IMAX CHINA HOLDING, INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1970)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

AND

INSIDE INFORMATION OUR CONTROLLING SHAREHOLDER IMAX CORPORATION RELEASED ITS FOURTH QUARTER AND FULL YEAR 2024 FINANCIAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of IMAX China Holding, Inc. (the "**Company**" or "**IMAX China**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 as follows.

INSIDE INFORMATION

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 19 February 2025 (New York time), announced its fourth quarter and year ended 31 December 2024 financial results and on 19 February 2025 (New York time), released its annual report and results for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of U.S. dollars)

		Years Ended 31 December	
	Notes	**2024**	2023
Revenues	*4*	**80,997**	86,982
Cost of sales	*5*	**(36,980)**	(32,449)
Gross profit	*4*	**44,017**	54,533
Selling, general and administrative expenses	*5*	**(13,085)**	(18,138)
Other operating expenses	*5*	**(4,320)**	(3,889)
Reversals (provisions) of net impairment losses on financial assets	*5*	**230**	(1,187)
Other income		**682**	721
Other gains – net		**–**	187
Operating profit		**27,524**	32,227
Interest income		**1,898**	1,858
Interest expense		**(68)**	(412)
Profit before income tax		**29,354**	33,673
Income tax expense	*6*	**(7,137)**	(6,172)
Profit for the year, attributable to owners of the Company		**22,217**	27,501
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Change in foreign currency translation adjustments		**(1,915)**	(2,819)
Other comprehensive loss:		**(1,915)**	(2,819)
Total comprehensive income for the year, attributable to owners of the Company		**20,302**	24,682
Profit per share attributable to owners of the Company – basic and diluted (expressed in U.S. dollars per share):			
From profit for the year – basic	*7*	**0.07**	0.08
From profit for the year – diluted	*7*	**0.06**	0.08

(The accompanying notes are an integral part of these consolidated financial statements.)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of U.S. dollars)

	Notes	**As at 31 December** **2024**	2023
ASSETS			
Non-current assets			
Property, plant and equipment	*8*	**71,604**	76,893
Other assets		**1,556**	912
Deferred tax assets	*9*	**2,670**	4,324
Variable consideration receivables from contracts		**7,693**	1,894
Financing receivables	*10*	**51,348**	50,425
		134,871	134,448
Current assets			
Other assets		**611**	1,523
Contract acquisition costs		**533**	628
Film assets		**10**	66
Inventories		**4,948**	6,368
Prepayments		**3,480**	3,035
Income tax receivables		**1,749**	1,149
Variable consideration receivables from contracts		**1,512**	664
Financing receivables	*10*	**29,897**	31,728
Trade and other receivables	*11*	**75,913**	75,956
Cash and cash equivalents		**80,049**	62,711
		198,702	183,828
Total assets		**333,573**	318,276

	Notes	As at 31 December 2024	2023
LIABILITIES			
Non-current liabilities			
Accruals and other liabilities		**993**	1,317
Deferred revenue	*12*	**11,941**	13,588
Deferred tax liabilities	*9*	**12,521**	12,521
		25,455	27,426
Current liabilities			
Trade and other payables	*13*	**15,325**	15,406
Accruals and other liabilities		**6,872**	8,877
Deferred revenue	*12*	**11,817**	12,196
		34,014	36,479
Total liabilities		**59,469**	63,905
EQUITY			
Equity attributable to owners of the Company			
Share capital		**34**	34
Share premium and reserves		**217,480**	219,845
Retained earnings		**56,590**	34,492
Total equity		**274,104**	254,371
Total equity and liabilities		**333,573**	318,276

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. General information

IMAX China Holding, Inc. (the "**Company**") was incorporated in the Cayman Islands on 30 August 2010, as an exempted company with limited liability under the laws of the Cayman Islands. The ultimate holding company of the Company is IMAX Corporation (the "**Controlling Shareholder**"), incorporated in Canada. The Company's registered office is located at Post Office Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104.

The Company is an investment holding company, and its subsidiaries (together the "**Group**") are principally engaged in the entertainment industry specialising in digital film technologies in Mainland China, Hong Kong, Taiwan and Macau ("**Greater China**").

The Group refers to all the theatres using the IMAX theatre system in Greater China as "IMAX theatres".

The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 8 October 2015 (the "**Listing**").

These consolidated financial statements are presented in United States dollars ("**US$**"), unless otherwise stated.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ("**IFRS Accounting Standards**") and the disclosure requirements of the Hong Kong Companies Ordinance. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value where appropriate.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. New accounting standards and accounting changes

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024. The adoption of these new standards and amendments did not have any impact on the amounts recognised in prior and current periods and are not expected to significantly affect the future periods.

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
IAS 7 (Amendments) and IFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024

Certain new accounting standards and interpretations have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2024 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 (Amendments) and IFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027

4. Revenue and segment information

Management, including the Group's executive directors, assesses segment performance based on segment revenues, gross margins and film performance. Selling, general and administrative expenses, other operating expenses, reversals (provisions) of net impairment losses on financial assets, other gains – net, interest income, interest expense and income tax expense are not allocated to the segments.

During the year ended 31 December 2023, the Group revised its internal segment reporting, including the information provided to assess segment performance and allocate resources. Accordingly, the Group has two reportable segments: (i) Content Solutions, which principally includes content enhancement, previously included within the IMAX DMR films segment, and (ii) Technology Products and Services, which principally includes the sale, lease, and maintenance of IMAX Systems, previously included within the Revenue Sharing Arrangements, IMAX Systems, IMAX Maintenance, and Other Theatre Business segments. The Group's activities that do not meet the criteria to be considered a reportable segment are reported within All Other.

The Group 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.

(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 Products and Services segment also earns revenue from certain ancillary theatre business activities, including after-market sales of IMAX System parts and 3D glasses.

Inter-segment profits are eliminated upon consolidation, as well as for the disclosures below.

Transactions between the other segments are not significant.

(a) Operating segments

	Years Ended 31 December	
	2024	2023
Revenue		
Content Solutions	**15,510**	25,522
Technology Products and Services	**64,507**	60,898
Subtotal for reportable segments	**80,017**	86,420
All Other	**980**	562
Total	**80,997**	86,982
Gross profit (loss)		
Content Solutions	**11,764**	21,908
Technology Products and Services	**32,342**	33,212
Subtotal for reportable segments	**44,106**	55,120
All Other	**(89)**	(587)
Total gross profit	**44,017**	54,533
Selling, general and administrative expenses	**(13,085)**	(18,138)
Other operating expenses	**(4,320)**	(3,889)
Reversals (provisions) of impairment losses on financial assets	**230**	(1,187)
Other income	**682**	721
Other gains – net	**–**	187
Interest income	**1,898**	1,858
Interest expense	**(68)**	(412)
Profit before income tax	**29,354**	33,673

The Group's operating assets and liabilities are located in Greater China. All revenue earned by the Group is generated by the activities of IMAX theatres operating in Greater China.

The following table summarizes revenue recognised under IFRS 15 and IFRS 16, respectively.

	Years Ended 31 December			
	Recognised under IFRS 15		Recognised under IFRS 16	
	2024	2023	**2024**	2023
Revenue				
Content Solutions				
Film Remastering	**15,510**	25,522	**–**	–
	15,510	25,522	**–**	–
Technology Products and Services				
System Sales	**19,311**	11,298	**–**	–
System Rentals	**–**	–	**16,573**	23,176
Maintenance	**25,857**	23,438	**–**	–
Finance Income	**2,766**	2,986	**–**	–
	47,934	37,722	**16,573**	23,176
Subtotal for reportable segments	**63,444**	63,244	**16,573**	23,176
All Other	**980**	562	**–**	–
Total	**64,424**	63,806	**16,573**	23,176

Of the revenue recognised under IFRS 15, approximately $45.0 million for the year ended 31 December 2024 (2023: $52.4 million) were recognised over time, while $19.4 million (2023: $11.4 million) were recognised at a point in time.

Of the system rentals accounted for under IFRS 16, approximately $11.6 million for the year ended 31 December 2024 (2023: $17.1 million) were from revenues under operating leases and approximately $4.9 million for the year ended 31 December 2024 (2023: $6.1 million) were from revenues under finance leases.

The selling profit for the Group's finance leases was approximately $1.3 million for the year ended 31 December 2024 (2023: $1.5 million).

Significant Customers

Revenue from the Group's significant customers (individually defined as greater than 10% of total revenues) as reported in segments are as follows:

Customer A

Revenues of approximately $30.6 million in 2024 (2023: $26.3 million) are derived from a single external customer. These revenues are attributable to Content Solutions and Technology Products and Services.

No other single customers comprises of more than 10% of total revenues in 2024 or 2023.

Supplemental Information

(b) Depreciation and amortisation

	Years Ended 31 December	
	2024	2023
System Rentals	**12,665**	13,206
Film Remastering	**1,515**	1,286
Maintenance	**101**	119
Corporate and other non-segment specific assets	**688**	846
Total	**14,969**	15,457

(c) Loss on disposal of property, plant and equipment

	Years Ended 31 December	
	2024	2023
Technology Products and Services	**11**	68
Corporate and other non-segment specific assets	**–**	17
Total	**11**	85

5. Expenses by nature

A breakdown of the Group's expenses is provided in the table below:

	Years Ended 31 December	
	2024	2023
Depreciation, including joint revenue sharing arrangements and film costs	**14,967**	15,457
Employee salaries and benefits	**9,858**	11,443
Theatre maintenance fees	**7,730**	6,469
Cost of theatre system sales and finance leases	**7,399**	4,560
Technology and trademark fees	**4,284**	3,876
Advertising and marketing expenses	**4,090**	3,585
Share-based compensation expenses	**1,620**	2,992
Professional fees	**1,415**	2,365
Amortisation of Enhanced Business assets	**1,060**	970
Other employee expenses	**709**	691
Travel and transportation expenses	**424**	446
Other film costs (recoveries)	**122**	(101)
Utilities and maintenance expenses	**53**	104
Loss on lease modification	**2**	79
Lease expenses *(note)*	**(150)**	232
(Decrease) Increase in allowance for expected credit losses	**(230)**	1,187
Foreign exchange (gains) losses	**(109)**	74
Recoveries of write-downs	**(68)**	(16)
Other expenses	**538**	691
Other costs	**9**	178
Auditor's remuneration		
– Audit services	**358**	324
– Non-audit services	**74**	57
Total costs of sales, selling, general and administrative expenses, other operating expenses and reversals (provisions) of net impairment losses on financial assets	**54,155**	55,663

Note:

Lease expenses are net of rent subsidy and exclude rental expenses under right-of-use assets.

6. Income tax expense

	Years Ended 31 December	
	2024	2023
Current income tax:		
Current tax on profits for the year	**5,439**	3,590
Dividend withholding tax paid	**–**	2,379
Adjustments in respect of prior years	**113**	275
Total current income tax	**5,552**	6,244
Deferred income tax:		
Origination of temporary differences	**1,585**	(72)
Total deferred income tax	**1,585**	(72)
Income tax expense	**7,137**	6,172

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group as follows:

	Years Ended 31 December	
	2024	2023
Profit before tax	**29,354**	33,673
Tax calculated at domestic tax rates applicable to profits in all respective countries	**7,546**	7,692
Tax effects of:		
Income not subject to tax	**(433)**	(326)
Expenses not deductible for tax purposes	**167**	423
Recognition of tax losses not previously recognised	**–**	(1,259)
Withholding taxes	**155**	40
Other	**(411)**	(673)
Adjustment in respect of prior years	**113**	275
Tax charge	**7,137**	6,172

The tax rate of the People's Republic of China (the "**PRC**") subsidiaries is 25%. The entity incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the years presented.

The applicable tax charge reflects the impact of the income tax subsidy of $0.7 million for the year ended 31 December 2024 (2023: $0.9 million).

7. Profit per share

Reconciliations of the numerator and denominator of the basic and diluted per-share computations are comprised of the following:

	Years Ended 31 December	
	2024	2023
Profit for the year	**22,217**	27,501
Weighted average number of common shares (in ’000s):		
Issued and outstanding, beginning of year	**339,774**	338,553
Weighted average number of shares increased during the year	**228**	653
Weighted average number of shares used in computing basic earnings per share	**340,002**	339,206
Adjustments for:		
Restricted share units	**1,731**	1,783
Performance stock units	**578**	535
Weighted average number of shares used in computing diluted earnings per share	**342,311**	341,524

8. Property, plant and equipment

	Theatre System Components	Office and Production Equipment	Right-of-use Assets	Leasehold Improvements	Construction in Process	Total
As at 1 January 2023						
Cost	156,346	2,978	2,064	1,766	4,723	167,877
Accumulated depreciation and impairment	(76,733)	(2,492)	(224)	(1,739)	–	(81,188)
Net book amount	79,613	486	1,840	27	4,723	86,689
Year ended 31 December 2023						
Opening net book amount	79,613	486	1,840	27	4,723	86,689
Exchange differences	(387)	5	10	–	(34)	(406)
Additions	–	124	1,696	–	4,695	6,515
Transfers	3,422	–	–	–	(3,422)	–
Reclassification	(9)	9	–	–	–	–
Transfer out	(478)	–	–	–	–	(478)
Disposals	(447)	(3)	(1,033)	–	–	(1,483)
Depreciation charge	(13,206)	(197)	(752)	(16)	–	(14,171)
Impairment loss recognised	(144)	–	–	–	–	(144)
Impairment loss write-off	371	–	–	–	–	371
Closing net book amount	68,735	424	1,761	11	5,962	76,893
As at 1 January 2024						
Cost	155,652	2,971	2,716	1,733	5,962	169,034
Accumulated depreciation and impairment	(86,917)	(2,547)	(955)	(1,722)	–	(92,141)
Net book amount	68,735	424	1,761	11	5,962	76,893
Year ended 31 December 2024						
Opening net book amount	68,735	424	1,761	11	5,962	76,893
Exchange differences	131	(11)	7	(5)	4	126
Additions	–	42	132	(28)	10,116	10,262
Transfers	10,976	802	–	567	(12,345)	–
Transfer out	(2,160)	–	–	–	–	(2,160)
Disposals	(183)	–	(30)	–	–	(213)
Depreciation charge	(12,665)	(233)	(459)	(97)	–	(13,454)
Impairment loss write-off	150	–	–	–	–	150
Closing net book amount	64,984	1,024	1,411	448	3,737	71,604
As at 31 December 2024						
Cost	139,424	3,421	1,822	560	3,737	148,964
Accumulated depreciation and impairment	(74,440)	(2,397)	(411)	(112)	–	(77,360)
Net book amount	64,984	1,024	1,411	448	3,737	71,604

Depreciation charges of the amounts below were included in the following categories in the consolidated statement of comprehensive income:

	Years Ended 31 December	
	2024	2023
Cost of sales	**12,701**	13,217
Selling, general and administrative expenses	**753**	954
	13,454	14,171

During the year ended 31 December 2024, the Group recorded a loss on disposal of less than $0.1 million (2023: less than $0.1 million) related to theatre system components, office and production equipment and leasehold improvements.

9. Deferred income tax

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	**Fixed assets, inventory and other property**	**Share-based compensation**	**Accrued reserves**	**Others**	**Total**
As at 1 January 2023	178	969	5,750	(200)	6,697
Credited (charged) to profit or loss	74	(329)	(3,374)	1,322	(2,307)
Exchange differences	(3)	(45)	(17)	(1)	(66)
As at 31 December 2023	249	595	2,359	1,121	4,324
(Charged) credited to profit or loss	(122)	(213)	9	(1,259)	(1,585)
Exchange differences	(8)	(6)	(54)	(1)	(69)
As at 31 December 2024	119	376	2,314	(139)	2,670

Deferred tax liabilities	**Withholding tax on undistributed dividends**
As at 1 January 2023	14,900
Credited to profit or loss	(2,379)
As at 31 December 2023 and 2024	12,521

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Company has completed the liquidation of IMAX Shanghai Culture in the year of 2024. The deferred tax assets as of 31 December 2023 include an amount of $1.3 million which relates to the write off of certain assets in one of the Company's subsidiaries, IMAX (Shanghai) Multimedia Technology Co., Ltd. ("**IMAX Shanghai Multimedia**") related to its subsidiary IMAX Shanghai Culture. The subsidiary has incurred historical losses and the deferred tax assets have been utilised upon liquidation.

During the year ended 31 December 2020, management completed a reassessment of its strategy with respect to the most efficient means of deploying the Group's capital resources. Based on the results of this reassessment, management concluded that the historical earnings of one subsidiary in the PRC until the year ended 31 December 2019 were in excess of amounts required to sustain business operations and would no longer be indefinitely reinvested. As a result, the Group recognised a deferred tax liability related to dividend withholding tax on historical profits, which will become payable upon the repatriation of any such earnings. The Company does not plan to pay dividends from the unremitted earnings of the Group's subsidiary in the PRC with respect to the profit generated after 31 December 2019 thus no further deferred tax liability has been recorded.

10. Financing receivables

Financing receivables, consisting of net investment in finance leases and receivables from financed sales of theatre systems are as follows:

	As at 31 December	
	2024	2023
Gross minimum finance lease payments receivable	**28,262**	27,774
Unearned finance income	**(743)**	(178)
Present value of minimum finance lease payments receivable	**27,519**	27,596
Allowance for expected credit losses	**(49)**	(47)
Net investment in finance leases	**27,470**	27,549
Gross financed sales receivables	**65,727**	66,540
Unearned finance income	**(10,057)**	(10,173)
Present value of financed sales receivables	**55,670**	56,367
Allowance for expected credit losses	**(1,895)**	(1,763)
Net financed sales receivables	**53,775**	54,604
Total financing receivables	**81,245**	82,153

	As at 31 December	
	2024	2023
Gross investment in finance leases may be analysed as follows:		
No later than one year	**6,289**	7,663
Later than one year and no later than five years	**10,955**	10,975
Later than five years	**11,018**	9,136
Total gross investment in finance leases	**28,262**	27,774

	As at 31 December	
	2024	2023
Gross financed sales receivables may be analysed as follows:		
No later than one year	**26,207**	26,772
Later than one year and no later than five years	**26,120**	28,151
Later than five years	**13,400**	11,617
Total financed sales receivables	**65,727**	66,540
Net investment in finance leases may be analysed as follows:		
No later than one year	**6,179**	7,626
Later than one year and no later than five years	**10,588**	10,868
Later than five years	**10,752**	9,102
Present value of investment in finance leases	**27,519**	27,596
Allowance for expected credit losses	**(49)**	(47)
Total net investment in finance leases	**27,470**	27,549
Net financed sales receivables may be analysed as follows:		
No later than one year	**23,718**	24,102
Later than one year and no later than five years	**20,202**	22,146
Later than five years	**11,750**	10,119
Present value of financed sales receivables	**55,670**	56,367
Allowance for expected credit losses	**(1,895)**	(1,763)
Total net financed sales receivables	**53,775**	54,604

As at 31 December 2024, the financed sales receivables had a weighted average effective interest rate of 7.8% (2023:7.9%).

11. Trade and other receivables

	As at 31 December	
	2024	2023
Trade receivables:		
Trade receivables from third parties	**36,885**	46,743
Less: allowance for expected credit losses of trade receivables from third parties	**(6,954)**	(7,361)
Trade receivables from third parties – net	**29,931**	39,382
Trade receivables from IMAX Corporation	**41,947**	31,552
Accrued trade receivables	**4,776**	5,767
Less: allowance for expected credit losses of accrued trade receivables	**(741)**	(745)
Accrued trade receivables – net	**4,035**	5,022
Total trade receivables	**75,913**	75,956
Total trade and other receivables	**75,913**	75,956

The fair value of trade and other receivables approximates the carrying value.

The aging analysis of the gross trade receivables from third parties and trade receivables from IMAX Corporation, based on invoice date is as follows:

	As at 31 December	
	2024	2023
0 – 30 days	**4,703**	5,354
31 – 60 days	**2,266**	2,699
61 – 90 days	**3,896**	1,159
Over 90 days	**67,967**	69,083
	78,832	78,295

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2024	2023
RMB	**59,772**	58,398
US$	**16,060**	17,473
Other currencies	**81**	85
	75,913	75,956

During the year ended 31 December 2024, the Group recorded a net recovery of allowance for expected credit losses of $0.2 million (2023: an allowance for expected credit losses of $2.8 million) related to trade and other receivables in the consolidated statement of comprehensive income.

12. Deferred revenue

	As at 31 December	
	2024	2023
Theatre system deposits	**13,731**	15,454
Maintenance prepayments	**10,027**	10,330
	23,758	25,784
Deferred revenue, current	**11,817**	12,196
Deferred revenue, non-current	**11,941**	13,588
	23,758	25,784

The following table shows the amount of revenue recognised in the consolidate statements of comprehensive income for the years ended 31 December 2024 and 2023 relating to deferred revenue brought forward:

	Years Ended 31 December	
	2024	2023
Upfront revenue	**5,527**	5,990
Maintenance revenue	**6,797**	6,507
Total	**12,324**	12,497

The unsatisfied performance obligations out of the carrying value of the Group's backlog as at 31 December 2024 were approximately $129.2 million (2023: $142.2 million).

13. Trade and other payables

	As at 31 December	
	2024	2023
Trade payables	**1,295**	592
Payables to IMAX Corporation	**13,565**	14,097
Other payables	**465**	717
	15,325	15,406

The aging analysis of trade and other payables based on recognition date is as follows:

	As at 31 December	
	2024	2023
0 – 30 days	**3,997**	4,486
31 – 60 days	**298**	512
61 – 90 days	**213**	67
Over 90 days	**10,817**	10,341
	15,325	15,406

As at 31 December 2024 and 2023, the carrying amounts of trade and other payables approximated their fair values due to short maturity. Trade and other payables over 90 days primarily consist of amounts due to IMAX Corporation.

The carrying amounts of the Group's trade and other payables (excluding advances from customers) are denominated in the following currencies:

	As at 31 December	
	2024	2023
RMB	**4,248**	5,495
US$	**10,994**	9,743
Other currencies	**83**	168
	15,325	15,406

14. Dividends

	Years Ended 31 December	
	2024	2023
Dividends recognised as distribution during the year:		
2022 Final – HK$0.117 per share	**–**	5,087

As approved by the shareholders at the Annual General Meeting held on 7 June 2023, 2022 final dividend of $0.015 per share (equivalent to HK$0.117 per share) was distributed to shareholders on 23 June 2023.

No dividends in respect of the years ended 31 December 2024 and 2023 have been proposed.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

IMAX China Holding, Inc. (the "**Company**") is a leading entertainment technology company, the exclusive licensee of the IMAX brand in the theatre network, sales and maintenance business, and the sole commercial platform for the release of IMAX films in Greater China. Standing for the highest quality and most immersive motion picture entertainment experience, the IMAX brand is one of the strongest entertainment brands in Greater China. The Company is an investment holding company, and its subsidiaries (together the "**Group**") are principally engaged in the entertainment industry specialising in digital film technologies in Mainland China, Hong Kong, Taiwan and Macau ("**Greater China**").

History and Introduction

The IMAX business commenced operations in Greater China in 1998, when IMAX Corporation started offering its theatre systems to museums and science centres. Over the years, the focus of the business moved from institutional to commercial theatres. As at 31 December 2024, there were 809 IMAX theatres in Greater China, including 796 in commercial locations, and additional 237 theatres in backlog. On 8 October 2015, the Company completed a Global Offering and the Company's Shares were listed on Hong Kong Stock Exchange.

IMAX China Holding, Inc. and its subsidiaries (the "**Group**") is a key participant in the Greater China film industry with wide-spread recognition and consumer loyalty through its early entry and historical successes. A significant majority of the Group's revenue is generated in Mainland China, and Mainland China represents the principal source of the Group's growth in the future. The Group's goal is to deliver *The IMAX Experience®* to an even broader audience in Greater China, the largest cinema market in the world by number of screens.

The Group has two reportable segments: (i) Content Solutions, which principally includes content enhancement and distribution, and (ii) Technology Products and Services, which principally includes the sales, lease, and maintenance of IMAX Systems. The Group's activities that do not meet the criteria for a reportable segment are reported within All Other.

Content Solutions

Content Solutions involves the digital re-mastering of Hollywood films, Chinese language films and Other films for distribution across the IMAX theatre network in Greater China.

The Group generates revenue by sharing certain percentages of IMAX box office received by its studio partners for the conversion and release of Hollywood films, Chinese language films and Other films to the IMAX theatre network. This arrangement enables the Group to share in the box office success of a film while limiting its exposures to the significant capital investment required in making a film and the regulatory requirements governing the production and distribution of films in Greater China.

Prior to 2020, a majority of the Group's Content Solutions revenue was derived from Hollywood films. This was mainly due to the nature of the Hollywood films programmed by the Group; big budget blockbusters that lend themselves to the IMAX experience. Since 2020, while Hollywood films remain an important part of the Group's programming schedule, Chinese consumers' association of the IMAX brand and their experience with IMAX blockbusters has extended beyond Hollywood films and into Chinese and other foreign language films. The percentage of Chinese language film IMAX box office year over year amounted to 31.4%, 66.3%, 60.1%, 58.8% and 61.5% in FY2019, FY2020, FY2021, FY2022 and FY2023, respectively. In FY2024, more Hollywood films were released than in previous years due to a loosening of censorship. As a result, the percentage of Chinese language IMAX box office decreased to 44.7%. As local filmmakers continue to develop their content into tentpole franchises, the Group is actively working with local directors to create and deliver their cinematic work with the most amazing visual presentation by leveraging IMAX certified cameras and expanded aspect ratios. Films in this program include unique IMAX DNA and are referred to as "*Filmed for IMAX*". The Group believes such Hollywood and Chinese language films help drive higher market share for IMAX. The Group remains strategically focused on Chinese language films given their importance in the market and the fact that the Group earns a higher share of box office on such films. Chinese language films continue to improve with growing production budgets and storylines that resonate with local audiences, especially in small to medium-size Chinese cities where the Group has seen IMAX theatre expansion. The Group continues to deploy a flexible programming strategy, especially during holiday periods, whereby multiple Chinese language films within the same release window are programmed to offer more flexibility to theatre operators. The Group's partnership with local filmmakers has driven a deeper penetration of IMAX technology in content production, and this strategic effort delivered three "*Filmed for IMAX*" local language films in 2024. The Group will continue to focus on this strategy in 2025 and beyond.

