

IMAX

Second Quarter 2020 Financial Results

July 28, 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 future capital expenditures (including the amount and nature thereof), business and technology strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of business, operations and technology, 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 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 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 the Company's intellectual property; general economic, market or business conditions; the failure to convert 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 our financial condition and results of operations and on the businesses of our customers and exhibitor partners; and other factors, many of which are beyond the control of 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 from space, showing a large body of water in the lower-left quadrant and a vast, brownish, arid landmass extending across the rest of the frame. The horizon of the Earth is visible at the top, with a thin blue atmosphere layer. The text is overlaid on the bottom-left portion of the image.

Strategic Update

Richard Gelfond

Chief Executive Officer

Investment Highlights

Financial
Foundation

Positioned
for
Recovery

1

Strong balance sheet: \$319 million in cash & covenant flexibility through Q3 2021

2

Less than \$10M current average monthly cash burn rate assuming zero-revenue

3

Flexible, asset-light business model

4

Trusted brand and diversified global network: positioned to benefit from rolling openings

5

Excellent content pipeline through 2021

6

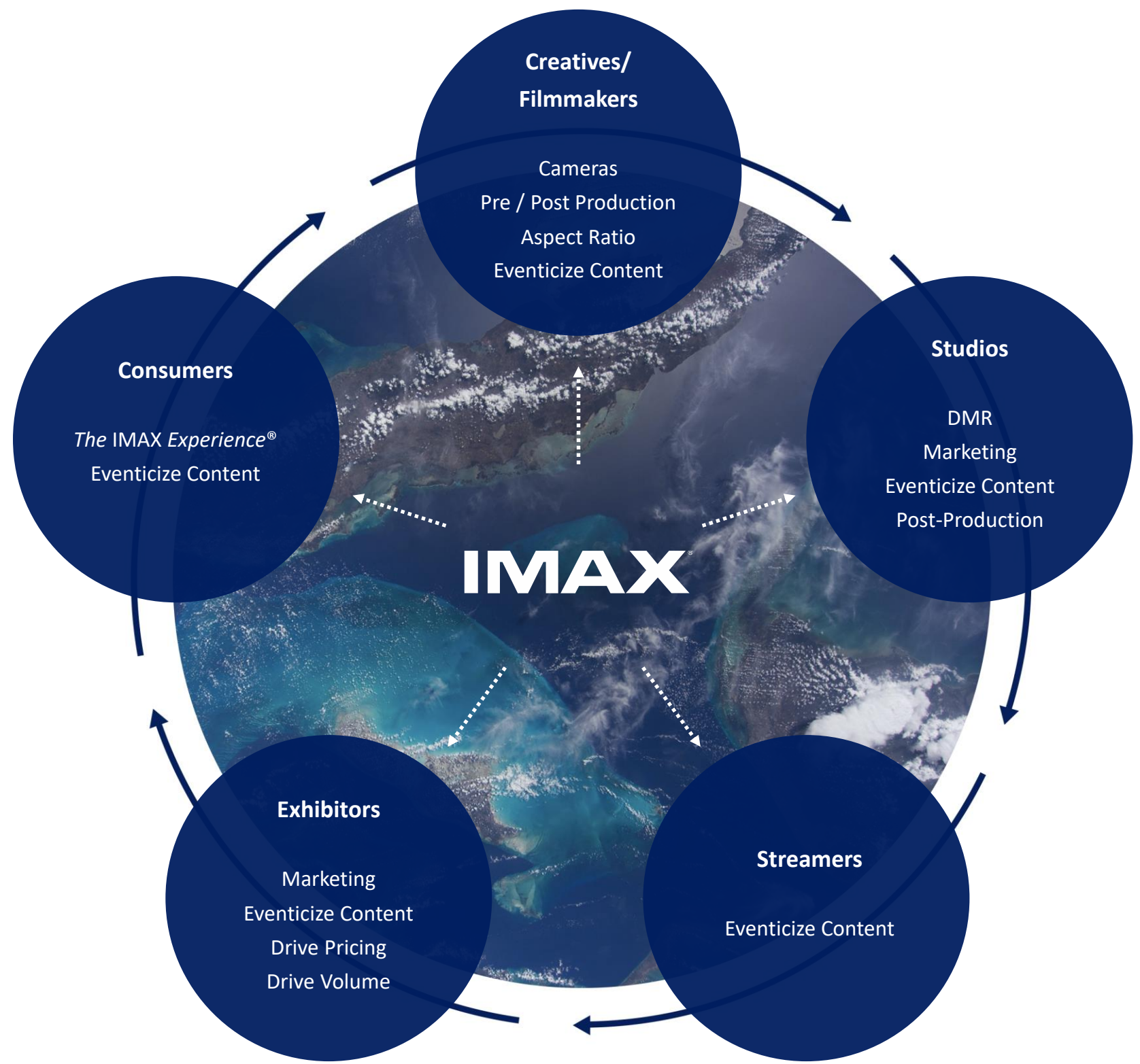
Exposed to secular growth in global box office, blockbusters and premium formats

Source: Company Data

IMAX is focused on reopening China, other select markets, and film slate planning with studios

