

IMAX

IMAX China (1970 HK) Investor Presentation

April 2022



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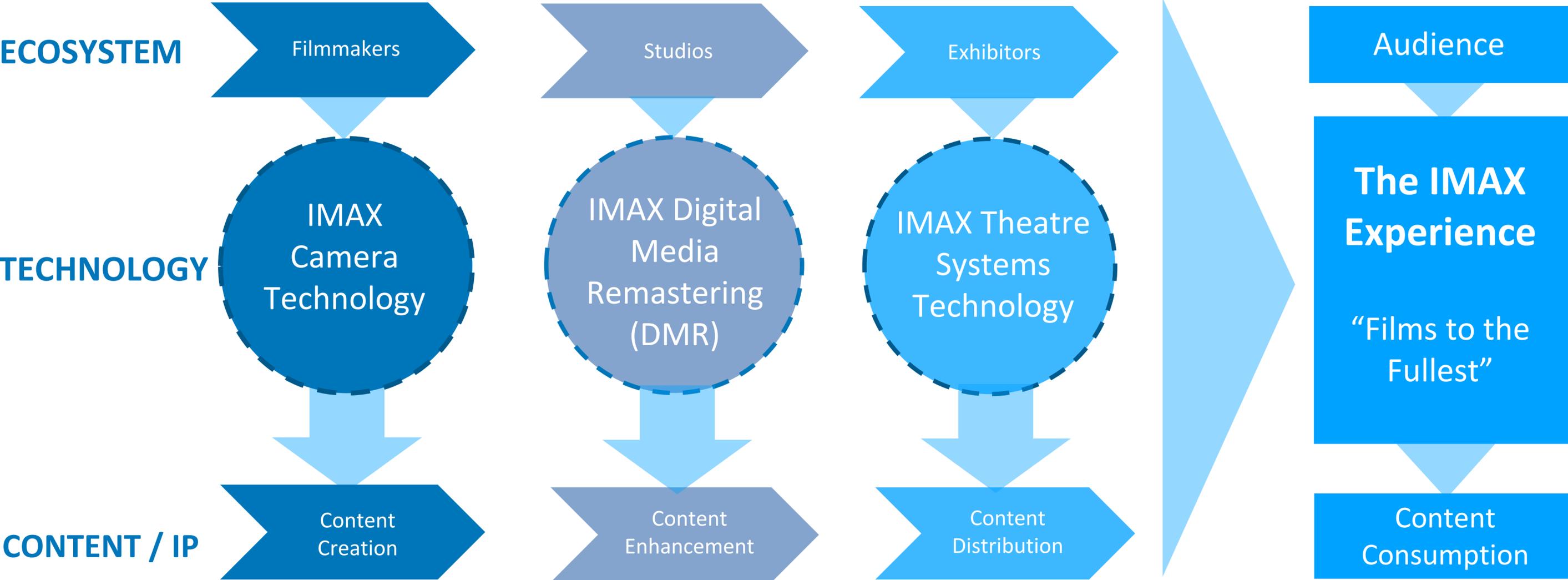
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- **Ecosystem**
- **Business Model**
- **Investment Thesis**
- **Financials**

