

IMAX

IMAX China (1970 HK) Investor Presentation

March 2021



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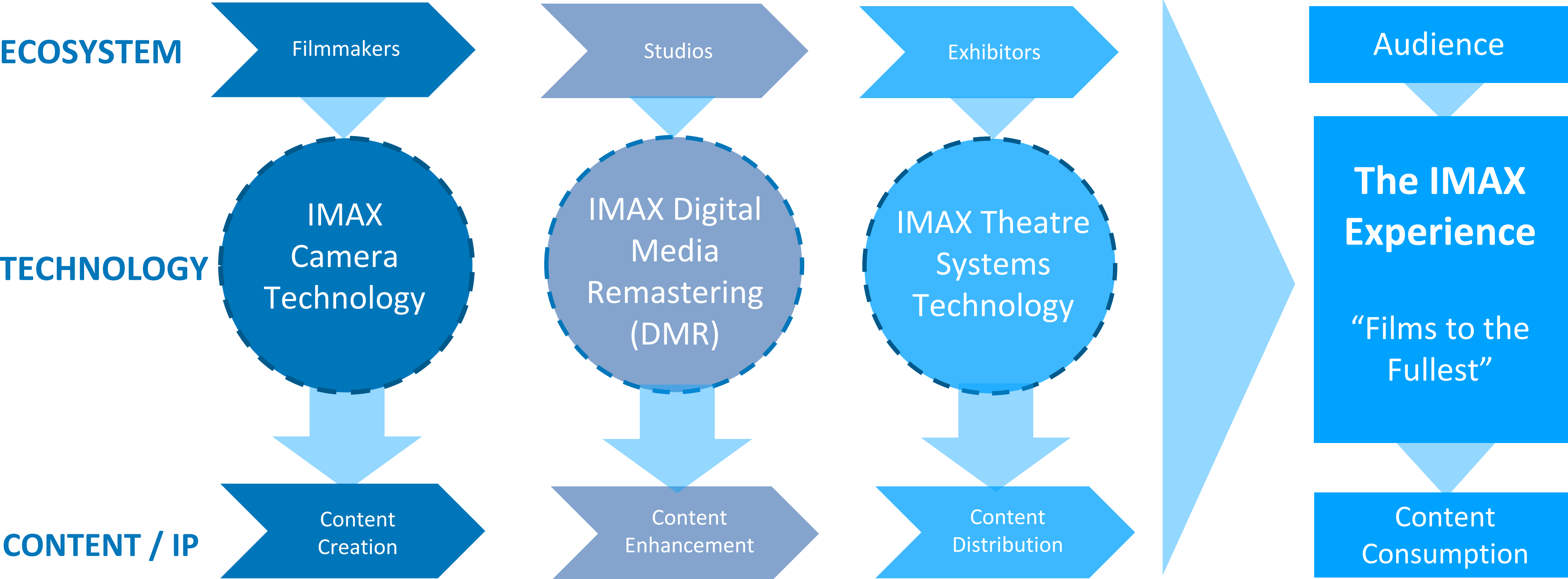
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- **Ecosystem**
- **Business Model**
- **Investment Thesis**
- **Financials**