Technology Products and Services

The Group's Technology Products and Services involves the design, procurement and provision of premium digital theatre systems at its exhibitor partners' movie theatres, as well as the provision of related project management, ongoing maintenance services, warranty and aftermarket sales. Revenue streams within Technology Products and Services include sales and sales-type lease arrangements, revenue sharing arrangements, IMAX maintenance, and other theatre revenue.

Under sales and sales-type lease arrangements, the Group charges upfront payments and annual minimum payments. In addition, contingent rent under sales arrangements is estimated for the term of the contract and recognized upon the completion of the system installation. Revenue sharing arrangements are further categorized into two sub-types: i) full revenue sharing arrangements; and ii) hybrid revenue sharing arrangements. Under full revenue sharing arrangements, the Group leases theatre systems to exhibitor partners in exchange for a certain percentage of the IMAX box office with no, or limited, upfront payment. Under hybrid revenue sharing arrangements, the Group leases theatre systems to exhibitor partners in exchange for an upfront payment which is typically higher, and the percentages of future revenue sharing are typically lower in these arrangements as compared to full revenue sharing arrangements. The full revenue sharing arrangements enable the exhibitor partners to expand their IMAX theatre network more rapidly by reducing their upfront capital investment, while aligning the Group's interests with their interests and allowing IMAX to share in the box office they generate. Both arrangements create a recurring revenue stream from the theatre business for the term of the agreement without IMAX having to incur the capital expenditures required to build and operate movie theatres. IMAX maintenance includes annual maintenance revenue derived from theatre operators with initial contract terms of 10 to 12 years and subsequent contract renewal terms. Under other theatre, revenue is generated from aftermarket sales of 3D glasses, screen sheets, sound system, parts and other miscellaneous items.

IMAX Technology

IMAX theatre systems bring together IMAX DMR conversion technology, advanced projection systems, curved screens and proprietary auditorium geometry as well as specialised sound systems to create a more intense, immersive and exciting viewing experience than a conventional movie theatre. The IMAX theatre systems are the result of over 50 years of research and development by IMAX Corporation, the Group's Controlling Shareholder. As the exclusive licensee of the IMAX brand and technology in Greater China, the Group has full access to the most advanced IMAX theatre systems built upon proprietary technology and produced by IMAX Corporation.

In 2014, IMAX Corporation introduced its first laser-based digital projection system and has continued research and development aimed at creating more affordable laser-based solutions with various screen sizes for the commercial multiplex customers. Starting in late 2021, the Group began offering new laser-based theatre systems to a broader array of customers to upgrade their existing IMAX xenon theatre systems. The Group believes that the expanded IMAX laser offerings deliver enhanced resolution, sharper and brighter images, deeper contrast as well as the widest range of colors to filmmakers, which can help facilitate the next major lease renewal and upgrade cycle for the commercial IMAX network in Greater China.

The IMAX laser network currently stands at 168 theatres in Greater China.

Our Partnerships

The Group has strong and successful partnerships with a number of key players across the Greater China film industry. These partnerships comprise of over 90 exhibitors including the largest exhibitor in the world, Wanda Film (formerly Wanda Cinema), as well as other established market participants such as CGI Holdings Limited (formerly CJ CGV Holdings, Ltd.), Guangzhou Jinyi Media Corporation, Omnijoi Cinema Development Co., Ltd., and Beijing Bona International Cineplex Investment and Management Co., Ltd.. The Group has access to IMAX Corporation's exceptional Hollywood relationships with Disney, Warner Brothers, Universal, Sony, and Paramount. The Group also works with leading producers, directors and studios in Greater China such as China Film, Maoyan, Alibaba Pictures, Wanda Film, Beijing Enlight Pictures, and New Classics Media to convert Chinese language films into the IMAX format for the release to the IMAX theatre network. In addition, the Group works with large commercial real estate developers to identify potential exhibitor partners and new locations for IMAX theatres.

Our Competitive Strengths

The Group believes that our success to date, and the potential for future growth, are attributable to the following competitive strengths:

- A strong, premium entertainment brand in the Greater China market;
- Strong slate of big production, blockbuster Hollywood and Chinese language films that favor *The IMAX Experience;*
- Relationships with top filmmakers in Hollywood and Greater China, who embrace IMAX's technology and platform for the production and distribution of their films;
- An unparalleled theatre network in top locations throughout Greater China;
- IMAX theatre system built upon laser-based technology, delivering a unique and immersive cinematic experience;
- A strong and growing IMAX fanbase who value *The IMAX Experience* and engaging with IMAX through its expanding social platform;
- Significant value creation across the film industry for exhibitors, studios, filmmakers and commercial real estate developers; and
- An experienced management team supported by prominent shareholders.

Our Business Strategies

The Group's goal is to deliver *The IMAX Experience* to an even broader audience in Greater China through the following strategies:

- Increasing the number of Chinese language film releases per year and the percentage of annual box office generated from these films;

- Strengthening the Group's cooperation with studios and filmmakers in Mainland China, including the incorporation of IMAX DNA within local films by using IMAX certified cameras and expanded aspect ratios as done previously with certain Hollywood films;

- Expanding and enhancing the premium IMAX theatre network in Greater China through the rollout of IMAX laser technology, including new laser-based systems to upgrade existing xenon systems;

- Increasing the number of strategic revenue sharing arrangements that deliver reasonable returns with the Group's exhibitor partners;

- Maintaining the Group's market leading position as a provider of a premium cinematic experience;

- Continuing to invest in the IMAX brand and social network to grow IMAX's fanbase in Greater China; and

- Leveraging the global IMAX brand and relationships to develop and invest in the continued evolution of the Group's businesses.

The Management Discussion and Analysis is based on the Group's consolidated financial statements for FY2024 prepared in accordance with IFRS, and must be read together with the consolidated financial statements and the notes, which form an integral part of the consolidated financial statements.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Group believes that the financial condition and results of operations have been and will continue to be affected by the following factors:

Box Office Success of IMAX Films

Film Slate

The Group's financial performance is affected by the number of films released to the IMAX network in Greater China (known as the "**slate**") and the box office performance of those films. The Group sources films produced by Hollywood, local studios and filmmakers and those films are converted into the IMAX format using IMAX Digital Remastering (DMR) conversion technology. In FY2023 and FY2024, 57 and 73 IMAX films, respectively, were released and generated revenue for the Group in Mainland China. The number of Hollywood films released in Mainland China in FY2024 was 39 (which included 10 re-releases), as compared to 22 in FY2023. The Group believes the increased number of Hollywood film releases was due to more relaxed censorship in FY2024, as well as to fewer large Hollywood blockbusters, that generally play for longer periods, as a result of the Hollywood Actors and Writers strike in 2023 that delayed some large productions. IMAX Corporation has entered contractual arrangements with filmmakers and studios in Hollywood to convert a number of films into the IMAX format for release in FY2025. While it is the Group's intention that these films be released to the IMAX theatre network in Mainland China, given the restrictions imposed by censorship and import film quotas, the Group cannot be assured that these IMAX format Hollywood films will be made available in Mainland China.

Securing a slate of desirable Hollywood and Chinese language films in the IMAX format is critical to driving higher total box office and average box office per screen for IMAX theatres. The strength of the IMAX film slate is also pivotal for maintaining the ticket price premium commanded by IMAX theatres. The Group selects films which are best suited for local audiences for conversion into the IMAX format, and then works closely with the studios and filmmakers to enhance the viewing experience by leveraging the IMAX format, including expanded aspect ratios and utilisation of IMAX certified cameras for image capture. As a result, the average box office per screen for IMAX theatres is significantly higher than conventional theatres in Mainland China. The average box office per screen of IMAX theatres was US$0.26 million in FY2024 compared to the average box office per screen of approximately US$0.07 million for all screens in Mainland China, according to Beacon. Higher average box office per screen for IMAX theatres makes them more attractive to exhibitors, which enables the Group to grow the IMAX theatre network and generate revenue from new installations.

In addition, because the number of IMAX theatres under revenue sharing arrangements includes 490 theatres plus 185 in backlog as of 31 December 2024, strong box office performance will continue be a significant driver of revenues generated from IMAX DMR films and revenue sharing arrangements. To help mitigate box office highs and lows, the Group continues to deploy a portfolio approach to film selection. The Group believes that a key factor in the box office success of films is not only selecting blockbuster Hollywood and Chinese language films, but also securing more "*Filmed for IMAX*" film releases and ensuring the right balance of Hollywood and Chinese language films for the slate.

Film Release Date and Film Mix

Censorship rules and film quotas restrict the number of Hollywood films that can be released in Mainland China each year. Accordingly, balancing the release dates for IMAX films as well as the mix of Chinese language films versus Hollywood films in Mainland China, is a key success factor for the business. Historically, the regulatory bodies in Mainland China have supported gradual liberalisation of the film industry and introduced many government initiatives to foster growth, including a 2012 agreement with the United States to permit additional fourteen (14) 3D or IMAX films to be released in Mainland China each year beyond the previous annual quota of twenty (20) Hollywood films. However, the 2012 agreement with the United States expired in 2017. The timing of any renegotiation is not certain. The scope of the renegotiation may include the quota of Hollywood films to be released in Mainland China and Hollywood studios' take rate on these films. As it currently stands, there is ongoing uncertainty surrounding the renewal of the agreement.

Release dates for Hollywood films in Mainland China generally have been set with shorter lead times than in other markets. In addition, at certain times of the year, Chinese language films are released with less competition from Hollywood films. As a result, supplying IMAX theatres with Chinese language films in the IMAX format is important to ensure that there are IMAX films showing in IMAX theatres at all times, as well as to cater to local consumer demand for Chinese language films. Chinese language films have proven to deliver strong box office performance. According to Beacon, as at 31 December 2024, 8 out of the top 10 box office films in Mainland China were Chinese language films. In 2024, the Chinese language films, *YOLO, Pegasus 2, Successor, Article 20, Bonnie Bears: Time Twist, A Place Called Silence, The Volunteers: The Battle of Life and Death,* and *Johnny Keep Walking* were a part of the top 10 performing box office films for the industry, and also a part of IMAX's slate for 2024. The Group shares a higher percentage of box office for Chinese language films as compared to Hollywood films primarily due to Chinese studios retaining a much higher percentage of box office than Hollywood studios. Chinese language films make up a significant share of the total box office in Mainland China, accounting for 76.6% in FY2024 and 83.5% in FY2023, according to Beacon. Chinese language films in the IMAX format as a percentage of the Group's box office in Mainland China was 44.7% in FY2024 and 61.5% in FY2023.

Expansion of the IMAX Theatre Network in Greater China

The continued expansion of the IMAX theatre network in Greater China is important to the Group's success. In particular, the rate at which the Group is able to expand the IMAX theatre network has been, and will continue to be, an important driver of its operating results and growth.

Network Expansion

Under the Content Solutions segment, the Group derives revenue through box office generated from IMAX films from the studio partners in the IMAX theatres network. Under the Technology Products and Services segment, the Group generates revenue primarily from exhibitor partners through either sales and sales-type lease arrangement or revenue sharing arrangements, maintenance services, and aftermarket sales. As a result, the larger the IMAX theatre network, the more opportunities the Group will have to increase revenue and profit across business segments.

As the IMAX theatre network grows, the value proposition becomes greater to studios in terms of overall IMAX box office potential for their films and the resulting additional revenue derived from the IMAX platform. This, in turn, helps the Group continue to attract top Hollywood and Chinese language films from studios that value the IMAX economic proposition and the differentiated IMAX platform for the release of their films. As the Group attracts top IMAX films from Hollywood and local studios, the greater the value proposition also becomes to the exhibitor partners in terms of driving ticket sales and generating additional box office by providing their audiences with a premium, immersive viewing experience. This helps the Group attract new exhibitors and retain existing ones. Such efforts result in the creation of a robust and self-reinforcing revenue cycle driving revenue increases, and the rapid expansion of the IMAX theatre network in Greater China.

The Group believes the IMAX network business has good scalability because conversion costs for delivering IMAX films are fixed per film. As the IMAX theatre network grows, revenue derived from the expanded network is expected to increase without a proportional increase in variable costs, enabling the Group to deliver increased operating profit through greater economies of scale.

The number of IMAX theatres in Greater China increased from 807 IMAX theatres as at 31 December 2023 to 809 IMAX theatres as at 31 December 2024. Network expansion was limited in FY2024 given the Group's customer focus on upgrading existing IMAX theatres to new laser technology and the permanent closures of 15 theatres.

Backlog

The Group's ability to expand the IMAX theatre network is driven by its ability to sign new theatre system agreements with exhibitor partners and replenish its backlog as theatre systems are installed. The installation of theatre systems in newly-built or retrofitted multiplexes depends primarily on the timing of the construction of these projects by exhibitors and/or commercial real estate developers, which is not under the Group's control. Revenue from the Group's backlog is recognised upon the completion of the installation of IMAX theatre systems. Continuously replenishing the backlog supports the continued growth of the IMAX theatre network. The number of IMAX systems in the Group's backlog increased from 206 as at 31 December 2023 to 237 as at 31 December 2024, while the carrying value of the backlog decreased from US$131.9 million as at 31 December 2023 to US$119.2 million as at 31 December 2024 due to a higher proportion of revenue sharing arrangements in backlog. For the number of systems in backlog, approximately 22% are sales and sales-type lease arrangements, 40% are full revenue sharing arrangements, and 38% are hybrid revenue sharing arrangements.

The total value of the backlog represents all signed sale or lease agreements of IMAX theatre systems, which are expected to be recognized as revenue in the future including initial payments and the estimated present value of ongoing contractual fees and contingent rent due over the term, but excludes amounts allocated to maintenance revenue. Notwithstanding the legal obligation to do so, some of the Group's customers with signed contracts may not accept delivery of IMAX theatre systems that are included in the Group's backlog. An economic downturn may exacerbate the risk of customers not accepting delivery of IMAX theatre systems. Any reduction in the backlog could adversely affect the Group's future revenues and cash flows. In addition, customers with theatre system purchase or lease obligations in backlog may request that the Group modify such purchase or lease obligations, which in some cases the Group has agreed to do in the past under certain circumstances. Customer-requested delays in the installation of their respective backlog remain a recurring and unpredictable part of the Group's business operations.

As part of the Group's strategy to expand the IMAX theatre network while protecting against overpenetration, a number of "IMAX zones" across Greater China have been mapped out. Each zone represents an area in which, based on the Group's analysis, an exhibitor could potentially open a new IMAX theatre without negatively affecting the business and financial results of any adjacent existing or contracted IMAX theatre. The number of zones may continue to grow as the population and/or consumer demand in a geographical area increases to a level where it becomes commercially viable for the Group to add new IMAX zones. As of 31 December 2024, the Group had identified approximately 1,400 IMAX zones across Greater China, unchanged from the prior year.

Proportion of Revenue Sharing Arrangements

The Group generates revenue through sales or lease of IMAX theatre systems to theatre exhibitors. Under sales arrangements with exhibitor partners, most payments are made at the time of installation of the IMAX theatre system. Substantially all revenue from such sales is recognised at the completion of the installation. Under revenue sharing arrangements, the Group either charges a small upfront payment or does not require any upfront payment at the time of the IMAX theatre system installation.

The Group's revenue sharing arrangements provide revenue equal to a percentage of box office generated from the exhibitor partners for IMAX films over the 10- to 12-year term of the agreement and allow the Group to benefit from future growth in the box office of IMAX theatres in Greater China. However, as the percentages the Group can share from the exhibitor partners' box office vary among exhibitors and may fluctuate from contract to contract, the Group's ability to recognize additional revenue from having more revenue sharing arrangements may be affected.

The Group requires increased working capital to continue to fund the purchase and installation of IMAX theatre systems leased to the exhibitor partners under full revenue sharing arrangements. However, as the network of IMAX theatres continues to grow, such increased working capital needs the Group believes will be supported by an increase in recurring revenue received by the Group under full revenue sharing arrangements.

Impact on the Group's Profitability

While an increasing number of revenue sharing arrangements will allow the Group to potentially grow recurring revenue, it also makes the Group more susceptible to fluctuations in box office performance as the amount of revenue that the Group generates under revenue sharing arrangements is dependent upon the box office performance of the films exhibited at the particular theatre. As a result, the Group's revenue may be subject to higher volatility. The amount of box office revenue the Group receives for films exhibited in IMAX theatres under revenue sharing arrangements is dependent upon a film's performance.

The proportion of IMAX theatre systems the Group installs under hybrid revenue sharing arrangements also has an impact on the gross profit and gross profit margin of the Group. Under hybrid revenue sharing arrangements, the Group recognises revenue on the upfront payment and also recognizes all the associated costs at the time of system installation. Such upfront payments typically cover only the costs related to the theatre system installation. While the Group records minimal gross profit and gross profit margin for the hybrid revenue sharing arrangement at the time of system installation, the Group records all revenues in subsequent periods with virtually no corresponding theatre system cost, resulting in substantially higher gross profit and gross profit margin in the subsequent periods. As the Group's base of hybrid theatres grows, the percentage box office revenue earned by these theatres is expected to increase with no corresponding cost of the respective systems.

As the level of the Group's involvement and capital commitment is much greater with a revenue sharing arrangement, the Group can provide more input in the exhibitor's marketing campaigns for an IMAX film or an IMAX theatre launch. Going forward, the Group plans to selectively invest in revenue sharing arrangements with credit worthy exhibitors that can roll out their theatre network rapidly and have a portfolio of quality theatres with acceptable box office and return on investment potential. Notwithstanding the Group's interest in additional revenue sharing arrangements, the exhibitor partners may have other commercial considerations or may not choose revenue sharing arrangements over sales arrangements.

General Economic and Market Conditions and the Regulatory Environment in Mainland China

The China market faces a number of risks, including a continued slow recovery from the pandemic, changes in laws and regulations, currency fluctuations, increased competition, and changes in economic conditions, including the risk of an economic downturn or recession, trade embargoes, restrictions or other barriers, as well as other conditions that may impact the Group's exhibitor and studio partners, and consumer spending. The market's slow recovery from the pandemic has caused some exhibitors in Mainland China, including several of the Group's exhibitor partners, to experience financial difficulties which, in certain cases, has resulted in delays in meeting payment and IMAX System installation obligations to the Group. There are no guarantees that such financial difficulties will not continue, or that partner delays or failures to meet contractual obligations will not occur in the future, adversely impacting the Group's future revenues and cash flows.

The Group does not believe that it is currently required to obtain any permission or approval from the China Securities Regulatory Commission, the Cyberspace Administration of China or any other regulatory authority in the People's Republic of China ("**PRC**") for its operations, but there can be no assurance that such permissions or approvals would not be required in the future and, if required, that they would be granted in a timely manner, on acceptable terms, or at all. Furthermore, PRC regulators, including the Cyberspace Administration of China, the Ministry of Industry and Information Technology, and the Ministry of Public Security, have been increasingly focused on regulation in data security and data protection. Regulatory requirements concerning data protection and cybersecurity, as well as other requirements concerning operations of foreign businesses, in the PRC are evolving, and their enactment timetable, interpretation and implementation involve significant uncertainties. To the extent any additional PRC laws and regulations become applicable to the Group, it may be subject to increased risks and uncertainties associated with the legal system in the PRC, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.

Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates both the scope of the Group's continued expansion in China and the Group's business within China. For instance, the Chinese government regulates the number, timing, and terms of Hollywood films released to the China market. The Group cannot provide assurance that the Chinese government will continue to permit the release of Hollywood IMAX films in China or that the timing, number or performance of IMAX releases will be favorable to the Group. There are also uncertainties regarding the interpretation and application of laws and regulations and the enforceability of intellectual property and contract rights in China. If the Group were unable to navigate China's regulatory environment, or if the Group were unable to enforce its contract rights in China, the Group's business could be adversely impacted.

Political tensions and/or trade wars between China and the United States or Canada could exacerbate any or all of these risks, and adverse developments in any of these areas could impact the Group's future revenues and cash flows and could cause the Group to fail to achieve anticipated growth in Mainland China.

The Group's success depends in part on general political, social and economic conditions and the willingness of consumers to purchase tickets to IMAX locations. If movie-going becomes less popular in Greater China, whose consumer market recovered more slowly from the pandemic than other markets, and where economic challenges persist, the Group's business could be adversely affected. A decline in consumer's willingness to spend discretionary income on movie-going could adversely affect the Group's ability to derive significant revenue from GBO generated by its exhibitor customers. In addition, the Group's operations could be adversely affected if consumers' discretionary income in China falls as a result of an economic downturn or recession, sustained inflationary conditions, high interest rates, supply chain issues, or otherwise. Such adverse impact on consumer's discretionary income could result in a shift in consumer demand away from movie-going. Furthermore, sustained inflationary pressures observed globally could materially increase the cost of our goods, services and personnel, which could cause an increase in the Group's operating costs. The majority of the Group's revenue is directly derived from the box office results of its exhibitor customers. Accordingly, a decline in attendance at commercial IMAX locations could materially and adversely affect several sources of key revenue streams for the Group.

The Group also depends on the sale, lease and installation of IMAX Systems to commercial exhibitors to generate revenue. Commercial exhibitors generate revenues from consumer attendance at their theatres, which depends on the willingness of consumers to visit movie theatres and spend discretionary income. In the event of declining box office and concession revenues, or other economic headwinds, commercial exhibitors may be less willing to invest capital in IMAX Systems. In addition, a significant portion of systems in the Group's backlog are expected to be installed in newly-built multiplexes. An economic downturn, recession, significant increases in interest rates or other adverse economic developments could impact developers' ability to secure financing on acceptable terms and complete the build out of these locations, thereby negatively impacting the Group's ability to install IMAX Systems, grow its theatre network and collect its contractual revenue.

Our Relationship with Key Partners and the Competitive Environment

Wanda is the Group's largest exhibitor customer. As of December 31, 2024, through the Group's partnership with Wanda, there were 384 IMAX Systems operational in Greater China and Wanda represented approximately 47% of the China network and 23% of the Group's backlog. The share of the Group's revenue that is generated by Wanda is expected to continue to grow as the number of IMAX Systems in backlog with Wanda are opened. No assurance can be given that significant customers such as Wanda will continue to purchase IMAX Systems and/or enter into revenue sharing arrangements with the Group and if so, whether contractual terms will be affected. If the Group does business with Wanda or other large exhibitor chains less frequently or on less favorable terms than currently, the Group's business, financial condition or results of operations may be adversely affected. In addition, an adverse economic impact on a significant customer's business operations could have a corresponding material adverse effect on the Group.

The entertainment industry is very competitive. The Group faces competition both in the form of technological advances in in-home entertainment, as well as those within out-of-home entertainment, including the theatre-going experience. In addition, exhibitors and entertainment technology companies have introduced their own branded, large-screen 3D auditoriums or other proprietary theatre systems, and in many cases, have marketed those auditoriums or theatre systems as having similar quality or attributes as an IMAX System. The Group competes with entertainment and media companies with new technologies and/or substantially greater capital resources to develop and support them. The Group may be unable to continue to produce theatre systems or provide experiences which are premium to, or differentiated from, other theatre systems or entertainment experiences, respectively. Furthermore, many of the Group's commercial exhibitor customers are reliant on the availability of retail shopping malls at physical locations, which compete with other forms of retailing such as online retail websites and may be adversely affected by the changes in the retail shopping landscape and consumer purchasing patterns. In return, the Group may be adversely affected by the challenges faced by its exhibitor customers.

As noted above, the Group faces in-home competition from a number of alternative motion picture distribution channels such as home video, streaming services, video-on-demand, internet, and broadcast and cable television. There can be no assurance that the average exclusive theatrical release window, which is determined by the movie studios, will not shrink which could have an adverse impact on the Group's business and results of operations. In addition, as a result of the pandemic and related movie theatre closures, in 2020, 2021 and 2022, a number of films were released directly or concurrently to streaming services the same day as to theatres. Most major Hollywood film studios have since recommitted to exclusive theatrical releases for blockbuster movies. However, there can be no assurance that direct or concurrent release to streaming services will not resume or increase in the future, intensifying streaming service competition. Several streaming services release original films directly to subscribers, bypassing theatrical distribution. The Group further competes for the public's leisure time and disposable income with other forms of entertainment, including gaming, sporting events, concerts, live theatre, social media, and restaurants.

If the Group is unable to continue to produce a differentiated theatre experience, consumers may be unwilling to pay the price premiums associated with the cost of IMAX tickets and the box office performance of IMAX films may decline. The declining box office performance of IMAX films could materially and adversely harm the Group's business and prospects.

Our Ability to Maintain Pricing and Profit Margins

A significant portion of the Group's operating costs are relatively fixed for Content Solutions and Technology Products and Services under revenue sharing arrangements, such as DMR conversion costs per film and theatre system depreciation. As a result, the Group has been able to maintain pricing and profit margin to deliver financial results. As the Group expands the IMAX theatre network and engages with additional exhibitor partners, the Group may be asked to offer pricing or volume discounts to existing exhibitors that are committed to install a large number of new IMAX theatre systems. The Group may strategically offer discounts or concessions to certain exhibitors to maintain or gain its market share. Given the relatively fixed cost base of the Group, any material decreases in revenue due to adjustments in pricing could be expected to have an adverse impact on the profitability of the Group.

