

**IMAX**

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**IMAX**

FILMS TO THE FULLEST

# IMAX China Half-Year 2021 Financial Results

July 28, 2021

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# Strong First-Half Results Underscore Growing Demand for the IMAX Experience

## Favorable Structural Tailwinds

- Accelerating premiumization trend in content consumption and creation
- Local content gravitating towards higher production value and genres that lend themselves well to the IMAX Experience

## Unique Premium Positioning

- China's largest premium entertainment network
- 95% box office from top 20% multiplexes in China
- Strong content pipeline empowered by IMAX DNA
- Asset-light business model with strong cash flow and balance sheet

## Strong First-Half Results

- **Strong revenue rebound** to US\$53.4 million, up from US\$6.7mn in first-half 2020
- **Profitability turnaround** to US\$21.3 million adjusted earnings, vs. net loss of US\$15.5 million in first-half 2019
- **Record local language box office** of US\$68 million for the six-month period
- **Growing Hollywood indexing** to c.13% and local language indexing to c.5% <sup>(1)</sup>
- Record-breaking New Year's Day and Chinese New Year opening weekend
- Expanding footprint to 759 theaters in Greater China network and 237 systems in the backlog <sup>(2)</sup>
- Completed 23 installations, up from 3 in first-half 2020
- Closed 12 signings led by a four Laser theater deal with Broadway across iconic locations in Shanghai

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

(2): As of June 30, 2021

Strengthening local language footprint; Hollywood blockbusters around the corner

# Growing IMAX Indexing Across Both Hollywood and Local Language Blockbusters



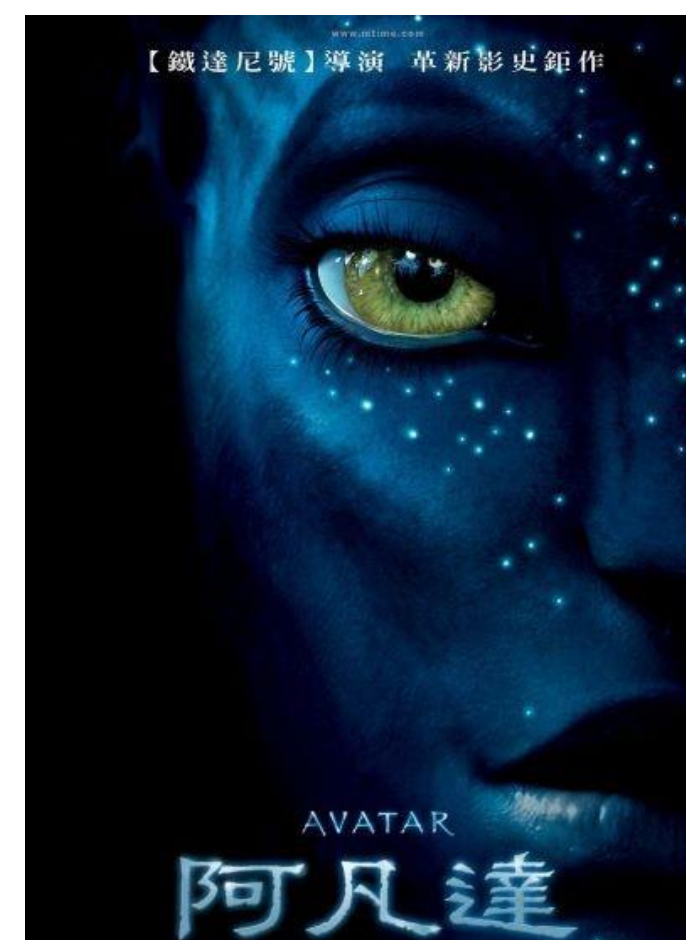
## Shockwave 2 (Dec 2020/Jan 2021)

- 6<sup>th</sup> 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
- 5<sup>th</sup> highest-grossing title in China film history
- Best 3-day opening weekend of all time
- Best IMAX opening weekend for a local title
- 3<sup>rd</sup> 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**



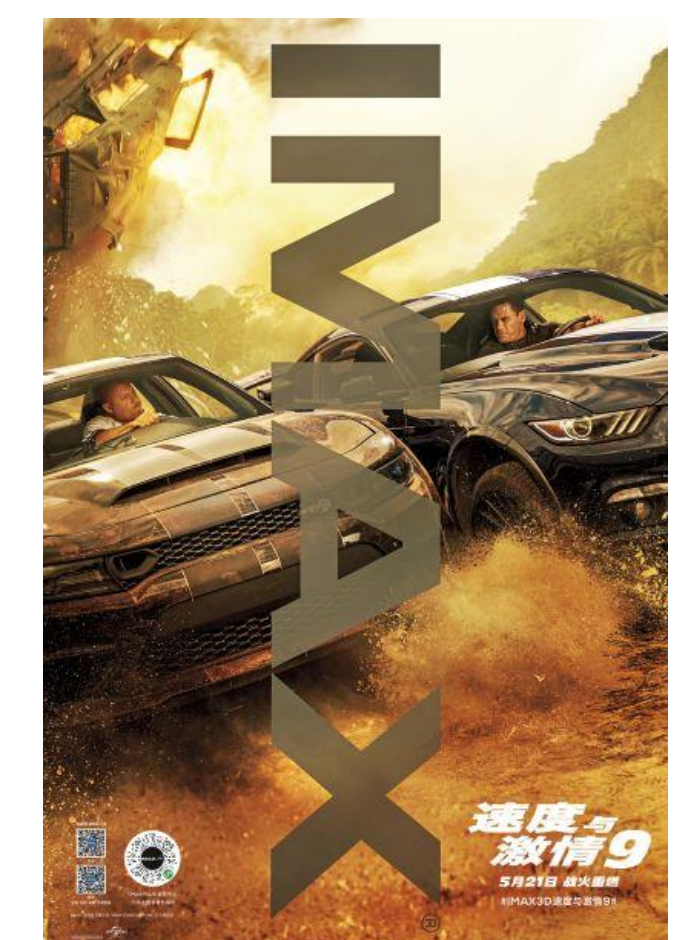
## Avatar re-release (March 2021)

- More than RMB300mn box office from re-release on its 11<sup>th</sup> anniversary
- **30% IMAX indexing**



## Godzilla vs. Kong (March 2021)

- Highest-grossing IMAX title of the MonsterVerse franchise
- **14% IMAX indexing** in opening weekend



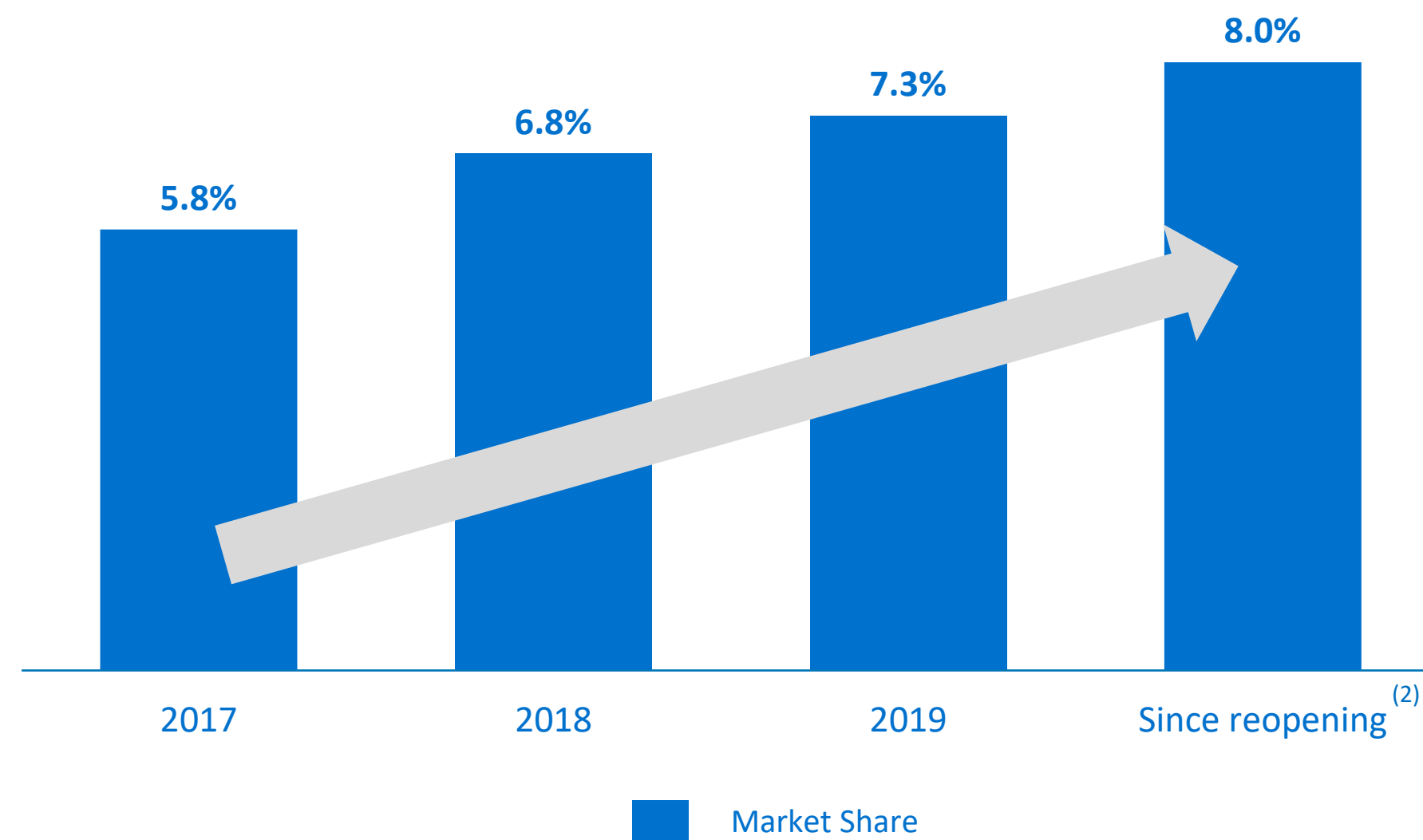
## Fast & Furious 9 (May 2021)