Unique Position in the Greater China Entertainment Ecosystem

Upstream Downstream

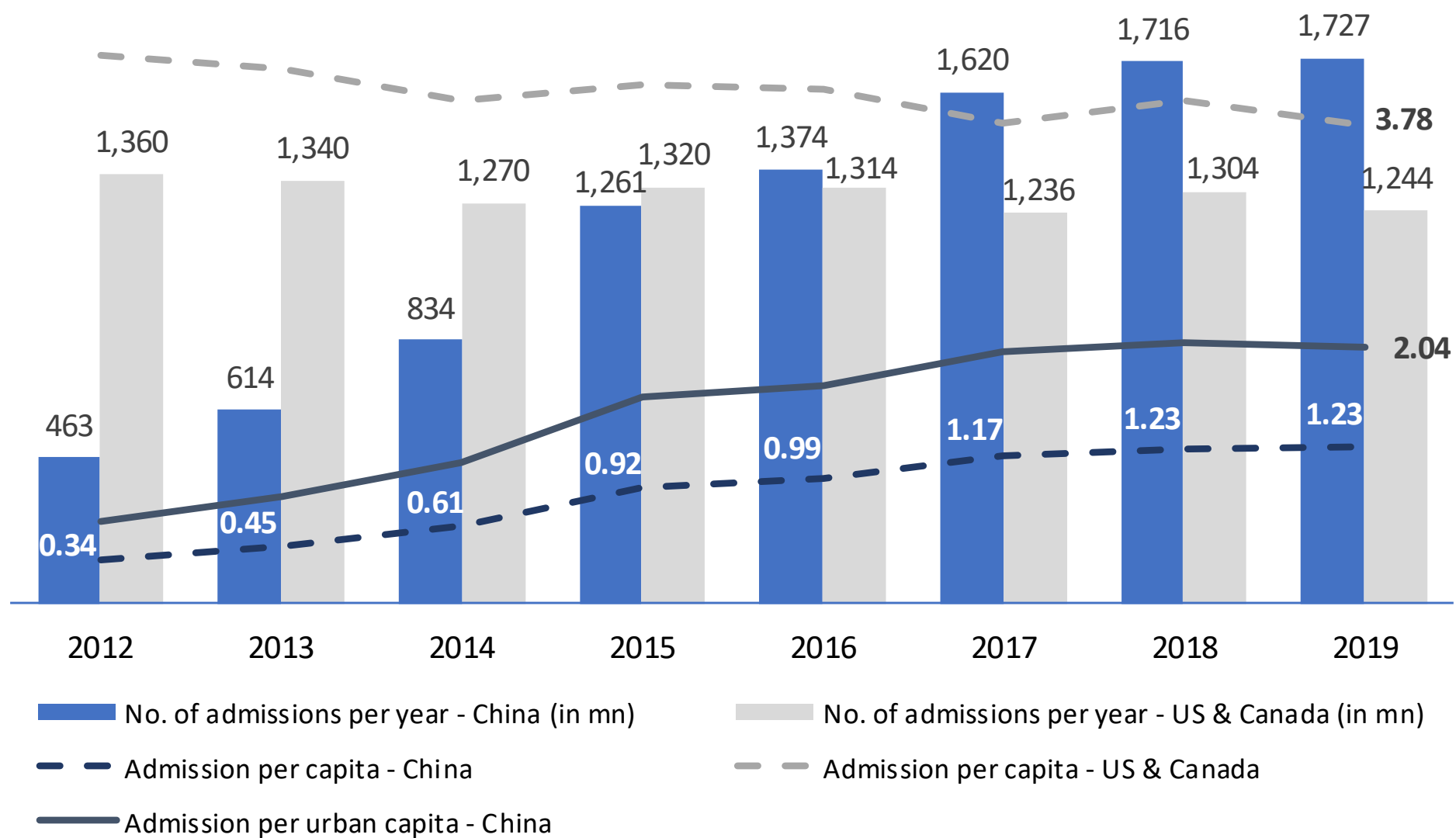


OUR PARTNERS

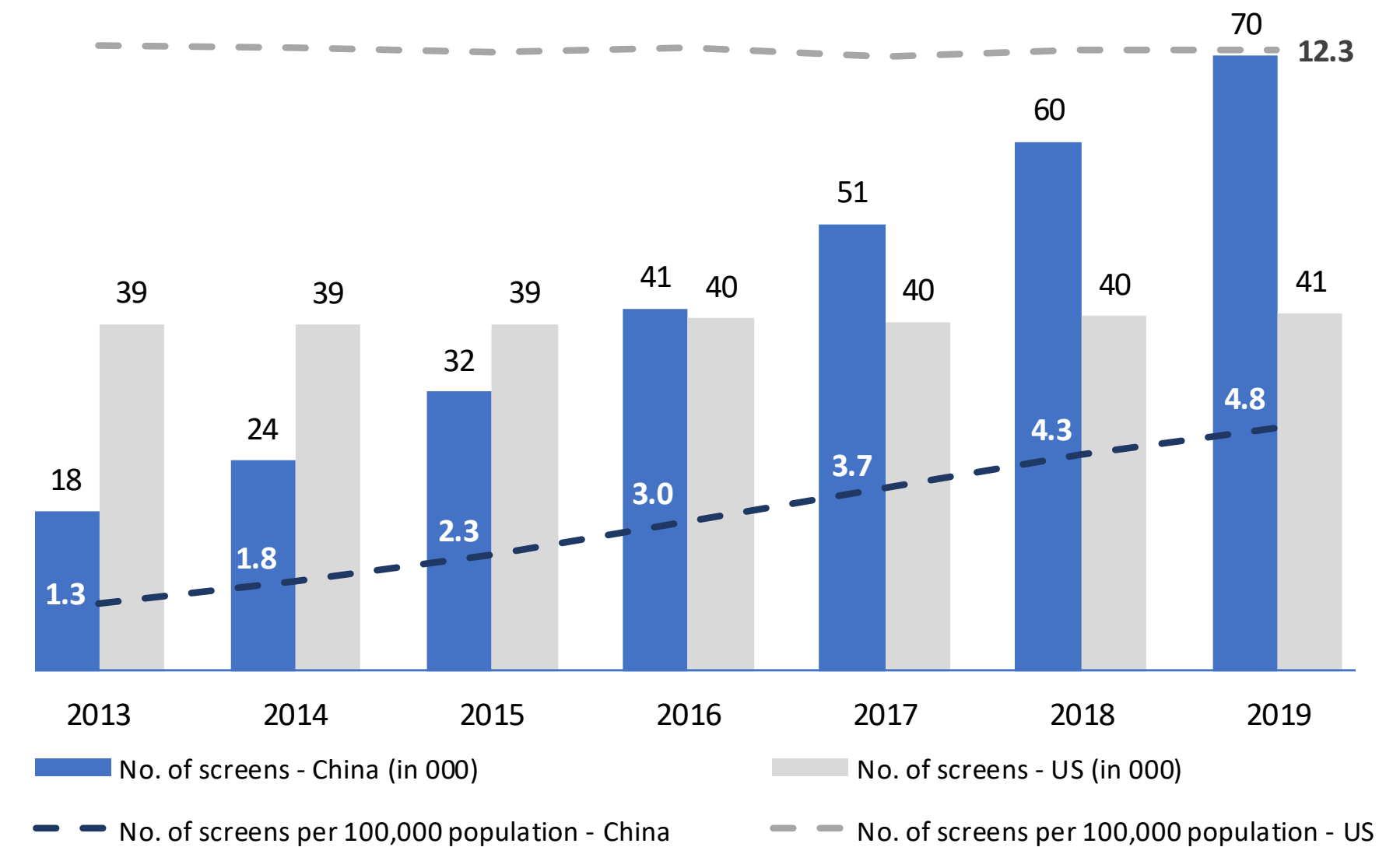


Chinese Film Market Sees Room for Growth From Both Demand and Supply Perspective

Movie admission per capita



No. of cinema screen per 100,000 population

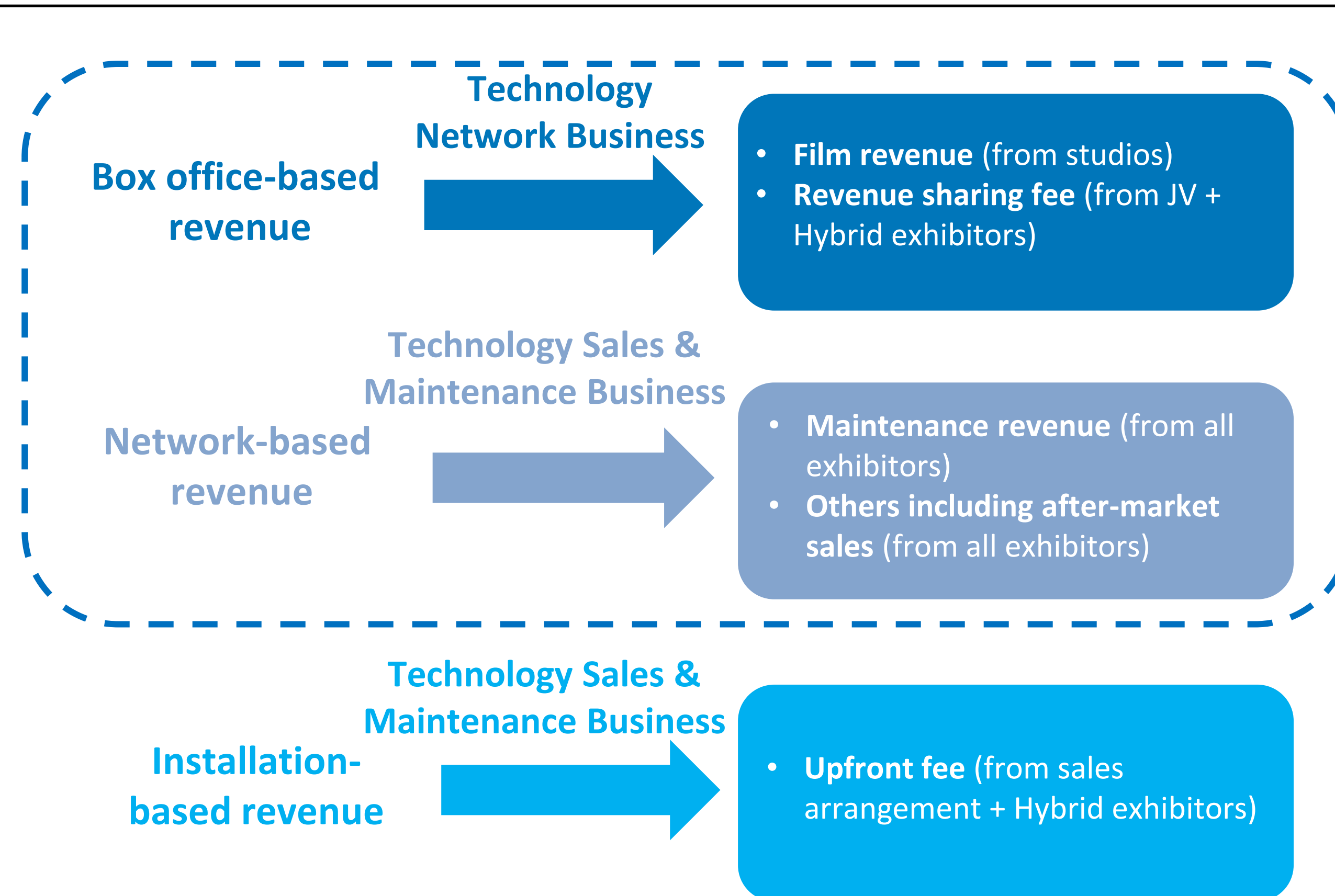


Source: National Bureau of Statistics, China Film Administration, US Census National Association of Theatre Owners

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

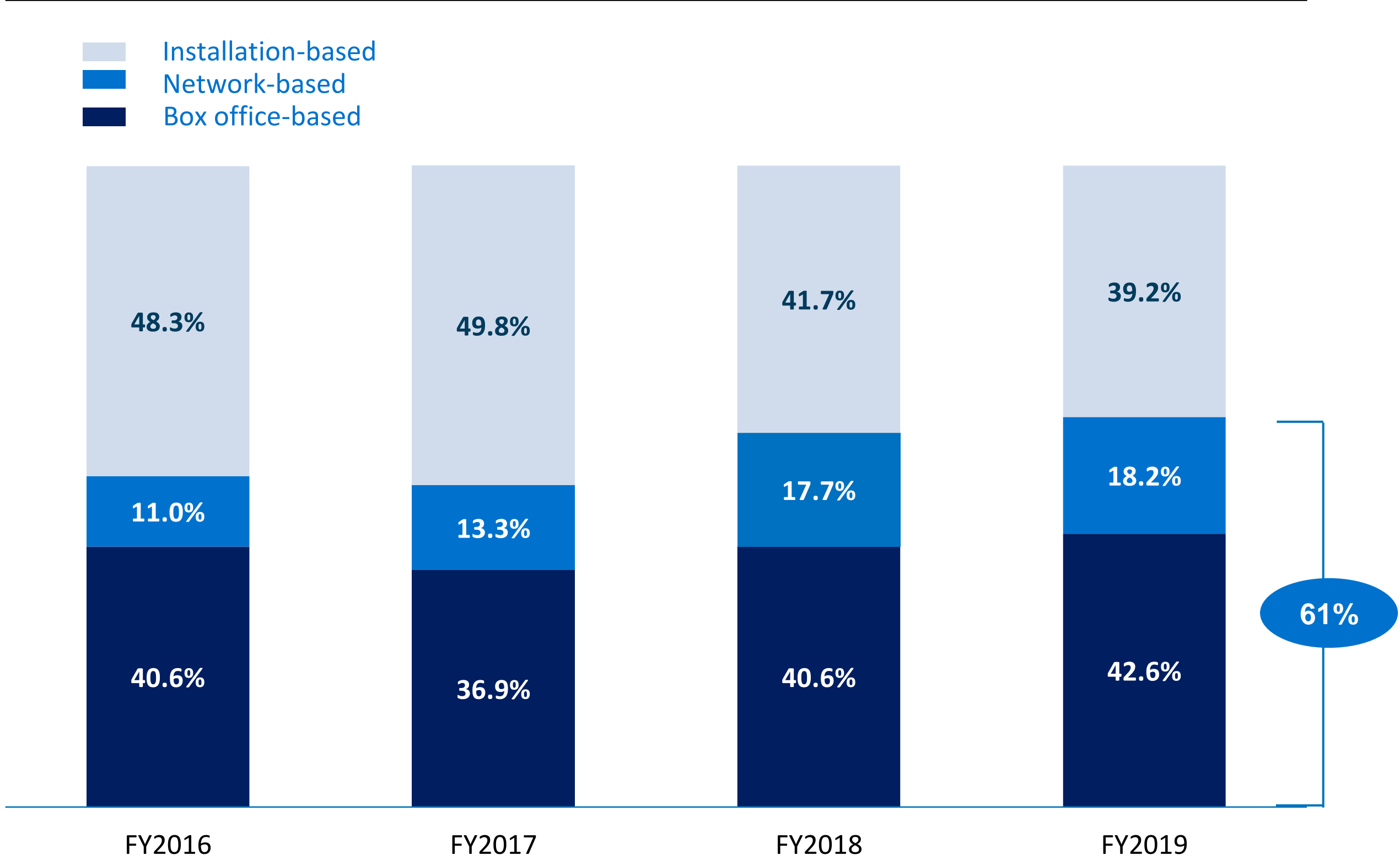
Our Business Model - Diversifying Monetization

IMAX China business models



Our Network Effect Drives Higher Recurring Revenue Mix

Increasing mix of recurring revenue



Note: Recurring revenue refers to box office and network-based revenue
Source: Company data

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

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

Demonstrated Demand Upon Reopening

- ❑ Box office market share gain to 3.6% in 2H20, up 80bps year-over year, representing fourth largest “exhibitor” by box office market share
- ❑ New records across key screening windows including National Holiday, New Year and Chinese New Year Holiday
- ❑ Average daily admission and box office recovered to c.80% of 2H19 level
- ❑ 2.7% market share in local language titles, up 70bps year-over year
- ❑ Continued network expansion to 745 theatres
- ❑ New multi-theatre signings driven by IMAX Laser upgrade

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

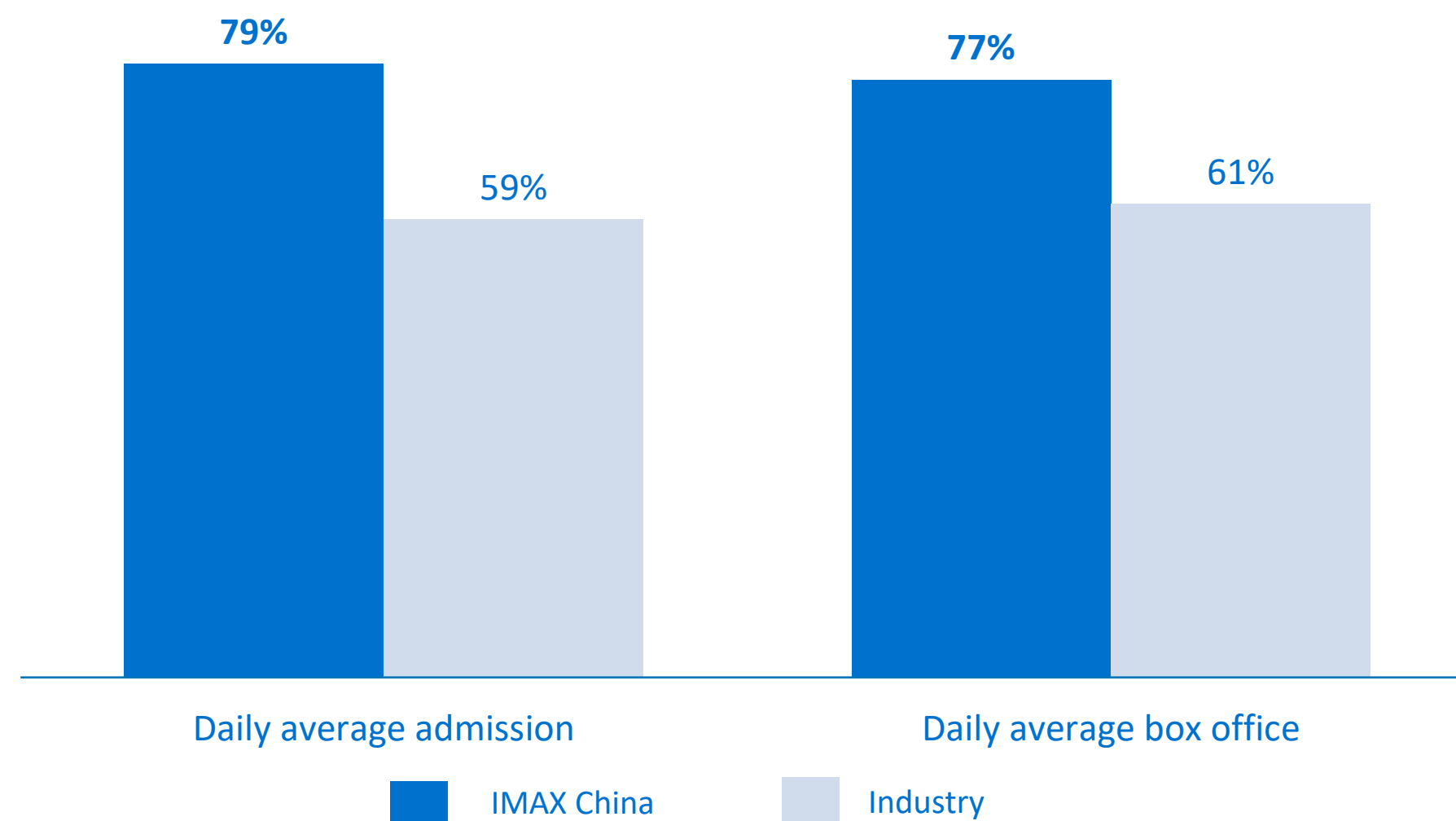
Differentiated positioning

- ❑ 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
- ❑ Asset-light business model with strong operating leverage and solid balance sheet