Our Ability to Enter into Renewals of New Sales and Lease Agreements

If the Group's sales and lease agreements set to expire are not renewed, or if the Group is unable to enter into new leases agreements comparable to those currently in effect in a timely manner, then the Group's systems revenue and cash flows could be adversely affected.

Our Collection Risk Associated with Payments to be Received over the Terms of the Group's IMAX System Agreements

The Group is dependent in part on the viability of its exhibitors for collections under sales and sales-type lease arrangements, and revenue sharing arrangements. Exhibitors or other operators may experience financial difficulties that could cause them to be unable to fulfill their contractual payment obligations to the Group. As a result, the Group's future revenues and cash flows could be adversely affected.

Seasonality Effects

The Group's business is seasonal which skews the profitability of its Technology Products and Services towards the second half of the year. Most of the exhibitors choose to install IMAX theatre systems towards year-end in preparation for the Chinese New Year holiday period when major Chinese language films are due to be released. As a result, the Group typically records higher levels of revenue and profit under Technology Products and Services during the second half of the year.

Currency Fluctuations

The Group generates a majority of its revenues in local currency RMB. However, the Group purchases IMAX theatre equipment and films from IMAX Corporation in U.S. dollars or in RMB based on the U.S. dollar exchange rate. Any significant increase in the value of the U.S. dollar against the RMB will increase the Group's costs and negatively affect its profitability. The Group has not entered, and currently does not intend to enter into any forward contracts to hedge its exposures to exchange rate fluctuations.

In addition, fluctuations in the exchange rates between the U.S. dollar and other currencies, primarily the RMB, affect the translation into U.S. dollars when the Group prepares its financial statements. Foreign currency transactions are translated into the U.S. dollar using the exchange rates prevailing at the annual average rate for its Statement of Comprehensive Income/(Loss) and the closing rate for its Statement of Financial Position. Foreign currency gains and losses are recorded in the Consolidated Statement of Comprehensive Income/(Loss) of the Group.

DESCRIPTION OF SELECTED LINE ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME ITEMS

Revenue

The Group derives a majority of its revenue from two primary segments – Content Solutions and Technology Products and Services. The Group's activities that do not meet the criteria to be considered a reportable segment are reported within All Other.

Content Solutions

Content Solutions derives revenue from a certain percentage of IMAX box office received by the studio partners for the conversion and release of Hollywood films, Chinese language films and other films to the IMAX theatre network. The revenue is recognized when reported by the exhibitor partners of the Group.

Technology Products and Services

Technology Products and Services derives revenue from exhibitor partners through sales and sales-type lease, revenue sharing arrangements, maintenance services, and other theatre.

- Sales and sales-type lease arrangements consist of the design, manufacture and installation of IMAX theatre system for upfront payments and ongoing fees, which may include stipulated minimum payments per annum, variable consideration and contingent rent in excess of minimum payments. The upfront payments vary depending on the system configuration and the location of the theatre. Upfront payments for installation are paid according to the contractual terms. The present value of future minimum payments, variable consideration and estimated contingent rent in excess of minimum payments on sales arrangements for the term of the respective agreement along with upfront payments is recognized as revenue upon the completion of installation and exhibitor acceptance of the IMAX theatre system as well as on the commencement date of any respective renewal term;

- Revenue sharing arrangements are categorized into two sub-types: 1) full revenue sharing arrangements; and 2) hybrid revenue sharing arrangements. Under full revenue sharing arrangements, the Group leases IMAX theatre systems to its exhibitor partners and provides related maintenance and technical support services in exchange for future revenue sharing based on certain percentages of the IMAX box office from the IMAX theatre. Under full revenue sharing arrangements, the Group receives no or limited upfront payments for the system installation. Contingent rent based on a percentage of IMAX box office is recognized as revenue when reported by theatre exhibitors. Under hybrid revenue sharing arrangements, the Group receives an upfront payment, higher than a full revenue sharing arrangement, for the system installation and recognizes the revenue upon the completion of installation and exhibitor acceptance of the IMAX theatre system. Contingent rent based on a percentage of IMAX box office is recognized as revenue when reported by theatre exhibitors;

- IMAX Maintenance generates revenue from the provision of ongoing maintenance, warranty, and technical support services. The revenue recognized is primarily comprised of annual maintenance fees due to the Group by theatre exhibitors under all sales and sales-type lease arrangements and revenue sharing arrangements; and

- Other theatre generates revenue from the aftermarket sales of 3D glasses, screen sheets, parts and other items.

All Other

The Group's activities that do not meet the criteria to be considered a reportable segment will be reported within All Other.

The following table sets out the revenue for the respective reportable segments for the years indicated, as well as the percentage of total revenue they each represent:

	FY2024		FY2023	
	US$'000	***%***	*US$'000*	*%*
Content Solutions	**15,510**	**19.2%**	25,522	29.4%
Technology Products and Services	**64,507**	**79.6%**	60,898	70.0%
Subtotal for reportable segments	**80,017**	**98.8%**	86,420	99.4%
All Other	**980**	**1.2%**	562	0.6%
Total	**80,997**	**100.0%**	86,982	100.0%

Cost of Sales

The Group's cost of sales primarily comprises the costs for the rights of all digital re-mastered films purchased under its intercompany agreement with IMAX Corporation (excluding Hollywood films which are recorded as a reduction of film revenue received from IMAX Corporation according to IFRS 15 starting from 2018), the costs of IMAX theatre systems and related services under sales, sales-type lease and hybrid revenue sharing arrangements, depreciation of IMAX theatre systems capitalized under full revenue sharing arrangements and certain one-time costs at the time of system installation, marketing costs for IMAX theatre launches, sales commissions and the cost for providing any maintenance and technical support services during a warranty period.

The following table sets out the cost of sales for the Group's respective reportable segments for the years indicated, as well as the percentage of respective revenue they each represent:

	FY2024		FY2023	
	US$'000	***%***	*US$'000*	*%*
Content Solutions	**3,746**	**24.2%**	3,614	14.2%
Technology Products and Services	**32,165**	**49.9%**	27,686	45.5%
Subtotal for reportable segments	**35,911**	**44.9%**	31,300	36.2%
All Other	**1,069**	**109.1%**	1,149	204.4%
Total	**36,980**	**45.7%**	32,449	37.3%

Gross Profit and Gross Profit Margin

The following table sets out the gross profit and gross profit margin for the Group's respective reportable segments for the years indicated:

	FY2024		FY2023	
	US$'000	***%***	*US$'000*	*%*
Content Solutions	**11,764**	**75.8%**	21,908	85.8%
Technology Products and Services	**32,342**	**50.1%**	33,212	54.5%
Subtotal for reportable segments	**44,106**	**55.1%**	55,120	63.8%
All Other	**(89)**	**(9.1)%**	(587)	(104.4)%
Total	**44,017**	**54.3%**	54,533	62.7%

Selling, General and Administrative Expenses

The following table sets out the selling, general and administration expenses the Group incurred as well as the percentage of total revenue they represented for the years indicated:

	FY2024		FY2023	
	US$'000	***%***	*US$'000*	*%*
Employee salaries and benefits	**7,218**	**8.9%**	8,510	9.8%
Share-based compensation expenses	**1,620**	**2.0%**	2,992	3.4%
Travel and transportation	**424**	**0.5%**	446	0.5%
Advertising and marketing	**761**	**0.9%**	979	1.1%
Professional fees	**1,846**	**2.3%**	2,746	3.2%
Other employee expense	**131**	**0.2%**	335	0.4%
Facilities (note)	**(97)**	**(0.1)%**	342	0.4%
Depreciation	**753**	**0.9%**	947	1.1%
Foreign exchange and other expenses	**429**	**0.5%**	841	1.0%
Total	**13,085**	**16.1%**	18,138	20.9%

Note: Facilities include rent, utilities and maintenance, are net of rent subsidy and exclude rental expenses under right-of-use assets.

Other Operating Expenses

Other Operating Expenses primarily include the annual license fees payable to IMAX Corporation in respect of the trademark and technology license under the Technology License Agreements and the Trademark License Agreements, at an aggregate of approximately 5% of the Group's revenue. The Group's other operating expenses for FY2024 and FY2023 were US$4.3 million and US$3.9 million, respectively.

Reversals (Provisions) of Net Impairment Losses on Financial Assets

Net impairment impacts on financial assets for FY2024 and FY2023 were a reversal of US$0.2 million and a provision of US$1.2 million, respectively. Net impairment reversal in FY2024 reflects stronger collections on trade receivables, financing receivables and variable consideration receivables.

Other Income

Other income of US$0.7 million mainly includes subsidy received in FY2024 (FY2023: US$0.7 million).

Interest Income

Interest income represents interest earned on various term deposits. None of the deposits had a term of more than 90 days. The Group's interest income for both FY2024 and FY2023 was US$1.9 million, respectively.

Income Tax Expenses

The Group is subject to Mainland China and Hong Kong income tax. The Group is also subject to withholding taxes in Taiwan. The enterprise income tax ("**EIT**") rate generally levied in Mainland China is 25%. The entities incorporated in Hong Kong are subject to Hong Kong income tax at a rate of 8.25% on assessable profits up to HK$2 million and 16.5% on any part of assessable profits over HK$2 million. For the years presented, the Group's effective tax rate differs from the statutory tax rate and varies from year to year primarily due to numerous permanent differences, subsidies, and the provision for income taxes at different rates in different jurisdictions, the application of Hong Kong's territorial tax system and changes due to its recoverability assessments of deferred tax assets.

The income tax expense for FY2024 and FY2023 was US$7.1 million and US$6.2 million, respectively.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Consolidated Statement of Comprehensive Income

The following table sets out items in the consolidated statement of comprehensive income and as a percentage of revenue for the years indicated:

	FY2024		FY2023	
	US$'000	*%*	*US$'000*	*%*
Revenues	**80,997**	**100.0%**	86,982	100.0%
Cost of sales	**(36,980)**	**(45.7)%**	(32,449)	(37.3)%
Gross profit	**44,017**	**54.3%**	54,533	62.7%
Selling, general and administrative expenses	**(13,085)**	**(16.2)%**	(18,138)	(20.9)%
Other operating expenses	**(4,320)**	**(5.3)%**	(3,889)	(4.5)%
Reversals (provisions) of net impairment losses on financial assets	**230**	**0.3%**	(1,187)	(1.4)%
Other income	**682**	**0.8%**	721	0.8%
Other gains – net	**–**	**–**	187	0.2%
Operating profit	**27,524**	**34.0%**	32,227	37.1%
Interest income	**1,898**	**2.3%**	1,858	2.1%
Interest expense	**(68)**	**(0.1)%**	(412)	(0.5)%
Profit before income tax	**29,354**	**36.2%**	33,673	38.7%
Income tax expense	**(7,137)**	**(8.8)%**	(6,172)	(7.1)%
Profit for the year, attributable to owners of the Company	**22,217**	**27.4%**	27,501	31.6%
Other comprehensive loss:				
Items that may be subsequently reclassified to profit or loss:				
Change in foreign currency translation adjustments	**(1,915)**	**(2.4)%**	(2,819)	(3.2)%
Other comprehensive loss:	**(1,915)**	**(2.4)%**	(2,819)	(3.2)%
Total comprehensive income for the year, attributable to owners of the Company	**20,302**	**25.1%**	24,682	28.4%

Adjusted Profit

Adjusted profit is not a measure of performance under IFRS. This measure does not represent and should not be used as a substitute for, gross profit or profit for the year as determined in accordance with IFRS. This measure is not necessarily an indication of whether cash flow will be sufficient to fund the Group's cash requirements or whether the Group's business will be profitable. In addition, the definition of adjusted profit may not be comparable to other similarly titled measures used by other companies.

Adjusted profit excludes shared-based compensation, as well as the related tax impact of the adjustments.

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

The following table sets out the Group's adjusted profits for the years 2024 and 2023:

	FY2024	FY2023
	US$'000	*US$'000*
Profit for the year	**22,217**	27,501
Adjustments:		
Share-based compensation	**1,620**	2,992
Tax impact on item listed above	**(394)**	(662)
Adjusted profit	**23,443**	29,831

FY2024 COMPARED WITH FY2023

Revenue

The Group's revenue decreased 6.9% from US$87.0 million in FY2023 to US$81.0 million in FY2024, driven by a decrease of US$10.0 million in Content Solutions revenue, which was partly offset by an increase of US$3.6 million in Technology Products and Services revenue, and an increase of US$0.4 million in All Other revenue, as further explained below.

Content Solutions

Revenue from Content Solutions decreased 39.2% from US$25.5 million in FY2023 to US$15.5 million in FY2024, primarily due to a decrease in IMAX box office year over year. The box office generated from IMAX formatted films decreased 33.1% from US$298.3 million in FY2023 to US$199.6 million in FY2024. FY2023 included a record-breaking performance during the critical Chinese New Year and summer periods, driven by the reopening of cinemas in Mainland China post pandemic and the performance of blockbuster films including *The Wandering Earth 2, Creation of the Gods 1* and *Oppenheimer* that were not repeated in FY2024. Also, FY2024 was a challenging year for box office with fewer large budget blockbusters and content that included a greater mix of lower budget comedies and dramas where historically IMAX does not capture as high a share of box office.

IMAX box office revenue per screen decreased 33.3% from US$0.39 million in FY2023 to US$0.26 million in FY2024 due to the reasons explained above.

The following table sets out the number of films released in the IMAX format in FY2024 and FY2023 in Greater China:

	FY2024	FY2023
Hollywood films[1]	**39**	22
Hollywood films (Hong Kong, Taiwan and Macau only)[2]	**6**	19
Chinese language films[1]	**26**	30
Other films[1]	**8**	5
Other films (Hong Kong, Taiwan and Macau only)	**5**	4
Total IMAX films released	**84**	80

Note:

(1) Includes 12 re-released films (10 Hollywood films, 1 China language film and 1 other film) in FY2024 and no re-released film in FY2023 in Mainland China.

(2) Includes 2 re-released Hollywood films in FY2024 and 6 re-released Hollywood films in FY2023 in Hong Kong, Taiwan and Macau.

Technology Products and Services

Revenue from Technology Products and Services increased 5.9% from US$60.9 million in FY2023 to US$64.5 million in FY2024. This was driven by an increase of US$8.9 million in sales and sales-type lease arrangements revenue, an increase of US$2.4 million in IMAX maintenance revenue partially offset by a decrease of US$7.7 million in revenue sharing arrangements, as explained further below.

The following table provides a breakdown of IMAX theatres in operation in Greater China by type and geographic location as at the dates indicated:

Commercial	**As at 31 December**		
	2024	2023	**Growth (%)**
Mainland China[1]	**779**	774	0.6%
Hong Kong	**5**	5	–
Taiwan	**11**	11	–
Macau	**1**	1	–
	796	791	0.6%
Institutional[2]	**13**	16	(18.8)%
Total	**809**	807	0.2%

Notes:

(1) Fifteen (15) theatres in Mainland China were closed in FY2024, one of which was relocated to another site.

(2) Institutional IMAX theatres include museums, zoos, aquaria and other destination entertainment sites that do not exhibit commercial films. Three (3) institutional IMAX theatres in Mainland China were closed in FY2024.

The following table sets out the number of IMAX theatre systems installed by business arrangements in FY2024 and FY2023:

	FY2024	FY2023
Sales and sales-type lease arrangements	**12**	12
Revenue sharing arrangements	**10**	14
IMAX laser upgrades	**25**	–
Total theatre systems installed	**47**[1]	26[2]

Notes:

(1) Includes 6 relocations (sales and sales-type lease) and 25 upgrades (23 revenue sharing and 2 sales and sales-type lease) in FY2024.

(2) Includes 2 relocations (1 sales and sales-type lease and 1 revenue sharing) in FY2023.

Sales and Sales-Type Lease Arrangements

Revenue from sales and sales-type lease arrangements increased 55.3% from US$16.1 million in FY2023 to US$25.0 million in FY2024, primarily due to: (i) an increase of US$7.6 million of discounted minimum payments and estimated contingent rent based on a percentage of IMAX box office recognized as revenue related to the renewal of certain theatre agreements as sales arrangements; (ii) an increase of US$1.6 million due to five (5) more redeployed system sales renewals, which was partially offset by a decrease of US$0.5 million due to three (3) fewer sales and sales-type lease installations (excluding redeployed system installations). The Group recognized sales revenue on the installation of eight (8) new theatre systems with a total value of US$10.6 million (including 2 IMAX laser upgrades) in FY2024 as compared to eleven (11) new theatre systems with a total value of US$11.1 million in FY2023.

Average revenue per new system under sales and sales-type lease arrangements, excluding redeployed systems, increased from US$1.0 million in FY2023 to US$1.3 million in FY2024 due to a mix of more IMAX Commercial Laser ("**COLA**") theatre installations in FY2024.

Revenue Sharing Arrangements

Revenue from revenue sharing arrangements includes upfront revenue from hybrid revenue sharing arrangements and contingent rent from both full and hybrid revenue sharing arrangements.

Upfront revenue from hybrid revenue sharing arrangements decreased by US$1.0 million, as there was no hybrid revenue sharing installation in FY2024.

Contingent rent from revenue sharing arrangements decreased 33.8% from US$20.1 million in FY2023 to US$13.3 million in FY2024, primarily due to decreased IMAX box office in FY2024. This included (i) a 32.2% decrease in contingent rent from full revenue sharing arrangements, from US$17.1 million in FY2023 to US$11.6 million in FY2024; and (ii) a 41.4% decrease in contingent rent from hybrid revenue sharing arrangements, from US$2.9 million in FY2023 to US$1.7 million in FY2024. 519 theatres were operating under revenue sharing arrangements at the end of FY2023 as compared to 490 at the end of FY2024. The decrease was attributed to the renewals of certain revenue sharing arrangements converting to sales arrangements.

IMAX Maintenance

IMAX maintenance revenue increased 10.7% from US$23.4 million in FY2023 to US$25.9 million in FY2024. This increase was primarily attributable to a lower level of concessions extended for temporary theatre closures and pandemic impacts in FY2024 compared to FY2023.

All Other

Revenue from All Other increased from US$0.6 million in FY2023 to US$1.0 million in FY2024 mainly due to additional contractual revenue generated from the IMAX Enhanced Business.

Cost of Sales

The Group's cost of sales increased 14.2% from US$32.4 million in FY2023 to US$37.0 million in FY2024. This increase was primarily due to an increase of US$4.5 million in Technology Products and Services and an increase of US$0.1 million in Content Solutions, explained below.

Content Solutions

The cost of sales for Content Solutions increased 2.8% from US$3.6 million in FY2023 to US$3.7 million in FY2024. The increase in costs reflects the higher number of films exhibited in FY2024 in Mainland China (73 films, including 12 re-released films in FY2024 versus 57 films in FY2023) which was partially offset by lower DMR conversion and film marketing costs per film.

Technology Products and Services

The cost of sales for Technology Products and Services increased 16.2% from US$27.7 million in FY2023 to US$32.2 million in FY2024, mainly driven by an increase of US$3.5 million in theatres installed under sales and sales-type lease arrangements and an increase of US$1.0 million in IMAX maintenance costs, partially offset by a decrease of US$0.1 million in costs associated with revenue sharing arrangements, as explained further below.

Sales and Sales-Type Lease Arrangements

Cost of sales under sales and sales-type lease arrangements increased 87.5% from US$4.0 million in FY2023 to US$7.5 million in FY2024, primarily due to: (i) US$2.1 million in system cost related to the renewal of certain theatre agreements as sales arrangements; (ii) an increase in the average cost per new system installed, excluding redeployed systems, from US$0.4 million in FY2023 to US$0.6 million in FY2024 due to a system mix of more COLA laser theatre installations; partially offset by (iii) three (3) fewer sales and sales-type lease installations (excluding redeployed system installation) in FY2024.

Revenue Sharing Arrangements

Cost of sales from installation of hybrid revenue sharing arrangements decreased from US$0.6 million in FY2023 to US$nil in FY2024 due to no installation under hybrid revenue sharing arrangement in FY2024.

The cost of sales for contingent rent from revenue sharing arrangements increased 3.7% from US$13.6 million in FY2023 to US$14.1 million in FY2024, primarily due to one-time costs related to the installations of 22 more full revenue sharing arrangements in FY2024 versus FY2023. This was partially offset by decreased depreciation costs associated with a smaller full revenue sharing network.

IMAX Maintenance

Cost of sales with respect to theatre system maintenance increased 10.6% from US$9.4 million in FY2023 to US$10.4 million in FY2024 as a result of higher warranty costs and maintenance parts consumption.

All Other

Cost from All Other was flat at US$1.1 million in both FY2024 and FY2023.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased 19.3% from US$54.5 million in FY2023 to US$44.0 million in FY2024, and gross profit margin decreased from 62.7% in FY2023 to 54.3% in FY2024. The decrease in gross profit was largely attributable to a decrease of US$10.1 million in Content Solutions and a decrease of US$0.9 million in Technology Products and Services, partially offset by an increase of US$0.5 million in All Other, as explained further below.

Content Solutions

The gross profit from Content Solutions decreased 46.1% from US$21.9 million in FY2023 to US$11.8 million in FY2024, and the gross profit margin decreased from 85.8% in FY2023 to 75.8% in FY2024. The decrease of gross profit and gross profit margin was attributed to a decrease in overall IMAX box office with relatively similar DMR conversion and film marketing costs.

Technology Products and Services

The gross profit decreased 2.7% from US$33.2 million in FY2023 to US$32.3 million in FY2024. During the same period, gross profit margin decreased from 54.5% to 50.1%. The decrease in gross profit and gross profit margin is explained further below.

Sales and Sales-Type Lease Arrangements

The gross profit from sales of IMAX theatre systems increased 44.3% from US$12.2 million in FY2023 to US$17.6 million in FY2024 primarily due to the renewal of certain theatre agreements as sales arrangements, partially offset by three (3) less installations (excluding redeployed system installation) in FY2024. Gross profit margin decreased from 75.7% in FY2023 to 70.2% in FY2024 primarily due to a system mix with more COLA laser theatre installations with lower margin in FY2024.

Revenue Sharing Arrangements

The gross profit from upfront fees derived from hybrid revenue sharing arrangements decreased from a profit of US$0.4 million in FY2023 to a US$nil in FY2024, due to no hybrid revenue sharing arrangement installation in FY2024.

The gross profit for contingent rent from full revenue sharing arrangements decreased from a profit of US$3.5 million in FY2023 to a loss of US$2.4 million in FY2024. Gross profit decreased primarily due to lower overall IMAX box office revenue and increased one-time costs related to the installations of 22 more full revenue sharing arrangements in FY2024.

The gross profit for contingent rent from hybrid revenue sharing arrangements decreased from US$2.9 million in FY2023 to US$1.7 million in FY2024, mainly driven by lower IMAX box office revenue.

IMAX Maintenance

The gross profit for theatre system maintenance increased 10.7% from US$14.0 million in FY2023 to US$15.5 million in FY2024, with a consistent gross profit margin of 59.9% in both years. The increase is primarily due to lower maintenance revenue in FY2023, resulting from one-time fee concessions granted to some exhibitor customers when theatres were temporarily closed. This was partially offset by higher maintenance costs in FY2024, due to increased warranty costs and parts consumption.

All Other

The net loss for All Other decreased from a loss of US$0.6 million in FY2023 to a loss of US$0.1 million in FY2024. This decrease was mainly related to more contractual revenue generated from the IMAX Enhanced Business against fixed amortization costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased 27.6% from US$18.1 million in FY2023 to US$13.1 million in FY2024, primarily due to: (i) a US$2.7 million decrease related to employee salaries and benefits and share-based compensation expenses as a result of the restructuring of the organization; (ii) a US$0.9 million decrease in professional fees mainly due to privatisation costs incurred during FY2023; (iii) a US$0.7 million decrease in facilities driven by office rent savings during FY2024; (iv) a US$0.2 million decrease in advertising and marketing expenses; and (v) a US$0.4 million lower foreign exchange and other expenses compared to FY2023.

Other Operating Expenses

Other operating expenses increased 10.3% from US$3.9 million in FY2023 to US$4.3 million in FY2024, primarily due to an increase in annual license fees payable to IMAX Corporation related to trademark and technology licensed under the Technology License Agreements and the Trademark License Agreements.

Reversals (Provisions) of Net Impairment Losses on Financial Assets

Net impairment impacts on financial assets for FY2024 and FY2023 were a reversal of US$0.2 million and a provision of US$1.2 million, respectively. Net impairment reversal in FY2024 reflects stronger collections on trade receivables, financing receivables and variable consideration receivables.

Other Income

Other income was flat at US$0.7 million in both FY2024 and FY2023, and mainly includes subsidies received during the year.

Interest Income

Interest income remained constant at US$1.9 million in FY2024 on a higher average cash balance offset by lower interest rates.

Interest Expense

Interest expense decreased from US$0.4 million in FY2023 to US$0.1 million in FY2024 primarily due to the lower amount of term loans required as a result of a stronger cash position in FY2024.

Income Tax Expense

The income tax expense increased by 14.5% from US$6.2 million in FY2023 to US$7.1 million in FY2024. The increase was mainly due to certain tax adjustments made in FY2023, partly offset by a decrease in operating profit before tax, which decreased from US$33.7 million in FY2023 to US$29.4 million in FY2024.

Profit for the Year

The Group reported a profit for the year of US$22.2 million in FY2024 as compared to a profit of US$27.5 million in FY2023.

Total Comprehensive Income for the Year

The Group reported a comprehensive income of US$20.3 million for FY2024, down from US$24.7 million in FY2023.

The decrease was mainly due to a reduction of US$5.3 million in profit, partly offset by a US$0.9 million reduction in other comprehensive loss.

The reduction in other comprehensive loss was related to a reduction in foreign currency translation losses, which fell from $2.8 million (2.5% RMB depreciation) in FY2023 to US$1.9 million (1.5% RMB depreciation) in FY2024.