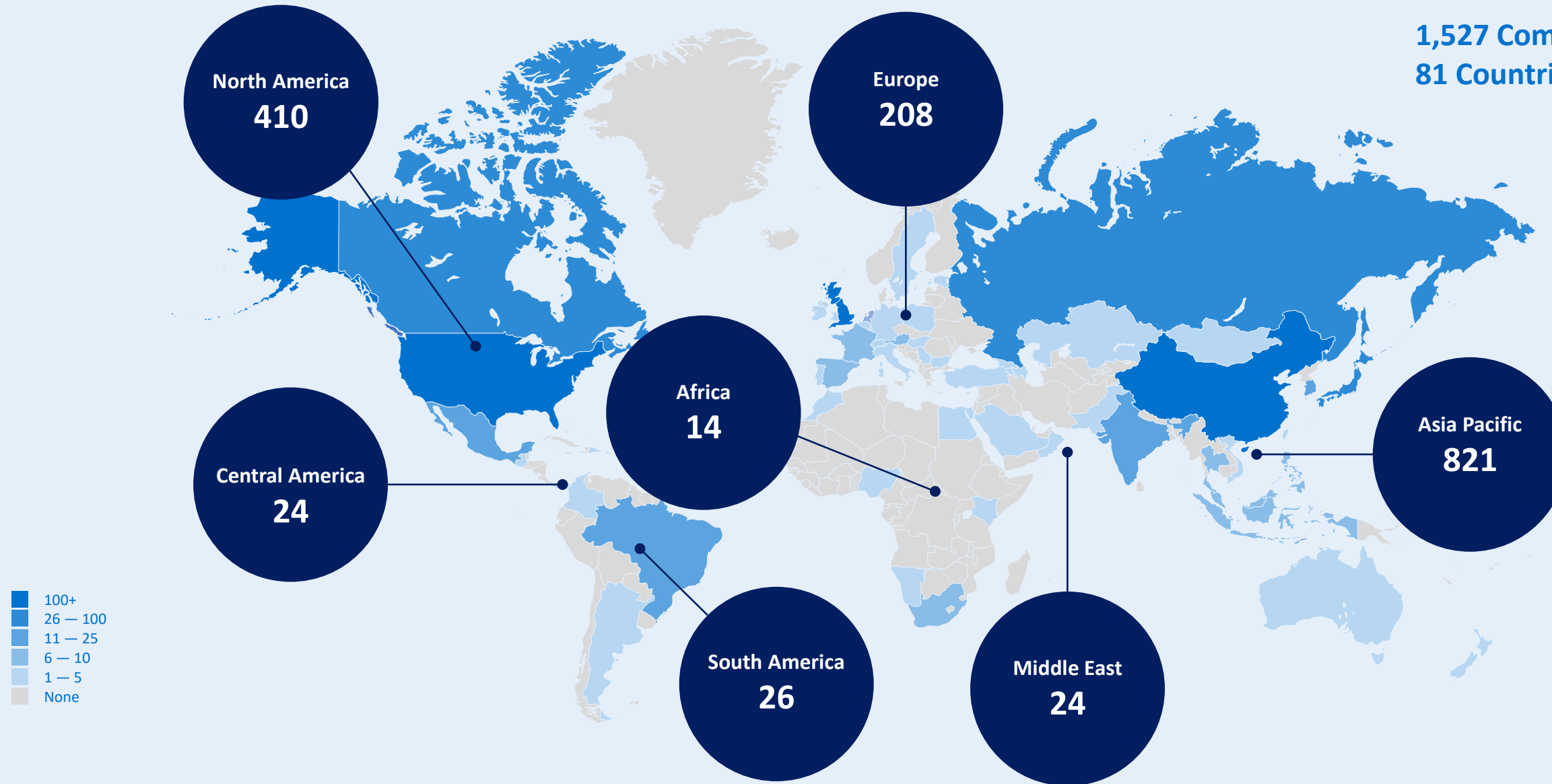
The IMAX Ecosystem

Deeply Embedded in the Fabric of the Global Entertainment Industry



IMAX is a Global Brand; Network & Backlog Grow

1,527 Commercial Theatres in
81 Countries and Territories

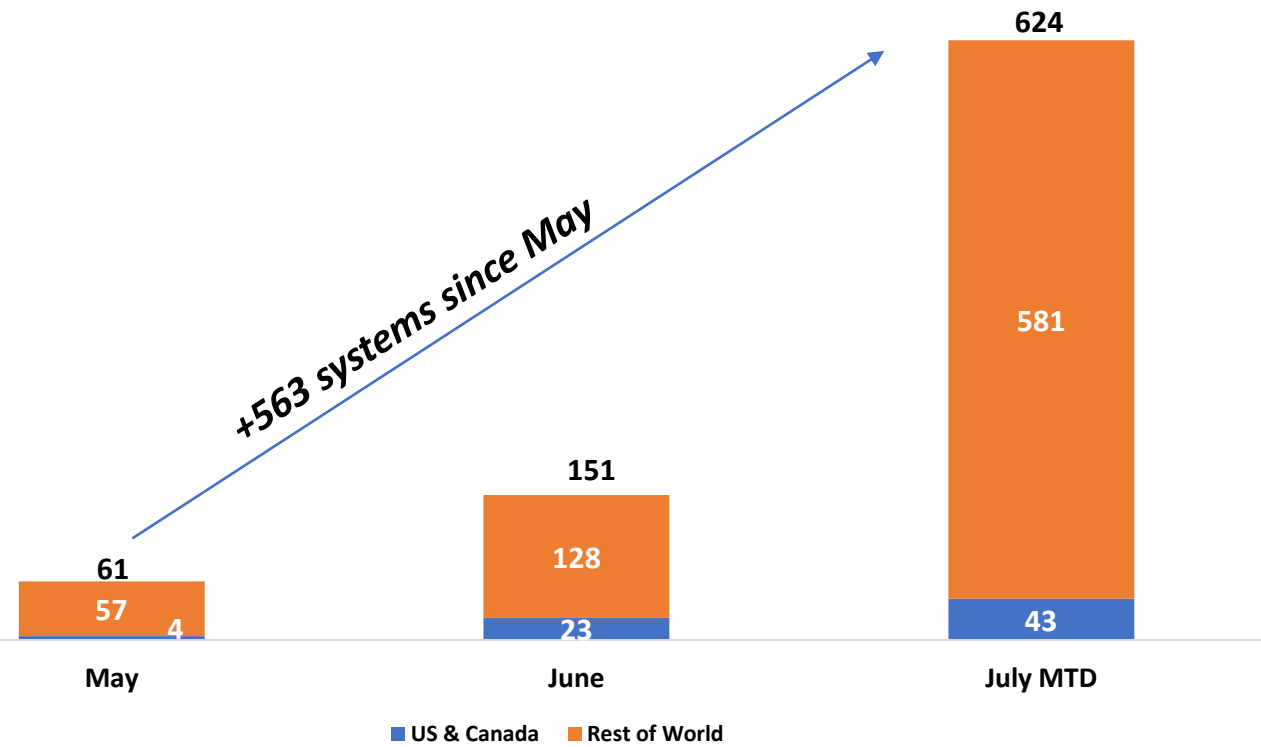


Source: Company Data

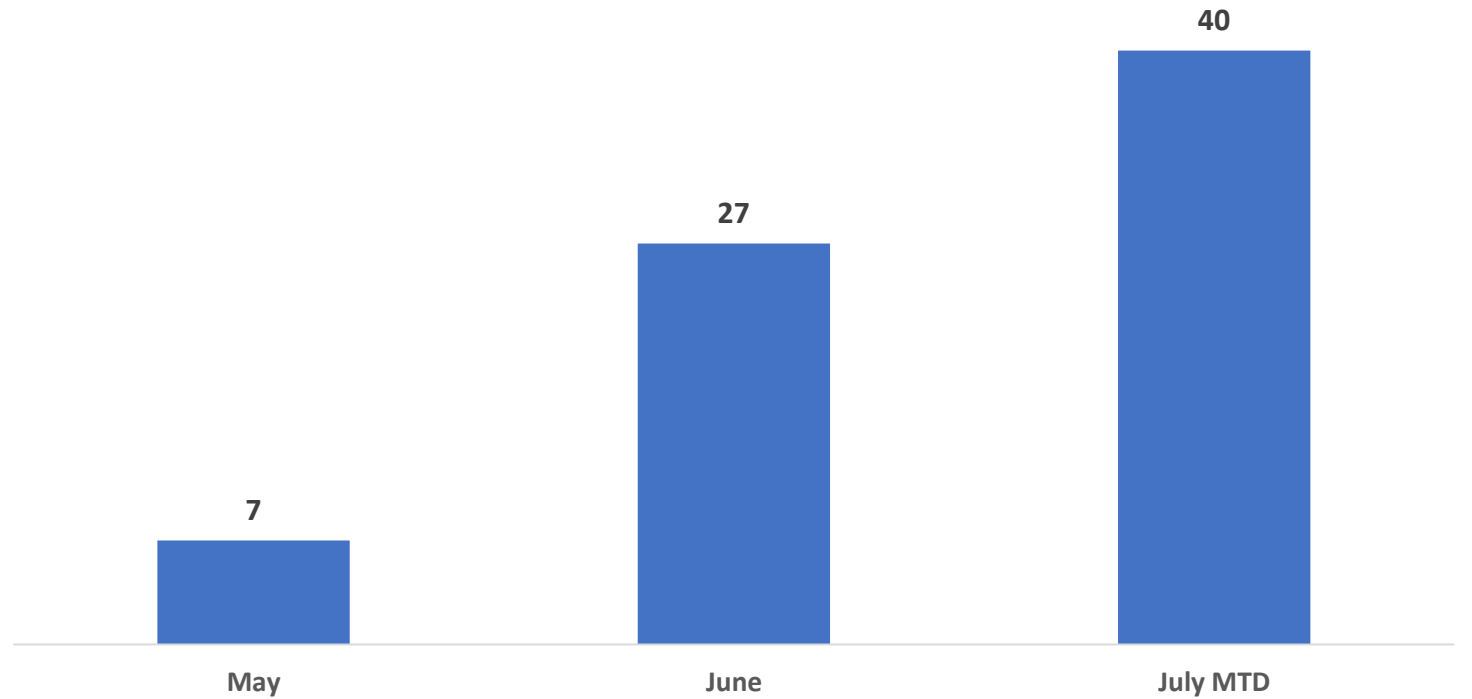
Diversified global network of 1,527 screens positioned to benefit from rolling openings

Reopening Progress

Total IMAX Theaters Open ⁽¹⁾



Total Countries With IMAX Theaters Open



⁽¹⁾ Theater counts reflect total # of theaters that contributed to respective monthly GBO

Source: Company Data
Data As of July 27, 2020

Network coming back on line with reopening of China, Europe, and Asia

Partner Demand for *The IMAX Experience*

- 29 IMAX systems signed in Q2 2020 despite theater closures
 - CGV: 17 theaters, hybrid deals, limited capex
 - Wanda: 10 new locations, JV deals ¹
- Backlog growth of 26 systems to a total of 559
- IMAX is seeing continued demand for theater systems
 - Existing operators expanding IMAX capacity
 - Demand for systems in existing and new markets
- Installations of IMAX Theater Systems accelerated in July

¹ Wanda signed a 10-system laser upgrade in Q1, and expanded the agreement in Q2 to include 10 new IMAX locations