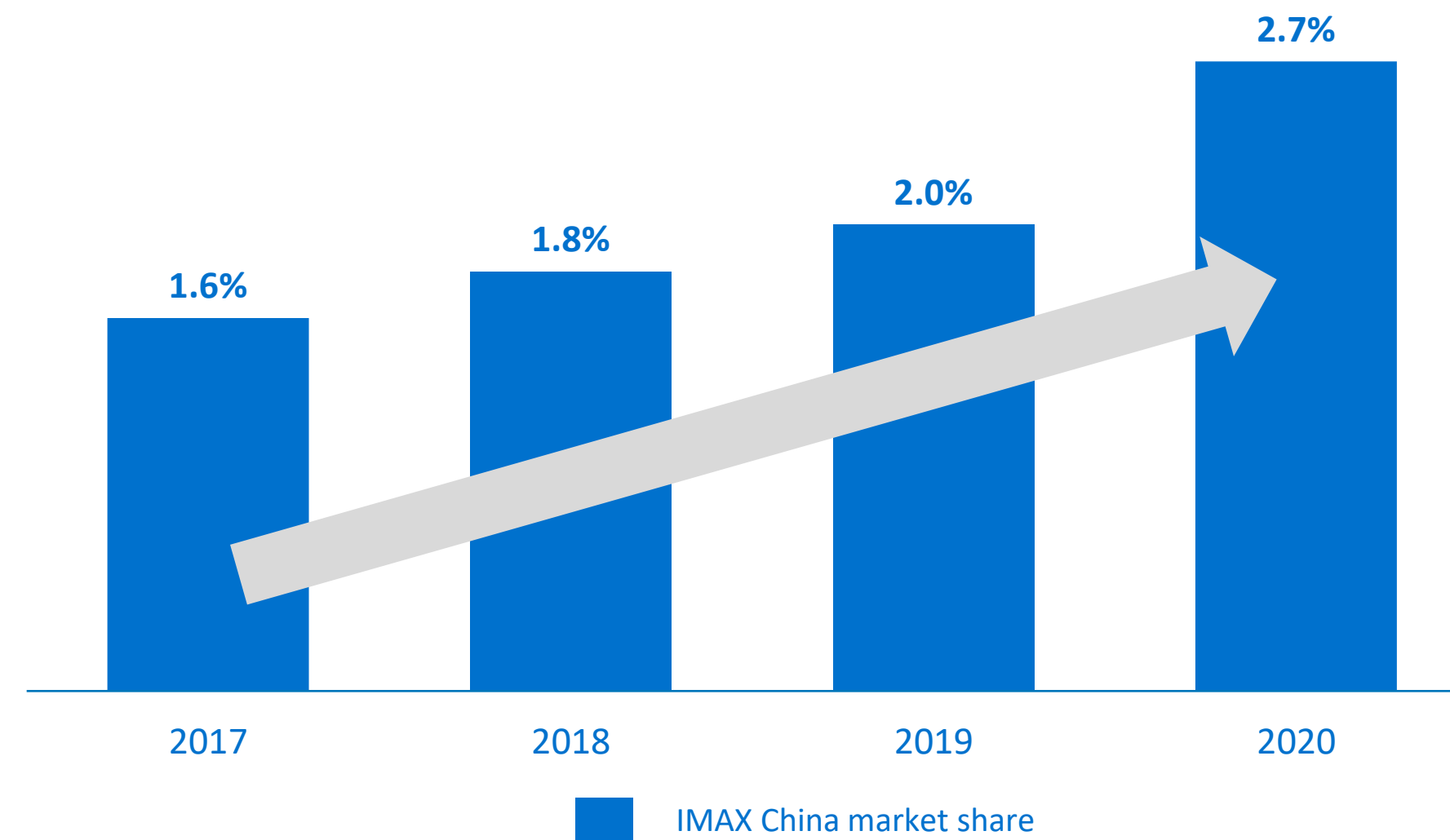
IMAX China is strategically positioned as post-pandemic theatrical experience calls upon differentiated offering in both content and exhibition

IMAX China Leads Industry Recovery Despite Capacity Constraint⁽¹⁾ and Temporary Delay in Hollywood Slate

IMAX China Admission/ Box Office as % of 2H 2019 Level ⁽²⁾



IMAX China Local Language Box Office Market Share



(1): Capacity constraint of 30% upon initial reopening; 50% effective Aug 14, 2020; and 75% effective Sept 25, 2020

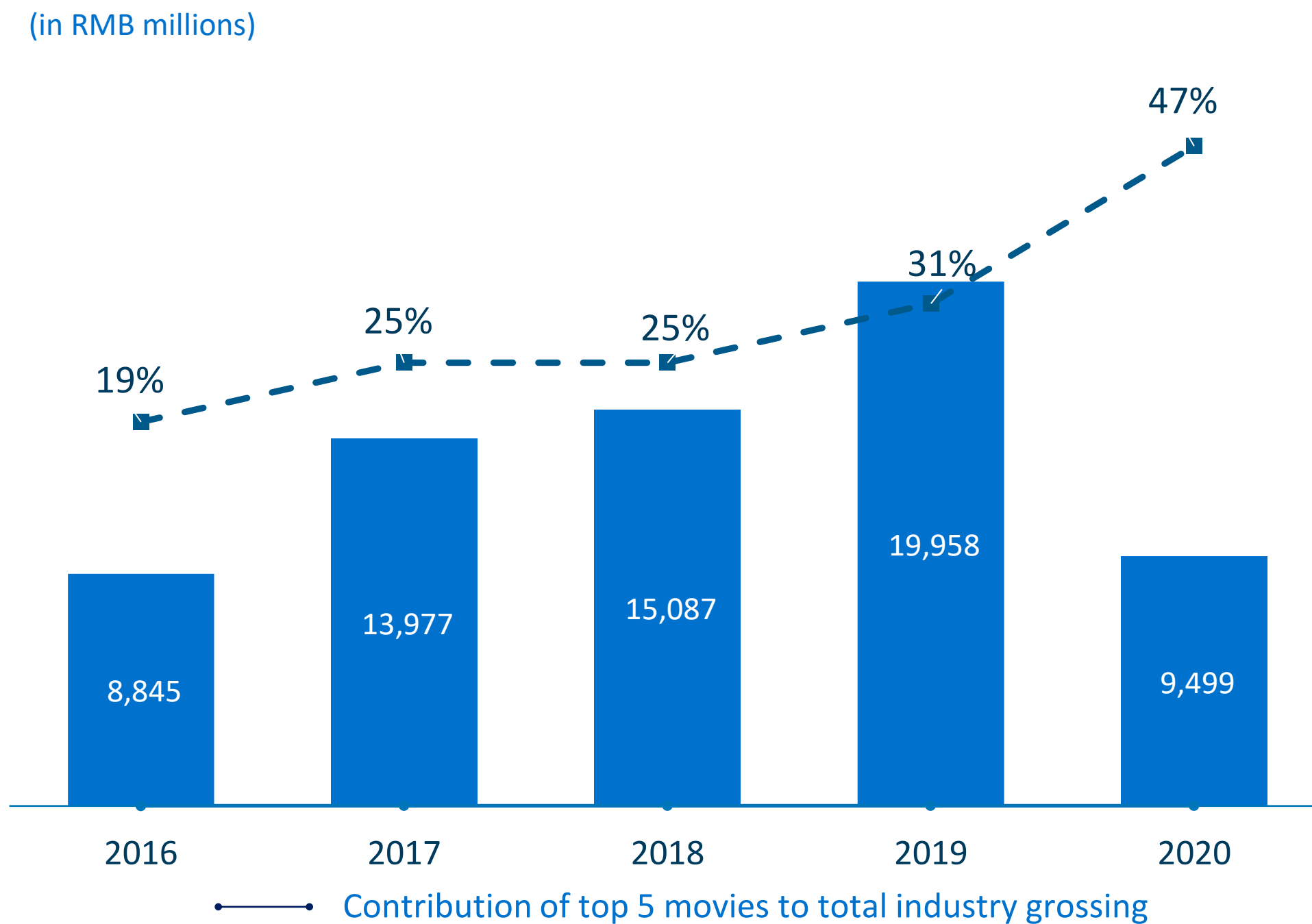
(2): Data from July 20, 2020 to Dec 31, 2020

Source: Top Consulting, including service fee

IMAX China's daily average box office and admission since reopening has recovered to approximately 80% of 2H19 level

Theatrical Business Increasingly Centered Around Blockbusters

Total box office of top five grossing movies



Source: TOP Consulting
 Note*: over a four-day weekend from Oct 1-4

IMAX titles that surpassed a RMB1 billion box office milestone since theatre reopening



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



The Eight Hundred (Aug 2020)
 Cumulative GBO RMB3.1 billion
 11th highest-grossing title in China film history



My People My Homeland (Oct 2020)
 Cumulative GBO RMB2.8 billion
 14th highest-grossing title in China film history



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



Shockwave 2 (Dec 2020)
 Cumulative GBO RMB1.3 billion



The Sacrifice (Oct 2020)
 Cumulative GBO RMB1.1 billion



A Writer's Odyssey (Feb 2021)
 Cumulative GBO RMB1.0 billion

Top five grossing titles account for 47% of China's box office in 2020 – all of which are available in IMAX

Higher Indexing as Local Content Gravitates towards IMAX Genres with Rising Production Value



