IMAX Second Quarter 2019 Investor Presentation

August 2019

Forward Looking Statements

This presentation may contain 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 foreign 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 its 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; 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.

Disclaimer

Under no circumstances should the information contained herein be considered an offer to sell or a solicitation of an offer to buy any security of the Company in the United States or in any other jurisdiction where such offer or solicitation would be unlawful. Any offer to sell or solicitation of an offer to buy securities of the Company in the United States may not be made absent registration under the Securities Act of 1933, as amended (the "Securities Act"), or an exemption from registration under the Securities Act.

Information with respect to the Company's guidance for FY2019 is the guidance provided in its earnings materials dated as of July 30, 2019. The Company has not updated this guidance and any information about such guidance in this investor presentation only reflects the guidance provided on July 30, 2019 and should not be viewed as a confirmation or update of the July 30, 2019 guidance.

No information presented in this investor presentation and the accompanying oral presentation as of a date more recent than December 31, 2018 has been audited and only the consolidated financial statements of the Company as at December 31, 2018 and for the year then ended have been audited.

Who We Are

IMAX is a World Leader in Using Technology to Enable and Eventicize Content to Create the “**IMAX Experience**” Delivered Through the Broadest Out-of-Home Theatre Distribution Network in the World

A Long History of Innovation

50+ Years of Innovation at IMAX Have Created a **GLOBAL BRAND** That Is Reinforced by Each Stakeholder In the Film Ecosystem

PRE – 2000	2002	2005	2008	2014	2015	2018 & Beyond
Film Cameras, Stadium Seating, and Modern 3D	Introduced Proprietary DMR Process	Partnered with Exhibitors to Scale Network	Launched Digital Projection	Launched GT Laser Projection	Initial Public Offering of IMAX China	IMAX with Laser IMAX Enhanced TVs/ Sound Systems

Investment Highlights

GLOBAL BRAND

THE MARK OF A
"MUST SEE" FILM

Favorable Long-Term Trends

- Globalization / blockbusterization
- Experience economy and increasing demand for communal events

Deeply Embedded in the Fabric of the Entertainment Industry

- Relationships with the key studios and filmmakers around the world
- Long-term film deals and consumer electronics partnerships

End-to-End Technology

- The gold-standard for the industry

Valuable and Growing Commercial Network

- 10% growth to 1,445 commercial theatres in 81 countries (YoY)
- ~25% of growth in network outside of primary markets (U.S. & China) (YoY)
- Focus on introducing local language content (e.g. China & India)

Content

- Focus on eventicizing content
- Opportunities with other sources of content

Strong Financial Model / Improved Performance

- Inherent operating leverage
- Cost discipline
- Improved cash generation

Source: Company Data

Powerful Position in the Entertainment Industry Driven by Ability to Deliver Unique Value Throughout the Ecosystem

Our Strategy – Focus on Growing Our Core Business

Strategic Actions Taken …

Source: Company Data

… Driving Strong Performance in Q2 Across KPIs[1]

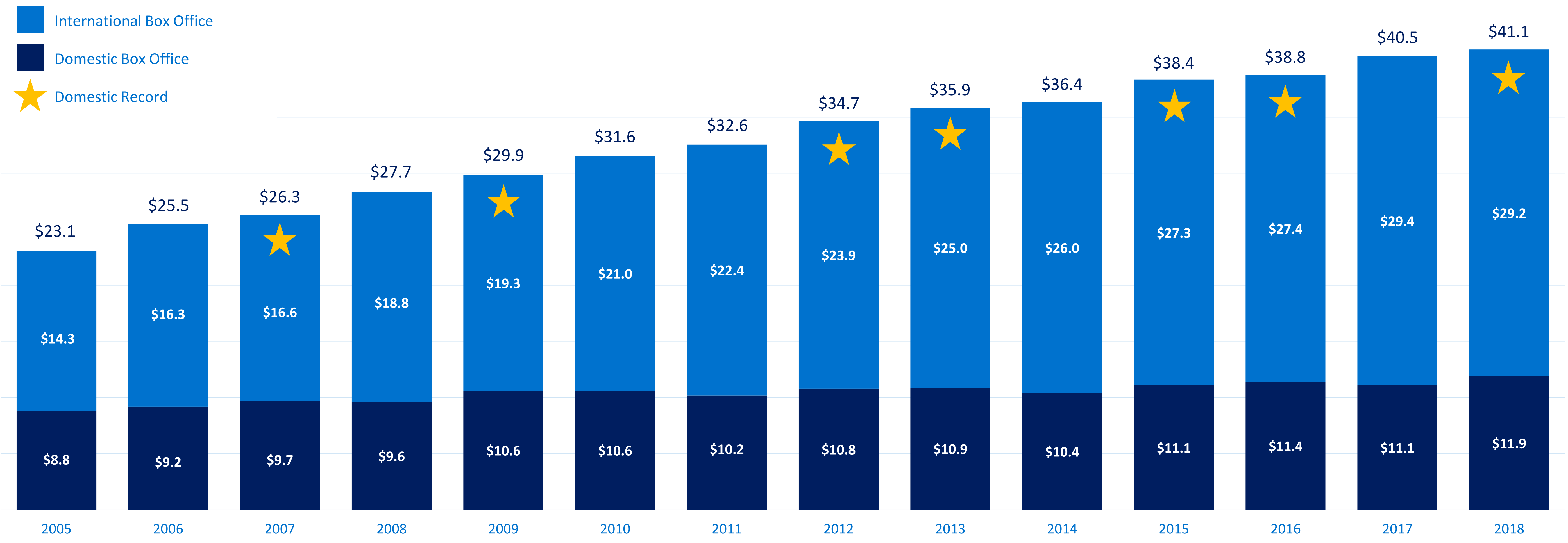
Revenue	↑	+7%
Global Commercial Theatre Network	↑	+10%
Global Box Office	↑	+7%
Domestic Box Office	↓	(6%)
Rest of World Box Office	↑	+1%
Greater China Box Office	↑	+29%
Greater China Same Store Sales (YTD)	↑	+9%
New Theatre Signings	↑	+35%

[1] Percentage and other changes refer to second quarter 2019 vs. second quarter 2018 unless otherwise noted.

Focusing on our Strategy, Delivering Solid Results and Setting Foundation For Long-Term Growth

Overall Global Box Office Trends

$ in Billions



Sources: MPAA, Domestic Box Office Consists of U.S. and Canada

IMAX is Geared to the International and Blockbuster Markets

How We Make Money

Studios & Exhibitors

Network

Digital Media Remastering (DMR)

+ Participate in studio box office

Joint Revenue Sharing Agreement (JRSA)

+ Participate in exhibitor box office

IMAX captures ~18% of every box office dollar generated by the network[1]

The **leading content creators** want their films filmed and/or released in IMAX format

Exhibitors

Theatre Sales & Maintenance

High–Margin Sale & Sale-Type Lease

High Margin, Growing and Predictable Maintenance

Post–Production

The **largest global exhibitors** want IMAX systems at their theatres

[1] Blended take-rate calculated by taking total network segment revenue and dividing by global box office.

Long-Term Contracts, Recurring Revenue and High-Margin

Our Powerful Global Brand — The "Go-To" for Blockbusters

In our marketing, we use a blue frame to illustrate how IMAX goes beyond the frame, **allowing consumers to see up to**