- Biggest Hollywood opening since 'Avengers: Endgame'
- **9% IMAX indexing – best within the franchise**

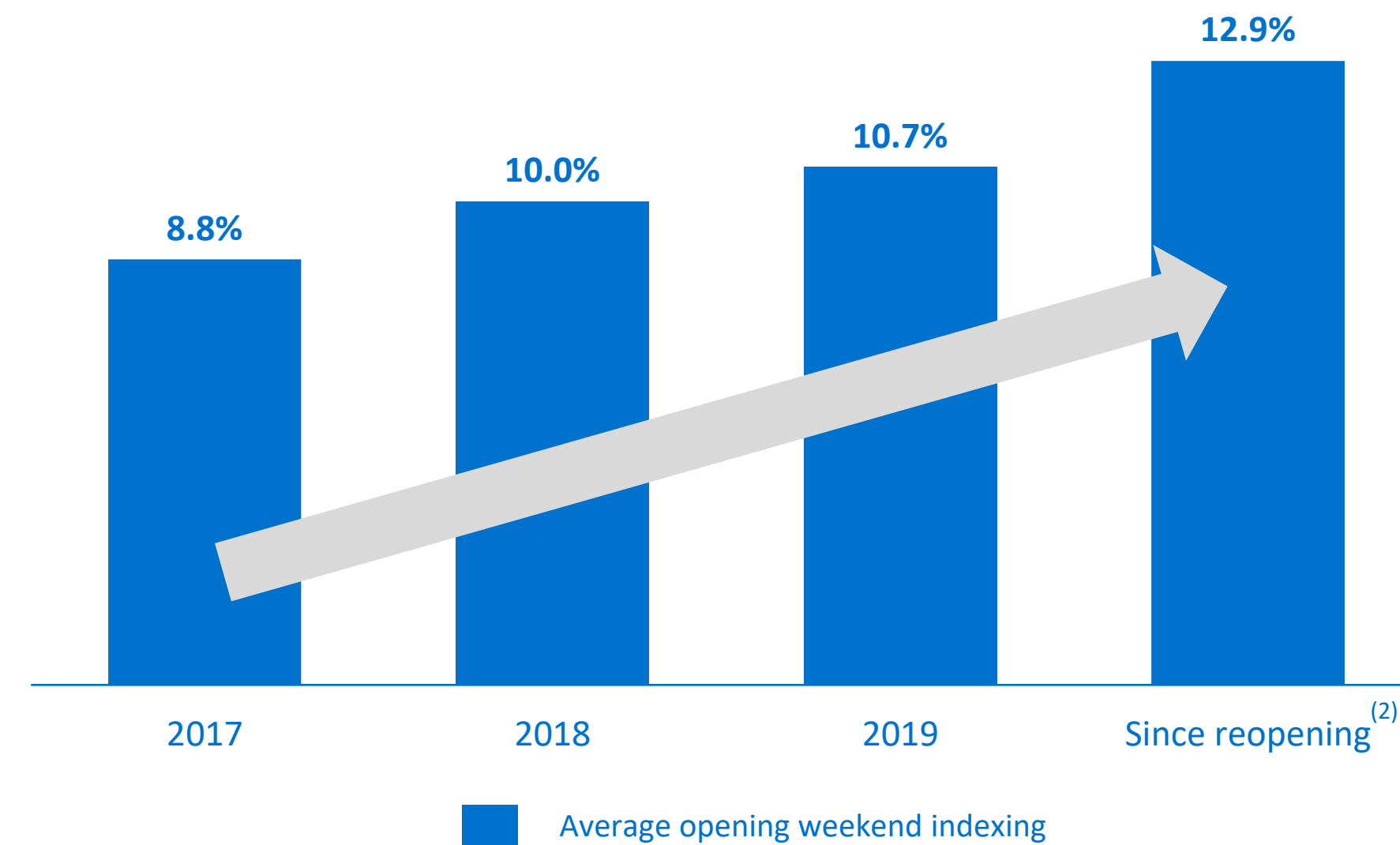
Source: Company data

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

### IMAX China Box Office Market Share in Hollywood Titles



### IMAX China Indexing<sup>(1)</sup> on Hollywood Titles



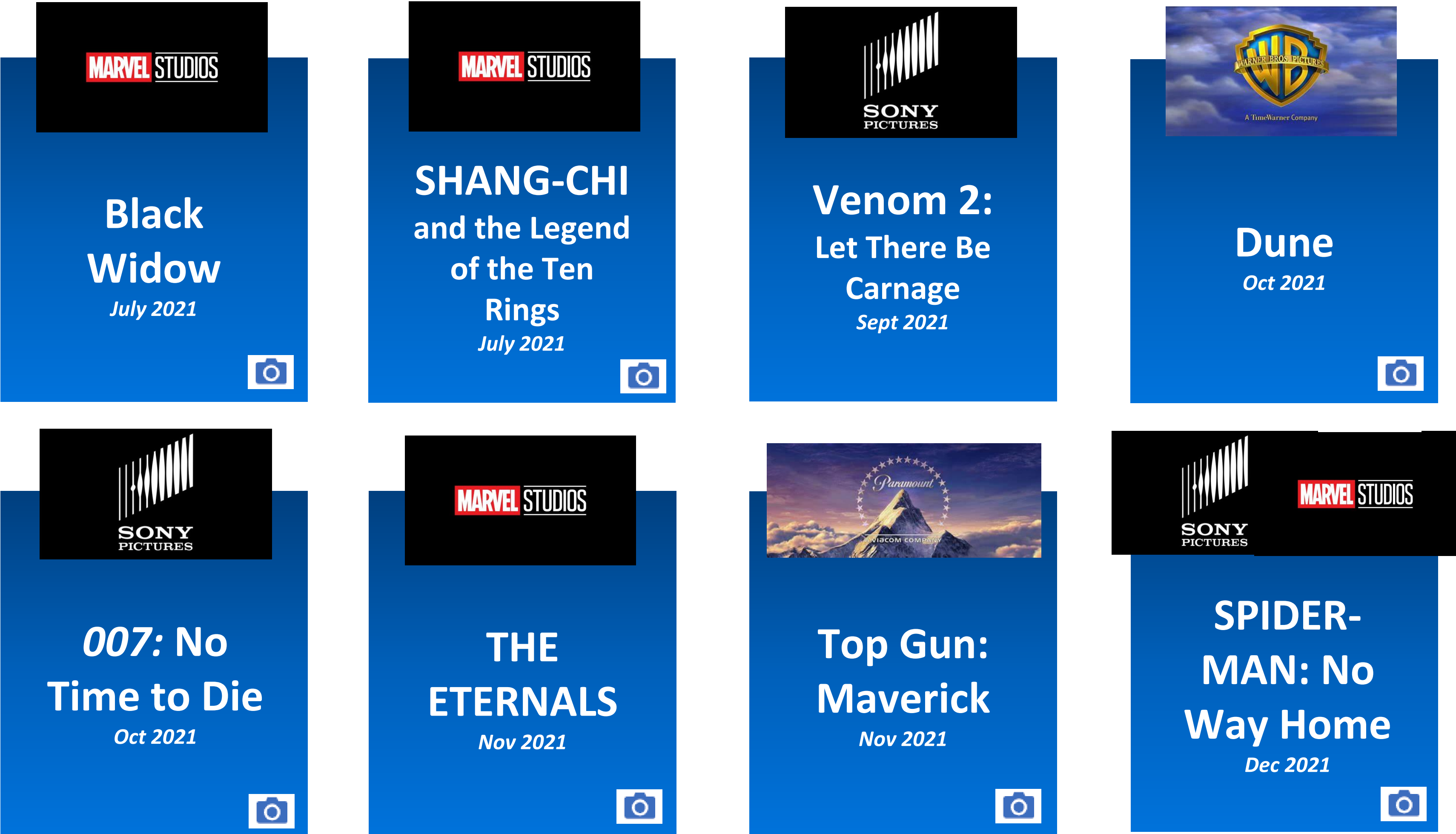
(1): Indexing = IMAX China's box office of a single title/ total box office of a single title

