

IMAX

THE CLEAREST IMAGES ON THE LARGEST SCREENS

IMAX

FILMS TO THE FULLEST

Third Quarter 2020 Financial Results

October 29, 2020

Forward-Looking Statements

This presentation contains forward looking statements that are based on IMAX[®] management's assumptions and existing information and involve certain risks and uncertainties which could cause actual results to differ materially from future results expressed or implied by such forward looking statements. Important factors that could affect these statements include, but are not limited to, references to business and technology strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of business, operations and technology, future capital expenditures (including the amount and nature thereof), plans and references to the future success of IMAX Corporation together with its consolidated subsidiaries (the "Company") and expectations regarding the Company's future operating, financial and technological results.

These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the expectations and predictions of the Company is subject to a number of risks and uncertainties, including, but not limited to, risks associated with investments and operations in foreign jurisdictions and any future international expansion, including those related to economic, political and regulatory policies of local governments and laws and policies of the United States and Canada; risks related to the Company's growth and operations in China; the performance of IMAX DMR[®] films; the signing of IMAX Theater System agreements; conditions, changes and developments in the commercial exhibition industry; risks related to currency fluctuations; the potential impact of increased competition in the markets within which the Company operates; competitive actions by other companies; the failure to respond to change and advancements in digital technology; risks relating to recent consolidation among commercial exhibitors and movie studios; risks related to new business initiatives; conditions in the in-home and out-of-home entertainment industries; the opportunities (or lack thereof) that may be presented to and pursued by the Company; risks related to cyber-security and data privacy; risks related to the Company's inability to protect its intellectual property; general economic, market or business conditions; the failure to convert IMAX Theater System backlog into revenue; changes in laws or regulations; the failure to fully realize the projected cost savings and benefits from any of the Company's restructuring initiatives; the impact of COVID-19 on the Company's business, financial condition and results of operations and on the businesses of the Company's customers and exhibitor partners; and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements, and actual results or anticipated developments by the Company may not be realized, and even if substantially realized, may not have the expected consequences to, or effects on, the Company. These factors, other risks and uncertainties and financial details are discussed in IMAX's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company undertakes no obligation to update publicly or otherwise revise any forward looking statements, whether as a result of new information, future events or otherwise.

An aerial photograph of Earth's surface, showing a large body of water in the lower-left quadrant and a vast, flat, brownish landscape extending to the horizon. The curvature of the Earth is visible at the top of the frame.

Strategic Update

Richard Gelfond

Chief Executive Officer

Investment Highlights

Financial Foundation

1 Strong balance sheet: \$305 million in cash

2 Expected to achieve cash flow break-even in Q4 2020 and Q1 2021

3 Flexible, asset-light business model with limited capital requirements and low fixed costs

Strategically Positioned to Excel

4 Trusted brand and diversified global network positioned to outperform industry in recovery

5 Excellent content pipeline scheduled for 2021

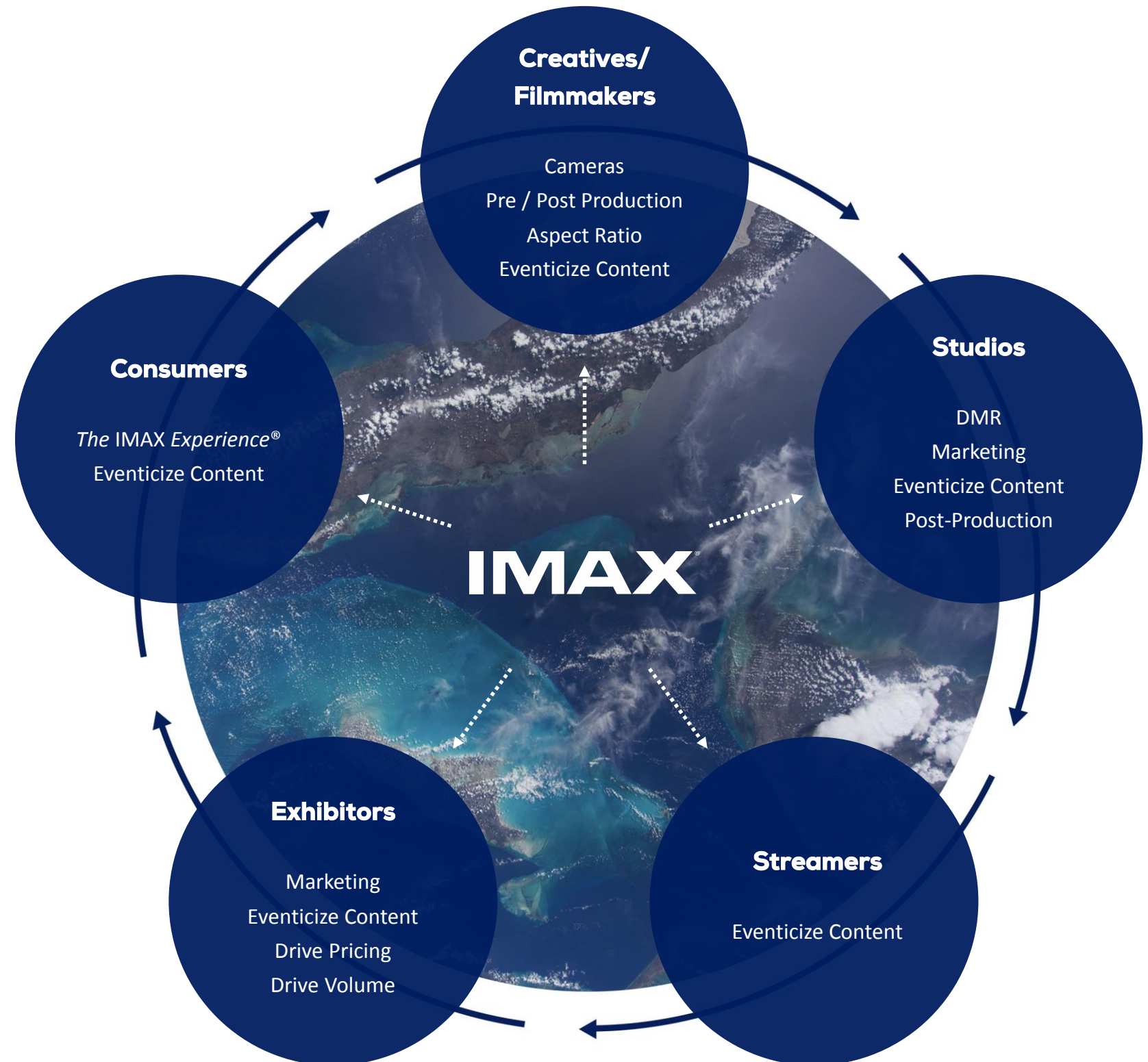
6 Uniquely positioned to thrive as pandemic accelerates evolution of the theatrical business