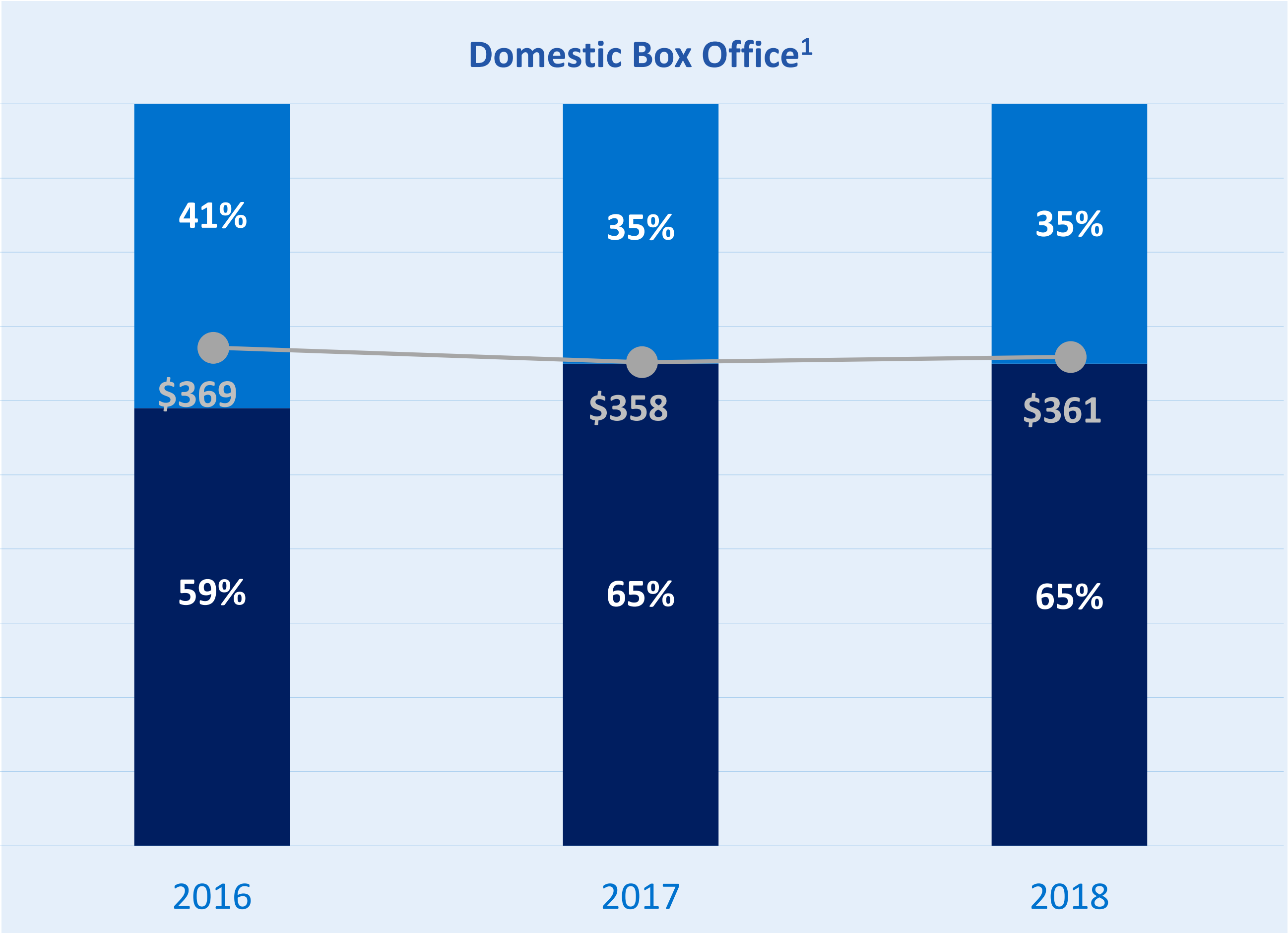
26%

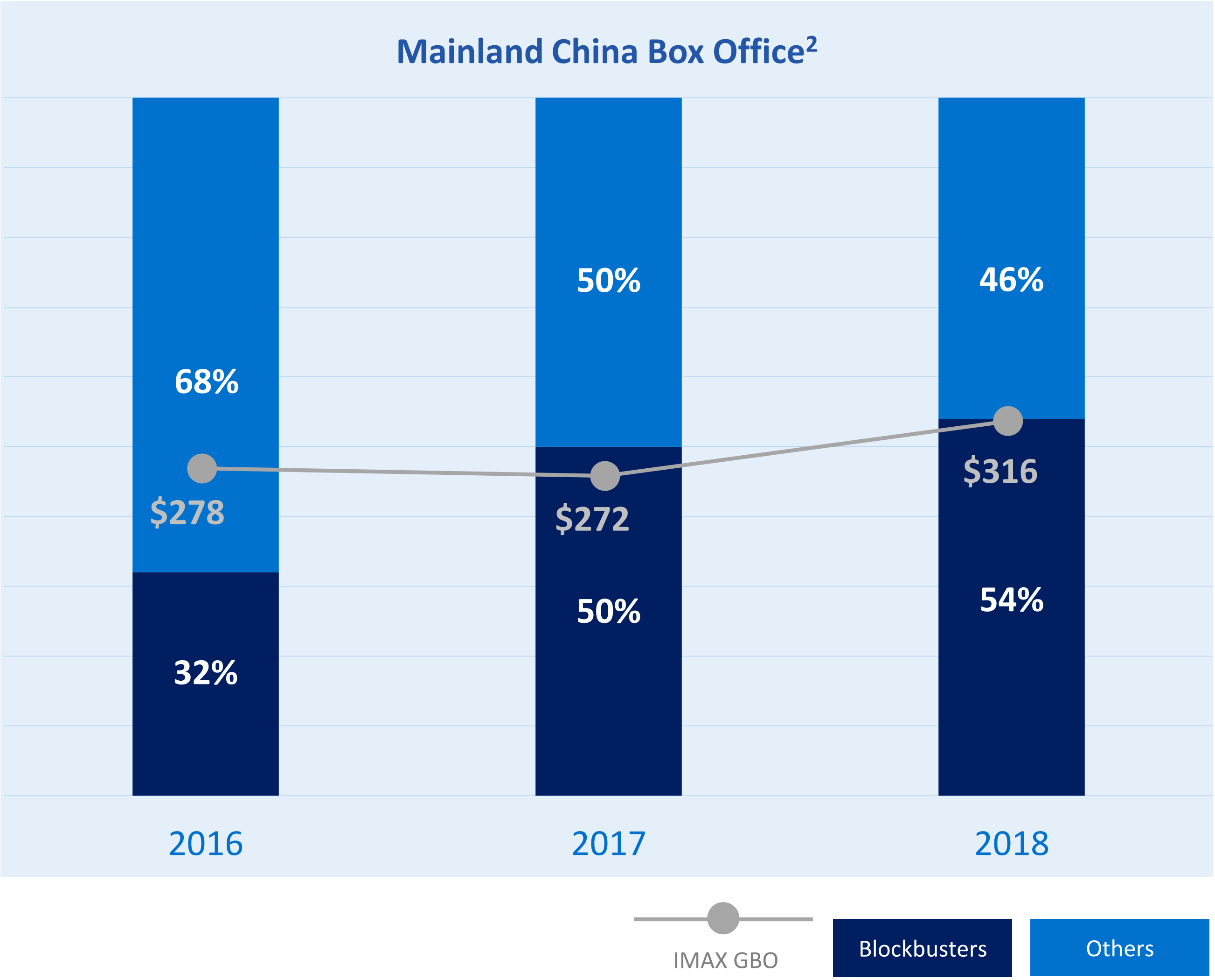
more image for their favorite blockbusters, only in IMAX

We Are the Mark of a "Must-See" Film, Helping Studios Eventicize Their Releases

Supportive Trends – Increase in Blockbusters

$ in Millions



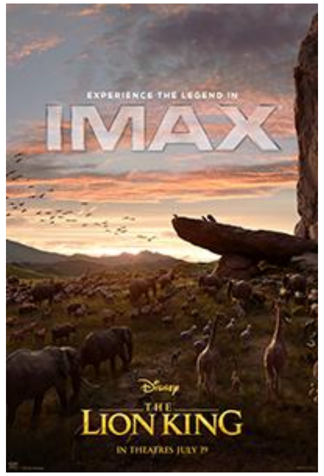


[1] Box Office determined by release in calendar year, with GBO > $100 million.
[2] GBO over RMB 1.0 BN, excl. HK + TW.
Source: Ent Group, including service fee, company data

The Increasing "Blockbusterization" of the Market Globally is Supportive of Our Model

Supportive Trends — More IMAX DNA in Films = Higher Indexing

Recent Films Containing IMAX DNA

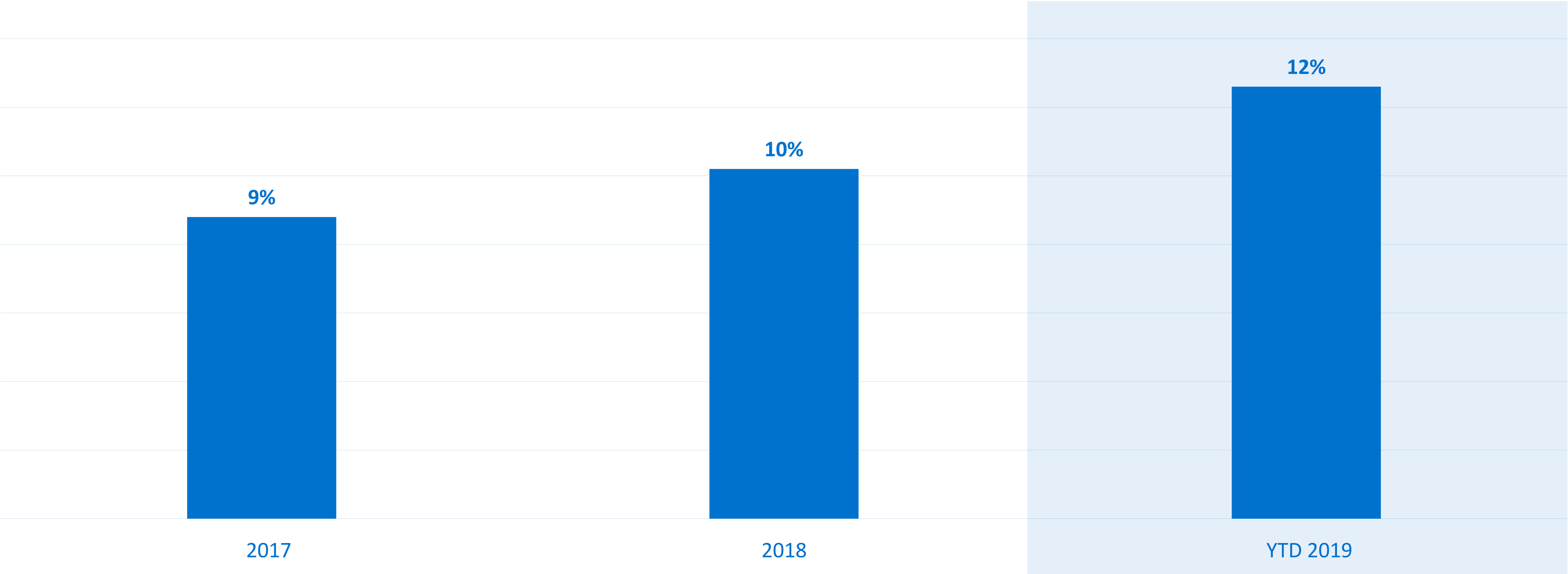


Upcoming Films Using IMAX DNA

Films Shot with IMAX Cameras Have Historically Resulted in a 200 Basis Point Increase in Market Share

Supportive Trends – Higher Indexing, China as Case Study[1]

IMAX Indexing on Opening Weekend Hollywood Films



[1] GBO over RMB 500M, excl. HK + TW.

Source: Ent Group, including service fee, company data

Strong Increase in Indexing Reflects Increasing Demand for IMAX Premium Offering

Supportive Trends - The Expanding Experience Economy

$8T

Global spending on experience is set to rise to $8T by 2030

4/5

4 out of 5 Millennials say attending live events makes them feel more connected to other people, the community and the world.

3/4

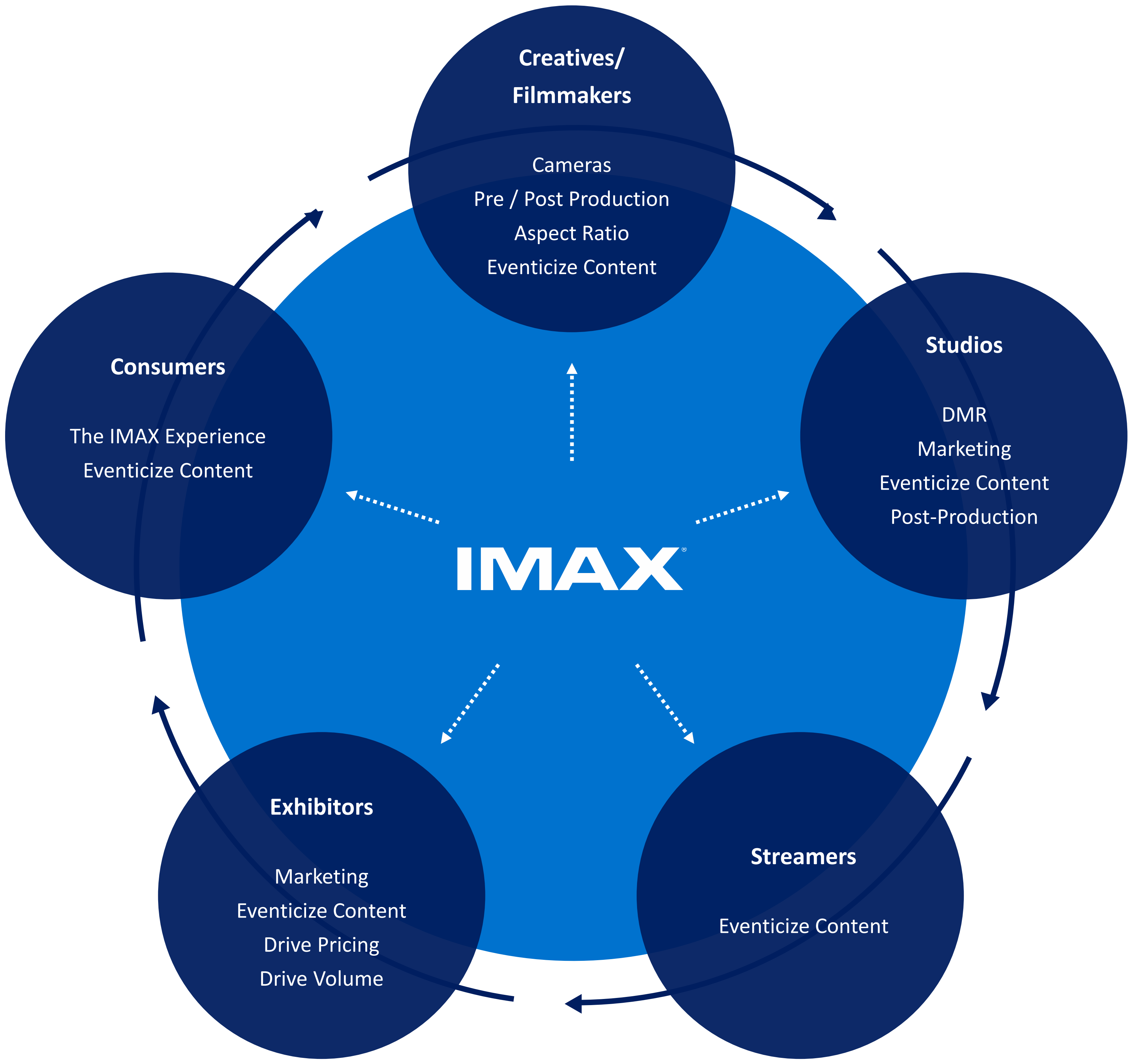
3 out of 4 Millennials would rather spend money on a desirable experience or event than buy a desirable object.

