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IMAX CHINA HOLDING, INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1970)

INSIDE INFORMATION OUR CONTROLLING SHAREHOLDER IMAX CORPORATION

RELEASED ITS FIRST QUARTER 2024 FINANCIAL RESULTS AND QUARTERLY REPORT FOR THE QUARTER ENDED 31 MARCH 2024

This is an announcement made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our controlling shareholder, IMAX Corporation has, on 25 April 2024 (New York time), announced its first quarter 2024 financial results, and on 25 April 2024 (New York time) released its quarterly report for the quarter ended 31 March 2024.

This is an announcement made by IMAX China Holding, Inc. (“**we**” or “**IMAX China**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKSE**”).

IMAX China’s controlling shareholder, IMAX Corporation, is a company listed on the New York Stock Exchange in the United States. As of the date of this announcement, IMAX Corporation beneficially owns approximately 71.52% of the issued share capital of IMAX China.

On 25 April 2024 (New York time), IMAX Corporation made an announcement regarding its unaudited results for the fiscal quarter ended 31 March 2024 (the “**Earnings Release**”). If you wish to review the Earnings Release, please visit: <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000921582/000095017024047922/imax-20240425.htm>. Unless otherwise provided therein, all dollar amounts in the Earnings Release are denominated in U.S. dollars.

On 25 April 2024 (New York time), IMAX Corporation filed its unaudited quarterly report on the Form 10-Q for the fiscal quarter ended 31 March 2024 (the “**Quarterly Report**”) with the United States Securities and Exchange Commission (the “**SEC**”), in accordance with the ongoing disclosure obligations applicable to the companies listed on the New York Stock Exchange. If

you wish to review the Quarterly Report as filed with the SEC, please visit: <https://www.sec.gov/ix?doc=/Archives/edgar/data/0000921582/000095017024047943/imax-20240331.htm>. Unless otherwise provided therein, all dollar amounts in the Quarterly Report are denominated in United States dollars.

The financial information disclosed in the Earnings Release, the unaudited condensed consolidated financial results contained in the Quarterly Report and the financial information included in this announcement have been prepared in accordance with the Generally Accepted Accounting Principles of the United States. They are different from the International Financial Reporting Standards, which is the standard employed by IMAX China as a company listed on the Main Board of the HKSE for preparing and presenting financial information. As such, financial information of IMAX China in the Earnings Release and in the Quarterly Report are not directly comparable to the financial results reported directly by IMAX China in its filings with the HKSE.

The Earnings Release and Quarterly Report include certain quarterly financial information and operating statistics regarding the Company. To ensure that all shareholders of, and potential investors in, our Company have equal and timely access to the information pertaining to our Company, we have provided links to the Earnings Release and Quarterly Report above. We have also set forth below key highlights of the Quarterly Report that relate to our Company, some of which may constitute material inside information about our Company.

IMAX CORPORATION

PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

IMAX CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. Dollars, except share amounts)

(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 81,017	\$ 76,200
Accounts receivable, net of allowance for credit losses	140,579	136,259
Financing receivables, net of allowance for credit losses	125,614	127,154
Variable consideration receivables, net of allowance for credit losses	64,503	64,338
Inventories	36,153	31,584
Prepaid expenses	12,711	12,345
Film assets, net of accumulated amortization	8,050	6,786
Property, plant and equipment, net of accumulated depreciation	240,450	243,299
Other assets	19,634	20,879
Deferred income tax assets, net of valuation allowance	7,712	7,988
Goodwill	52,815	52,815
Other intangible assets, net of accumulated amortization	34,902	35,022
Total assets	\$ 824,140	\$ 814,669
Liabilities		
Accounts payable	\$ 18,734	\$ 26,386
Accrued and other liabilities	101,038	111,013
Deferred revenue	60,999	67,105
Revolving credit facility borrowings, net of unamortized debt issuance costs	68,034	22,924
Convertible notes and other borrowings, net of unamortized discounts and debt issuance costs	229,435	229,131
Deferred income tax liabilities	12,521	12,521
Total liabilities	490,761	469,080

	March 31, 2024	December 31, 2023
Commitments, contingencies and guarantees (see Note 7)		
Non-controlling interests	<u>649</u>	<u>658</u>
Shareholders' equity		
Capital stock common shares — no par value. Authorized — unlimited number. 52,622,200 issued and outstanding (December 31, 2023 — 53,260,276 issued and outstanding)	393,597	389,048
Other equity	171,877	185,087
Statutory surplus reserve	3,932	3,932
Accumulated deficit	(297,284)	(292,845)
Accumulated other comprehensive loss	<u>(13,320)</u>	<u>(12,081)</u>
Total shareholders' equity attributable to common shareholders	258,802	273,141
Non-controlling interests	<u>73,928</u>	<u>71,790</u>
Total shareholders' equity	<u>332,730</u>	<u>344,931</u>
Total liabilities and shareholders' equity	<u>\$ 824,140</u>	<u>\$ 814,669</u>

(See the accompanying notes, which are an integral part of these Condensed Consolidated Financial Statements.)

IMAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of U.S. Dollars, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Revenues		
Technology sales	\$ 7,904	\$ 17,822
Image enhancement and maintenance services	50,348	47,127
Technology rentals	18,601	20,058
Finance income	2,270	1,939
	<u>79,123</u>	<u>86,946</u>
Costs and expenses applicable to revenues		
Technology sales	4,767	7,232
Image enhancement and maintenance services	21,195	23,085
Technology rentals	6,272	6,578
	<u>32,234</u>	<u>36,895</u>
Gross margin	46,889	50,051
Selling, general and administrative expenses	31,257	34,148
Research and development	2,187	1,855
Amortization of intangible assets	1,343	1,074
Credit loss expense, net	35	220
Restructuring and executive transition costs	-	1,353
	<u>12,067</u>	<u>11,401</u>
Income from operations	12,067	11,401
Realized and unrealized investment gains	30	44
Retirement benefits non-service expense	(107)	(77)
Interest income	534	407
Interest expense	(1,945)	(1,767)
	<u>10,579</u>	<u>10,008</u>
Income before taxes	10,579	10,008
Income tax expense	(5,159)	(4,885)
	<u>5,420</u>	<u>5,123</u>
Net income	5,420	5,123
Net income attributable to non-controlling interests	(2,146)	(2,669)
	<u>3,274</u>	<u>2,454</u>
Net income attributable to common shareholders	\$ 3,274	\$ 2,454
Net income per share attributable to common shareholders:		
Basic	\$ 0.06	\$ 0.05
Diluted	\$ 0.06	\$ 0.04
Weighted average shares outstanding (in thousands):		
Basic	<u>52,501</u>	<u>54,064</u>
Diluted	<u>53,406</u>	<u>54,991</u>

(See the accompanying notes, which are an integral part of these Condensed Consolidated Financial Statements.)

IMAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME

(In thousands of U.S. Dollars)

(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Net income	\$ 5,420	\$ 5,123
Other comprehensive (loss) income, before tax		
Unrealized net (loss) gain from cash flow hedging instruments	(916)	134
Realized net loss from cash flow hedging instruments	11	339
Foreign currency translation adjustments	(542)	2,440
Defined benefit and postretirement benefit plans	(249)	(176)
	<hr/>	<hr/>
Total other comprehensive (loss) income, before tax	(1,696)	2,737
Income tax benefit (expense) related to other comprehensive (loss) income	303	(78)
	<hr/>	<hr/>
Other comprehensive (loss) income, net of tax	(1,393)	2,659
	<hr/>	<hr/>
Comprehensive income	4,027	7,782
Comprehensive income attributable to non-controlling interests	(1,992)	(3,358)
	<hr/>	<hr/>
Comprehensive income attributable to common shareholders	\$ 2,035	\$ 4,424

(See the accompanying notes, which are an integral part of these Condensed Consolidated Financial Statements.)

IMAX CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. Dollars)

(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Operating Activities		
Net income	\$ 5,420	\$ 5,123
Adjustments to reconcile net income to cash (used in) provided by operating activities:		
Depreciation and amortization	15,164	13,320
Amortization of deferred financing costs	492	625
Credit loss expense, net	35	220
Write-downs, including asset impairments	109	304
Deferred income tax expense (benefit)	571	(193)
Share-based and other non-cash compensation	4,783	5,135
Unrealized foreign currency exchange loss (gain)	33	(78)
Realized and unrealized investment gains	(30)	(44)
Changes in assets and liabilities:		
Accounts receivable	(4,502)	12,374
Inventories	(4,672)	(5,946)
Film assets	(4,912)	(3,884)
Deferred revenue	(6,075)	2,606
Changes in other operating assets and liabilities	(17,384)	(8,344)
Net cash (used in) provided by operating activities	(10,968)	21,218
Investing Activities		
Purchase of property, plant and equipment	(1,104)	(364)
Investment in equipment for joint revenue sharing arrangements	(4,442)	(2,157)
Acquisition of other intangible assets	(1,594)	(1,760)
Net cash used in investing activities	(7,140)	(4,281)

	Three Months Ended	
	March 31,	
	2024	2023
Financing Activities		
Revolving credit facility borrowings	45,000	25,717
Repayments of revolving credit facility borrowings	–	(31,180)
Other borrowings	–	315
Repayment of other borrowings	(156)	–
Repurchase of common shares	(17,856)	(3,656)
Taxes withheld and paid on employee stock awards vested	(4,194)	(6,233)
	<hr/>	<hr/>
Net cash provided by (used in) financing activities	22,794	(15,037)
	<hr/>	<hr/>
Effects of exchange rate changes on cash	131	(55)
	<hr/>	<hr/>
Increase in cash and cash equivalents during period	4,817	1,845
	<hr/>	<hr/>
Cash and cash equivalents, beginning of period	76,200	97,401
	<hr/>	<hr/>
Cash and cash equivalents, end of period	\$ 81,017	\$ 99,246
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(See the accompanying notes, which are an integral part of these Condensed Consolidated Financial Statements.)

IMAX CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Tabular amounts in thousands of U.S. Dollars, unless otherwise stated)

(Unaudited)

1. Basis of Presentation

Accounting Principles

IMAX Corporation, together with its consolidated subsidiaries (the “**Company**” or “**IMAX**”), prepares its financial statements in accordance with United States Generally Accepted Accounting Principles (“**U.S. GAAP**”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “**SEC**”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted from this report, as is permitted by such rules and regulations. In the Company’s opinion, the unaudited Condensed Consolidated Financial Statements reflect all adjustments of a normal recurring nature that are necessary for a fair statement of the results for the interim periods presented. The Condensed Consolidated Balance Sheet at December 31, 2023 was derived from the Company’s audited annual Consolidated Financial Statements, but does not contain all of the footnote disclosures included in the annual financial statements. The interim results presented in the Company’s Condensed Consolidated Statements of Operations are not necessarily indicative of results for a full year.

These Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company’s 2023 Annual Report on Form 10-K (the “**2023 Form 10-K**”), which should be consulted for a summary of the significant accounting policies utilized by the Company. These Condensed Consolidated Financial Statements are prepared following the same accounting policies disclosed in the 2023 Form 10-K.

Principles of Consolidation

These Condensed Consolidated Financial Statements include the accounts of IMAX Corporation together with its consolidated subsidiaries, except for subsidiaries which have been identified as variable interest entities (“**VIEs**”) where the Company is not the primary beneficiary. All intercompany accounts and transactions have been eliminated. The Company has evaluated its various variable interests to determine whether they are VIEs as required by U.S. GAAP.

Estimates and Assumptions

In preparing the Company's Condensed Consolidated Financial Statements, management makes judgments in applying various accounting policies. The areas of policy judgment are consistent with those reported in Note 2(b) of the Company's audited Consolidated Financial Statements included in its 2023 Form 10-K. Management also considers that its determination of operating and reporting segments represents an area of judgment, and has made this conclusion on the basis of what comprises the discrete financial information produced, but not provided to or used by its Chief Operating Decision Maker ("CODM") to carry out this function. In addition, management makes assumptions about the Company's future operating results and cash flows in deriving critical accounting estimates used in preparing the Condensed Consolidated Financial Statements. The significant estimates made by management include, but are not limited to: (i) the allocation of the transaction price in an IMAX System arrangement to distinct performance obligations; (ii) the amount of variable consideration to be earned on sales of IMAX Systems based on projections of future box office performance; (iii) expected credit losses on accounts receivable, financing receivables, and variable consideration receivables; (iv) provisions for the write-down of excess and obsolete inventory; (v) the fair values of the reporting units used in assessing the recoverability of goodwill; (vi) the cash flow projections used in testing the recoverability of long-lived assets such as the system equipment supporting joint revenue sharing arrangements; (vii) the economic lives of the system equipment supporting joint revenue sharing arrangements; (viii) the useful lives of intangible assets; (ix) the ultimate revenue forecasts used to test the recoverability of film assets; (x) the discount rates used to determine the present value of financing receivables and lease liabilities, as well as to determine the fair values of the Company's reporting units for the purpose of assessing the recoverability of goodwill; (xi) pension plan assumptions; (xii) estimates related to the fair value and projected vesting of share-based payment awards; (xiii) the valuation of deferred income tax assets; and (xiv) reserves related to uncertain tax positions.

3. Receivables

The ability of the Company to collect its receivables is principally dependent on the viability and solvency of individual theater operators which is significantly influenced by consumer behavior and general economic conditions. Theater operators, or other customers, may experience financial difficulties that could result in them being unable to fulfill their payment obligations to the Company.

In order to mitigate the credit risk associated with its receivables, management performs an initial credit evaluation prior to entering into an arrangement with a customer and then regularly monitors the credit quality of each customer through an analysis of collections history and aging. This monitoring process includes meetings on at least a monthly basis to identify credit concerns and potential changes in credit quality classification. A customer may improve their credit quality classification once a substantial payment is made on an overdue balance or when the customer has agreed to a payment plan and payments have commenced in accordance with that plan. Changes in credit quality classification are dependent upon management approval. The Company's internal credit quality classifications are as follows:

- Good Standing – The theater operator continues to be in good standing as payments and reporting are received on a regular basis.
- Credit Watch – The theater operator has demonstrated a delay in payments, but continues to be in active communication with the Company. Theater operators placed on Credit Watch are subject to enhanced monitoring. In addition, depending on the size of the outstanding balance, length of time in arrears, and other factors, future transactions may need to be approved by management. These receivables are in better condition than those in the Pre-Approved Transactions Only category, but are not in as good condition as the receivables in the Good Standing category.
- Pre-Approved Transactions Only – The theater operator has demonstrated a delay in payments with little or no communication with the Company. All services and shipments to the theater operator must be reviewed and approved by management. These receivables are in better condition than those in the All Transactions Suspended category, but are not in as good condition as the receivables in the Credit Watch category. In certain situations, a theater operator may be placed on nonaccrual status and all revenue recognition related to the theater may be suspended, including the accretion of Finance Income for Financing Receivables.
- All Transactions Suspended – The theater operator is severely delinquent, non-responsive or not negotiating in good faith with the Company. Once a theater operator is classified within the All Transactions Suspended category, the theater is placed on nonaccrual status and all revenue recognitions related to the theater are suspended, including the accretion of Finance Income for Financing Receivables.