Source: Company Data

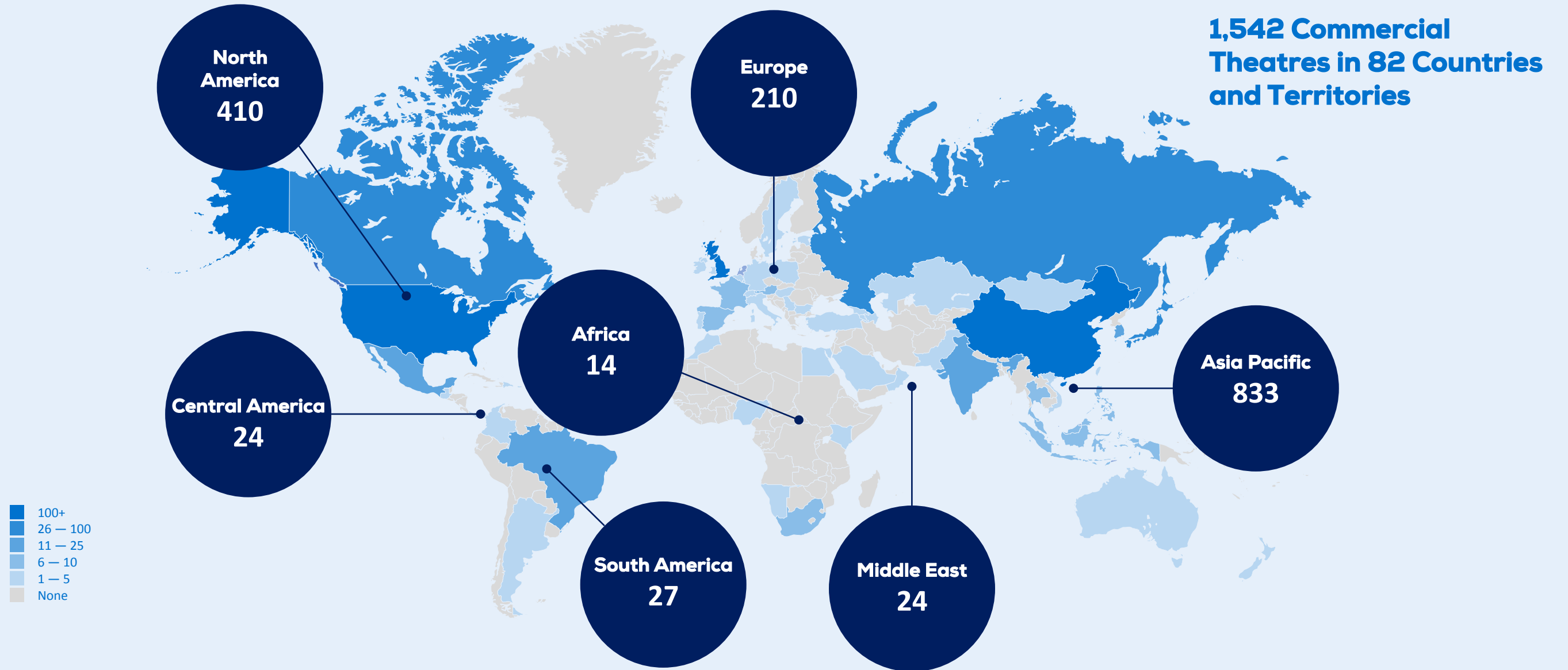
IMAX is focused on operating in open markets, including our largest market, China

The IMAX Ecosystem

Deeply Embedded in
the Fabric of the Global
Entertainment Industry



IMAX is a Global Brand



Source: Company Data

Diversified global network of 1,542 screens positioned to benefit from open markets

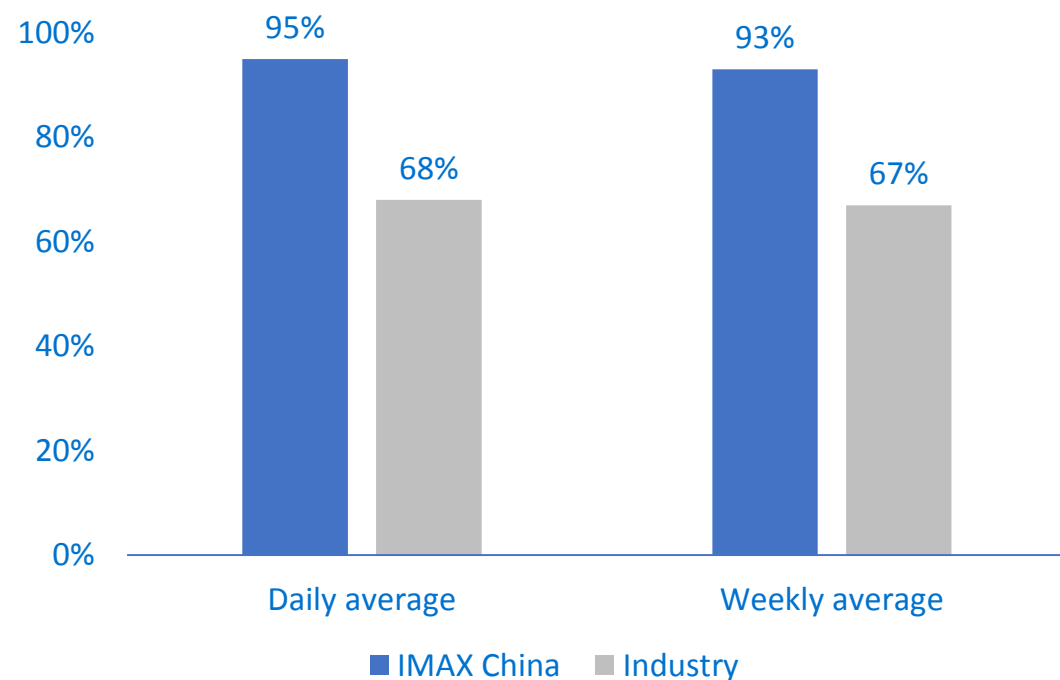
Reopening in China – demonstrated demand post COVID-19

- 99% of the IMAX network open in China
- Average weekly IMAX box office recovered to 2H 2019 levels despite capacity constraints
- *The Eight Hundred*, a local language title shot entirely with IMAX cameras, now ranked within the top 10 highest grossing titles of all time in China
- National Day IMAX box office performance increased 23% versus 2019
- China industry cumulative box office recovered to ~70% of 2H 2019 average without major Hollywood film releases

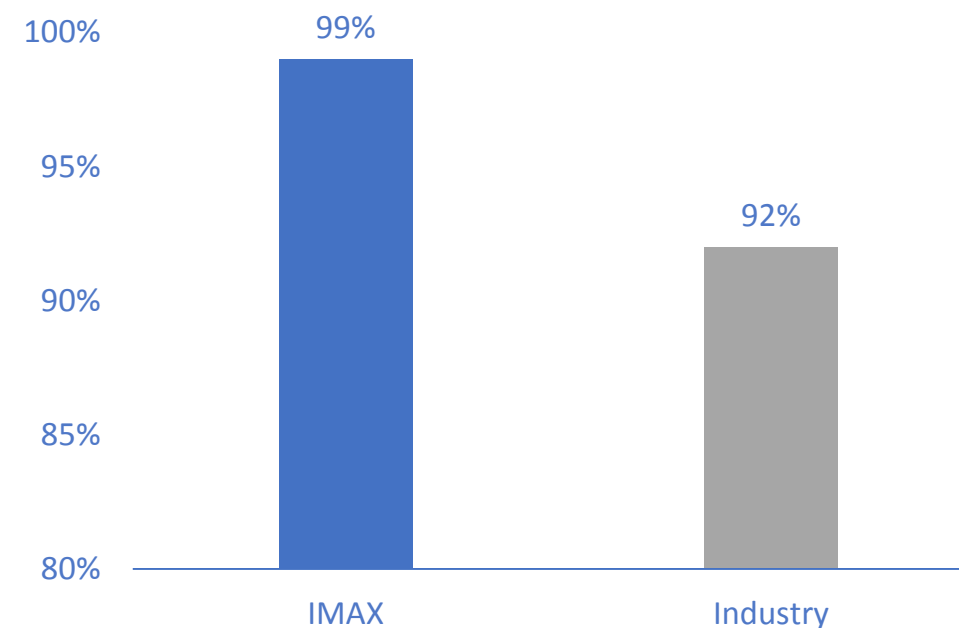
China theatrical industry returning to normal with IMAX gaining market share