(2): From July 20, 2020 to July 20, 2021

Source: Company data

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

# Strong Pipeline of Tentpole Releases (2H21)

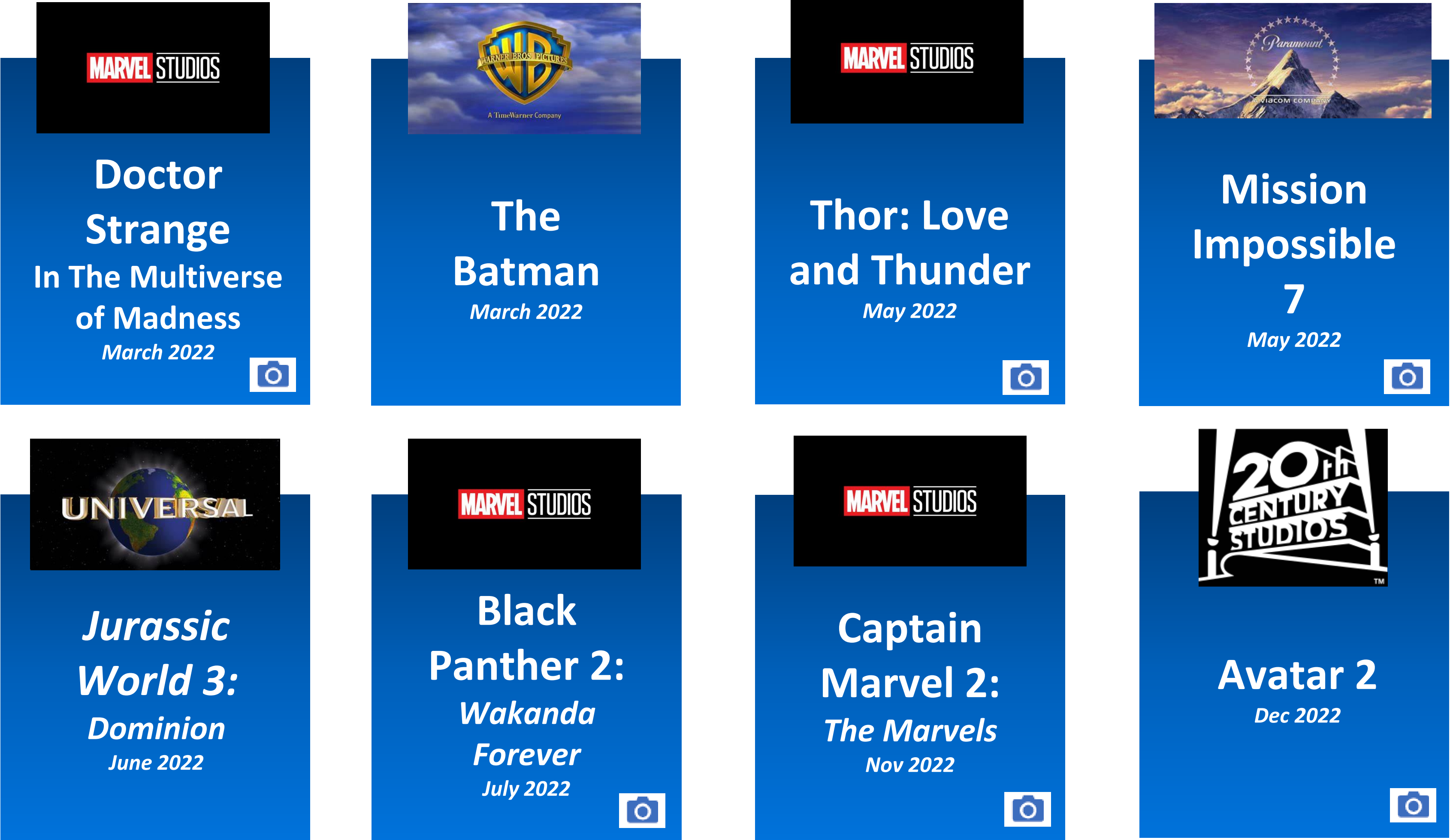


Heavy involvement of IMAX DNA bodes well for greater box office share

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

# Strong Pipeline of Tentpole Releases (2022)



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

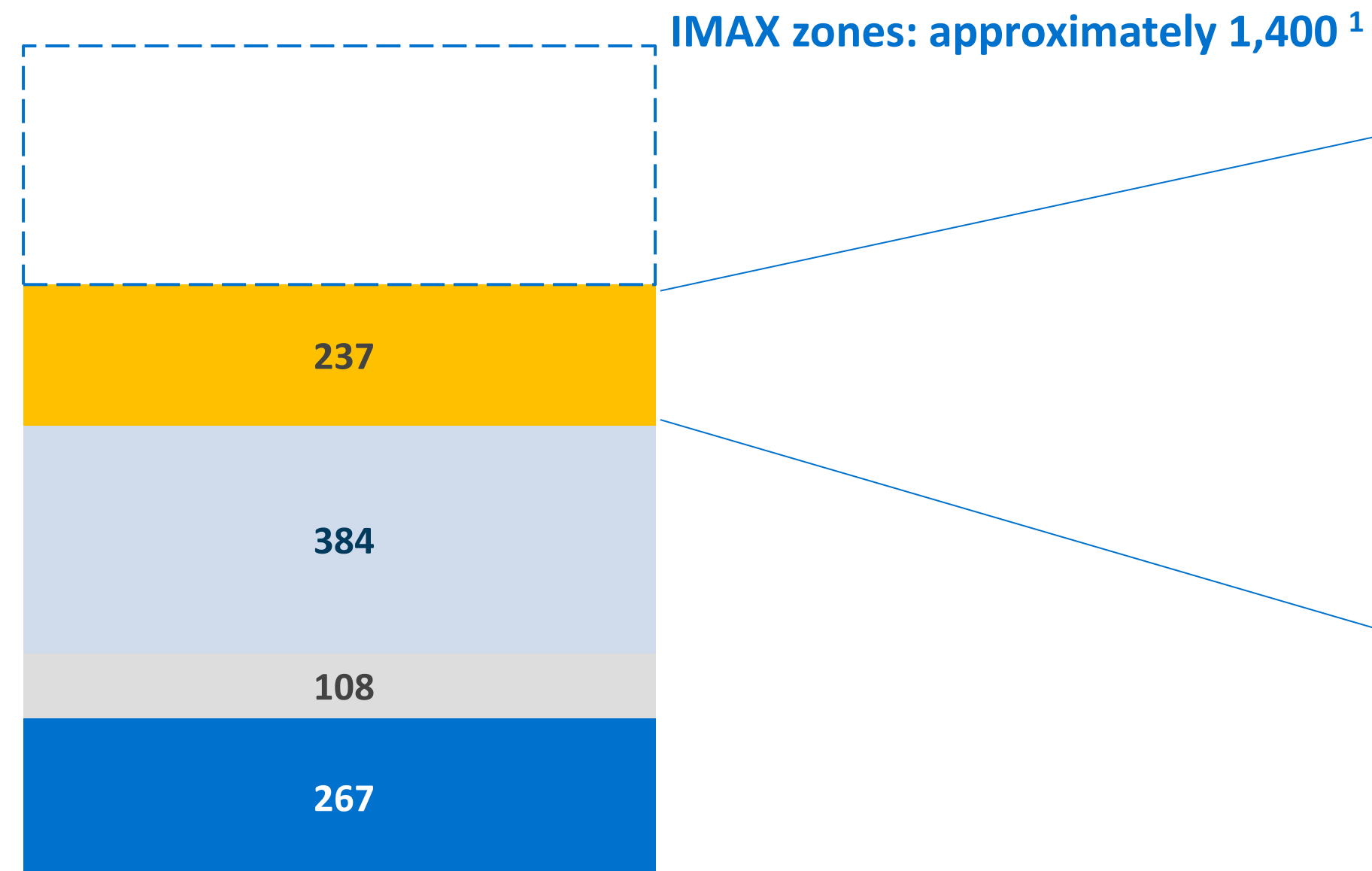
Note: Titles have been confirmed to be released in North America but such release schedule might be postponed due to the coronavirus pandemic. Release schedule in China to be determined.

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

# Expanding Network Footprint

## IMAX Greater China Theater Footprint

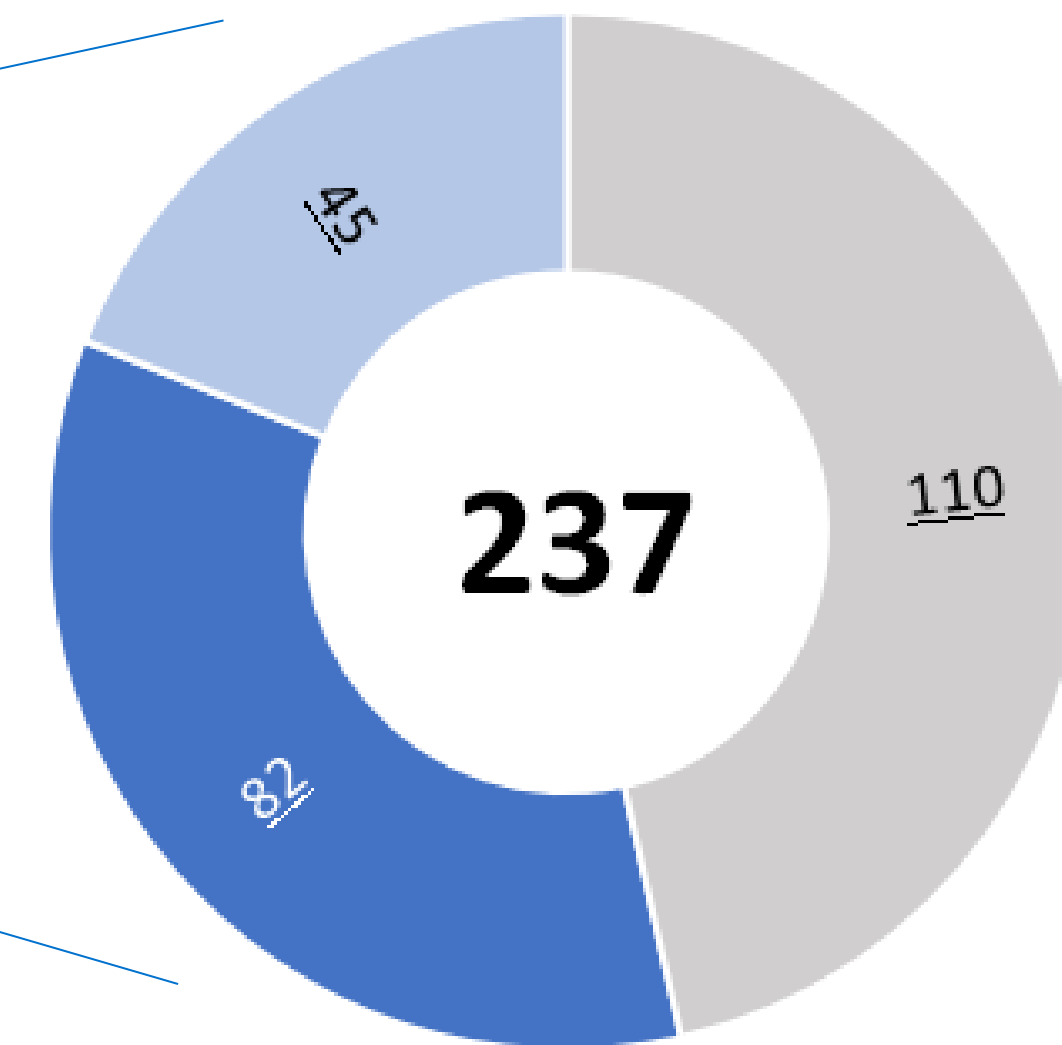
- Backlog
- Full revenue sharing
- Hybrid revenue sharing
- Sales arrangement