During the period when the accretion of Finance Income is suspended for Financing Receivables, any payments received from a customer are applied against the outstanding balance owed. If payments are sufficient to cover any unreserved receivables, a reversal of the provision is recorded to the extent of the residual cash received. Once the collectability issues are resolved and the customer has returned to being in good standing, the Company will resume recognition of Finance Income.

When a customer's aging exceeds 90 days, the Company's policy is to perform an enhanced review to assess collectability of the theater's past due accounts. The over 90 days past due category may be an indicator of potential impairment as up to 90 days outstanding is considered to be a reasonable time to resolve any issues.

The Company develops an estimate of expected credit losses by class of receivable and customer type through a calculation that utilizes historical loss rates, which are then adjusted for specific receivables that are judged to have a higher-than-normal risk profile after considering management's internal credit quality classifications. Additional credit loss provisions are also recorded taking into account macro-economic and industry risk factors. The write-off of any billed receivable balance requires the approval of management.

Management's judgments regarding expected credit losses are based on the facts available to management and involve estimates about the future. As a result, the Company's judgments and associated estimates of credit losses may ultimately prove, with the benefit of hindsight, to be incorrect. The impacts of inflation, and rising interest rates may impact future credit losses. The Company will continue to monitor economic trends and conditions and portfolio performance and adjust its allowance for credit loss accordingly.

Accounts Receivable

Accounts receivable principally includes amounts currently due to the Company under IMAX System sale and sales-type lease arrangements, contingent fees owed by theater operators as a result of box office performance, and fees for maintenance services. Accounts receivable also includes amounts due to the Company from movie studios and other content creators principally for digitally remastering films into IMAX formats, as well as for film distribution and post-production services.

The following tables summarize the activity in the allowance for credit losses related to Accounts Receivable for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31, 2024			
	Theater Operators	Studios	Other	Total
Beginning balance	\$ 14,355	\$ 616	\$ 1,006	\$ 15,977
Current period (reversal) provision, net	(94)	14	73	(7)
Foreign exchange	(14)	—	—	(14)
Ending balance	<u>\$ 14,247</u>	<u>\$ 630</u>	<u>\$ 1,079</u>	<u>\$ 15,956</u>

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31, 2023			
	Theater Operators	Studios	Other	Total
Beginning balance	\$ 11,144	\$ 1,699	\$ 1,276	\$ 14,119
Current period provision, net	(265)	3	21	(241)
Write-offs	(115)	—	—	(115)
Foreign exchange	60	5	—	65
Ending balance	<u>\$ 10,824</u>	<u>\$ 1,707</u>	<u>\$ 1,297</u>	<u>\$ 13,828</u>

For the three months ended March 31, 2024, the Company's allowance for current expected credit losses related to Accounts Receivable decreased less than \$0.1 million. There were no write-offs in the allowance for credit losses for the three months ended March 31, 2024.

For the three months ended March 31, 2023, the Company's allowance for current expected credit losses related to Accounts Receivable decreased by \$0.4 million.

Financing Receivables

Financing receivables are due from theater operators and consist of the Company's net investment in sales-type leases and receivables associated with financed sales of IMAX Systems. As of March 31, 2024 and December 31, 2023, financing receivables consist of the following:

<i>(In thousands of U.S. Dollars)</i>	March 31, 2024	December 31, 2023
Net investment in leases		
Gross minimum payments due under sales-type leases	\$ 30,215	\$ 30,459
Unearned finance income	(441)	(467)
	<u>29,774</u>	<u>29,992</u>
Present value of minimum payments due under sales-type leases	29,774	29,992
Allowance for credit losses	(451)	(453)
	<u>29,323</u>	<u>29,539</u>
Financed sales receivables		
Gross minimum payments due under financed sales	133,511	135,684
Unearned finance income	(27,604)	(28,452)
	<u>105,907</u>	<u>107,232</u>
Present value of minimum payments due under financed sales	105,907	107,232
Allowance for credit losses	(9,616)	(9,617)
	<u>96,291</u>	<u>97,615</u>
Net financed sales receivables	<u>96,291</u>	<u>97,615</u>
Total financing receivables	<u>\$ 125,614</u>	<u>\$ 127,154</u>
Net financed sales receivables due within one year	\$ 31,700	\$ 32,031
Net financed sales receivables due after one year	64,591	65,584
	<u>96,291</u>	<u>97,615</u>
Total financed sales receivables	<u><u>\$ 96,291</u></u>	<u><u>\$ 97,615</u></u>

As of March 31, 2024 and December 31, 2023, the weighted-average remaining lease term and weighted-average interest rate associated with the Company's sales-type lease arrangements and financed sale receivables, as applicable, are as follows:

	March 31, 2024	December 31, 2023
Weighted-average remaining lease term (in years)		
Sales-type lease arrangements	<u>8.1</u>	<u>8.3</u>
Weighted-average interest rate		
Sales-type lease arrangements	<u>7.56%</u>	<u>7.88%</u>
Financed sales receivables	<u>9.01%</u>	<u>8.97%</u>

The tables below provide information on the Company's net investment in leases by credit quality indicator as of March 31, 2024 and December 31, 2023. The amounts disclosed for each credit quality classification are determined on a customer-by-customer basis and include both billed and unbilled amounts.

(In thousands of U.S. Dollars)

As of March 31, 2024	By Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
Net investment in leases:							
Credit quality classification:							
In good standing	\$ -	\$ 2,278	\$ 3,072	\$ 5,664	\$ 1,771	\$ 7,388	\$ 20,173
Credit Watch	-	-	-	-	-	-	-
Pre-approved transactions	-	-	490	2,602	809	5,299	9,200
Transactions suspended	-	-	-	-	-	401	401
Total net investment in leases	<u>\$ -</u>	<u>\$ 2,278</u>	<u>\$ 3,562</u>	<u>\$ 8,266</u>	<u>\$ 2,580</u>	<u>\$ 13,088</u>	<u>\$ 29,774</u>

(In thousands of U.S. Dollars)

As of December 31, 2023	By Origination Year					Prior	Total
	2023	2022	2021	2020	2019		
Net investment in leases:							
Credit quality classification:							
In good standing	\$ 2,435	\$ 3,262	\$ 6,241	\$ 2,173	\$ 1,677	\$ 1,138	\$ 16,926
Credit Watch	-	490	-	-	-	313	803
Pre-approved transactions	-	-	3,462	1,182	5,221	1,997	11,862
Transactions suspended	-	-	-	-	-	401	401
Total net investment in leases	<u>\$ 2,435</u>	<u>\$ 3,752</u>	<u>\$ 9,703</u>	<u>\$ 3,355</u>	<u>\$ 6,898</u>	<u>\$ 3,849</u>	<u>\$ 29,992</u>

The tables below provide information on the Company's financed sales receivables by credit quality indicator as of March 31, 2024 and December 31, 2023. The amounts disclosed for each credit quality classification are determined on a customer-by-customer basis and include both billed and unbilled amounts.

(In thousands of U.S. Dollars)

As of March 31, 2024	By Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
Financed sales receivables:							
Credit quality classification:							
In good standing	\$ 349	\$ 10,849	\$ 5,784	\$ 6,001	\$ 5,333	\$ 49,560	\$ 77,876
Credit Watch	-	-	-	-	-	1,089	1,089
Pre-approved transactions	-	471	342	2,904	1,513	8,968	14,198
Transactions suspended	-	163	-	630	146	11,805	12,744
Total financed sales receivables	\$ 349	\$ 11,483	\$ 6,126	\$ 9,535	\$ 6,992	\$ 71,422	\$ 105,907

(In thousands of U.S. Dollars)

As of December 31, 2023	By Origination Year					Prior	Total
	2023	2022	2021	2020	2019		
Financed sales receivables:							
Credit quality classification:							
In good standing	\$ 6,660	5,921	5,961	5,415	8,058	44,870	\$ 76,885
Credit Watch	-	30	-	-	317	796	1,143
Pre-approved transactions	607	313	2,619	1,455	2,084	8,508	15,586
Transactions suspended	-	-	728	345	1,546	10,999	13,618
Total financed sales receivables	\$ 7,267	\$ 6,264	\$ 9,308	\$ 7,215	\$ 12,005	\$ 65,173	\$ 107,232

The following tables provide an aging analysis for the Company's net investment in leases and financed sales receivables as of March 31, 2024 and December 31, 2023:

<i>(In thousands of U.S. Dollars)</i>	As of March 31, 2024							Allowance for Credit Losses	Net
	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Recorded Receivable			
Net investment in leases	\$ 277	\$ 451	\$ 4,973	\$ 5,701	\$ 24,073	\$ 29,774	\$ (451)	\$ 29,323	
Financed sales receivables	853	2,241	9,994	13,089	92,818	105,907	(9,616)	96,291	
Total	<u>\$ 1,130</u>	<u>\$ 2,692</u>	<u>\$ 14,967</u>	<u>\$ 18,790</u>	<u>\$ 116,891</u>	<u>\$ 135,681</u>	<u>\$ (10,067)</u>	<u>\$ 125,614</u>	

<i>(In thousands of U.S. Dollars)</i>	As of December 31, 2023							Allowance for Credit Losses	Net
	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Recorded Receivable			
Net investment in leases	\$ 293	\$ 212	\$ 4,598	\$ 5,103	\$ 24,889	\$ 29,992	\$ (453)	\$ 29,539	
Financed sales receivables	1,535	1,196	10,704	13,435	93,797	107,232	(9,617)	97,615	
Total	<u>\$ 1,828</u>	<u>\$ 1,408</u>	<u>\$ 15,302</u>	<u>\$ 18,538</u>	<u>\$ 118,686</u>	<u>\$ 137,224</u>	<u>\$ (10,070)</u>	<u>\$ 127,154</u>	

The following tables provide information about the Company's net investment in leases and financed sales receivables with billed amounts past due for which it continues to accrue finance income as of March 31, 2024 and December 31, 2023. The amounts disclosed for each credit quality classification are determined on a customer-by-customer basis and include both billed and unbilled amounts.

<i>(In thousands of U.S. Dollars)</i>	As of March 31, 2024							Allowance for Credit Losses	Net
	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled				
Net investment in leases	\$ 240	\$ 412	\$ 4,973	\$ 5,625	\$ 22,036	\$ (10)	\$ 27,651		
Financed sales receivables	373	1,555	9,662	11,590	36,236	(1,046)	46,780		
Total	<u>\$ 613</u>	<u>\$ 1,967</u>	<u>\$ 14,635</u>	<u>\$ 17,215</u>	<u>\$ 58,272</u>	<u>\$ (1,056)</u>	<u>\$ 74,431</u>		

<i>(In thousands of U.S. Dollars)</i>	As of December 31, 2023						
	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Allowance for Credit Losses	Net
Net investment in leases	\$ 259	\$ 212	\$ 4,598	\$ 5,069	\$ 22,651	\$ (9)	\$ 27,711
Financed sales receivables	<u>798</u>	<u>782</u>	<u>10,517</u>	<u>12,097</u>	<u>33,552</u>	<u>(1,198)</u>	<u>44,451</u>
Total	<u>\$ 1,057</u>	<u>\$ 994</u>	<u>\$ 15,115</u>	<u>\$ 17,166</u>	<u>\$ 56,203</u>	<u>\$ (1,207)</u>	<u>\$ 72,162</u>

The following table provides information about the Company's net investment in leases and financed sales receivables that are on nonaccrual status as of March 31, 2024 and December 31, 2023:

<i>(In thousands of U.S. Dollars)</i>	As of March 31, 2024			As of December 31, 2023		
	Recorded Receivable	Allowance for Credit Losses	Net	Recorded Receivable	Allowance for Credit Losses	Net
Net investment in leases	\$ 401	\$ (401)	\$ -	\$ 401	\$ (401)	\$ -
Net financed sales receivables	<u>26,942</u>	<u>(8,882)</u>	<u>18,060</u>	<u>29,204</u>	<u>(8,884)</u>	<u>20,320</u>
Total	<u>\$ 27,343</u>	<u>\$ (9,283)</u>	<u>\$ 18,060</u>	<u>\$ 29,605</u>	<u>\$ (9,285)</u>	<u>\$ 20,320</u>

For the three months ended March 31, 2024, the Company recognized \$0.6 million (2023 – less than \$0.1 million) in Finance Income related to the net investment in leases with billed amounts past due. For the three months ended March 31, 2024 and 2023, the Company recognized \$nil (2023 – \$nil) in Finance Income related to the net investment in leases on nonaccrual status. For the three months ended March 31, 2024, the Company recognized \$0.5 million (2023 – \$0.8 million) in Finance Income related to the financed sales receivables with billed amounts past due. For the three months ended March 31, 2024, the Company recognized \$0.4 million (2023 – \$0.1 million) in Finance Income related to the financed sales receivables in nonaccrual status.

The following tables summarize the activity in the allowance for credit losses related to the Company's net investment in leases and financed sales receivables for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31, 2024	
	Net Investment in Leases	Financed Sales Receivables
Beginning balance	\$ 453	\$ 9,617
Current period (reversal) provision, net	4	(4)
Foreign exchange	(6)	3
Ending balance	<u>\$ 451</u>	<u>\$ 9,616</u>
	Three Months Ended March 31, 2023	
<i>(In thousands of U.S. Dollars)</i>	Net Investment in Leases	Net Financed Sales Receivables
Beginning balance	\$ 776	\$ 10,945
Current period (reversal) provision, net	(2)	549
Foreign exchange	4	39
Ending balance	<u>\$ 778</u>	<u>\$ 11,533</u>

For the three months ended March 31, 2024, the Company's allowance for current expected credit losses related to its net investment in leases decreased by less than \$0.1 million (2023 – increased less than \$0.1 million), and financed sales receivables decreased by less than \$0.1 million (2023 – increased by \$0.6 million).

Variable Consideration Receivables

In sale arrangements, variable consideration may become due to the Company from theater operators if certain annual minimum box office receipt thresholds are exceeded. Such variable consideration is recorded as revenue in the period when the sale is recognized and adjusted in future periods based on actual results and changes in estimates. Variable consideration is only recognized to the extent the Company believes there is not a risk of significant revenue reversal.