Comprehensive profit for FY2024 included a US$1.6 million charge for share-based compensation, compared to US$3.0 million in FY2023.

Adjusted Profit

Adjusted profit, which consists of profit for the year adjusted for the impact of share-based compensation and the related tax impact, was US$23.4 million in FY2024 as compared to US$29.8 million in FY2023.

LIQUIDITY AND CAPITAL RESOURCES

	As at 31 December	
	2024	2023
	US$'000	*US$'000*
Current assets		
Other assets	**611**	1,523
Contract acquisition costs	**533**	628
Film assets	**10**	66
Inventories	**4,948**	6,368
Prepayments	**3,480**	3,035
Income tax receivables	**1,749**	1,149
Variable consideration receivables from contracts	**1,512**	664
Financing receivables	**29,897**	31,728
Trade and other receivables	**75,913**	75,956
Cash and cash equivalents	**80,049**	62,711
Total Current Assets	**198,702**	183,828
Current liabilities		
Trade and other payables	**15,325**	15,406
Accruals and other liabilities	**6,872**	8,877
Deferred revenue	**11,817**	12,196
Total Current Liabilities	**34,014**	36,479
Net Current Assets	**164,688**	147,349

As at 31 December 2024, the Group had net current assets of US$164.7 million compared to net current assets of US$147.3 million as at 31 December 2023. The increase in net current assets in FY2024 was mainly attributable to a US$17.3 million increase in cash and cash equivalents, a US$2.0 million decrease in accruals and other liabilities, a US$0.8 million increase in variable consideration receivables from contracts, a US$0.6 million increase in income tax receivables, a US$0.4 million increase in prepayments, and US$0.4 million decrease in deferred revenue. This was partially offset by a US$1.8 million decrease in financing receivables, a US$1.4 million decrease in inventories, and a US$0.9 million decrease in other assets.

The Group has cash and cash equivalent balances denominated in various currencies. The following is a breakdown of cash and cash equivalent balances by currency at the end of each year:

	As at 31 December			
		2024		2023
		US$'000		*US$'000*
Cash and cash equivalents denominated in RMB	**$**	**47,527**	$	30,036
Cash and cash equivalents denominated in US$	**$**	**32,296**	$	32,516
Cash denominated in Hong Kong dollars	**$**	**226**	$	159
	$	**80,049**	$	62,711

CAPITAL MANAGEMENT

The Group's objectives for capital management include: (i) to safeguard the Group's ability to continue as a going concern; (ii) to maximize returns to shareholders and other stakeholders; and (iii) to maintain an optimal capital structure by reducing the weighted average cost of capital.

The Group considers and evaluates its capital structure based on the aggregate of the total equity and long-term debt less cash and short-term deposits. The Group manages the capital structure and makes adjustments to the structure in order to have funds available to support the business activities which the Board intends to pursue in addition to maximising the return to shareholders. The Board does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Group's management to sustain future development of the business.

In order to carry out current operations and pay for administrative costs, the Group will spend the existing working capital and raise additional amounts as needed. Management evaluates the capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is reasonable.

CASH FLOW ANALYSIS

The following table shows the Group's net cash generated from operating activities, net cash used in investing activities and net cash generated from financing activities for the years indicated:

	FY2024	FY2023
	US$'000	*US$'000*
Net cash provided by operating activities	**30,821**	12,541
Net cash used in investing activities	**(10,740)**	(3,790)
Net cash used in financing activities	**(2,103)**	(19,685)
Effects of exchange rate changes on cash	**(640)**	(1,327)
Increase (Decrease) in cash and cash equivalents during year	**17,338**	(12,261)
Cash and cash equivalents, beginning of year	**62,711**	74,972
Cash and cash equivalents, end of year	**80,049**	62,711

Cash Provided by Operating Activities

FY2024

The Group's net cash provided by operations was approximately US$30.8 million in FY2024. The Group had profit before income tax for the period of US$29.4 million in FY2024, and positive adjustments for depreciation of property, plant and equipment of US$13.4 million, amortization of film assets of US$5.5 million, settlement of equity and other non-cash compensation of US$1.0 million, and amortization of contribution to IMAX Enhanced business of US$1.0 million, reduced by changes in working capital of US$11.9 million, taxes paid of US$7.4 million, and a decrease in allowance for expected credit loss of US$0.2 million. Changes in working capital primarily consisted of: (i) an increase in variable consideration receivable from contracts of US$6.8 million; (ii) an increase in film assets of US$5.4 million; (iii) a decrease in accruals and other liabilities of US$1.8 million; (iv) a decrease in deferred revenue of US$1.5 million; (v) an increase in prepayments of US$0.4 million; partially offset by: (i) a decrease in inventories of US$3.5 million; and (ii) a decrease in trade and other receivables of US$0.4 million.

FY2023

The Group's net cash provided by operations was approximately US$12.5 million in FY2023. Profit before income tax was US$33.7 million for FY2023, and positive adjustments for depreciation of property, plant and equipment of US$14.2 million, amortization of film assets of US$5.6 million, equity settled and other non-cash compensation of US$3.0 million, allowance of expected credit loss of US$1.2 million, amortization of contribution to Enhanced Business of US$1.0 million, and interest expense of US$0.4 million, reduced by changes in working capital of US$33.5 million, taxes paid of US$12.3 million, interest paid of US$0.5 million, and net fair value gains on financial assets of US$0.3 million. Changes in working capital primarily consisted of: (i) an increase in trade and other receivables of US$20.5 million; (ii) a decrease in trade and other payables of $6.2 million; (iii) an increase in film assets of US$5.5 million; (iv) an increase in inventories of US$1.2 million; (v) a decrease in deferred revenue of US$0.9 million; and (vi) partially offset by a decrease in other assets of US$0.8 million.

Cash Used in Investing Activities

FY2024

The Group's net cash used in investing activities was approximately US$10.7 million for FY2024, primarily related to investments in IMAX theatre equipment amounting to US$9.3 million installed in our exhibitor partners' theatres under full revenue sharing arrangements, and purchase of property, plant and equipment related primarily to leasehold improvements of US$1.4 million.

FY2023

The Group's net cash used in investing activities was approximately US$3.8 million for FY2023, related to investments in IMAX theatre equipment amounting to US$4.0 million installed in our exhibitor partners' theatres under full revenue sharing arrangements, and purchase of property, plant and equipment of US$0.1 million; partially offset by the proceeds on disposal of investment in interest in a film classified as FVTPL of $0.3 million.

Cash Used in Financing Activities

FY2024

The Group's net cash used in financing activities was approximately US$2.1 million for FY2024 primarily due to: (i) settlement of restricted share units and options of US$1.5 million; (ii) principal elements of lease payments of US$0.5 million; and (iii) payments for the buy-back of shares of US$0.1 million.

FY2023

The Group's net cash used in financing activities was approximately US$19.7 million for FY2023 primarily due to: (i) repayment of borrowings of US$13.2 million; (ii) dividend paid to owners of the Company in the amount of US$5.1 million; (iii) settlement of restricted share units and options of US$1.3 million; (iv) principal element of lease payments of US$0.8 million; and (v) partially offset by proceeds from borrowings of US$0.7 million.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

Lease Commitments

We have lease commitments within one year amounting to US$0.1 million related primarily to leased office.

Capital Commitments

As at 31 December 2024, we had capital expenditures contracted but not provided for of US$1.3 million (2023: US$0.9 million) primarily related to acquisition of property, plant and equipment.

CAPITAL EXPENDITURES AND CONTINGENT LIABILITIES

Capital Expenditures

The Group's capital expenditures primarily relate to the acquisition of IMAX theatre systems. Capital expenditures were US$10.8 million and US$4.1 million for FY2024 and FY2023, respectively.

Going forward, the Group plans to allocate a significant portion of the capital expenditures to the continued upgrade and expansion of the IMAX theatre network under revenue sharing arrangements by executing on the existing contractual backlog and future signings.

Contingent Liabilities

Lawsuits, claims and proceedings arise in the ordinary course of business. In accordance with the Group's internal policies, in connection with any such lawsuits, claims or proceedings, the Group will make a provision for a liability when it is both probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

As of 31 December 2024, the Group had not drawn down on the bank borrowing facility with Bank of China Limited, and RMB0.2 million (approximately less than US$0.1 million) on the letter of guarantee facility. The Group had not drawn down on the bank borrowing facility with HSBC Bank (China) Company Limited. Except as disclosed above or as otherwise disclosed herein, as of 31 December 2024, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. The Directors confirm that there has been no material change in the Group's commitments and contingent liabilities since 31 December 2024.

WORKING CAPITAL

The Group finances its working capital needs primarily through cash flow from operating activities and working capital loans. Cash flow generated from operating activities was US$30.8 million in FY2024 as compared to the cash flow generated from operating activities of US$12.5 million in FY2023. As the IMAX theatre network continues to grow, the Group believes cash flow from operating activities will continue to increase to fund existing business operations and any initial capital expenditures required under revenue sharing arrangements.

The Group has an unsecured revolving facility with Bank of China Limited for up to RMB200.0 million (approximately US$27.8 million) to fund ongoing working capital requirements, including RMB10.0 million (approximately US$1.4 million) to fund letter of guarantee requirements. The total amounts drawn and available under the working capital loan as of 31 December 2024 were RMBnil and RMB190.0 million for bank borrowing facility, and RMB0.2 million and RMB9.8 million for letter of guarantee facility, respectively.

The Group has an unsecured revolving facility with HSBC Bank (China) Company Limited, Shanghai Branch for up to RMB200.0 million (approximately US$27.8 million) to fund ongoing working capital requirement. The total amounts drawn and available under the working capital loan at 31 December 2024 were RMBnil and RMB200.0 million, respectively.

STATEMENT OF INDEBTEDNESS

As at 31 December 2024:

- Except for the drawdown of RMB0.2 million on the letter of guarantee facility with Bank of China Limited for up to RMB10 million, the Group did not have any bank borrowings or committed bank facilities;

- The Group did not have any borrowing from IMAX Corporation or any related parties; and

- The Group did not have any hire purchase commitments or bank overdrafts.

Since 31 December 2024, being the latest date of the audited financial statements, there has been no material adverse change to the indebtedness.

RECENT DEVELOPMENTS

No important event affecting the Group has occurred since 31 December 2024.

OFF BALANCE SHEET ARRANGEMENTS

The Group had no off-balance sheet arrangements as at 31 December 2024.

KEY FINANCIAL RATIOS

The following table lays out certain financial ratios as of the dates and for the years indicated. The Group presents adjusted gearing ratio and adjusted profit margin because the Group believes they present a more meaningful picture of the financial performance than unadjusted numbers as they exclude the impact from share-based compensation, restructuring expenses and associated impairments, and the related tax impact.

	2024	2023
Gearing ratio(1)	**21.7%**	25.1%
Adjusted profit margin(2)	**28.9%**	34.3%

Notes:

(1) Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100.

(2) Adjusted profit margin is calculated by dividing adjusted profit for the year by revenue and multiplying the result by 100.

Gearing Ratio

The Group's gearing ratio decreased from 25.1% as at 31 December 2023 to 21.7% as at 31 December 2024, primarily due to an increase in equity of US$19.7 million, a decrease in accruals and other liabilities of US$2.3 million, and a decrease in deferred revenue of US$2.0 million.

Adjusted Profit Margin

The Group's adjusted profit margin decreased from 34.3% as at 31 December 2023 to 28.9% as at 31 December 2024, for reasons explained above.

DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Pursuant to the Company's dividend policy in effect, in recommending or declaring dividends, the Company should maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder's value. The proposal of payment and the amount of the dividends will ultimately be made at the discretion of the Board and will depend on the general business conditions and strategies, cash flow situation, financial results, capital requirements and expenditure plans, the interests of the Shareholders, statutory and regulatory restrictions as well as other factors that the Board may consider relevant. The Board has the discretion to propose, declare and distribute dividends subject to the articles of association (the "**Articles of Association**") of the Company and all applicable laws and regulations and various factors of the Group including but not limited to the business conditions and strategies.

Taking into consideration the uncertainty around China's economic recovery and general market conditions as well as the Group's intent to use its cash reserves to invest in the IMAX brand in Greater China, the Board has resolved not to declare final dividend for the year ended 31 December 2024.

In addition, as the Company is a holding company registered in the Cayman Islands and the operations are conducted through its subsidiaries, four of which are incorporated in Mainland China, the availability of funds to pay distributions to Shareholders and to service the debts depends on dividends received from these subsidiaries. The subsidiaries in Mainland China are restricted from distributing profits before the losses from previous years have been remedied and amounts for mandated reserves have been deducted.

As at 31 December 2024, the Company had a total equity of US$39.6 million. Under the Companies Law of the Cayman Islands, subject to the provisions of memorandum of association of the Company or the articles of association (the "**Articles of Association**"), the Company's share premium account may be applied to pay distributions or dividends to shareholders provided that immediately following the date of distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

DIVIDEND

The Board has resolved not to declare any final dividend for the year ended 31 December 2024.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group has not undertaken any material acquisition or disposal for the year ended 31 December 2024.

SIGNIFICANT INVESTMENTS AND DIVESTMENTS

The Group is entitled to IMAX Hong Kong Holding's share of any distributions and dividends paid by TCL-IMAX Entertainment in respect of profit from Greater China as a result of a preferred share the Group holds in IMAX Hong Kong Holding, which holds 50% of TCL-IMAX Entertainment, a 50:50 joint venture between IMAX Hong Kong Holding (which is indirectly wholly owned by IMAX Corporation) and Sino Leader (Hong Kong) Limited (which is wholly owned by TCL Multimedia Technology Holdings Limited).

The purpose of the investment was to enable the Group to share in any profit earned in Greater China by TCL-IMAX Entertainment. The Group does not have any management or operational role, responsibilities or rights in TCL-IMAX Entertainment, nor is the Group subject to any funding obligations (either in respect of capital funding or bearing of losses) in relation to TCL-IMAX Entertainment. As of 31 December 2024, the fair value of TCL-IMAX Entertainment was nil (31 December 2023: nil). The liquidation process of TCL-IMAX Entertainment was completed in the second half of FY2024.

IMAX (Shanghai) Culture & Technology Co., Ltd. ("**IMAX Shanghai Culture**") was set up on 16 December 2021, which is 100% invested by IMAX (Shanghai) Multimedia Technology Co., Ltd. ("**IMAX Shanghai Multimedia**"). IMAX Shanghai Multimedia is a wholly-owned subsidiary of the Company. On 25 July 2022, the Company, IMAX Shanghai Culture and IMAX Corporation entered into an Enhanced Business Required IMAX China Contribution Agreement pursuant to which the Company agreed to acquire and have the exclusive right to, directly or through any member of the Group, develop and exploit the Enhanced Business in Greater China ("**Enhanced Business**"). The Enhanced Business was taken over by IMAX Shanghai Multimedia from IMAX Shanghai Culture in the second half of FY2023. The liquidation process of IMAX Shanghai Culture was completed in the first half of FY2024 based on the business strategic decision.

There was no plan authorized by the Board for any material investments or divestments at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year ended 31 December 2024, the Company conducted share repurchases of 119,900 listed Shares on the Stock Exchange pursuant to a general mandate granted by the Shareholders to the Directors during the Annual General Meeting. The following table outlines details of the shares repurchased on a monthly basis.

Month	Number of shares repurchased	Highest price per share *HK$*	Lowest price paid per share *HK$*	Average price paid per share *HK$*	Aggregate price paid *HK$*
May 2024	119,900	7.50	7.35	7.43	890,928.94
Total	119,900				890,928.94

In addition, during the year ended 31 December 2024, 91,811 listed Shares, 91,643 listed Shares, 76,900 listed Shares, 177,400 listed Shares, 218,318 listed Shares, 71,500 listed Shares, 54,200 listed Shares, 63,600 listed Shares, 181,752 listed Shares, 140,000 listed Shares, 140,000 listed Shares, and 139,283 listed Shares, were purchased through Computershare Hong Kong Trustees Limited, the professional trustee engaged by the Company for administering its share schemes, on 29 February 2024 at an average price per Share of HK$6.7076, on 1 March 2024 at an average price per Share of HK$6.9233, on 27 May 2024 at an average price per Share of HK$8.29, on 28 May 2024 at an average price per Share of HK$8.70, on 29 May 2024 at an average price per Share of HK$8.92, on 7 June 2024 at an average price per Share of HK$8.7002, on 11 June 2024 at an average price per Share of HK$8.7069, on 12 June 2024 at an average price per Share of HK$8.7379, on 13 June 2024 at an average price per Share of HK$8.7405, on 13 December 2024 at an average price per Share of HK$7.8939, on 16 December 2024 at an average price per Share of HK$8.0379, and on 17 December 2024 at an average price per Share of HK$8.0368 on the Stock Exchange, for satisfying, or preparing for the satisfaction of, the vesting of the relevant restricted share units or performance share units.

Save for the above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024 (the "**Reporting Period**").

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its Shareholders. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Mr. Richard Gelfond, the Chairman of the Company, was unable to attend the Annual General Meeting of the Company convened on 7 June 2024 due to other important business commitments. Mr. Gelfond appointed Mr. Jiande Chen, an Executive Director and the Vice Chairman of the Company, to be his delegate as the Chair of the Board and as the Chair of the Nomination Committee to attend, chair and answer questions at the Annual General Meeting. Saved as disclosed above, during the Reporting Period, the Company has complied with all the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Directors' dealing policy on 21 September 2015 in order to ensure compliance with the Model Code. The terms of the Directors' dealing policy are no less exacting than those set out in the Model Code. Having made specific enquiry of the Directors, all Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code and the Company's own Directors' dealing policy during the Reporting Period.

AUDIT COMMITTEE

The Company has set up an audit committee on 27 May 2015 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and of the CG Code. The terms of reference were updated on 30 November 2018. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group, maintain an appropriate relationship with the Company's auditor and provide advice and comments to the Board.

The audit committee consists of three members: Mr. John Davison, an Independent Non-executive Director, Ms. Janet Yang, an Independent Non-Executive Director and Mr. Richard Gelfond, a Non-executive Director. Mr. John Davison is the chairman of the audit committee. The audit committee members have reviewed the Group's results for the year ended 31 December 2024.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the Shares.

ANNUAL REPORT

The Company will publish its annual report for the year ended 31 December 2024 in March 2025 on the Company's and the Stock Exchange's websites and such annual report will contain all the information required by Appendix D2 of the Listing Rules.

LITIGATION

The Group did not have any material litigation outstanding as at 31 December 2024.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2024.

INSIDE INFORMATION

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 Listing Rules.

Results of IMAX Corporation

Our 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 71.40% of the issued share capital of the Company.

On 19 February 2025 (New York time), IMAX Corporation made an announcement regarding its financial results for the fourth quarter and full year ended 31 December 2024 (the "**Earnings Release**") and held its fourth quarter and full year results earnings call (the "**Earnings Call**"). If you wish to review the Earnings Release prepared by IMAX Corporation and as filed with the SEC, please visit: https://www.sec.gov/ix?doc=/Archives/edgar/data/921582/000092158225000005/imax-20250219.htm. Unless otherwise provided therein, all dollar amounts in the Earnings Release and Earnings Call are denominated in United States dollars.

On 19 February 2025 (New York time), IMAX Corporation filed its audited Annual Report on the Form 10-K for the year ended 31 December 2024 with the SEC, in accordance with the ongoing disclosure obligations applicable to the companies listed on the New York Stock Exchange. The Annual Report includes certain annual financial information and operating statistics regarding the Company. If you wish to review the Annual Report prepared by IMAX Corporation and as filed with the SEC, please visit: https://www.sec.gov/ix?doc=/Archives/edgar/data/921582/000092158225000008/imax-20241231.htm. Unless otherwise provided therein, all dollar amounts in the Annual Report are denominated in United States dollars.

The financial information disclosed in the Earnings Release, Earnings Call and the financial results contained in the Annual Report have been prepared in accordance with the Generally Accepted Accounting Principles of the United States, which are different from the International Financial Reporting Standards, which is the standard adopted by the Company, as a company listed on the Main Board of the Stock Exchange, to prepare and present financial information. As such, the financial results of the Company in the Earnings Release, Earnings Call and the Annual Report are not directly comparable to the financial results published directly by the Company.

With a view to ensuring that all Shareholders and potential investors of the Company have equal and timely access to information pertaining to the Company, set forth below are the key highlights of financial information and other information published by IMAX Corporation in the Annual Report and Earnings Release that relate to our Company and our operations results of IMAX Corporation:

(1) ANNUAL REPORT EXTRACTS

IMAX CORPORATION
December 31, 2024

PART I

Item 1. *Business*

IMAX Corporation (together with its consolidated subsidiaries, the "**Company**" or "**IMAX**") is a Canadian corporation that was formed in March 1994 as a result of an amalgamation between WGIM Acquisition Corp. and the former IMAX Corporation ("**Predecessor IMAX**"). Predecessor IMAX was incorporated in 1967.

As of December 31, 2024, the Company indirectly owned 71.40% 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.

GENERAL

The Company achieved its second highest year for domestic (United States and Canada combined) box office in 2024. The year was highlighted by blockbusters including *Dune: Part Two*, *Deadpool & Wolverine*, *Godzilla x Kong: The New Empire* and *Alien: Romulus.* Additionally, local language films exhibited across the Company's global network represented 15% of its total box office, including the Chinese films *Pegasus 2* and *Yolo,* the Japanese film *Haikyu! ! ,* and the Korean concert film, *IM Hero: The Stadium*.

The Company has also continued to evolve its platform to bring new, innovative events and experiences to audiences worldwide. During the year ended December 31, 2024, the Company partnered with Pathé Live for the exclusive release of *Queen Rock Montreal*, which became one of its highest grossing concert films ever. In addition, the Company entered into a partnership with A24 for a monthly one-night-only IMAX release of classic A24 titles, hosted multiple IMAX Live events, including screening the National Basketball Association ("**NBA**") finals across select IMAX locations in the Asia Pacific region. Additionally, in partnership with the NBC television network, the Company extended its live coverage of the 2024 Paris Olympics Opening Ceremony and the *White Out Game Live* in IMAX*: Washington vs. Penn State* to select IMAX locations throughout the United States. In addition, IMAX programmed its first ever esports event by live streaming the *League of Legends* world championship, in partnership with CJ CGV Co. Ltd., and Wanda Film ("**Wanda**"), to over 150 locations across China and South Korea, with an average capacity of over 90%.

IMAX NETWORK

The IMAX network is the most extensive premium network in the world with 1,807 IMAX Systems operating in 90 countries and territories, including 1,735 commercial multiplexes, 11 commercial destinations and 61 institutional locations as of December 31, 2024. The Company currently estimates a worldwide commercial multiplex addressable market of 3,619 locations, of which there are 1,735 IMAX Systems operating as of December 31, 2024, representing a market penetration of only 48%.

IMAX grew its network by over 2.0% in 2024 driven by 77 new system installations and ended the year with a backlog (as defined and discussed under the caption "IMAX SYSTEMS" below) of 440 IMAX Systems. The Company believes that the majority of its future network growth will come from international markets (defined as all countries other than the United States and Canada). As of December 31, 2024, 76% of IMAX Systems in the global commercial multiplex network were located within international markets. Revenues and gross box office ("**GBO**") derived from international markets continue to exceed revenues and GBO from the United States and Canada combined.

As of December 31, 2024, the Company had 809 IMAX Systems operating in Greater China with an additional 237 systems in backlog. The Company's backlog in Greater China as of December 31, 2024, represents 54% of its total backlog, including system upgrades. The Company has a partnership in China with Wanda and as of December 31, 2024, through the Company's partnership with Wanda, there were 384 IMAX Systems operational in Greater China, of which 334 are under the parties' joint revenue sharing arrangements ("**JRSA**").

A main factor in the Company's global box office being lower in 2024 versus 2023 was the weaker-than-expected performance of films in China, particularly with regard to local language blockbuster titles. Less than two months into 2025, however, the movie industry has seen a very significant turnaround in China. Led by the Mandarin-language blockbuster *Ne Zha 2*, IMAX screens in China have broken all previous box office records for the Chinese New Year period, and have already surpassed the Company's best-ever Q1 box office in China (from 2019). In fact, in less than 3 weeks in February 2025, IMAX screens in China generated more local language box office than IMAX China did in the entire year of 2024.

(Refer to "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," "—The Company faces risks in connection with its significant presence in China and the continued expansion of its business there," "—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 "—The Company may not convert all of its backlog into revenue and cash flows" in Part I, Item 1A.)

IMAX FILM REMASTERING

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 bolster 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 content beyond native markets.

The following table provides the number of new films and other content released to the Company's global network during the years ended December 31, 2024 and 2023:

	Years Ended December 31,	
	2024	2023
Hollywood film releases	**40**	36
Local language film releases:		
China	**25**	28
Japan	**14**	11
India	**11**	8
South Korea	**6**	9
Thailand	**2**	1
Malaysia	**1**	1
Indonesia	**1**	–
France	**1**	1
Total local language film releases	**61**	59
Other content experiences	**17**	3
Total film releases(1)	**118**	98

(1) For the year ended December 31, 2024, the films released to the Company's global network included ten with IMAX DNA (2023 – eight).