IMAX China Performance – returning to normalcy despite capacity constraints⁽¹⁾

Gross Box Office as a % of Normalized 2H 2019 Level⁽²⁾



% of Theaters Open⁽³⁾



(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 Oct 25, 2020

(Source: Top Consulting, including service fee)

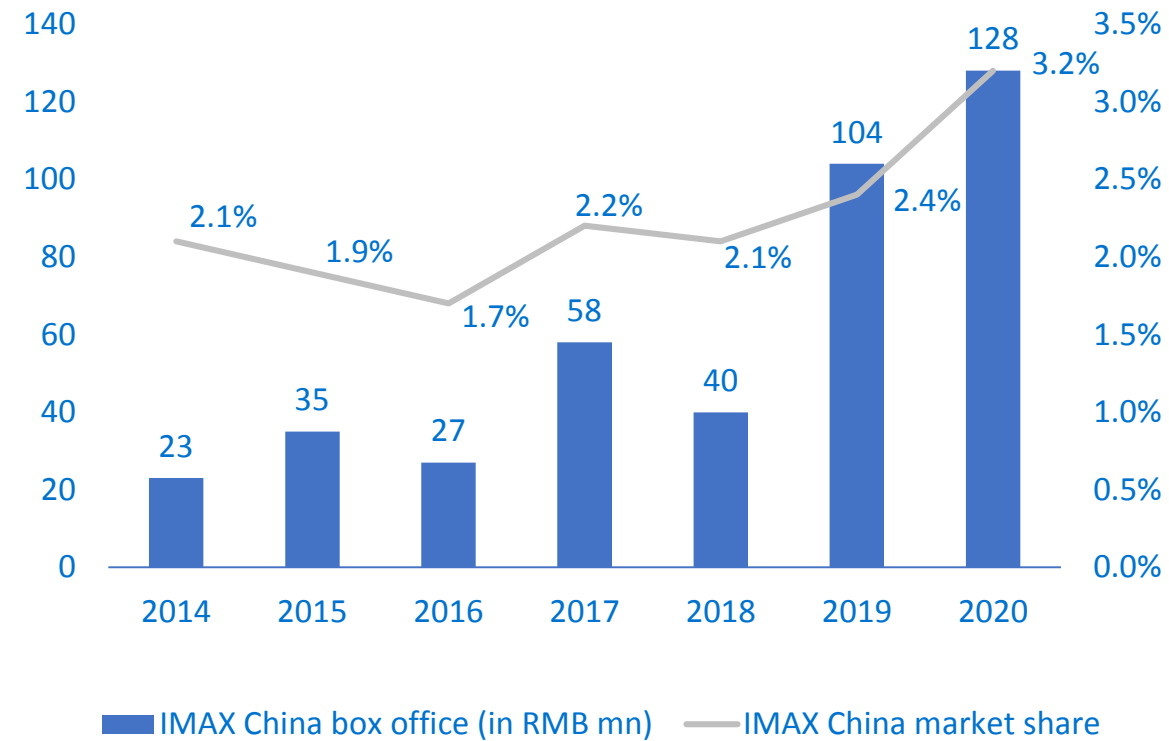
(3): As of Oct 25, 2020

Source: Top Consulting, including service fee

IMAX China's weekly and daily average box office since reopening has recovered to second-half 2019 level

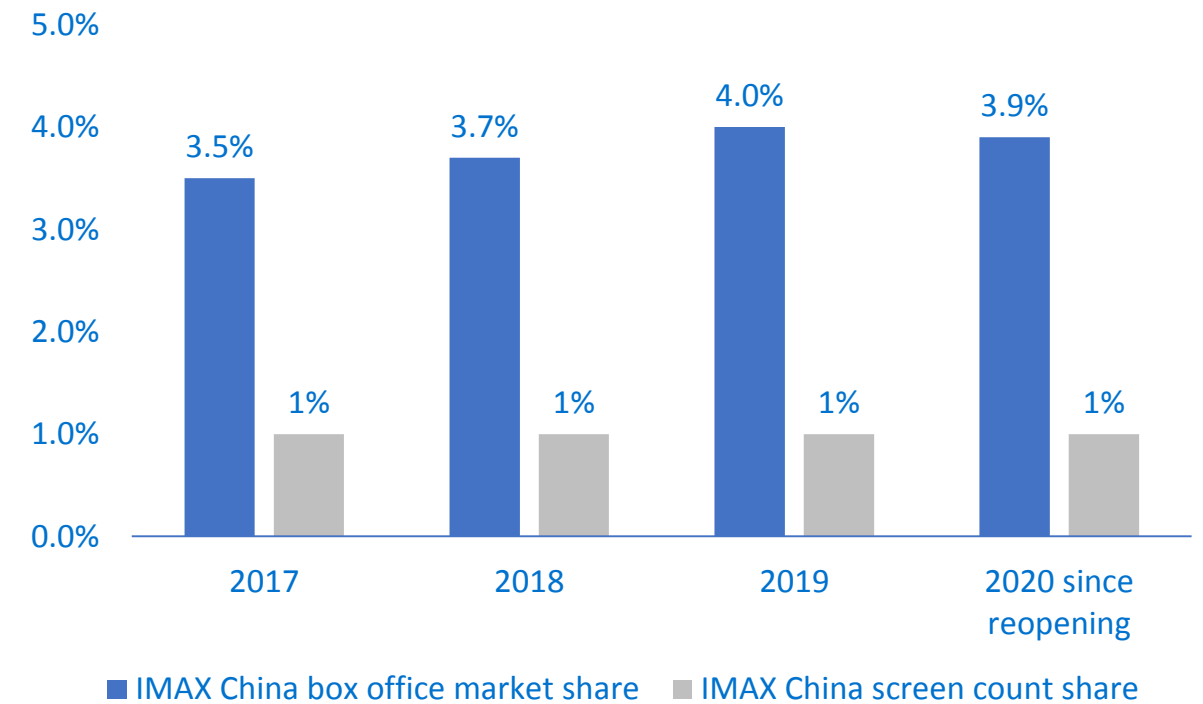
China National Holiday performance – increased 23%

2014-2020 IMAX China National Day Holiday Box Office & Market Share



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

IMAX China Box Office Market Share Since Reopening⁽¹⁾



(1): Data from July 20, 2020 to Oct 25, 2020
 Source: Top Consulting, including service fee

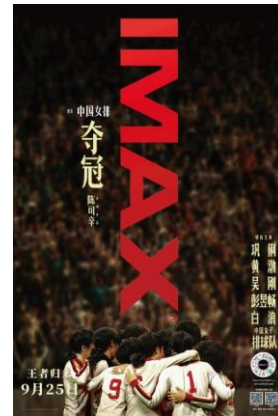
IMAX China's box office recovers to 2H 2019 levels

Strong China Local Language Pipeline

‘The Eight Hundred’
(Aug 2020) 📷
\$18 million IMAX GBO



‘The Leap’
(Sept 2020)



‘Legend of Deification’
(Oct 2020)
\$13 million IMAX GBO



‘My People My Hometown’
(Oct 2020)
\$10 million IMAX GBO



‘The Sacrifice’
(Oct 2020)
\$3 million IMAX GBO



‘Detective Chinatown 3’
(CNY 2021) 📷



‘The Rescue’
(CNY 2021) 📷



‘Creation of the Gods’
(TBD)