The following table summarizes the activity in the Allowance for Credit Losses related to Variable Consideration Receivables for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
	Theater Operators	Theater Operators
Beginning balance	\$ 633	\$ 610
Current period reversal, net	3	(86)
Foreign exchange	–	2
	<hr/>	<hr/>
Ending balance	<u><u>\$ 636</u></u>	<u><u>\$ 526</u></u>

For the three months ended March 31, 2024, the Company's allowance for current expected credit losses related to Variable Consideration Receivables increased by less than \$0.1 million (2023 – decreased by \$0.1 million).

4. Lease Arrangements

(a) *IMAX Corporation as a Lessee*

The Company's operating lease arrangements principally involve office and warehouse space. Office equipment is generally purchased outright. Leases with an initial term of less than 12 months are not recorded on the Condensed Consolidated Balance Sheets and the related lease expense is recognized on a straight-line basis over the lease term. Most of the Company's leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The Company has determined that it is reasonably certain that the renewal options on its warehouse leases will be exercised based on previous history, its current understanding of future business needs and its level of investment in leasehold improvements, among other factors. The incremental borrowing rate used in the calculation of the Company's lease liabilities is based on the location of each leased property. None of the Company's leases include options to purchase the leased property. The depreciable lives of right-of-use assets and related leasehold improvements are limited by the expected lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In 2022, the Company entered into a finance lease arrangement involving equipment used to facilitate the delivery of live events to certain IMAX locations. The lease arrangement includes an option for the Company to purchase the equipment at the end of the lease term that is reasonably certain to be exercised. The resulting right-of-use assets are being depreciated from the lease commencement dates over the useful life of the underlying equipment. The incremental borrowing rate used in the calculation of the lease liabilities is based on the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar term.

For the three months ended March 31, 2024 and 2023, the components of lease expense recorded within Selling, General and Administrative Expenses are as follows:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
Operating lease cost:		
Amortization of operating lease assets	\$ 522	\$ 151
Interest on operating lease liabilities	175	724
Short-term and variable lease costs	78	204
Finance lease cost:		
Amortization of finance lease assets	100	100
Interest on finance lease liabilities	7	14
Total lease cost	<u>\$ 882</u>	<u>\$ 1,193</u>

For the three months ended March 31, 2024 and 2023, supplemental cash and non-cash information related to leases is as follows:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating leases	<u>\$ 723</u>	<u>\$ 971</u>
Finance leases	<u>\$ 28</u>	<u>\$ –</u>
Supplemental disclosure of noncash leasing activities:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 260</u>	<u>\$ 228</u>
Right-of-use assets obtained in exchange for finance lease obligations	<u>\$ –</u>	<u>\$ –</u>

As of March 31, 2024 and December 31, 2023, supplemental balance sheet information related to leases is as follows:

<i>(In thousands of U.S. Dollars)</i>		March 31,	December 31,
		2024	2023
Assets	Balance Sheet Location		
Operating lease right-of-use assets	Property, plant and equipment	<u>\$ 10,263</u>	<u>\$ 10,599</u>
Finance lease right-of-use assets	Property, plant and equipment	<u>\$ 1,320</u>	<u>\$ 1,420</u>
Liabilities	Balance Sheet Location		
Operating lease liabilities	Accrued and other liabilities	<u>\$ 12,353</u>	<u>\$ 12,702</u>
Finance lease liabilities	Accrued and other liabilities	<u>\$ 497</u>	<u>\$ 518</u>

As of March 31, 2024 and December 31, 2023, the weighted-average remaining lease term and weighted-average interest rate associated with the Company's leases are as follows:

	March 31,	December 31,
	2024	2023
Operating leases:		
Weighted-average remaining lease term (years)	<u>5.4</u>	<u>4.9</u>
Weighted-average discount rate	<u>5.83%</u>	<u>5.85%</u>
Finance leases:		
Weighted-average remaining lease term (years)	<u>3.3</u>	<u>3.6</u>
Weighted-average discount rate	<u>6.00%</u>	<u>6.00%</u>

As of March 31, 2024, the maturities of the Company's operating and finance lease liabilities are as follows:

<i>(In thousands of U.S. Dollars)</i>	Operating Leases	Finance Leases
2024 (nine months remaining)	\$ 1,998	\$ 508
2025	2,528	—
2026	2,469	—
2027	2,468	—
2028	2,472	—
Thereafter	2,429	—
	<hr/>	<hr/>
Total lease payments	14,364	508
Less: interest expense	(2,011)	(11)
	<hr/>	<hr/>
Present value of lease liabilities	<u>\$ 12,353</u>	<u>\$ 497</u>

(b) IMAX Corporation as a Lessor

The Company provides IMAX Systems to customers through long-term lease arrangements that for accounting purposes are classified as sales-type leases. Under these arrangements, in exchange for providing the IMAX System, the Company earns fixed upfront and ongoing consideration. Certain arrangements that are legal sales are also classified as sales-type leases as certain clauses within the arrangements limit transfer of title or provide the Company with conditional rights to the system. The customer's rights under the Company's sales-type lease arrangements are described in Note 2(o) of the Company's audited Consolidated Financial Statements included in its 2023 Form 10-K. Under the Company's sales-type lease arrangements, the customer has the ability and the right to operate the hardware components or direct others to operate them in a manner determined by the customer. The Company's lease portfolio terms are typically non-cancellable for 10 to 20 years with renewal provisions from inception. The Company's sales-type lease arrangements do not contain a guarantee of residual value at the end of the lease term. The customer is required to pay for executory costs such as insurance and taxes and is required to pay the Company for maintenance and an extended warranty generally after the first year of the lease until the end of the lease term. The customer is responsible for obtaining insurance coverage for the IMAX System commencing on the date specified in the arrangement's shipping terms and ending on the date the IMAX System is returned to the Company.

The Company also provides IMAX Systems to customers through joint revenue sharing arrangements. Under the traditional form of these arrangements, in exchange for providing the IMAX System under a long-term lease, the Company earns rent based on a percentage of contingent box office receipts and, in some cases, concession revenues, rather than a fixed upfront fee or annual minimum payments. Under certain other joint revenue sharing arrangements, known as hybrid arrangements, the customer is responsible for making fixed upfront payments prior to the delivery and installation of the IMAX System. Under joint revenue sharing arrangements, the customer has the ability and the right to operate the hardware components or direct others to operate them in a manner determined by the customer. The Company's joint revenue sharing arrangements are typically non-cancellable for 10 years or longer with renewal provisions. Title to the IMAX System under a joint revenue sharing arrangement generally does not transfer to the customer. The Company's joint revenue sharing arrangements do not contain a guarantee of residual value at the end of the lease term. The customer is required to pay for executory costs such as insurance and taxes and is required to pay the Company for maintenance and an extended warranty throughout the term. The customer is responsible for obtaining insurance coverage for the IMAX System commencing on the date specified in the arrangement's shipping terms and ending on the date the IMAX System is returned to the Company.

The following lease payments are expected to be received by the Company for its sales-type leases and joint revenue sharing arrangements in each of the next five years and thereafter following the March 31, 2024 balance sheet date:

<i>(In thousands of U.S. Dollars)</i>	Sales-Type Leases	Joint Revenue Sharing Arrangements
2024 (nine months remaining)	\$ 2,433	\$ 48
2025	3,112	27
2026	3,031	–
2027	2,965	–
2028	2,813	–
Thereafter	15,664	–
Total	<u>\$ 30,018</u>	<u>\$ 75</u>

6. Borrowings

(a) *Revolving Credit Facility Borrowings, Net*

As of March 31, 2024 and December 31, 2023, Revolving Credit Facility Borrowings, Net includes the following:

<i>(In thousands of U.S. Dollars)</i>	March 31, 2024	December 31, 2023
Wells Fargo Credit Facility borrowings	\$ 69,000	\$ 24,000
Unamortized debt issuance costs	<u>(966)</u>	<u>(1,076)</u>
Revolving Credit Facility Borrowings, net	<u>\$ 68,034</u>	<u>\$ 22,924</u>

Bank of China Facility

In June 2022, IMAX (Shanghai) Multimedia Technology Co., Ltd. (“**IMAX Shanghai**”), one of the Company’s majority-owned subsidiaries in China, renewed its unsecured revolving facility with Bank of China for up to 200.0 million Chinese Renminbi (“**RMB**”) (\$28.2 million), including RMB10.0 million (\$1.4 million) for letters of guarantee, to fund ongoing working capital requirements (the “**Bank of China Facility**”). The Bank of China Facility expires on February 21, 2025.

As of March 31, 2024 and December 31, 2023, no borrowings were outstanding under the Bank of China Facility and outstanding letters of guarantee were less than \$0.1 million.

As of March 31, 2024, the amount available for future borrowings under the Bank of China Facility was RMB190.0 million (\$26.8 million) and the amount available for letters of guarantee was RMB9.8 million (\$1.4 million). The amount available for future borrowings under the Bank of China Facility is not subject to a standby fee. The effective interest rate for the three months ended March 31, 2024 was 0% (2023 – 3.85%).

HSBC China Facility

In June 2022, IMAX Shanghai entered into an unsecured revolving facility for up to RMB200.0 million (\$28.2 million) with HSBC Bank (China) Company Limited, Shanghai Branch to fund ongoing working capital requirements (the “**HSBC China Facility**”). As of March 31, 2024 and December 31, 2023, no borrowings were outstanding under the HSBC China Facility. As of March 31, 2024 and December 31, 2023, the amount available for future borrowings under the HSBC China Facility was RMB200.0 million (\$28.2 million). The effective interest rate for the three months ended March 31, 2024 was 0% (2023 — 3.88%).

8. Condensed Consolidated Statements of Operations – Supplemental Information

(a) Selling Expenses

The following table summarizes the Company's selling expenses, including sales commissions and marketing and other, which are recognized within Costs and Expenses Applicable to Revenues in the Condensed Consolidated Statements of Operations, for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,			
	2024		2023	
	Sales Commissions	Marketing and Other	Sales Commissions	Marketing and Other
Technology sales ⁽¹⁾	\$ 78	\$ 166	\$ 200	\$ 16
Image enhancement and maintenance services ⁽²⁾	–	2,575	–	6,772
Technology rentals ⁽³⁾	109	440	73	260
Total	<u>\$ 187</u>	<u>\$ 3,181</u>	<u>\$ 273</u>	<u>\$ 7,048</u>

- (1) Sales commissions paid prior to the recognition of the related revenue are deferred and recognized upon the client acceptance of the IMAX System. Direct advertising and marketing costs for each IMAX System are expensed as incurred.
- (2) Film exploitation costs, including advertising and marketing costs, are expensed as incurred.
- (3) Sales commissions related to joint revenue sharing arrangements accounted for operating leases are recognized in the month earned by the salesperson, which is typically the month in which the IMAX System is installed, and are subject to subsequent performance-based adjustments. Direct advertising and marketing costs for each IMAX System are expensed as incurred.

(b) Foreign Exchange

Included in Selling, General and Administrative Expenses for the three months ended March 31, 2024 is a foreign currency net loss of \$0.3 million (2023 — net loss of \$0.1 million) resulting from changes in exchange rates related to foreign currency denominated monetary assets and liabilities. See Note 15(c) for additional information.

(c) Collaborative Arrangements

Joint Revenue Sharing Arrangements

The accounting policy for the Company's joint revenue sharing arrangements is disclosed in Note 2(o) of the Company's audited Consolidated Financial Statements in its 2023 Form 10-K.

Revenue attributable to transactions arising between the Company and its customers under joint revenue sharing arrangements are recorded within Revenues — Technology Sales (for hybrid joint revenue sharing arrangements) and Revenues — Technology Rentals (for traditional joint revenue sharing arrangements). For the three months ended March 31, 2024, such revenues totaled \$19.3 million (2023 — \$20.1 million).

IMAX Film Remastering and Distribution

In an IMAX Film Remastering and distribution arrangement, the Company receives a percentage of the box office receipts from a third party who owns the copyright to a film in exchange for converting the film into IMAX format and distributing it through the IMAX network. The fee earned by the Company in a typical IMAX Film Remastering and distribution arrangement averages approximately 12.5% of box office receipts (i.e. gross box office receipts less applicable sales taxes), except for within mainland China, where the Company receives a lower percentage of net box office receipts for certain Hollywood films. The accounting policy for the Company's IMAX Film Remastering and distribution arrangements is disclosed in Note 2(o) of the Company's audited Consolidated Financial Statements in its 2023 Form 10-K.

Revenue attributable to transactions arising between the Company and its customers under IMAX Film Remastering and distribution arrangements are included in Revenues — Image Enhancement and Maintenance Services. For the three months ended March 31, 2024, such revenues totaled \$29.7 million (2023 — \$30.1 million). See Note 12(a) for a disaggregated presentation of the Company's revenues.

10. Income Taxes

(a) *Income Tax Expense*

For the three months ended March 31, 2024, the Company recorded income tax expense of \$5.2 million (2023 — \$4.9 million). The Company's effective tax rate of 48.8% for the three months ended March 31, 2024 is comparable to the same quarter in 2023. The Company's effective tax rate for the three months ended March 31, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions which was offset by an increase in the valuation allowance from continuing operations, withholding taxes and a shortfall in tax benefits related to share-based compensation. The Company's effective tax rate of 48.8% for the three months ended March 31, 2023 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions which was offset by an increase in the valuation allowance and withholding taxes.

As of March 31, 2024, the Company's Condensed Consolidated Balance Sheets includes net deferred income tax assets of \$7.7 million (December 31, 2023 — \$8.0 million). Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years to obtain benefit from the reversal of temporary differences, net operating loss carryforwards and tax credit carryforwards. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

As of March 31, 2024, the Company's Condensed Consolidated Balance Sheets also include deferred tax liabilities of \$12.5 million (December 31, 2023 — \$12.5 million) primarily related to foreign withholding taxes associated with the remaining balance of unrepatriated historical earnings that will not be indefinitely reinvested outside of Canada.