Sources: Euromonitor, Forbes, Financial Review

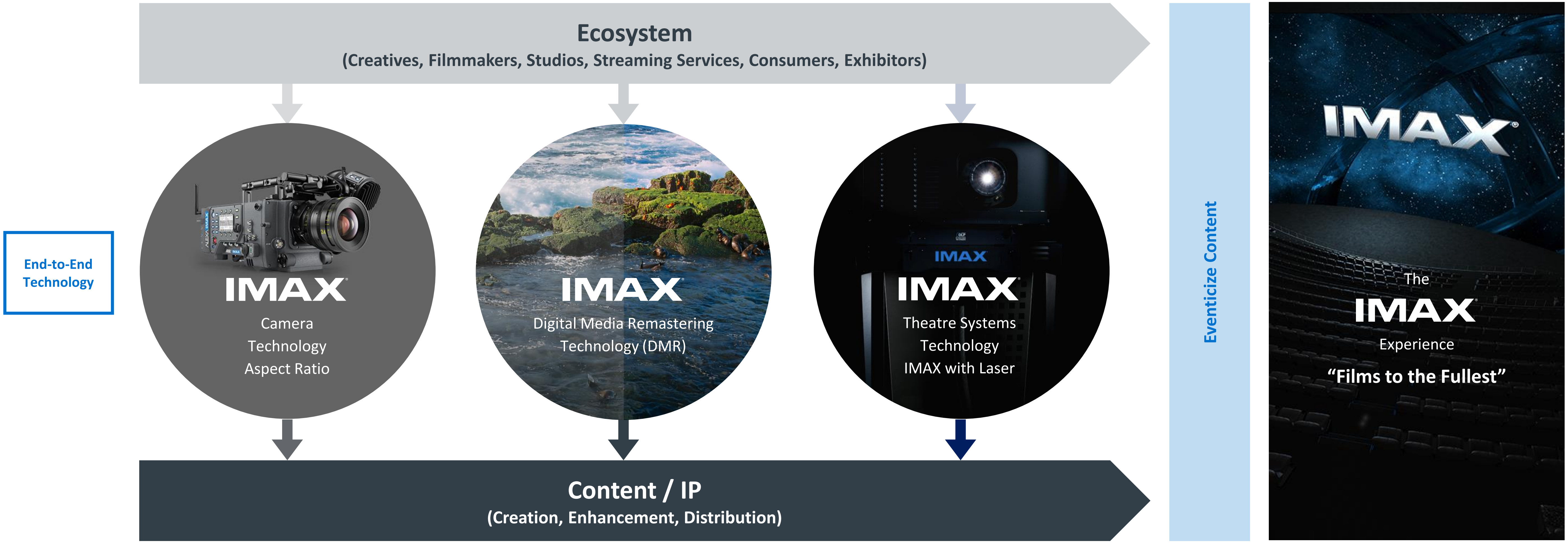
Spending on Experience Increasing Demand for “The IMAX Experience®”

The IMAX Ecosystem

Deeply Embedded in the Fabric of the Global Entertainment Industry



End-to-End Technology Solution Creates "The IMAX Experience®"



More IMAX DNA in Films Drives Increased Success / Higher Indexing

End-to-End Technology — Success Begins with IMAX Cameras

Global Box Office: **$527.3MM**
(*Release Date: July 21, 2017*)

~70% of the film was shot with IMAX cameras in IMAX format

IMAX captured 20% of worldwide Box Office on just 1,346 screens

"I think IMAX is the best film format that was ever invented. It's the gold-standard and what any other technology has to match up to, but none have, in my opinion."

—Christopher Nolan
One of Hollywood's Most Renowned Directors

The Russo Brothers were the **first to capture a Hollywood feature** in *Avengers: Infinity War* using only IMAX digital cameras

The movie grossed **$2.0Bn in worldwide Box Office**, of which **IMAX captured 7%+**

"Once we saw the 20 minutes of footage that we had shot, that's when we made the decision to do both movies of the Infinity War entirely in IMAX."

—Russo Brothers
Avengers: Infinity War directors

IMAX has already confirmed numerous 2020 blockbusters will contain IMAX DNA, including:
Bond 25, Wonder Woman 1984 and *Tenet*

Use of IMAX Cameras Helps Drive Success; Higher Indexing

Our Powerful Global Brand — The "Go-To" for Blockbusters

Provides moviegoers a visceral cinematic experience, delivering brighter images, deeper contrast and more vivid colors, equipping filmmakers with more creative flexibility and fans with a bolder platform to experience their favorite blockbusters.

Advantages of IMAX with Laser

- Provides a highly differentiated experience for blockbuster content
- Supplies content-creators with an enhanced platform to launch global blockbusters
- Equips filmmakers with more creative flexibility; enabling more vivid image in IMAX

Financial Benefits

- Extends contract terms with exhibitor partners for 10+ years
- Over 1,200 potential IMAX screens able to be upgraded
- Margins consistent with IMAX xenon

[1] Includes new systems and upgrades in backlog as of June 30, 2019.

IMAX with Laser = Superior Customer Experience / Value to Exhibitors

Growing and Diversifying Our Global Network

Q2 2019 Highlights

Overall Commercial Network Growth of 10%

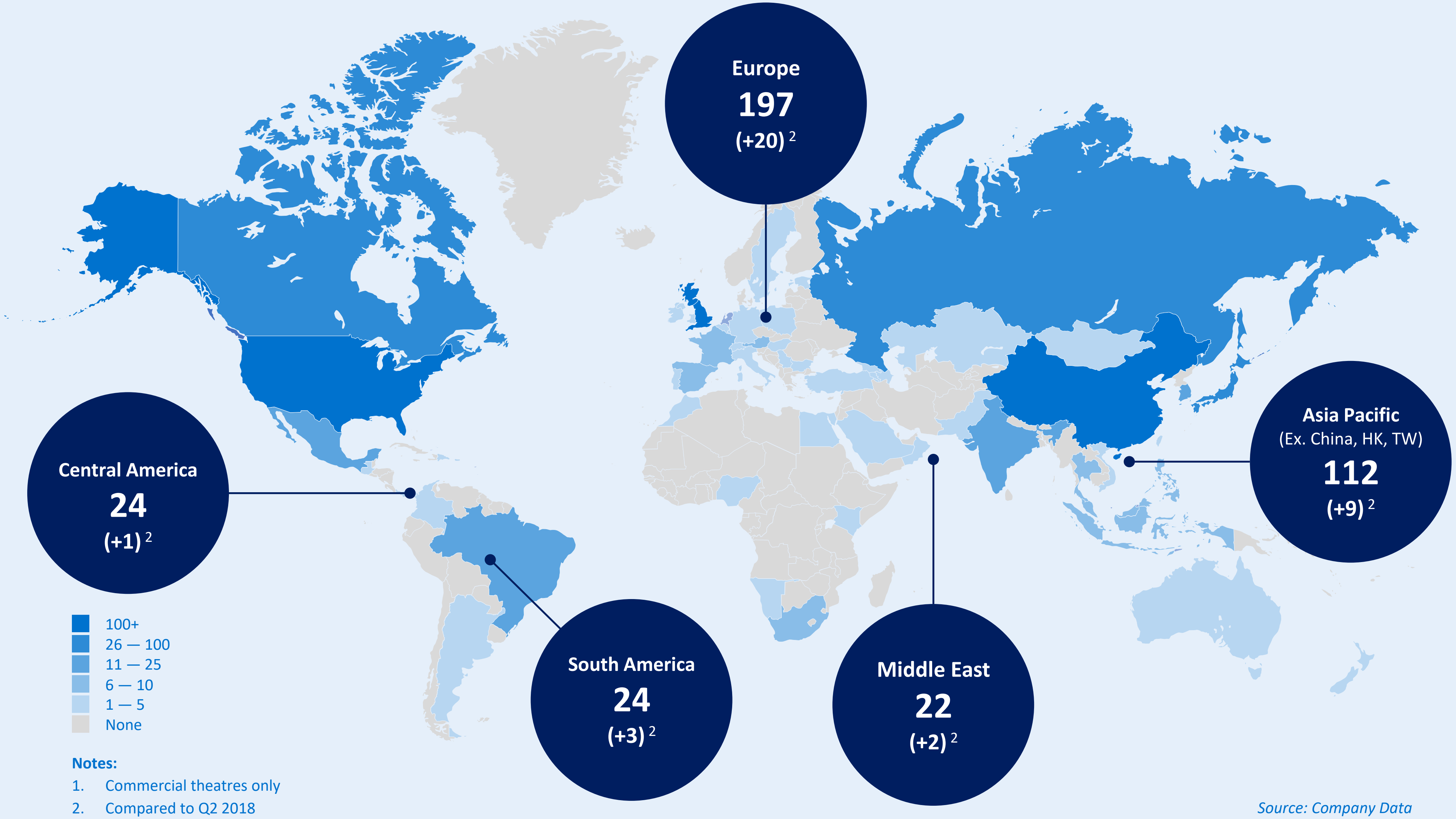
Large Signed Deals:

- CGV deal in China: 40 theatres
- Cineworld (Regal): 15 US theatres

New Theatres in:

+5 Norway
+4 UK
+3 India
+3 France
+2 Middle East
+2 Japan
+2 Malaysia
+2 Germany
+1 Greece

1,445 Commercial Theatres in 81 Countries [1]



Notes:
1. Commercial theatres only
2. Compared to Q2 2018

Source: Company Data

⅔ of GBO Outside North America Providing Strong Geographic Diversification

New Growth Levers - Streaming Partnerships / Alternative Content

Streaming Companies are Beginning to Look to IMAX to Eventicize Their Content

Streaming companies are looking to attract top director and actor talent, who want their films to feature theatrical releases

IMAX can provide streaming companies with a platform to launch content in a premium, differentiated way, in 81 countries

Active Discussions with Major Streaming Companies to Source Alternative Content

New Growth Levers — Leveraging the Core Brand via Licensing

IMAX and DTS partner to launch IMAX Enhanced program for home entertainment

To be accepted into the program, leading consumer electronics manufacturers will design top-of-the-line 4K HDR televisions, A/V receivers, sound systems and other home theatre equipment