‘New Gods: Nezha Reborn’
(TBD)



‘Assassin in Red’
(CNY 2021) 📷



📷 = Indicates IMAX DNA

Note 1: As of Oct 25, 2020

Note 2: Box office in \$USD

Demonstrated success and strong pipeline of Chinese local language films

Expected Blockbuster 2021 Around the Corner

 NO TIME TO DIE	 BLACK WIDOW	 FAST & FURIOUS	 VENOM Let There Be Carnage	 TOP GUN: MAVERICK
 SHANG-CHI and the Legend of the Ten Rings	 SUICIDE SQUAD	 DUNE	 THE ETERNALS	 MISSION: IMPOSSIBLE 7

Release schedule contingent on studio scheduling

Strong pipeline of tentpole releases throughout 2021

Partner Demand for *The IMAX Experience*

- 10 IMAX systems signed in Q3 2020 despite theater closures
 - 8 new sales and sales-type lease arrangements
 - 2 upgrades of IMAX theater systems
- 23 Installations completed in Q3 2020
 - 18 new IMAX theaters; 5 Upgrades
 - Total installations were 59% of amount completed in pre-pandemic, Q3 2019
- IMAX is seeing continued demand for theater systems
 - Existing operators expanding IMAX capacity
 - Demand for systems in existing and new markets

Source: Company Data

Our partners continue to choose to grow with IMAX

IMAX in Recovery

Recession Resistant

- **Inexpensive, out of home entertainment**
 - Viewed as an affordable luxury
- **Historical U.S Box Office in recessions:**
 - 2009: +10%
 - 2008: -0.3%
 - 2002: +13%
 - 2001: +8%

Low Cost Opening

- **IMAX openings remain low risk**
 - Limited fixed costs that need scaling
- **IMAX can be profitable at limited capacity with only select markets open**

Content Pipeline

- **Slate changes validate theatrical window**
- **Pent-up demand for out of home entertainment**
 - Moviegoing likely to resume before concerts & sporting events
- **PVOD demonstrated limited success during pandemic-related theater closures**

Source: Box Office Mojo

IMAX is well positioned to ramp-up quickly as theaters continue to re-open

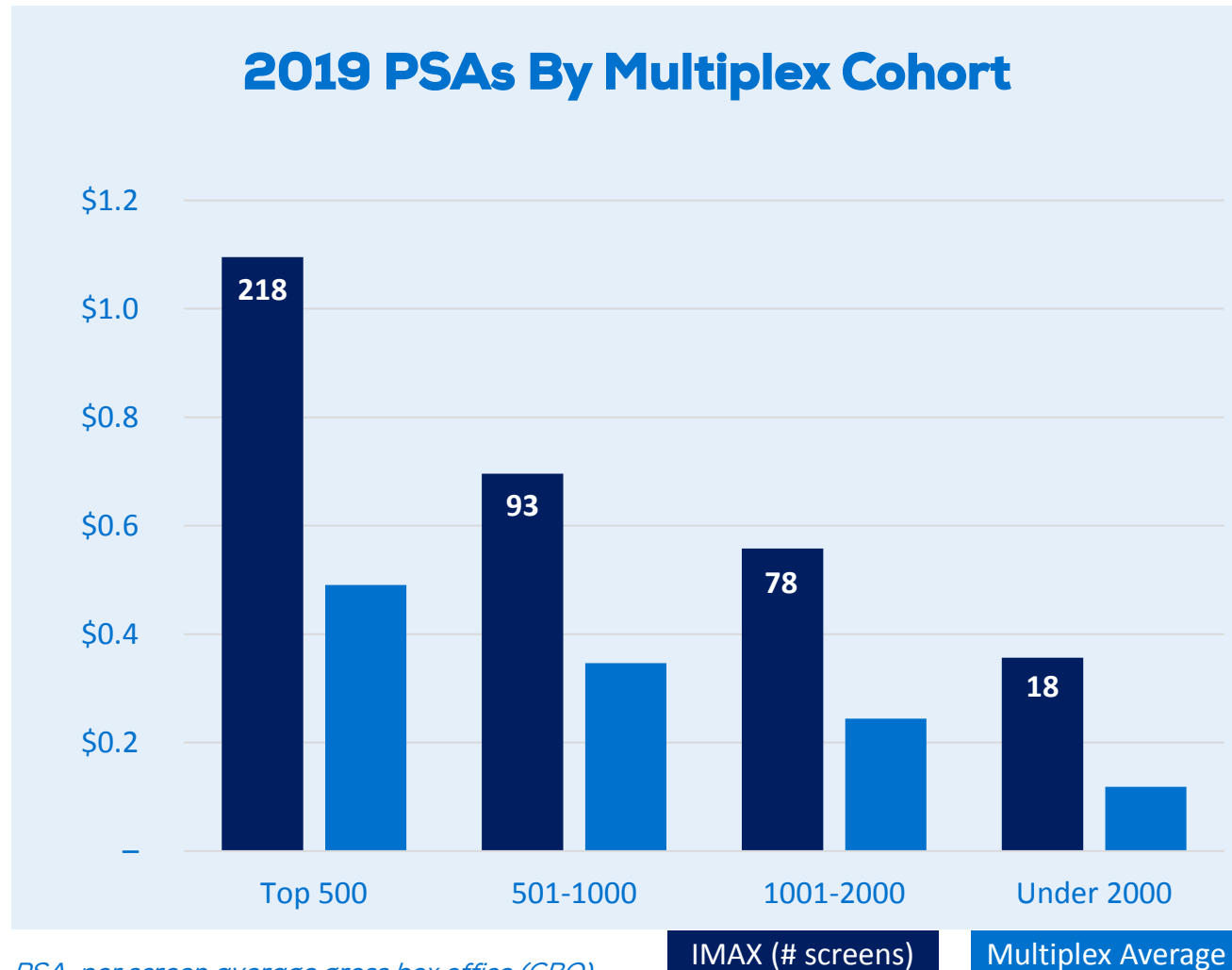
Secure relationships with partners

- IMAX remains confident in its position as a critical vendor
- The company generates revenue for our exhibition partners' most productive multiplexes, in addition to overflow traffic to adjacent screens
- Our theaters are covered by master lease agreements: provides protection in the context of an exhibitor bankruptcy; partners could not selectively close individual IMAX screens
- As we experienced in the early 2000s, IMAX has operated with partners through significant restructurings without a material financial impact

