and Local Language Box Office

IMAX China Local Language Box Office



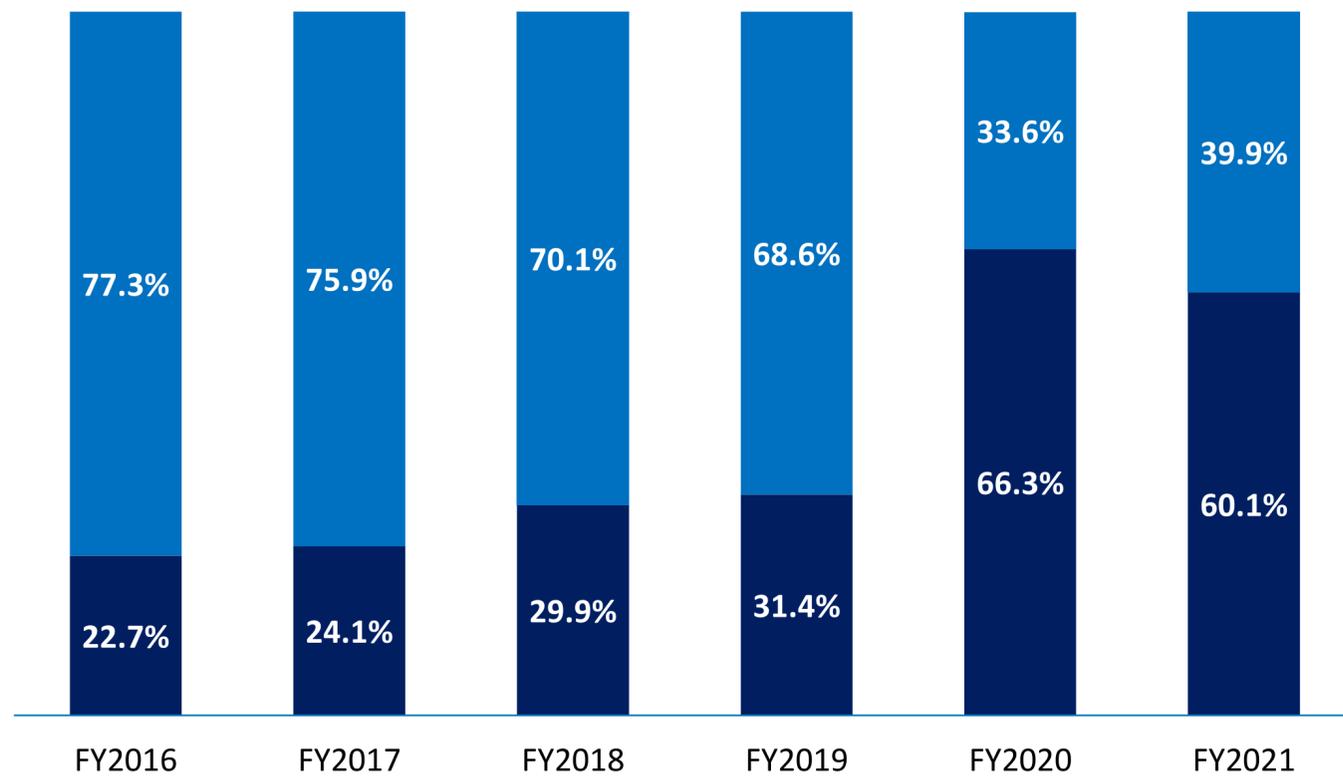
Source: Company data
Note: Mainland China only, excluding Hong Kong and Taiwan