Source: Company Data

Our partners continue to choose to grow with IMAX

Consumer Demand for Moviegoing and *The IMAX Experience*

Moviegoing

- China
 - Shanghai Film Festival sold 120K tickets in an hour
 - 3.2 million attendees weekend of July 24th
 - Per screen average attendance at 80% pre-COVID levels
- France
 - 3 million admissions in first three weeks
- Korea
 - *Peninsula* generated \$26.5 million GBO
- Czech Republic
 - Success reopening theater with primarily local language content

The IMAX Experience

- China
 - *Dolittle & Bloodshot* \$750K weekend GBO
- Japan
 - *The Dark Knight* Trilogy
 - \$1 million box office in Japan showing *Akira*
- Korea
 - *Peninsula*: first \$1 million post-COVID weekend
 - 50% of national GBO showing: *Avengers* and *The Dark Night* trilogy
- Netherlands:
 - sold-out 30 showings of *Interstellar*

Source: Company Data

Clear consumer desire to return to theaters across the world

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 should be low risk
 - Limited fixed costs that need scaling
- IMAX can be profitable at limited capacity
- Theater openings likely to include:
 - Discounted tickets
 - Capacity constraints for social distancing
 - Library content to build traffic

Content Pipeline

- Slate changes validate theatrical window
- Pent-up demand for out of home entertainment
 - Moviegoing likely to resume before concerts & sporting events
- All blockbuster movies rescheduled
- Backlog of marquee titles
- “Blockbusterization” is good for IMAX

Source: Box Office Mojo

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

Expected Second Half 2020 Content Slate



TENET 



Mulan (1)



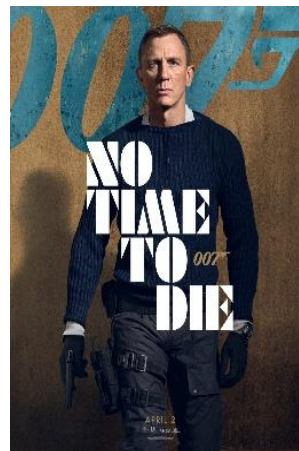
The King's Man



Wonder Woman 1984 



Black Widow 



No Time to Die 



Dune 

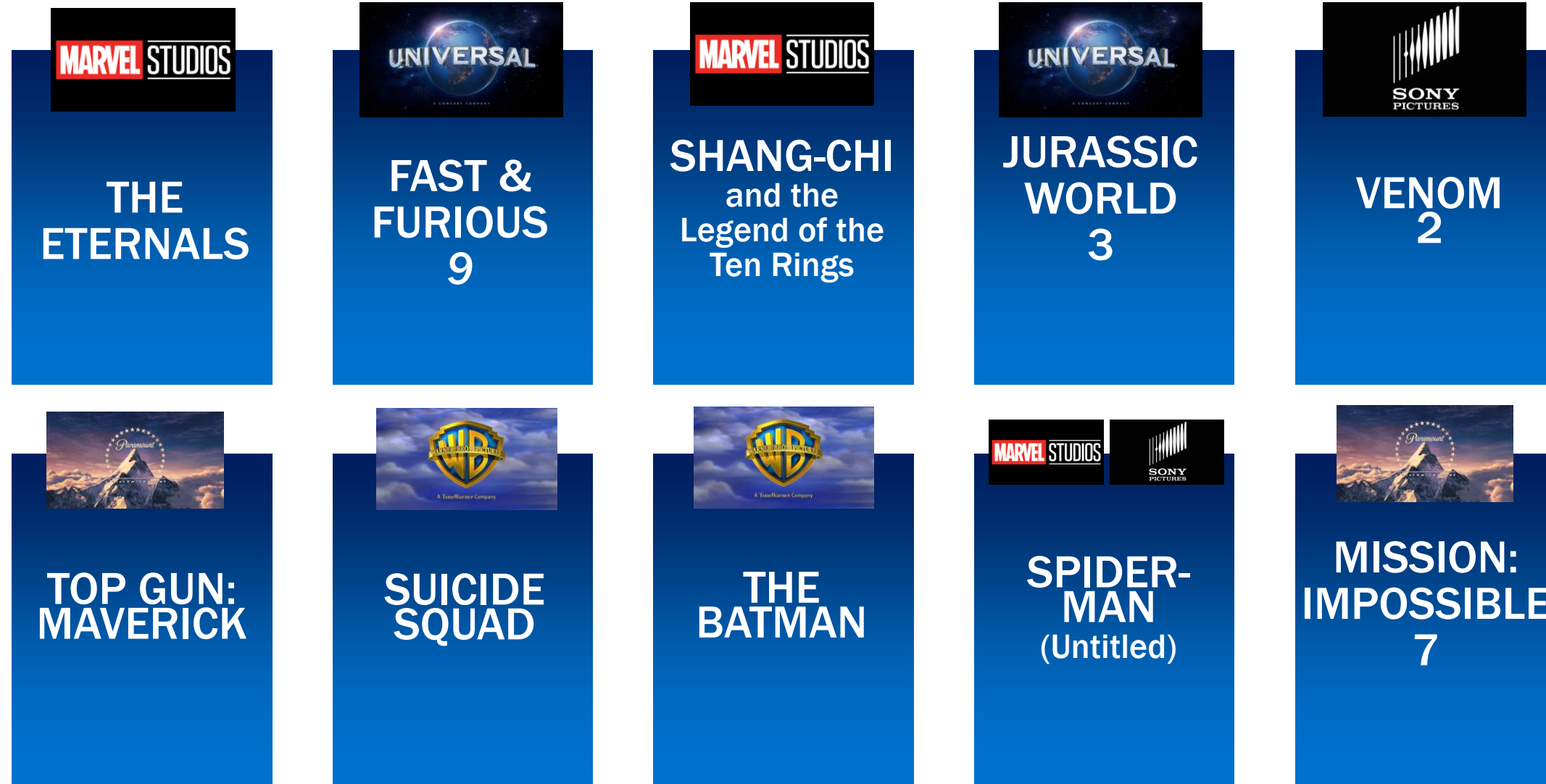


Detective Chinatown 3 

(1) Disney has delayed the release of Mulan; IMAX continues to expect it will release in the second half of 2020