Detective Chinatown 3 (Feb 2021)

- Filmed with IMAX cameras
- 5th highest-grossing title in China film history
- Best 3-day opening weekend of all-time
- Best IMAX opening weekend for a local title
- 3rd highest-grossing local language film for IMAX China
- Opening day of Chinese New Year recorded over 1 million single-day IMAX admissions – first time ever in any global market
- 5%+ IMAX indexing



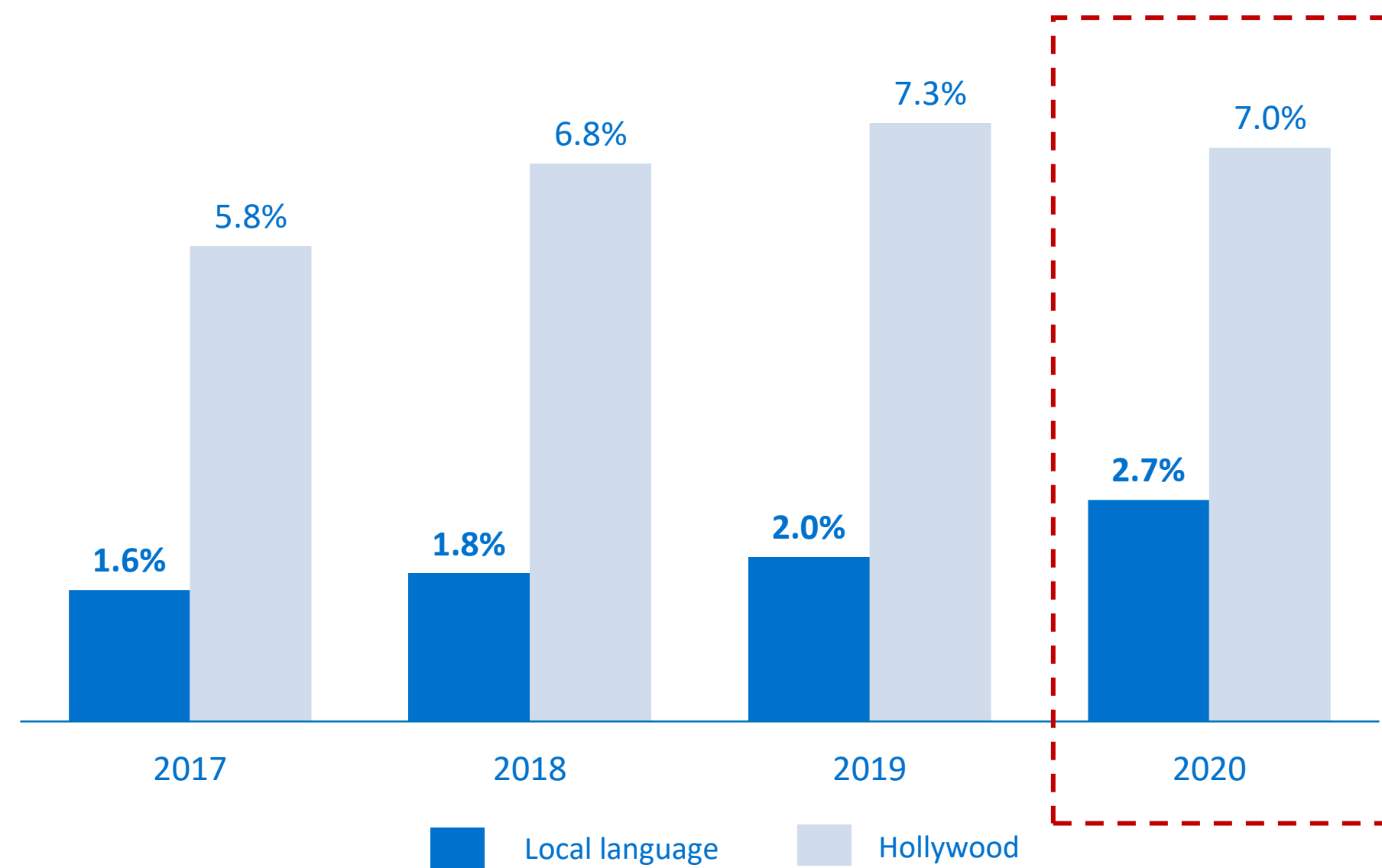
The Eight Hundred (Aug 2020)

- Filmed with IMAX cameras
- 11th highest-grossing movie in China film history
- Highest-grossing film globally in the year 2020
- 6% IMAX indexing in opening weekend

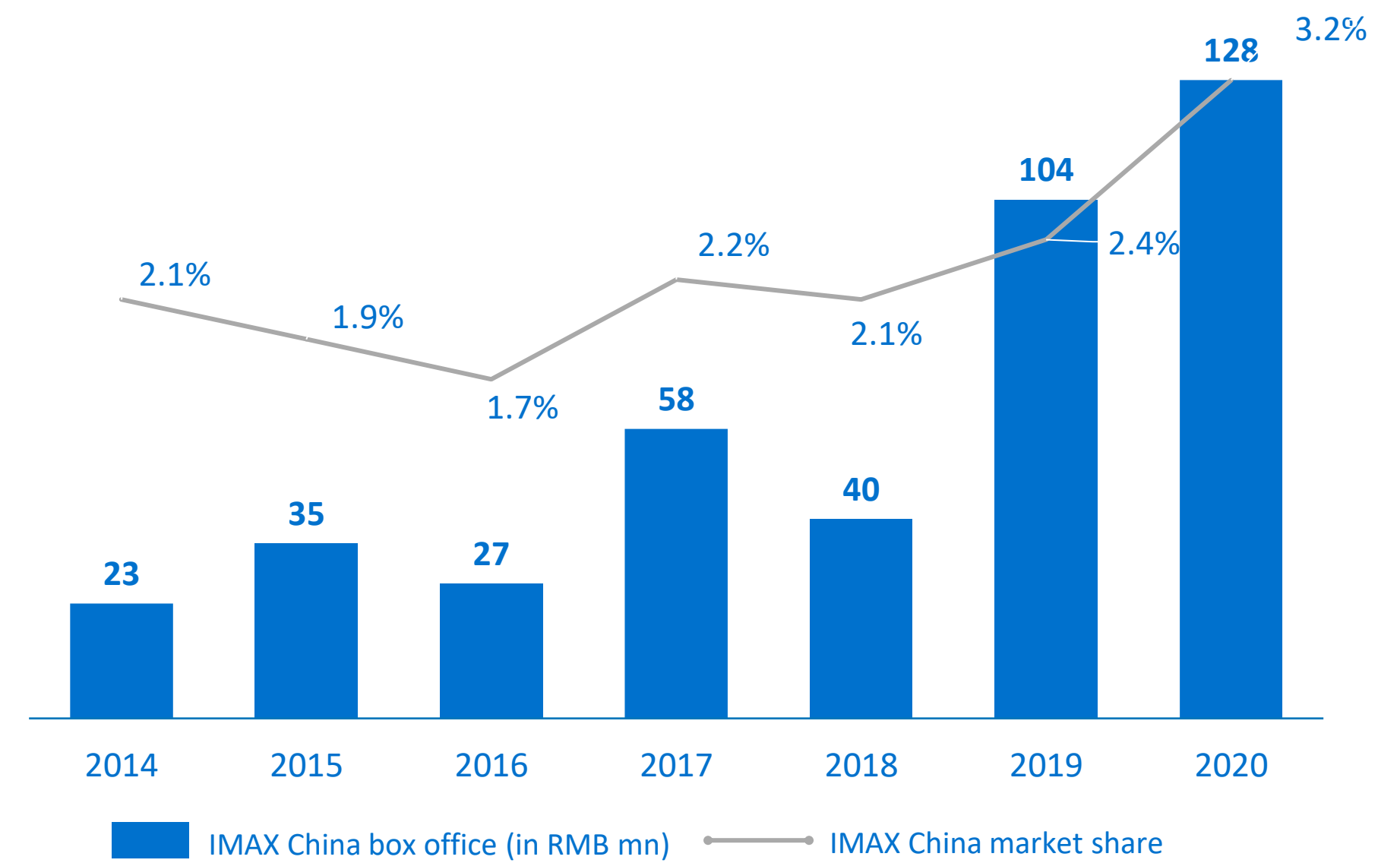
Film slate with strong IMAX DNA captures greater box office share

Early Success in Local Language Programming Drives Market Share Gain...

IMAX Box Office Market Share



IMAX China National Holiday⁽¹⁾ Box Office & Market Share

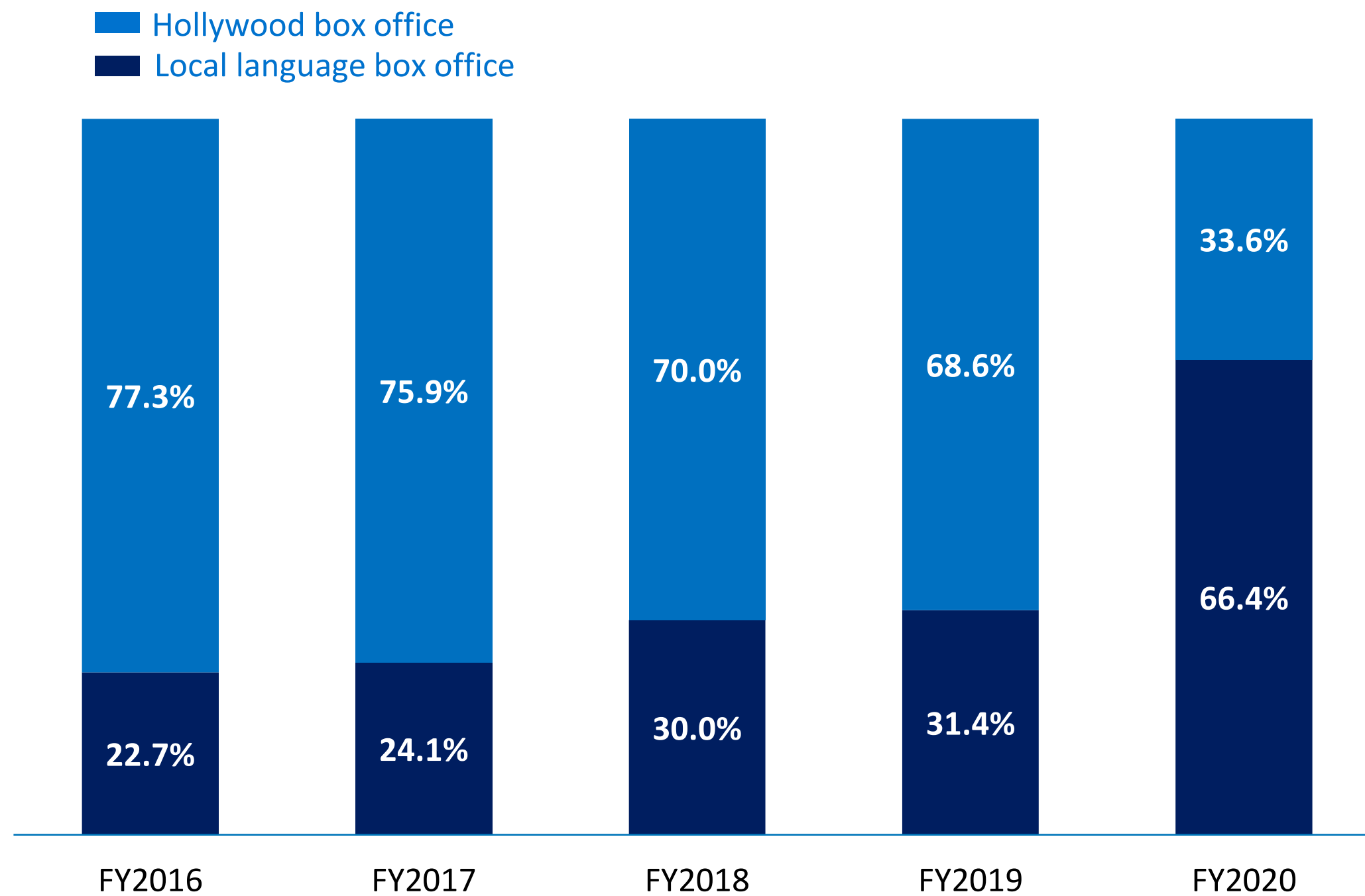


Source: TOP Consulting, incl. service fee (2017-2020)
 Note (1): 2020 is an 8-day holiday vs. 7-day in previous years