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

Rising Box Office Contribution From Local Language Titles

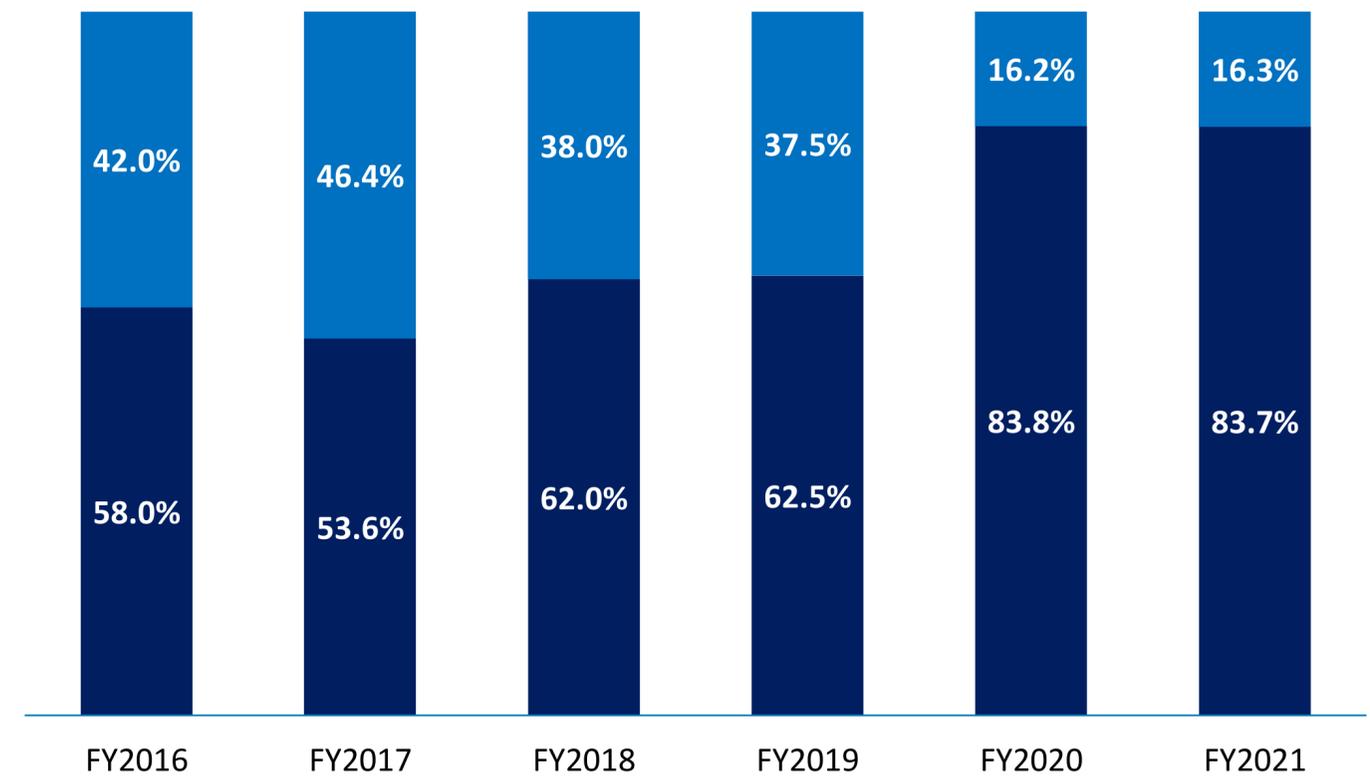
IMAX China box office distribution (Hollywood vs. Local)

■ Hollywood box office
■ Local language box office



China box office distribution (Hollywood vs. Local)

■ Hollywood box office
■ Local language box office



Source: Company data, China Film Administration

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

Strong Pipeline of Blockbuster Releases (2022-2023)



Black Panther 2:
Wakanda Forever
Nov 2022



Avatar 2: The Way of Water
Dec 2022



Ant-man and the Wasp: Quantumania
Feb 2023



Aquaman and the Lost Kingdom
March 2023



Fast & Furious 10
May 2023



Transformers: Rise of the Beasts
June 2023



Oppenheimer
July 2023



Captain Marvel 2: The Marvels
July 2023



Mission Impossible 7
July 2023



Dune Part II
Nov 2023



Franchise-heavy and IMAX-friendly slate continues into 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