Virtually **no capital required and almost immediate pay off** with minimum guarantees included in licensing contracts

Potential to leverage brand in other avenues such as Streaming

Sony, one of the most respected names in consumer electronics, announced a **line of IMAX Enhanced TVs and Projectors**

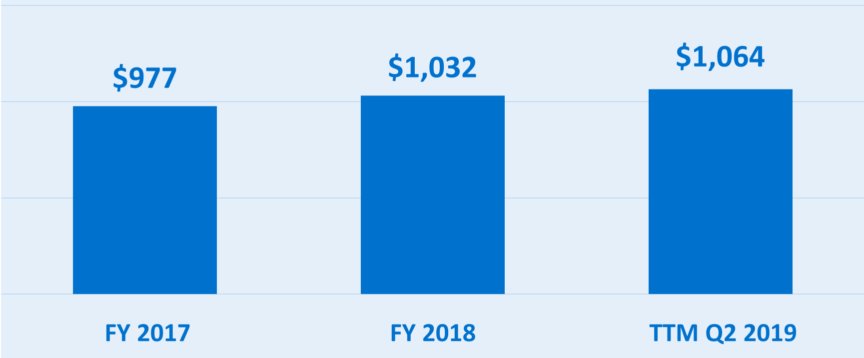
Sony's premium devices will be meticulously optimized to play IMAX digitally remastered content as the filmmaker intended in the home

Leveraging Our Existing IP

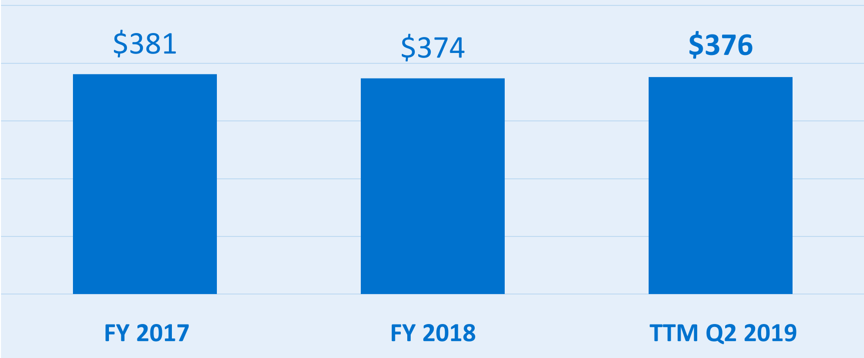
Improved Financial Performance

$ in Millions

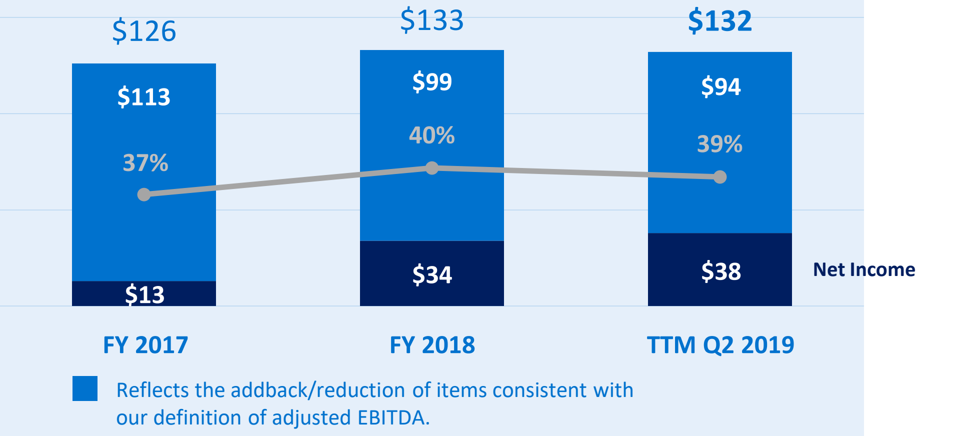
Global IMAX Box Office



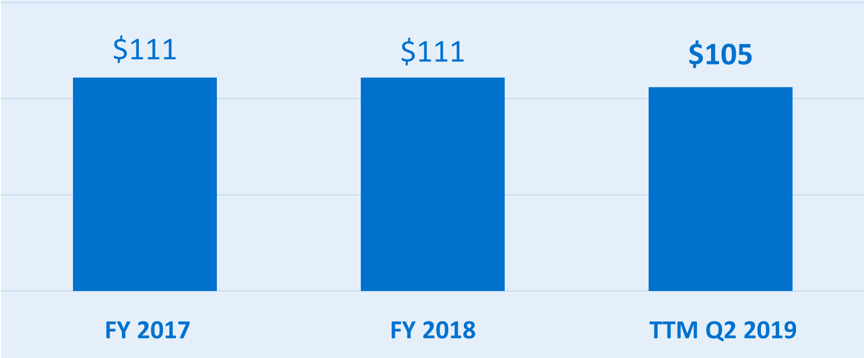
Revenue



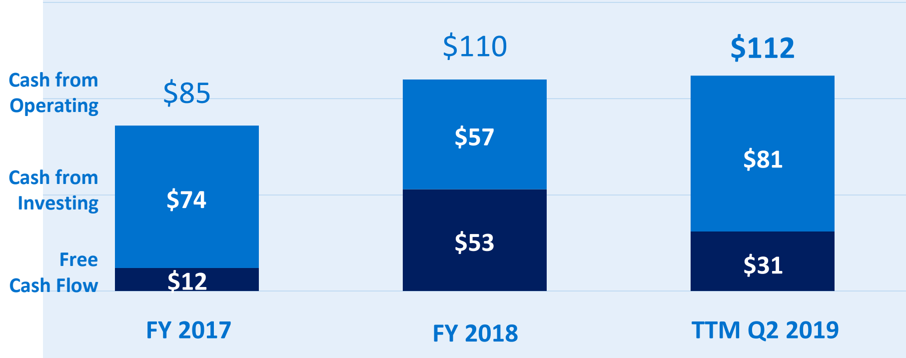
Earnings / Adj. EBITDA[1]



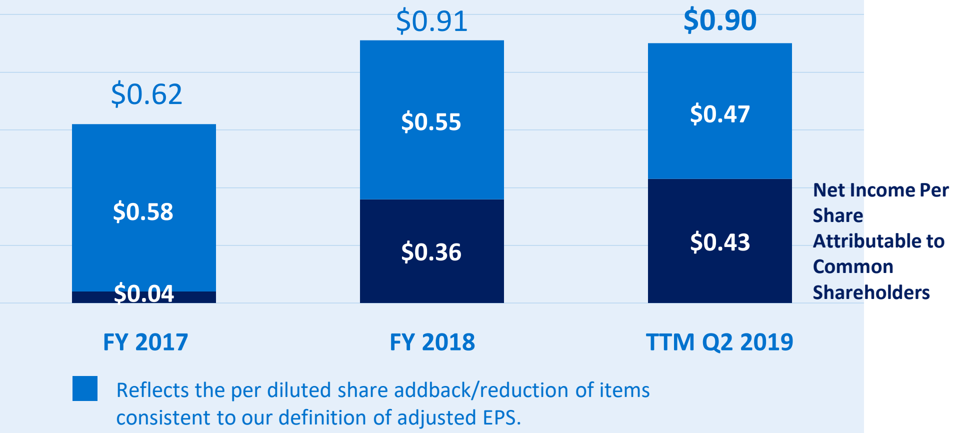
Operating Expenses[2]



Free Cash Flow[3]



Adjusted Earnings Per Share



[1] Excludes impact from Marvel's *Inhumans*; [2] Operating expenses defined as selling, general and administrative expenses, less stock-based compensation, plus R+D.
[3] Free cash flow defined as cash from operations, less cash from investing activities.