As of Jun 30, 2021

Note 1: As of June 30, 2021  
Source: Company Data

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



- Sales arrangement
- Hybrid revenue sharing
- Full revenue sharing

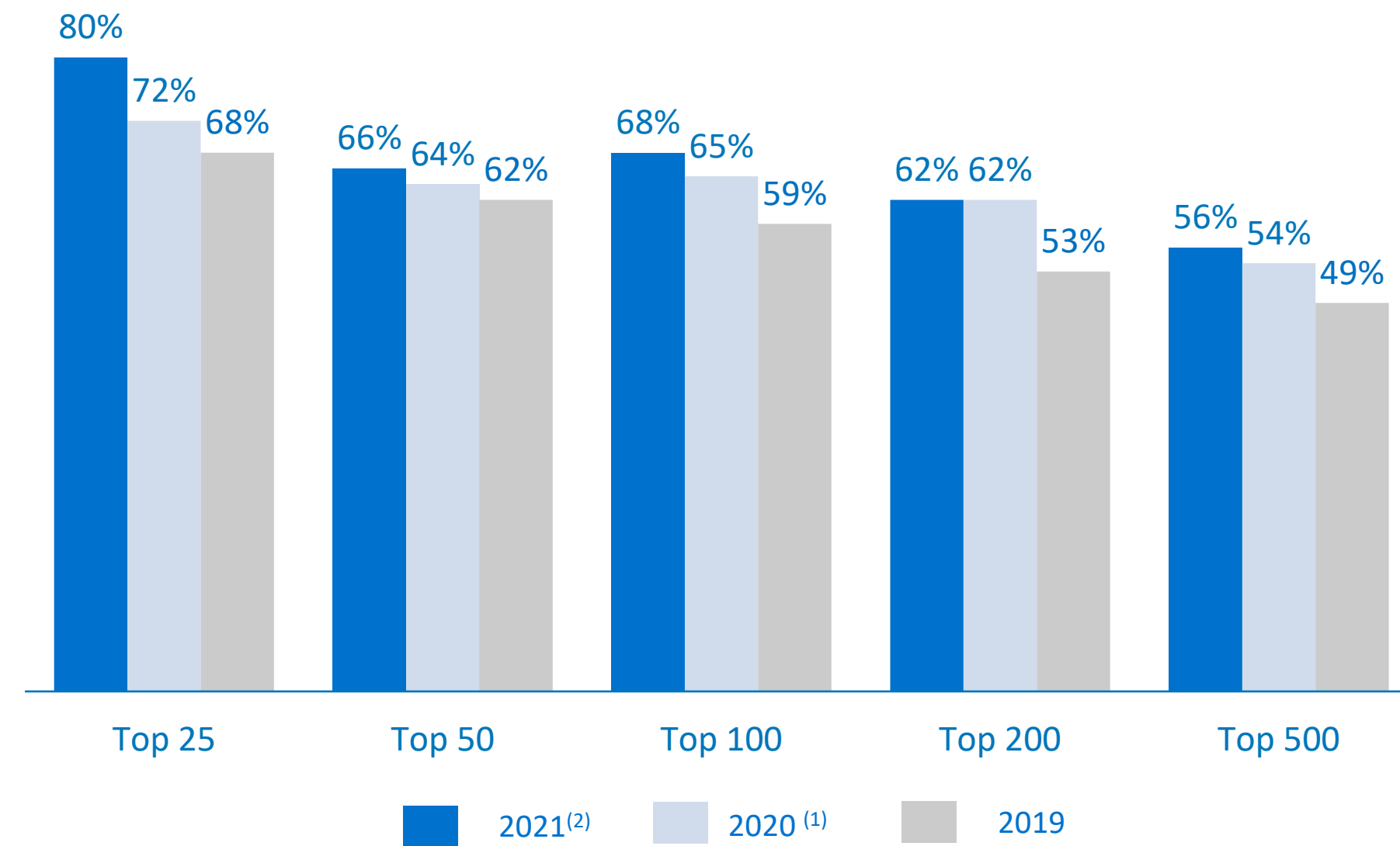
Note 2: As of June 30, 2021  
Source: Company Data

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



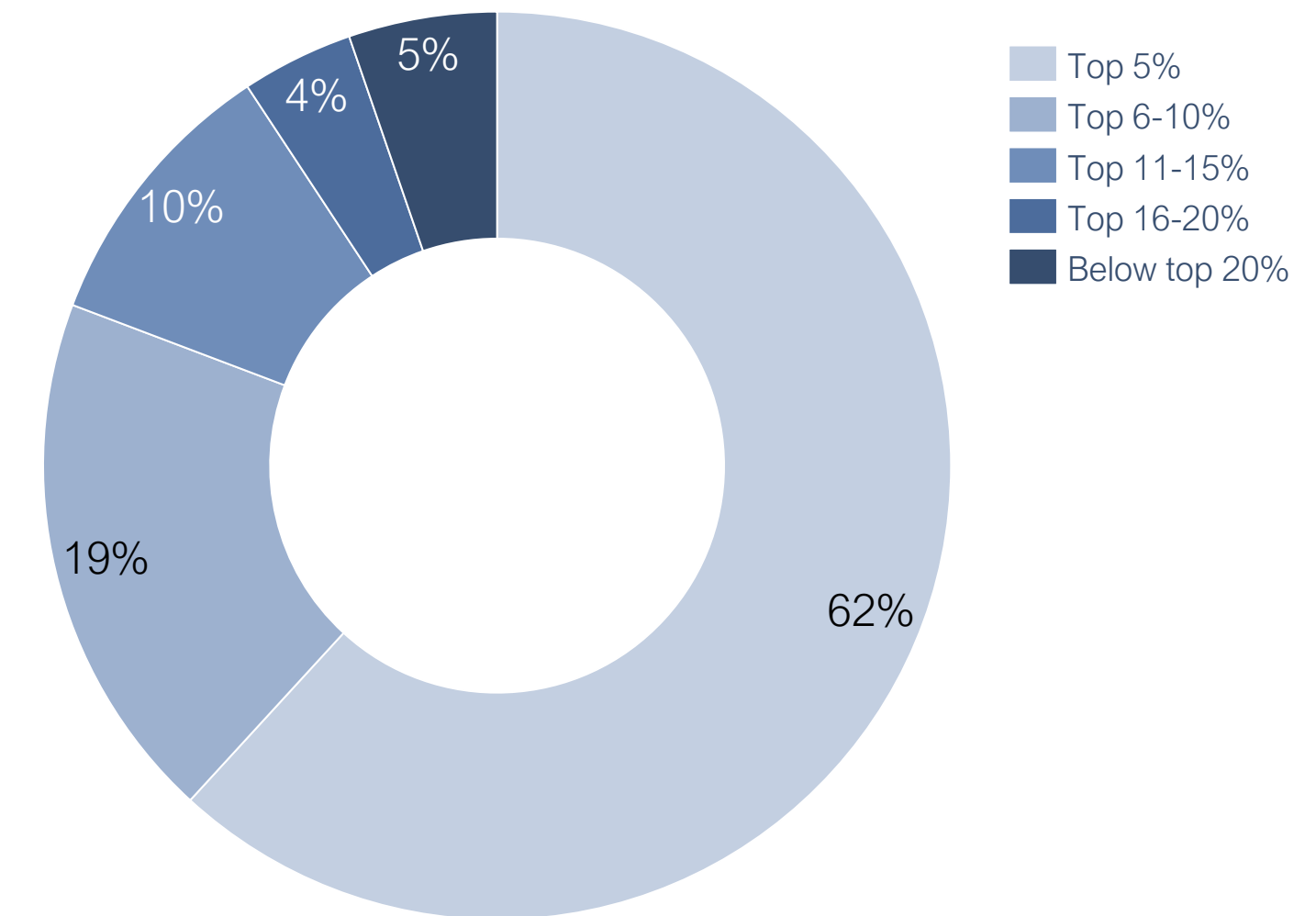
# IMAX China Theater Penetration Increases Across All Top 500 Co-hort

## IMAX China Theater Penetration in Top 500 Complexes



Source: TOP Consulting  
 (1): from July 20, 2020 – Dec 31, 2020  
 (2): as of June 30, 2021

