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IMAX Corporation

(Incorporated in Canada with limited liability)

ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF IMAX CHINA HOLDING, INC.
BY IMAX CORPORATION BY WAY OF A SCHEME OF
ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) PROPOSED WITHDRAWAL OF LISTING OF IMAX CHINA
HOLDING, INC.**

(3) PRESS RELEASE MADE BY IMAX CORPORATION

Reference is made to the announcement dated 13 July 2023 and the scheme document (the “**Scheme Document**”) dated 15 September 2023 jointly published by IMAX China Holding, Inc. (the “**Offeree Company**”) and IMAX Corporation (the “**Offeror**”) in relation to, among other things, the Proposal, the Scheme and the Share Incentive Proposal. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Scheme Document.

On 25 September 2023 (New York time), the Offeror made a press release in response to a statement made by a shareholder in relation to the Proposal. A copy of the press release is attached to this announcement.

Shareholders, Share Incentive Holders and potential investors are advised to read the Scheme Document, in particular (i) the letter from the Independent Board Committee and (ii) the letter from the Independent Financial Adviser, together with the press release.

By order of the board of
IMAX Corporation
Kenneth I. Weissman
Deputy General Counsel & Corporate Secretary

Hong Kong, 25 September 2023

As at the date of this announcement, the directors of the Offeror are Mr. Darren THROOP, Mr. Richard GELFOND, Ms. Gail BERMAN, Mr. Eric DEMIRIAN, Mr. Kevin DOUGLAS, Mr. David LEEBRON, Mr. Michael MACMILLAN, Mr. Steve PAMON, Ms. Dana SETTLE and Ms. Jen WONG.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and the press release and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement and the press release have been arrived at after due and careful consideration and there are no other facts not contained in this announcement and the press release, the omission of which would make any statement in this announcement and the press release misleading.

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

IMAX Corporation Responds to Letko's Statement on the Proposed Privatization of IMAX China

- *The Proposed Transaction Offers IMAX China Shareholders a 49% Premium over the Average Closing Price for Last 30 Full Trading Days Prior to Announcement*
- *Structurally Low Liquidity and Limited Institutional Investor Participation in IMAX China Shares Depress Stock Price and Impair Long-term IMAX China Trading Prospects*
- *The Independent Financial Advisor Considers Transaction Terms to be Fair and Reasonable and Advises the Independent Board Committee to Recommend Shareholders to Vote in Favour of the Transaction*
- *IMAX Corporation is Prohibited From Changing the Offer Price According to the No Price Increase Statement Published in the Scheme Document*
- *No Guarantee of IMAX China Future Dividends if Transaction Fails*

NEW YORK — September 25, 2023 — With reference to the announcement made by Letko, Brosseau & Associates Inc. (Letko) on September 22, 2023 stating its intention to vote against the take private transaction, IMAX Corporation reiterates its belief that the transaction is in the best interests of IMAX China shareholders and represents a compelling offer. While IMAX China's first half results are encouraging reflecting both theatre re-openings and increased box office market share, IMAX China's share price continued to exhibit weakness and its trading volume hit all-time lows throughout 2023 prior to the proposed privatization transaction despite market awareness of IMAX China's results through weekly box office reporting and the first quarter results released by IMAX Corporation on April 27, 2023.

IMAX China's volume weighted average price for the 30 and 90 full trading days prior to the transaction announcement was \$6.46 and \$7.50. We believe that major contributory factors to the historical share price weakness are a lack of trading liquidity, low institutional ownership and declining research coverage – all of which will remain unchanged should the transaction fail to receive shareholder approval. The proposal provides IMAX China shareholders with HK\$10.00 per share in cash, which could be reinvested in IMAX Corporation's shares for those shareholders interested in participating in the company's continued growth in China.

The transaction was reviewed and approved by the Independent Board Committee ("IBC") at the recommendation of the Independent Financial Advisor ("IFA"), who concluded the transaction terms are fair and reasonable. The full IFA letter is contained in the scheme document jointly issued by IMAX China and IMAX Corporation on September 15, 2023, with a few key highlights as follows:

- The HK\$10.00 offer price represents a 49% premium over the 30 prior full trading day period average, a 35% premium over the 90 prior full trading day period average, and an 86.1% premium over the June 30, 2023 unaudited NAV per share
- The offer price implies a LTM P/E multiple of 18.4x and LTM EV/EBITDA multiple of 7.8x, both of which are higher or in line with the median multiples of 10.9x and 7.8x respectively of the comparable companies identified by the IFA
- The premium offered is consistent with precedent privatization transactions in Hong Kong and offers immediate value realization at a compelling price, especially for shareholders with sizeable holdings, without disturbing the market price or being subject to any liquidity discount
- Trading liquidity in the shares has declined significantly from an average daily trading volume of 982,361 shares per day in 2018 to 301,831 shares per day in 2023 up until the last full trading day. The low liquidity is impacted by (i) a cumulative reduction in public float of 21 million shares (~18%) from 2018 to 2022 resulting from share repurchases, (ii) the loss of trading through the Shanghai Stock Connect (since September 10, 2018) and Shenzhen Stock Connect (since March 15, 2021) and (iii) the loss of analyst coverage from over 10 analysts pre-pandemic to only 3 analysts currently
- Geo-political and macro-economic uncertainties and slower-than-expected PRC economic growth and consumption spending in general are factors that may influence the outlook of IMAX China

and potentially dampen investor demand for securities with said exposure. While it is uncertain if the IMAX China share price will return to pre-pandemic levels, the IFA is of the view that the current geo-political and macro-economic overhang means that pre-pandemic conditions do not reflect the present circumstances

The scheme document contains a no offer price increase statement and therefore IMAX Corporation is prohibited from changing the offer price directly or through the declaration of a dividend. Shareholders should be aware that the HK takeovers code prohibits another privatization attempt for at least another 12 months if the current proposal is not approved by the minority shareholders (and IMAX Corporation does not intend to make another privatization attempt even when it is allowed to do so again).

Finally, IMAX China has confirmed that it will not declare or pay any dividends before 31 December 2023, and there is no guarantee that IMAX China will declare or pay any dividends after such date.

About IMAX Corporation

IMAX, an innovator in entertainment technology, combines proprietary software, architecture, and equipment to create experiences that take you beyond the edge of your seat to a world you've never imagined. Top filmmakers and studios are utilizing IMAX systems to connect with audiences in extraordinary ways, making IMAX's network among the most important and successful theatrical distribution platforms for major event films around the globe. Streaming technology company SSIMWAVE, an IMAX subsidiary, is a leader in AI-driven video quality solutions for media and entertainment companies.

IMAX is headquartered in New York, Toronto, and Los Angeles, with additional offices in London, Dublin, Tokyo, and Shanghai. As of March 31, 2023, there were 1,711 IMAX systems (1,631 commercial multiplexes, 12 commercial destinations, 68 institutional) operating in 87 countries and territories. Shares of IMAX China Holding, Inc., a subsidiary of IMAX Corporation, trade on the Hong Kong Stock Exchange under the stock code "1970."

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