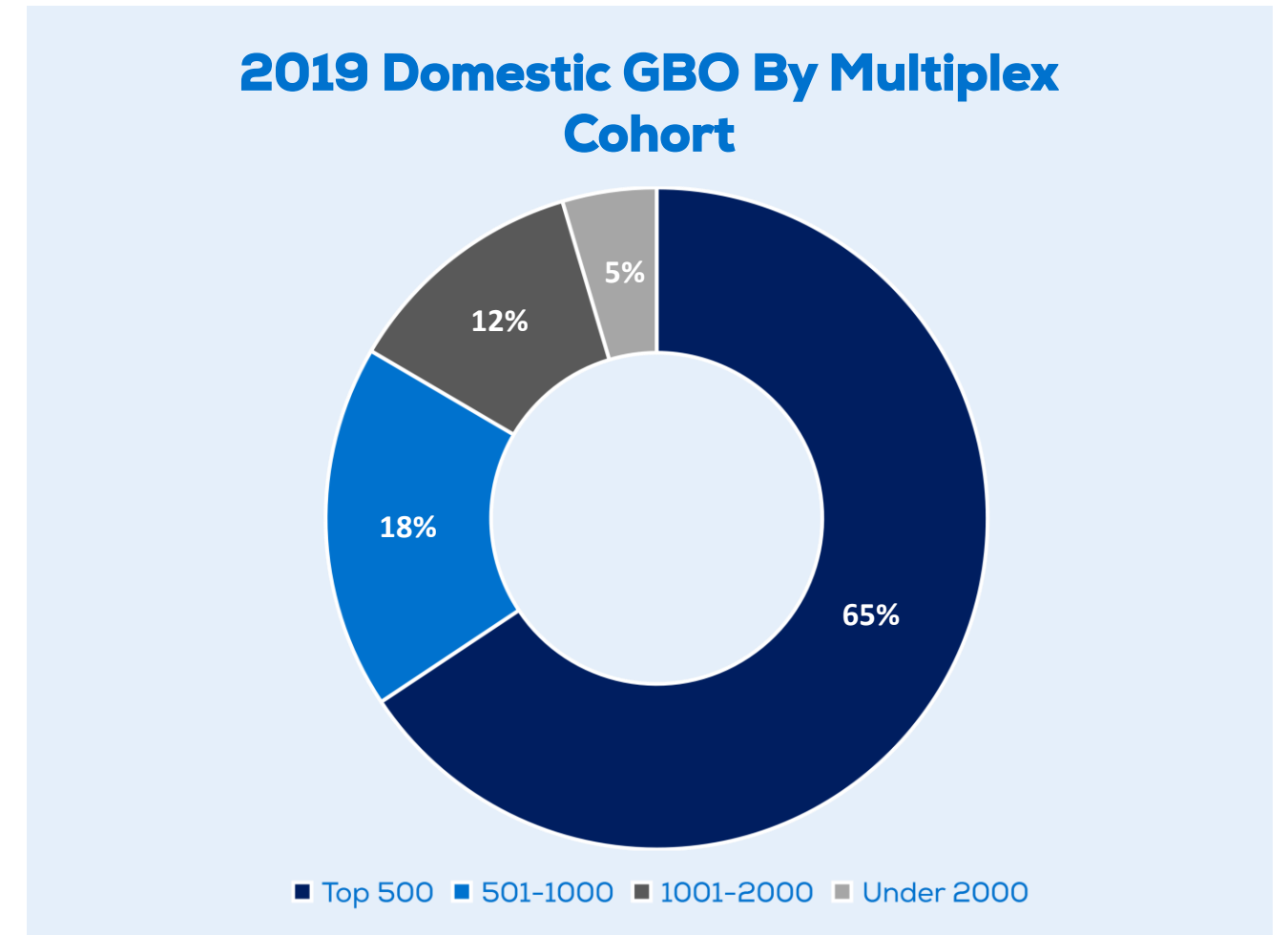
IMAX should be insulated from partner financial distress

IMAX Domestic – productive screens located in top multiplexes

\$ in millions

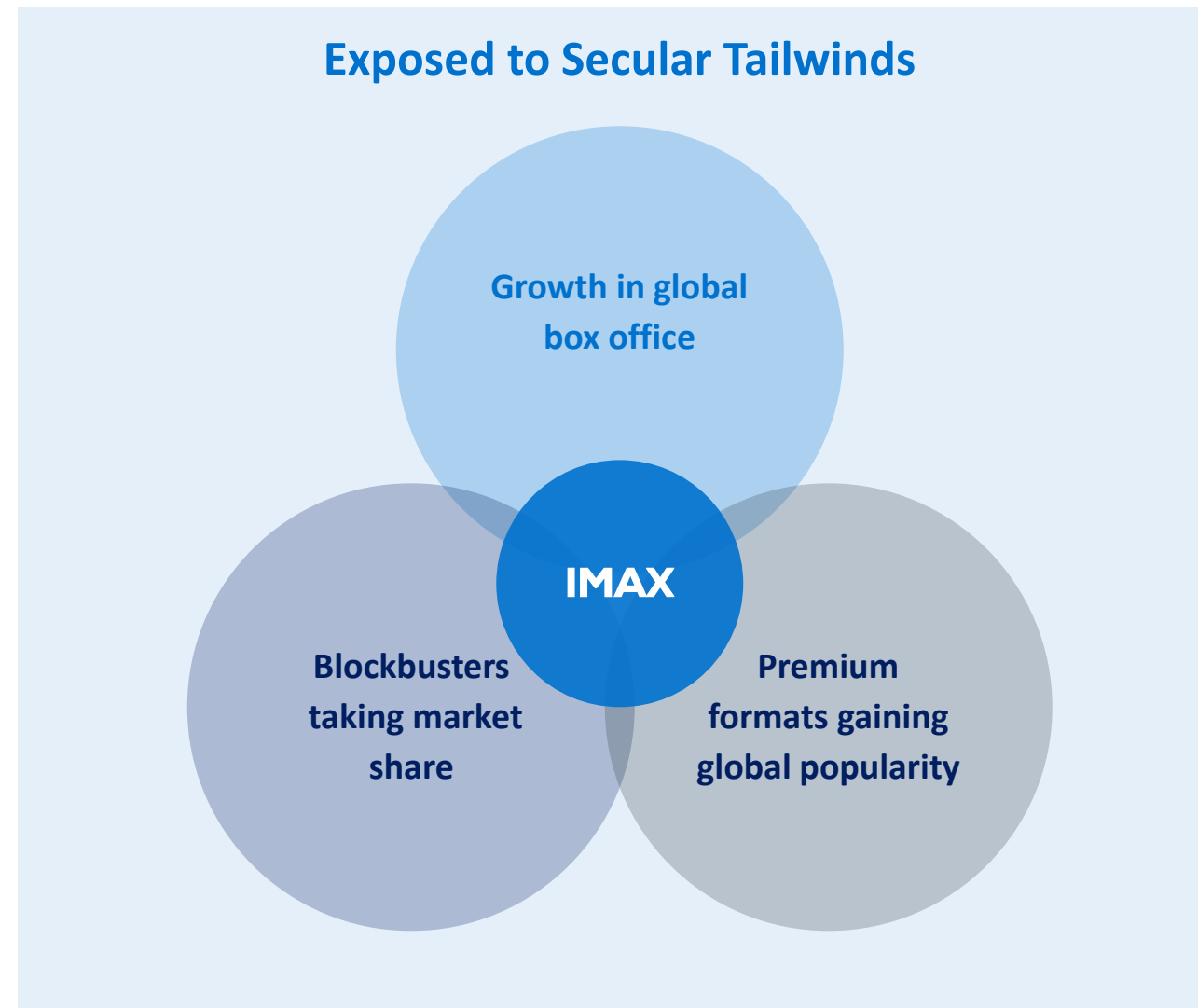


PSA: per screen average gross box office (GBO)
 ~5,500 North American multiplexes sorted into cohorts by GBO
 Source: Rentrak



~85% of our North American box office is generated in the top ~20% of North American multiplexes

IMAX Market Position – relationship to industry trends



More Insulated from Industry Risks

Blockbuster movies drive IMAX box office

- PVOD mostly limited to small and mid-tier movies
- Theatrical window generates value for blockbusters
- Virtually all blockbusters rescheduled during pandemic

IMAX plays movies for 1-2 weeks

- Theatrical window compression unlikely to impact IMAX
- Core constituency is super fan-boys and fan-girls

IMAX screens located in top performing theater locations

- Industry consolidation unlikely to impact IMAX
- 85% of IMAX's North American box office is generated in the top 20% of North American theaters

IMAX is positioned at the nexus of positive industry trends and less vulnerable to industry headwinds

The image shows the interior of a theater with rows of seats in the foreground. The stage is lit up with a large, glowing blue and white IMAX logo. The background behind the logo is a starry space scene with a blue nebula. The overall lighting is dark, with the stage lights providing the main illumination.