Source: Company Data

Moving into Strong 2H; Foundation Set For Long-Term Growth

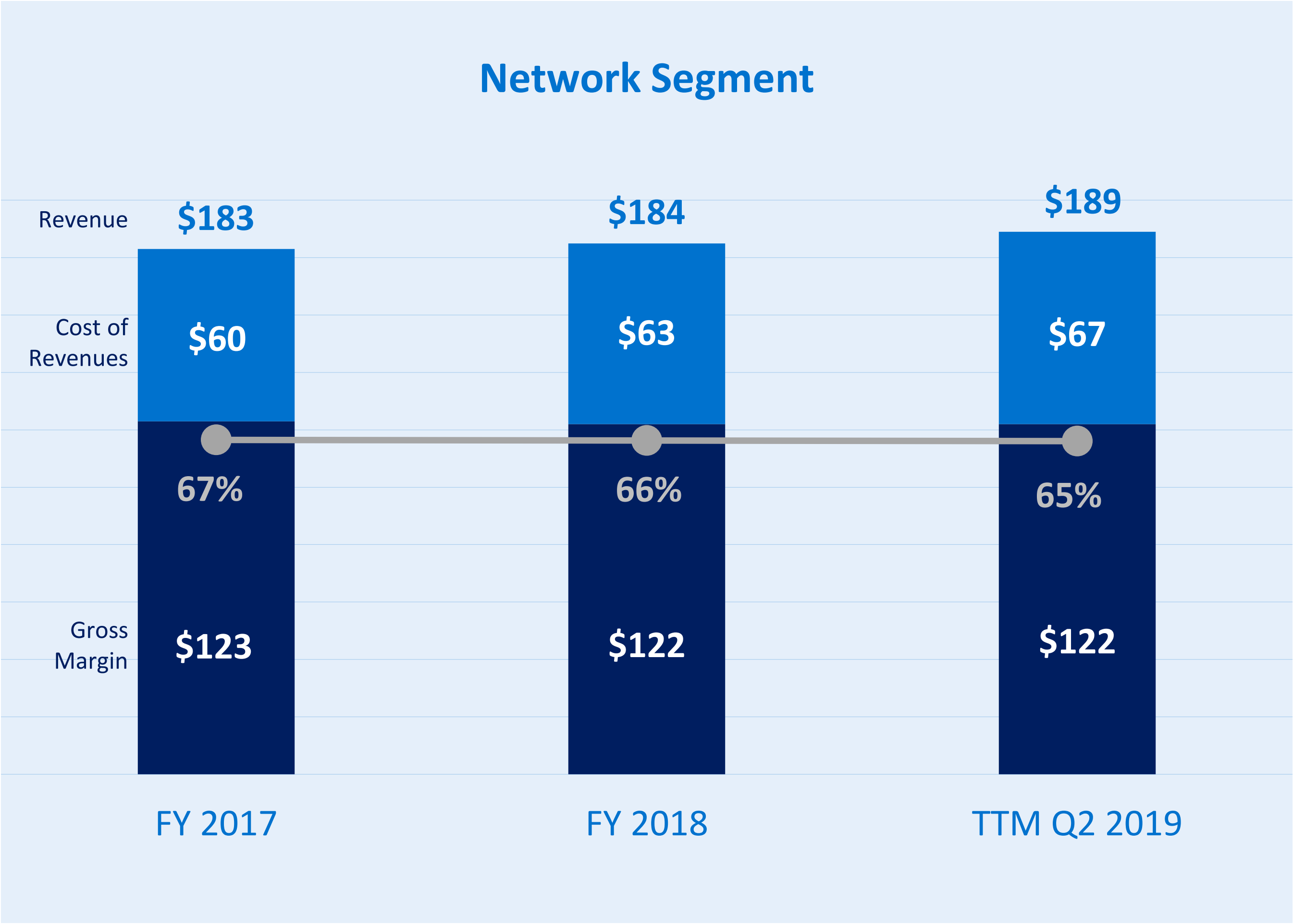
Strength of the China Business

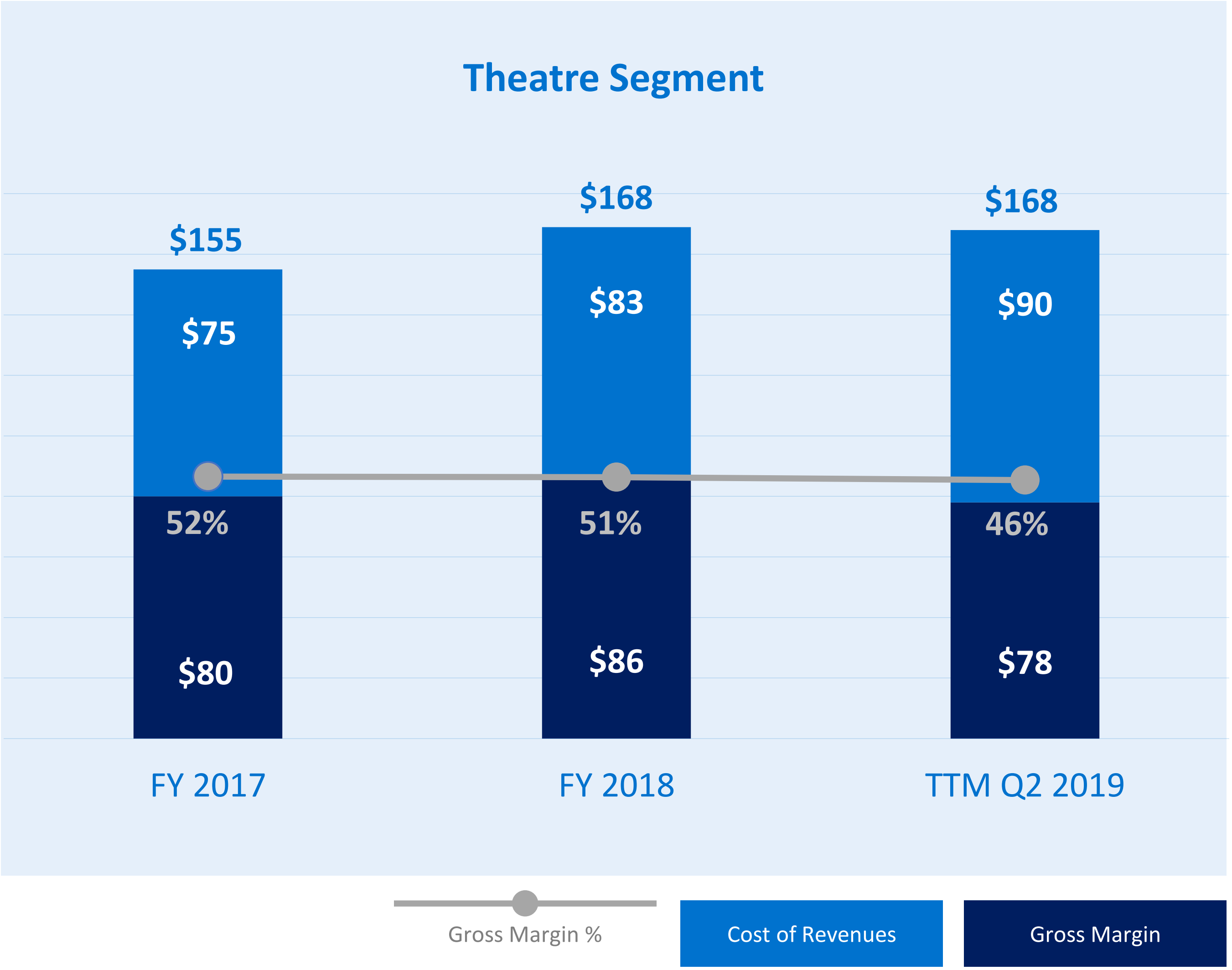
- The premium offering and record performance across key metrics
- Strong 2019 slate driving box office growth
- Focus on capital efficient expansion – CGV deal
- Strategic relationship with Maoyan

Strong Business Attributes

Our Primary Segments

$ in Millions



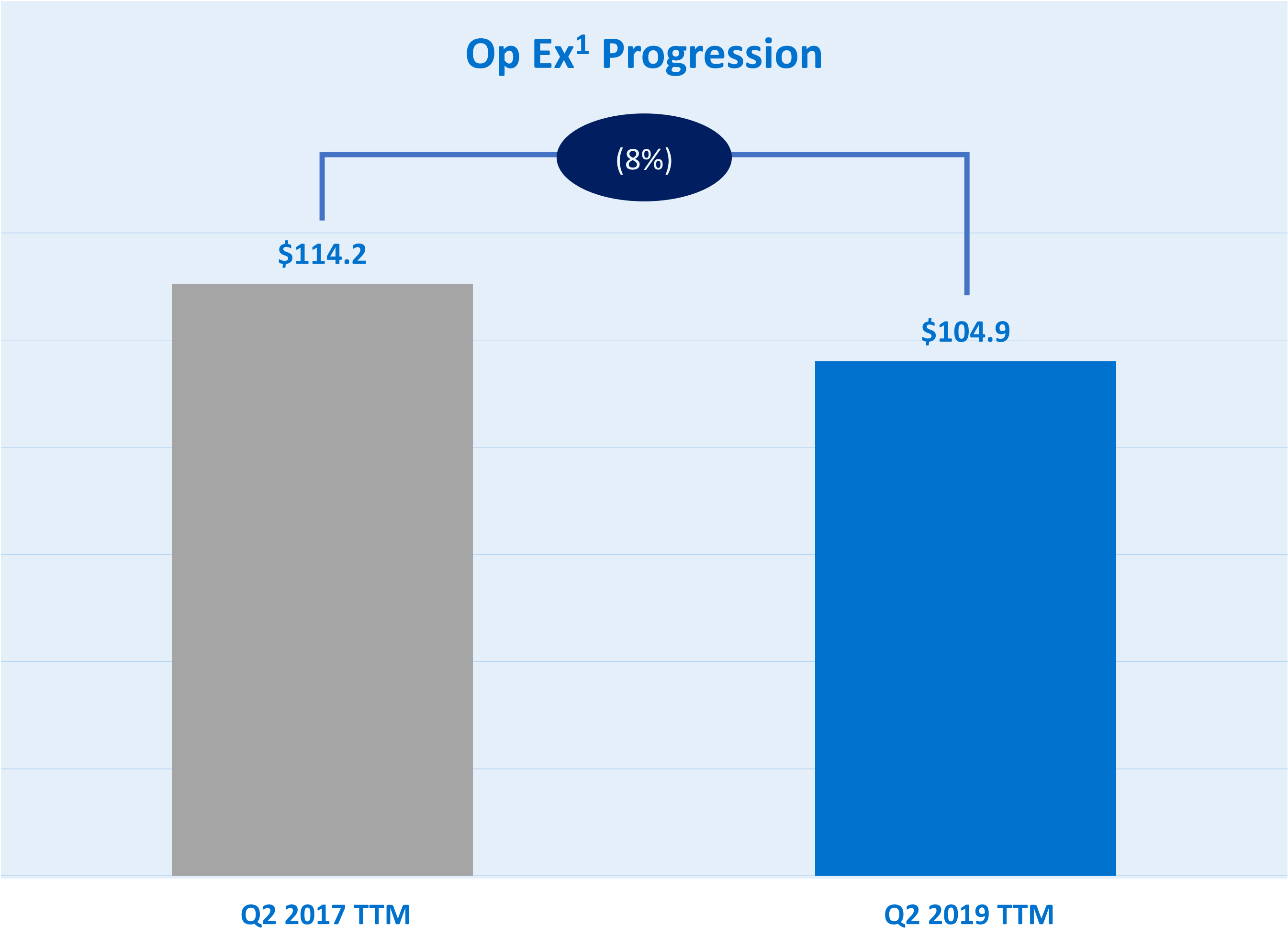


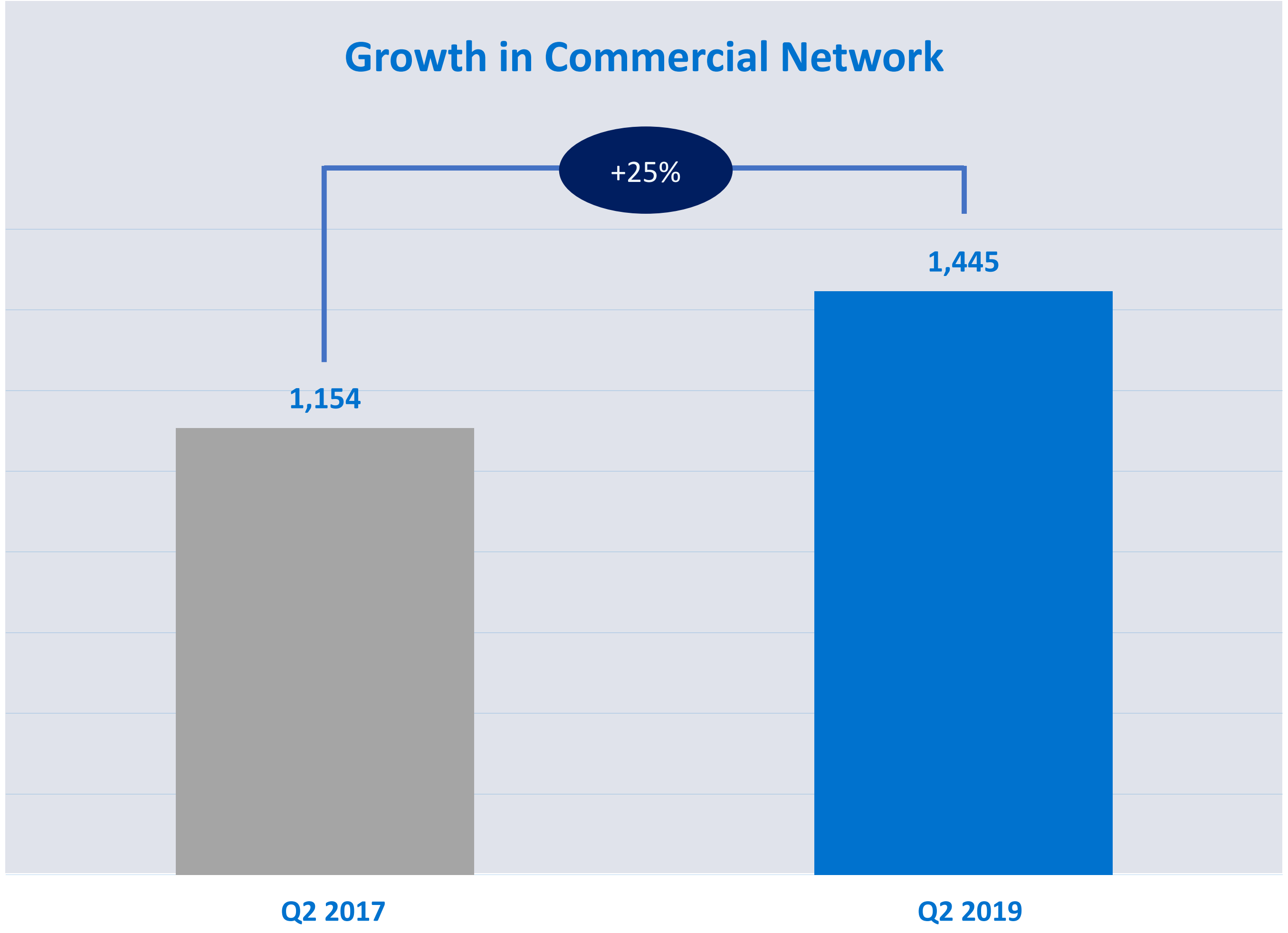
Source: Company Data

Op Ex[1] Down While Commercial Network has Grown 25%; Marketing Investments Reinforce Our Position in the Ecosystem and the IMAX Experience®