Unique Position in the Greater China Entertainment Ecosystem

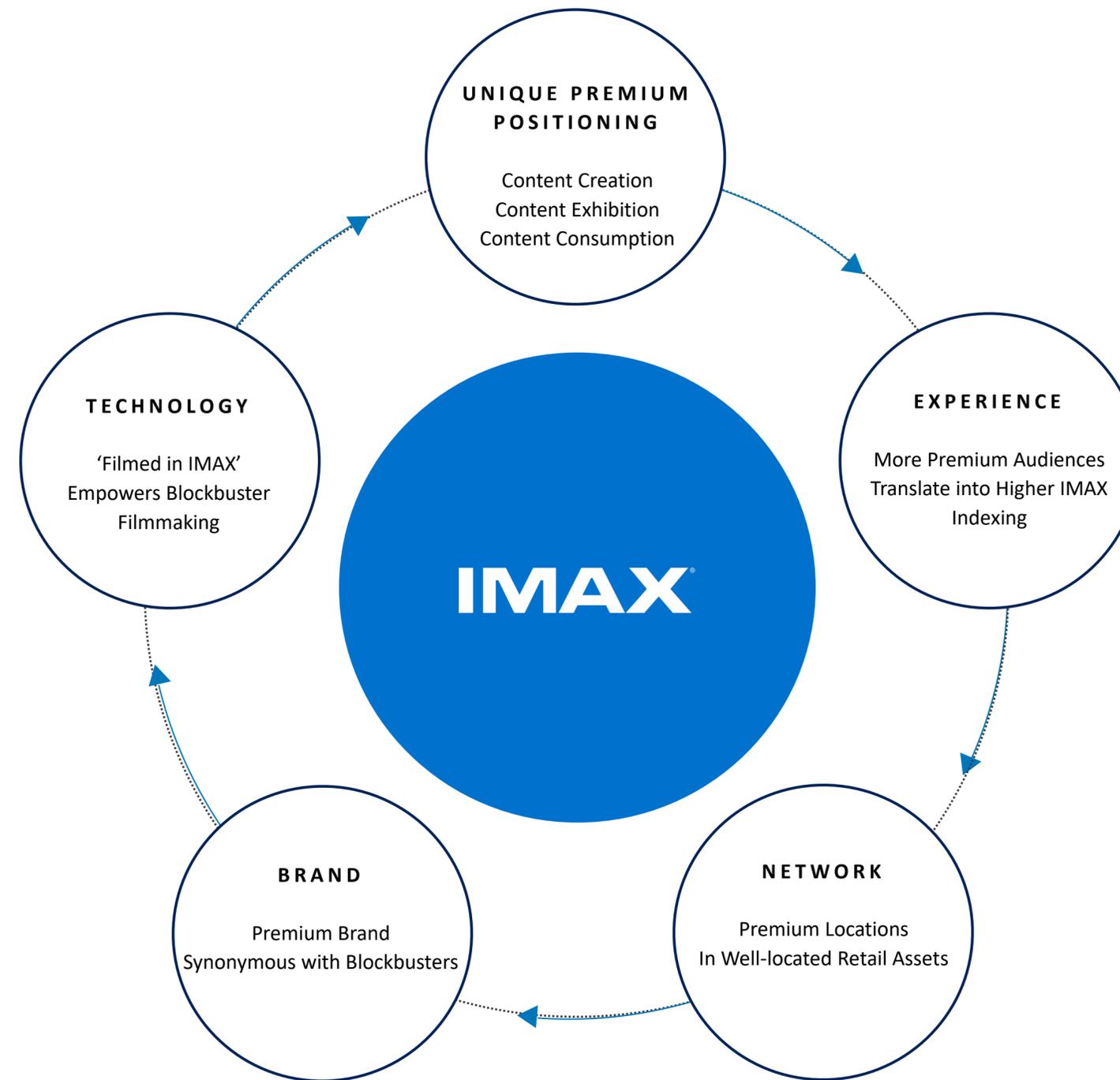
Upstream Downstream



OUR PARTNERS

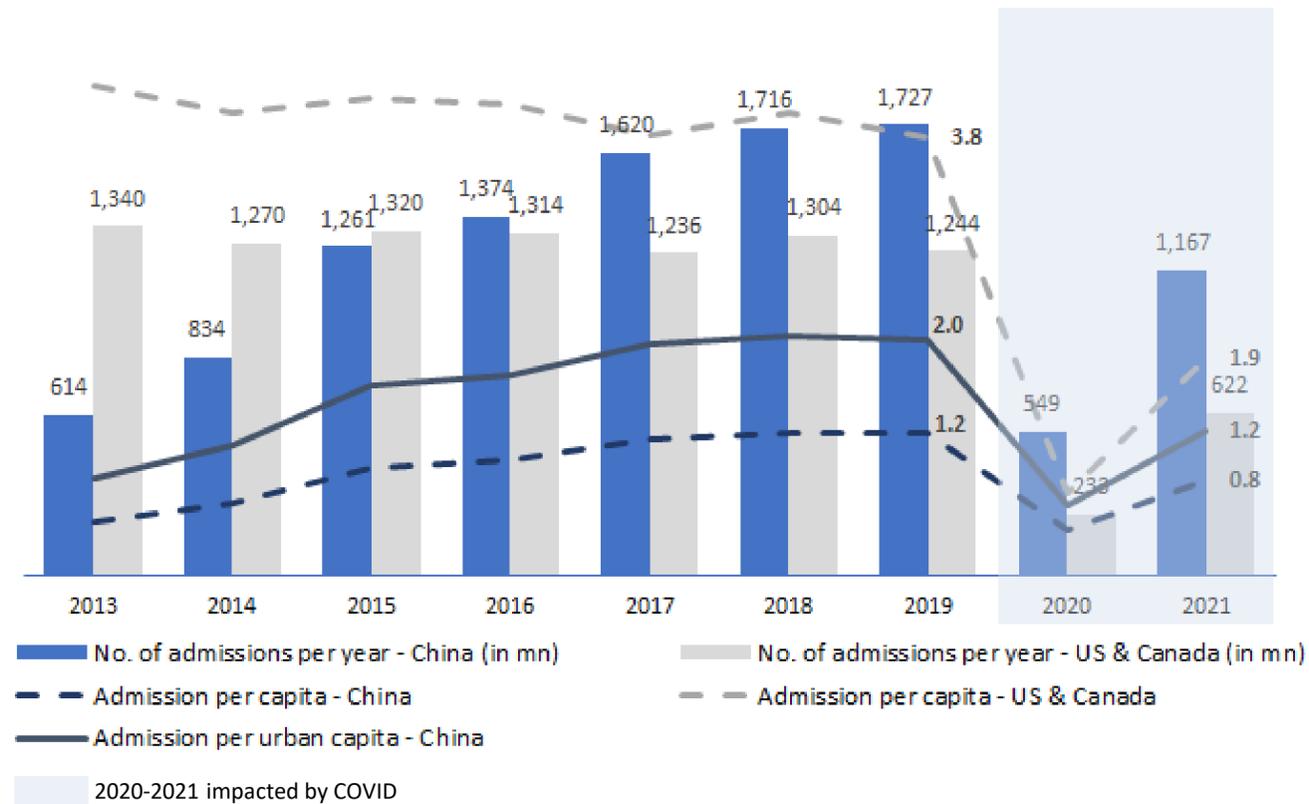


IMAX China is Uniquely Positioned to Benefit in the Post-Pandemic Theatrical Space