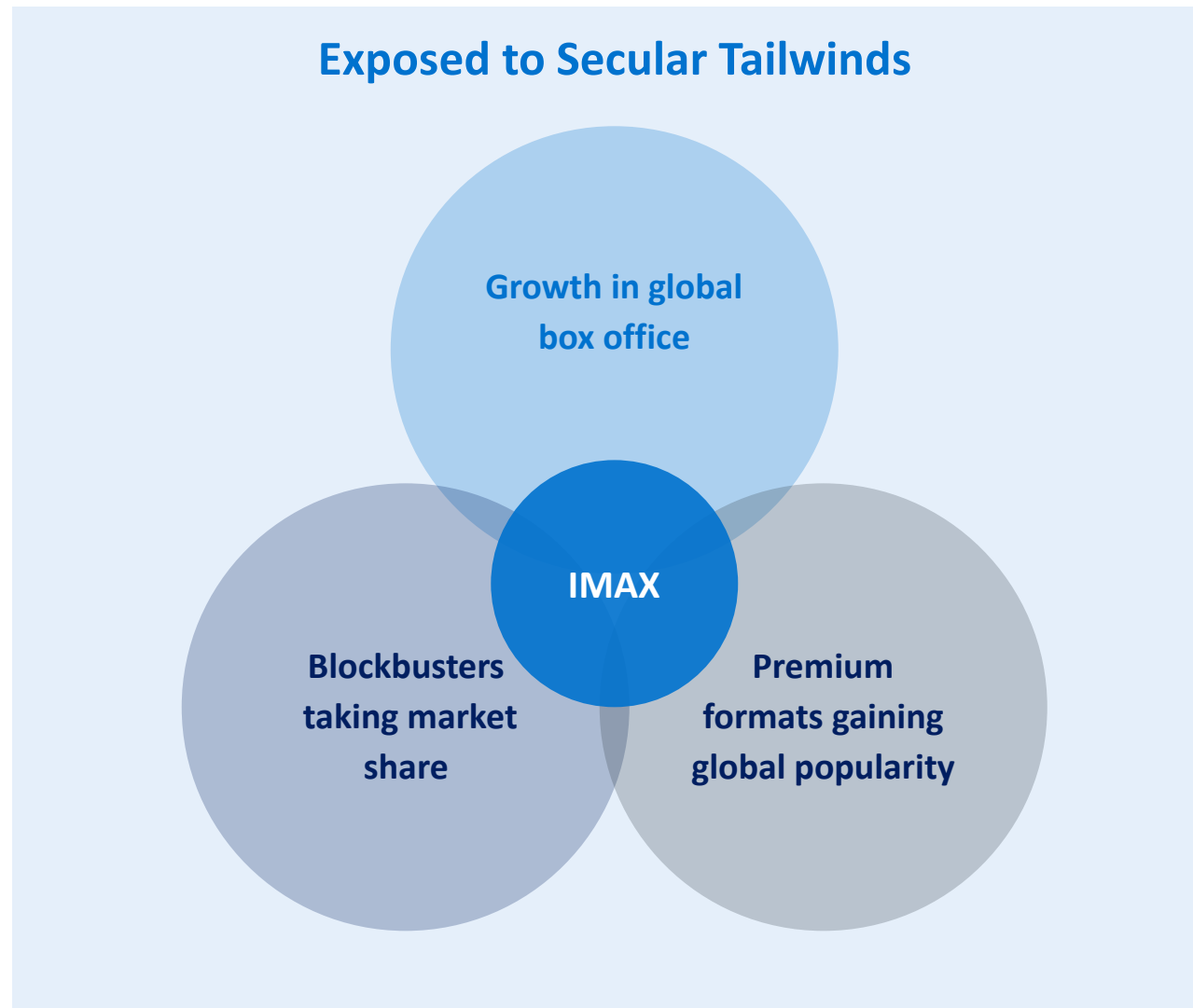
Strong content schedule slated for second half; IMAX DNA and box office re-opening potential to drive demand

Expected Blockbuster 2021 Around the Corner



Strong pipeline of tentpole releases throughout 2021

IMAX Market Position



Insulated from Industry Risks

Blockbuster movies drive IMAX box office

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

IMAX plays movies for 1-2 weeks

- Theatrical window compression will not 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
- 80 to 90% 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 protected from 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 June 30, 2020
Cash & Cash Equivalents	\$319.0
Cash & Cash Equivalents in PRC	\$61.5
Revolver Facility (Due June 2023) ¹	\$300.0 ²
Facility Utilized	\$300.0
IMAX China Credit Facility	\$30.0
Facility Utilized	\$0.2
Total Available Liquidity	\$348.8

- IMAX estimates less than \$10 million per month in estimated cash burn in zero-revenue environment
- Covenant flexibility through Q3 2021
- IMAX China repurchased a total of 425.8 thousand shares in Q2 2020 at an average price of US \$1.50, totaling approximately US \$640 thousand.