Disciplined Cost Management While Growing the Network

$ in Millions



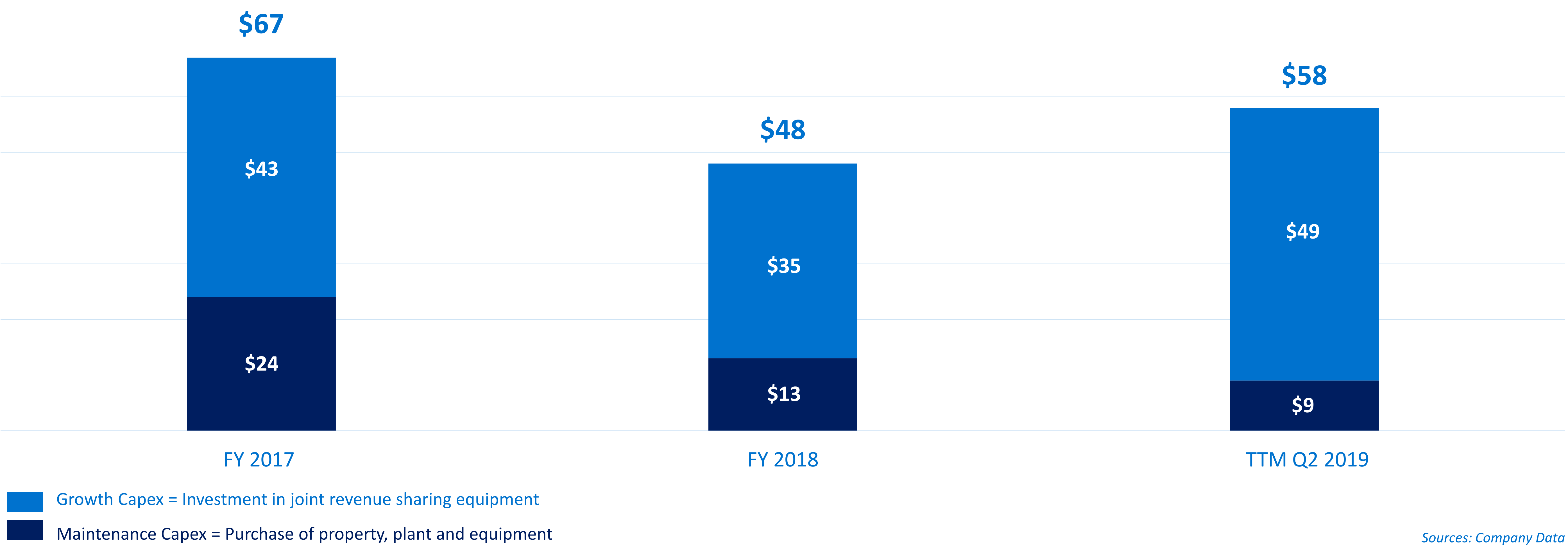


[1] Operating expenses defined as selling, general and administrative expenses, less stock-based compensation, plus R+D costs.

Source: Company Data

Op Ex[1] Down While Commercial Network has Grown 25%; Marketing Investments Reinforce Our Position in the Ecosystem and the IMAX Experience®

Capex – Growth vs. Maintenance



Sources: Company Data

Growth Capex Drives Increased Box Office from Exhibitors over Long-Term

Capital & Liquidity

$ in Millions

		As of June 30, 2019
Cash & Cash Equivalents		**$106.5**
Cash & Cash Equivalents in PRC	$64.9	
Revolver Facility (Due June 2023) [1]		**$300.0**
Facility Utilized	$25.0 [2]	
Available Facility		**$275.0**
Total Available Liquidity		**$381.5**

- Repurchased 88 thousand shares at avg. price of $19.45 for a total of $1.7 million
- IMAX China actively repurchasing shares which accretes to our earnings; paying IMAX Corp. $5 million in dividends for six months ended 6/30/19
- Cash generation improving
- No change in approach to capital deployment

[1] Does not include uncommitted accordion feature which would allow Company to expand borrowing capacity to a total of $440 million.
[2] Does not include the impact of $2.0 million of deferred financing fees.

Source: Company Data

Strong Balance Sheet Provides Flexibility; Key Point of Differentiation of our Model

IMAX FY 2019 Guidance as of July 30, 2019[1]

$ in Millions

Metric	FY 2018 Actuals	FY 2019 Guidance
Global Box Office	$1,032.1	Low Double-Digit Growth vs. 2018
Operating Expenses [2]	$110.7	In-Line with 2018
Stock-Based Compensation	$20.1	~$22.5
Effective Tax Rate	21.8%	~23%
Adjusted EBITDA Margin (%)	39.6%	41% - 42%
Total Theatre Installs	172	185 – 190
New System Installs	*149*	*140 – 145*
Upgrades to IMAX With Laser	*23*	*~45*
Total Theatres Equipped with IMAX Laser	37	~140

[1] The forward-looking statements herein are made as of July 30th, 2019. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

[2] Operating expenses defined as selling, general and administrative expenses, less stock-based compensation, plus R+D costs.

Source: Company Data

Affirming FY 2019 Guidance; Delivering on our Commitments

The Path to Growth

Strong foundation set by strategic actions taken in 2017

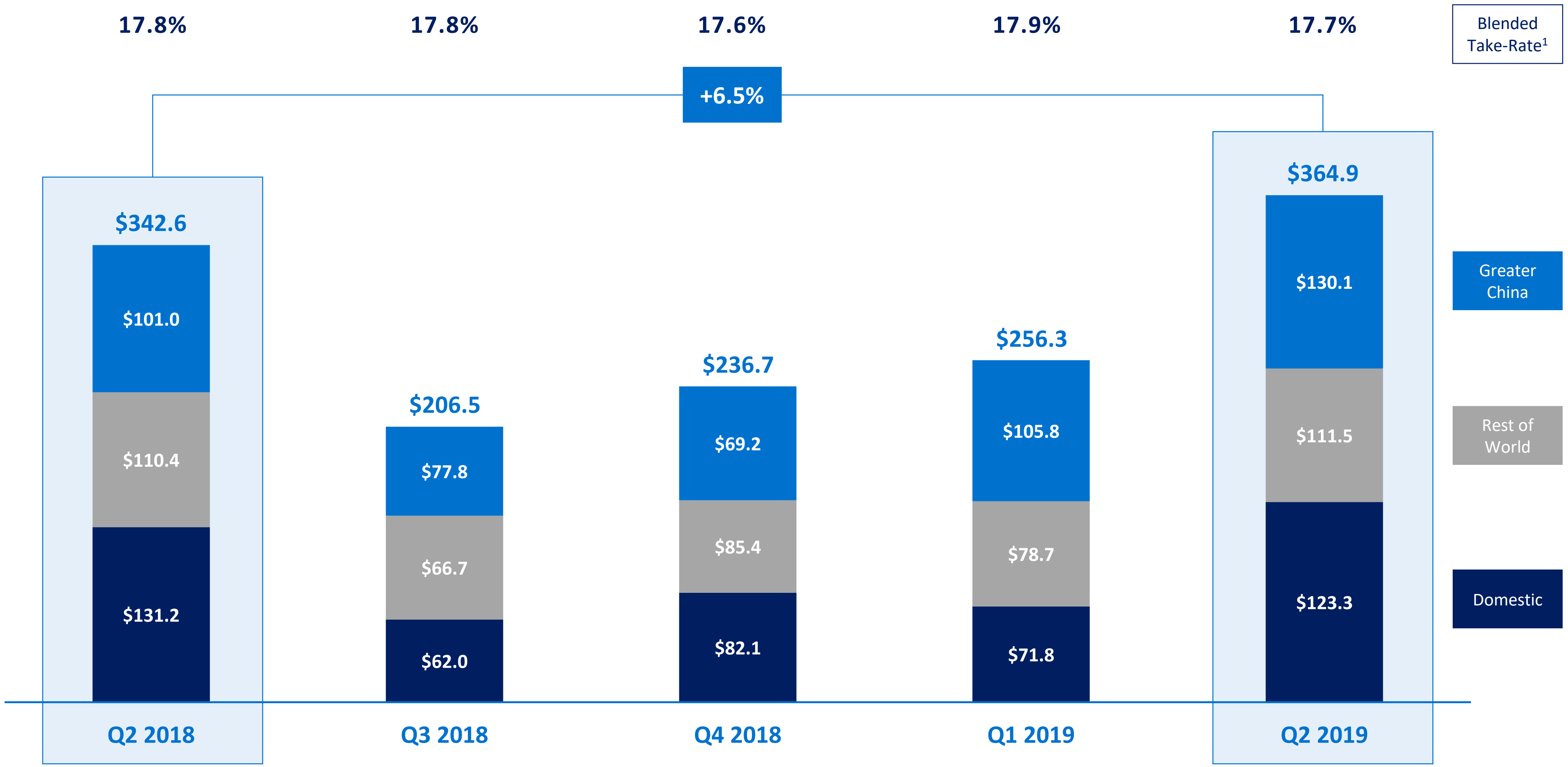
The Key Drivers of Our Model

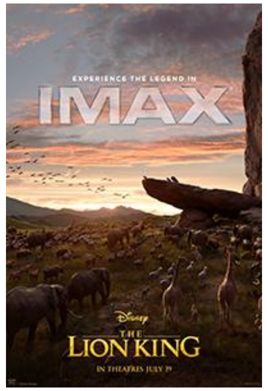
Q&A

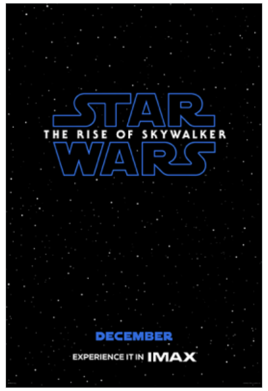
Appendix

Global Box Office & Take-Rate[1]