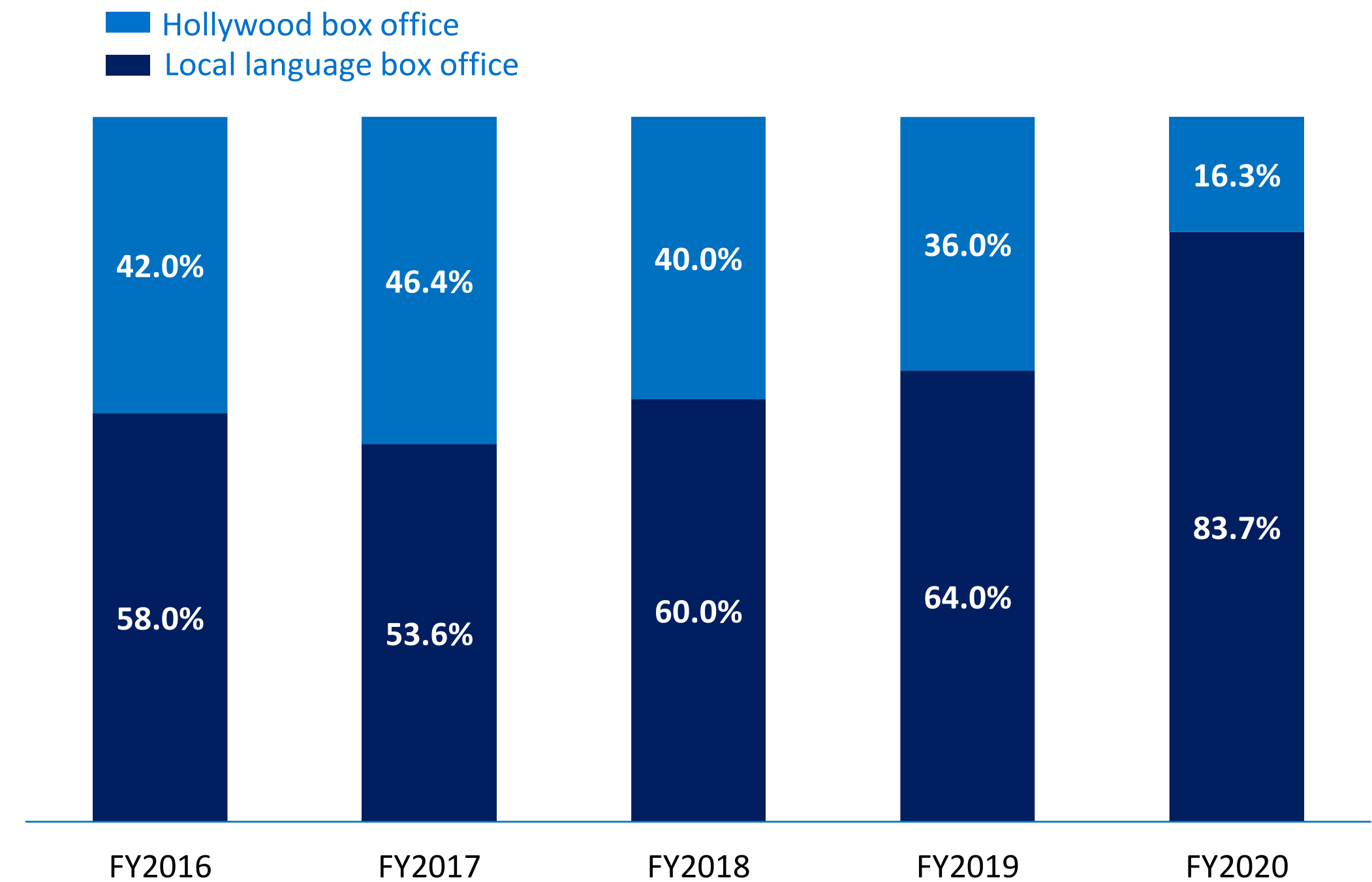
IMAX China shows accelerating market share gain in local language titles

...And Rising Box Office Contribution From Local Language Titles

IMAX China box office distribution (Hollywood vs. Local)

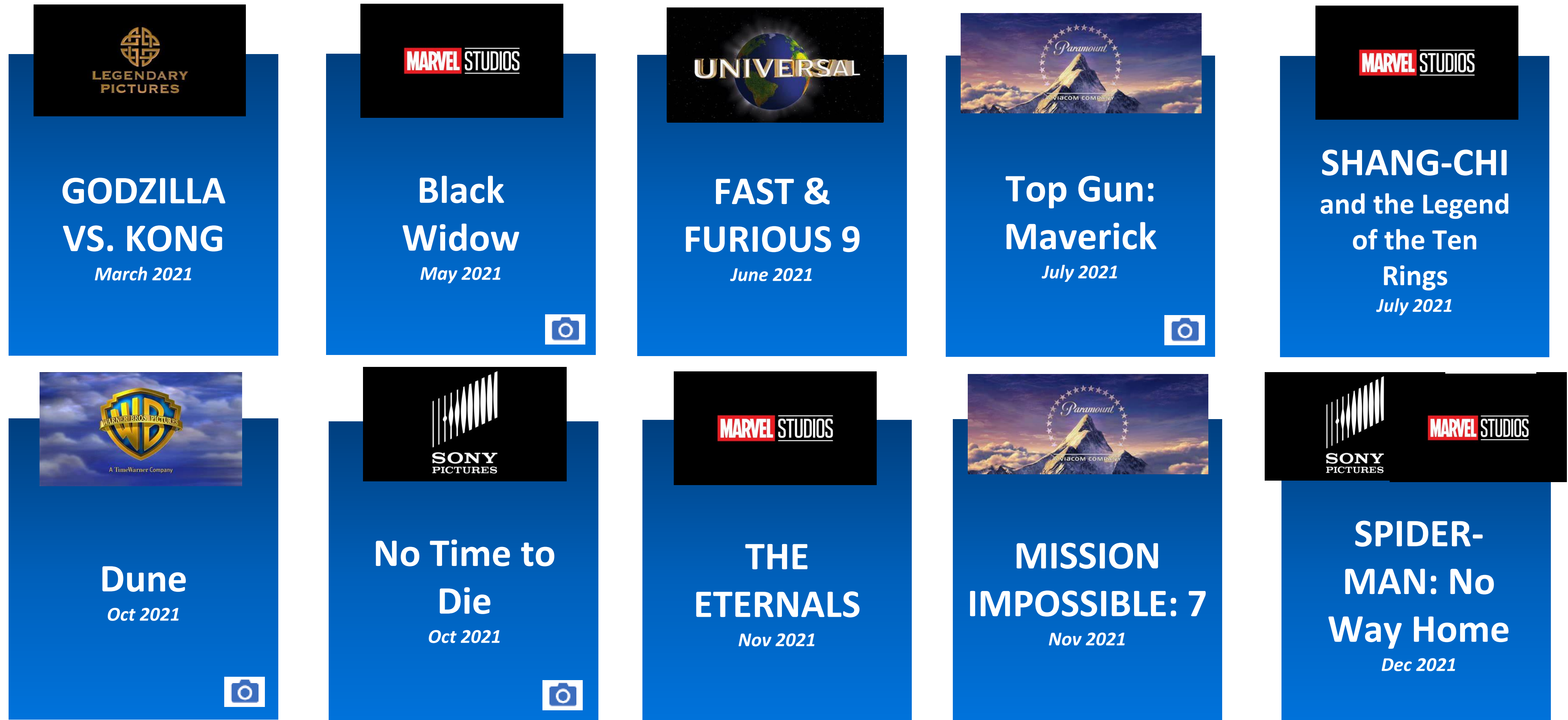


China box office distribution (Hollywood vs. Local)



Source: Company data, China Film Administration

Strong Film Slate Empowered with IMAX DNA (as of March 5, 2021)

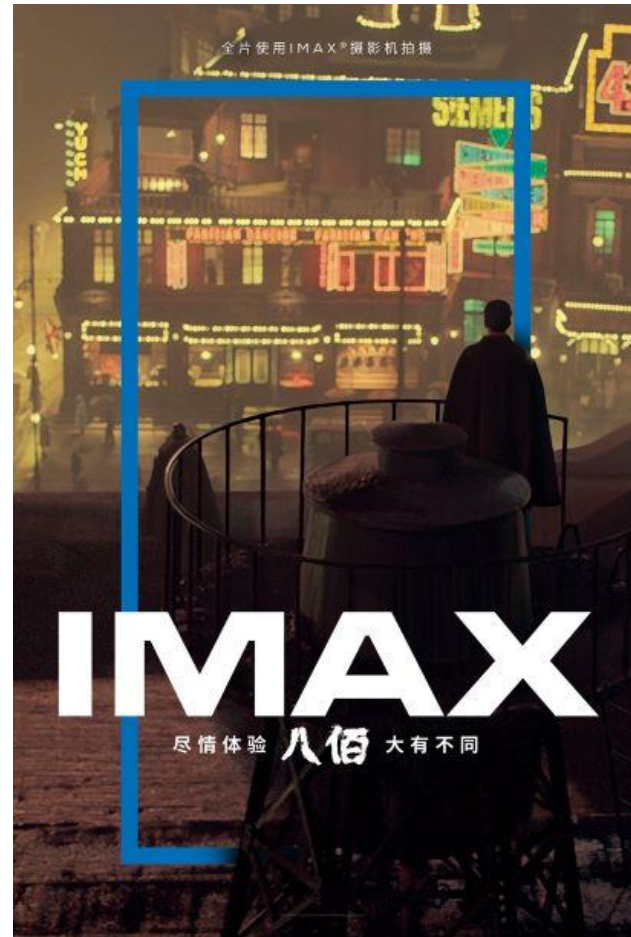


Heavy involvement of IMAX DNA bodes well for greater box office share

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

Proven Opportunity to Gain Market Share in Local Language Titles



The Eight Hundred (Aug 2020)