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

Credit Agreement Amendment

- Senior secured net leverage ratio covenant suspended through Q1 2021
- Incremental covenant flexibility through Q3 2021⁽¹⁾
- \$75 million minimum monthly liquidity covenant
- Restricted in making certain payments, such as dividends & share repurchases
- IMAX has the ability to revert to original credit agreement terms at its option

(1) In Q2 and Q3 of 2021, IMAX can substitute Q3 & Q4 2019 EBITDA in place of actual 2020 EBITDA to satisfy the 3.25x senior secured net leverage ratio covenant

Executed credit agreement amendment to provide covenant flexibility through Q3 2021

Financial Performance

Q2 Result Drivers:

Revenue impacts

- Substantially all of our global theater network closed in Q2
- IMAX Technology Network and Maintenance revenue essentially zero

Cost impacts

- Benefited from cost actions taken early in the year and lower business activity driven by COVID-19 pandemic
- Accrued \$3.2 million in COVID-19 related government benefits which reduced costs

\$ in millions, except per share	<u>YoY</u>	<u>Q2 2020</u>	<u>Q2 2019</u>
Revenue	↓	\$8.9	\$104.8
Global Box Office	↓	\$2.7	\$364.9
Global Commercial Theatre Network	↑	1,527	1,445
Gross Margin / (Loss) (\$)	↓	(\$7.7)	\$59.6
Gross Profit Margin (%)	↓	(87%)	57%
GAAP Net (Loss) Income	↓	(\$30.0)	\$13.8
EPS	↓	(\$0.44)	\$0.19
Net (Loss) Income ¹	↓	(\$26.0)	\$11.4
Adj. EPS ¹	↓	(\$0.44)	\$0.32
Adj. EBITDA (\$) ¹	↓	(\$18.5)	\$41.4
Adj. EBITDA Margin (%) ¹	↓	N/A	39.5%

¹ Attributable to common shareholders.

See appendix for reconciliation and definition of non-GAAP financial results.

Source: Company Data

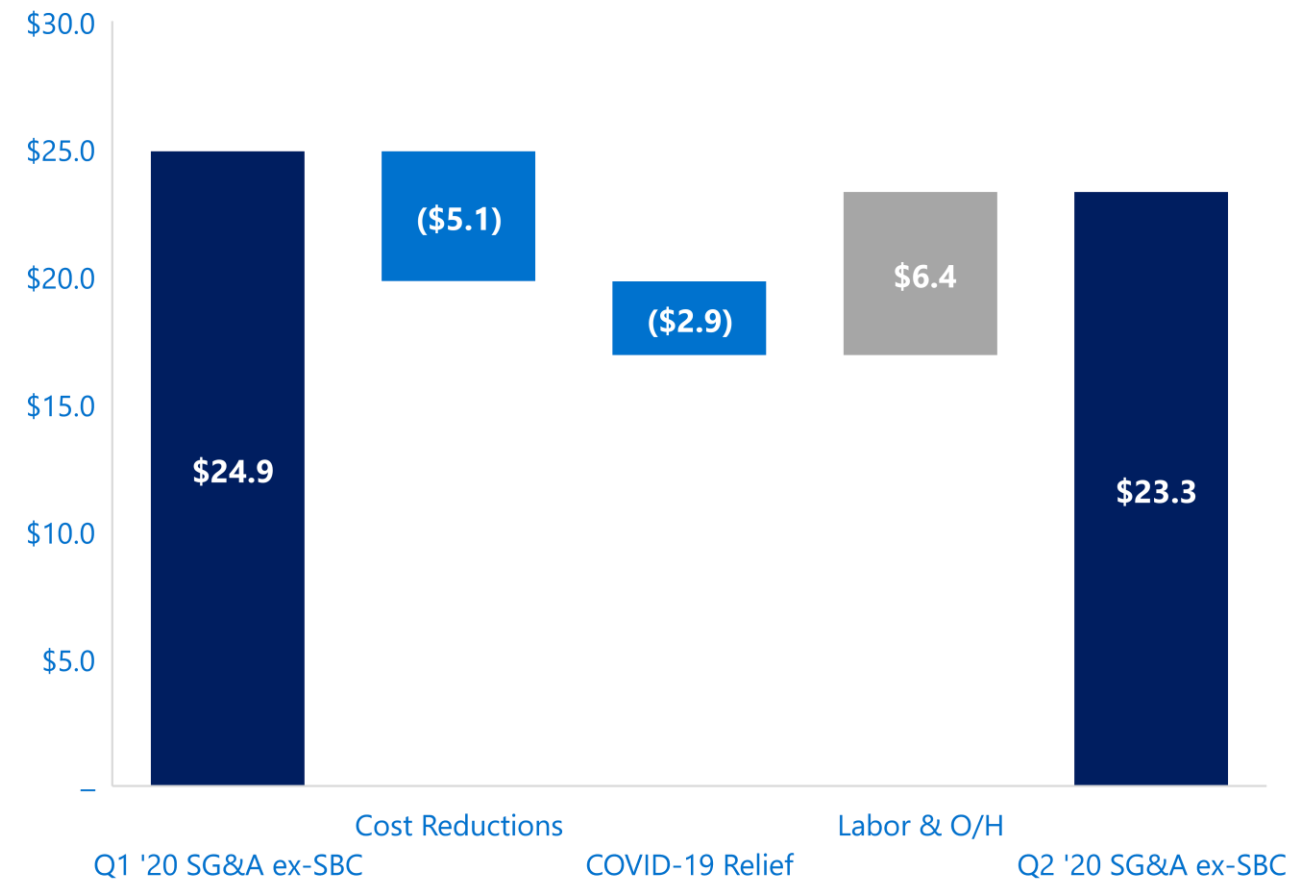
Financial results driven by Coronavirus theater closures