11. Capital Stock and Reserves

(a) *Share-Based Compensation*

For the three months ended March 31, 2024, share-based compensation expense totaled \$4.7 million (2023 — \$5.1 million) and is reflected in the following accounts in the Condensed Consolidated Statements of Operations:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
Costs and expenses applicable to revenues	\$ 228	\$ 263
Selling, general and administrative expenses	4,337	5,196
Research and development	111	99
Executive transition costs	—	(499)
	<u>\$ 4,676</u>	<u>\$ 5,059</u>

The following table summarizes the Company's share-based compensation expense by each award type:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
Stock Options	\$ —	\$ 84
Restricted Share Units	2,742	3,365
Performance Stock Units	1,852	924
IMAX China Stock Options	—	10
IMAX China Long Term Incentive Plan Restricted Share Units	27	541
IMAX China Long Term Incentive Plan Performance Stock Units	55	135
	<u>\$ 4,676</u>	<u>\$ 5,059</u>

For the three months ended March 31, 2024, the Company's share-based compensation expense includes less than \$0.1 million (2023 — \$nil) related to restricted share units granted to non-employees which vested immediately upon granting.

Stock Option Summary

The following table summarizes the activity under the Company's Stock Option Plan ("SOP") and the IMAX Corporation Second Amended and Restated Long-Term Incentive Plan (as may be amended, "IMAX LTIP") for the three months ended March 31, 2024 and 2023:

	Number of Shares		Weighted Average Exercise Price Per Share	
	2024	2023	2024	2023
Stock options outstanding, beginning of period	3,329,422	3,604,739	\$26.23	\$26.36
Granted	—	—	—	—
Exercised	—	—	—	—
Forfeited	—	—	—	—
Expired	(607,114)	(144,366)	28.15	31.85
Cancelled	—	—	—	—
Stock options outstanding, end of period	<u>2,722,308</u>	<u>3,460,373</u>	<u>25.80</u>	<u>26.13</u>
Stock options exercisable, end of period	<u>2,722,308</u>	<u>3,460,373</u>	<u>25.80</u>	<u>26.13</u>

Stock options are no longer granted under the Company’s previously approved SOP.

IMAX LTIP Restricted Share Units (“RSU”) Summary

The following table summarizes the activity in respect of RSUs issued under the IMAX LTIP for the three months ended March 31, 2024 and 2023:

	Number of Awards		Weighted Average Grant Date Fair Value Per Share	
	2024	2023	2024	2023
RSUs outstanding, beginning of period	1,286,830	1,252,044	\$ 18.53	\$ 19.16
Granted	846,677	811,529	16.46	17.73
Vested and settled	(609,016)	(677,611)	19.04	18.70
Forfeited	(16,315)	(19,509)	19.12	19.80
RSUs outstanding, end of period	<u>1,508,176</u>	<u>1,366,453</u>	<u>17.15</u>	<u>18.53</u>

IMAX LTIP Performance Stock Units (“PSU”) Summary

The Company grants two types of PSU awards, one which vests based on a combination of employee service and the achievement of certain Adjusted EBITDA targets and one which vests based on a combination of employee service and the achievement of total shareholder return (“TSR”) targets. The achievement of the Adjusted EBITDA and TSR targets in these PSUs is determined over a three-year performance period. At the conclusion of the three-year performance period, the number of PSUs that ultimately vest can range from 0% to a maximum vesting opportunity of 175% of the initial Adjusted EBITDA PSU award or 175% of the initial TSR PSU award for awards issued in 2022 and 150% of the initial TSR PSU award for awards issued in 2023, depending upon actual performance versus the established Adjusted EBITDA and TSR targets, respectively.

The grant date fair value of PSUs with Adjusted EBITDA targets is equal to the closing price of the Company’s common shares on the date of grant or the average closing price of the Company’s common shares for five days prior to the date of grant. The grant date fair value of PSUs with TSR targets is determined on the grant date using a Monte Carlo Model. The compensation expense attributable to each type of PSU is recognized on a straight-line basis over the requisite service period.

The fair value determined by the Monte Carlo Model is affected by the Company’s share price, as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, market conditions as of the grant date, the Company’s expected share price volatility over the term of the awards, and other relevant data. The compensation expense is fixed on the date of grant based on the fair value of the PSUs granted.

The amount and timing of compensation expense recognized for PSUs with Adjusted EBITDA targets is dependent upon management’s assessment of the likelihood of achieving these targets. If, as a result of management’s assessment, it is projected that a greater number of PSUs will vest than previously anticipated, a life-to-date adjustment to increase compensation expense is recorded in the period that such determination is made. Conversely, if, as a result of management’s assessment, it is projected that a lower number of PSUs will vest than previously anticipated, a life-to-date adjustment to decrease compensation expense is recorded in the period that such determination is made. The expense recognized in the three months ended March 31, 2024 and 2023 includes adjustments reflecting management’s estimate of the number of Adjusted EBITDA PSUs expected to vest.

The following table summarizes the activity in respect of PSUs issued under the IMAX LTIP for the three months ended March 31, 2024 and 2023:

	Number of Awards		Weighted Average Grant Date Fair Value Per Share	
	2024	2023	2024	2023
	PSUs outstanding, beginning of period	922,621	931,716	\$ 19.16
Granted ⁽¹⁾	578,855	580,118	17.98	17.68
Vested and settled ⁽¹⁾	(316,226)	(368,602)	19.71	16.92
Forfeited ⁽²⁾	(78,489)	(208,648)	21.28	18.09
PSUs outstanding, end of period	<u>1,106,761</u>	<u>934,584</u>	<u>18.32</u>	<u>19.16</u>

(1) For the three months ended March 31, 2024, the balance of shares granted includes 135,511 additional shares, at a weighted average grant date fair value per share of \$19.71, as PSUs granted in 2021 with Adjusted EBITDA targets vested at 175% on account of full achievement of the targets.

(2) Forfeited PSUs include the TSR target awards issued in 2021 which did not vest as the market condition was not satisfied. For the three year period ending March 31, 2024, the Company recorded an expense of \$1.5 million associated with these 68,850 shares which, despite the awards not vesting, will not be reversed into income.

As of March 31, 2024, the maximum number of common shares that may be issued with respect to PSUs outstanding is 1,886,932, assuming full achievement of the Adjusted EBITDA and TSR targets.

(b) Issuer Purchases of Equity Securities

In 2022, IMAX China's shareholders granted its Board of Directors a general mandate authorizing the Board, subject to applicable laws, to repurchase shares of IMAX China not to exceed 10% of the total number of issued shares as of June 23, 2022 (34,063,480 shares). This program expired on the date of the 2023 Annual General Meeting of IMAX China on June 6, 2023. During the 2023 Annual General Meeting, shareholders approved the repurchase of shares of IMAX China not to exceed 10% of the total number of shares as of June 6, 2023 (33,959,314 shares). This program will be valid until the 2024 Annual General Meeting of IMAX China. The repurchases may be made in the open market or through other means permitted by applicable laws. IMAX China has no obligation to repurchase its shares and the share repurchase program may be suspended or discontinued by IMAX China at any time.

During the three months ended March 31, 2024 and 2023, IMAX China did not repurchase any common shares. The change in the non-controlling interest attributable to IMAX China as a result of common shares repurchased is recorded as a reduction to Non-Controlling Interests in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Shareholders' Equity. The difference between the consideration paid and the ownership interest obtained as a result of IMAX China share repurchases is recorded within Other Equity in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Shareholders' Equity.

(d) Statutory Surplus Reserve

Pursuant to the corporate law of the PRC, entities registered in the PRC are required to maintain certain statutory reserves, which are appropriated from after-tax profits (after offsetting accumulated losses from prior years), as reported in their respective statutory financial statements, before the declaration or payment of dividends to equity holders. All statutory reserves are created for specific purposes.

The Company's PRC subsidiaries are required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of their after-tax profits. The Company's PRC subsidiaries may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of their registered capital. The statutory surplus reserve is non-distributable other than during liquidation and may only be used to fund losses from prior years, to expand production operations, or to increase the capital of the subsidiaries. In addition, the subsidiaries may make further contribution to the discretionary surplus reserve using post-tax profits in accordance with resolutions of the Board of Directors.

The statutory surplus reserve of RMB36.4 million (\$5.6 million) has reached 50% of the Company's PRC subsidiaries' registered capital, and as such no further contributions to the reserve are required.

12. Revenue from Contracts with Customers

(a) Disaggregated Information About Revenue

The following tables summarize the Company's Revenues by reportable segment and revenue stream type for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31, 2024					Total
	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income		
Content Solutions Segment						
Film Remastering and Distribution	\$ –	\$ 29,721	\$ –	\$ –	\$ –	\$ 29,721
Other Content Solutions	–	4,292	–	–	–	4,292
	–	34,013	–	–	–	34,013
Technology Products and Services Segment						
System Sales	7,118	–	–	–	–	7,118
System Rentals	–	–	18,601	–	–	18,601
Maintenance	–	15,161	–	–	–	15,161
Finance Income	–	–	–	2,270	–	2,270
	7,118	15,161	18,601	2,270	–	43,150
Sub-total for reportable segments	7,118	49,174	18,601	2,270	–	77,163
All Other	786	1,174	–	–	–	1,960
Total	<u>\$ 7,904</u>	<u>\$ 50,348</u>	<u>\$ 18,601</u>	<u>\$ 2,270</u>	<u>\$ –</u>	<u>\$ 79,123</u>

Three Months Ended March 31, 2023

<i>(In thousands of U.S. Dollars)</i>	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
Content Solutions Segment					
Film Remastering and Distribution	\$ —	\$ 30,073	\$ —	\$ —	\$ 30,073
Other Content Solutions	—	2,028	—	—	2,028
	<u>—</u>	<u>32,101</u>	<u>—</u>	<u>—</u>	<u>32,101</u>
Technology Products and Services Segment					
System Sales	16,119	—	—	—	16,119
System Rentals	—	—	20,058	—	20,058
Maintenance	—	13,551	—	—	13,551
Finance Income	—	—	—	1,939	1,939
	<u>16,119</u>	<u>13,551</u>	<u>20,058</u>	<u>1,939</u>	<u>51,667</u>
Sub-total for reportable segments	<u>16,119</u>	<u>45,652</u>	<u>20,058</u>	<u>1,939</u>	<u>83,768</u>
All Other	<u>1,703</u>	<u>1,475</u>	<u>—</u>	<u>—</u>	<u>3,178</u>
Total	<u>\$ 17,822</u>	<u>\$ 47,127</u>	<u>\$ 20,058</u>	<u>\$ 1,939</u>	<u>\$ 86,946</u>

For the three months ended March 31, 2024, revenues earned from Technology Sales include variable consideration of \$1.7 million (2023 — \$5.6 million). Variable consideration revenues represent an estimate of the contingent fees that may become due if certain annual minimum box office receipt thresholds are exceeded and are recorded as revenue in the period when the sale is recognized and may be adjusted in future periods based on actual results and changes in estimates over the term of the system agreement.

For the three months ended March 31, 2024, revenues earned from leasing arrangements total \$19.3 million (2023 — \$22.4 million), including \$18.6 million in Revenues – Technology Rentals (2023 — \$20.1 million), and \$0.7 million in Revenues – Technology Sales (2023 — \$2.3 million).

(b) *Deferred Revenue*

IMAX System sale and lease arrangements include a requirement for the Company to provide maintenance services over the life of the arrangement, some of which are subject to a consumer price index adjustment each year. In circumstances where customers prepay the entire term's maintenance fee based on the original arrangement, additional payments are due to the Company for the years after its extended warranty and maintenance obligations expire. Payments, upon renewal each year, are either prepaid or made in arrears and can vary in frequency from monthly to annually. As of March 31, 2024, \$20.9 million of consideration has been deferred in relation to outstanding maintenance services to be provided on existing maintenance contracts (December 31, 2023 — \$22.8 million). Maintenance revenue is recognized evenly over the contract term, which coincides with the period over which maintenance services are provided. In the event of customer default, any payments made by the customer may be retained by the Company.

In instances where the Company receives consideration prior to satisfying its performance obligations, the recognition of revenue is deferred. The majority of the deferred revenue balance relates to payments received by the Company for IMAX Systems where control of the system has not yet transferred to the customer. The deferred revenue balance related to an individual IMAX System increases as progress payments are made and is then derecognized when control of the system is transferred to the customer. Recognition dates are variable and depend on numerous factors, including some outside of the Company's control.

During the three months ended March 31, 2024, \$12.1 million of revenue was recognized from the \$67.1 million balance of deferred revenue as of December 31, 2023. During the three months ended March 31, 2023, \$9.8 million of revenue was recognized from the \$70.9 million balance of deferred revenue as of December 31, 2022.

13. Segment Reporting

The Company's Chief Executive Officer ("CEO") is its Chief Operating Decision Maker ("CODM"), as such term is defined under U.S. GAAP. The CODM assesses segment performance based on segment revenues and segment gross margins. Selling, general and administrative expenses, research and development costs, the amortization of intangible assets, provision for (reversal of) current expected credit losses, certain write-downs, interest income, interest expense, and income tax (expense) benefit are not allocated to the Company's segments.

The Company has the following reportable segments:

- (i) Content Solutions, which principally includes the digital remastering of films and other content into IMAX formats for distribution to the IMAX network. To a lesser extent, the Content Solutions segment also earns revenue from the distribution of large-format documentary films and exclusive experiences ranging from live performances to interactive events with leading artists and creators, as well as film post-production services.
- (ii) Technology Products and Services, which includes results from the sale or lease of IMAX Systems, as well as from the maintenance of IMAX Systems. To a lesser extent, the Technology Product and Services segment also earns revenue from certain ancillary theater business activities, including after-market sales of IMAX System parts and 3D glasses.

Transactions between segments are valued at exchange value. Inter-segment profits are eliminated upon consolidation, as well as for the disclosures below.

The following table presents the Company's revenue and gross margin by reportable segment for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Revenue⁽¹⁾		Gross Margin	
	2024	2023	2024	2023
Content Solutions	\$ 34,013	\$ 32,101	\$ 22,099	\$ 17,995
Technology Products and Services	<u>43,150</u>	<u>51,667</u>	<u>23,584</u>	<u>29,891</u>
Sub-total for reportable segments	<u>77,163</u>	<u>83,768</u>	<u>45,683</u>	<u>47,886</u>
All Other	<u>1,960</u>	<u>3,178</u>	<u>1,206</u>	<u>2,165</u>
Total	<u><u>\$ 79,123</u></u>	<u><u>\$ 86,946</u></u>	<u><u>\$ 46,889</u></u>	<u><u>\$ 50,051</u></u>

- (1) The Company's largest customer represents 10% of total Revenues for the three months ended March 31, 2024 (2023 — 9%). No single customer comprises more than 10% of the Company's total Accounts Receivable as of March 31, 2024 and December 31, 2023.