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

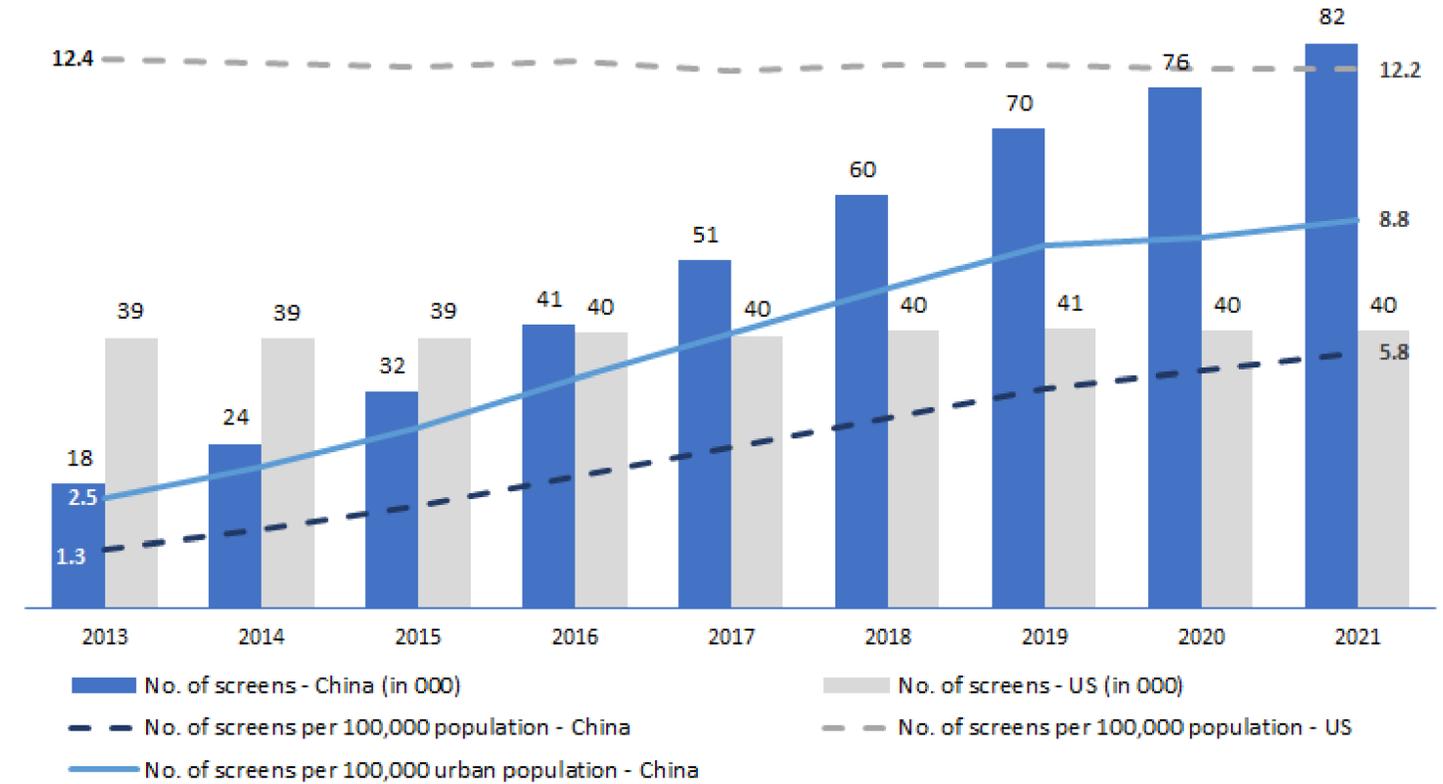
Movie admission per capita



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

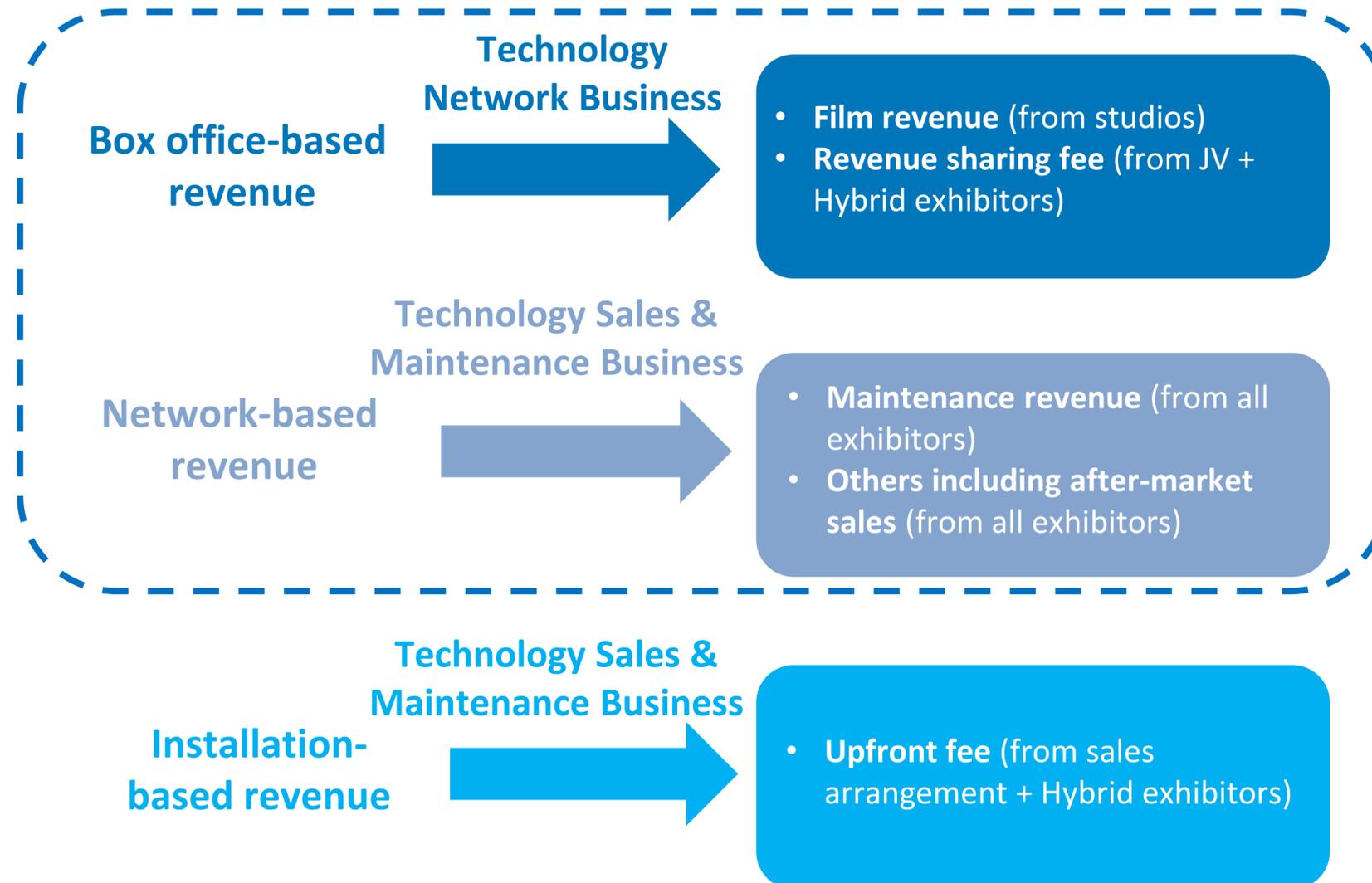
Note (1): Issued by the China Film Bureau in November 2021

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

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

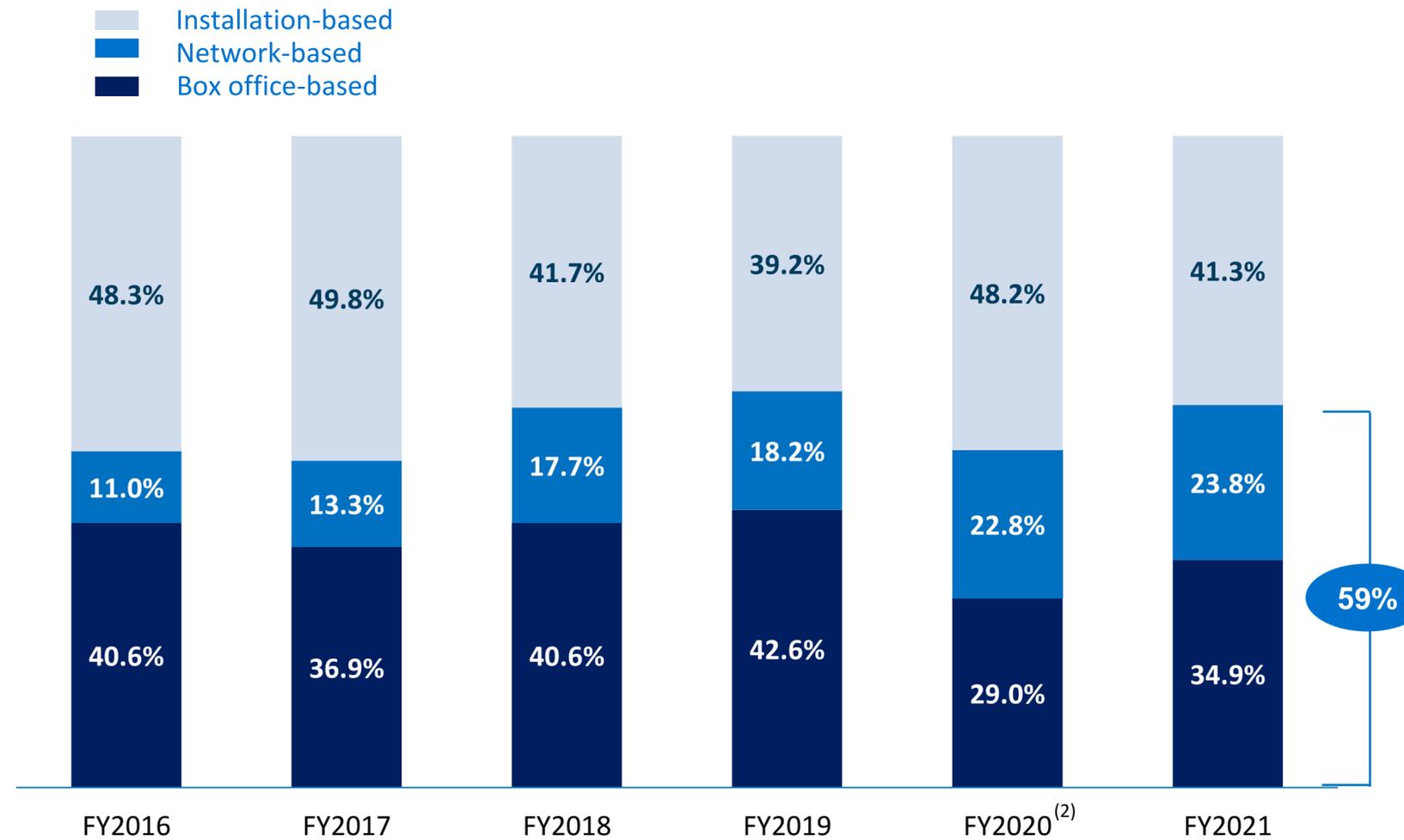
Our Business Model - Diversifying Monetization

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
- Business Model
- **Investment Thesis**
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Why IMAX China is Well-Positioned in a Post-Pandemic Theatrical Industry