SG&A Items

Items Impacting SG&A Comparability

- Cost Reductions: SG&A declined due to cost actions taken in Q1 and lower expenses associated with COVID-19 related reduced business activity
- COVID-19 Relief: \$2.9 million in wage subsidies and payroll tax credits from the Canadian and US governments
- Labor and overhead: lower allocations out of SG&A to COGS and certain other assets

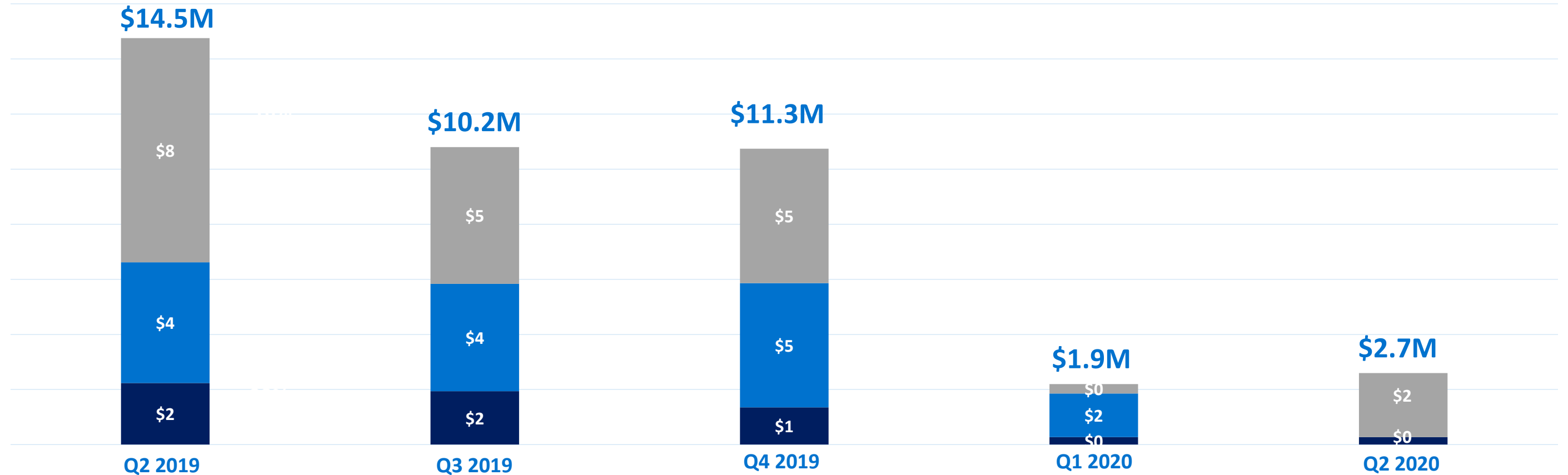
SG&A ex-SBC



Source: Company Data

SG&A impacted by COVID-19 related items in Q2

Capex Breakdown – Growth vs. Maintenance



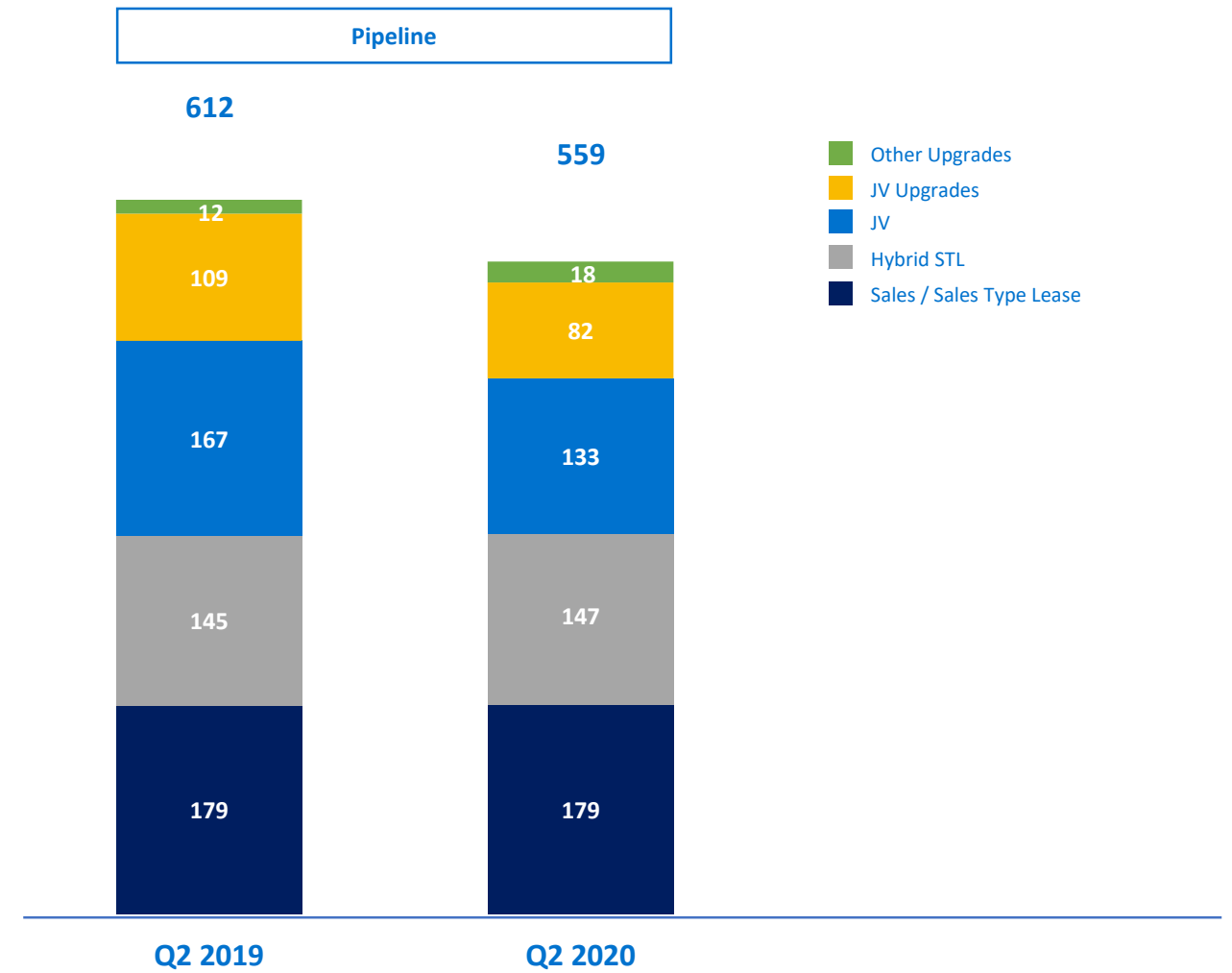
- Growth Capex = Investment in joint revenue sharing equipment
- JV Upgrade Capex = investment in upgrade of existing joint revenue sharing equipment
- Maintenance Capex = Purchase of property, plant and equipment