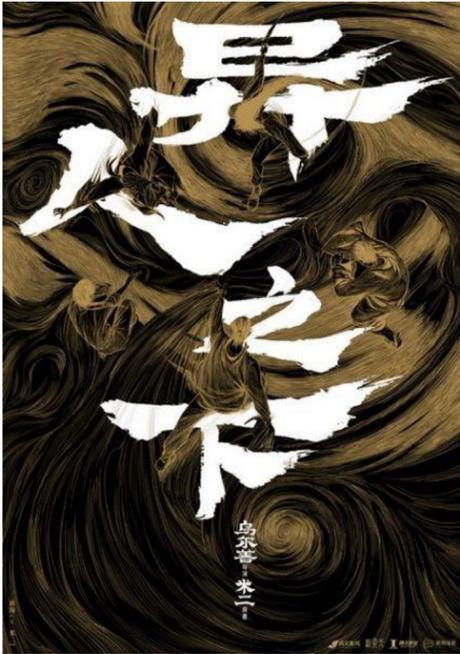
Promising Pipeline of Potential Local Language Titles



The Wandering Earth 2 (CNY 2023) 



Homecoming (TBD) 



Outcast (TBD) 

Multiple blockbuster caliber potential local language titles

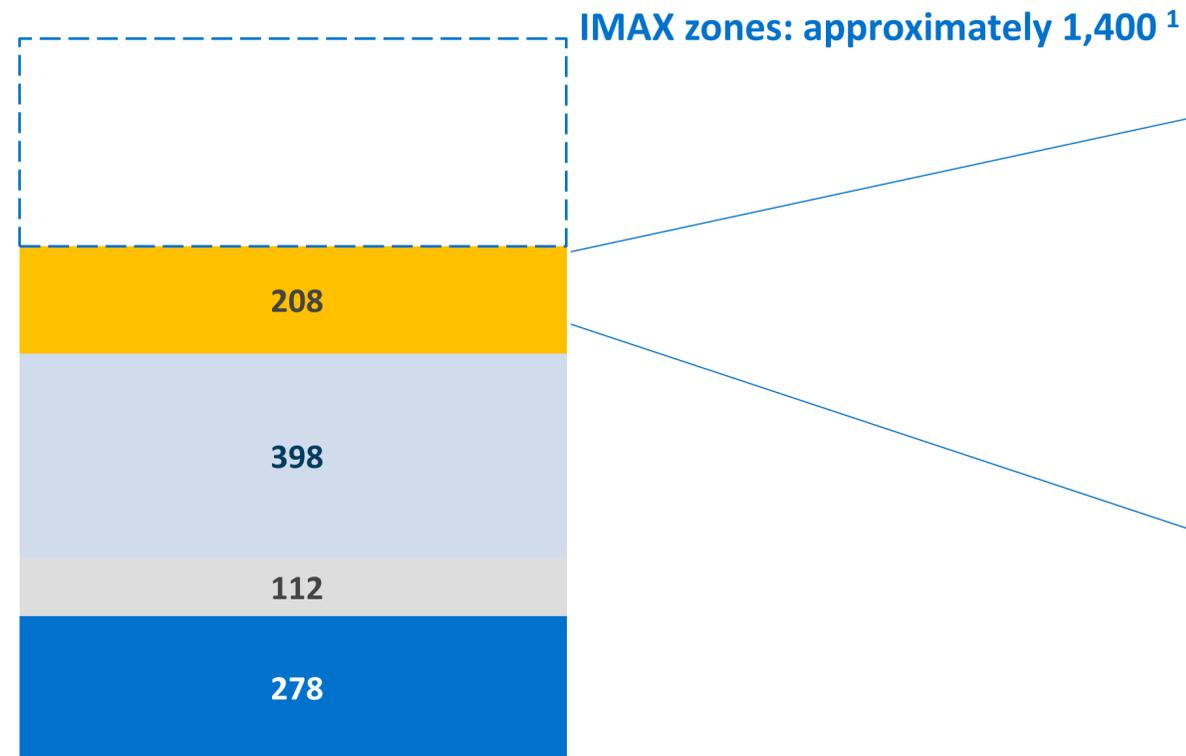
Note: Release schedule of the abovementioned titles in China to be determined.