Geographic Information

Revenue by geographic area is based on the location of the customer. Revenue related to IMAX Film Remastering process is presented based upon the geographic location of the IMAX System that exhibits the remastered films. IMAX Film Remastering and distribution revenue is generated through contractual relationships with studios and other third parties that may not be in the same geographical location as the IMAX Systems that exhibit the remastered films.

The following table summarizes the Company's revenues by geographic area for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
United States	\$ 26,604	\$ 26,753
Greater China	21,453	26,566
Western Europe	14,191	10,168
Asia (excluding Greater China)	9,126	10,652
Canada	2,408	7,196
Latin America	1,460	1,603
Rest of the World	3,881	4,008
Total	<u>\$ 79,123</u>	<u>\$ 86,946</u>

The United States and Greater China (which includes the mainland of the People's Republic of China, Hong Kong, Macau, and Taiwan) each comprise greater than 10% of the Company's total revenues for the three months ended March 31, 2024 and 2023, respectively.

15. Financial Instruments

(a) Financial Instruments

The Company's cash is invested with various major financial institutions. The Company's \$81.0 million balance of cash and cash equivalents as of March 31, 2024 (December 31, 2023 — \$76.2 million) includes \$70.3 million in cash held outside of Canada (December 31, 2023 — \$68.5 million), of which \$31.8 million was held in the PRC (December 31, 2023 — \$30.0 million).

(b) Fair Value Measurements

The carrying values of the Company's Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Accrued Liabilities due within one year approximate their fair values due to the short-term maturity of these instruments. Including these instruments, the Company's financial instruments consist of the following:

<i>(In thousands of U.S. Dollars)</i>	As of March 31, 2024		As of December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Level 1				
Cash and cash equivalents ⁽¹⁾	\$ 81,017	\$ 81,017	\$ 76,200	\$ 76,200
Level 2				
Net financed sales receivables ⁽²⁾	\$ 96,291	\$ 96,313	\$ 97,615	\$ 96,500
Net investment in sales-type leases ⁽²⁾	29,323	28,578	29,539	28,751
Equity securities ⁽¹⁾	1,000	1,000	1,000	1,000
COLI ⁽⁴⁾	3,552	3,552	3,522	3,522
Foreign exchange contracts — designated forwards ⁽³⁾	(87)	(87)	819	819
Wells Fargo Credit Facility borrowings ⁽¹⁾	(69,000)	(69,000)	(24,000)	(24,000)
Federal Economic Development Loan ⁽²⁾	(2,426)	(2,426)	(2,498)	(2,498)
Convertible Notes ⁽⁵⁾	(230,000)	(213,571)	(230,000)	(205,850)

- (1) Recorded at cost, which approximates fair value.
- (2) Fair value is estimated based on discounting future cash flows at currently available interest rates with comparable terms.
- (3) Fair value is determined using quoted prices in active markets.
- (4) Measured at cash surrender value, which approximates fair value.
- (5) Fair value is determined using quoted market prices that are observable in the market or that could be derived from observable market data.

(c) Foreign Exchange Risk Management

The Company is exposed to market risk from changes in foreign currency rates.

A majority of the Company's revenues is denominated in U.S. Dollars while a significant portion of its costs and expenses is denominated in Canadian Dollars. A portion of the Company's net U.S. Dollar cash is converted to Canadian Dollars to fund Canadian Dollar expenses through the spot market. In China and Japan, the Company has ongoing operating expenses related to its operations in RMB and Japanese Yen, respectively. Net cash flows are converted to and from U.S. Dollars through the spot market. The Company also has cash receipts under leases denominated in RMB, Japanese Yen, Canadian Dollars and Euros which are converted to U.S. Dollars through the spot market. In addition, because IMAX films generate box office receipts in 89 different countries, unfavorable exchange rates between applicable local currencies and the U.S. Dollar could have an impact on box-office receipts and the Company's revenues and results of operations. The Company's policy is to not use any financial instruments for trading or other speculative purposes.

The Company has entered into a series of foreign currency forward contracts to manage the risks associated with the volatility of foreign currencies. Certain of these foreign currency forward contracts met the criteria required for hedge accounting under the Derivatives and Hedging Topic of the FASB ASC at inception, and continue to meet hedge effectiveness tests as of March 31, 2024 (the "**Foreign Currency Hedges**"), with settlement dates throughout 2024 and 2025. Foreign currency derivatives are recognized and measured in the Condensed Consolidated Balance Sheets at fair value. Changes in the fair value (i.e., gains or losses) are recognized in the Condensed Consolidated Statements of Operations except for derivatives designated and qualifying as foreign currency cash flow hedging instruments. The Company currently has cash flow hedging instruments associated with Selling, General and Administrative Expenses. For foreign currency cash flow hedging instruments related to Selling, General and Administrative Expenses, the effective portion of the gain or loss in a hedge of a forecasted transaction is reported in Accumulated Other Comprehensive (Loss) Income ("**AOCI**") and reclassified to the Condensed Consolidated Statements of Operations when the forecasted transaction occurs. Any ineffective portion is recognized immediately in the Condensed Consolidated Statements of Operations.

The notional value of foreign currency cash flow hedging instruments that qualify for hedge accounting as of March 31, 2024 was \$34.8 million (December 31, 2023 — \$40.6 million).

The following tabular disclosures reflect the impact that derivative instruments and hedging activities have on the Company's Condensed Consolidated Financial Statements:

Notional value of derivatives in foreign exchange contracts:

<i>(In thousands of U.S. Dollars)</i>	March 31, 2024	December 31, 2023
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Derivatives designated as hedging instruments:

Foreign exchange contracts — Forwards	\$ 34,820	\$ 40,563
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Fair value of derivatives in foreign exchange contracts:

<i>(In thousands of U.S. Dollars)</i>	Balance Sheet Location	March 31, 2024	December 31, 2023
---------------------------------------	-------------------------------	---------------------------	----------------------

Derivatives designated as
hedging instruments:

Foreign exchange contracts			
— Forwards	Other assets	\$ 104	\$ 846
	Accrued and other liabilities	<u>(191)</u>	<u>(27)</u>
		<u>\$ (87)</u>	<u>\$ 819</u>

Derivatives in foreign currency hedging relationships are as follows:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31, 2024	2023
---------------------------------------	----------------------------------------------	------

Foreign exchange contracts	Derivative (Loss) Gain		
– Forwards	Recognized in OCI		
	(Effective Portion)	\$ (916)	\$ 134

	Location of Derivative Loss		
<i>(In thousands of U.S. Dollars)</i>	Reclassified from AOCI	Three Months Ended March 31, 2024	2023
	(Effective Portion)		

Foreign exchange contracts	Selling, general and		
– Forwards	administrative expenses	<u>\$ (11)</u>	<u>\$ (339)</u>

The Company's estimated net amount of the existing loss as of March 31, 2024 is \$0.1 million, which is expected to be reclassified to the Condensed Consolidated Statements of Operations within the next twelve months.

(d) *Investments in Equity Securities*

The Company held an investment in the preferred shares of enterprises which meets the criteria for classification as an equity security carried at historical cost, net of impairment charges. The carrying value of the equity security investment was \$1.0 million as of March 31, 2024 (December 31, 2023 — \$1.0 million) and is recorded within Other Assets in the Condensed Consolidated Balance Sheets.

17. Non–Controlling Interests

(a) *IMAX China Non–Controlling Interest*

The Company indirectly owns 71.52% of IMAX China, whose shares trade on the Hong Kong Stock Exchange (December 31, 2023 — 71.55%). IMAX China remains a consolidated subsidiary of the Company. As of March 31, 2024, the balance of the Company’s non–controlling interest in IMAX China is \$73.9 million (December 31, 2023 — \$71.8 million). For the three months ended March 31, 2024, the net income attributable to the non–controlling interest in IMAX China is \$2.2 million (2023 — \$2.7 million).

(b) *Other Non–Controlling Interest*

The Company’s Original Film Fund was established in 2014 to co–finance a portfolio of 10 original large–format films. The initial investment in the Original Film Fund was committed by a third party in the amount of \$25.0 million, with the possibility of contributing additional funds. The Company has contributed \$9.0 million to the Original Film Fund since 2014 and has reached its maximum contribution. As of March 31, 2024, the Original Film Fund has invested \$22.3 million toward the development of original films. The related production, financing and distribution agreement includes put and call rights relating to change of control of the rights, title and interest in the co–financed pictures.

Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

Presented below is Management’s Discussion and Analysis of Financial Condition and Results of Operations (or “**MD&A**”) for IMAX Corporation and its consolidated subsidiaries (“**IMAX**” or the “**Company**”) for the three months ended March 31, 2024 and 2023. MD&A should be read in conjunction with Note 13, “Segment Reporting,” in the accompanying Condensed Consolidated Financial Statements in Item 1.

As of March 31, 2024, the Company indirectly owns 71.52% of IMAX China Holding, Inc. (“**IMAX China**”), whose shares trade on the Hong Kong Stock Exchange. IMAX China is a consolidated subsidiary of the Company. For the three months ended March 31, 2024, net income attributable to IMAX China is \$7.5 million, of which \$5.4 million is attributable to the shareholders of the Company (2023 — net income of \$9.4 million and \$6.7 million, respectively).

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this quarterly report may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 or “forward-looking information” within the meaning of Canadian securities laws. These forward-looking 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), industry prospects and consumer behavior, plans and references to the future success of the Company and expectations regarding its 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, as well as geopolitical conflicts; risks related to the Company’s growth and operations in China; the performance of IMAX DMR® films and other films released to the IMAX network; the signing of IMAX 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, including competitive actions by other companies; the failure to respond to change and advancements in digital technology; risks relating to consolidation among commercial exhibitors and studios; risks related to brand extensions and 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; risks associated with the Company’s use of artificial intelligence (“AI”) and exploration of additional use cases of AI; risks related to climate change; risks related to weather conditions and natural disasters that may disrupt or harm the Company’s business; risks related to the Company’s indebtedness and compliance with its debt agreements; general economic, market or business conditions; risks related to political, economic and social instability; the failure to convert system backlog into revenue; changes in laws or regulations; any statements of belief and any statements of assumptions underlying any of the foregoing; other factors and risks outlined in the Company’s periodic filings with the United States Securities and Exchange Commission (the “SEC”) or in Canada, the System for Electronic Document Analysis and Retrieval (“SEDAR+”); and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this quarterly report 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. The forward-looking statements herein are made only as of the date hereof and 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.

IMAX®, IMAX® 3D, Experience It In IMAX®, The IMAX Experience®, DMR®, Filmed For IMAX®, IMAX Live™, IMAX Enhanced®, IMAX StreamSmart™, and SSIMWAVE® are trademarks and trade names of the Company or its subsidiaries that are registered or otherwise protected under laws of various jurisdictions.

The Company makes available, free of charge, its Annual Reports on Form 10–K, Quarterly Reports on Form 10–Q and Current Reports on Form 8–K, and any amendments to such reports, as soon as reasonably practicable after such filings have been made with the SEC and Canadian securities regulators. Reports may be obtained free of charge through the SEC’s website at www.sec.gov or the SEDAR+’s website at www.sedarplus.ca and through the Company’s website at www.imax.com or by calling the Company’s Investor Relations Department at 212–821–0154. No information included on the Company’s website shall be deemed included or otherwise incorporated into this filing, except where expressly indicated.

The information posted on the Company’s Corporate and Investor Relations websites may be deemed material to investors. Accordingly, investors, media and others interested in the Company should monitor the Company’s investor relations websites in addition to the Company’s press releases, SEC and SEDAR+ filings and public conference calls and webcasts.

OVERVIEW

IMAX is a premier global technology platform for entertainment and events. Through its proprietary software, auditorium, architecture, patented intellectual property, and specialized equipment, IMAX offers a unique end-to-end solution to create superior, awe-inspiring immersive content experiences for which the IMAX® brand is globally renowned. Top filmmakers, movie studios, artists, and creators utilize the cutting-edge visual and sound technology of IMAX to connect with audiences in innovative ways. As a result, IMAX is among the most important and successful global distribution platforms for domestic and international tentpole films. The Company’s global content portfolio includes blockbuster films, both from Hollywood and local language film industries worldwide; IMAX documentaries, both original and acquired; and IMAX events and experiences in emerging verticals, including music, gaming, and sports.

The Company leverages its proprietary technology and engineering in all aspects of its business, which principally consists of the digital remastering of films and other content into the IMAX format for distribution across the IMAX network (“**IMAX Film Remastering**”) and the sale or lease of premium IMAX theater systems (“**IMAX System(s)**”).

IMAX Systems are based on proprietary and patented image, audio and other technology developed over the course of the Company’s history since its founding in 1967. The customers for IMAX Systems are principally theater exhibitors that operate commercial multiplex theaters, and, to a much lesser extent, museums, science centers and destination entertainment sites. The Company does not own the locations in the IMAX network, except for one, and is not an exhibitor, but instead sells or leases IMAX System to exhibitor customers along with licenses to use its trademarks and ongoing maintenance services for which there are annual payments by the exhibitors to IMAX.

IMAX has the largest global premium format network, more than double the size of its nearest competitor. As of March 31, 2024, there were 1,772 IMAX Systems in 89 countries and territories, including 1,697 commercial multiplexes, 12 commercial destinations, and 63 institutional locations in the Company's global network. This compares to 1,711 IMAX Systems in 87 countries and territories as of March 31, 2023, including 1,631 commercial multiplexes, 12 commercial destinations, and 68 institutional locations in the Company's global network. Additional information on the composition of the IMAX network is provided in the discussion of Marketing and Customers.

IMAX Systems provide the Company's exhibitor customers with a combination of the following benefits:

- the ability to exhibit content that has been enhanced through the IMAX Film Remastering (formerly known as "IMAX DMR") process, which results in higher image and sound fidelity than conventional cinema experiences;
- advanced, high-resolution projectors with specialized equipment and automated theater control systems, which generate significantly more contrast and brightness than conventional theater systems;
- large screens and proprietary auditorium geometry, which result in a substantially larger field of view so that the screen extends to the edge of a viewer's peripheral vision and creates more realistic images;
- advanced sound system components, which deliver more expansive sound imagery and pinpointed origination of sound to any specific spot in an auditorium equipped with an IMAX System;
- specialized theater acoustics, which result in a four-fold reduction in background noise;
- ongoing maintenance and extended warranty services, and
- a license to the globally recognized IMAX brand as well as benefits from IMAX marketing of films being shown in its network and IMAX's growing social media followership.

In addition, select movies shown in the IMAX network are filmed using proprietary IMAX film cameras or IMAX certified digital cameras, which along with IMAX's customized guidance and a workflow process provide filmmakers enhanced and differentiated image quality and an IMAX-exclusive film aspect ratio that delivers up to 26% more image onto a standard IMAX movie screen. In select IMAX locations worldwide, movies filmed with IMAX cameras have an IMAX-exclusive 1.43 film aspect ratio, delivering up to 67% more image.