To date, in 2025, 21 titles have been released to the global IMAX network, including three titles with IMAX DNA, and the Company has announced the following additional 31 titles to be released in 2025:

Title	**Studio**	**Scheduled Release Date**[(1)]	**IMAX DNA**
Moonlight	A24	February 2025	–
Mickey 17	Warner Bros. Pictures	March 2025	–
Spring Breakers	A24	March 2025	–
Snow White	Walt Disney Studios	March 2025	–
Alto Knights	Warner Bros. Pictures	March 2025	–
A Minecraft Movie	Warner Bros. Pictures	April 2025	–
The Amateur	Walt Disney Studios	April 2025	–
One to One: John & Yoko	Magnolia Films	April 2025	–
Sinners	Warner Bros. Pictures	April 2025	Filmed for IMAX
Ambulance[(2)]	Muvi Studios	April 2025	–
Thunderbolts	Marvel Studios	May 2025	Filmed for IMAX
Final Destination: Bloodlines	Warner Bros. Pictures	May 2025	Filmed for IMAX
Mission Impossible – The Final Reckoning	Paramount Pictures	May 2025	Filmed for IMAX
How to Train Your Dragon	Universal Pictures	June 2025	Filmed for IMAX
F1	Warner Bros. Pictures	June 2025	Filmed for IMAX
Jurassic World: Rebirth	Universal Pictures	July 2025	–
Superman	Warner Bros. Pictures	July 2025	Filmed for IMAX
The Fantastic Four: First Steps	Marvel Studios	July 2025	Filmed for IMAX
Untitled Paul Thomas Anderson Title	Warner Bros. Pictures	August 2025	–
The Conjuring: Last Rites	Warner Bros. Pictures	September 2025	–
Untitled Crunchyroll/ Sony Title[(2)]	Sony Pictures	September 2025	–
Him	Universal Pictures	September 2025	–
The Bride !	Warner Bros. Pictures	September 2025	Filmed for IMAX
Michael	Lionsgate/ Universal Pictures	October 2025	–
Tron: Ares	Walt Disney Studios	October 2025	Filmed for IMAX
Mortal Kombat 2	Warner Bros. Pictures	October 2025	Filmed for IMAX
Predator: Badlands	Walt Disney Studios	November 2025	–
The Running Man	Paramount Pictures	November 2025	–
Wicked: For Good	Universal Pictures	November 2025	–
Zootopia 2	Walt Disney Studios	November 2025	–
Avatar: Fire and Ash	Walt Disney Studios	December 2025	–

(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.

(2) Denotes local language release.

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 2025, and has announced that 2025 will feature at least 12 Filmed for IMAX titles. The Company's Hollywood film slate beyond 2025 has started to fill in including major films such as: *Avengers: Doomsday, The Mandalorian and Grogu, Toy Story 5, The Odyssey, Narnia, Moana, Supergirl Woman of Tomorrow, Avengers: Secret Wars, The Batman 2, Frozen 3, and Dynamic Duo.*

FILM DISTRIBUTION, PRODUCTION AND POST-PRODUCTION

In May 2024, Amazon Content completed its acquisition of the worldwide rights to the Company's original documentary, *The Blue Angels*, filmed with IMAX certified digital cameras and produced in collaboration with Dolphin Entertainment, Bad Robot Productions, and Zipper Bros Films. The feature-length documentary was released to select commercial locations across the IMAX network and, in January 2025, a 40-minute 3D version was released to IMAX institutional locations. Additionally, in 2024, the Company had limited commercial network releases of the documentaries *Skywalkers: A Love Story The* IMAX *Experience* and *Fly: The* IMAX *Experience*, in partnership with XYZ Films and National Geographic, respectively. Upcoming documentaries, which are currently in production, include *Stormbound*, a feature documentary produced by Academy Award®-winning producer, Adam McKay, *The Lost Wolves of Yellowstone*, and *Patrouille de France*, all of which are expected to be released in 2025, and *The Elephant Odyssey*, a documentary in collaboration with Beach House Pictures Pte Ltd and China International Communications Group, which is expected to be released in 2026.

In addition, IMAX programmed its first ever esports event by live streaming the *League of Legends* world championship, in partnership with CJ CGV Co. Ltd. and Wanda, to over 150 locations across China and South Korea, capturing an average attendance capacity of over 90%.

MARKETING AND CUSTOMERS

The Company markets IMAX Systems through a direct sales force and marketing staff located in offices in Canada, the United States, Greater China, Europe, and Asia. In addition, the Company has agreements with consultants, business brokers and real estate professionals to locate potential customers and system locations for the Company on a commission basis.

IMAX currently estimates a worldwide commercial multiplex addressable market of 3,619 locations, of which there were 1,735 commercial IMAX Systems operating as of December 31, 2024, representing a market penetration of only 48%. Commercial multiplex systems are the largest part of the IMAX network, comprising 1,735, or 96%, of the 1,807 IMAX Systems in the IMAX network as of December 31, 2024. The Company's institutional customers include science and natural history museums, zoos, aquariums, and other educational and cultural centers. The Company also sells or leases IMAX Systems to commercial destinations such as theme parks, private home theatres, tourist destination sites, fairs, and expositions. As of December 31, 2024, approximately 75% of all open and operational IMAX Systems were in locations outside of the United States and Canada.

The following table provides detailed information about the IMAX network by system type and geographic location as of December 31, 2024 and 2023:

	December 31, 2024				December 31, 2023			
	Commercial Multiplex	**Commercial Destination**	**Institutional**	**Total**	Commercial Multiplex	Commercial Destination	Institutional	Total
United States	**370**	**4**	**24**	**398**	363	4	24	391
Canada	**44**	**1**	**5**	**50**	42	1	7	50
Greater China[(1)]	**796**	**—**	**13**	**809**	791	—	16	807
Asia (excluding Greater China)	**185**	**1**	**2**	**188**	166	2	2	170
Western Europe	**135**	**4**	**8**	**147**	126	4	8	138
Latin America[(2)]	**62**	**1**	**7**	**70**	60	1	8	69
Rest of the World	**143**	**—**	**2**	**145**	145	—	2	147
Total[(3)]	**1,735**	**11**	**61**	**1,807**	1,693	12	67	1,772

(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.

The Company has a partnership in China with Wanda, which is its largest exhibitor customer. As of December 31, 2024, Wanda represented 21% of the Company's commercial network (2023 – 22%) and 12% of the Company's backlog (2023 – 4%) as well as 9% of its revenues for the year ended December 31, 2024 (2023 – 10%). A geographic breakdown of the Company's revenue is provided in Note 20 to "Consolidated Financial Statements" in Part II, Item 8.

Item 1A. *Risk Factors*

Before you make an investment decision with respect to the Company's common shares, you should carefully consider all of the information included in this Form 10-K and the Company's subsequent periodic filings with the SEC. In particular, you should carefully consider the risk factors described below and the risks and uncertainties discussed in "Special Note Regarding Forward-Looking Information," any of which could have a material adverse effect on the Company's business, results of operations and financial condition and on the actual outcome of matters as to which forward-looking statements are made in this annual report. The following risk factors should be read in conjunction with the balance of this annual report, including the Consolidated Financial Statements and the "Notes to Consolidated Financial Statements." The risks described below are not the only ones the Company faces. Additional risks that the Company currently deems immaterial or that are currently unknown to the Company may also impair its business or operations.

RISKS RELATED TO THE COMPANY'S BUSINESS AND OPERATIONS

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.

The Company's success depends in part on general political, social and economic conditions and the willingness of consumers to purchase tickets to IMAX locations. If movie-going becomes less popular globally, the Company's business could be adversely affected, especially if such a decline continues in Greater China, whose consumer market recovered more slowly from the COVID-19 pandemic than other markets, and where economic challenges persist. In addition, the Company's operations could be adversely affected if consumers' discretionary income globally or in a particular geography falls as a result of an economic downturn or recession, sustained inflationary conditions, high interest rates, supply chain issues, or otherwise. Such adverse impact on consumer's discretionary income could result in a shift in consumer demand away from movie-going. Furthermore, sustained inflationary pressures observed globally could materially increase the cost of our goods, services and personnel, which could cause an increase in the Company's operating costs. The majority of the Company's revenue is directly derived from the box office results of its exhibitor customers. Accordingly, a decline in attendance at commercial IMAX locations could materially and adversely affect several sources of key revenue streams for the Company.

The Company also depends on the sale, lease and installation of IMAX Systems to commercial exhibitors to generate revenue. Commercial exhibitors generate revenues from consumer attendance at their theatres, which depends on the willingness of consumers to visit movie theatres and spend discretionary income at movie theatres. In the event of declining box office and concession revenues, or other economic headwinds, commercial exhibitors may be less willing to invest capital in IMAX Systems. In addition, a significant portion of systems in the Company's backlog are expected to be installed in newly-built multiplexes. An economic downturn, recession, significant increases in interest rates or other adverse economic developments could impact developers' ability to secure financing on acceptable terms and complete the build-out of these locations, thereby negatively impacting the Company's ability to install IMAX Systems, grow its theatre network and collect its contractual revenue.

The success of the IMAX network is directly related to the availability and success of the IMAX remastered films, and other films released to the IMAX network, as well as the continued purchase or lease of IMAX Systems and other support by exhibitors, for which there can be no guarantee.

An important factor affecting the growth and success of the IMAX network is the availability and strategic selection of films for IMAX locations and the box office performance of such films. The Company itself produces only a small number of such films and, as a result, the Company relies principally on films produced by third-party filmmakers and studios, including both Hollywood and local language features converted into the Company's format. In 2024, 118 new IMAX films were released to the Company's global network. There is no guarantee that filmmakers and studios will continue to release films to the IMAX network, or that the films selected for release to the IMAX network will be commercially successful.

The Company is directly impacted by the commercial success and box office results of the films released to the IMAX network through its joint revenue sharing arrangements, as well as through the percentage of the box office receipts the Company receives from the studios releasing IMAX films, and the Company's continued ability to secure films, find suitable partners for joint revenue sharing arrangements and to sell IMAX Systems. The commercial success of films released to IMAX locations depends on a number of factors outside of the Company's control, including whether the film receives critical and consumer acclaim, the timing of its release, the success of the marketing efforts of the studio releasing the film, consumer preferences and trends in cinema attendance. Moreover, films can be subject to delays in production or changes in release schedule, which can negatively impact the number, timing and quality of IMAX films released to the Company's global network.

In addition, as the Company's international network has expanded, the Company has signed deals with studios in other countries to convert their films to the Company's format and release them to the IMAX network. The Company may be unable to select films which will be successful in international markets or may be unsuccessful in selecting the right mix of Hollywood and local language films for a particular country or region, notably Greater China, the Company's largest market. Also, conflicts in international release schedules may make it difficult to release every IMAX film in certain markets.

The Company depends principally on commercial exhibitors to purchase or lease IMAX Systems, to supply box office revenue under joint revenue sharing arrangements and under its sale and sales-type lease agreements, and to supply venues in which to exhibit IMAX films. The Company is unable to predict the pace at which exhibitors will purchase or lease IMAX Systems or enter into joint revenue sharing arrangements with the Company, or whether any of the Company's existing exhibitor customers will continue to do any of the foregoing. If exhibitors choose to reduce their levels of presence or expansion, negotiate economic terms that are less favorable to the Company, or decide not to enter into transactions with the Company, the Company's revenues would not increase at an anticipated rate and motion picture studios may be less willing to convert their films into the Company's format for exhibition in commercial IMAX locations. As a result, the Company's future revenues and cash flows could be adversely affected.

RISKS RELATED TO THE COMPANY'S INTERNATIONAL OPERATIONS

The Company conducts business internationally, which exposes it to uncertainties and risks that could negatively affect its operations, sales, and future growth prospects.

A significant portion of the GBO generated by the Company's exhibitor customers and its revenues are generated from customers located outside the United States and Canada. Approximately 58%, 64%, and 62% of the Company's revenues were derived outside of the United States and Canada in 2024, 2023, and 2022, respectively. As of December 31, 2024, approximately 84% of IMAX Systems in backlog were scheduled to be installed in international markets. The Company's network spanned 90 different countries as of December 31, 2024, and the Company expects its international operations to continue to account for an increasingly significant portion of its future revenues. There are a number of risks associated with operating in international markets that could negatively affect the Company's operations, sales and future growth prospects. These risks include:

- new tariffs, trade protection measures, import or export licensing requirements, trade embargoes, sanctions, and other trade barriers, including but not limited to tariffs planned, implemented or threatened by the new U.S. administration and retaliatory responses thereto;

- new restrictions on access to markets, both for IMAX Systems and films;

- unusual or burdensome foreign laws or regulatory requirements or unexpected changes to those laws or requirements, including censorship of content that may restrict what films the Company's network can present;

- fluctuations in the value of various foreign currencies versus the U.S. Dollar, potential currency devaluations, and imposition of foreign exchange controls in foreign jurisdictions;

- difficulties in obtaining competitively priced key commodities, raw materials, and component parts from various international sources that are needed to manufacture quality products on a timely basis;

- dependence on foreign distributors and their sales channels;

- reliance on local partners, including in connection with joint revenue sharing arrangements;

- difficulties in staffing and managing foreign operations;

- inability to complete installations of IMAX Systems, including as a result of material disruptions or delays in the Company's supply chains, or collect full payment on installations thereof;

- local business practices that can present challenges to compliance with applicable anti-corruption and bribery laws;

- difficulties in establishing market-appropriate pricing;

- less accurate and/or less reliable box office reporting;

- adverse changes in foreign government monetary and/or tax policies, and/or difficulties in repatriating cash from foreign jurisdictions (including with respect to China, where approval of the State Administration of Foreign Exchange is required);

- poor recognition of intellectual property rights;

- difficulties in enforcing contractual rights;

- economic conditions in foreign markets, including inflation;

- public health concerns, including pandemics or epidemics, and regulations in response thereto, which could adversely affect the Company's and its customers' operations;

- requirements to provide performance bonds and letters of credit to international customers to secure system component deliveries;

- harm to the IMAX brand from operating in countries with records of controversial government action, including human rights abuses; and

- political, economic and social instability, which could result in adverse consequences for the Company's interests in different regions of the world.

Additionally, global geopolitical tensions, such as the conflicts between Russia and Ukraine and in the Middle East, and actions that governments take in response may adversely impact the Company's ability to operate in such regions and/or result in global or regional economic downturns. For example, in response to the ongoing conflict between Russia and Ukraine, Canada, the United States, and other countries in which the Company operates have imposed broad sanctions and other restrictive actions against governmental and other entities in Russia, which in turn have and may continue to have an adverse impact on the Company's business and results of operations in affected regions. In addition, in the wake of the Russia-Ukraine conflict and resulting sanctions, major movie studios suspended the theatrical release of films in Russia and financial institutions halted transactions with Russian entities. The Company has notified its exhibitor clients in Russia that such sanctions and actions constitute a force majeure event under their system agreements, resulting in the suspension of the Company's obligations thereunder. Given the uncertainty as to the scope, intensity, duration and outcome of geopolitical conflicts, it is difficult to predict the full extent of the adverse impact of geopolitical conflicts on the Company's business and results of operations. Additionally, given the global nature of the Company's operations, any protracted conflict or the broader macroeconomic impact of geopolitical conflicts and sanctions imposed in response thereto, have had and could continue to have an adverse impact on the Company's business, results of operations, financial condition, and future performance (the Company has 11 systems in its backlog from Russia, the Confederation of Independent States ("**CIS**") and Ukraine, and none from Israel) and may also magnify the impact of other risks described herein, including the risk of cybersecurity attacks, which may impact information technology systems unrelated to the conflict, or jeopardize critical infrastructure in jurisdictions where the Company operates.

In addition, changes in United States or Canadian foreign policy can present additional risks or uncertainties as the Company continues to expand its international operations. Opening and operating theatres in markets that have experienced geopolitical or sociopolitical unrest or controversy, including through partnerships with local entities, exposes the Company to the risks listed above, as well as additional risks of operating in a volatile region. Such risks may negatively impact the Company's business operations in such regions and may also harm the Company's brand. Moreover, a deterioration of the diplomatic relations between the United States or Canada and a given country may impede the Company's ability to conduct business in such countries and have a negative impact on the Company's financial condition and future growth prospects.

The Company faces risks in connection with its significant presence in China and the continued expansion of its business there.

As of December 31, 2024, the Company had 809 IMAX Systems operating in Greater China with an additional 237 systems in backlog, which represent 54% of the Company's current backlog. Of the IMAX Systems currently scheduled to be installed in Greater China, 78% are under joint revenue sharing arrangements, which further increases the Company's ongoing exposure to box office performance in this market.

The China market faces a number of risks, including a continued slow recovery from the COVID-19 pandemic, changes in laws and regulations, currency fluctuations, increased competition, and changes in economic conditions, including the risk of an economic downturn or recession, trade embargoes, restrictions or other barriers, as well as other conditions that may impact the Company's exhibitor and studio partners, and consumer spending. The market's slow recovery from the pandemic has caused some exhibitors in Mainland China, including several of the Company's exhibitor partners, to experience financial difficulties which, in certain cases, has resulted in delays in meeting payment and IMAX System installation obligations to the Company. There are no guarantees that such financial difficulties will not continue, or that partner delays or failures to meet contractual obligations will not occur in the future, adversely impacting the Company's future revenues and cash flows.

The Company does not believe that it is currently required to obtain any permission or approval from the China Securities Regulatory Commission, the Cyberspace Administration of China or any other regulatory authority in the People's Republic of China ("**PRC**") for its operations, but there can be no assurance that such permissions or approvals would not be required in the future and, if required, that they would be granted in a timely manner, on acceptable terms, or at all. Furthermore, PRC regulators, including the Cyberspace Administration of China, the Ministry of Industry and Information Technology, and the Ministry of Public Security, have been increasingly focused on regulation in data security and data protection. Regulatory requirements concerning data protection and cybersecurity, as well as other requirements concerning operations of foreign businesses, in the PRC are evolving, and their enactment timetable, interpretation and implementation involve significant uncertainties. To the extent any additional PRC laws and regulations become applicable to the Company, it may be subject to increased risks and uncertainties associated with the legal system in the PRC, including with respect to the enforcement of laws and the possibility of changes of rules and regulations with little or no advance notice.

Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates both the scope of the Company's continued expansion in China and the Company's business within China. For instance, the Chinese government regulates the number, timing, and terms of Hollywood films released to the China market. The Company cannot provide assurance that the Chinese government will continue to permit the release of Hollywood IMAX films in China or that the timing, number or performance of IMAX releases will be favorable to the Company. There are also uncertainties regarding the interpretation and application of laws and regulations and the enforceability of intellectual property and contract rights in China. If the Company were unable to navigate China's regulatory environment, or if the Company were unable to enforce its intellectual property or contract rights in China, the Company's business could be adversely impacted.

Political tensions and/or trade wars between China and the United States or Canada could exacerbate any or all of these risks, and adverse developments in any of these areas could impact the Company's future revenues and cash flows and could cause the Company to fail to achieve anticipated growth in Mainland China.

The Company may experience adverse effects due to exchange rate fluctuations.

A substantial portion of the Company's revenues is denominated in U.S. Dollars, while a substantial portion of its expenses is denominated in Canadian Dollars. The Company also generates revenues in Chinese Renminbi, Euros and Japanese Yen. While the Company periodically enters into forward contracts to hedge a portion of its exposure to exchange rate fluctuations between the U.S. and the Canadian Dollar, the Company may not be successful in reducing its exposure to these fluctuations. The use of derivative contracts is intended to mitigate or reduce transactional level volatility in the results of foreign operations, but does not completely eliminate volatility. Even in jurisdictions in which the Company does not accept local currency or requires minimum payments in U.S. Dollars, significant local currency issues may impact the profitability of the Company's arrangements with its customers, which ultimately affect the ability to negotiate cost-effective arrangements and, therefore, the Company's results of operations. In addition, because IMAX films generate box office revenue in 90 different countries, unfavorable exchange rates between applicable local currencies and the U.S. Dollar could affect the GBO generated by exhibitors and the Company's reported revenues, further impacting the Company's results of operations.

RISK RELATED TO THE COMPANY'S INDUSTRY AND COMPETITIVE ENVIRONMENT

Consolidation among commercial exhibitors and studios reduces the breadth of the Company's customer base, and could result in a narrower market for the Company's products and reduced negotiating leverage. A deterioration in the Company's relationship with key partners could materially and adversely affect the Company's business, financial condition or results of operation. In addition, an adverse economic impact on a significant customer's business operations could have a corresponding material adverse effect on the Company.

The Company's primary customers are commercial multiplex exhibitors. Since 2016, the commercial exhibition industry has undergone significant consolidation, including AMC's acquisition of Carmike Cinemas and Odeon, which includes Nordic and Cineworld's acquisition of Regal. Exhibitor concentration has resulted in certain exhibitor chains constituting a material portion of the Company's network and revenue. For instance, Wanda is the Company's largest exhibitor customer, representing approximately 9% of the Company's total revenues in 2024. As of December 31, 2024, through the Company's partnership with Wanda, there were 384 IMAX Systems operational in Greater China and Wanda represented approximately 21% of the global network and 12% of the Company's global backlog. The share of the Company's revenue that is generated by Wanda is expected to continue to grow as the number of IMAX Systems in backlog with Wanda are opened. No assurance can be given that significant customers such as Wanda will continue to purchase IMAX Systems and/or enter into joint revenue sharing arrangements with the Company and if so, whether contractual terms will be affected. If the Company does business with Wanda or other large exhibitor chains less frequently or on less favorable terms than currently, the Company's business, financial condition or results of operations may be adversely affected. In addition, an adverse economic impact on a significant customer's business operations could have a corresponding material adverse effect on the Company.

The Company also receives revenues from studios releasing IMAX films. Hollywood studios have also experienced consolidation, as evidenced by Disney's acquisition of certain studio assets from Twenty First Century Fox in 2019 and the expected acquisition of Paramount by Skydance. Studio consolidation could result in individual studios comprising a greater percentage of the Company's film slate and overall IMAX Film Remastering revenue, and could expose the Company to the same risks described above in connection with exhibitor consolidation.

The Company may not be able to adequately protect its intellectual property, and competitors could misappropriate its technology or brand, which could weaken its competitive position.

The Company depends on its proprietary knowledge regarding IMAX Systems including digital and film technology, video quality assessment and image enhancement. The Company relies principally upon a combination of copyright, trademark, patent and trade secret laws, restrictions on disclosures and contractual provisions to protect its proprietary and intellectual property rights. These laws and procedures may not be adequate to prevent unauthorized parties from attempting to copy or otherwise obtain the Company's processes and technology or deter others from developing similar processes or technology, which could weaken the Company's competitive position and require the Company to incur costs to secure enforcement of its intellectual property rights. The protection provided to the Company's proprietary technology by the laws of foreign jurisdictions may not protect it as fully as the laws of Canada or the United States. The lack of protection afforded to intellectual property rights in certain international jurisdictions may be increasingly problematic given the extent to which the future growth of the Company is anticipated to come from foreign jurisdictions. The Company may develop proprietary technology or knowledge, including AI-generated works, that are not entitled to intellectual property protection. Finally, some of the underlying technologies of the Company's products and system components are not covered by patents or patent applications.

The Company owns patents issued and patent applications pending, including those covering its digital projector, digital conversion technology, laser illumination technology, and other inventions relating to imaging technology and video quality assessment. The Company's patents are filed in the United States, often with corresponding patents or filed applications in other jurisdictions, such as Canada, China, Belgium, Japan, France, Germany, and the United Kingdom. The patent applications pending may not be issued or the patents may not provide the Company with any competitive advantage. The patent applications may also be challenged by third parties. Several of the Company's issued patents expire between 2025 and 2041.

If the Company's patent claims are rendered invalid or unenforceable, or narrowed in scope, the patent coverage afforded the Company's products and services could be impaired, which could negatively affect its competitive position. In addition, competitors and other third parties may be able to circumvent or design around the Company's patents and may develop and obtain patent protection for more effective technologies. If these developments were to occur, it could have an adverse effect on the Company's sales or market position.

Any claims or litigation initiated by the Company to protect its proprietary technology could be time consuming, costly, and divert the attention of its technical and management resources. If the Company chooses to go to court to stop a third party from infringing its intellectual property, that third party may ask the court to rule that the Company's intellectual property rights are invalid and/or should not be enforced against that third party.

The Company relies upon trade secrets and other confidential and proprietary know how to develop and maintain the Company's competitive position. While it is the Company's policy to enter into agreements imposing nondisclosure and confidentiality obligations upon its employees and third parties to protect the Company's intellectual property, these obligations may be breached, may not provide meaningful protection for the Company's trade secrets or proprietary know-how, or adequate remedies may not be available in the event of an unauthorized access, use or disclosure of the Company's trade secrets and know-how. Furthermore, despite the existence of such nondisclosure and confidentiality agreements, or other contractual restrictions, the Company may not be able to prevent the unauthorized disclosure or use of its confidential proprietary information or trade secrets by consultants, vendors and employees. In addition, others could obtain knowledge of the Company's trade secrets through independent development or other legal means.

The IMAX brand stands for the highest quality and most immersive entertainment experiences. Protecting the IMAX brand is a critical element in maintaining the Company's relationships with studios and its exhibitor clients and building and maintaining brand loyalty and recognition. Though the Company relies on a combination of trademark and copyright law as well as its contractual provisions to protect the IMAX brand, those protections may not be adequate to prevent erosion of the brand over time, particularly in foreign jurisdictions. Erosion of the brand could threaten the demand for the Company's products and services and impair its ability to grow future revenue streams. In addition, if any of the Company's registered or unregistered trademarks, trade names or service marks is challenged, infringed, circumvented, declared generic or determined to be infringing on other marks, it could have an adverse effect on the Company's sales or market position.

RISKS RELATED TO THE COMPANY'S REVENUES, EARNINGS, AND FINANCIAL POSITION

The Company may not convert all of its backlog into revenue and cash flows.