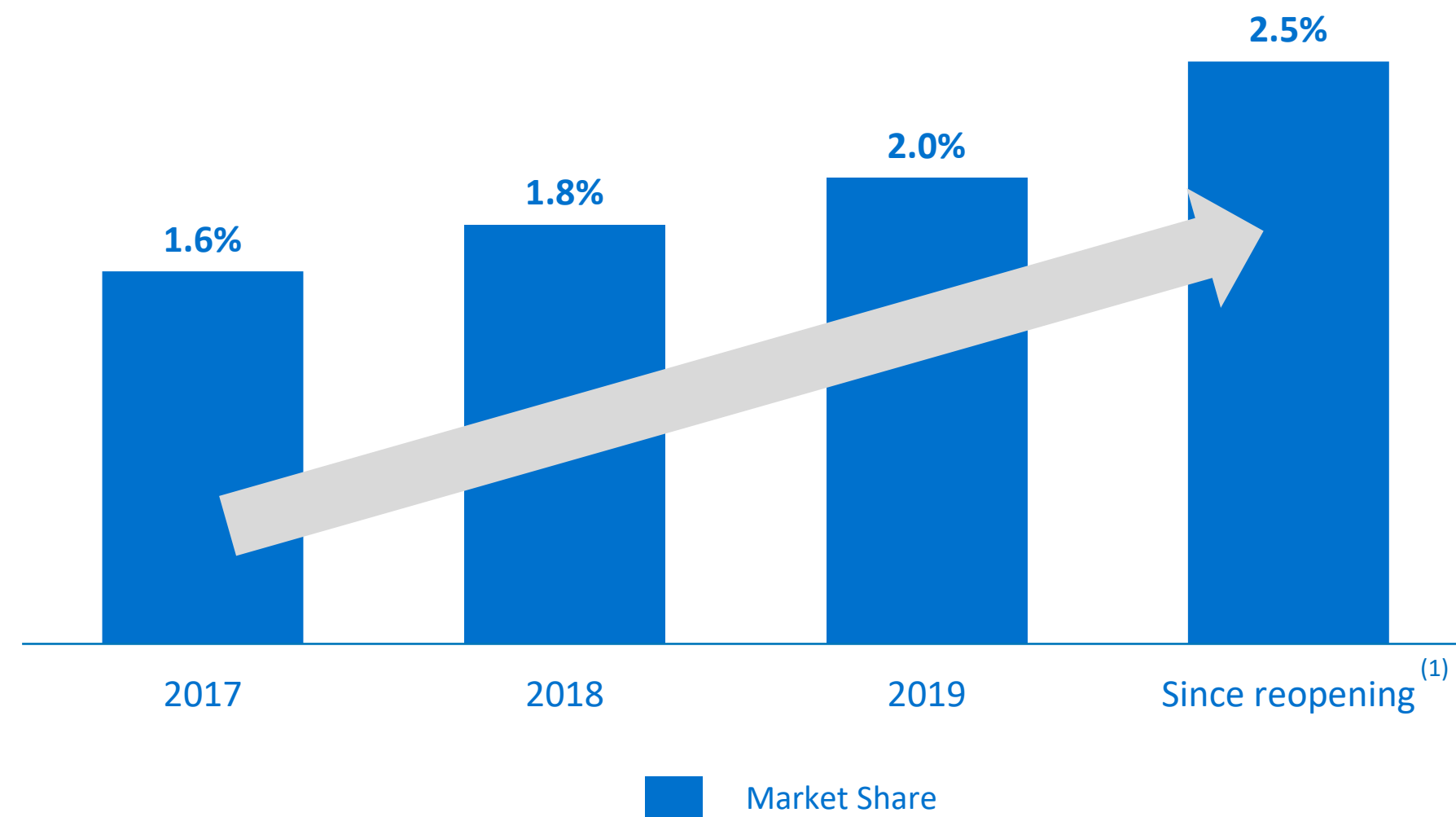
## IMAX China 1H21 GBO by Multiplex Cohort



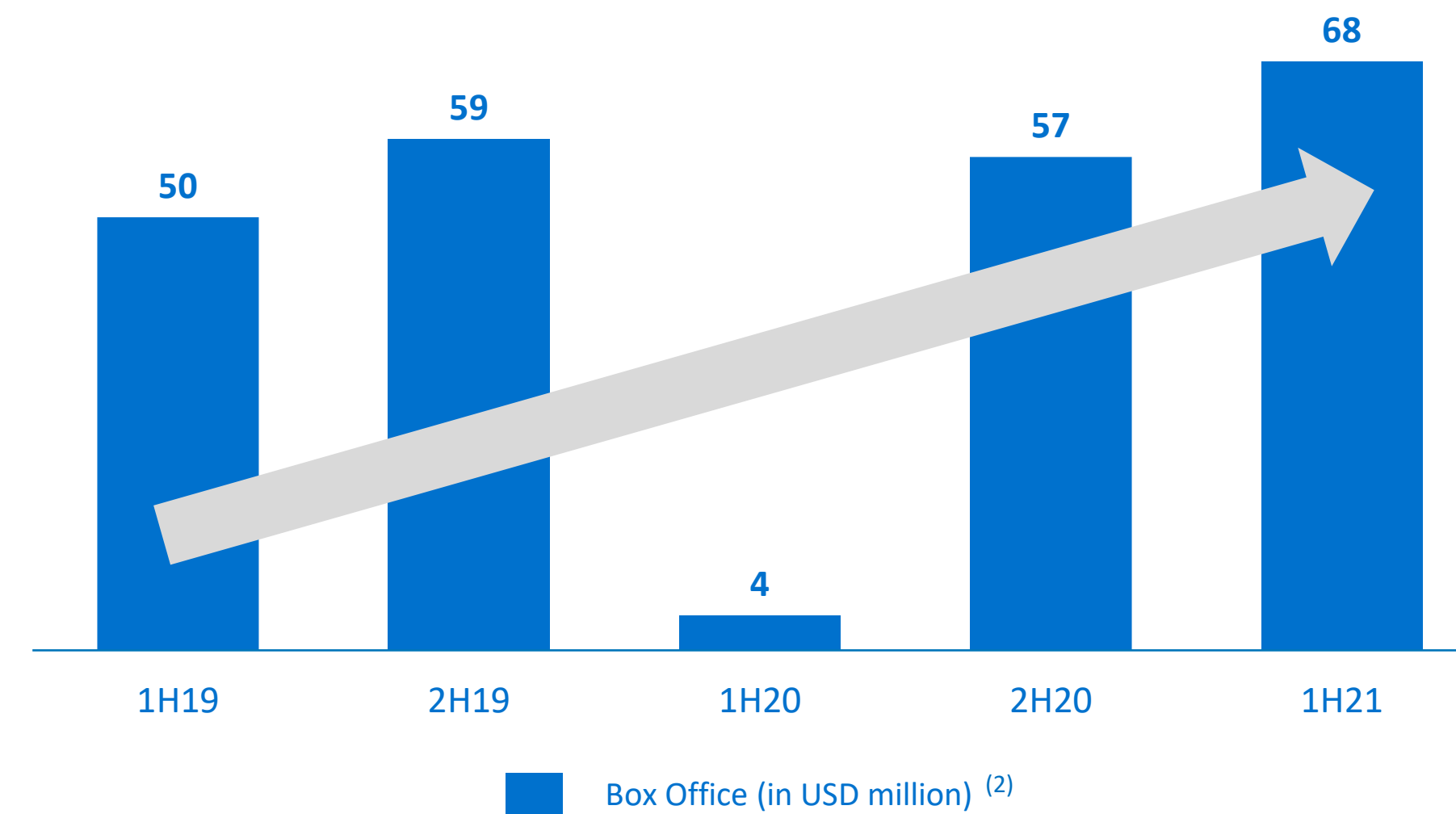
95% of IMAX China box office was generated from top 20% multiplexes