 = indicates IMAX DNA

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

IMAX Greater China Theater Footprint

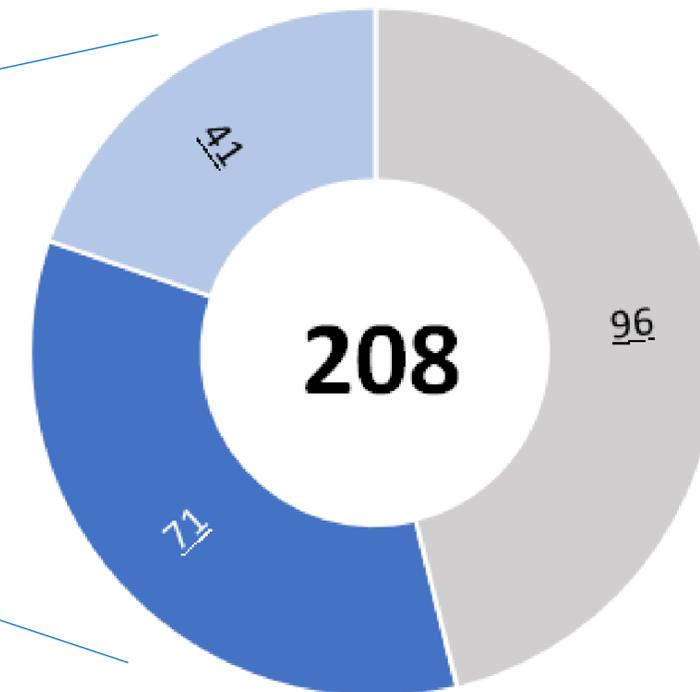
- Backlog
- Full revenue sharing
- Hybrid revenue sharing
- Sales arrangement



As of June 30, 2022

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

Greater China Backlog Mix²



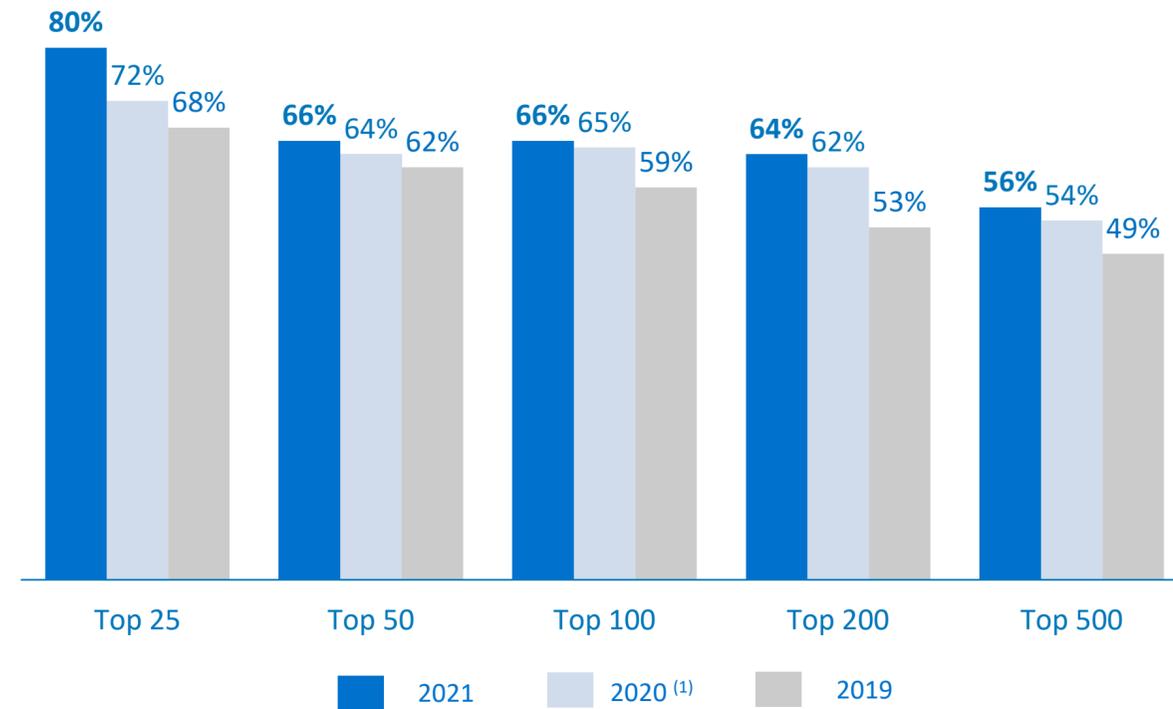
■ Sales arrangement ■ Hybrid revenue sharing ■ Full revenue sharing