As of December 31, 2024, the Company's backlog included 440 IMAX Systems, consisting of 164 IMAX Systems under sales or lease arrangements and 276 IMAX Systems under joint revenue sharing arrangements. The Company lists signed contracts for IMAX Systems for which revenue has not been recognized as backlog prior to the time of revenue recognition. The total value of the backlog represents all binding IMAX System sale or lease agreements scheduled to be installed in the future. Backlog value includes initial fees along with the estimated present value of contractual ongoing fees due over the term, but excludes any variable consideration estimates and amounts allocated to maintenance and extended warranty revenues. Notwithstanding their legal obligations, some of the Company's exhibition customers with which it has signed contracts may be delinquent in their contractual payments and/or not accept delivery of IMAX Systems that are included in the Company's backlog. An economic or industry downturn may exacerbate exhibition customer liquidity constraints and the risk of customers not accepting delivery of IMAX Systems. Construction projects linked to malls are particularly susceptible to economic downturns and delays. Customers sometimes request that the Company agree to modify their obligations concerning systems in backlog, which the Company has agreed to do in the past under certain circumstances, and may agree to do in the future. Customer-requested delays in the installation of IMAX Systems in backlog remain a recurring and unpredictable part of the Company's business. China's slow recovery from the COVID-19 pandemic has caused several of the Company's exhibition partners operating in China to delay payment or theatre system installation obligations to the Company. Any reduction or change in backlog could adversely affect the Company's future revenues and cash flows.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Issuer Purchases of Equity Securities

In 2023, IMAX China's shareholders granted its Board of Directors (the "**IMAX China Board**") a general mandate authorizing the IMAX China 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 7, 2023 (33,959,314 shares). This program expired on the date of the 2024 Annual General Meeting of IMAX China on June 7, 2024. During the 2024 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, 2024 (34,000,845 shares). This program will be valid until the 2025 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 December 31, 2024, IMAX China did not repurchase any common shares.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

OVERVIEW

The Company achieved its second highest year for domestic (United States and Canada combined) box office in 2024. The year was highlighted by blockbusters including *Dune: Part Two*, *Deadpool & Wolverine*, *Godzilla x Kong: The New Empire* and *Alien: Romulus.* Additionally, local language films exhibited across the Company's global network represented 15% of its total box office, including the Chinese films *Pegasus 2* and *Yolo,* the Japanese film *Haikyu! !* , and the Korean concert film, *IM Hero: The Stadium*.

The Company has also continued to evolve its platform to bring new, innovative events and experiences to audiences worldwide. During the year ended December 31, 2024, the Company partnered with Pathé Live for the exclusive release of *Queen Rock Montreal*, which became one of its highest grossing concert films ever. In addition, the Company entered into a partnership with A24 for a monthly one-night-only IMAX release of classic A24 titles, hosted multiple IMAX Live events, including screening the National Basketball Association ("**NBA**") finals across select IMAX locations in the Asia Pacific region. Additionally, in partnership with the NBC television network, the Company extended its live coverage of the 2024 Paris Olympics Opening Ceremony and the *White Out Game Live in* IMAX*: Washington vs. Penn State* to select IMAX locations throughout the United States. In addition, IMAX programmed its first ever esports event by live streaming the *League of Legends* world championship, in partnership with CJ CGV Co. Ltd., and Wanda Film ("**Wanda**"), to over 150 locations across China and South Korea, with an average capacity of over 90%.

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. Additional information is provided in Note 20 to the Consolidated Financial Statements in Part II, Item 8.

Content Solutions

The Content Solutions segment earns revenue principally from studios and other content creators for 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., gross 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 quality and/or resolution for projection on IMAX screens while maintaining or enhancing the visual clarity and sound quality to levels for which *The* IMAX *Experience* is known. IMAX Film Remastering is completed for the image of films released to the IMAX network, creating a unique IMAX version that is optimized for IMAX's proprietary digital projection systems and format. In addition, the original soundtrack of a film to be exhibited across the IMAX locations is remastered into a unique IMAX digital audio format. IMAX sound systems use proprietary loudspeaker systems, designs and proprietary surround sound configurations to 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 increasingly seek to infuse more IMAX DNA in theatrical releases to realize a filmmaker's creative vision more fully, while generating interest and excitement among moviegoers. 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 a higher market share for IMAX.

Management believes that growth in international box office represents an important growth opportunity for the Company. The Company's strategy to capitalize on this opportunity includes expanding the IMAX network into underpenetrated international markets and growing the number of local language films released, particularly in China, Japan, India, France, and South Korea. As the popularity of local language films has continued to increase, the Company has extended its content strategy to distribute local language content beyond native markets.

The following table provides the number of new films and other content released to the Company's global network during the years ended December 31, 2024 and 2023:

	Years Ended December 31,	
	2024	2023
Hollywood film releases	**40**	36
Local language film releases:		
China	**25**	28
Japan	**14**	11
India	**11**	8
South Korea	**6**	9
Thailand	**2**	1
Malaysia	**1**	1
Indonesia	**1**	–
France	**1**	1
Total local language film releases	**61**	59
Other content experiences	**17**	3
Total film releases(1)	**118**	98

(1) For the year ended December 31, 2024, the films released to the Company's global network include ten with IMAX DNA (2023 — eight).

The films distributed through the Company's global network during the year ended December 31, 2024 that generated the highest IMAX box office receipts were *Dune: Part Two, Deadpool & Wolverine, Godzilla x Kong: The New Empire, Alien: Romulus, Inside Out 2, Gladiator 2, Venom: The Last Dance, Mufasa: The Lion King, Kingdom of The Planet of The Apes, and Interstellar.*

To date, in 2025, 21 titles have been released to the global IMAX network, including three titles with IMAX DNA, and the Company has announced the following additional 31 titles to be released in 2025:

Title	Studio	Scheduled Release Date[1]	IMAX DNA
Moonlight	A24	February 2025	–
Mickey 17	Warner Bros. Pictures	March 2025	–
Spring Breakers	A24	March 2025	–
Snow White	Walt Disney Studios	March 2025	–
Alto Knights	Warner Bros. Pictures	March 2025	–
A Minecraft Movie	Warner Bros. Pictures	April 2025	–
The Amateur	Walt Disney Studios	April 2025	–
One to One: John & Yoko	Magnolia Films	April 2025	–
Sinners	Warner Bros. Pictures	April 2025	Filmed for IMAX
Ambulance[2]	Muvi Studios	April 2025	–
Thunderbolts	Marvel Studios	May 2025	Filmed for IMAX
Final Destination: Bloodlines	Warner Bros. Pictures	May 2025	Filmed for IMAX
Mission Impossible – The Final Reckoning	Paramount Pictures	May 2025	Filmed for IMAX
How to Train Your Dragon	Universal Pictures	June 2025	Filmed for IMAX
F1	Warner Bros. Pictures	June 2025	Filmed for IMAX
Jurassic World: Rebirth	Universal Pictures	July 2025	–
Superman	Warner Bros. Pictures	July 2025	Filmed for IMAX
The Fantastic Four: First Steps	Marvel Studios	July 2025	Filmed for IMAX
Untitled Paul Thomas Anderson Title	Warner Bros. Pictures	August 2025	–
The Conjuring: Last Rites	Warner Bros. Pictures	September 2025	–
Untitled Crunchyroll/Sony Title[2]	Sony Pictures	September 2025	–
Him	Universal Pictures	September 2025	–
The Bride !	Warner Bros. Pictures	September 2025	Filmed for IMAX
Michael	Lionsgate/Universal Pictures	October 2025	–
Tron: Ares	Walt Disney Studios	October 2025	Filmed for IMAX
Mortal Kombat 2	Warner Bros. Pictures	October 2025	Filmed for IMAX
Predator: Badlands	Walt Disney Studios	November 2025	–
The Running Man	Paramount Pictures	November 2025	–
Wicked: For Good	Universal Pictures	November 2025	–
Zootopia 2	Walt Disney Studios	November 2025	–
Avatar: Fire and Ash	Walt Disney Studios	December 2025	–

(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.

(2) Denotes local language release.

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 2025. The Company has announced that a record number of at least 12 Filmed for IMAX titles will be released in 2025. The Company's Hollywood film slate beyond 2025 has started to fill in including major films such as: *Avengers: Doomsday, The Mandalorian and Grogu, Toy Story 5, The Odyssey, Narnia, Moana, Supergirl Woman of Tomorrow, Avengers: Secret Wars, The Batman 2, Frozen 3, and Dynamic Duo.*

Other Content Solutions

In May 2024, Amazon Content completed its acquisition of the worldwide rights to the Company's original documentary, *The Blue Angels*, filmed with IMAX certified digital cameras and produced in collaboration with Dolphin Entertainment, Bad Robot Productions, and Zipper Bros Films. The feature-length documentary was released to select commercial locations across the IMAX network and, in January 2025, a 40-minute 3D version was released to IMAX institutional locations. Additionally, in 2024, the Company had limited commercial network releases of the documentaries *Skywalkers: A Love Story The* IMAX *Experience* and *Fly: The* IMAX *Experience*, in partnership with XYZ Films and National Geographic, respectively. Upcoming documentaries, which are currently in production, include *The Elephant Odyssey*, a documentary in collaboration with Beach House Pictures Pte Ltd and China International Communications Group, *Stormbound*, a feature documentary produced by Academy Award®-winning producer, Adam McKay, and *The Lost Wolves of Yellowstone*, all of which are expected to be released in 2025.

In addition, IMAX programmed its first ever esports event by live streaming the *League of Legends* world championship, in partnership with CJ CGV Co. Ltd. and Wanda, to over 150 locations across China and South Korea, capturing an average attendance capacity of over 90%.

IMAX NETWORK AND BACKLOG

IMAX Network

The following table provides detailed information about the IMAX network by system type and geographic location as of December 31, 2024 and 2023:

	December 31, 2024				December 31, 2023			
	Commercial Multiplex	**Commercial Destination**	**Institutional**	**Total**	Commercial Multiplex	Commercial Destination	Institutional	Total
United States	**370**	**4**	**24**	**398**	363	4	24	391
Canada	**44**	**1**	**5**	**50**	42	1	7	50
Greater China[(1)]	**796**	**—**	**13**	**809**	791	—	16	807
Asia (excluding Greater China)	**185**	**1**	**2**	**188**	166	2	2	170
Western Europe	**135**	**4**	**8**	**147**	126	4	8	138
Latin America[(2)]	**62**	**1**	**7**	**70**	60	1	8	69
Rest of the World	**143**	**—**	**2**	**145**	145	—	2	147
Total[(3)]	**1,735**	**11**	**61**	**1,807**	1,693	12	67	1,772

(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 1,735 IMAX Systems operating as of December 31, 2024, representing a market penetration of only 48%. The Company believes that the majority of its future growth will come from international markets. As of December 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) (2023 – 76%). Revenues and GBO derived from international markets continue to exceed revenues and GBO from the United States and Canada.

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

	December 31, 2024 Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	**Hybrid JRSA**	**Sales Arrangements[1]**	**Total**
Domestic Total (United States & Canada)	275	6	133	414
International:				
Greater China	**385**	**105**	**306**	**796**
Asia (excluding Greater China)	**50**	**1**	**134**	**185**
Western Europe	**45**	**14**	**76**	**135**
Latin America	**4**	—	**58**	**62**
Rest of the World	**12**	—	**131**	**143**
International Total	**496**	**120**	**705**	**1,321**
Worldwide Total[2]	**771**	**126**	**838**	**1,735**

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

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

	December 31, 2023 Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements(1)	Total
Domestic Total (United States & Canada)	272	6	127	405
International:				
Greater China	410	109	272	791
Asia (excluding Greater China)	44	8	114	166
Western Europe	41	15	70	126
Latin America	2	—	58	60
Rest of the World	17	—	128	145
International Total	514	132	642	1,288
Worldwide Total(2)	786	138	769	1,693

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

(2) Period-to-period changes in the tables above are reported net 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 December 31, 2024 and 2023:

	December 31, 2024 IMAX System Backlog			
	Traditional JRSA	**Hybrid JRSA**	**Sales Arrangements**(1)	**Total**
Domestic Total (United States & Canada)	**54**	**2**	**13**	**69**
International:				
Greater China	**95**	**90**	**52**	**237**
Asia (excluding Greater China)	**18**	**2**	**32**	**52**
Western Europe	**12**	—	**18**	**30**
Latin America	**1**	—	**6**	**7**
Rest of the World	**2**	—	**43**	**45**
International Total	**128**	**92**	**151**	**371**
Worldwide Total(2)	**182**	**94**	**164**	**440**

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

(2) Worldwide Total of 440 includes 250 new IMAX Laser Systems and 85 upgrades of existing locations to IMAX Laser Systems.

	December 31, 2023 IMAX System Backlog			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements[1]	Total
Domestic Total (United States & Canada)	81	2	12	95
International:				
Greater China	56	90	60	206
Asia (excluding Greater China)	24	7	21	52
Western Europe	16	3	18	37
Latin America	3	—	2	5
Rest of the World	3	1	51	55
International Total	102	101	152	355
Worldwide Total[2]	183	103	164	450

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

(2) Worldwide Total of 450 includes 239 new IMAX Laser Systems and 73 upgrades of existing locations to IMAX Laser Systems.

Approximately 84% of IMAX System arrangements in backlog as of December 31, 2024 are scheduled to be installed in international markets (2023 – 79%).

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 alternative content to be exhibited across the IMAX network; (ii) the signing, installation, and financial performance of IMAX System arrangements; (iii) the success of the Company's investments in business evolution and brand extensions into streaming and consumer technology; (iv) revenues and gross margins earned by the Company's segments; (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. Additional information on segment reporting is provided in Note 20 to "Consolidated Financial Statements" in Part II, Item 8.

Results of Operations for the Years Ended December 31, 2024 and 2023

The Company's 2024 results of operations reflected the diversity of content and strength of IMAX's business model as well as the recognition of IMAX as a premium, global, out-of-home partner for filmmakers and content owners. The Company achieved revenues of $352.2 million, a gross margin of 54% and net income attributable to common shareholders of $26.1 million. In addition, the Company achieved the high end of its system installation target with 146 IMAX Systems installed in 2024, compared to 128 system installations in 2023, an increase of 14%. The Company signed agreements for 130 IMAX Systems in 2024, with 89% in international markets, and generated $70.8 million in net cash from operations, compared to $58.6 million in the prior year, an increase of 21%.

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-share amounts, as well as adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per share for the years ended December 31, 2024 and 2023:

	Years Ended December 31,			
	2024		2023	
(In thousands of U.S. Dollars, except per diluted share amounts)	**Net Income**	**Per Diluted Share**	Net Income	Per Diluted Share
Net income attributable to common shareholders	**$ 26,059**	**$ 0.48**	$ 25,335	$ 0.46
Adjusted net income attributable to common shareholders*	**$ 51,010**	**$ 0.95**	$ 52,079	$ 0.94

* Refer to "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 year ended December 31, 2024, the Company's revenues and gross margin decreased by $22.6 million, or 6%, and $24.1 million, or 11%, respectively, when compared to same period in 2023, principally due to a lower level of IMAX box office driven in part by the impact of the 2023 Hollywood actors' and writers' strike on the 2024 film slate and a less favorable mix of content across the Company's global network, predominantly in China (see below). These year-over-year impacts were partially offset by higher revenues from alternative content, including the sale of commercial and streaming rights for the IMAX documentary *The Blue Angels.*

A main factor in the Company's global box office being lower in 2024 versus 2023 was the weaker-than-expected performance of films in China, particularly with regard to local language blockbuster titles. Less than two months into 2025, however, the movie industry has seen a very significant turnaround in China. Led by the Mandarin-language blockbuster Ne Zha 2, IMAX screens in China have broken all previous box office records for the Chinese New Year period, and have already surpassed the Company's best-ever Q1 box office in China (from 2019). In fact, in less than 3 weeks in February 2025, IMAX screens in China generated more local language box office than IMAX China did in the entire year of 2024.

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

(In thousands of U.S. Dollars)	Revenue		Gross Margin		Gross Margin %	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Content Solutions	**$ 124,731**	$ 126,698	**$ 66,523**	$ 74,106	**53%**	58%
Technology Products and Services	**216,062**	234,303	**115,553**	129,946	**53%**	55%
Sub-total for reportable segments	**340,793**	361,001	**182,076**	204,052	**53%**	57%
All Other(1)	**11,415**	13,838	**8,124**	10,289	**71%**	74%
Total	**$ 352,208**	$ 374,839	**$ 190,200**	$ 214,341	**54%**	57%

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

Segment Operating Results

The Company's segment operating results are presented based on how the CODM assesses operating performance and internally reports financial information. See Note 20 to "Consolidated Financial Statements" in Part II, Item 8 for additional information on the Company's reportable segments.

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 fluctuations in the value of foreign currencies versus the U.S. Dollar.

For the year ended December 31, 2024, Content Solutions segment revenues and gross margin decreased by $2.0 million, or 2%, to $124.7 million from $126.7 million and $7.6 million, or 10%, to $66.5 million from $74.1 million, respectively, when compared to the same period in 2023.

For the year ended December 31, 2024, GBO generated by IMAX films totaled $900.7 million, a 15% decrease from $1.1 billion in 2023, driven mostly by lower international GBO reflecting fewer local language blockbusters as well as the negative impact of the 2023 Hollywood actors' and writers' strike on the 2024 film slate. IMAX's 2024 GBO was generated by the exhibition of 129 films, which consisted of 118 new films (2023 — 95), and 11 re-releases (2023 — one), including *Dune: Part Two* ($145 million). *Deadpool & Wolverine* ($84 million), *Godzilla x Kong: The New Empire* ($41 million), *Alien: Romulus* ($39 million), *Inside Out 2* ($39 million), *Gladiator* ($31 million), and the IMAX exclusive re-release of *Interstellar* ($22 million).

In addition, for the year ended December 31, 2024, the local language films exhibited across the IMAX network generated over $134.5 million in GBO, representing 15% of the Company's total GBO. Leading local language titles distributed across the IMAX network during 2024 included the Chinese films *Pegasus 2* and *Yolo*, the Japanese film *Haikyu! !* , and the Korean concert film, *IM HERO: The Stadium*.

The impact on revenues from the lower box office earned year-over-year was mostly offset by $10.5 million in revenue earned from the sale of worldwide rights to the Company's original documentary, *The Blue Angels*, to Amazon Content.

In addition to the 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. The costs associated with films and other content can include production, post-production, distribution, and marketing, which are expensed as incurred. For the year ended December 31, 2024, gross margin percent was 53% compared to 58% for the same period in 2023 with the decrease being primarily driven by the lower level of GBO earned in the year, coupled with higher production and marketing costs. Additionally, in 2024, the Company had a higher mix of self-produced content being released, including *The Blue Angels,* which carries a lower gross margin.

Selling, General and Administrative Expenses

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

	Years Ended December 31,		**Variance**	
(In thousands of U.S. Dollars)	**2024**	2023	$	%
Total selling, general and administrative expenses	**$ 132,701**	$ 144,406	$ (11,705)	(8%)
Less: Share-based compensation[(1)]	**(20,897)**	(22,534)	1,637	(7%)
Total selling, general and administrative expenses, excluding share-based compensation[(2)]	**$ 111,804**	$ 121,872	$ (10,068)	(8%)

(1) A portion of total share-based compensation expense is also recognized within Cost and Expenses Applicable to Revenue and Research and Development. Refer to "Capital Stock — Shared-Based Compensation" in Note 16 to "Consolidated Financial Statements" in Part II, Item 8.

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

The lower level of Selling, General and Administrative Expenses year-over-year reflects management's continued focus on operational efficiencies, including workforce reductions, as well as adjustments in certain estimates relating to compensation payouts in connection with our Streaming and Consumer Technology division and the Company's overall performance in respect of its corporate targets, which were partially offset by the impact of higher cost of operations. For the year ended December 31, 2023, Selling, General and Administrative Expenses included \$3.3 million in non-recurring transaction expenses associated with the proposal to acquire the outstanding shares in IMAX China.

As a percentage of revenue, Selling, General and Administrative Expenses excluding share-based compensation improved to 32% as compared to 33% in 2023, which reflected management's continued focus on cost discipline that enabled the 2024 percentage to slightly improve even while revenues declined 6% year-over-year.

Credit Loss (Reversal) Expense, Net

For the year ended December 31, 2024, the Company recorded a credit loss reversal of \$1.0 million, as compared to a credit loss expense of \$1.8 million recognized in the prior year. This reversal of the credit loss provision in 2024 resulted from an increase in collections of the Company's account receivables as exhibition partners continue to improve their cash position post pandemic.

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.

Interest Expense, net

For the year ended December 31, 2024, interest expense was \$8.1 million, with \$269.1 million of year-end total debt, representing an increase of \$1.3 million, or 19%, when compared to interest expense of \$6.8 million with \$257.2 million of year-end total debt in the prior year. This increase primarily reflects a higher average level of outstanding borrowings under the Credit Facility during the year. (Refer to Note 13 to "Consolidated Financial Statements" in Part II, Item 8.) For the year ended December 31, 2024, interest income was \$2.2 million compared to \$2.5 million in the prior year.

Income Taxes

For the year ended December 31, 2024, the Company recorded an income tax expense of $5.0 million (2023 — $13.1 million). The Company's effective tax rate for year ended December 31, 2024 of 13.3% differs from the Canadian statutory tax rate of 26.5%, primarily due to tax rate differences in foreign jurisdictions, a tax benefit related to an internal asset sale of $4.0 million, a reduction in tax reserves of $1.4 million (2023 — $0.4 million), a tax benefit related to investment tax credits of $1.2 million (2023 — $0.4 million) and other tax adjustments of $3.6 million (2023 — expense of $0.3 million). This was offset by a net increase in the valuation allowance related to deferred taxes of $3.5 million (2023 — decrease of $0.7 million) and withholding taxes of $3.9 million (2023 — $5.2 million). The remainder of the difference was due to normal course movements and non-material items.

During the year ended December 31, 2024, the Company completed an internal asset sale to more closely align its intellectual property rights with its operations. The tax expense on the capital gains was offset by deferred tax benefits resulting in a net tax benefit of $4.0 million. The valuation allowance also includes a $2.3 million net tax benefit related to the internal asset sale, resulting in a total net tax benefit of $6.3 million recognized in Income Tax Expense of the Consolidated Statements of Operations.

The Company's deferred tax liability of $12.5 million as of December 31, 2024 (2023 — $12.5 million) relates to the estimated applicable foreign withholding taxes associated with historical earnings that were not indefinitely reinvested, which become payable upon the repatriation of any such earnings. During the year ended December 31, 2024, $nil (2023 — $24.0 million) of historical earnings from a subsidiary in China were distributed and, as a result, $nil (2023 — $2.4 million) of foreign withholding taxes were paid to the relevant tax authorities.

(Refer to Note 11 to "Consolidated Financial Statements" in Part II, Item 8 for more information on the Company's tax position.)

Non-Controlling Interests

The Company's Consolidated Financial Statements include the non-controlling interest in the net income or loss of IMAX China, as well as the impact of non-controlling interests in the activity of its Original Film Fund subsidiary. For the year ended December 31, 2024, the net income attributable to non-controlling interests of the Company's subsidiaries was $6.6 million (2023 — $7.7 million), a decrease of 14%, or $1.1 million, year-over-year. The decrease was primarily due to the lower IMAX box office earned in Greater China year-over-year, which decreased by 33% from $298 million in 2023 to $199 million in 2024.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2024, the Company's principal sources of liquidity included: (i) its balances of cash and cash equivalents of $100.6 million; (ii) the anticipated collection of trade accounts receivable, which includes amounts owed under joint revenue sharing arrangements and film remastering 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 IMAX 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.

As of December 31, 2024, the Company had $263.0 million in available borrowing capacity under its Sixth Amended and Restated Credit Agreement, with Wells Fargo Bank, National Association (the "**Credit Agreement**"), $26.4 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 $27.8 million in available borrowing capacity under IMAX Shanghai's revolving credit facility with HSBC Bank (China) Company Limited, Shanghai Branch (the "**HSBC China Facility**"). (Refer to "**Borrowings — *Revolving Credit Facility Borrowings, Net***" in Note 13 to "Consolidated Financial Statements" in Part II, Item 8 for a description of the material terms of the Credit Agreement, the Bank of China Facility, and the HSBC Facility.)

The Company's $100.6 million balance of cash and cash equivalents as of December 31, 2024 (December 31, 2023 — $76.2 million) includes $85.4 million in cash held outside of Canada (December 31, 2023 — $68.5 million), of which $47.5 million was held in the People's Republic of China ("**PRC**") (December 31, 2023 — $30.0 million). In a prior year, 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 year ended December 31, 2024, $nil of historical earnings from a subsidiary in China were distributed (2023 — $24.0 million) and, as a result, $nil of foreign withholding taxes were paid to the relevant tax authorities (2023 — $2.4 million). As of December 31, 2024, the Company's Consolidated Balance Sheets include a deferred tax liability of $12.5 million (December 31, 2023 — $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). 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 remastered content distributed to the IMAX network 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 and beyond.

CONTRACTUAL OBLIGATIONS

Payments to be made by the Company under contractual obligations as of December 31, 2024 are as follows:

(In thousands of U.S. Dollars)	Total Obligation	Payments Due by Years: Less Than One Year	1 to 3 years	3 to 5 years	Thereafter
Purchase obligations[1]	$ 26,603	$ 24,136	$ 2,258	$ 39	$ 170
Pension obligations[2]	20,298	–	20,298	–	–
Operating lease obligations[3]	13,582	2,872	8,205	2,227	278
Wells Fargo Facility	37,000	37,000	–	–	–
Federal Economic Development Loan[4]	2,056	1,026	1,030	–	–
Convertible Notes[5]	231,725	1,150	230,575	–	–
Postretirement benefits obligations	1,809	90	209	212	1,298
Total	$ 333,073	$ 66,274	$ 262,575	$ 2,478	$ 1,746

(1) Represents total payments to be made under binding commitments with suppliers and outstanding payments to be made for supplies ordered, but yet to be invoiced.

(2) The Company has an unfunded defined benefit pension plan, the Supplemental Executive Retirement Plan (the "**SERP**"), covering its CEO, Mr. Richard L. Gelfond. The SERP has a fixed benefit payable of $20.3 million. The table above assumes that Mr. Gelfond will receive a lump sum payment of $20.3 million six months after retirement at the end of the term of his current employment agreement, which expires on December 31, 2025, in accordance with the terms of the SERP, although Mr. Gelfond has not informed the Company that he intends to retire at that time. (Refer to Note 22 to "Consolidated Financial Statements" in Part II, Item 8.)