# Strengthening Local Language Programming Capability

## IMAX China Box Office Market Share in Local Language Titles



## IMAX China Local Language Box Office



(1): From July 20, 2020 to July 20, 2021

(2): Excludes service fee

Source: Company data

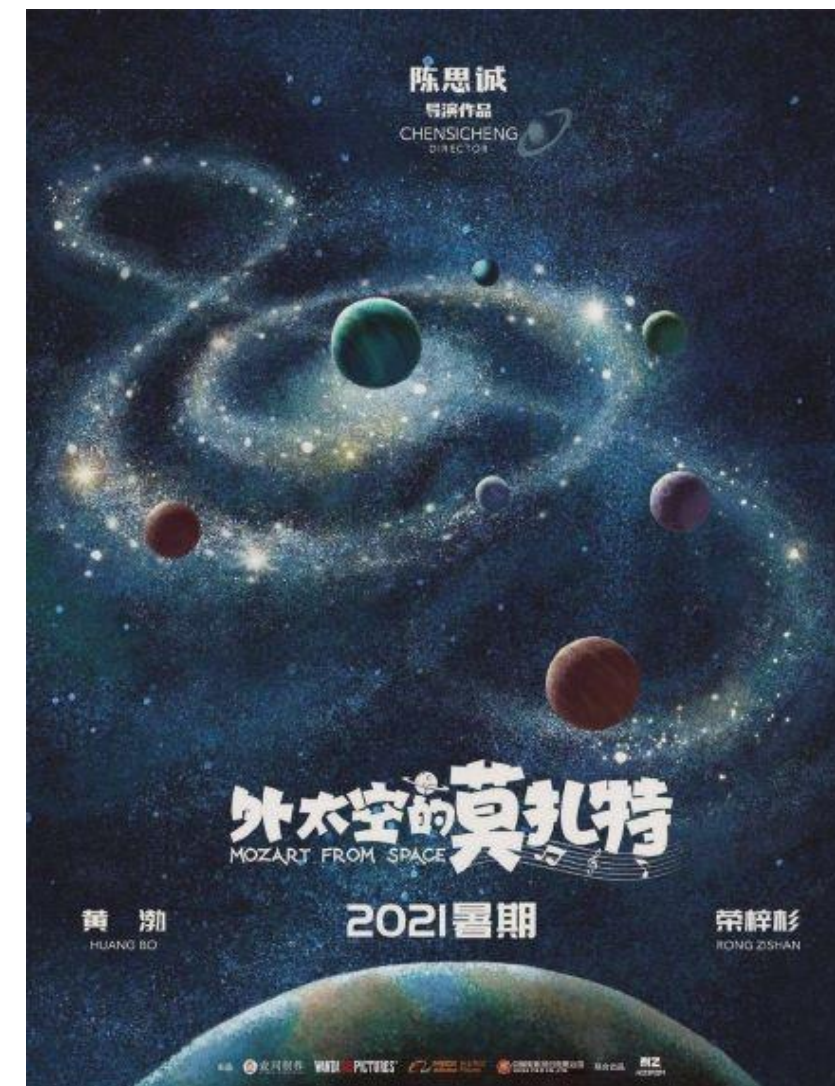
IMAX China achieved record local language box office of US\$68 million for the 6-month period on growing market share

# Promising Pipeline of Potential Local Language Titles

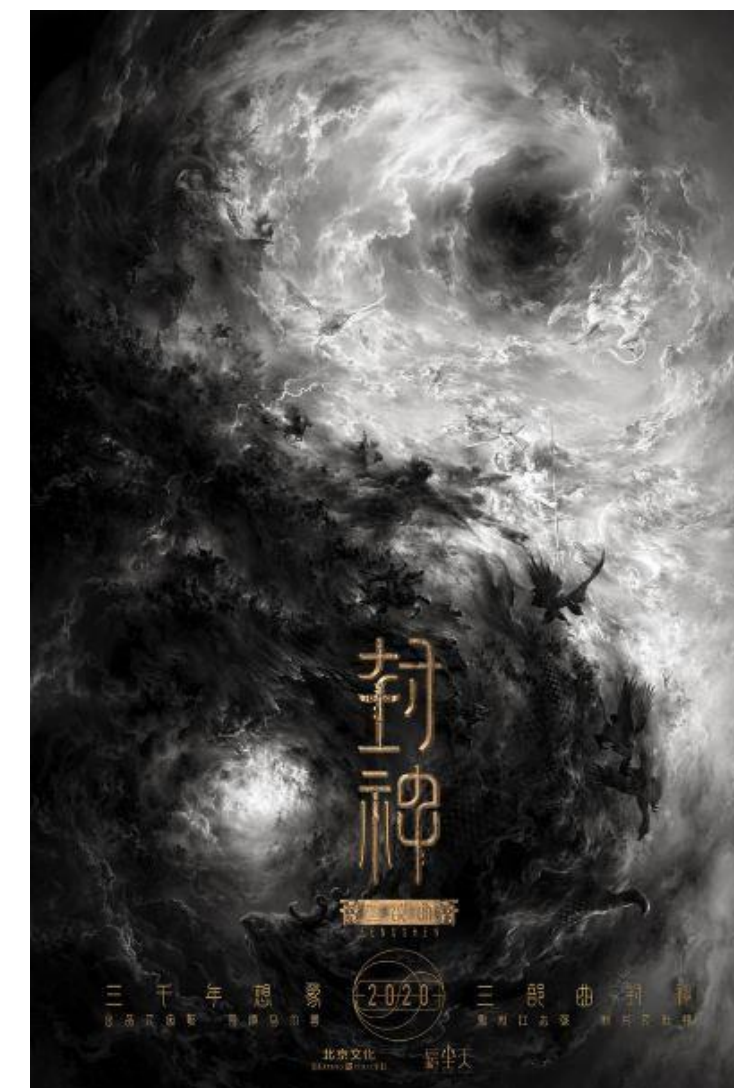
**The Battle at Lake Changjin (to be released on Aug 12, 2021)**



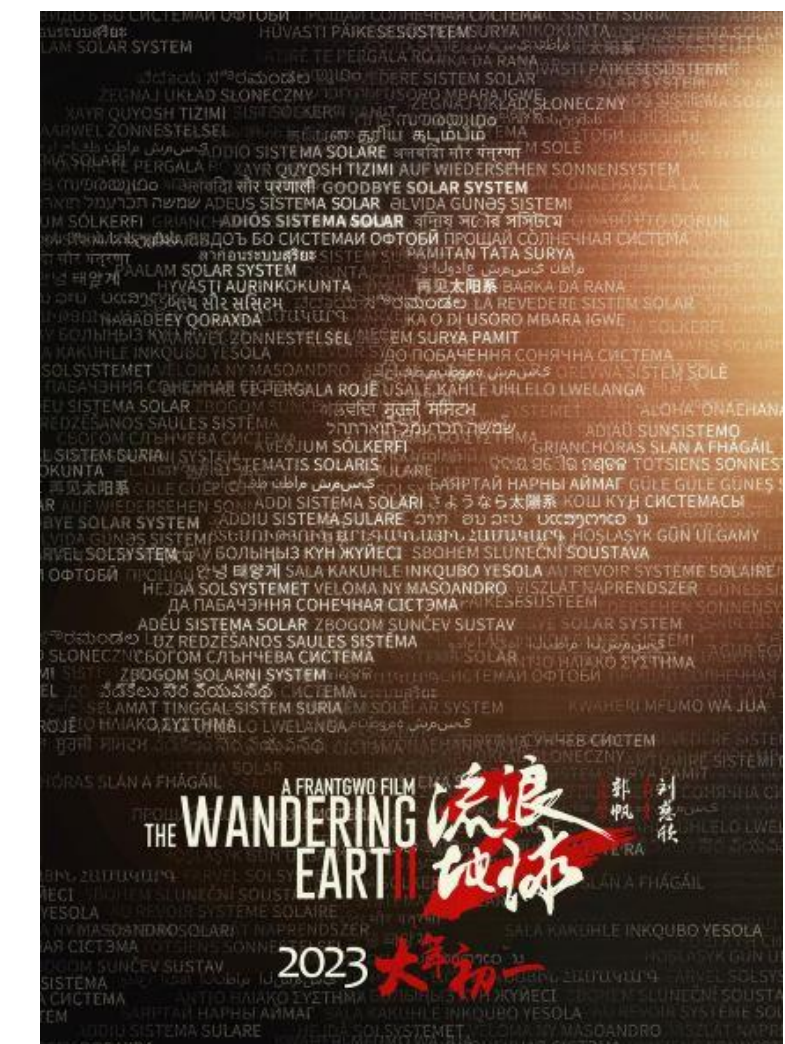
**Mozart From Space (1)**



**Creation of the Gods I (2)**



**Wandering Earth 2**



(1): Filmed in IMAX

(2): First installment of Fengshen Trilogy

Note: Except *The Battle at Lake Chanjin*, release schedule of the abovementioned titles in China to be determined.

Multiple blockbuster caliber potential local language titles

# Strong Business Turnaround

- 1H21 total revenue of US\$53.4 million, up from US\$6.7 million in 1H20
  - Technology network revenue of US\$21.7 million, up from US\$1.1 million in 1H20 driven by box office recovery to US\$133 million and higher take-rate of 16.3%
  - Technology sales and maintenance revenue of US\$31.7 million, up from US\$5.4 million in 1H20, and 25% higher than that of first-half 2019
- 1H21 adjusted net profit<sup>(1)</sup> of US\$21.3 million, vs. net loss <sup>(1)</sup> of (US\$15.5 million) in 1H20
- Increased dividend payment to US\$9.7 million on growing earnings and higher payout ratio of 50% starting 2021 onwards, up from 33% in 2017-2019
- Strong balance sheet with US\$115 million in cash as of June 30, 2021, up from US\$88.5 million in YE21

Growing box office share and pick-up in installs drives strong revenue and earnings rebound