- First local-language title shot entirely with IMAX Cameras
- 11th highest-grossing movie in China film history
- Highest-grossing film globally in the year 2020
- **6% IMAX indexing** in opening weekend

Source: Company data



Legend of Deification (Oct 2020)

- Best 4-day IMAX opening weekend for an animated film
- 2nd best IMAX opening weekend for a local title
- **7.5% IMAX indexing** in opening weekend



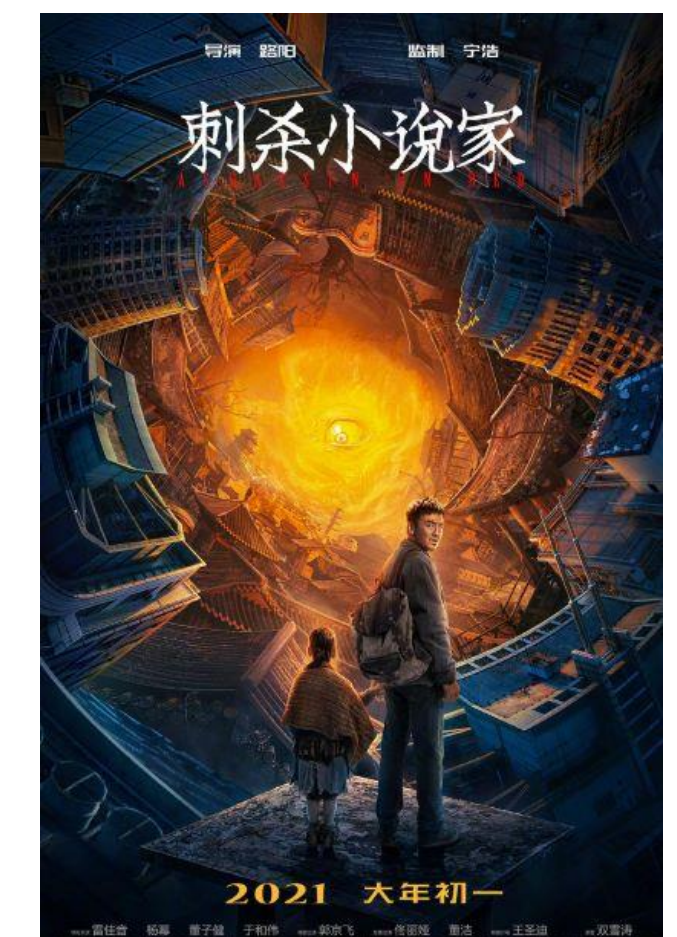
Shockwave 2 (Dec 2020)

- 6th highest-grossing local language film for IMAX China
- **20% IMAX indexing** on New Year holiday weekend



Detective Chinatown 3 (Feb 2021)

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



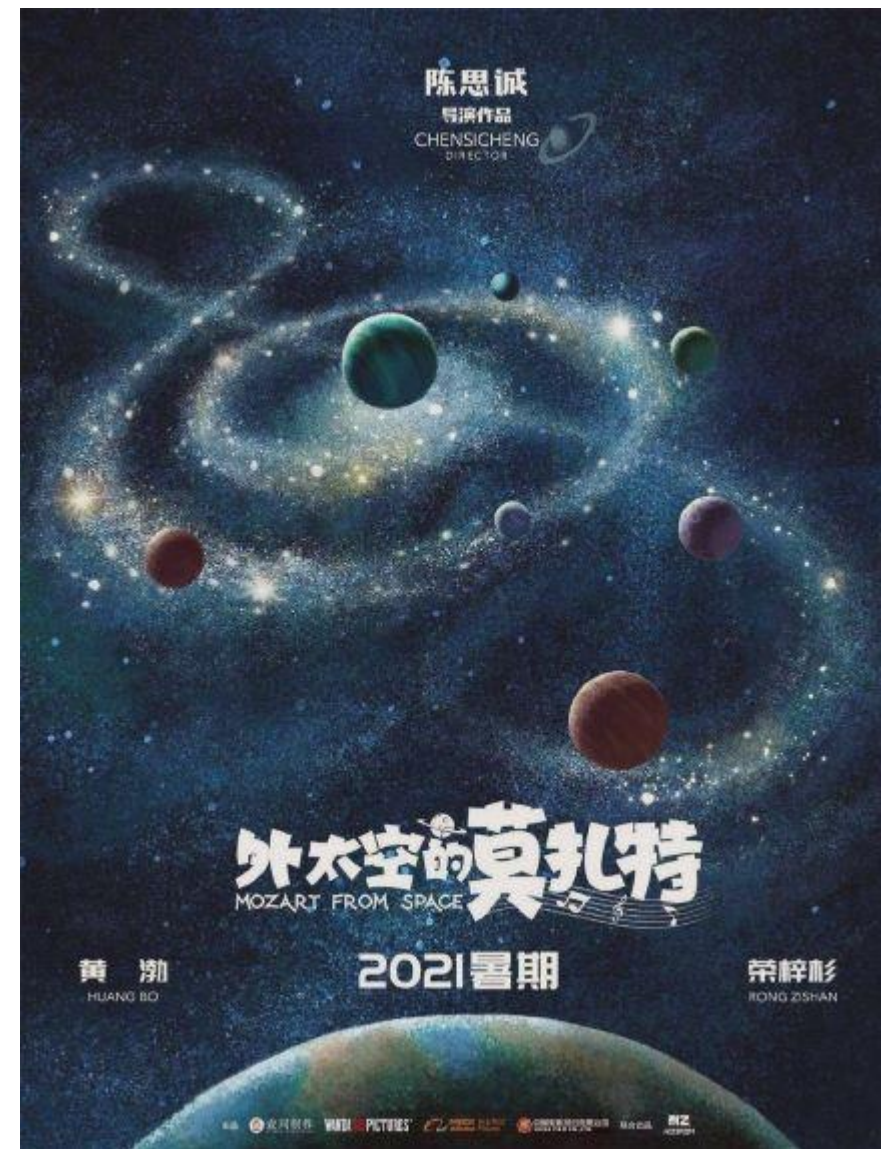
A Writer's Odyssey (Feb 2021)

- Included more than an hour of IMAX expanded aspect ratio
- **5%+ IMAX indexing**

Growing market share in local language titles bodes well for higher blended take-rate

Promising Pipeline of Potential Local Language Titles

Mozart From Space ⁽¹⁾



Creation of the Gods I ⁽²⁾



The Battle at Lake Changjin



Chinese Doctors



(1): Filmed in IMAX

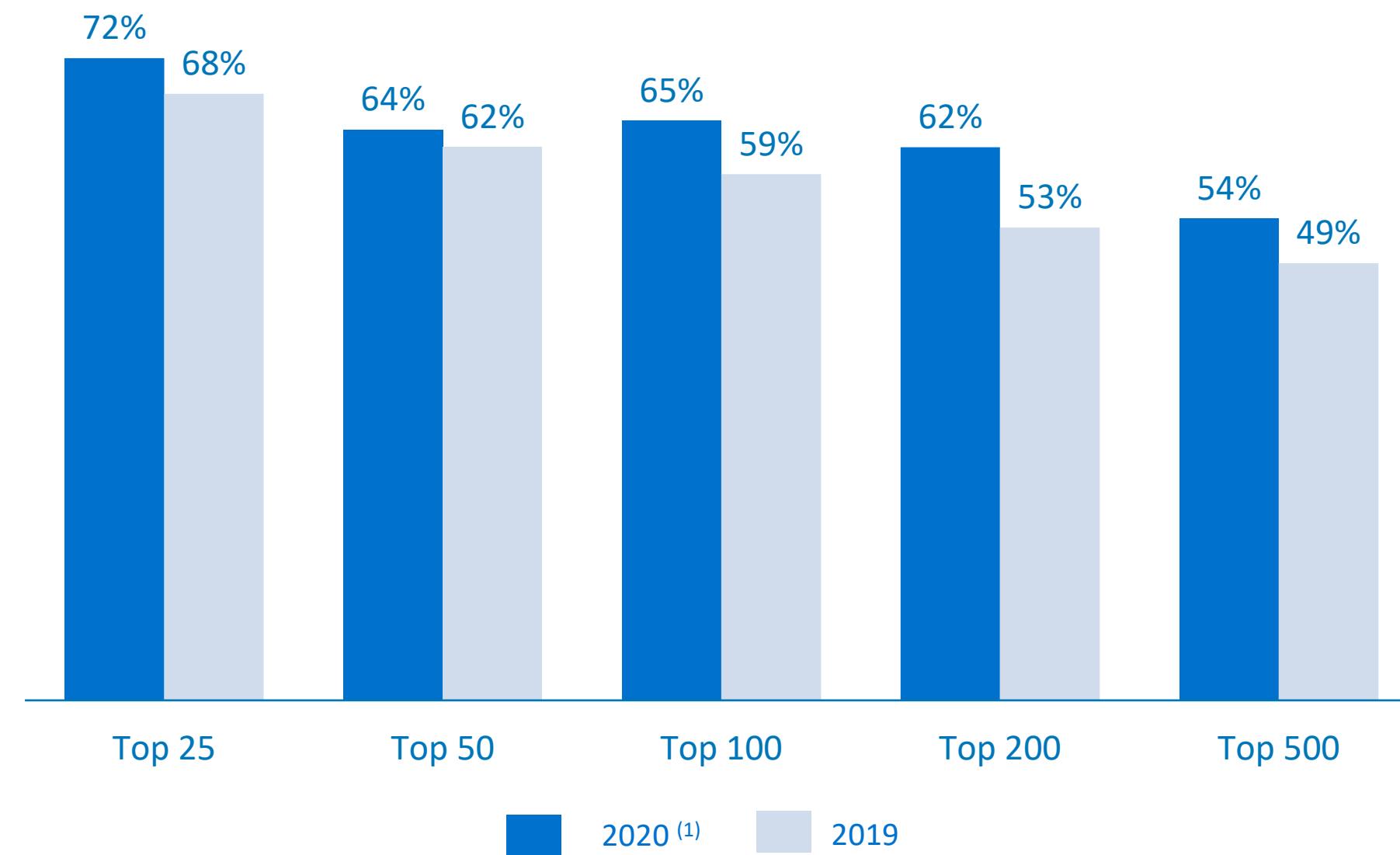
(2): First installment of Fengshen Trilogy

Note: Release schedule in China to be determined.