Demonstrated Demand and Strong Financials Turnaround

- ❑ Strong revenue rebound to US\$113 million in 2021, up from US\$52 million in 2020
- ❑ Profitability turnaround to US\$42 million adjusted earnings⁽¹⁾, vs. net loss of US\$5 million in 2020
- ❑ Record local language box office of US\$150 million in 2021
- ❑ Growing Hollywood indexing to c.13% and local language indexing to c.5% ⁽²⁾
- ❑ Expanding footprint to 783 theaters in Greater China; 215 systems in the backlog ⁽³⁾

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

Note (1): Adjusted earnings excludes share-based compensation

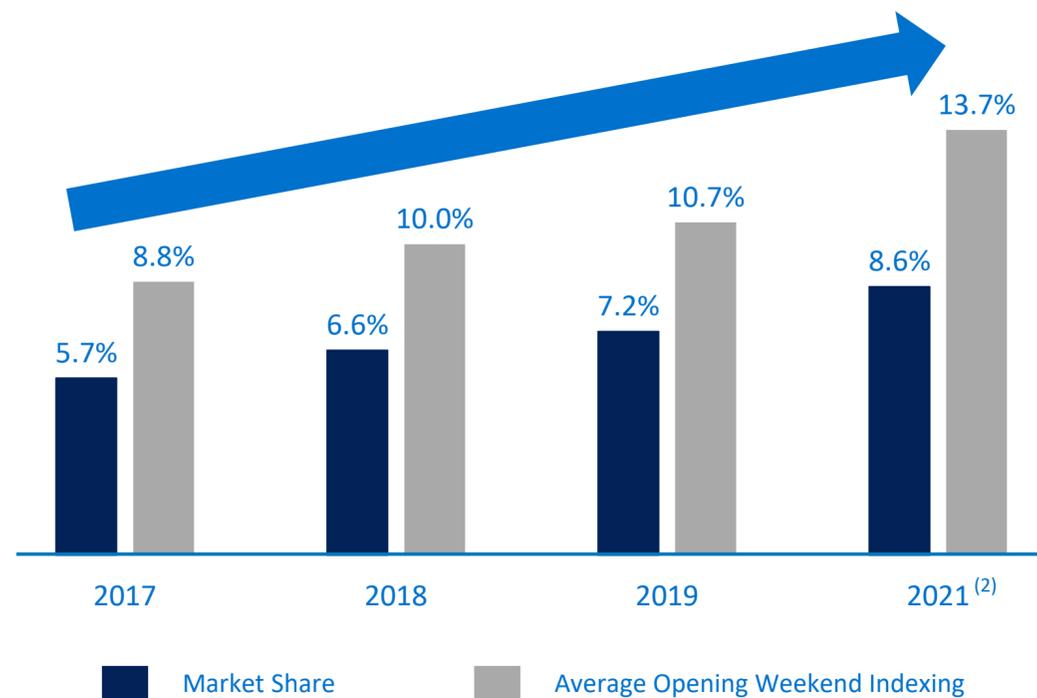
Note (2): Based on average opening weekend indexing on all Hollywood and local language titles available in IMAX format

Note (3): As of December 31, 2021

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



Dune (24% indexing)



No Time to Die (15% indexing)



Free Guy (13% indexing)



Godzilla vs. Kong (12% indexing)



Fast and Furious 9 (9% indexing)

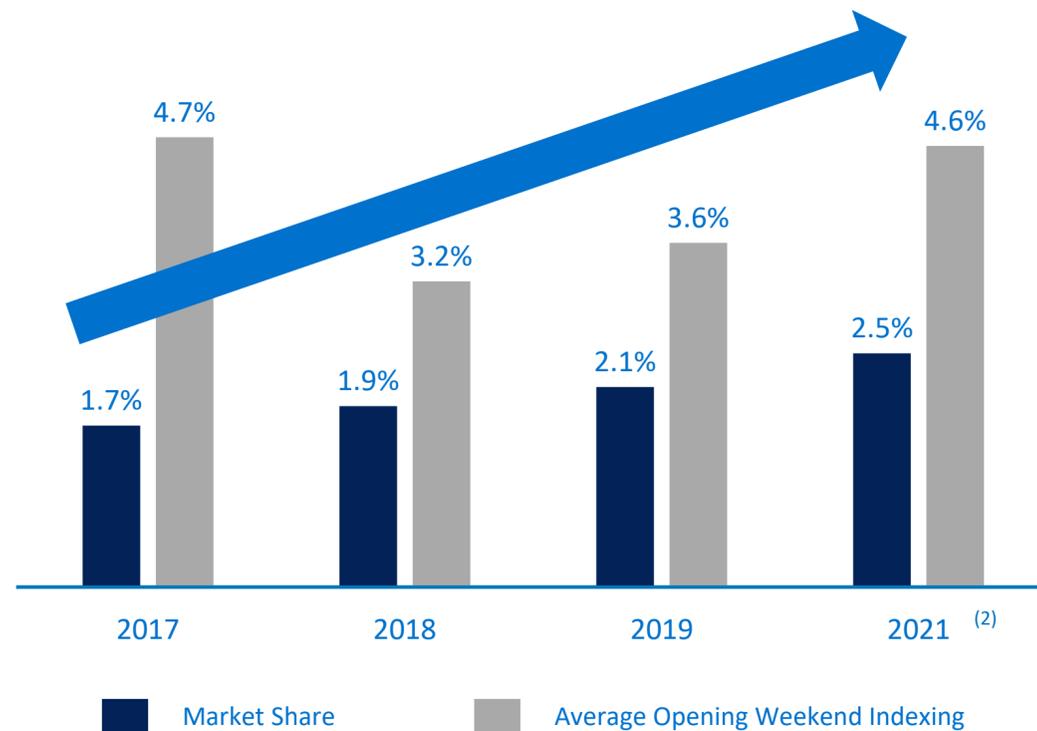


Avatar re-release (31% indexing)

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

'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⁽⁴⁾
 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



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



Chinese Doctors
 (July 2021)
 GBO RMB1.3 billion



Shockwave 2
 (Dec 2020)
 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 April 10, 2022

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

IMAX DNA – a Major Driving Force in Creating Billion-Dollar Blockbusters



The Battle at Lake Changjin (Sept 2021)

- RMB5.8bn box office
- With expanded IMAX aspect ratio
- Highest-grossing title in China film history
- Highest-grossing film globally in the year 2021
- IMAX China's highest-grossing and highest attended title during the National Day Holiday
- **6% IMAX indexing** in opening weekend

Detective Chinatown 3 (Feb 2021)

- RMB4.5bn box office
- Filmed with IMAX cameras
- 6th highest-grossing title in China film history
- Best 3-day opening weekend of all time
- Best IMAX opening weekend for a local title
- Opening day of Chinese New Year recorded over 1 million single-day IMAX admissions – first time ever in any global market
- **5.6% IMAX indexing** in opening weekend

Water Gate Bridge (Feb 2022)

- RMB4.1bn box office⁽¹⁾
- With expanded IMAX aspect ratio
- 8th highest-grossing title in China film history
- **6% IMAX indexing** in opening weekend

The Eight Hundred (Aug 2020)

- RMB3.1bn box office
- Filmed with IMAX cameras
- First local-language title shot entirely with IMAX Cameras
- 13th highest-grossing movie in China film history
- Highest-grossing film globally in the year 2020
- **6% IMAX indexing** in opening weekend

'Filmed For IMAX' camera program drives increase number of IMAX DNA titles, higher indexing and differentiation