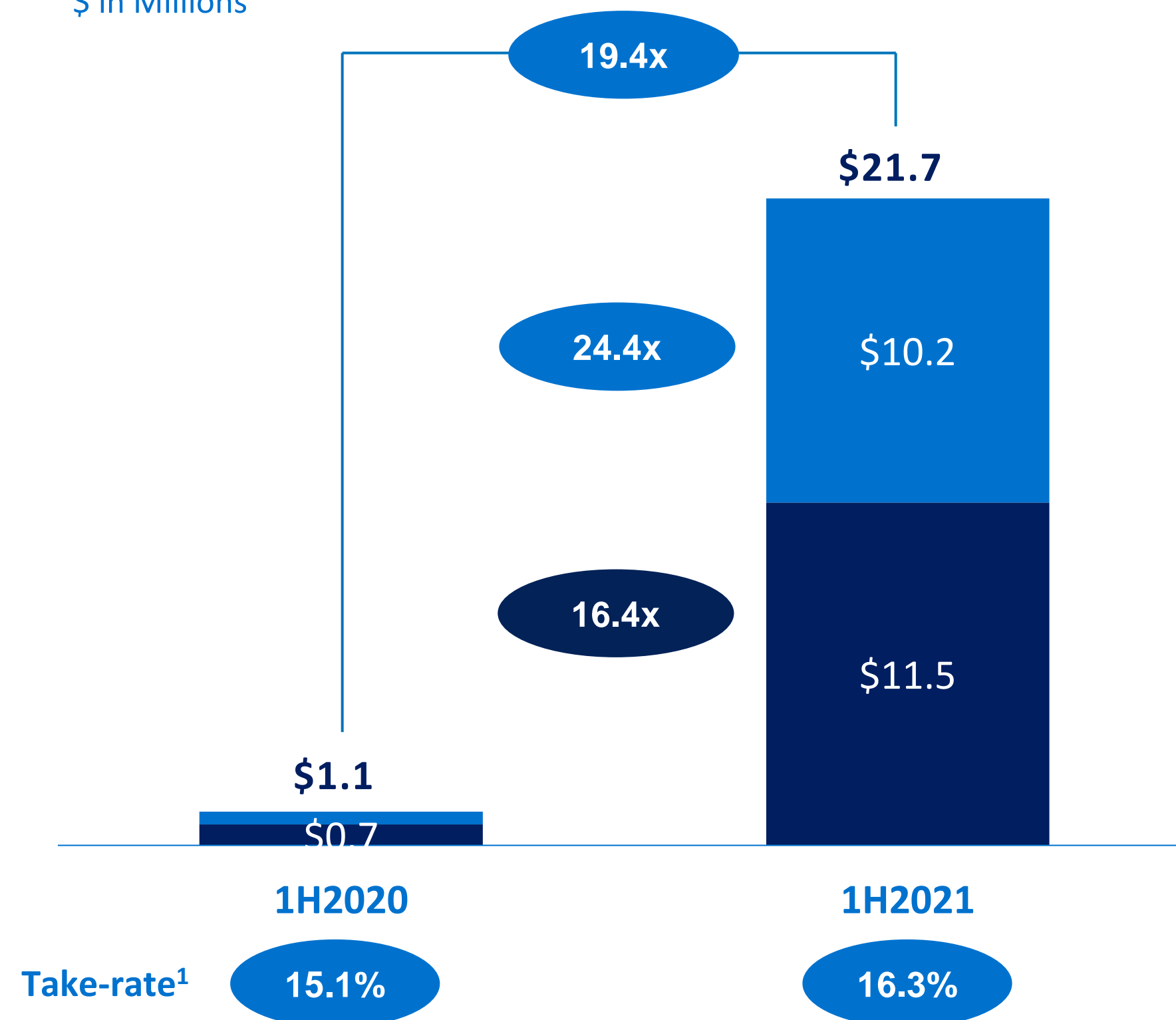
Note 1: Adjusted net profit excludes share-based compensation and deferred income tax charge that is non-cash and non-recurring in nature

# 1H 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 \$21.7 million, up from \$1.1 million in 1H20

- Greater China box office of \$133 million, up from \$7 million in prior year period
- Improving box office take-rate to 16.3%, +120bps, with local language contributing 51% of IMAX box office

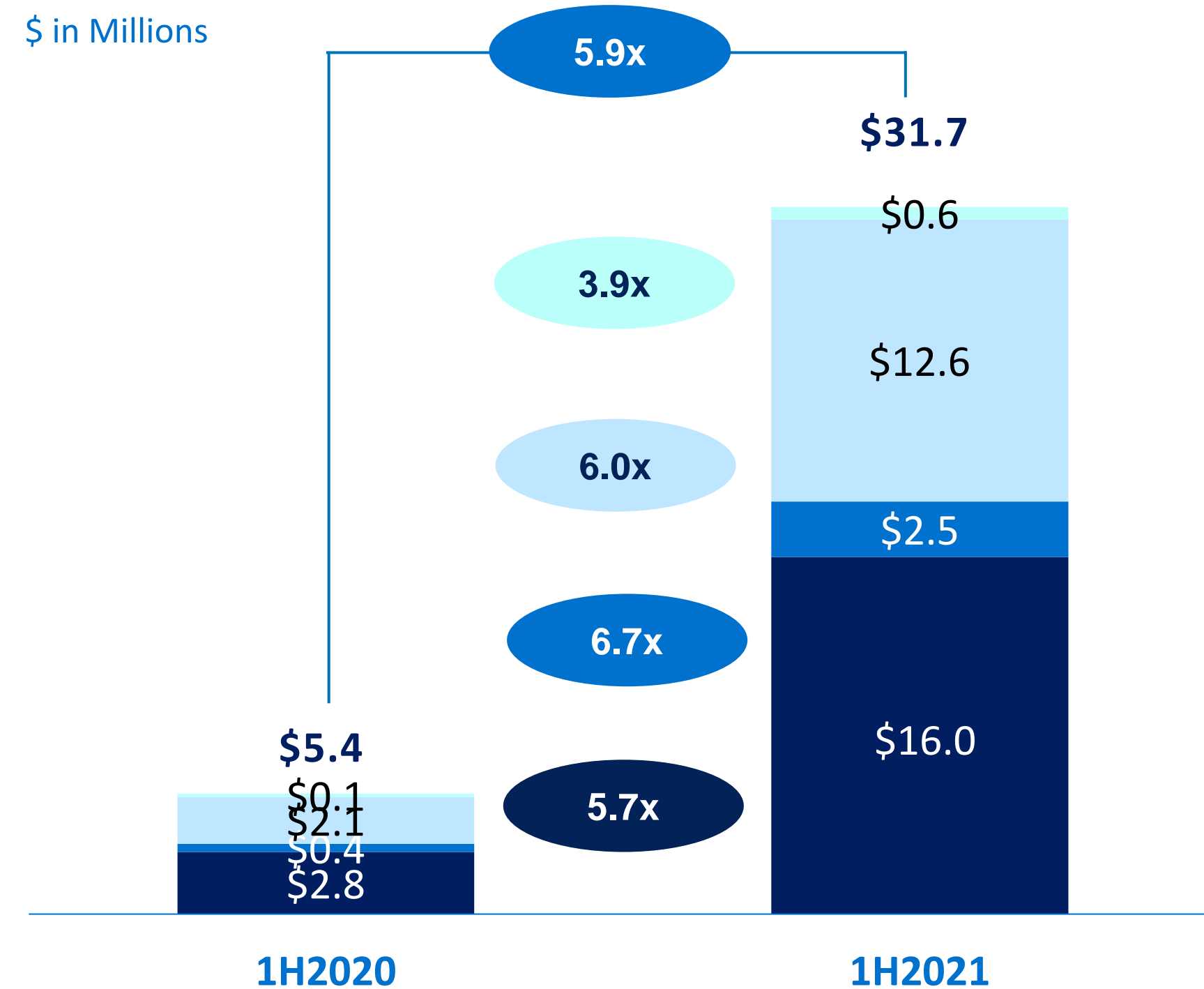
### Network gross margin of 60%, vs. (490%) in 1H20

- Benefitting from inherent operating leverage

# 1H 2021 Segment Details: Technology Sales & Maintenance

## IMAX Technology Sales & Maintenance

- Others
- Theatre system maintenance
- Revenue sharing arrangements – upfront fees
- Sales & Sales-type lease arrangements



### Sales & maintenance revenue of \$31.7 million, up from \$5.4 million in 1H20

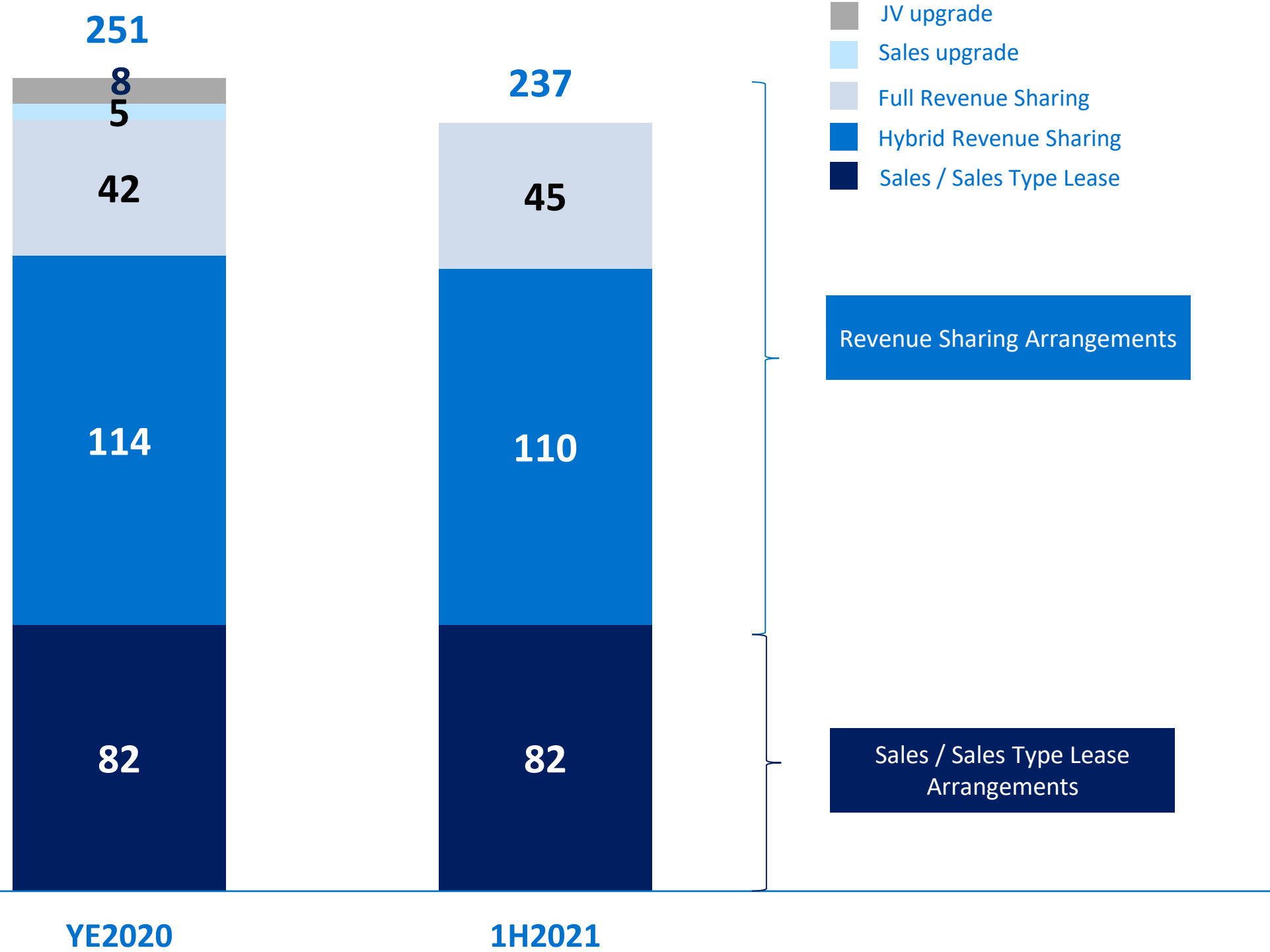
- 23 installations including 1 Laser upgrade, vs. 3 installs in the prior year period
- 8 sales, 4 hybrid and 8 full revenue share within new installs
- Recovery in maintenance revenue upon theater reopening