$ in Millions





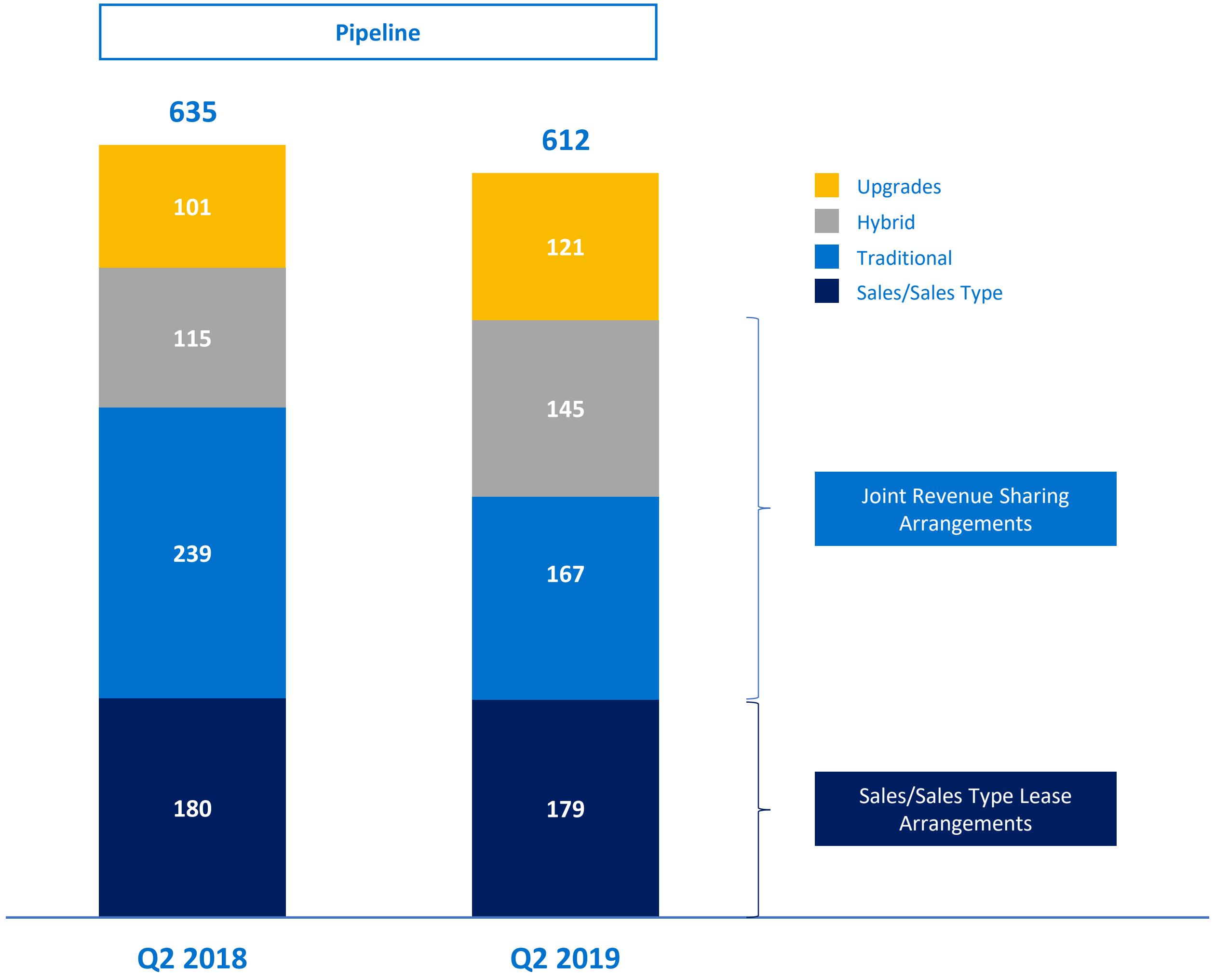


[1] Blended take-rate defined as total Network business revenue divided by global box office.

Source: Company Data

Strength in Box Office Driven by Strong Film Slate and Expanding Network

Network Update – IMAX Systems Pipeline



	Q2 2019	
	Signings	**Installations**
Sales and STL	7	9
JRSA	2	13
Hybrid JRSA	45	5
Total New	**54**	**27**
Upgrades	19	8
Total Theatres	**73**	**35**

Source: Company Data

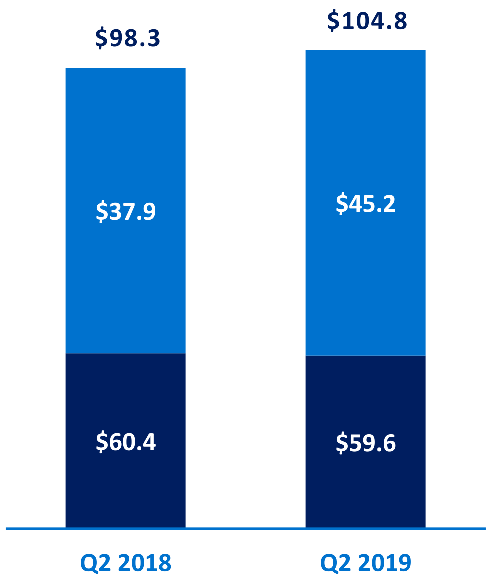
Continued Strong Demand for IMAX Systems; High Visibility into Multi-Year Growth

Q2 2019 Financial Summary

$ in Millions, Except EPS Data

Revenue / Gross Margin

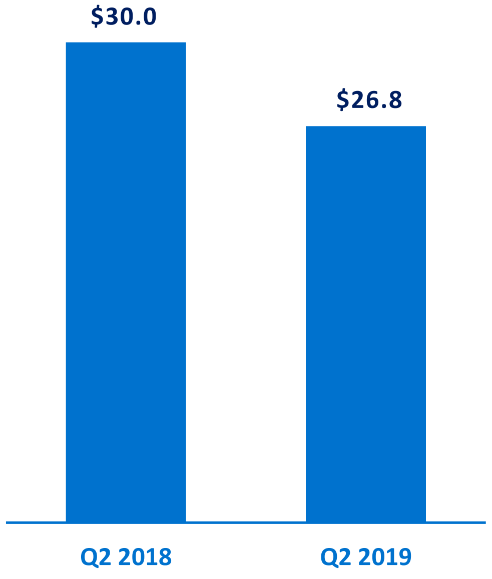
Revenue +6.6%



Cost of Revenues
Gross Margin

Operating Expenses [1]

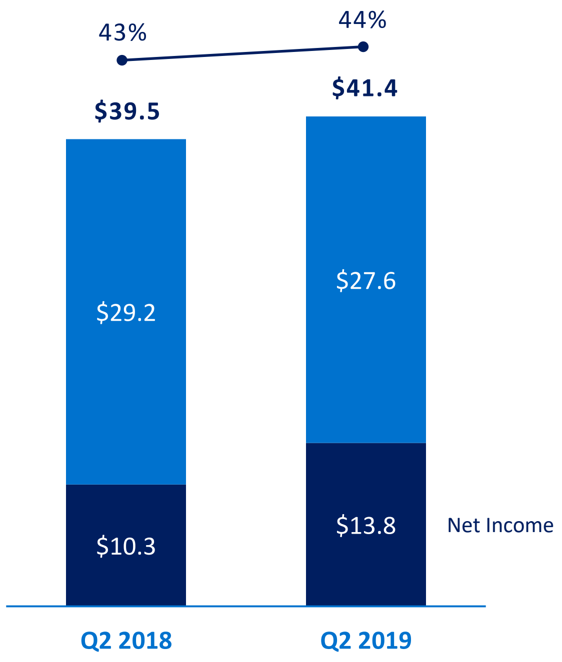
Operating Expenses (10.9%)



[1] Operating expenses defined as selling, general and administrative expenses, less stock-based compensation, plus R+D costs.

Earnings

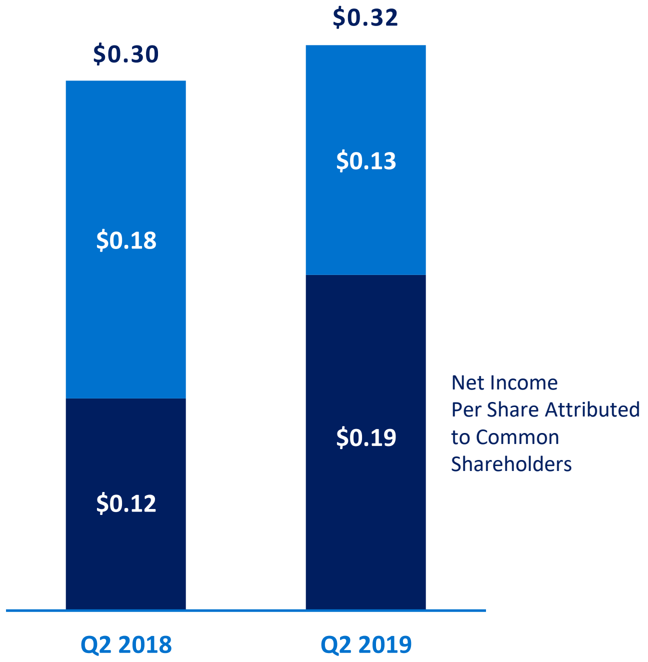
Adj. EBITDA +4.8%



Adj. EBITDA Margin (%)
Reflects the add back/reduction of items consistent with our definition of adjusted EBITDA.

Earnings Per Share

Adj. EPS +6.7%



Reflects the per diluted share addback/reduction of items consistent with our definition of adjusted EPS.

Source: Company Data

Solid Operating Results and Cost Discipline

Q2 2019 Non-GAAP Financial Reconciliation — Adjusted Earnings Per Share

(In thousands of U.S. dollars, except per share amounts)	Quarter Ended June 30,			
	2019		2018	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Reported net income	$ 13,836	$ 0.22	$ 10,255	$ 0.16
Adjustments:				
Stock-based compensation	7,027	0.11	6,756	0.10
Exit costs, restructuring charges and associated impairments	-	-	456	0.01
Legal arbitration award	-	-	7,500	0.12
Change in fair value of equity investment	4,544	0.07	-	-
Tax impact on items listed above	(1,655)	(0.02)	(3,228)	(0.05)
Adjusted net income	23,752	0.38	21,739	0.34
Net income attributable to non-controlling interests[(1)]	(2,439)	(0.04)	(2,630)	(0.04)
Stock-based compensation (net of tax of less than $0.1 million and less than $0.1 million, respectively)[(1)]	(177)	-	(147)	-
Change in fair value of equity investment[(1)]	(1,443)	(0.02)	-	-
Adjusted net income attributable to common shareholders	$ 19,693	$ 0.32	$ 18,962	$ 0.30
Weighted average diluted shares outstanding		61,507		63,426

YTD Q2 2019 Non-GAAP Financial Reconciliation — Adjusted Earnings Per Share

(In thousands of U.S. dollars, except per share amounts)	Six Months Ended June 30, 2019 Net Income	2019 Diluted EPS	2018 Net Income	2018 Diluted EPS
Reported net income	$ 26,323	$ 0.43	$ 22,322	$ 0.35
Adjustments:				
Stock-based compensation	11,389	0.19	11,603	0.18
Exit costs, restructuring charges and associated impairments	850	0.01	1,158	0.02
Legal arbitration award	-	-	7,500	0.12
Change in fair value of equity investment	2,053	0.03	-	-
Tax impact on items listed above	(2,535)	(0.04)	(3,787)	(0.06
Adjusted net income	38,080	0.62	38,796	0.61
Net income attributable to non-controlling interests(1)	(6,661)	(0.12)	(6,192)	(0.10
Stock-based compensation (net of tax of $0.1 million and $0.1 million, respectively) (1)	(262)	-	(204)	-
Change in fair value of equity investment(1)	(652)	(0.01)	-	-
Adjusted net income attributable to common shareholders	$ 30,505	$ 0.49	$ 32,400	$ 0.51
Weighted average diluted shares outstanding		61,525		64,006

(1) Reflects amounts attributable to non-controlling interests.