Note (1): As of April 10, 2022
Source: Company data

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

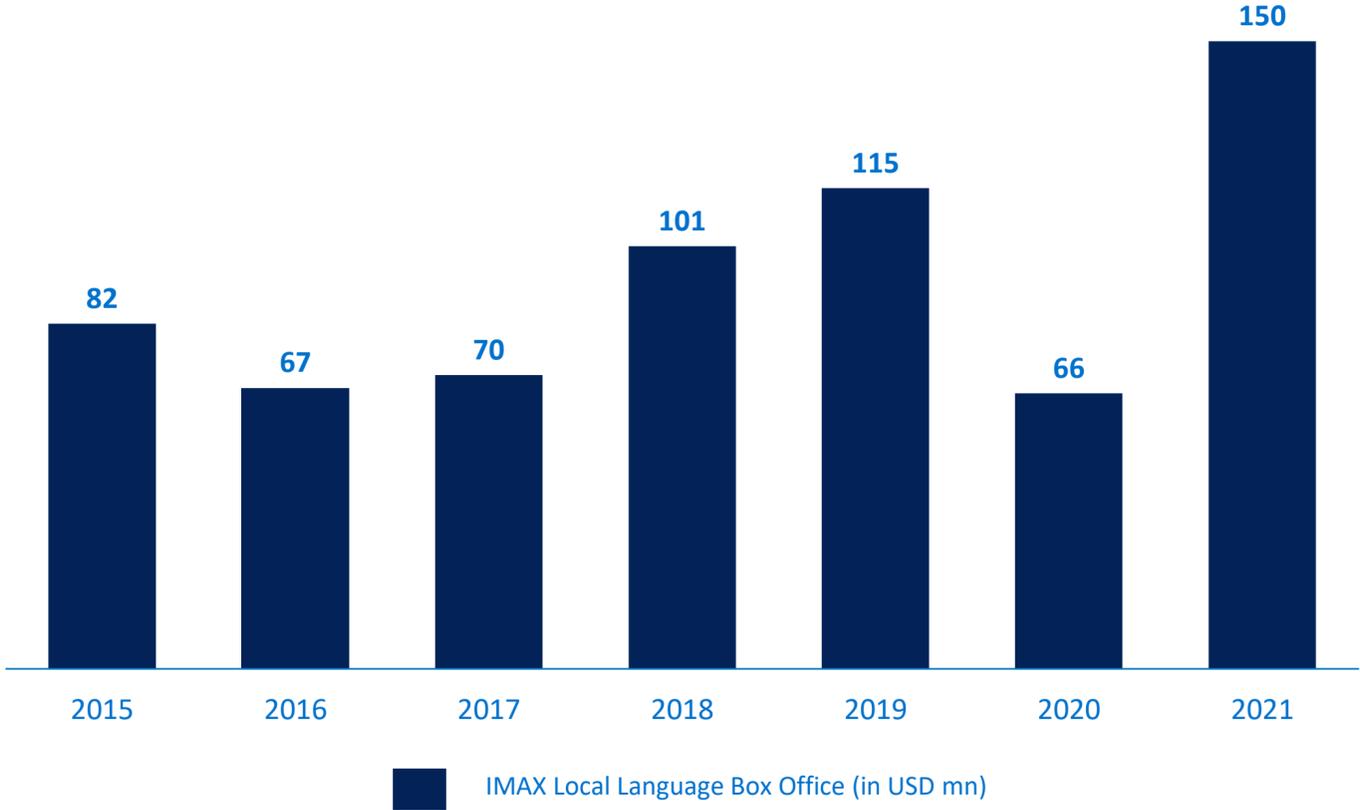


Director Lu Yang (*A Writer's Odyssey*) and Director of Cinematography Cao Yu (*The Eight Hundred*) at IMAX *No Time To Die* screening

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



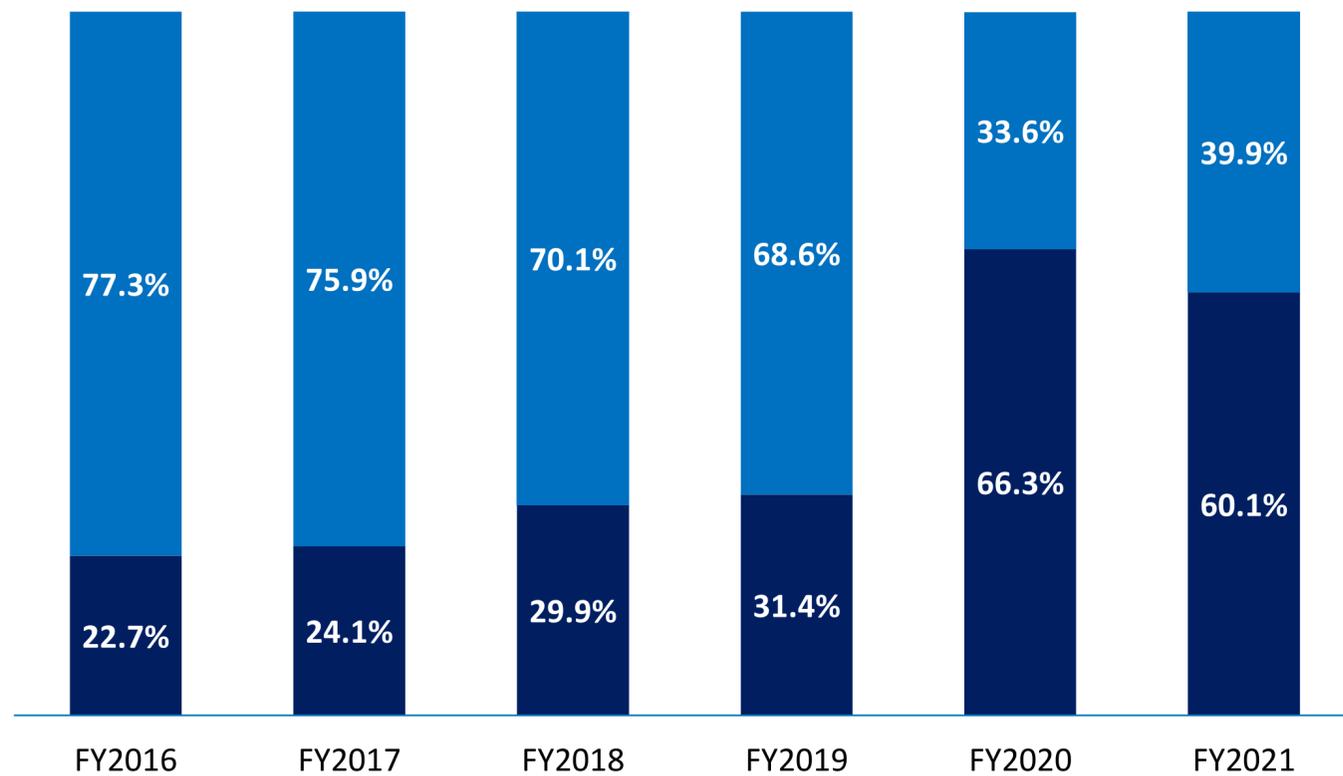
Source: Company data
Note: Mainland China only, excluding Hong Kong and Taiwan