IMAX[®]

Financial Review

Patrick McClymont

Chief Financial Officer

Balance Sheet & Liquidity

\$ in millions

	As of September 30, 2020
Cash & Cash Equivalents	\$305.2
Cash & Cash Equivalents in PRC	\$62.6
Revolver Facility (Due June 2023)¹	\$300.0²
Facility Utilized	\$300.0
IMAX China Credit Facility	\$30.0
Facility Utilized	\$0.3
Total Available Liquidity	\$334.9

¹ Does not include uncommitted accordion feature which would allow Company to expand borrowing capacity to a total of \$350 million, subject to certain conditions.

² Excludes the impact of deferred financing fees.

Source: Company Data

Strong balance sheet provides flexibility; key point of differentiation of our model

Free Cash Flow – continued improvement through pandemic

- \$6.9 million average monthly free cash flow decline over first six months of the pandemic
- The furlough of approximately 30% of non-China & Japan workforce to generate approximately \$1 million of additional monthly costs savings
- Estimated average monthly cash flow to be approximately breakeven both for Q4 2020 and Q1 2021

\$ in millions	<u>Average Monthly FCF</u>
Q2 2020A	(\$10.0)
Q3 2020A	(3.9)
Q4 2020E	~0.0
Q1 2021E	~0.0

*Source: Company Data
Data As of September 30, 2020*

IMAX cash flow improving, driven by the partial opening of our network and without the benefit of major Hollywood releases

Financial Performance

Q3 Result Drivers:

Revenue impacts

- The majority of the IMAX Technology Network was closed through a portion of the quarter, reopening in late August with revenue driven primarily by local-language releases in China & Japan
- Installations activity improved sequentially but declined year-over-year

Cost impacts

- Expenses benefited from cost actions taken and lower business activity driven by COVID-19 pandemic
- The Company recorded a \$23.7 million or \$0.40 per share valuation allowance reducing the value of deferred tax assets
- Results also reflect a \$5.7 million impairment loss related to documentary and alternative content film assets

\$ in millions, except per share	<u>YoY</u>	<u>Q3 2020</u>	<u>Q3 2019</u>
Revenue	↓	\$37.3	\$86.4
Global Box Office	↓	\$70.2	\$246.1
Global Commercial Theatre Network	↑	1,542	1,473
Gross Margin / (Loss) (\$)	↓	\$3.8	\$47.1
Gross Profit Margin (%)	↓	10.3%	54.5%
GAAP Net (Loss) Income	↓	(\$47.2)	\$9.0
EPS ⁽¹⁾	↓	(\$0.80)	\$0.15
Adj. Net (Loss) Income ⁽¹⁾	↓	(\$44.6)	\$12.8
Adj. EPS ⁽¹⁾	↓	(\$0.75)	\$0.21
Adj. EBITDA (\$) ⁽¹⁾	↓	(\$0.3)	\$32.4
Adj. EBITDA Margin (%) ⁽¹⁾	↓	(0.8%)	41.4%

(1) Attributable to common shareholders.
See appendix for reconciliation and definition of non-GAAP financial results.
Source: Company Data

Financial results driven by Coronavirus theater closures

Other Items

\$ in millions, except per share

Items	Financial Statement Impact	Amount
COVID-19 government subsidies	Earnings (Loss) from Ops	\$2.1
Film asset impairments ⁽¹⁾	Earnings (Loss) from Ops	(5.7)
CECL - provision ⁽²⁾	Earnings (Loss) from Ops	(3.9)
Deferred tax asset - valuation allowance	Net Income (Loss)	(23.7)
Deferred tax asset - valuation allowance	EPS	(\$0.40) ⁽³⁾

(1) Impairments related to the write-down of various production projects

(2) Q3 impact reflects provision for credit losses primarily on the Company's theater receivables as a result of the current pandemic-related challenges facing the exhibition industry. On Jan. 1, 2020, the Company adopted ASU No. 2016-13 which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses.

(3) Figures are attributable to common shareholders

Other items impacting Q3 2020 results

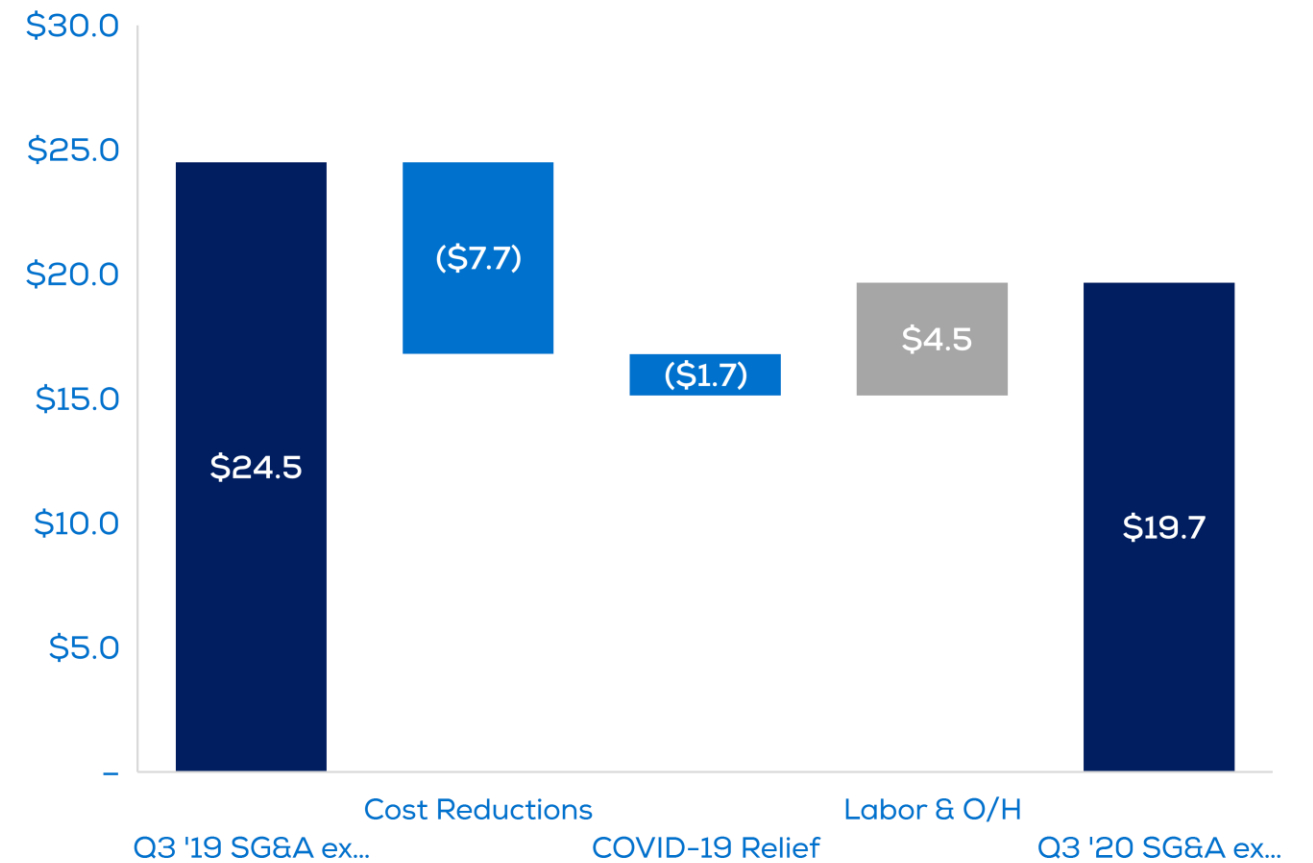
SG&A Items

\$ in millions

Items Impacting SG&A Comparability

- Cost Reductions: SG&A declined due to cost actions taken throughout the pandemic and lower expenses associated with COVID-19 related reduced business activity
- COVID-19 Relief: \$1.7 million in wage subsidies and payroll tax credits from government subsidies
- Labor and overhead: lower allocations out of SG&A to COGS and certain other assets driven by reduced business activity