Note 2: As of June 30, 2022
Source: Company Data

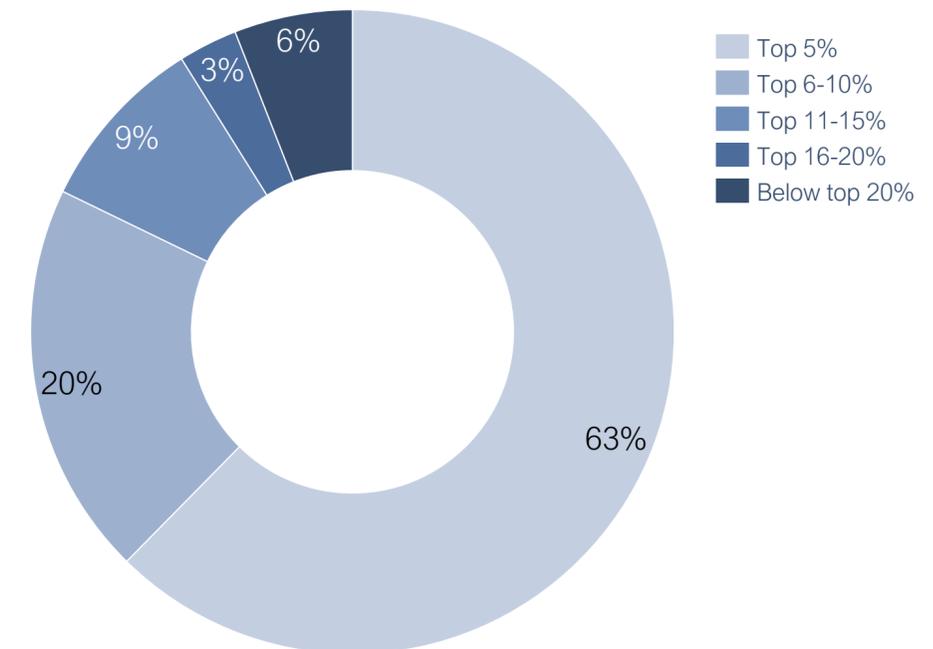
Ample runway for growth towards targeted 1,400 IMAX zones

Industry Consolidation an Opportunity, Not a Risk

IMAX China Theater Penetration in Top 500 Complexes



IMAX China FY21 GBO by Multiplex Cohort



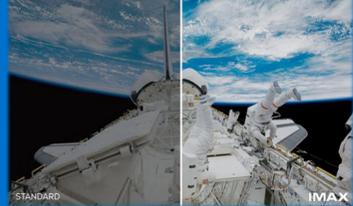
Source: TOP Consulting
 Note (1): from July 20, 2020 – Dec 31, 2020