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

Rising Box Office Contribution From Local Language Titles

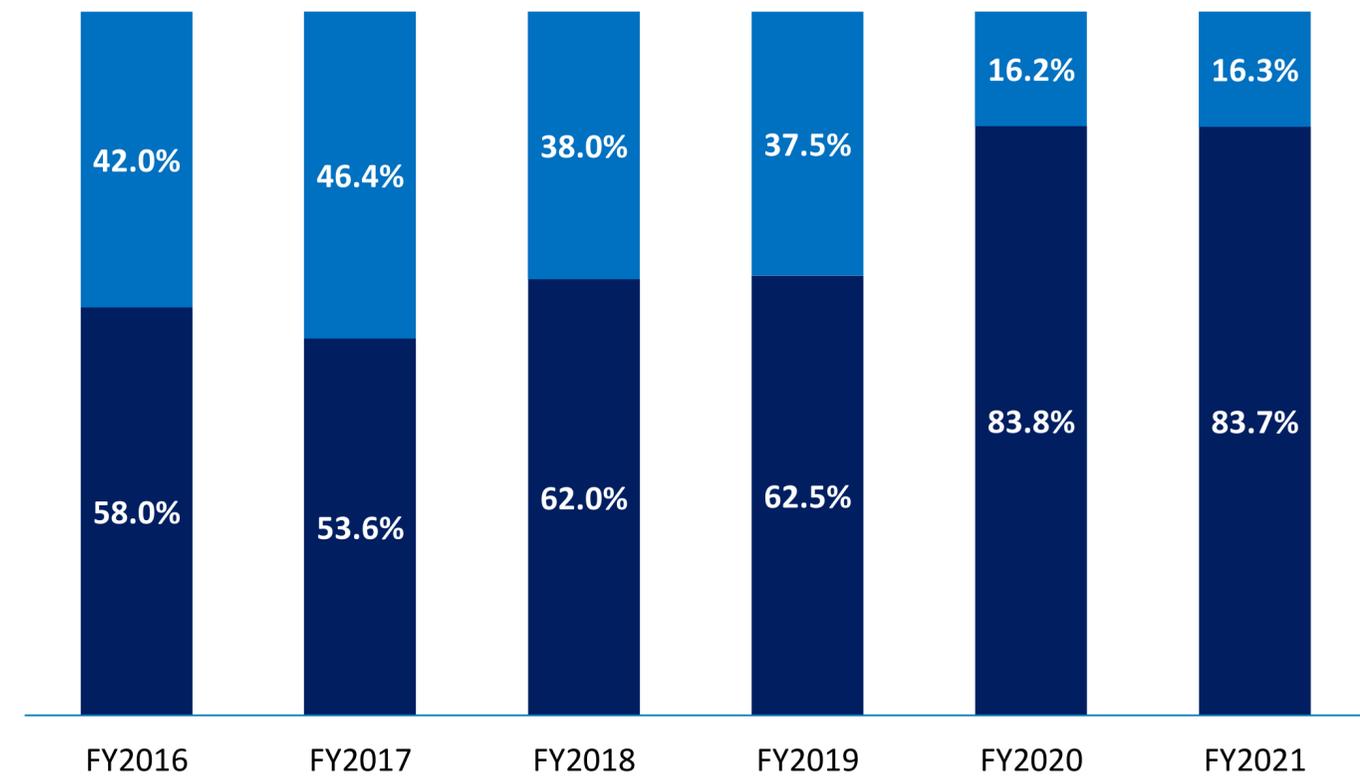
IMAX China box office distribution (Hollywood vs. Local)

■ 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)



The Batman
March 2022



**Doctor Strange
In The Multiverse
of Madness**
May 2022



**Top Gun:
Maverick**
May 2022



**Jurassic
World 3:
Dominion**
June 2022



**Thor: Love
and Thunder**
July 2022



**Black
Panther 2:
Wakanda
Forever**
Nov 2022



Avatar 2 & 3
Dec 2022 & 2023



**Fast &
Furious 10**
2023



**Mission
Impossible
7**
2023



Aquaman 2
2023

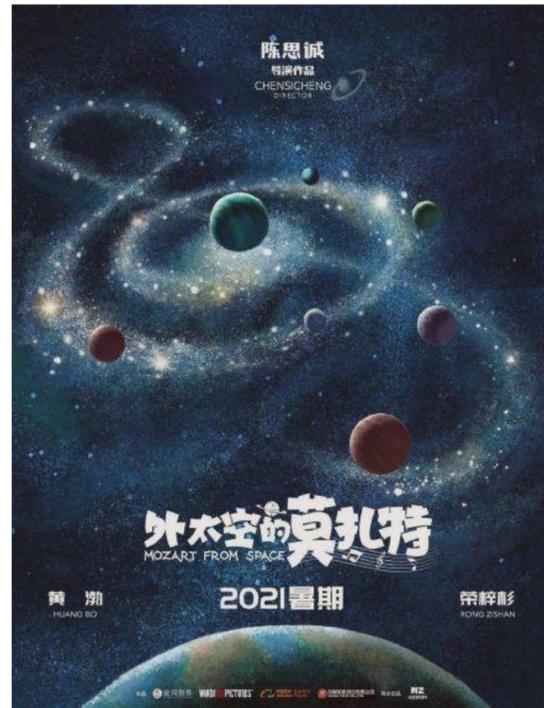


Heavy involvement of IMAX DNA bodes well for greater box office share

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.

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

Promising Pipeline of Potential Local Language Titles



Mozart From Space (TBD)

- IMAX China invested approximately RMB30 million for an equity stake in January 2022
- Filmed in IMAX
- First installment of a new sci-fi trilogy
- Directed by Sicheng Chen from the successful 'Detective Chinatown' franchise (Both 'Detective Chinatown 2' and 'Detective Chinatown 3' are ranked within top ten highest-grossing titles of all-time)



Creation of the Gods I (TBD)

- First installment of 'Fengshen Trilogy' with a total production budget of US\$445 million



The Wandering Earth 2 (CNY 2023)

- Sequel to 'The Wandering Earth' – 5th highest-grossing title in China's film history and IMAX China's top grossing local language title of all-time

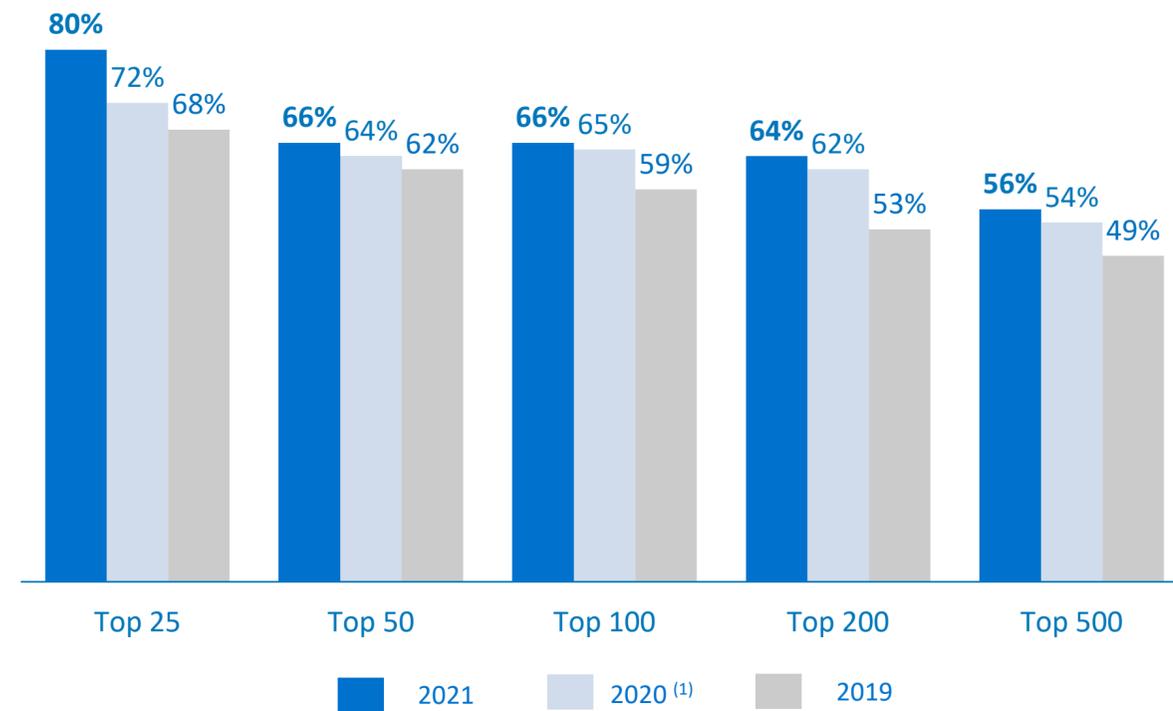
Multiple blockbuster caliber potential local language titles