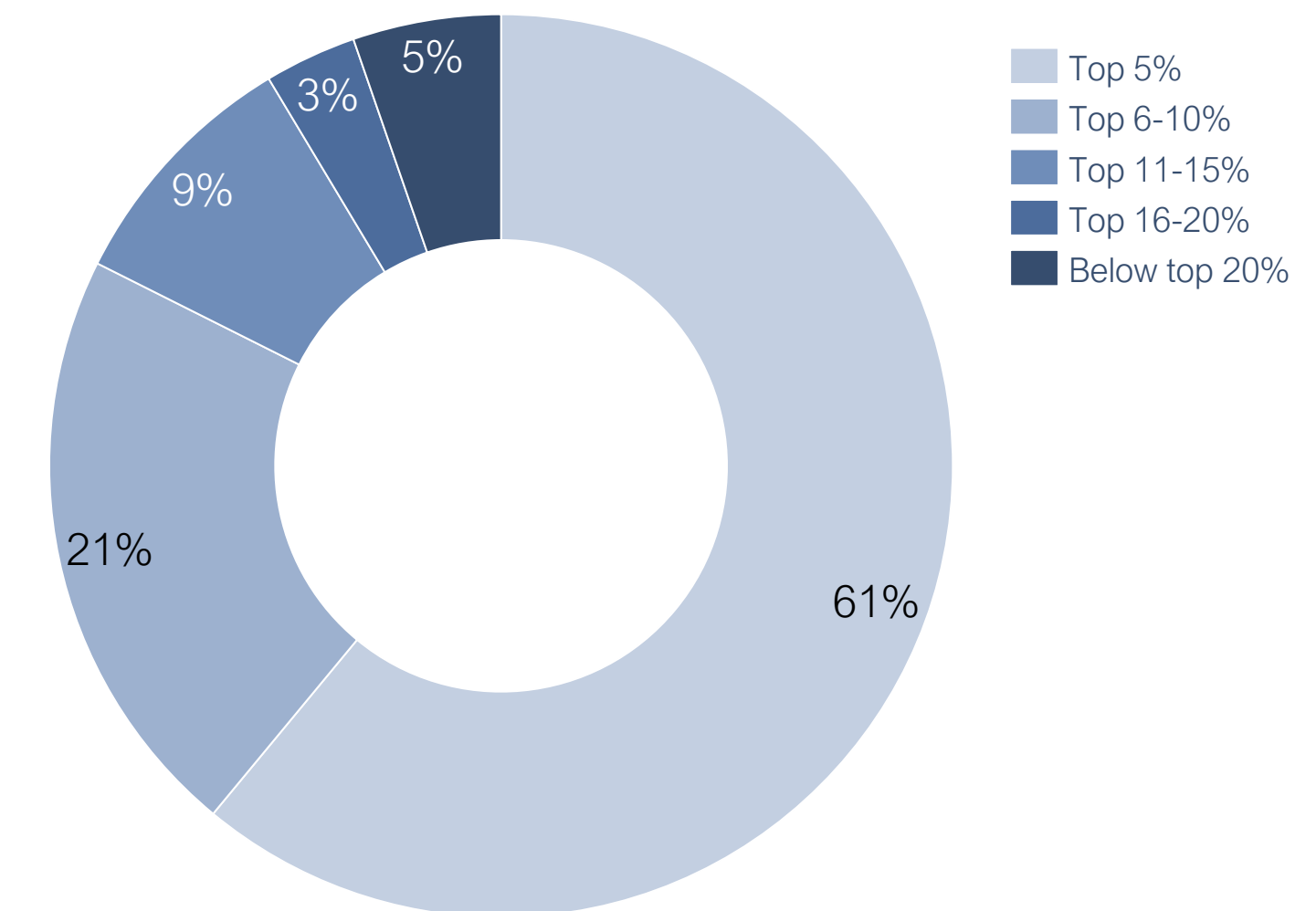
Multiple blockbuster caliber potential local language titles

Industry Consolidation an Opportunity, Not a Risk

IMAX China Theatre Penetration in Top 500 Complexes



IMAX China 2020⁽¹⁾ GBO by Multiplex Cohort



Source: TOP Consulting

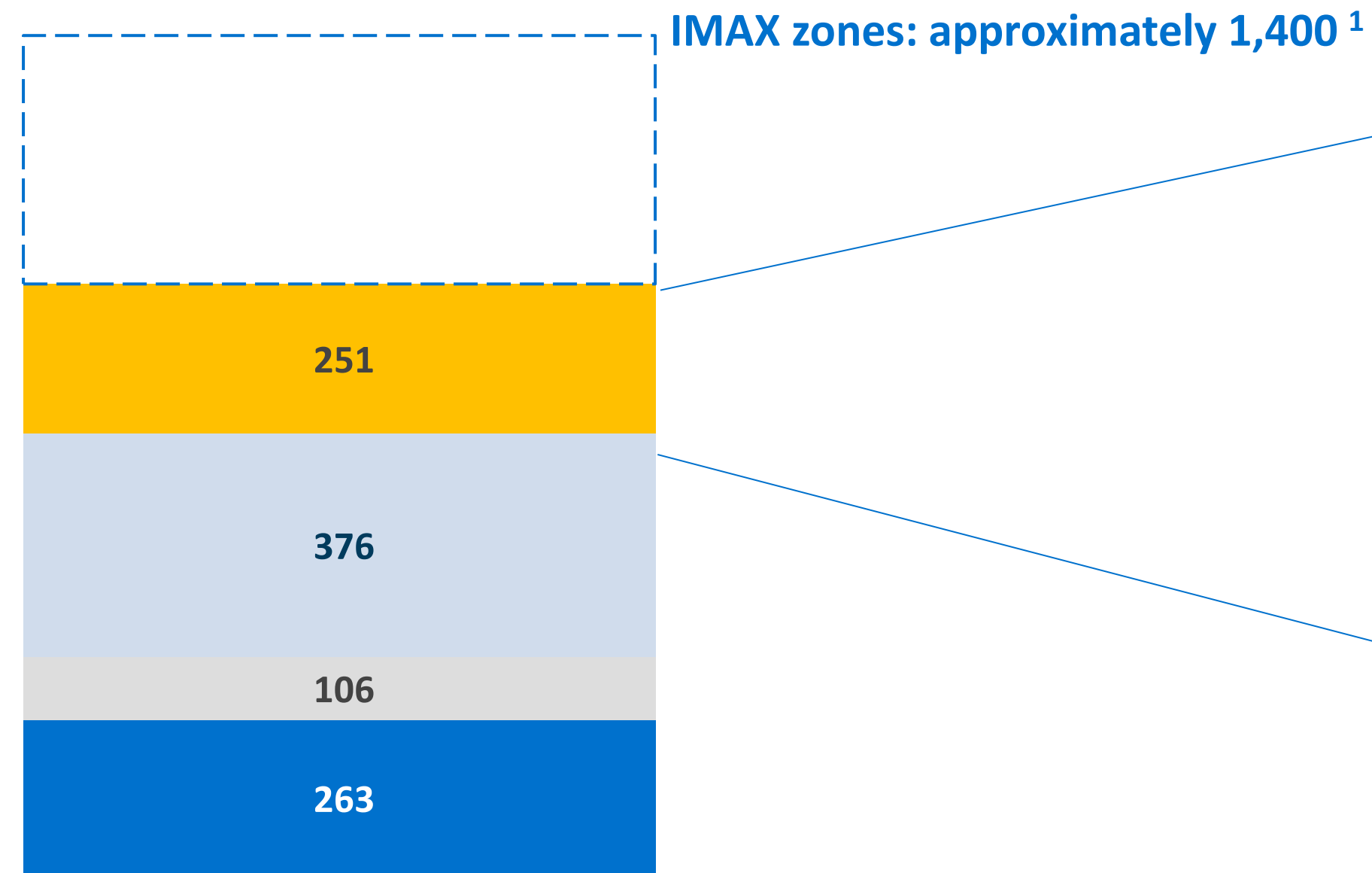
(1): Upon theatre reopening from July 20, 2020 – Dec 31, 2020

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

Continued Network and Partnership Expansion

IMAX Greater China theatre footprint

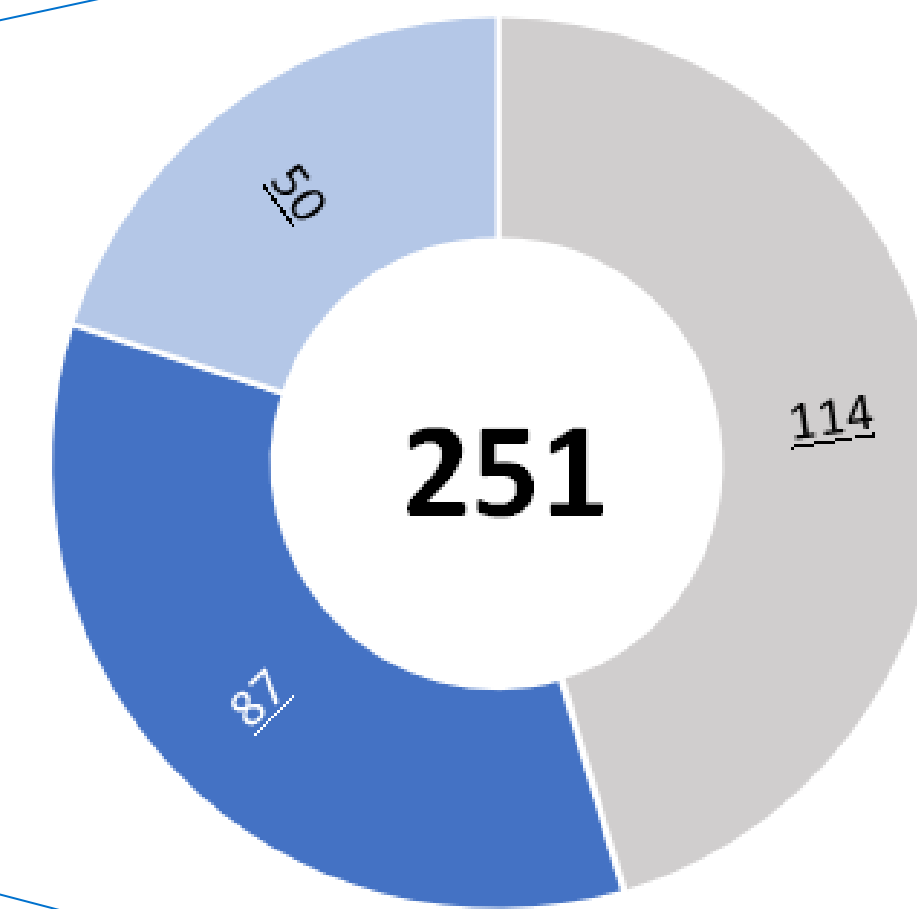
- Backlog
- Full revenue sharing
- Hybrid revenue sharing
- Sales arrangement