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
	<p data-bbox="1159 667 1412 724">SONY</p> <div data-bbox="1079 765 1492 1384" style="border: 2px dashed blue; padding: 10px;"> <p data-bbox="1212 795 1372 915">TCL</p> <p data-bbox="1136 983 1446 1039">Hisense</p> <p data-bbox="1136 1133 1446 1189">xiaomi</p> <p data-bbox="1136 1283 1446 1339">HONOR</p> </div>

IMAX[®] ENHANCED

Content	Devices	Streaming
		
<p data-bbox="1825 1320 2918 1376">Unleash the power of IMAX beyond theatres</p>		

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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- **Financials**

Strong Financial Position with Ample Liquidity and Balance Sheet Flexibility

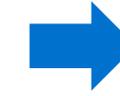
Strong fundamentals

- Healthy, debt-free balance sheet
- No exposure to fixed rental commitment or content production cost
- Flexible, asset-light business model
- Majority of capex is growth-related



Cost control actions

- Temporary adjustment to work week while maintaining our ability to quickly scale operations as soon as theatres reopen and business normalizes
- Reduced non-core marketing initiatives, T&E and other discretionary spending



Financial Strength

- Delivered US\$2.1 million adjusted net profit⁽¹⁾ despite extended business shutdown
- US\$77 million in net cash as of June 30, 2022
- Ample cash runway
- Maintain 50% dividend payout policy

Disciplined cost management over the years builds financial resilience through an extended operational pause

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

Financial Summary (FY2021 vs. FY2020)

Key Financial Highlights (in USD 000, unless otherwise stated)	FY2021	FY2020	YoY growth %
Greater China Box Office ¹	239,454	99,249	141%
Theatre Network (in unit)	783	745	5%
Total Revenue	112,801	52,331	116%
- Technology Network Business	39,373	15,182	159%
Take-rate ²	16.4%	15.3%	110bps
- Technology Sales & Maintenance Business	73,002	36,937	98%
Gross Profit	68,188	19,347	252%
Adjusted EBITDA	66,805	7,782	758%
Adjusted Net Profit	41,661	(4,612)	N.A.

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

Financial Summary (1H22 vs. 1H21)

Key Financial Highlights (in USD 000, unless otherwise stated)	1H22	1H21	YoY growth %
Greater China Box Office ¹	76,328	132,828	(45%)
Theatre Network (in unit)	788	759	4%
Total Revenue	32,713	53,431	(39%)
- Technology Network Business	11,708	21,703	(46%)
Take-rate ²	15.3%	16.3%	(100bps)
- Technology Sales & Maintenance Business	20,293	31,686	(34%)
Gross Profit	18,625	33,123	(44%)
Adjusted EBITDA	10,959	33,797	(68%)
Adjusted Net Profit	2,109	21,312	(90%)

Note 1: Box office excludes booking fee

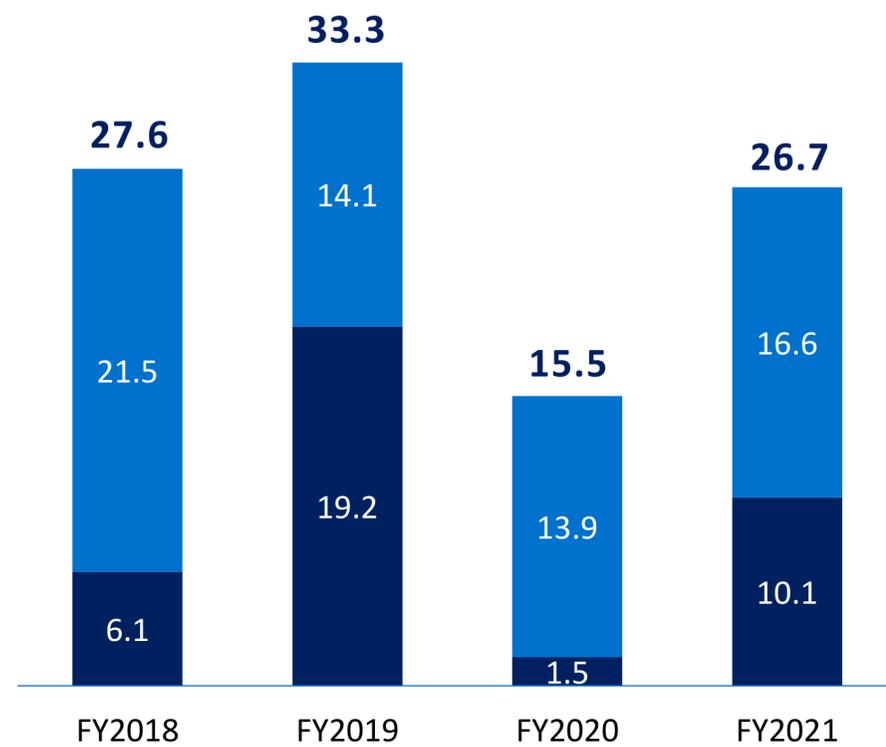
Note 2: Take-rate defined as network business revenue divided by IMAX China box office