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

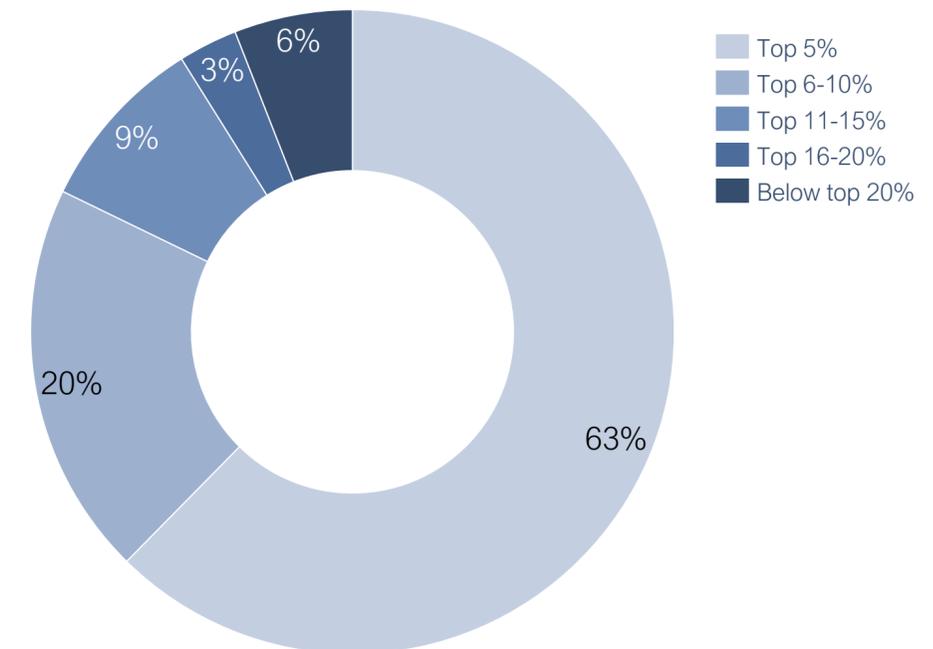
 = indicates IMAX DNA

Industry Consolidation an Opportunity, Not a Risk

IMAX China Theater Penetration in Top 500 Complexes



IMAX China FY21 GBO by Multiplex Cohort



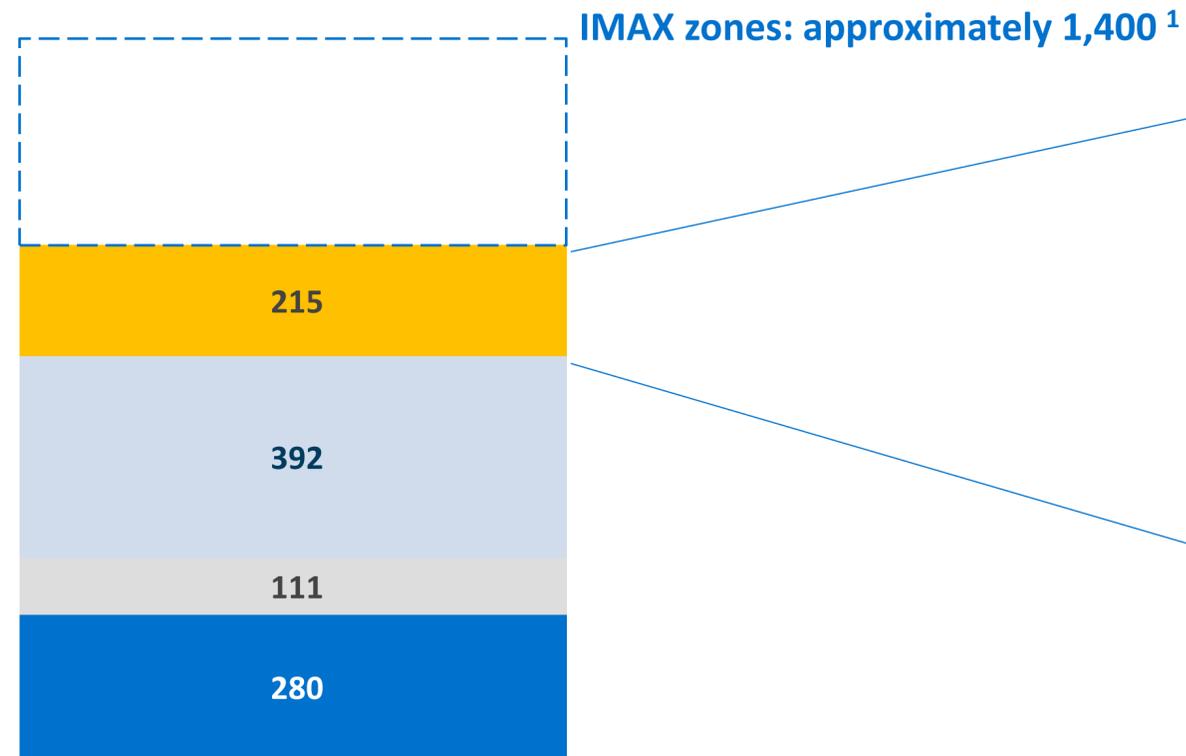
Source: TOP Consulting
 Note (1): from July 20, 2020 – Dec 31, 2020