SG&A ex-SBC



Source: Company Data

Core SG&A cost reductions partially offset by lower labor and overhead allocation to COGS

Capex Breakdown – Growth vs. Maintenance



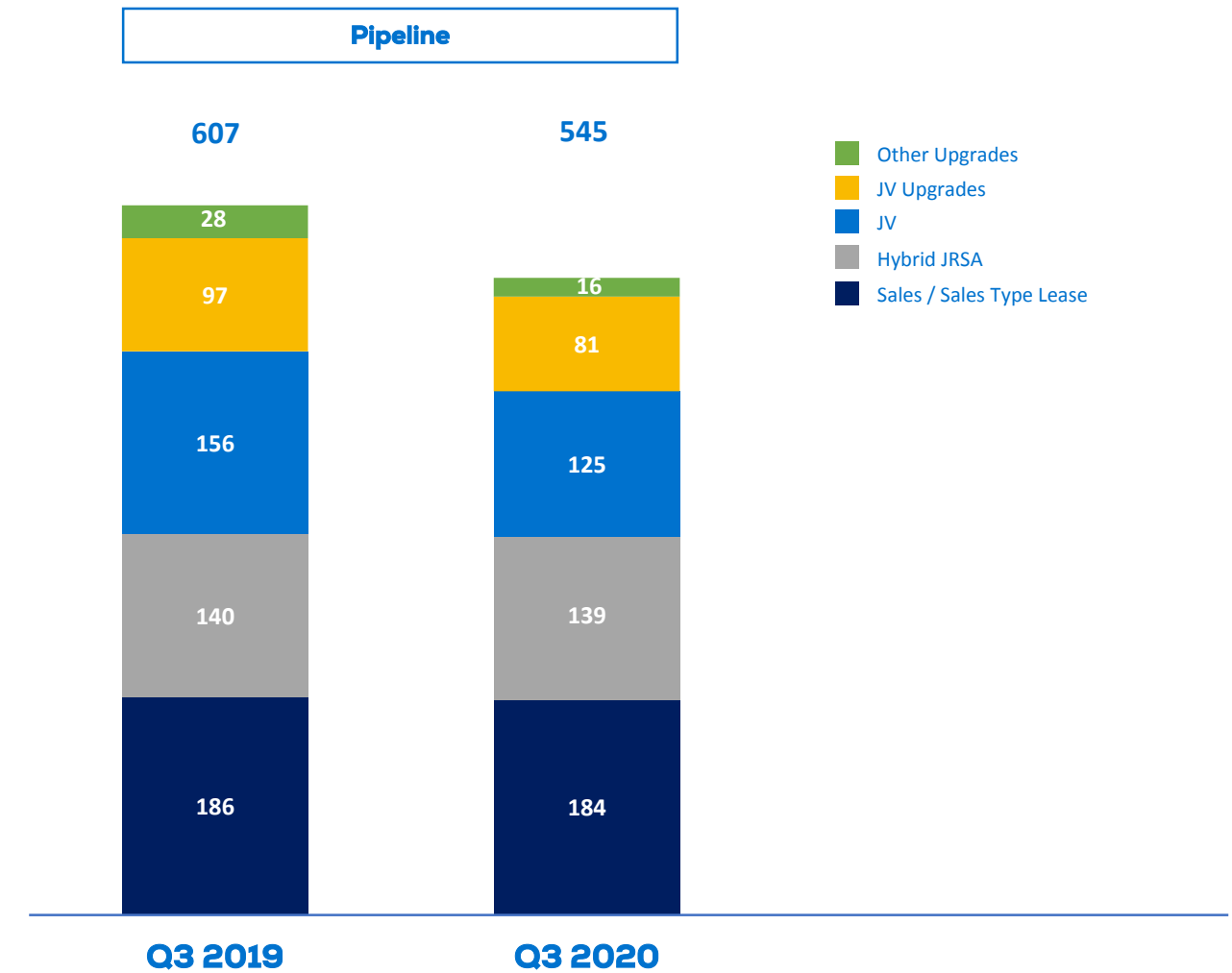
- Growth Capex = Investment in joint revenue sharing equipment
- JV Upgrade Capex = investment in upgrade of existing joint revenue sharing equipment
- Maintenance Capex = Purchase of property, plant and equipment

Source: Company Data

Flexible financial model with low maintenance capex requirements; capex driven by network growth

Network Update – IMAX systems pipeline

	Q3 2020	
	Total Signings	Total Installations
Sales and STL	8	9
Hybrid STL	0	1
JV's	0	8
Upgrades	2	5
JV Upgrades	1	2
Other Upgrades	1	3
Total	10	23



Source: Company Data

Installation activity accelerated from Q2; signings demonstrate continued demand from partners

Appendix



Use of Non-GAAP Financial Measures

In this earnings presentation, the Company presents adjusted net (loss) income attributable to common shareholders and adjusted net (loss) income attributable to common shareholders per diluted share, EBITDA, Adjusted EBITDA per Credit Facility, Adjusted EBITDA margin and free cash flow as supplemental measures of the Company's performance, which are not recognized under U.S. GAAP. Adjusted net (loss) income attributable to common shareholders and adjusted net (loss) income attributable to common shareholders per diluted share exclude, where applicable: (i) share-based compensation; (ii) exit costs, restructuring charges and associated impairments, (iii) gain (loss) in the fair value of investments, (iv) COVID-19 government relief benefits, as well as the related tax impact of these adjustments, and (v) the income tax effects related to the removal of the indefinitely reinvested assertion on the historical earnings of certain subsidiaries.

The Company believes that these non-GAAP financial measures are important supplemental measures that allow management and users of the Company's financial statements to view operating trends and analyze controllable operating performance on a comparable basis between periods without the after-tax impact of share-based compensation and certain unusual items included in net (loss) income attributable to common shareholders. Although share-based compensation is an important aspect of the Company's employee and executive compensation packages, it is a non-cash expense and is excluded from certain internal business performance measures.

A reconciliation of net (loss) income attributable to common shareholders and the comparable per share amounts, the most directly comparable GAAP measure, to adjusted net (loss) income attributable to common shareholders, adjusted net (loss) income attributable to common shareholders per diluted share, EBITDA, Adjusted EBITDA per Credit Facility and Adjusted EBITDA margin is presented in the table below. The Company believes that net (loss) income attributable to common shareholders is the most directly comparable GAAP measure because it reflects the earnings relevant to the Company's shareholders, rather than including the non-controlling interest. As such, beginning in the first quarter of 2020, the Company has updated the reconciliations for such non-GAAP financial measures included herein.