(3) Represents total minimum annual rental payments due under the Company's operating leases.

(4) The Federal Economic Development Loan is repayable over 36 months, with repayments commencing January 2024. (Refer to "Borrowings – Convertible Notes and Other Borrowings, Net" in Note 13 to "Consolidated Financial Statements" in Part II, Item 8.)

(5) The Convertible Notes bear interest at a rate of 0.500% per annum on the principal of $230.0 million, payable semi-annually in arrears on April 1 and October 1 of each year. The Convertible Notes will mature on April 1, 2026, unless earlier repurchased, redeemed or converted. (Refer to "Borrowings — Convertible Notes and Other Borrowings, Net" in Note 13 to "Consolidated Financial Statements" in Part II, Item 8.)

NON-GAAP FINANCIAL MEASURES

GAAP refers to generally accepted accounting principles in the United States of America. In this report, the Company presents financial measures in accordance with GAAP and also on a non-GAAP basis under the SEC regulations. Specifically, the Company presents the following non-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; and
- Adjusted EBITDA per Credit Facility.

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 other charges, as well as the related tax impact of these adjustments.

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

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 basic and diluted share are presented in the table below.

	Years Ended December 31,			
	2024		**2023**	
(In thousands of U.S. Dollars, except per diluted share amounts)	**Net Income**	**Per Diluted Share**	**Net Income**	**Per Diluted Share**
Net income attributable to common shareholders	**$ 26,059**	**$ 0.48**	$ 25,335	$ 0.46
Adjustments[1]:				
Share-based compensation	**22,454**	**0.42**	23,184	0.42
Unrealized investment gains	**(127)**	**–**	(558)	(0.01)
Transaction-related expenses	**–**	**–**	3,361	0.06
Restructuring and other charges[2]	**3,749**	**0.07**	2,688	0.05
Tax impact on items listed above	**(1,125)**	**(0.02)**	(1,931)	(0.04)
Adjusted net income[1]	**$ 51,010**	**$ 0.95**	$ 52,079	$ 0.94
Weighted average shares outstanding (in thousands):				
Basic		**52,650**		54,310
Diluted		**53,864**		55,146

(1) Reflects amounts attributable to common shareholders.

(2) Reflects restructuring related costs in connection with capturing efficiencies, centralizing certain operational roles and costs incurred in connection with the Company's internal asset sale. (Refer to Note 25 to "Consolidated Financial Statements" in Part II, Item 8.)

In addition to the non-GAAP financial measures discussed above, management also uses "EBITDA," as such term is defined in the Credit Agreement, and which is referred to herein as "Adjusted EBITDA per Credit Facility." 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-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) restructuring and other charges costs; and (v) write – downs, net of recoveries, including asset impairments and credit loss expense or reversal.

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

	Twelve Months Ended December 31, 2024		
(In thousands of U.S. Dollars)	**Total**	**Less: Attributable to Non-controlling Interests**	**Attributable to Common Shareholders**
Reported net income	**$ 32,702**	**$ 6,643**	**$ 26,059**
Add (subtract):			
Income tax expense	**4,996**	**1,817**	**3,179**
Interest expense, net of interest income	**3,936**	**(520)**	**4,456**
Depreciation and amortization, including film asset amortization	**65,503**	**5,304**	**60,199**
Amortization of deferred financing costs[(1)]	**1,969**	**–**	**1,969**
EBITDA	**109,106**	**13,244**	**95,862**
Share-based and other non-cash compensation	**23,209**	**423**	**22,786**
Unrealized investment gains	**(127)**	**–**	**(127)**
Write-downs, including asset impairments and credit loss reversal	**2,999**	**524**	**2,475**
Restructuring and other charges[(2)]	**3,749**	**–**	**3,749**
Adjusted EBITDA per Credit Facility	**$ 138,936**	**$ 14,191**	**$ 124,745**

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

(2) Reflects restructuring related costs in connection with capturing efficiencies, centralizing certain operational roles and costs incurred in connection with the Company's internal asset sale. (Refer to Note 25 to "Consolidated Financial Statements" in PART II, Item 8.)

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 Selling, General and Administrative Expenses is presented in the table below.

		Years Ended December 31,		
(In thousands of U.S. Dollars)		**2024**		**2023**
Total Selling, general and administrative expenses		132,701		144,406
Less: Share-based compensation		(20,897)		(22,534)
Total Adjusted Selling, general and administrative expenses	$	111,804	$	121,872

The Company cautions users of its financial statements that these non-GAAP financial measures may not be comparable to similarly titled measures reported by other companies. Additionally, the non-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 7A. *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, 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 90 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. For example, the impact of changes in foreign currency valuations versus the U.S. Dollar led to a decrease in IMAX GBO of approximately $14 million in 2024 as compared to the prior year's currency rates, and approximately $87 million as compared to those in 2019. 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 under leases denominated in RMB, Japanese Yen, British Pound Sterling, 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 RMB341.1 million or $47.5 million in cash and cash equivalents as of December 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. (Refer to "Risk Factors – The Company faces risks in connection with its significant presence in China and the continued expansion of its business there").

Interest Rate Risk Management

The Company's earnings may also be affected by changes in interest rates and the resulting impact of those changes on its interest income from cash, and its interest expense from variable-rate borrowings.

For the year ended December 31, 2024 the Company had drawn down $37.0 million on its Credit Facility (December 31, 2023 — $24.0 million), $nil on its HSBC China Facility (December 31, 2023 — $nil) and $nil on its Bank of China Facility (December 31, 2023 — $nil), which are all subject to variable effective interest rates.

The Company's variable rate debt instruments were $37.0 million as of December 31, 2024, or 54% greater than $24.0 million as of December 31, 2023. Variable rate debt instruments represented 8% and 5% of its total liabilities as of December 31, 2024 and 2023, respectively. If the interest rates available to the Company increased by 10%, the Company's interest expense would increase by $0.3 million and interest income from cash would increase by $0.3 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 December 31, 2024.

Item 8. *Financial Statements and Supplementary Data*

IMAX CORPORATION CONSOLIDATED BALANCE SHEETS

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

	As of December 31,	
	2024	2023
Assets		
Cash and cash equivalents	**$ 100,592**	$ 76,200
Accounts receivable, net of allowance for credit losses	**107,669**	136,259
Financing receivables, net of allowance for credit losses	**119,885**	127,154
Variable consideration receivables, net of allowance for credit losses	**82,593**	64,338
Inventories	**32,840**	31,584
Prepaid expenses	**13,121**	12,345
Film assets, net of accumulated amortization	**8,686**	6,786
Property, plant and equipment, net of accumulated depreciation	**240,133**	243,299
Other assets	**22,441**	20,879
Deferred income tax assets, net of valuation allowance	**14,499**	7,988
Goodwill	**52,815**	52,815
Other intangible assets, net of accumulated amortization	**35,124**	35,022
Total assets	**$ 830,398**	$ 814,669
Liabilities		
Accounts payable	**$ 19,803**	$ 26,386
Accrued and other liabilities	**100,916**	111,013
Deferred revenue	**52,686**	67,105
Revolving credit facility borrowings, net of unamortized debt issuance costs	**36,356**	22,924
Convertible notes and other borrowings, net of unamortized discounts and debt issuance costs	**229,901**	229,131
Deferred income tax liabilities	**12,521**	12,521
Total liabilities	**452,183**	469,080

	As of December 31,	
	2024	2023
Commitments, contingencies and guarantees (see Notes 14 and 15)		
Non-controlling interests	**680**	658
Shareholders' equity		
Capital stock common shares – no par value. Authorized – unlimited number. 52,946,200 issued and outstanding (December 31, 2023 – 53,260,276 issued and outstanding)	**401,420**	389,048
Other equity	**185,268**	185,087
Statutory surplus reserve	**4,051**	3,932
Accumulated deficit	**(274,675)**	(292,845)
Accumulated other comprehensive loss	**(16,598)**	(12,081)
Total shareholders' equity attributable to common shareholders	**299,466**	273,141
Non-controlling interests	**78,069**	71,790
Total shareholders' equity	**377,535**	344,931
Total liabilities and shareholders' equity	**$ 830,398**	$ 814,669

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

IMAX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. Dollars, except per share amounts)

	Years Ended December 31,		
	2024	2023	2022
Revenues			
Technology sales	**$ 87,765**	$ 100,792	$ 69,158
Image enhancement and maintenance services	**192,197**	189,752	161,379
Technology rentals	**62,560**	75,566	61,786
Finance income	**9,686**	8,729	8,482
	352,208	374,839	300,805
Costs and expenses applicable to revenues			
Technology sales	**38,235**	46,756	37,610
Image enhancement and maintenance services	**96,558**	88,056	81,834
Technology rentals	**27,215**	25,686	25,006
	162,008	160,498	144,450
Gross margin	**190,200**	214,341	156,355
Selling, general and administrative expenses	**132,701**	144,406	138,043
Research and development	**5,103**	10,110	5,300
Amortization of intangible assets	**5,758**	4,578	4,829
Credit loss (reversal) expense, net	**(973)**	1,759	8,547
Asset impairments	**–**	144	4,470
Restructuring and other charges	**3,749**	2,946	–
Income (loss) from operations	**43,862**	50,398	(4,834)
Realized and unrealized investment gains	**127**	465	70
Retirement benefits non-service expense	**(387)**	(411)	(556)
Interest income	**2,180**	2,486	1,428
Interest expense	**(8,084)**	(6,821)	(5,877)

	Years Ended December 31,		
	2024	2023	2022
Income (loss) before taxes	**37,698**	46,117	(9,769)
Income tax expense	**(4,996)**	(13,051)	(10,108)
Net income (loss)	**32,702**	33,066	(19,877)
Net income attributable to non-controlling interests	**(6,643)**	(7,731)	(2,923)
Net income (loss) attributable to common shareholders	**$ 26,059**	$ 25,335	$ (22,800)
Net income (loss) per share attributable to common shareholders:			
Basic	**$ 0.49**	$ 0.47	$ (0.40)
Diluted	**$ 0.48**	$ 0.46	$ (0.40)
Weighted average shares outstanding (in thousands):			
Basic	**52,650**	54,310	56,674
Diluted	**53,864**	55,146	56,674

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

IMAX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands of U.S. Dollars)

	Years Ended December 31,		
	2024	2023	2022
Net income (loss)	**$ 32,702**	$ 33,066	$ (19,877)
Other comprehensive loss before tax			
Unrealized defined benefit plan actuarial gain (loss)	**26**	(75)	2,901
Unrealized postretirement benefit plans actuarial (loss) gain	**(61)**	(37)	754
Amortization of defined benefit and postretirement benefit plans net gain	**(740)**	(604)	–
Amortization of prior service cost	**–**	–	184
Unrealized net (loss) gain from cash flow hedging instruments	**(3,455)**	575	(1,323)
Realized net loss from cash flow hedging instruments	**607**	892	596
Foreign currency translation adjustments	**(2,588)**	(3,907)	(20,594)
Total other comprehensive loss before tax	**(6,211)**	(3,156)	(17,482)
Income tax benefit (expense) related to other comprehensive loss	**949**	(181)	(818)
Other comprehensive loss, net of tax	**(5,262)**	(3,337)	(18,300)
Comprehensive income (loss)	**27,440**	29,729	(38,177)
Comprehensive (income) loss attributable to non-controlling interests	**(5,898)**	(6,629)	3,004
Comprehensive income (loss) attributable to common shareholders	**$ 21,542**	$ 23,100	$ (35,173)

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

IMAX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. Dollars)

	Years Ended December 31,		
	2024	2023	2022
Operating Activities			
Net income (loss)	**$ 32,702**	$ 33,066	$ (19,877)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	**65,503**	60,022	56,661
Amortization of deferred financing costs	**1,969**	2,235	3,177
Credit loss (reversal) expense, net	**(973)**	1,759	8,547
Write-downs, including asset impairments	**3,973**	1,884	7,176
Deferred income tax benefit	**(5,631)**	(1,447)	(2,073)
Share-based and other non-cash compensation	**23,209**	24,230	27,573
Unrealized foreign currency exchange (gain) loss	**(2,770)**	(212)	1,108
Realized and unrealized investment gain	**(127)**	(465)	(70)
Changes in assets and liabilities:			
Accounts receivable	**29,105**	(1,907)	(29,003)
Inventories	**(1,501)**	(285)	(5,529)
Film assets	**(25,122)**	(20,394)	(19,598)
Deferred revenue	**(14,308)**	(3,882)	(11,572)
Changes in other operating assets and liabilities	**(35,192)**	(35,989)	801
Net cash provided by operating activities	**70,837**	58,615	17,321
Investing Activities			
Purchase of property, plant and equipment	**(8,428)**	(6,491)	(8,424)
Investment in equipment for joint revenue sharing arrangements	**(24,341)**	(18,000)	(19,803)
Interest in film classified as a financial instrument	**–**	–	(4,731)
Acquisition of other intangible assets	**(8,447)**	(8,344)	(4,394)
Proceeds from sale of equity securities	**–**	1,045	–
Acquisition of SSIMWAVE, net of cash and cash equivalents acquired	**–**	–	(15,939)
Net cash used in investing activities	**(41,216)**	(31,790)	(53,291)

	Years Ended December 31,		
	2024	2023	2022
Financing Activities			
Proceeds from revolving credit facility borrowings	**55,000**	39,717	37,871
Repayments of revolving credit facility borrowings	**(42,000)**	(53,248)	(3,600)
Proceeds from other borrowings	**–**	322	–
Repayment of other borrowings	**(874)**	(53)	–
Credit facility amendment fees paid	**–**	(46)	(2,279)
Repurchase of common shares, IMAX Corporation	**(17,855)**	(26,823)	(80,124)
Repurchase of common shares, IMAX China	**(116)**	(15)	(3,043)
Taxes withheld and paid on employee stock awards vested	**(4,978)**	(6,466)	(3,687)
Common shares issued – stock options exercised	**5,291**	–	–
Principal payment under finance lease obligations	**(509)**	(480)	(948)
Dividends paid to non-controlling interests	**–**	(1,438)	(2,704)
Net cash used in financing activities	**(6,041)**	(48,530)	(58,514)
Effects of exchange rate changes on cash	**812**	504	2,174
Increase (decrease) in cash and cash equivalents during year	**24,392**	(21,201)	(92,310)
Cash and cash equivalents, beginning of year	**76,200**	97,401	189,711
Cash and cash equivalents, end of year	**$ 100,592**	$ 76,200	$ 97,401

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

IMAX CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. Dollars except share amounts)

	Years Ended December 31,		
	2024	2023	2022
Adjustments to capital stock:			
Balance, beginning of year	**$ 389,048**	$ 376,715	$ 409,979
Restricted share units vested, net of shares withheld for employee tax obligations	**14,033**	13,701	11,597
Employee stock options exercised, net of shares withheld for employee tax obligations	**5,291**	–	–
Grant date fair value of stock options exercised	**1,623**	–	–
Average carrying value of repurchased and retired common shares	**(8,575)**	(1,368)	(46,808)
Issuance of common shares in acquisition	**–**	–	1,947
Balance, end of year	**401,420**	389,048	376,715
Adjustments to other equity:			
Balance, beginning of year	**185,087**	185,678	174,620
Amortization of share-based payment expense – stock options	**–**	93	637
Amortization of share-based payment expense – restricted share units	**13,895**	12,502	18,952
Amortization of share-based payment expense – performance stock units	**8,536**	8,321	8,495
Restricted share units vested	**(20,122)**	(21,074)	(16,441)
Grant date fair value of stock options exercised	**(1,623)**	–	–
Change in ownership interest related to IMAX China common share repurchases	**(505)**	(433)	(585)
Balance, end of year	**185,268**	185,087	185,678
Adjustments to statutory surplus reserve:			
Balance, beginning of year	**3,932**	3,932	3,932
Change in statutory surplus reserve, IMAX China	**119**	–	–
Balance, end of year	**4,051**	3,932	3,932

	Years Ended December 31,		
	2024	2023	2022
Adjustments to accumulated deficit:			
Balance, beginning of year	**(292,845)**	(293,124)	(234,975)
Net income (loss) attributable to common shareholders	**26,059**	25,335	(22,800)
Statutory surplus reserve deducted from retained earnings, IMAX China	**(119)**	–	–
Common shares repurchased and retired	**(7,770)**	(25,056)	(35,349)
Balance, end of year	**(274,675)**	(292,845)	(293,124)
Adjustments to accumulated other comprehensive (loss) income:			
Balance, beginning of year	**(12,081)**	(9,846)	2,527
Other comprehensive loss, net of tax	**(4,517)**	(2,235)	(12,373)
Balance, end of year	**(16,598)**	(12,081)	(9,846)
Adjustments to non-controlling interests:			
Balance, beginning of year	**71,790**	65,691	73,531
Net income attributable to non-controlling interests	**6,621**	7,793	2,959
Other comprehensive loss, net of tax	**(745)**	(1,102)	(5,927)
Share-based compensation attributable to non-controlling interests	**13**	428	290
Dividends paid to non-controlling shareholders of IMAX China	**–**	(1,438)	(2,704)
Change in ownership interest related to IMAX China common share repurchases	**390**	418	(2,458)
Balance, end of year	**78,069**	71,790	65,691
Total Shareholders' Equity	**$ 377,535**	$ 344,931	$ 329,046
Common shares issued and outstanding:			
Balance, beginning of year	**53,260,276**	54,148,614	58,653,642
Employee stock options exercised	**248,763**	–	–
Performance stock units settled with new treasury shares	**190,914**	233,306	–
Restricted share units settled with new treasury shares	**521,010**	514,383	596,277
Repurchase of common shares	**(1,274,763)**	(1,636,027)	(5,261,852)
Issuance of common shares in acquisition	**–**	–	160,547
Balance, end of year	**52,946,200**	53,260,276	54,148,614

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

IMAX CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. DESCRIPTION OF THE BUSINESS

IMAX Corporation, together with its consolidated subsidiaries (the "**Company**" or "**IMAX**") is a Canadian corporation that was formed in March 1994 as a result of an amalgamation between WGIM Acquisition Corp. and the former IMAX Corporation ("**Predecessor IMAX**"). Predecessor IMAX was incorporated in 1967. As of December 31, 2024, IMAX Corporation indirectly owned 71.40% 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.

4. RECEIVABLES

The ability of the Company to collect its receivables is principally dependent on the viability and solvency of individual theatre operators which is significantly influenced by consumer behavior and general economic conditions. Theatre 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 theatre operator continues to be in good standing as payments and reporting are received on a regular basis.

- Credit Watch — The theatre operator has demonstrated a delay in payments, but continues to be in active communication with the Company. Theatre 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 theatre operator has demonstrated a delay in payments with little or no communication with the Company. All services and shipments to the theatre 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 theatre operator may be placed on nonaccrual status and all revenue recognition related to the theatre may be suspended, including the accretion of Finance Income for Financing Receivables.

- All Transactions Suspended — The theatre operator is severely delinquent, non-responsive or not negotiating in good faith with the Company. Once a theatre operator is classified within the All Transactions Suspended category, the theatre is placed on nonaccrual status and all revenue recognitions related to the theatre 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 theatre'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. Refer to "Summary of Significant Accounting Policies — *Estimates and Assumptions*" in Note 2 for information regarding theatre operators in Russia and Ukraine.

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 theatre 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 years ended December 31, 2024 and 2023:

	Years Ended December 31, 2024			
(In thousands of U.S. Dollars)	**Theatre Operators**	**Studios**	**Other**	**Total**
Beginning balance	**$ 14,355**	**$ 616**	**$ 1,006**	**$ 15,977**
Current year (reversal) provision, net	**(2,696)**	**404**	**17**	**(2,275)**
Write-offs, net of recoveries	**(178)**	**(3)**	**(440)**	**(621)**
Foreign exchange	**197**	**–**	**–**	**197**
Ending balance	**$ 11,678**	**$ 1,017**	**$ 583**	**$ 13,278**

	Years Ended December 31, 2023			
(In thousands of U.S. Dollars)	Theatre Operators	Studios	Other	Total
Beginning balance	$ 11,144	$ 1,699	$ 1,276	$ 14,119
Current year provision (reversal), net	4,771	(944)	(270)	3,557
Write-offs, net of recoveries	(1,225)	(133)	–	(1,358)
Foreign exchange	(335)	(6)	–	(341)
Ending balance	$ 14,355	$ 616	$ 1,006	$ 15,977

For the year ended December 31, 2024, the Company's allowance for current expected credit losses related to Accounts Receivable decreased by $2.7 million, largely the result of an increase in collections of outstanding balances as exhibition partners continue to improve their financial position post pandemic.

For the year ended December 31, 2023, the Company's allowance for current expected credit losses related to Accounts Receivable increased by $1.9 million, largely the result of an increase in aged receivables. In the fourth quarter of 2023, the $1.5 million COVID-19 reserve for China was released of which $0.3 million related to Accounts Receivable and $1.2 million to Financing Receivables.

Financing Receivables

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

	December 31,	
(In thousands of U.S. Dollars)	**2024**	2023
Net investment in leases:		
Gross minimum payments due under sales-type leases	**$ 30,890**	$ 30,459
Unearned finance income	**(887)**	(467)
Present value of minimum payments due under sales-type leases	**30,003**	29,992
Allowance for credit losses	**(664)**	(453)
Net investment in leases	**29,339**	29,539
Financed sales receivables:		
Gross minimum payments due under financed sales	**127,906**	135,684
Unearned finance income	**(27,199)**	(28,452)
Present value of minimum payments due under financed sales	**100,707**	107,232
Allowance for credit losses	**(10,161)**	(9,617)
Net financed sales receivables	**90,546**	97,615
Total financing receivables	**$ 119,885**	$ 127,154
Net financed sales receivables due within one year	**$ 30,136**	$ 32,031
Net financed sales receivables due after one year	**60,410**	65,584
Total financed sales receivables	**$ 90,546**	$ 97,615

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

	December 31,	
	2024	2023
Weighted-average remaining lease term (in years):		
Sales-type lease arrangements	**8.5**	8.3
Weighted-average interest rate:		
Sales-type lease arrangements	**7.24%**	7.88%
Financed sales receivables	**8.95%**	8.97%

The tables below provide information on the Company's net investment in leases by credit quality indicator as of December 31, 2024 and 2023. The amounts disclosed for each credit quality classification are determined on a theatre-by-theatre basis and include both billed and unbilled amounts. The prior year table has been updated to conform to the current year theatre-by-theatre presentation.

(In thousands of U.S. Dollars)				By Origination Year			
As of December 31, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
Net investment in leases:							
Credit quality classification:							
In good standing	**$ 3,469**	**$ 3,190**	**$ 3,057**	**$ 6,625**	**$ 1,963**	**$ 1,931**	**$ 20,235**
Credit Watch	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Pre-approved transactions	**–**	**–**	**–**	**2,800**	**1,477**	**4,664**	**8,941**
Transactions suspended	**–**	**–**	**426**	**–**	**–**	**401**	**827**
Total net investment in leases	**$ 3,469**	**$ 3,190**	**$ 3,483**	**$ 9,425**	**$ 3,440**	**$ 6,996**	**$ 30,003**

(In thousands of U.S. Dollars)				By Origination Year			
As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Total
Net investment in leases:							
Credit quality classification:							
In good standing	$ 2,197	$ 3,262	$ 6,241	$ 2,173	$ 1,677	$ 1,376	$ 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	$ 2,197	$ 3,752	$ 9,703	$ 3,355	$ 6,898	$ 4,087	$ 29,992

The tables below provide information on the Company's financed sales receivables by credit quality indicator as of December 31, 2024 and 2023. The amounts disclosed for each credit quality classification are determined on a theatre-by-theatre basis and include both billed and unbilled amounts. The prior year table has been updated to conform to the current year theatre-by-theatre presentation.

(In thousands of U.S. Dollars)				By Origination Year			
As of December 31, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
Financed sales receivables:							
Credit quality classification:							
In good standing	**$ 6,217**	**$ 7,249**	**$ 5,980**	**$ 6,152**	**$ 4,974**	**$ 41,570**	**$ 72,142**
Credit Watch	**–**	**–**	**–**	**–**	**–**	**567**	**567**
Pre-approved transactions	**411**	**779**	**298**	**3,468**	**1,899**	**8,132**	**14,987**
Transactions suspended	**–**	**–**	**–**	**114**	**143**	**12,754**	**13,011**
Total financed sales receivables	**$ 6,628**	**$ 8,028**	**$ 6,278**	**$ 9,734**	**$ 7,016**	**$ 63,023**	**$100,707**

(In thousands of U.S. Dollars)	By Origination Year						
As of December 31, 2023	2023	2022	2021	2020	2019	Prior	Total
Financed sales receivables:							
Credit quality classification:							
In good standing	$ 5,328	$ 5,921	$ 5,961	$ 5,415	$ 8,058	$ 46,202	$ 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	$ 5,935	$ 6,264	$ 9,308	$ 7,215	$ 12,005	$ 66,505	$107,232

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

	As of December 31, 2024							
(In thousands of U.S. Dollars)	**Accrued and Current**	**30-89 Days**	**90+ Days**	**Billed**	**Unbilled**	**Recorded Receivable**	**Allowance for Credit Losses**	**Net**
Net investment in leases	**$ 222**	**$ 218**	**$ 3,185**	**$ 3,625**	**$ 26,378**	**$ 30,003**	**$ (664)**	**$ 29,339**
Financed sales receivables	**895**	**1,019**	**12,462**	**14,376**	**86,331**	**100,707**	**(10,161)**	**90,546**
Total	**$ 1,117**	**$ 1,237**	**$ 15,647**	**$ 18,001**	**$ 112,709**	**$ 130,710**	**$ (10,825)**	**$ 119,885**

	As of December 31, 2023							
(In thousands of U.S. Dollars)	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Recorded Receivable	Allowance for Credit Losses	Net
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	$ 1,828	$ 1,408	$ 15,302	$ 18,538	$ 118,686	$ 137,224	$ (10,070)	$ 127,154

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 continued to accrue finance income as of December 31, 2024 and 2023. The amounts disclosed for each credit quality classification are determined on a theatre-by-theatre basis and include both billed and unbilled amounts.