FY 2018 & 2017 Non-GAAP Financial Reconciliation — Adjusted Earnings Per Share

	Year Ended December 31,			
	2018		2017	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Reported net income	$ 33,595	$ 0.53	$ 12,518	$ 0.19
Adjustments:				
Stock-based compensation	22,211	0.35	22,653	0.35
Exit costs, restructuring charges and associated impairments	9,542	0.15	16,174	0.25
Legal arbitration award	11,737	0.19	-	-
Executive transition costs	2,994	0.05	-	-
Tax impact on items listed above	(9,873)	(0.16)	(9,218)	(0.14)
Impact of enactment of U.S. Tax Act	-	-	9,323	0.14
Adjusted net income	70,206	1.11	51,450	0.79
Net income attributable to non-controlling interests (1)	(10,751)	(0.17)	(10,174)	(0.16)
Stock-based compensation (net of tax of $0.1 million, and $0.2 million, respectively) (1)	(394)	(0.01)	(620)	(0.01)
Exit costs, restructuring charges and associated impairments (net of tax of $0.4 million and $0.1 million, respectively) (1)	(1,262)	(0.02)	(181)	-
Adjusted net income attributable to common shareholders	$ 57,799	$ 0.91	$ 40,475	$ 0.62
Weighted average diluted shares outstanding		63,207		65,540

(1) Reflects amounts attributable to non-controlling interests.

Q2 2019 Non-GAAP Financial Reconciliation — Adjusted EBITDA

(In thousands of U.S. Dollars)	For the 3 Months Ended June 30, 2019	For the 12 Months Ended June 30, 2019 [1]
Net income	$ 13,836	$ 37,596
Add (subtract):		
Provision for income taxes	5,308	10,386
Interest expense, net of interest income	64	392
Depreciation and amortization, including film asset amortization	15,593	59,207
EBITDA	$ 34,801	$ 107,581
Stock and other non-cash compensation	7,186	23,513
Change in fair value of equity investment	4,544	2,053
Write-downs, net of recoveries including asset impairments and receivable provisions	1,169	5,518
Exit costs, restructuring charges and associated impairments	-	9,234
Legal arbitration award	-	4,237
Executive transition costs	-	2,994
Loss from equity accounted investments	138	409
Adjusted EBITDA before non-controlling interests	$ 47,838	$ 155,539
Adjusted EBITDA attributable to non-controlling interests[2]	(6,418)	(23,398)
Adjusted EBITDA per Credit Facility	$ 41,420	$ 132,141
Adjusted revenues attributable to common shareholders [3]	$ 94,581	$ 336,162
Adjusted EBITDA margin	43.8 %	39.3 %

(1) Senior Secured Net Leverage Ratio calculated using twelve months ended Adjusted EBITDA per Credit Facility.

(2) The Adjusted EBITDA per Credit Facility calculation specified for purpose of the minimum Adjusted EBITDA covenant excludes the reduction in Adjusted EBITDA from the Company's non-controlling interests.

(3)

	3 months ended June 30, 2019		12 months ended June 30, 2019	
Total revenues		$ 104,797		$ 376,067
Greater China revenues	$ 32,575		$ 125,289	
Non-controlling interest ownership percentage[4]	31.36%		31.85%	
Deduction for non-controlling interest share of revenues		(10,216)		(39,905)
Adjusted revenues attributable to common shareholders		$ 94,581		$ 336,162

(4) Weighted average ownership percentage for change in non-controlling interest share

FY 2018 & 2017 Non-GAAP Financial Reconciliation – Adjusted EBITDA

(In thousands of U.S. Dollars)	Quarter Ended December 31, 2018	Year Ended December 31, 2018 [1]	Year Ended December 31, 2017
Net income	$ 3,771	$ 33,595	$ 12,518
Add (subtract):			
Provision for income taxes	(22)	9,518	16,790
Interest expense, net of interest income	(110)	1,072	915
Depreciation and amortization, including film asset amortization[1]	15,453	57,437	66,245
EBITDA	19,092	101,622	96,468
Stock and other non-cash compensation	5,483	23,723	23,718
Write-downs, net of recoveries including asset impairments and receivable provisions[1]	2,797	5,338	24,015
Exit costs, restructuring charges and associated impairments	8,384	9,542	16,174
Legal arbitration award	4,237	11,737	-
Executive transition costs	2,994	2,994	-
(Gain) loss from equity accounted investments	(15)	492	703
Adjusted EBITDA before non-controlling interests	42,972	155,448	161,078
Adjusted EBITDA attributable to non-controlling interests[2]	(6,593)	(22,220)	(22,927)
Adjusted EBITDA per Credit Facility	$ 36,379	$ 133,228	$ 138,151 *
Adjusted EBITDA per Credit Facility, excluding impact from *"Marvel's Inhumans"*	$ 36,379	$ 133,228	$ 126,158 *
Adjusted revenues attributable to common shareholders	$ 97,573	$ 336,723	$ 340,460
Adjusted EBITDA margin, excluding impact from *"Marvel's Inhumans"*	37.3 %	39.6 %	37.1 %

* Adjusted EBITDA per Credit Facility of $138.2 million includes the impact of the Company's investment in *"Marvel's Inhumans"*, which resulted in a $13.0 million loss. However, as permitted by the Credit Facility, this loss was offset by addbacks of $13.3 million and $11.7 million for amortization and impairment charges, respectively, relating to the investment, the net effect of which was to increase Adjusted EBITDA per Credit Facility by $12.0 million. This investment represents the Company's first foray into a commercial television property, and therefore the Adjusted EBITDA per Credit Facility metric presented above may not be reflective of the Company's typical operational activity. Further, the Company does not yet know whether it will make similar investments in the future. As a result, the Company is also presenting Adjusted EBITDA per Credit Facility excluding the impact of *"Marvel's Inhumans"* to better facilitate comparisons to prior and future periods.

(1) Senior Secured Net Leverage Ratio calculated using twelve months ended Adjusted EBITDA per Credit Facility.
(2) The Adjusted EBITDA per Credit Facility calculation includes the reduction in Adjusted EBITDA per Credit Facility from the Company's non-controlling interests.

(3)

	Quarter Ended December 31, 2018		Year Ended December 31, 2018		Year Ended December 31, 2017	
Total revenues		$ 108,964		$ 374,401		$ 380,767
Greater China revenues	$ 35,553		$ 117,520		$ 126,474	
Non-controlling interest ownership percentage[4]	32.04%		32.06%		31.87%	
Deduction for non-controlling interest share		(11,391)		(37,678)		(40,307)
Adjusted revenues attributable to common shareholders		$ 97,573		$ 336,723		$ 340,460

(4) Weighted average ownership percentage for change in non-controlling interest share

Q2 2019 Non-GAAP Financial Reconciliation – Free Cash Flow

(In thousands of U.S. Dollars)	For the Three months ended June 30, 2019	For the Six months ended June 30, 2019
Net cash provided by operating activities	$ 49,186	$ 48,517
Net cash used in investing activities	(15,038)	(42,684)
Net free cash flow	$ 34,148	$ 5,833

FY 2018 & 2017 Non-GAAP Financial Reconciliation – Free Cash Flow

(In thousands of U.S. Dollars)	For the 3 months ended December 31, 2018	For the 12 months ended December 31, 2018
Net cash provided by operating activities	$ 41,902	$ 109,972
Net cash used in investing activities	(23,599)	(56,874)
Free cash flow	$ 18,303	$ 53,098

(In thousands of U.S. Dollars)	For the Three months ended December 31, 2017	For the Twelve months ended December 31, 2017
Net cash provided by operating activities	$ 21,947	$ 85,366
Net cash used in investing activities	(16,264)	(73,597)
Free cash flow	$ 5,683	$ 11,769

YTD Q2 2018 Non-GAAP Financial Reconciliation – Free Cash Flow

(In thousands of U.S. Dollars)	For the Three months ended June 30, 2018	For the Six months ended June 30, 2018
Net cash provided by operating activities	$ 31,191	$ 46,654
Net cash used in investing activities	(6,839)	(18,792)
Free cash flow	$ 24,352	$ 27,862

Use of Non-GAAP Financial Measures

In this presentation, the Company presents adjusted net income, adjusted net income per diluted share, adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share, EBITDA and adjusted EBITDA per Credit Facility and free cash flow as supplemental measures of performance of the Company, which are not recognized under U.S. GAAP. The Company presents adjusted net income and adjusted net income per diluted share because it believes that they are important supplemental measures of its comparable controllable operating performance and it wants to ensure that its investors fully understand the impact of its stock-based compensation (net of any related tax impact) and non-recurring charges on net income. In addition, the Company presents adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share because it believes that they are important supplemental measures of its comparable financial results and could potentially distort the analysis of trends in business performance and it wants to ensure that its investors fully understand the impact of net income attributable to non-controlling interests and its stock-based compensation (net of any related tax impact) and non-recurring charges in determining net income attributable to common shareholders. Management uses these measures to review operating performance on a comparable basis from period to period. However, these non-GAAP measures may not be comparable to similarly titled amounts reported by other companies. Adjusted net income, adjusted net income per diluted share, adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share should be considered in addition to, and not as a substitute for, net income and net income attributable to common shareholders and other measures of financial performance reported in accordance with U.S. GAAP.

The Company is required to maintain a minimum level of "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 the credit agreement includes additional adjustments beyond interest, taxes, depreciation and amortization). EBITDA and Adjusted EBITDA per Credit Facility (each as defined below) should not be construed as substitutes for net income or as better measures of liquidity as determined in accordance with U.S. GAAP.
The Company believes that EBITDA and Adjusted EBITDA per Credit Facility are relevant and useful information widely used by analysts, investors and other interested parties
in the Company's industry.

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 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 at the end of this investor presentation.

Primary Reporting Groups

The Company has four primary reporting groups identified by nature of product sold or service provided: (1) Network Business, representing variable revenue generated by box-office results and which includes the reportable segments of IMAX DMR and contingent rent from the JRSAs and IMAX systems segments; (2) Theater Business, representing revenue generated by the sale and installation of theater systems and maintenance services, primarily related to the IMAX Systems and Theater System Maintenance reportable segments, and also includes fixed hybrid revenues and upfront installation costs from the JRSA segment; (3) New Business, which includes home entertainment, and other new business initiatives that are in the development, start-up and/or wind-up phases, and (4) Other; which includes the film post-production and distribution segments and certain IMAX theaters that the Company owns and operates, camera rentals and other miscellaneous items.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