As of Dec 31, 2020

Note 1: As of Dec 31, 2020
Source: Company Data

Greater China Backlog Mix²



■ Sales arrangement ■ Hybrid revenue sharing ■ Full revenue sharing

Note 2: As of Dec 31, 2020
Source: Company Data

Including backlog, total number of contracted IMAX theatres in Greater China reached approximately 1,000

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

Strong Financial Position and Unique Business Model Drives Quick Profitability Turnaround

Strong fundamentals

- ❑ Asset-light business model provides financial flexibility
- ❑ Strong balance sheet with US\$88.5 million in cash as of Dec 31, 2020, in-line with YE19 despite extended business shutdown
- ❑ No exposure to fixed rental commitment or content production cost
- ❑ Less capex-driven growth on rising scalability



Increase shareholder value

- ❑ Strong rebound in box office upon theatre reopening drove quick profitability turnaround to 2H20 adjusted net profit⁽¹⁾ of US\$10.9 million (vs. net loss of US\$15.5 million in 1H20); and 2H20 total revenue of US\$45.6 million (vs. US\$6.7 million in 1H20)
- ❑ Generated US\$9.6 million in free cash flow in 2H20 upon theatre reopening
- ❑ Maintain stable annual dividend payment of US\$14 million in 2020, notwithstanding COVID-19 impact
- ❑ Increase dividend payout from 33% in 2017-2019 to 50% from 2021 onwards

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 and deferred income tax charge that is non-cash and non-recurring in nature

Key Highlights (2H20 vs. 1H20)

Key Financial Highlights (in USD 000, unless otherwise stated)	2H2020	1H2020
Greater China Box Office ¹	91,856	7,393
Theatre Network (in unit)	745	714
Total Revenue	45,669	6,662
- Technology Network Business	14,062	1,120
Take-rate ²	15.3%	15.1%
- Technology Sales & Maintenance Business	31,528	5,409
Gross Profit	23,389	(4,042)
Adjusted EBITDA	21,206	(13,424)
Adjusted Net Profit	10,900	(15,512)

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

Substantial pent-up demand for moviegoing and record performance of local language titles drove quick profitability turnaround in second half of 2020.

Key Highlights (FY20 vs. FY19)

Key Financial Highlights (in USD 000, unless otherwise stated)	FY2020	FY2019	YoY change %
Greater China Box Office ¹	99,249	365,807	(72.9)%
Theatre Network (in unit)	745	717	3.9%
Total Revenue	52,331	124,294	(57.9)%
- Technology Network Business	15,182	52,918	(71.3)%
Take-rate ²	15.3%	14.5%	80 bps
- Technology Sales & Maintenance Business	36,937	71,033	(48.0)%
Gross Profit	19,347	76,647	(74.8)%
Adjusted EBITDA	7,782	68,829	(88.7)%
Adjusted Net Profit	(4,612)	44,570	N.M.
Adjusted Net Margin	(8.8)%	35.9%	N.M.

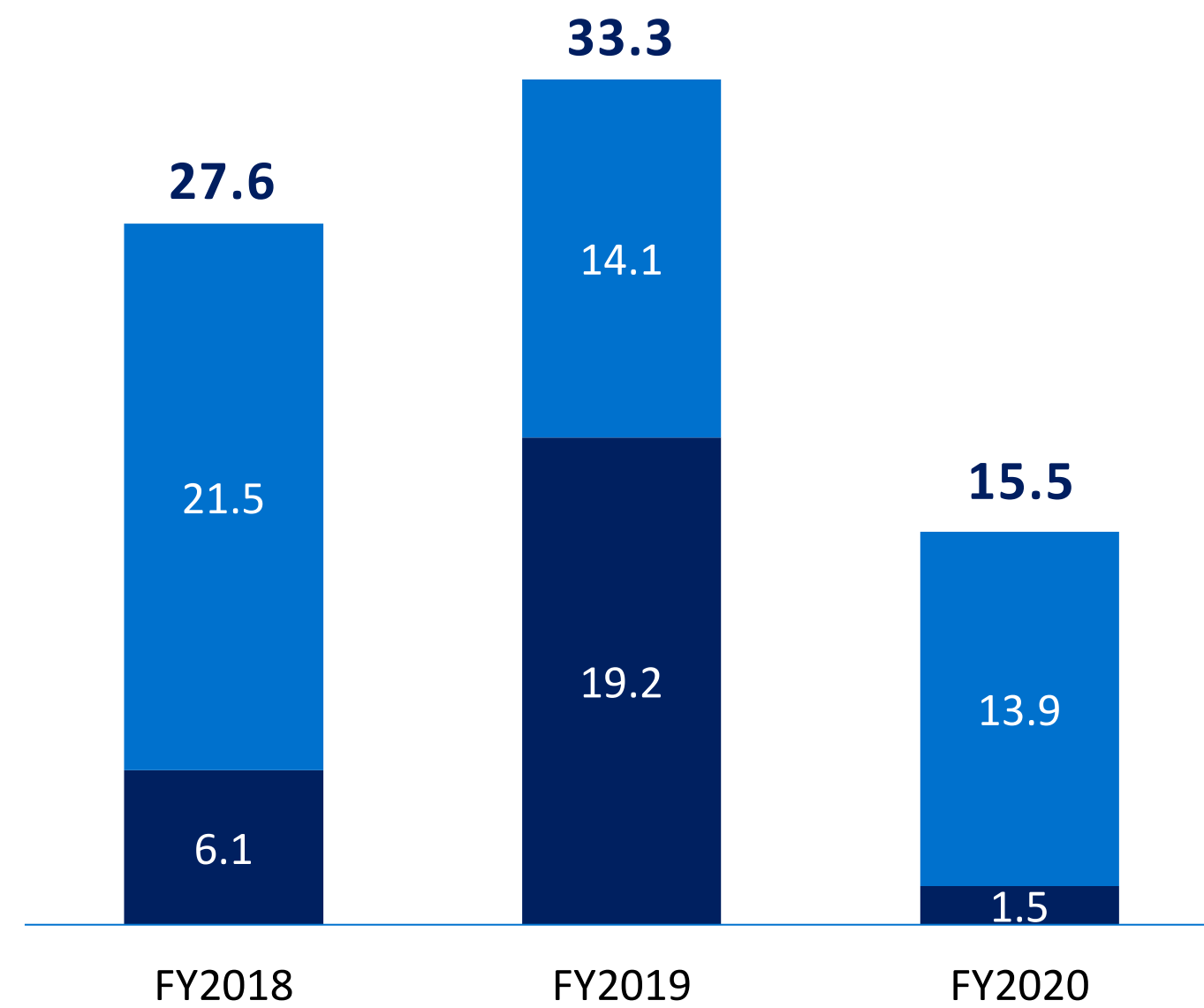
Source: Company data
N.M. = not meaningful

Temporary closure of our IMAX theatres due to COVID-19 has significantly impacted 1H20 financial results

Long-term Shareholder Value Creation

Capital returned to shareholders

(in USD mn)



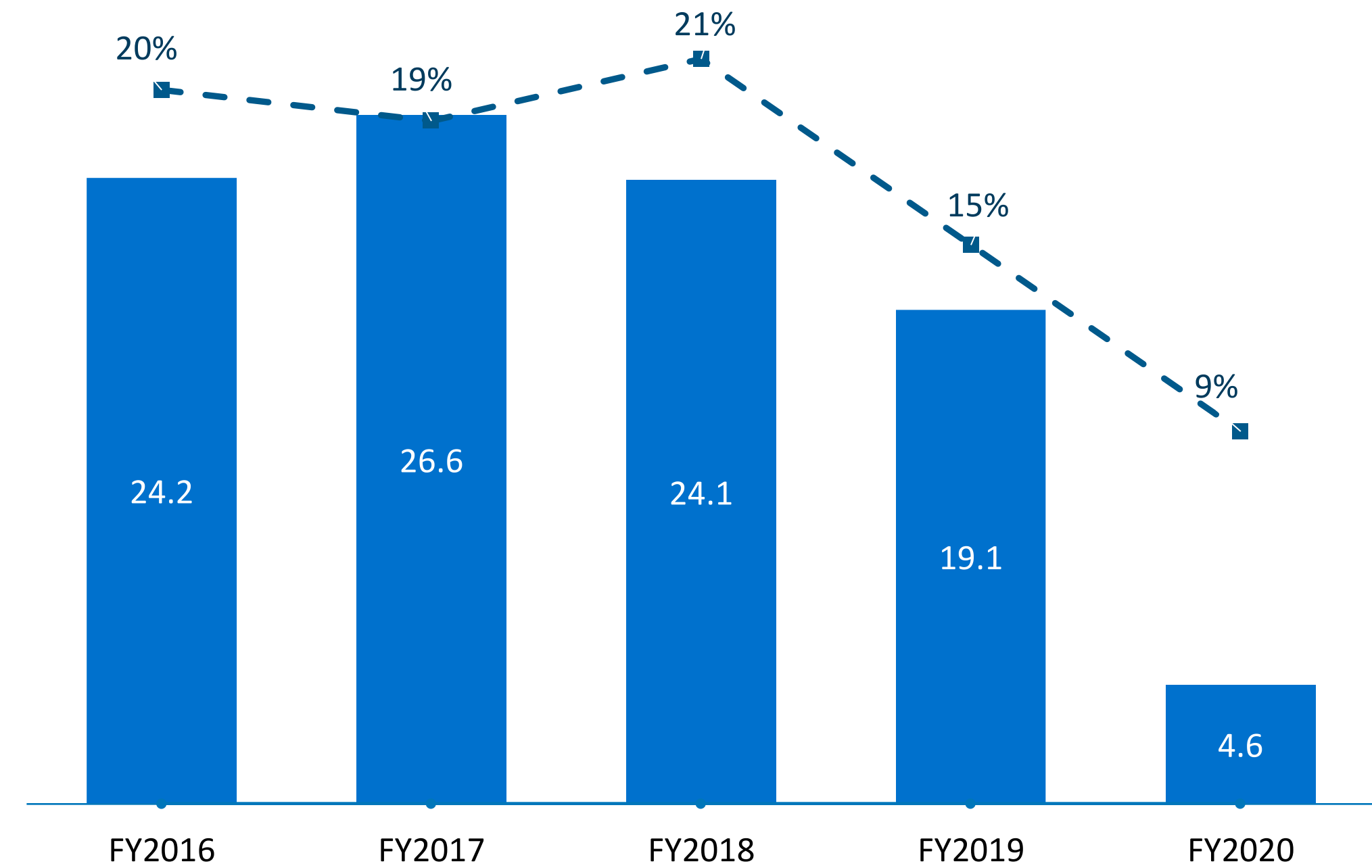
- Adjusted earnings payout ratio(%)
- Dividends paid (as reflected on cash flow statement)
- Share buyback

Source: Company data

Note*: Including the US\$7 million final dividend declared for FY2020

Capital expenditure

(in USD mn)



- As % of total revenue
- Network expansion-related capex

We have returned a total of more than \$80mn* capital to shareholders since 2017