Use of Non-GAAP Financial Measures

In addition to the non-GAAP financial measures discussed on the previous slide, management also uses “EBITDA,” as such term is defined in the Company’s credit agreement, and which is referred to herein as “Adjusted EBITDA per Credit Facility.” As allowed by the Company’s credit agreement, Adjusted EBITDA per Credit Facility includes adjustments in addition to the exclusion of interest, taxes, depreciation and amortization. Accordingly, this non-GAAP financial measure is presented to allow a more comprehensive analysis of the Company’s operating performance and to provide additional information with respect to the Company’s compliance against its credit agreement requirements in the current period, if applicable. In addition, the Company believes that Adjusted EBITDA per Credit Facility presents relevant and useful information widely used by analysts, investors and other interested parties in the Company’s industry to evaluate, assess and benchmark the Company’s results.

EBITDA is defined as net (loss) income excluding: (i) interest expense, net of interest income; (ii) income tax (benefit) expense; and (iii) depreciation and amortization, including film asset amortization. Adjusted EBITDA per Credit Facility is defined as EBITDA excluding: (i) share-based and other non-cash compensation; (ii) gain (loss) in fair value of investments; (iii) write-downs, net of recoveries, including asset impairments and credit loss expense; and (iv) (gain) loss from equity accounted investments.

Free cash flow is defined as cash provided by operating activities minus cash used in investing activities (from the condensed consolidated statements of cash flows). Cash provided by operating activities consist of net (loss) income, plus depreciation and amortization, plus the change in deferred income taxes, plus other non-cash items, plus changes in working capital, less investment in film assets, plus other changes in operating assets and liabilities. Cash used in investing activities includes capital expenditures, acquisitions and other cash used in investing activities. Management views free cash flow, a non-GAAP measure, as a measure of the Company’s after-tax cash flow available to reduce debt, add to cash balances, and fund other financing activities. Free cash flow does not represent residual cash flow available for discretionary expenditures. A reconciliation of cash provided by operating activities to free cash flow is presented below

These non-GAAP measures may not be comparable to similarly titled amounts reported by other companies. Additionally, the non-GAAP financial measures used by the Company should not be considered as a substitute for, or superior to, the comparable GAAP amounts.

Primary Reporting Groups

The Company has the following reportable segments: (i) IMAX DMR; (ii) Joint Revenue Sharing Arrangements; (iii) IMAX Systems, (iv) IMAX Maintenance; (v) Other Theater Business; (vi) New Business Initiatives; (vii) Film Distribution; and (viii) Film Post-production.

The Company organizes its reportable segments into the following four categories, identified by the nature of the product sold or service provided:

IMAX Technology Network, which earns revenue based on contingent box office receipts and includes the IMAX DMR segment and contingent rent from the Joint Revenue Sharing Arrangement (“JRSA”) segment;

IMAX Technology Sales and Maintenance, which includes results from the IMAX Systems, IMAX Maintenance and Other Theater Business segments, as well as fixed revenues from the JRSA segment;

New Business Initiatives, which is a segment that includes activities related to the exploration of new lines of business and new initiatives outside of the Company’s core business; and

Film Distribution and Post-production, which includes activities related to the licensing of film content, and the distribution of films primarily for the Company’s institutional theater partners (through the Film Distribution segment) and the provision of film post-production and quality control services (through the Film Post-production segment).

The Company is presenting information at a disaggregated level to provide more relevant information to readers.

Q3 2020 Non-GAAP Financial Reconciliation – Share-based Compensation

\$ in Thousands, Except EPS Data

<i>(In thousands of U.S. dollars, except per share amounts)</i>	Three Months Ended September 30, 2020		Three Months Ended September 30, 2019	
	Net Loss	Diluted EPS	Net Income	Diluted EPS
Reported net (loss) income attributable to common shareholders	\$ (47,209)	\$ (0.80)	\$ 9,033	\$ 0.15
Adjustments:				
Stock-based compensation	5,019	0.09	\$ 5,390	0.09
(Gain) loss in fair value of investments	(1,091)	(0.02)	341	—
COVID-19 government relief benefits	(2,084)	(0.03)	—	—
Tax Impact on items listed above	611	0.01	(1,953)	(0.03)
Income tax effects related to the removal of the indefinitely reinvested assertion on the historical earnings of certain subsidiaries	129	—	—	—
Adjusted net (loss) income	<u>\$ (44,625)</u>	<u>\$ (0.75)</u>	<u>\$ 12,811</u>	<u>\$ 0.21</u>
Weighted average basic shares outstanding		<u>58,859</u>		<u>61,304</u>
Weighted average diluted shares outstanding		<u>58,859</u>		<u>61,479</u>

Q3 2020 Non-GAAP Financial Reconciliation – Adj. EBITDA

\$ in Thousands

	For the Three Months Ended September 30, 2020			For the Three Months Ended September 30, 2019		
	Attributable to Non-controlling Interests and Common Shareholders	Less: Attributable to Non-controlling Interests	Attributable to Common Shareholders	Attributable to Non-controlling Interests and Common Shareholders	Less: Attributable to Non-controlling Interests	Attributable to Common Shareholders
<i>(In thousands of U.S. Dollars)</i>						
Reported net loss	\$ (48,484)	\$ (1,275)	\$ (47,209)	\$ 10,896	\$ 1,863	\$ 9,033
Add (subtract):						
Income tax expense (benefit)	19,349	(503)	19,852	3,030	654	2,376
Interest expense, net of interest income	1,509	(81)	1,590	(133)	(117)	(16)
Depreciation and amortization, including film asset amortization	14,112	1,182	12,930	15,696	1,342	14,354
EBITDA	\$ (13,514)	\$ (677)	\$ (12,837)	\$ 29,489	\$ 3,742	\$ 25,747
Share-based and other non-cash compensation	5,495	292	5,203	5,687	137	5,550
(Gain) loss in fair value of investments	(1,575)	(484)	(1,091)	490	156	334
Write-downs, including asset impairments and credit loss expense	10,458	3,324	7,134	1,118	154	964
Loss (gain) from equity accounted investments	1,329	—	1,329	(166)	—	(166)
Adjusted EBITDA per Credit Facility	\$ 2,193	\$ 2,455	\$ (262)	\$ 36,618	\$ 4,188	\$ 32,430
Revenues attributable to common shareholders	37,256	5,825	31,431	86,390	8,036	78,354
Adjusted EBITDA margin attributable to common shareholders	5.9%	42.1%	(0.8%)	42.4%	52.1%	41.4%

Q3 2020 Non-GAAP Financial Reconciliation – Free Cash Flow

\$ in Thousands

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Net cash used in operating activities	\$ (9,938)	\$ (30,818)
Net cash used in investing activities	(1,885)	(7,608)
Free cash flow	\$ (11,823)	\$ (38,426)

The background of the entire image is a cinematic space scene. It shows a view from a spacecraft window, looking out at a planet with a blue atmosphere and a dark, cratered surface. In the lower-left corner, a futuristic jet is flying, leaving a trail of orange and yellow flames. In the upper-right, a large, dark planet is visible against the starry blackness of space. The IMAX logo is centered in the middle of the image, enclosed in a thick blue rectangular frame. The logo itself is white and consists of the letters 'I', 'M', 'A', and 'X' in a bold, sans-serif font. The 'I' is a simple vertical bar, while the other letters have a distinctive, slightly slanted design.

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