Together, these components cause audiences in IMAX locations to feel as if they are a part of the on-screen action, creating a more intense, immersive, and awe-inspiring exciting experience than a conventional cinematic format.

As a result of the engineering and scientific achievements that are a hallmark of The IMAX Experience®, the Company’s exhibitor customers typically charge a premium for films released in IMAX’s format versus films exhibited in their other auditoriums. The premium pricing, combined with the higher attendance levels associated with IMAX films, generates incremental box office for the Company’s exhibitor customers and for the movie studios releasing their films to the IMAX network. The incremental box office generated by IMAX films combined with IMAX’s unmatched global network footprint and scale has helped establish IMAX as a key premium distribution and marketing platform for Hollywood and foreign local language movie studios.

The Company also continues to evolve its platform to bring new, innovative events and experiences to audiences worldwide. The Company has a footprint of connected IMAX Systems capable of delivering live, interactive content with low latency and superior sight and sound.

As a premier global technology platform for entertainment and events, the Company strives to remain at the forefront of advancements in technology. The Company offers a suite of laser-based digital projection systems (“**IMAX Laser Systems**”), which deliver increased resolution, sharper and brighter images, deeper contrast, and the widest range of colors available to filmmakers today. The Company further believes that its suite of IMAX Laser Systems are helping facilitate the next major renewal and upgrade cycle for the global IMAX network.

The Company utilizes AI for image enhancement, streaming technology, and data analysis to improve various aspects of its business. It is actively exploring other global use cases for AI to save costs, and to improve its products, operations, and efficiency.

SOURCES OF REVENUE

The Company has organized its operating segments into the following two reportable segments: (i) Content Solutions, which principally includes content enhancement and distribution services, and (ii) Technology Products and Services, which principally includes the sale, lease, and maintenance of IMAX Systems. The Company’s activities that do not meet the criteria to be considered a reportable segment are disclosed within All Other. See Note 13 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

Content Solutions

The Content Solutions segment earns revenue principally from the digital remastering of films and other content into IMAX formats for distribution across the IMAX network. To a lesser extent, the Content Solutions segment also earns revenue from the distribution of large-format documentary films and IMAX events and experiences including music, gaming, and sports, as well as the provision of film post-production services.

Film Remastering and Distribution

IMAX Film Remastering is a proprietary technology that digitally remasters films and other content into IMAX formats for distribution across the IMAX network. In a typical IMAX Film Remastering and distribution arrangement, the Company receives a percentage of the box office receipts from a movie studio in exchange for converting a commercial film into the IMAX format and distributing it through the IMAX network. The fee earned by the Company in a typical IMAX film remastering and distribution arrangement averages approximately 12.5% of box office receipts (i.e., global box office (“GBO”) less applicable sales taxes), except for within Greater China, where the Company receives a lower percentage of net box office receipts for certain Hollywood films due to an import tax.

IMAX Film Remastering digitally enhances the image resolution of films for projection on IMAX screens while maintaining or enhancing the visual clarity and sound quality to levels for which The IMAX Experience is known. In addition, the original soundtrack of a film to be exhibited across the IMAX network is remastered for IMAX digital sound systems. IMAX remastered soundtracks are uncompressed for full fidelity. IMAX sound systems use proprietary loudspeaker systems and proprietary surround sound configurations that ensure every seat in an auditorium is an optimal listening position.

IMAX films also benefit from enhancements made by individual filmmakers exclusively for the IMAX release of the film. Collectively, the Company refers to these enhancements as “IMAX DNA.” Filmmakers and movie studios have sought IMAX-specific enhancements in recent years to generate interest in and excitement for their films. Such enhancements include shooting films with IMAX cameras to increase the audience’s immersion in the film and to take advantage of the unique dimensions of the IMAX screen by projecting the film in a larger aspect ratio that delivers up to 26% more image onto a standard IMAX movie screen. In select IMAX locations worldwide, movies filmed with IMAX cameras have an IMAX-exclusive 1.43 film aspect ratio, delivering up to 67% more image. The Company has a Filmed For IMAX™ program for select films under which filmmakers craft films from their inception in numerous ways to optimize The IMAX Experience. The program includes incremental and bespoke marketing support, which box office metrics demonstrate audiences respond extremely favorably to, and drives higher market share for IMAX.

Management believes that growth in international box office remains an important driver of growth for the Company. To support continued growth in international markets, the Company is focused on the expansion of the IMAX network and has sought to elevate its international film strategy, supplementing its slate of Hollywood films with appealing local language films released in select markets, including China, Japan, India, France and South Korea. More recently, the Company has further expanded its strategy by distributing local language films in both native and foreign markets.

The following table provides detailed information about the films that were released to the Company's global network during the three months ended March 31, 2024 and 2023:

	For the Three Months Ended	
	March 31,	
	2024	2023
Hollywood film releases ⁽¹⁾	<u>8</u>	<u>6</u>
Local language film releases:		
China	4	5
India	2	2
Japan	3	2
South Korea	<u>1</u>	<u>1</u>
Total local language film releases	<u>10</u>	<u>10</u>
Alternative content experiences	<u>2</u>	<u>1</u>
Total film releases and alternative content experiences	<u>20</u>	<u>17</u>

(1) For the three months ended March 31, 2024, the films released to the Company's global network include two with IMAX DNA (2023 — two).

The films distributed through the Company's global network during the three months ended March 31, 2024 that generated the highest IMAX box office totals were *Dune: Part Two*, *Godzilla x Kong: The New Empire*, and *Pegasus 2*, a Chinese local language film.

In addition to the 20 IMAX films and alternative content experiences released on the Company's global network during the three months ended March 31, 2024, the Company has announced the following additional 31 films, alternative content and experiences to be released throughout the remainder of 2024:

Title	Studio	Scheduled Release Date⁽¹⁾	IMAX DNA
<i>Civil War</i>	A24	April 2024	–
<i>SUGA / Agust D TOUR 'D-DAY' THE FINAL</i>	Hybe/Trafalgar	April 2024	–
<i>Bade Miyan Chote Miyan Maidaan</i>	PVR Inox Pictures Bayview Projects	April 2024 April 2024	– –
<i>KKN 2: Badarawuhi di desa Penari</i>	MD Pictures	April 2024	Filmed For IMAX
<i>Detective Conan: The Million-dollar Pentagon</i>	Toho Studios	April 2024	–
<i>Blue Lock: Episode Nagi</i>	Bandai	April 2024	–
<i>Spy x Family Code: White</i>	Sony Pictures/Crunchyroll	April 2024	–
<i>The Roundup: Punishment</i>	ABO Ent.	April 2024	–
<i>Howl's Moving Castle Formed Police Unit</i>	Studio Ghibli Alibaba	April 2024 May 2024	– –
<i>The Fall Guy</i>	Universal Pictures	May 2024	–
<i>Kingdom of The Planet of The Apes</i>	Walt Disney Studios	May 2024	–
<i>Furiosa</i>	Warner Bros. Pictures	May 2024	–
<i>Twilight of Warriors: Walled In</i>	Lian Ray	May 2024	–
<i>Bad Boys 4</i>	Sony Pictures	June 2024	–
<i>Inside Out 2</i>	Walt Disney Studios/Pixar Animation Studios	June 2024	–
<i>A Quiet Place: Day One</i>	Paramount Pictures	June 2024	–
<i>Despicable Me 4</i>	Universal Pictures	July 2024	–
<i>Twisters</i>	Universal Pictures/Warner Bros. Pictures	July 2024	–
<i>Kingdom 4</i>	Toho Studios	July 2024	–
<i>Deadpool & Wolverine</i>	Marvel Studios/Walt Disney Studios	July 2024	–
<i>Borderlands</i>	Lionsgate	August 2024	–
<i>Alien: Romulus</i>	Walt Disney Studios	August 2024	–
<i>The Crow</i>	Lionsgate	August 2024	–
<i>Kraven the Hunter</i>	Sony Pictures/Marvel Studios	August 2024	–

Title	Studio	Scheduled Release Date⁽¹⁾	IMAX DNA
<i>Beetlejuice 2</i>	Warner Bros. Pictures	September 2024	–
<i>Transformers One</i>	Paramount Pictures	September 2024	–
<i>Wolfs</i>	Sony Pictures/Apple	September 2024	–
<i>Interstellar</i>	Paramount Pictures/Warner Bros. Pictures	September 2024	Shot with IMAX Flim Cameras
<i>Joker: Folie à Deux</i>	Warner Bros. Pictures/DC Studios	October 2024	Filmed For IMAX
<i>Venom 3</i>	Sony Pictures	October 2024	Filmed For IMAX
<i>Untitled Gladiator Sequel</i>	Paramount Pictures	November 2024	–
<i>Wicked – Part 1</i>	Universal Pictures	November 2024	–

(1) The scheduled release dates in the table above are subject to change, may vary by territory, and may not reflect the date(s) of limited premiere events.

The Company remains in active negotiations with studios for additional films to fill out its short – and long–term film slate for the IMAX network. The Company also expects to announce additional local language films and exclusive IMAX events and experiences to be released to its global network throughout 2024.

IMAX NETWORK AND BACKLOG

IMAX Network

The following table provides detailed information about the IMAX network by type and geographic location as of March 31, 2024 and 2023. For additional information regarding the composition of the IMAX network, see “Marketing and Customers” in Part I, Item 1 of the Company’s 2023 Form 10–K.

	March 31, 2024				March 31, 2023			
	Commercial Multiplex	Commercial Destination	Commercial Institutional	Total	Commercial Multiplex	Commercial Destination	Commercial Institutional	Total
United States	363	4	24	391	361	4	25	390
Canada	42	1	7	50	40	1	7	48
Greater China ⁽¹⁾	791	–	13	804	777	–	16	793
Asia (excluding Greater China)	170	2	2	174	140	2	2	144
Western Europe	128	4	8	140	118	4	8	130
Latin America ⁽²⁾	59	1	7	67	54	1	8	63
Rest of the World	144	–	2	146	141	–	2	143
Total ⁽³⁾	<u>1,697</u>	<u>12</u>	<u>63</u>	<u>1,772</u>	<u>1,631</u>	<u>12</u>	<u>68</u>	<u>1,711</u>

(1) Greater China includes China, Hong Kong, Taiwan and Macau.

(2) Latin America includes South America, Central America and Mexico.

(3) Period-to-period changes in the table above are reported net of the effect of permanently closed locations.

IMAX currently estimates a worldwide commercial multiplex addressable market of 3,619 locations, of which there are 1,772 IMAX Systems operating as of March 31, 2024, representing a market penetration of only 49.0%. The Company believes that the majority of its future growth will come from international markets. As of March 31, 2024, 76% of IMAX Systems in the global commercial multiplex network were located within international markets (defined as all countries other than the United States and Canada). Revenues and GBO derived from international markets continue to exceed revenues and GBO from the United States and Canada. Risks associated with the Company’s international business are outlined in “Risk Factors – The Company conducts business internationally, which exposes it to uncertainties and risks that could negatively affect its operations, sales and future growth prospects” in Part I, Item 1A of the Company’s 2023 Form 10–K.

In the three months ended March 31, 2024, the Company’s revenue generated from its Greater China operations represents 27% of consolidated revenue, compared to 31% in 2023. As of March 31, 2024, the Company had 804 IMAX Systems operating in Greater China with an additional 205 systems in backlog.

For the three months ended March 31, 2024, the IMAX network generated over \$56.9 million in box office from local language films, representing approximately 21.3% of the Company’s total box office in the period. Top performing titles during the Chinese New Year holiday included Pegasus 2 and YOLO. The Company continues to see its local language films increasingly generate significant IMAX box office in markets outside of those in which they are released.

(See “Risk Factors – The Company faces risks in connection with its significant presence in China and the continued expansion of its business there,” “Risk Factors – General political, social and economic conditions can affect the Company’s business by reducing both revenues generated from existing IMAX Systems and the demand for new IMAX Systems,” and “Risk Factors – The Company may not convert all of its backlog into revenue and cash flows” in Part I, Item 1A of the Company’s 2023 Form 10–K.)

The following tables provide detailed information about the Company’s commercial multiplex locations in operation within the IMAX network by arrangement type and geographic location as of March 31, 2024 and 2023:

	March 31, 2024			
	Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements ⁽¹⁾	Total
Domestic Total (United States & Canada)	<u>272</u>	<u>6</u>	<u>127</u>	<u>405</u>
International:				
Greater China	413	109	269	791
Asia (excluding Greater China)	48	8	114	170
Western Europe	41	15	72	128
Latin America	2	–	57	59
Rest of the World	<u>15</u>	<u>–</u>	<u>129</u>	<u>144</u>
International Total	<u>519</u>	<u>132</u>	<u>641</u>	<u>1,292</u>
Worldwide Total ⁽²⁾	<u><u>791</u></u>	<u><u>138</u></u>	<u><u>768</u></u>	<u><u>1,697</u></u>

	March 31, 2023			Total
	Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements ⁽¹⁾	
Domestic Total (United States & Canada)	274	6	121	401
International:				
Greater China	401	110	266	777
Asia (excluding Greater China)	37	5	98	140
Western Europe	47	28	43	118
Latin America	2	–	52	54
Rest of the World	17	–	124	141
International Total	504	143	583	1,230
Worldwide Total ⁽²⁾	<u>778</u>	<u>149</u>	<u>704</u>	<u>1,631</u>

(1) Includes Sales, Hybrid Sales and Sales–Type Lease deal types

(2) Period–to–period changes in the tables above are reported net of the effect of permanently closed systems.

Backlog

The following tables provide detailed information about the Company’s system backlog by arrangement type and geographic location as of March 31, 2024 and 2023:

	March 31, 2024			Total
	IMAX System Backlog			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements ⁽¹⁾	
Domestic Total (United States & Canada)	79	2	14	95
International:				
Greater China	53	90	62	205
Asia (excluding Greater China)	23	7	21	51
Western Europe	16	1	16	33
Latin America	3	–	2	5
Rest of the World	3	1	49	53
International Total	98	99	150	347
Worldwide Total	<u>177</u>	<u>101</u>	<u>164</u>	<u>442⁽²⁾</u>

	March 31, 2023			
	IMAX System Backlog			
	Traditional	Hybrid	Sales	Total
	JRSA	JRSA	Arrangements ⁽¹⁾	
Domestic Total (United States & Canada)	100	2	9	111
International:				
Greater China	42	92	66	200
Asia (excluding Greater China)	13	13	33	59
Western Europe	19	10	6	35
Latin America	3	–	2	5
Rest of the World	3	1	32	36
International Total	80	116	161	357
Worldwide Total	<u>180</u>	<u>118</u>	<u>170</u>	<u>468⁽³⁾</u>

(1) Includes Sales, Hybrid Sales and Sales–Type Lease deal types.