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

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

IMAX Greater China Theater Footprint

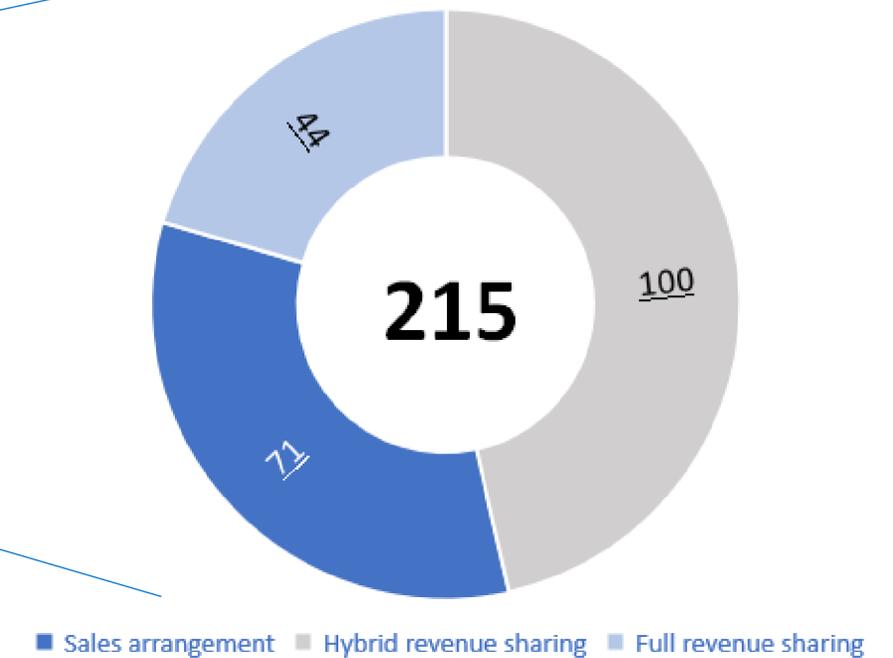
- Backlog
- Full revenue sharing
- Hybrid revenue sharing
- Sales arrangement



As of December 31, 2021

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

Greater China Backlog Mix²



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

- **Ecosystem**
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Strong Financial Position and Asset-light Business Model Drives Quick Profitability Turnaround

Strong fundamentals

- ❑ Asset-light technology licensing business model provides financial flexibility
- ❑ Strong balance sheet with US\$98 million in cash as of YE21, up from US\$88 million in YE20
- ❑ No exposure to fixed rental commitment or content production cost
- ❑ Less capex-driven growth on rising scalability



Increase shareholder value

- ❑ IMAX China's growing indexing, in particular local language titles, drove quick profitability turnaround to FY21 adjusted net profit⁽¹⁾ of US\$42 million (vs. net loss of US\$5 million in FY20); and total revenue of US\$113 million, +116% YoY
- ❑ Continued momentum in both new theater developments and Laser upgrades drove technology sales and maintenance revenue to US\$73 million, +98% YoY
- ❑ Generated US\$40 million free cash flow in FY21
- ❑ Returned US\$27 million capital to shareholders including US\$17 million in dividends on a higher payout ratio of 50% (up from 33% in 2017-2019) and US\$10 million in share buybacks

Strong capital position and free cash flow generating ability contributes to financial resilience and quick profitability turnaround

Note (1): Adjusted net profit excludes share-based compensation

Strong 2021 Provides Momentum Into 2022

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

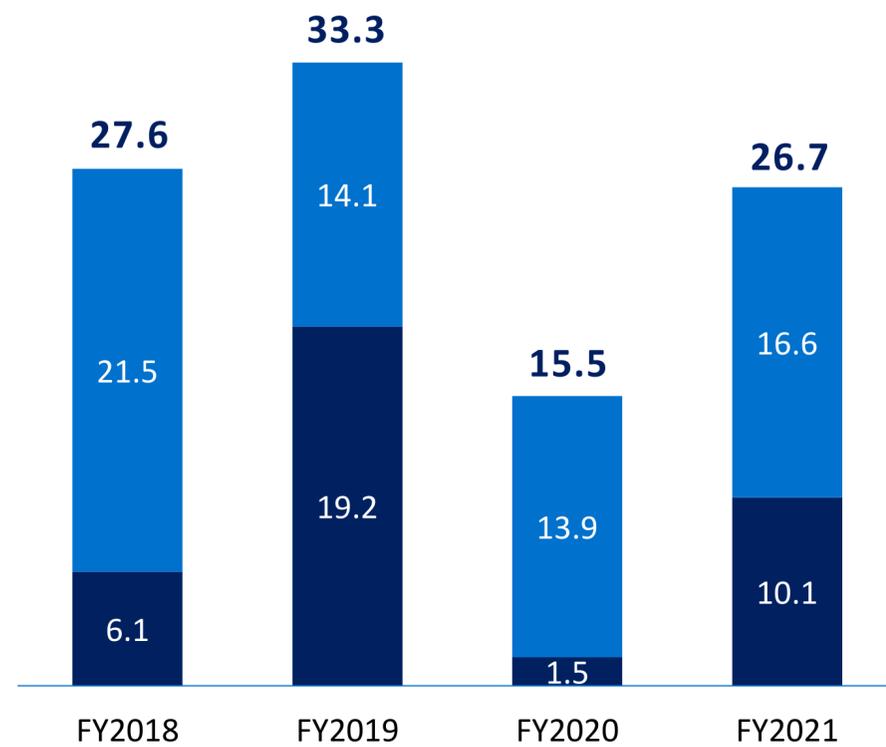
Source: Company data

Growing demand for premium movie viewing experience and record performance of local language titles drove quick profitability turnaround

Long-term Shareholder Value Creation

Capital returned to shareholders

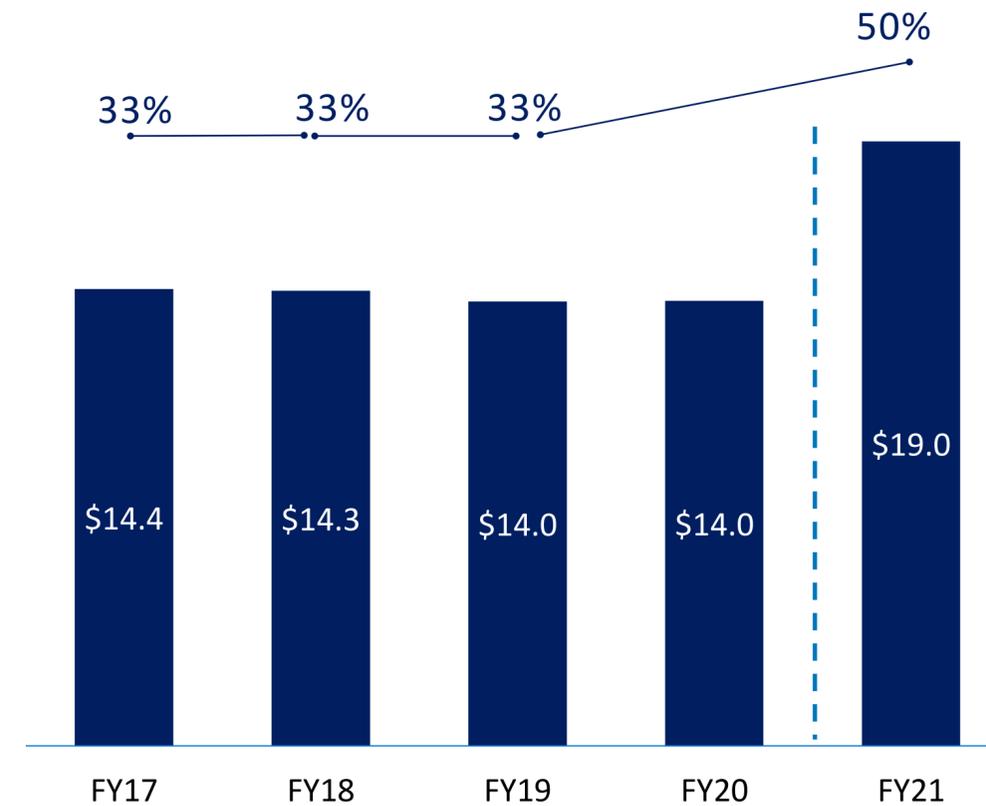
(in USD mn)



■ 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