Source: Company Data

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

Network Update – IMAX Systems Pipeline

	Q2 2020	
	Total Signings	Total Installations
Sales and STL	12	2
Hybrid STL	17	1
JV's	0	0
Upgrades		0
JV Upgrades	0	0
Other Upgrades	0	0
Total	29	3



Source: Company Data

Backlog grew by 26 systems despite the global closure of theaters; IMAX partners choose to grow with IMAX

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) changes in the fair value of equity 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.

In addition to the non-GAAP financial measures discussed above, 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 equity investment; (iii) write-downs, net of recoveries, including asset impairments and credit loss expense; and (iv) (gain) loss from equity accounted investments.

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 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.

Q2 2020 Non-GAAP Financial Reconciliation — Adj. Earnings Per Share

\$ in Thousands, Except EPS Data

<i>(In thousands of U.S. dollars, except per share amounts)</i>	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019	
	Net Loss	Diluted EPS	Net Income	Diluted EPS
Reported net (loss) income attributable to common shareholders	\$ (25,967)	\$ (0.44)	\$ 11,397	\$ 0.19
Adjustments ⁽¹⁾ :				
Share-based compensation	6,168	0.10	\$ 6,799	0.11
Changes in the fair value of equity securities	(1,413)	(0.02)	3,101	0.05
COVID-19 government relief benefits	(3,151)	(0.05)	—	—
Tax impact on items listed above	(857)	(0.01)	(1,604)	(0.03)
Income tax effects related to the removal of the indefinitely reinvested assertion on the historical earnings of certain subsidiaries	(841)	(0.02)	—	—
Adjusted net (loss) income ⁽¹⁾	<u>\$ (26,061)</u>	<u>\$ (0.44)</u>	<u>\$ 19,693</u>	<u>\$ 0.32</u>
Weighted average basic shares outstanding		<u>58,808</u>		<u>61,331</u>
Weighted average diluted shares outstanding		<u>58,808</u>		<u>61,507</u>

Q2 2020 Non-GAAP Financial Reconciliation — Adj. EBITDA

\$ in Thousands

	For the Three Months Ended June 30, 2020			For the Three Months Ended June 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	\$ (30,047)	\$ (4,080)	\$ (25,967)	\$ 13,836	\$ 2,439	\$ 11,397
Add (subtract):						
Income tax (benefit) expense	(10,248)	638	(10,886)	5,308	1,187	4,121
Interest expense, net of interest income	524	(96)	620	64	(140)	204
Depreciation and amortization, including film asset amortization	11,930	1,049	10,881	15,593	1,177	14,416
EBITDA	\$ (27,841)	\$ (2,489)	\$ (25,352)	\$ 34,801	\$ 4,663	\$ 30,138
Share-based and other non-cash compensation	6,541	299	6,242	7,186	228	6,958
(Gain) Loss in fair value of equity investment	(2,025)	(612)	(1,413)	4,544	1,443	3,101
Write-downs, including asset impairments and credit loss expense	3,843	1,815	2,028	1,169	84	1,085
Loss from equity accounted investments	—	—	—	138	—	138
Adjusted EBITDA per Credit Facility	\$ (19,482)	\$ (987)	\$ (18,495)	\$ 47,838	\$ 6,418	\$ 41,420
Revenues attributable to common shareholders ⁽²⁾	8,855	421	8,434	104,797	10,216	94,581
Adjusted EBITDA margin attributable to common shareholders	<u>(220.0%)</u>	<u>(234.7%)</u>	<u>(219.3%)</u>	<u>45.6%</u>	<u>62.8%</u>	<u>43.8%</u>

Q2 2020 Non-GAAP Financial Reconciliation – Free Cash Flow

\$ in Thousands

	Three Months Ended	Six Months Ended
	June 30, 2020	June 30, 2020
Net cash used in operating activities	\$ (26,846)	\$ (20,880)
Net cash used in investing activities	(3,010)	(5,723)
Free cash flow	<u>\$ (29,856)</u>	<u>\$ (26,603)</u>

The background of the entire image is a cinematic space scene. In the foreground, a futuristic jet flies across the frame, leaving a trail of orange and yellow flames. The jet is angled towards the bottom right. In the background, a large, blue and white planet is visible, with a thin white line representing the horizon. The sky is a deep, dark blue with scattered white stars. A large, bright blue frame surrounds the central text.

IMAX

FILMS TO THE FULLEST