Source: Company data

Long-term Shareholder Value Creation

Capital returned to shareholders

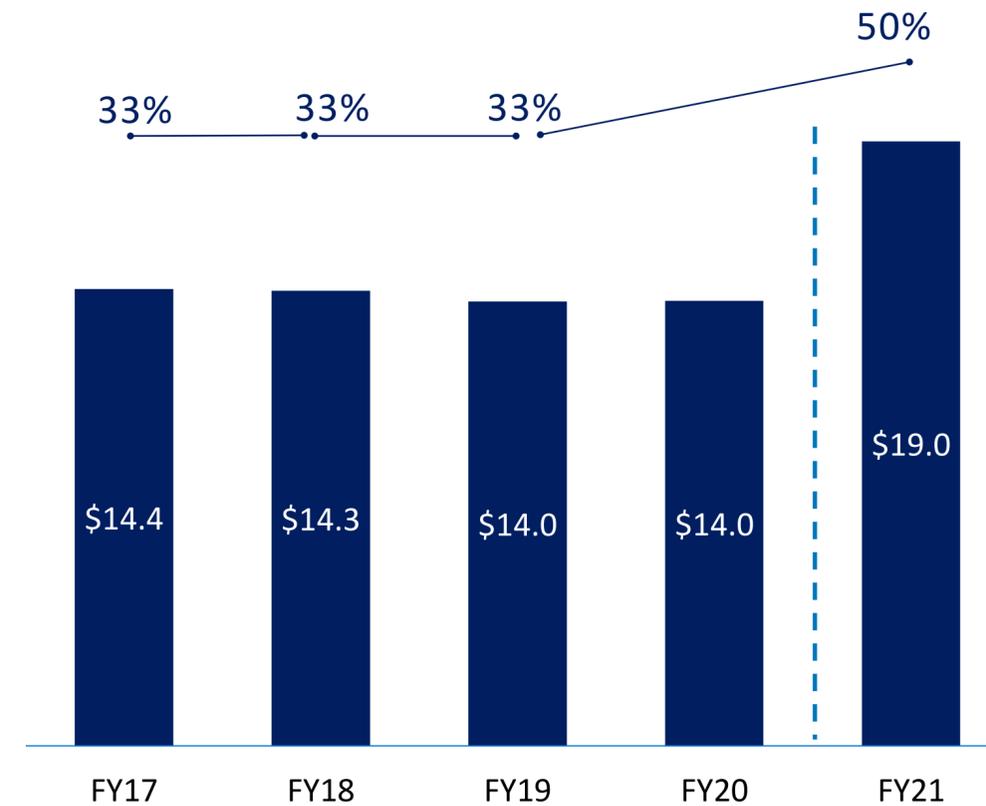
(in USD mn)



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

Dividend trend

(in USD mn)



— Dividend earnings payout %
 ■ Dividend amount declared for the specified fiscal year

Source: Company data

We have returned a total of more than \$100mn capital to shareholders since 2017