### Sales & maintenance gross margin of 63%, up from 29% in 1H20

- Total 9 sales installations including 1 upgrade, vs. 1 sales install in prior year period

# Network Update

## Backlog



Source: Company Data

## Signings and Installations

	1H2021	
	Total Signings	Total Installations
Sales and STL	9 <sup>(1)</sup>	8
Hybrid	0	4
JV	3	8
Upgrades	0	1 <sup>(2)</sup>
Relocation	0	2 <sup>(3)</sup>
<b>Total</b>	<b>12</b>	<b>23</b>

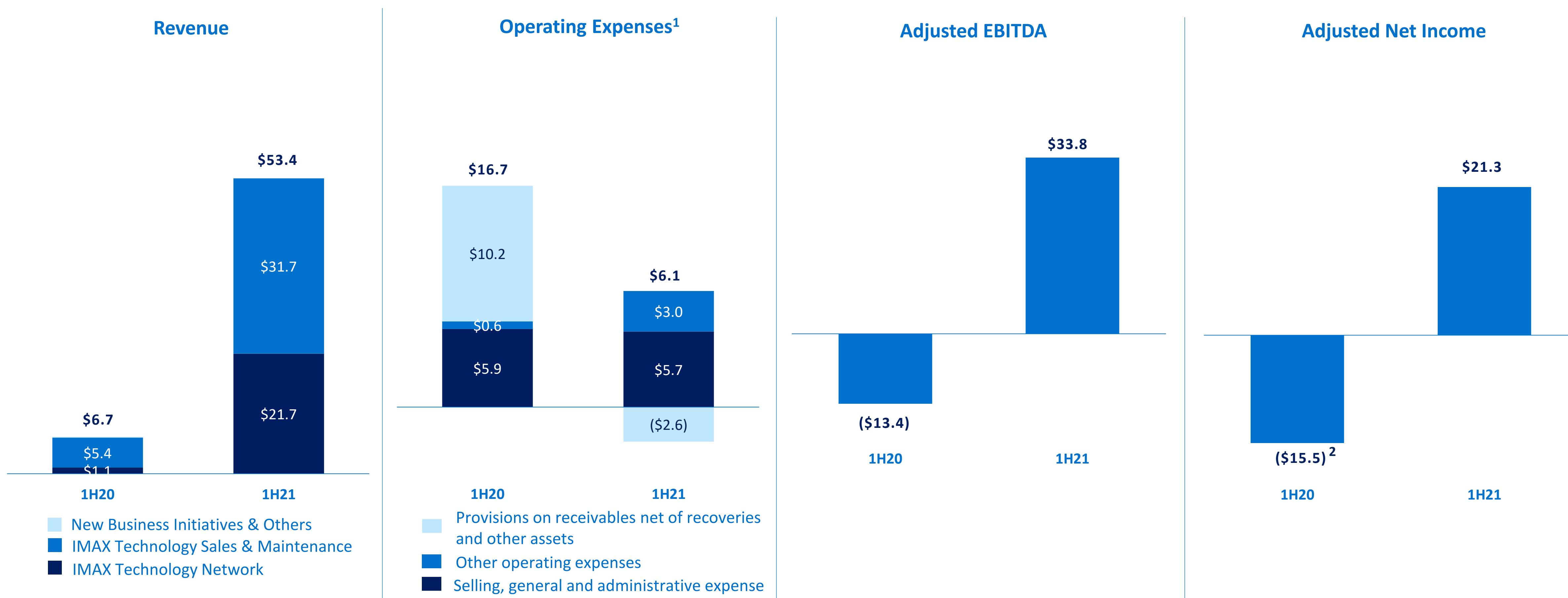
Note (1): including 4 sales renewal

Note (2): including 1 sales upgrade

Note (3): including 2 sales relocation

# 1H2021 Financial Summary

\$ in Millions



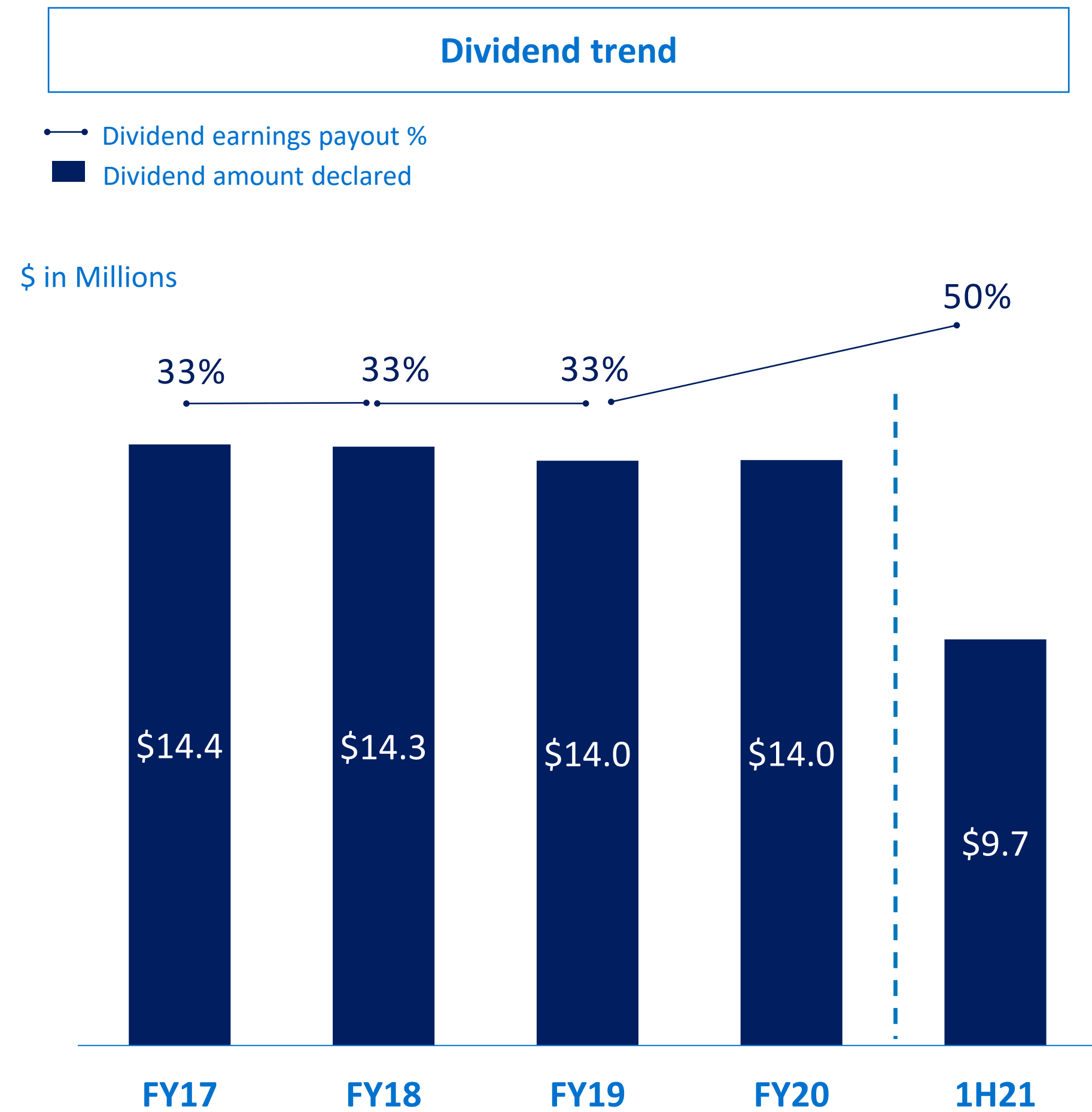
Note 1: Operating expenses defined as selling, general and administrative expenses and others, less stock-based compensation

Note 2: Excludes one-off, non-cash deferred income tax charge of US\$18.5 million

Source: Company data



# Shareholder Return



Source: Company data

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

- Dividend increase to US\$9.7 million, up from \$7 million in prior years on a higher payout ratio of 50%