(2) Includes 323 IMAX Laser Systems (261 new and 62 upgrades of existing locations).

(3) Includes 309 IMAX Laser Systems (221 new and 88 upgrades of existing locations).

Approximately 79% of IMAX System arrangements in backlog as of March 31, 2024 are scheduled to be installed in international markets (2023 — 76%).

RESULTS OF OPERATIONS

The Company’s business and future prospects are evaluated by Richard L. Gelfond, its Chief Executive Officer (“CEO”), using a variety of factors and financial and operational metrics including: (i) IMAX box office performance and the securing of new IMAX films and other events to be exhibited across the IMAX network; (ii) the signing, installation, and financial performance of IMAX System arrangements, particularly those involving laser-based projection systems; (iii) the success of the Company’s investments in business evolution and brand extensions into streaming and consumer technology, including the integration of SSIMWAVE and the distribution of live events to the IMAX network, (iv) revenues and gross margins earned by the Company’s segments, as discussed below; (v) consolidated earnings (loss) from operations, as adjusted for unusual items; (vi) the continuing ability to invest in and improve the Company’s technology to enhance the differentiation of The IMAX Experience versus other out-of-home experiences; (vii) the overall execution, reliability, and consumer acceptance of The IMAX Experience; and (viii) short – and long-term cash flow projections.

The CEO is the Company’s Chief Operating Decision Maker (“CODM”), as such term is defined under United States Generally Accepted Accounting Principles (“U.S. GAAP”). The CODM assesses segment performance based on segment revenues and gross margins. Selling, general and administrative expenses, research and development costs, the amortization of intangible assets, provision for (reversal of) current expected credit losses, certain write-downs, interest income, interest expense, and income tax (expense) benefit are not allocated to the Company’s segments.

The Company has two reportable segments: (i) Content Solutions, which principally includes content enhancement and distribution services, and (ii) Technology Products and Services, which principally includes the sale, lease, and maintenance of IMAX Systems. The Company’s activities that do not meet the criteria to be considered a reportable segment are reported within All Other. See Note 13 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

Results of Operations for the Three Months Ended March 31, 2024 and 2023

Net Income and Adjusted Net Income Attributable to Common Shareholders

The following table presents the Company’s net income attributable to common shareholders and the associated per diluted share amounts, as well as adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,			
	2024		2023	
	Net Income	Per Diluted Share	Net Income	Per Diluted Share
<i>(In thousands of U.S. Dollars, except per diluted share amounts)</i>				
Net income attributable to common shareholders	<u>\$ 3,274</u>	<u>\$ 0.06</u>	<u>\$ 2,454</u>	<u>\$ 0.04</u>
Adjusted net income attributable to common shareholders ⁽¹⁾	<u>\$ 7,941</u>	<u>\$ 0.15</u>	<u>\$ 9,025</u>	<u>\$ 0.16</u>

(1) See “Non-GAAP Financial Measures” for a description of this non-GAAP financial measure and a reconciliation to the most comparable GAAP amount.

Revenues and Gross Margin

For the three months ended March 31, 2024, the Company's revenues and gross margin decreased by \$7.8 million, or 9%, and \$3.2 million, or 6%, respectively, when compared to the same period in 2023 principally due to a lower level of IMAX Systems renewals, which are non-recurring in nature, and lower aftermarket sales as the first quarter of 2023 included *Avatar: The Way of Water*, a 3D film.

The following table presents the Company's revenue, gross margin and gross margin percentage by reportable segment for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Revenue ⁽¹⁾		Gross Margin		Gross Margin %	
	2024	2023	2024	2023	2024	2023
Content Solutions	\$ 34,013	\$ 32,101	\$ 22,099	\$ 17,995	65%	56%
Technology Products and Services	<u>43,150</u>	<u>51,667</u>	<u>23,584</u>	<u>29,891</u>	<u>55%</u>	<u>58%</u>
Sub-total for reportable segments	<u>77,163</u>	<u>83,768</u>	<u>45,683</u>	<u>47,886</u>	<u>59%</u>	<u>57%</u>
All Other ⁽²⁾	<u>1,960</u>	<u>3,178</u>	<u>1,206</u>	<u>2,165</u>	<u>62%</u>	<u>68%</u>
Total	<u>\$ 79,123</u>	<u>\$ 86,946</u>	<u>\$ 46,889</u>	<u>\$ 50,051</u>	<u>59%</u>	<u>58%</u>

(1) All Other includes the results from Streaming and Consumer Technology and other ancillary activities.

Content Solutions

Content Solutions segment results are influenced by the level of commercial success and box office performance of the films and other content released to the IMAX network, as well as other factors including the timing of the releases, the length of play across the IMAX network, the box office share take rates under the Company's film remastering and distribution arrangements, the level of marketing spend associated with the releases in the year and the fluctuations in the value of foreign currencies versus the U.S. Dollar.

For the three months ended March 31, 2024, Content Solutions segment revenues and gross margin increased by \$1.9 million, or 6%, and \$4.1 million, or 23%, respectively, when compared to the same period in 2023. In the first quarter of 2024, box office generated by IMAX films totaled \$260.7 million, a \$12.7 million, or 5%, reduction versus the prior year comparative period of \$273.4 million. The impact on revenue from the lower box office experienced year over year was more than offset by the revenue earned from the alternative content released to the IMAX network in the first quarter of 2024, such as the exclusive IMAX release in partnership with Pathé Live of Queen Rock Montreal. In the first quarter of 2024, box office was generated by the exhibition of 27 films (20 new films and 7 films that were originally released in prior years) including Dune: Part Two, which generated box office of over \$132.4 million. In the first quarter of 2023, box office was generated by the exhibition of 22 films (15 new films and 7 films that were originally released in prior years) including Avatar: The Way of Water, which generated box office of \$109.1 million in the three months ended March 31, 2023.

In addition to the higher level of revenues, Content Solutions segment gross margin is also influenced by the costs associated with the films and other content exhibited in the period, and can vary from period-to-period, especially with respect to marketing expenses, which are expensed as incurred, for films and the costs incurred to produce, market and distribute alternate events and documentary content during the period. For the three months ended March 31, 2024 and 2023, gross margin percent was 65% and 56%, respectively, with the improvement driven primarily by lower marketing expenses for films in the respective periods.

Technology Products and Services

The primary drivers of Technology Products and Services segment results are the number of IMAX Systems installed in a period, the costs associated with each installation, lease payments tied to the box office performance of the films released to the IMAX network, as well as the associated maintenance contracts that accompany each installation. The average revenue and gross margin per IMAX System under sale and sales-type lease arrangements varies depending upon the number of IMAX System commitments with a single respective exhibitor, an exhibitor's location, the type of system sold and various other factors. The installation of IMAX Systems in theaters or multiplexes, which make up a large portion of the Company's system backlog, depends primarily on the timing of the construction of those projects, which is not under the Company's control.

The following table provides information about IMAX Systems installed and the associated revenue recognized at that time, except for traditional JRSA as revenue is recognized over the lease term, during the three months ended March 31, 2024 and 2023:

	For the Three Months Ended March 31,			
	2024		2023	
<i>(In thousands of U.S. Dollars, except number of systems)</i>	Number of Systems	Revenue	Number of Systems	Revenue
New IMAX Systems	5	3,862	7	6,627
Upgraded IMAX Systems	1	1,377	1	1,339
Total	6	\$ 5,239	8	7,965

For the three months ended March 31, 2024, Technology Products and Services segment revenue and gross margin decreased by \$8.5 million, or 16%, and \$6.3 million, or 21%, respectively, when compared to the same period in 2023, primarily driven by a lower level of systems recognized under sales arrangements, system renewals and after-market sales. In the first quarter of 2023, the Company recognized \$7.9 million in revenue from the renewal of existing IMAX system arrangements and after-market sales of IMAX 3D glasses as compared to \$2.5 million in the prior year comparative period.

Also contributing to the lower level of revenue was a decrease of \$1.5 million in rental revenues, resulting from lower GBO from systems under JRSA when compared to the same period in 2023. GBO from JRSA decreased \$16.3 million in the first quarter of 2024 when compared to the 2023 comparative period, from \$141.7 million to \$125.4 million.

The Technology Products and Services segment gross margin decrease of 21% during the three months ended March 31, 2024 as compared to 2023 was primarily due to the lower level of revenues, as described above.

Selling, General and Administrative Expenses

The following table presents information about the Company's Selling, General and Administrative Expenses for the three months ended March 31, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	For the three months ended March 31,				As a percentage of revenue	
	2024	2023	Variance \$	%	2024	2023
Total selling, general and administrative expenses	\$ 31,257	\$ 34,148	\$ (2,891)	(8%)	39%	39%
Less: Share-based compensation ⁽¹⁾	<u>4,337</u>	<u>5,196</u>	<u>(859)</u>	<u>(17%)</u>		
Total selling, general and administrative expenses, excluding share-based compensation ⁽²⁾	<u>\$ 26,920</u>	<u>\$28,952</u>	<u>\$ (2,032)</u>	<u>(7%)</u>	34%	33%

(1) A portion of total share-based compensation expense is also recognized within Costs and Expenses Applicable to Revenues, Research and Development. See Note 11(a) of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

(2) See "Non-GAAP Financial Measures" for a description of this non-GAAP financial measure and a reconciliation to the most comparable GAAP amount.

For the first quarter of 2024, the lower level of Selling, General and Administrative Expenses experienced over the prior year period reflects timing differences for marketing expenses and management's continued focus on cost discipline.

Credit Loss Expense, Net

For the three months ended March 31, 2024, the Company recorded current expected credit losses of less than \$0.1 million, as compared to credit losses of \$0.2 million recognized in the same period in 2023.

Management's judgments regarding expected credit losses are based on the facts available to management at the time that the Condensed Consolidated Financial Statements are prepared and involve estimates about the future. As a result, the Company's judgments and associated estimates of credit losses may ultimately prove, with the benefit of hindsight, to be incorrect. See Note 3 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

Income Taxes

For the three months ended March 31, 2024, the Company recorded income tax expense of \$5.2 million (2023 — \$4.9 million). The Company's effective tax rate of 48.8% for the three months ended March 31, 2024 is comparable to the same quarter in 2023. The Company's effective tax rate for the three months ended March 31, 2024 differs from the Canadian statutory tax rate of 26.5%, primarily due to tax rate differences in foreign jurisdictions which was offset by an increase in the valuation allowance from continuing operations, withholding taxes and a shortfall in tax benefits related to share-based compensation. The Company's effective tax rate of 48.8% for the three months ended March 31, 2023 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions which was offset by an increase in the valuation allowance and withholding taxes. See Note 10 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

Non-Controlling Interests

The Company's Condensed Consolidated Financial Statements include the non-controlling interest in the net income of IMAX China, as well as the impact of non-controlling interests in the activity of its Original Film Fund subsidiary. For the three months ended March 31, 2024, the net income attributable to non-controlling interests of the Company's subsidiaries was \$2.1 million, a decrease of \$0.5 million, when compared to the same period in 2023.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2024, the Company's principal sources of liquidity included: (i) its balances of cash and cash equivalents of \$81.0 million; (ii) the anticipated collection of trade accounts receivable, which includes amounts owed under JRSA arrangements and film remastering and distribution agreements with movie studios; (iii) the anticipated collection of financing receivables due in the next 12 months under sale and sales-type lease arrangements for systems currently in operation; and (iv) installment payments expected in the next 12 months under sale and sales-type lease arrangements in backlog. Under the terms of the Company's typical sale and sales-type lease agreements, the Company receives substantial cash payments before it completes the performance of its contractual obligations.

In addition, as of March 31, 2024, the Company had \$231.0 million in available borrowing capacity under its Sixth Amended and Restated Credit Agreement with Wells Fargo Bank, National Association (the "**Credit Agreement**"), \$26.8 million in available borrowing capacity under the IMAX (Shanghai) Multimedia Technology Co., Ltd. ("**IMAX Shanghai**") revolving credit facility with the Bank of China (the "**Bank of China Facility**"), and \$28.2 million in available borrowing capacity under IMAX Shanghai's revolving credit facility with HSBC Bank (China) Company Limited, Shanghai Branch (the "**HSBC China Facility**"). See Note 6(a) of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 for a description of the material terms of the Credit Agreement, the Bank of China Facility, and the HSBC Facility.

The Company's \$81.0 million balance of cash and cash equivalents as of March 31, 2024 (December 31, 2023 — \$76.2 million) includes \$70.3 million in cash held outside of Canada (December 31, 2023 — \$68.5 million) of which \$31.8 million was held in the People's Republic of China (the "**PRC**") (December 31, 2023 — \$30.0 million). Management reassessed its strategy with respect to the most efficient means of deploying the Company's capital resources globally and determined that historical earnings of certain foreign subsidiaries in excess of amounts required to sustain business operations would no longer be indefinitely reinvested. During the three-months ended March 31, 2024 and 2023, no historical earnings were distributed from a subsidiary in the PRC and no foreign withholding taxes were paid to the relevant tax authorities. As of March 31, 2024, the Company's Condensed Consolidated Balance Sheets include a deferred tax liability of \$12.5 million for the applicable foreign withholding taxes associated with the remaining balance of unrepatriated historical earnings that will not be indefinitely reinvested outside of Canada. These taxes will become payable upon the repatriation of any such earnings.

The Company forecasts its future cash flow and short-term liquidity requirements on an ongoing basis. These forecasts are based on estimates and may be materially impacted by factors that are outside of the Company's control (including the factors described in "Risk Factors" in Part I, Item 1A of the Company's 2023 Form 10-K. As a result, there is no guarantee that these forecasts will come to fruition and that the Company will be able to fund its operations through cash flows from operations. In particular, the Company's operating cash flows and cash balances will be adversely impacted if management's projections of future signings and installations of IMAX Systems and box office performance of IMAX content are not realized.

Based on the Company's current cash balances and operating cash flows, management expects to have sufficient capital and liquidity to fund its anticipated operating needs and capital requirements during the next twelve-month period following the date of this report.

NON-GAAP FINANCIAL MEASURES

In this report, the Company presents financial measures in accordance with U.S. GAAP and also on a non-U.S. GAAP basis under the SEC regulations. Specifically, the Company presents the following non-U.S. GAAP financial measures as supplemental measures of its performance:

- Adjusted net income or loss attributable to common shareholders;
- Adjusted net income or loss attributable to common shareholders per basic and diluted share;
- EBITDA;
- Adjusted EBITDA per Credit Facility; and
- Total selling, general and administrative expenses, excluding share-based compensation ("**Adjusted SG&A**").

Adjusted net income or loss attributable to common shareholders and adjusted net income or loss attributable to common shareholders per basic and diluted share exclude, where applicable: (i) share-based compensation; (ii) realized and unrealized investment gains or losses; (iii) transaction-related expenses; and (iv) restructuring and executive transition costs, as well as the related tax impact of these adjustments.

The Company believes that these non-U.S. 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 income or loss 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.

Reconciliations of net income attributable to common shareholders and the associated per share amounts to adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share are presented in the tables below.

<i>(In thousands of U.S. Dollars, except per share amounts)</i>	Three Months Ended March 31,			
	2024		2023	
	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income attributable to common shareholders	\$ 3,274	\$ 0.06	\$ 2,454	\$ 0.04
Adjustments ⁽¹⁾ :				
Share-based compensation	4,707	0.09	5,536	0.10
Unrealized investment gains	(30)	-	(45)	-
Transaction-related expenses	-	-	156	-
Restructuring and executive transition costs ⁽²⁾	-	-	1,353	0.02
Tax impact on items listed above	(10)	-	(429)	(0.01)
Adjusted net income ⁽¹⁾	<u>\$ 7,941</u>	<u>\$ 0.15</u>	<u>\$ 9,025</u>	<u>\$ 0.16</u>
Weighted average shares outstanding — basic		<u>52,501</u>		<u>54,064</u>
Weighted average shares outstanding — diluted		<u>53,406</u>		<u>54,991</u>

(1) Reflects amounts attributable to common shareholders.

(2) Reflects costs in connection with the departure of the President, IMAX Entertainment and Executive Vice President of the Company. See Note 16 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

In addition to the non-U.S. GAAP financial measures discussed above, management also uses “EBITDA,” as well as “Adjusted EBITDA per Credit Facility,” as defined in the Credit Agreement. As allowed by the Credit Agreement, Adjusted EBITDA per Credit Facility includes adjustments in addition to the exclusion of interest, taxes, depreciation and amortization. Accordingly, this non-U.S. 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 with its Credit Agreement requirements, when 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 income or loss excluding: (i) income tax expense or benefit; (ii) interest expense, net of interest income; (iii) depreciation and amortization, including film asset amortization; and (iv) amortization of deferred financing costs. Adjusted EBITDA per Credit Facility is defined as EBITDA excluding: (i) share-based and other non-cash compensation; (ii) realized and unrealized investment gains or losses; (iii) transaction-related expenses; (iv) write-downs, net of recoveries, including asset impairments and credit loss expense; and (v) restructuring and executive transition costs.

Reconciliations of net income attributable to common shareholders, which is the most directly comparable U.S. GAAP measure, to EBITDA and Adjusted EBITDA per Credit Facility are presented in the tables below.

	For the Three Months Ended March 31, 2024		
	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 income	\$ 5,420	\$ 2,146	\$ 3,274
Add (subtract):			
Income tax expense	5,159	538	4,621
Interest expense, net of interest income	919	(125)	1,044
Depreciation and amortization, including film asset amortization	15,164	1,286	13,878
Amortization of deferred financing costs ⁽¹⁾	492	-	492
	<hr/>	<hr/>	<hr/>
EBITDA	27,154	3,845	23,309
Share-based and other non-cash compensation	4,783	23	4,760
Realized and unrealized investment gains	(30)	-	(30)
Write-downs, including asset impairments and credit loss expense	144	66	78
	<hr/>	<hr/>	<hr/>
Adjusted EBITDA per Credit Facility	<u>\$ 32,051</u>	<u>\$ 3,934</u>	<u>\$ 28,117</u>

For the Twelve Months Ended March 31, 2024

<i>(In thousands of U.S. Dollars)</i>	Attributable to Non-controlling Interests and Common Shareholders	Less: Attributable to Non-controlling Interests	Attributable to Common Shareholders
Reported net income	\$ 33,363	\$ 7,208	\$ 26,155
Add (subtract):			
Income tax expense	13,325	1,470	11,855
Interest expense, net of interest income	2,285	(522)	2,807
Depreciation and amortization, including film asset amortization	61,866	5,297	56,569
Amortization of deferred financing costs ⁽¹⁾	2,102	–	2,102
	<hr/>	<hr/>	<hr/>
EBITDA	112,941	13,453	99,488
Share-based and other non-cash compensation	23,380	603	22,777
Realized and unrealized investment gains	(451)	(93)	(358)
Transaction-related expenses ⁽²⁾	3,413	208	3,205
Write-downs, including asset impairments and credit loss expense	2,893	346	2,547
Restructuring and executive transition costs ⁽³⁾	1,593	258	1,335
	<hr/>	<hr/>	<hr/>
Adjusted EBITDA per Credit Facility	<u>\$ 143,769</u>	<u>\$ 14,775</u>	<u>\$ 128,994</u>

(1) The amortization of deferred financing costs is recorded within Interest Expense in the Condensed Consolidated Statements of Operations.

(2) Reflects costs incurred resulting from the Company's with the proposal to acquire the outstanding 96.3 million shares in IMAX China. See Note 6 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

(3) Reflects costs in connection with the departure of President, IMAX Entertainment and Executive Vice President of the Company. See Note 16 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.

The Company also adjusts Selling, General and Administrative Expenses to exclude a portion of share-based compensation and related payroll taxes. Management uses non-U.S. GAAP and other financial measures such as this, internally for financial and operational decision-making and as a means to evaluate period-to-period comparisons. IMAX believes that this non-U.S. GAAP measure provides useful information about operating results, enhances the overall understanding of past financial performance and future prospects, and allows for greater transparency with respect to key metrics used by management and its financial and operational decision making.

A reconciliation of Selling, General and Administrative Expenses, the most directly comparable U.S. GAAP measure presented in the Condensed Consolidated Statement of Operations in Part I, Item 1, to Adjusted SG&A, is presented in the table below.

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended March 31,	
	2024	2023
Total selling, general and administrative expenses	\$ 31,257	\$ 34,148
Subtract: Share-based compensation	<u>4,337</u>	<u>5,196</u>
Total selling, general and administrative expenses, excluding share-based compensation	<u>\$ 26,920</u>	<u>\$ 28,952</u>

The Company cautions users of its financial statements that these non-U.S. GAAP financial measures may not be comparable to similarly titled measures reported by other companies. Additionally, the non-U.S. GAAP financial measures used by the Company should not be considered in isolation, or as a substitute for, or superior to, the comparable GAAP amounts.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk from foreign currency exchange rates and interest rates, which could affect operating results, financial position and cash flows. Market risk is the potential change in an instrument's value caused by, for example, fluctuations in interest and currency exchange rates. The Company's primary market risk exposure is the risk of unfavorable movements in exchange rates between the U.S. Dollar, the Canadian Dollar ("CAD") and Chinese Renminbi ("RMB"). The Company does not use financial instruments for trading or other speculative purposes.

Foreign Exchange Rate Risk

A majority of the Company's revenue is denominated in U.S. Dollars while a significant portion of its costs and expenses is denominated in Canadian Dollars. A portion of the Company's net U.S. Dollar cash flows is converted to Canadian Dollars to fund Canadian Dollar expenses through the spot market. In addition, IMAX films generate box office in 89 different countries, and therefore unfavorable exchange rates between applicable local currencies and the U.S. Dollar could have an impact on the GBO generated by the Company's exhibitor customers and its revenues. The Company has incoming cash flows from its revenue generating IMAX network and ongoing operating expenses in China through its majority-owned subsidiary IMAX Shanghai. In Japan, the Company has ongoing Yen-denominated operating expenses related to its Japanese operations. Net RMB and Japanese Yen cash flows are converted to U.S. Dollars through the spot market. The Company also has cash receipts from lease arrangements denominated in RMB, Japanese Yen, Euros and Canadian Dollars.

The Company manages its exposure to foreign exchange rate risks through its regular operating and financing activities and, when appropriate, through the use of derivative financial instruments. These derivative financial instruments are utilized to hedge economic exposures as well as reduce earnings and cash flow volatility resulting from shifts in market rates.

Certain of the Company's PRC subsidiaries held approximately RMB223.9 million (\$31.6 million) in cash and cash equivalents as of March 31, 2024 (December 31, 2023 — RMB213.0 million or \$30.0 million) and are required to transact locally in RMB. Foreign currency exchange transactions, including the remittance of any funds into and out of the PRC, are subject to controls and require the approval of the China State Administration of Foreign Exchange to complete. Any developments relating to the Chinese economy and any actions taken by the Chinese government are beyond the control of the Company; however, the Company monitors and manages its capital and liquidity requirements to ensure compliance with local regulatory and policy requirements. (See "Risk Factors – The Company faces risks in connection with its significant presence in China and the continued expansion of its business there" in Part I. Item 1A. of the Company's 2023 Form 10-K.)

Management also monitors the macroeconomic environment as part of its continuous assessment of credit risk. This includes consideration of developments in the U.S. and global banking sectors following recent banking collapses, which informs management's assessment of any potential direct and indirect impacts on the Company. There are no concentrations of cash and cash equivalents in any regional banking institutions, such that management considers there to be any material risk in this regard.

For the three months ended March 31, 2024, the Company recorded foreign exchange net loss of \$0.3 million, resulting from changes in exchange rates related to foreign currency denominated monetary assets and liabilities (2023 — net loss of \$0.1 million).

The Company has entered into a series of foreign currency forward contracts to manage the risks associated with the volatility of foreign currencies. Certain of these foreign currency forward contracts met the criteria required for hedge accounting under the Derivatives and Hedging Topic of the FASB ASC at inception, and continue to meet hedge effectiveness tests as of March 31, 2024, with settlement dates throughout 2024 and 2025. Foreign currency derivatives are recognized and measured in the Condensed Consolidated Balance Sheets at fair value. Changes in the fair value (i.e., gains or losses) are recognized in the Condensed Consolidated Statements of Operations except for derivatives designated and qualifying as foreign currency cash flow hedging instruments. The Company currently has cash flow hedging instruments associated with Selling, General and Administrative Expenses. For foreign currency cash flow hedging instruments related to Selling, General and Administrative Expenses, the effective portion of the gain or loss in a hedge of a forecasted transaction is reported within Accumulated Other Comprehensive Income (Loss) and reclassified to the Condensed Consolidated Statements of Operations when the forecasted transaction occurs. Any ineffective portion is recognized immediately in the Condensed Consolidated Statements of Operations.

The notional value of foreign currency cash flow hedging instruments that qualify for hedge accounting as of March 31, 2024 was \$34.8 million (December 31, 2023 — \$40.6 million). Losses of less than \$0.1 million were recorded to Other Comprehensive Income with respect to the change in fair value of these contracts for the three months ended March 31, 2024, (2023 — gain of \$0.8 million). Losses of \$1.0 million were reclassified from Accumulated Other Comprehensive Loss to Selling, General and Administrative Expenses for the three months ended March 31, 2024 (2023 — gains of less than \$0.1 million). The Company currently does not hold any derivatives which are not designated as hedging instruments.

For all derivative instruments, the Company is subject to counterparty credit risk to the extent that the counterparty may not meet its obligations to the Company. To manage this risk, the Company enters into derivative transactions only with major financial institutions.

As of March 31, 2024, the Company's Financing Receivables and working capital items denominated in Canadian Dollars, RMB, Japanese Yen, Euros and other foreign currencies translated into U.S. Dollars was \$163.3 million. Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates as of March 31, 2024, the potential change in the fair value of foreign currency-denominated financing receivables and working capital items would have been \$16.3 million. A significant portion of the Company's Selling, General, and Administrative Expenses is denominated in Canadian Dollars. Assuming a 1% change appreciation or depreciation in foreign currency exchange rates as of March 31, 2024, the potential change in the amount of Selling, General, and Administrative Expenses would be \$0.1 million.

Interest Rate Risk Management

The Company's earnings may also be affected by changes in interest rates due to the impact those changes have on its interest income from cash, and its interest expense from variable-rate borrowings that may be made under the Credit Facility.

As of March 31, 2024, the Company had drawn down \$69.0 million on its Revolver Credit Facility (December 31, 2023 — \$24.0 million), and \$nil on its HSBC China and Bank of China Facilities (December 31, 2023 — \$nil) which are subject to variable effective interest rates.

The Company had variable rate debt instruments representing 14% and 5% of its total liabilities as of March 31, 2024 and December 31, 2023, respectively. If the interest rates available to the Company increased by 10%, the Company's interest expense would increase by \$0.5 million and interest income from cash would increase by \$0.5 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable rate debt and cash balances as of March 31, 2024.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

This Form 10-Q should be read together with, and supplement, the risk factors in Item 1A. Risk Factors in the Company's 2023 Form 10-K, which describes various risks and uncertainties to which the Company is or may become subject. The risk factors included in the Company's 2023 Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect its business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

In 2022, IMAX China's shareholders granted its Board of Directors a general mandate authorizing the Board, subject to applicable laws, to repurchase shares of IMAX China not to exceed 10% of the total number of issued shares as of June 23, 2022 (34,063,480 shares). This program expired on the date of the 2023 Annual General Meeting of IMAX China on June 6, 2023. During the 2023 Annual General Meeting, shareholders approved the repurchase of shares of IMAX China not to exceed 10% of the total number of shares as of June 7, 2023 (33,959,314 shares). This program will be valid until the 2024 Annual General Meeting of IMAX China. The repurchases may be made in the open market or through other means permitted by applicable laws. IMAX China has no obligation to repurchase its shares and the share repurchase program may be suspended or discontinued by IMAX China at any time. During the three months ended March 31, 2024, IMAX China did not repurchase any common shares.

See Note 6 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 for a summary of the material terms and conditions of the Company's revolving credit facility, which include a limitation of the number of permitted share repurchases.

By Order of the Board
IMAX China Holding, Inc.
Yifan (Yvonne) He
Joint Company Secretary

Hong Kong, 25 April 2024

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Daniel Manwaring
Jiande Chen
Jim Athanasopoulos

Non-Executive Directors:

Richard Gelfond
Robert Lister

Independent Non-Executive Directors:

John Davison
Yue-Sai Kan
Janet Yang
Peter Loehr

In the event of any inconsistency between the English version and the Chinese version of this announcement, the English version shall prevail.