	As of December 31, 2024						
(In thousands of U.S. Dollars)	**Accrued and Current**	**30-89 Days**	**90+ Days**	**Billed**	**Unbilled**	**Allowance for Credit Losses**	**Net**
Net investment in leases	**$ 222**	**$ 218**	**$ 3,185**	**$ 3,625**	**$ 20,176**	**$ (6)**	**$ 23,795**
Financed sales receivables	**727**	**610**	**10,143**	**11,480**	**42,208**	**(1,086)**	**52,602**
Total	**$ 949**	**$ 828**	**$ 13,328**	**$ 15,105**	**$ 62,384**	**$ (1,092)**	**$ 76,397**

	As of December 31, 2023						
(In thousands of U.S. Dollars)	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	798	782	10,517	12,097	33,552	(1,198)	44,451
Total	$ 1,057	$ 994	$ 15,115	$ 17,166	$ 56,203	$ (1,207)	$ 72,162

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

	As of December 31, 2024			As of December 31, 2023		
(In thousands of U.S. Dollars)	**Recorded Receivable**	**Allowances for Credit Losses**	**Net**	Recorded Receivable	Allowances for Credit Losses	Net
Net investment in leases	**$ 827**	**$ (614)**	**$ 213**	$ 401	$ (401)	$ –
Net financed sales receivables	**28,565**	**(8,317)**	**20,248**	29,204	(8,884)	20,320
Total	**$ 29,392**	**$ (8,931)**	**$ 20,461**	$ 29,605	$ (9,285)	$ 20,320

For the years ended December 31, 2024, 2023, and 2022, the Company did not recognize any Finance Income related to the net investment in leases in nonaccrual status.

For the year ended December 31, 2024, the Company recognized $1.0 million (2023 — $0.2 million; 2022 — $0.5 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 years ended December 31, 2024 and 2023:

	December 31, 2024	
(In thousands of U.S. Dollars)	**Net Investment in Leases**	**Net Financed Sales Receivables**
Beginning balance	**$ 453**	**$ 9,617**
Current year provision, net	**212**	**572**
Foreign exchange	**(1)**	**(28)**
Ending balance	**$ 664**	**$ 10,161**

	December 31, 2023	
(In thousands of U.S. Dollars)	Net Investment in Leases	Net Financed Sales Receivables
Beginning balance	$ 776	$ 10,945
Current year reversal, net	(61)	(1,644)
Foreign exchange	(262)	316
Ending balance	$ 453	$ 9,617

For the year ended December 31, 2024, the Company's allowance for current expected credit losses related to its net investment in leases and financed sales receivables increased by $0.8 million, which reflects the Company's credit quality assessment of future minimum payments due from its exhibition customers.

For the year ended December 31, 2023, the Company's allowance for current expected credit losses related to its net investment in leases and financed sales receivables decreased by $1.7 million. This decrease is principally due to the release of China's COVID-19 pandemic provision of $1.5 million, of which $1.2 million relates to its net investment in leases and financed sales receivables.

Variable Consideration Receivables

In sale arrangements, variable consideration may become due to the Company from theatre 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 years ended December 31, 2024 and 2023:

	December 31,	
	2024	2023
(In thousands of U.S. Dollars)	**Theatre Operators**	Theatre Operators
Beginning balance	**$ 633**	$ 610
Current year (reversal) provision, net	**(513)**	35
Foreign exchange	**(4)**	(12)
Ending balance	**$ 116**	$ 633

For the year ended December 31, 2024, the Company's allowance for current expected credit losses related to Variable Consideration Receivables decreased $0.5 million as part of the Company's assessment of the risk profile of the balance.

For the year ended December 31, 2023, the Company's allowance for current expected credit losses related to Variable Consideration Receivables remained consistent at $0.6 million.

5. LEASE ARRANGEMENTS

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 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. The Company rents or subleases certain office space to third parties, which have a remaining term of less than 12 months and are not expected to be renewed.

The Company has 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 years ended December 31, 2024, 2023, and 2022 the components of lease expense recorded within Selling, General and Administrative Expenses were as follows:

	Years Ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Operating lease cost:			
Amortization of operating lease assets	**$ 2,120**	$ 2,677	$ 2,734
Interest on operating lease liabilities	**661**	768	825
Short-term and variable lease costs	**289**	507	616
Finance lease cost:			
Amortization of finance lease assets	**398**	398	171
Interest on finance lease liabilities	**17**	45	22
Total lease cost	**$ 3,485**	$ 4,395	$ 4,368

For the years ended December 31, 2024, 2023, and 2022, supplemental cash and non-cash information related to leases was as follows:

(In thousands of U.S. Dollars)	Years Ended December 31, **2024**	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating leases	**$ 3,068**	$ 3,675	$ 3,783
Finance leases	**509**	480	948
Supplemental disclosure of noncash leasing activities:			
Right-of-use assets obtained in exchange for operating lease obligations	**$ 1,596**	$ 972	$ 3,068
Right-of-use assets obtained in exchange for finance lease obligations	**–**	–	1,990

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

(In thousands of U.S. Dollars)		December 31, **2024**	2023
Assets:	**Balance Sheet Location**		
Operating lease right-of-use assets	Property, plant and equipment	**$ 10,019**	$ 10,599
Finance lease right-of-use assets	Property, plant and equipment	**1,022**	1,420
Liabilities:	**Balance Sheet Location**		
Operating lease liabilities	Accrued and other liabilities	**$ 11,861**	$ 12,702
Finance lease liabilities[(1)]	Accrued and other liabilities	**–**	518

(1) Recorded net of $nil (2023 — $nil) upfront payment made upon execution of the finance lease arrangement.

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

(In thousands of U.S. Dollars)	**December 31,** **2024**	**2023**
Operating leases:		
Weighted-average remaining lease term (years)	**4.8**	4.9
Weighted-average discount rate	**5.87%**	5.85%
Finance leases:		
Weighted-average remaining lease term (years)	**2.6**	3.6
Weighted-average discount rate	**6.00%**	6.00%

As of December 31, 2024, the maturities of the Company's operating lease liabilities were as follows:

(In thousands of U.S. Dollars)		
2025	$	2,872
2026		2,781
2027		2,710
2028		2,714
2029		2,227
Thereafter		278
Total lease payments	$	13,582
Less: interest expense		(1,721)
Present value of lease liabilities	$	11,861

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 "Summary of Significant Accounting Policies — *Revenue Recognition*" in Note 2. 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 JRSAs. 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 JRSAs, known as hybrid arrangements, the customer is responsible for making fixed upfront payments prior to the delivery and installation of the IMAX System.

Under JRSAs, 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 JRSAs 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 December 31, 2024 balance sheet date:

(In thousands of U.S. Dollars)	**Sales-Type Leases**	**Joint Revenue Sharing arrangements**
2025	$ 2,935	$ 25
2026	3,122	–
2027	3,057	–
2028	2,914	–
2029	2,914	–
Thereafter	15,948	–
Total	$ 30,890	$ 25

(Refer to Note 4 for additional information related to the net investment in leases related to the Company's sales-type lease arrangements.)

6. VARIABLE CONSIDERATIONS FROM CONTRACTS WITH CUSTOMERS

The arrangement for the sale of an IMAX System includes indexed minimum payment increases over the term of the arrangement, as well as the potential for additional payments owed by an exhibitor customer if certain minimum box office receipt thresholds are exceeded. In addition, hybrid sales arrangements include amounts owed by an exhibitor customer based on a percentage of their box office receipts over the term of the arrangement. These contract provisions are considered to be variable consideration. An estimate of the present value of such variable consideration is recognized as revenue upon the transfer of control of the System Obligation to the customer, subject to constraints to ensure that there is not a risk of significant revenue reversal. This estimate is based on management's box office projections for the individual IMAX System, which are developed using historical data for the location and, if necessary, comparable locations and territories. Estimates for future indexed minimum payment increases are based on historical index rates, in addition to any external factors which may influence this index in the future. (Refer to "Summary of Significant Accounting Policies — *Revenue Recognition*" in Note 2 for a more detailed discussion of the Company's accounting policy related to variable consideration, including constraints on the recognition of variable consideration.)

The following table summarizes the activity related to variable consideration from contracts with customers for the years ended December 31, 2024, 2023, and 2022:

	Years Ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Beginning balance	**$ 64,338**	$ 44,024	$ 44,218
Variable consideration for newly recognized sales	**25,485**	28,580	7,109
Accretion to finance income	**3,810**	2,644	1,846
Transferred to receivables from variable consideration assets	**(13,884)**	(10,887)	(9,621)
Changes in variable consideration estimates	**2,327**	–	–
Changes in allowance for credit losses (see Note 4)	**517**	(23)	472
Ending balance	**$ 82,593**	$ 64,338	$ 44,024

11. INCOME TAXES

Income (loss) Before Taxes by Jurisdiction

Income (loss) before taxes by tax jurisdiction for the years ended December 31, 2024, 2023, and 2022 consisted of the following:

	Years Ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Canada	**$ (14,240)**	$ (13,366)	$ (55,623)
United States	**5,025**	5,195	4,281
China	**29,660**	34,433	11,466
Ireland	**15,951**	19,371	24,070
Other	**1,302**	484	6,037
Total	**$ 37,698**	$ 46,117	$ (9,769)

Income Tax Expense

Income tax expense for the years ended December 31, 2024, 2023, and 2022 consisted of the following:

(In thousands of U.S. Dollars)	**Years Ended December 31, 2024**	2023	2022
Income tax expense – current:			
Canada	**$ (1,352)**	$ (3,102)	$ (1,149)
United States	**(1,376)**	(1,638)	(274)
China	**(5,109)**	(3,634)	(4,437)
Ireland	**(1,933)**	(3,481)	(2,802)
Other	**(857)**	(2,643)	(3,519)
Sub-total	**(10,627)**	(14,498)	(12,181)
Income tax (expense) benefit – deferred:			
Canada(1)	**(3,392)**	2,456	943
United States	**308**	1,537	(131)
China(2)	**3,290**	(433)	2,763
Ireland	**5,406**	(2,040)	(1,562)
Other	**19**	(73)	60
Sub-total	**5,631**	1,447	2,073
Total(3)	**$ (4,996)**	$ (13,051)	$ (10,108)

(1) A valuation allowance is recorded in jurisdictions where management has determined, based on the weight of all available evidence, both positive and negative, that a valuation allowance for deferred tax assets is required. For the year ended December 31, 2024, the Company recorded a $3.5 million net increase (2023 — net decrease of $0.7 million) in the valuation allowance against its deferred tax assets in Canada. The $3.5 million net increase in the valuation allowance recorded in 2024 is reflected within Income Tax Expense in the Company's Consolidated Statements of Operations.

(2) The Company's deferred tax liability of $12.5 million as of December 31, 2024 (2023 — $12.5 million) relates to the estimated applicable foreign withholding taxes associated with historical earnings that were not indefinitely reinvested which will become payable upon the repatriation of any such earnings. During the year ended December 31, 2024, $nil (2023 — $24.0 million) of historical earnings from a subsidiary in China were distributed and as a result, $nil (2023 — $2.4 million) of foreign withholding taxes were paid to the relevant tax authorities.

(3) For the year ended December 31, 2024, Income Tax Expense excludes a tax benefit of $0.9 million included in Other Comprehensive Income (Loss) (2023 — expense of $0.2 million; 2022 — expense of $0.8 million).

Net Operating Loss Carryforwards

Estimated Canadian net operating loss carryforwards of $84.0 million can be used to reduce taxable income through 2044 and $12.6 million of Ireland net operating losses can be carried forward indefinitely. Investment tax credits and other tax credits of $6.4 million can be carried forward to reduce income taxes payable through to 2044.

Indefinitely Reinvested Assertion

Income taxes are accrued for the earnings of non-Canadian affiliates and associated companies unless management determines that such earnings will be indefinitely reinvested outside of Canada.

In 2020, management completed a reassessment of its strategy with respect to the most efficient means of deploying the Company's capital resources globally. Based on the results of this reassessment, management concluded that the historical earnings of certain foreign subsidiaries in excess of amounts required to sustain business operations would no longer be indefinitely reinvested. During the year ended December 31, 2024, $nil (2023 — $24.0 million) of historical earnings from a subsidiary in China were distributed and, as a result, $nil (2023 — $2.4 million) of foreign withholding taxes were paid to the relevant tax authorities. The Company had a deferred tax liability of $12.5 million as of December 31, 2024 (2023 — $12.5 million) related to the estimated applicable foreign withholding taxes associated with these historical earnings.

Valuation Allowance

As of December 31, 2024, the Company's Consolidated Balance Sheets include net deferred income tax assets of $14.5 million, net of a valuation allowance of $65.6 million (December 31, 2023 — $8.0 million, net of a valuation allowance of $62.1 million). For the year ended December 31, 2024, the Company recorded a net increase in valuation allowance of $3.5 million (2023 — net decrease of $0.7 million). The net increase includes an increase of $3.2 million in reporting entities where it was concluded that it is more likely than not that the benefit from deferred tax assets will not be realized, $1.2 million related to deferred assets on investment tax credits and $1.4 million related to tax return and other tax adjustments. This was partially offset by a decrease of $2.3 million related to an internal asset sale completed by the Company during the year. The net increase in the valuation allowance is reflected within Income Tax Expense in the Company's Consolidated Statements of Operations. The valuation allowance is expected to reverse at the point in time when management determines it is more likely than not that the Company will incur sufficient tax liabilities to allow it to utilize the deferred tax assets against which the valuation allowance is recorded.

Uncertain Tax Positions

As of December 31, 2024, the Company had total tax reserves (including interest and penalties) of $10.6 million (2023 — $12.0 million) for various uncertain tax positions. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could differ from the Company's accrued liability. Accordingly, additional provisions on federal, provincial, state and foreign tax-related matters may be required in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

For the year ended December 31, 2024, the Company recorded a net decrease of $1.6 million (2023 — $0.8 million, 2022 — $2.2 million) related to tax reserves (excluding interest and penalties) primarily related to tax years becoming statute barred for purposes of future tax examinations by local tax jurisdictions, partially offset by additional tax positions related to prior years.

The Company has elected to classify interest and penalties related to income tax liabilities, when applicable, as part of the Income Tax Expense in its Consolidated Statements of Operations rather than Interest Expense. The Company recorded a net increase of $0.1 million in potential interest and penalties associated with its provision for uncertain tax positions for the years ended December 31, 2024 (2023 — $0.6 million; 2022 — $0.6 million).

The following table presents a reconciliation of the beginning and ending amount of tax reserves (excluding interest and penalties) for the years ended December 31, 2024, 2023, and 2022:

	Years Ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Balance at beginning of the year	**$ 8,954**	$ 9,733	$ 11,939
Additions based on tax positions related to the current year	**–**	–	11
Additions (reductions) for tax positions of prior years	**109**	1,552	(94)
Reductions resulting from lapse of applicable statute of limitations and administrative practices	**(1,714)**	(2,331)	(2,123)
Balance at the end of the year	**$ 7,349**	$ 8,954	$ 9,733

The number of years with open tax audits varies depending on the tax jurisdiction. The Company's material taxing jurisdictions include Canada, the United States, Ireland, and China. The Company's 2021 through 2024 tax years remain subject to examination by the IRS for United States federal tax purposes, and the 2017 through 2024 tax years remain subject to examination by the appropriate governmental agencies for Canadian federal tax purposes. There are other ongoing audits in various other jurisdictions that are not material to the Consolidated Financial Statements.

The Company is subject to audit by tax authorities in the various jurisdictions in which it operates in the ordinary course of its business and believes that it has adequately reserved for the expected exposures in its accounts. During the fourth quarter of 2022, the Company received a Notice of Reassessment (the "**Reassessment**") in the amount of $13.2 million (inclusive of interest). A revised Reassessment was issued by the Canada Revenue Agency in June 2024 to reduce the amount previously reassessed to $3.0 million (inclusive of interest). The Company has filed a Notice of Objection with respect to this Reassessment and believes that the matter will be resolved on a basis that is consistent with its filing position.

Share Buyback Tax

Legislation to introduce a 2% tax on the value of certain share buybacks net of share issuances by publicly traded Canadian-resident corporations was enacted during the second quarter of 2024. The tax applies to net share repurchases on or after January 1, 2024, with certain exceptions. The tax is imposed on the repurchasing corporation itself and will be included in the cost basis of the repurchased treasury stock. During the year ended December 31, 2024, the Company has recorded $nil share buyback tax as share buybacks were offset by share issuances in the year.

Pillar Two Legislation

On October 8, 2021, the Organization for Economic Co-Operation and Development ("**OECD**") announced the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting which agreed to a two-pillar solution to address tax challenges arising from digitalization of the economy. On December 20, 2021, the OECD released Pillar Two Model Rules ("**Pillar Two**") defining the global minimum tax rules, which contemplate a 15% minimum tax rate. The OECD continues to release additional guidance, including administrative guidance on how the Pillar Two rules should be interpreted and applied, and many countries are passing legislation to comply with Pillar Two. Canada enacted its Pillar Two rules on June 20, 2024. The Company is under the revenue threshold where Pillar Two would apply and is not currently subject to tax under these rules.

13. BORROWINGS

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**") ($27.8 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 will expire on March 20, 2025.

As of December 31, 2024, no borrowings were outstanding under the Bank of China Facility and outstanding letters of guarantee were RMB0.2 million (less than $0.1 million).

As of December 31, 2024, the amount available for future borrowings under the Bank of China Facility was RMB190.0 million ($26.4 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 year ended December 31, 2024 was 0% (2023 — 3.85%). There were no amounts drawn under the Bank of China Facility during the year ended December 31, 2024.

HSBC China Facility

In June 2022, IMAX Shanghai entered into an unsecured revolving facility for up to RMB200.0 million ($27.8 million) with HSBC Bank (China) Company Limited, Shanghai Branch to fund ongoing working capital requirements (the "**HSBC China Facility**"). As of December 31, 2024 and 2023, no borrowings were outstanding under the HSBC China facility. As of December 31, 2024, the amount available for future borrowings under the HSBC China Facility was RMB200.0 million ($27.8 million). The effective interest rate for the year ended December 31, 2024 was 0% (2023 — 3.88%). There were no amounts drawn under the HSBC China Facility during the year ended December 31, 2024.

16. CAPITAL STOCK

Share-Based Compensation

The Company issues share-based compensation to eligible employees, directors, and consultants under the IMAX LTIP and the China LTIP, as summarized below. On June 3, 2020, the Company's shareholders approved the IMAX LTIP at its Annual and Special Meeting.

Awards under the IMAX LTIP may consist of stock options, RSUs, PSUs, and other awards. As of December 31, 2024, the Company only issued RSUs and PSUs under the IMAX LTIP.

China Long-Term Incentive Plan

Each stock option ("**China Option**"), RSU, or PSU issued under the China LTIP represents an opportunity to participate economically in the future growth and value creation of IMAX China.

In connection with the IMAX China IPO and in accordance with the China LTIP, IMAX China adopted a post-IPO share option plan and a post-IPO restricted stock unit plan. Pursuant to these plans, IMAX China has issued additional China Options, China LTIP Performance Stock Units ("**China PSUs**"), and China LTIP Restricted Share Units ("**China RSUs**").

For the years ended December 31, 2024, 2023, and 2022, share-based compensation expense related to China Options, China RSUs and China PSUs was as follows:

	Years Ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Expense			
China Options	**$ –**	$ 12	$ 91
China RSUs	**1,243**	2,337	2,284
China PSUs	**35**	647	262
Total	**$ 1,278**	$ 2,996	$ 2,637

In 2022, IMAX China modified the terms of certain fully vested stock options to extend their contractual life by one year and recorded an associated expense of less than $0.1 million during the year ended December 31, 2022. No such charges were incurred in 2024 and 2023, respectively.

Issuer Purchases of Equity Securities

In 2023, 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 7, 2023 (33,959,314 shares). This program expired on the date of the 2024 Annual General Meeting of IMAX China on June 7, 2024. During the 2024 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, 2024 (34,000,845 shares). This program will be valid until the 2025 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.

In 2024, IMAX China repurchased 119,900 (2023 – 16,800) common shares at an average price of HKD7.43 per share ($0.95 per share) for a total of HKD0.9 million or U.S. $0.1 million (2023 – HKD7.11 per share or $0.91 per share, for a total of HKD0.1 million or less than $0.1 million). The change in non-controlling interest as a result of common shares repurchased by IMAX China is recorded within Non-Controlling Interest on the Consolidated Balance Sheets and in the 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 on the Consolidated Balance Sheets and in the Consolidated Statements of Shareholders' Equity (Refer to "Summary of Significant Accounting Policies — *Principles of Consolidation*" in Note 2.)

The following table summarizes the IMAX China's share repurchases during the years ended December 31, 2024 and 2023:

	Total Number of Shares Repurchased		Average Price Paid Per Share	
	2024	2023	**2024**	2023
Shares repurchased	**119,900**	16,800	**$ 0.95**	$ 0.91

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 discretional surplus reserve using post-tax profits in accordance with resolutions of the Board of Directors.

The statutory surplus reserve of RMB37.0 million ($5.8 million) has reached 50% of its PRC subsidiaries' registered capital, as such no further contributions to the reserve are required.

20. 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 two reportable segments:

(i) Content Solutions, consists of services provided to studios and other content creators, 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 exhibition customers. To a lesser extent, the Technology Product and Services segment also earns revenue from certain ancillary theatre business activities, including after-market sales of IMAX System parts and 3D glasses.

The Company's activities that do not meet the criteria to be considered a reportable segment, principally the Company's streaming and consumer technology business as well as other ancillary activities, are reported within "All Other."

The accounting policies of the reportable segments are the same as those described in Note 2 – Summary of Significant Accounting Policies. Intercompany profit or loss is not included in the evaluation of performance and allocation of resources.

The CODM uses segment revenues and segment gross margin to allocate resources for each segment predominantly in the annual budget and forecasting process.

Segment Financial Information

The following table presents the Company's revenue and gross margin by reportable segment for the years ended December 31, 2024, 2023, and 2022:

	Revenue(1)			Gross Margin		
(In thousands of U.S. Dollars)	**2024**	2023	2022	**2024**	2023	2022
Content Solutions	**$ 124,731**	$ 126,698	$ 101,820	**$ 66,523**	$ 74,106	$ 51,240
Technology Products and Services	**216,062**	234,303	192,368	**115,553**	129,946	101,055
Sub-total for reportable segments	**340,793**	361,001	294,188	**182,076**	204,052	152,295
All Other	**11,415**	13,838	6,617	**8,124**	10,289	4,060
Total	**$ 352,208**	$ 374,839	$ 300,805	**$ 190,200**	$ 214,341	$ 156,355

(1) The Company's largest customer represents 11% of total Revenues as of December 31, 2024 (2023 – 10%; 2022 – 12%). No single customer comprises more than 10% of the Company's total Accounts Receivable as of December 31, 2024 and 2023.

The following table presents the Costs and Expenses Applicable to Revenues for the Content Solutions segment that is made available to the CODM as part of the Company's annual and quarterly financial reporting requirements in accordance with U.S. GAAP:

Content Solutions Segment:	For the years ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Revenue	**$ 124,731**	$ 126,698	$ 101,820
Film asset amortization	**$ 24,775**	$ 20,281	$ 16,881
Marketing and other selling expenses	**15,030**	15,200	20,284
Co-produced film participation expenses	**3,292**	594	820
Other segment expenses(1)	**15,111**	16,517	12,595
Total Costs and Expenses Applicable to Revenues	**58,208**	52,592	50,580
Gross Margin	**$ 66,523**	$ 74,106	$ 51,240

(1) Included within the Other segment expenses are costs related to film distribution, post production costs, production costs, and network connectivity fees.

The following table presents the Costs and Expenses Applicable to Revenues for the Technology Products and Services reportable segment that is made available to the CODM as part of the Company's annual and quarterly financial reporting requirements in accordance with U.S. GAAP:

Technology Products and Services Segment:	For the years ended December 31,		
(In thousands of U.S. Dollars)	**2024**	2023	2022
Revenue	**$ 216,062**	$ 234,303	$ 192,368
Depreciation of equipment supporting JRSAs	**22,723**	22,857	22,165
Marketing and other selling expenses	**2,411**	2,053	564
Write-down of equipment supporting JRSAs	**3,397**	756	973
Write-down of inventory	**359**	542	741
Other segment expenses[1]	**71,619**	78,149	66,870
Total Costs and Expenses Applicable to Revenues	**100,509**	104,357	91,313
Gross Margin	**$ 115,553**	$ 129,946	$ 101,055

(1) Included within the Other segment expenses are costs related to the manufacturing and build of IMAX Systems recognized in the period, maintenance and warranty costs, and other product related costs.

The following table presents the Company's assets by category and reportable segment, reconciled to consolidated assets, as of December 31, 2024 and 2023:

	As of December 31,	
(In thousands of U.S. Dollars)	**2024**	2023
Content Solutions	**$ 89,383**	$ 97,123
Technology Products and Services	**544,444**	529,057
Sub-total for reportable segments	**633,827**	626,180
All Other	**37,808**	43,994
Corporate and other non-segment specific assets	**158,763**	144,495
Total	**$ 830,398**	$ 814,669

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 years ended December 31, 2024, 2023, and 2022:

(In thousands of U.S. Dollars)	**Years Ended December 31, 2024**	2023	2022
United States	**$ 137,761**	$ 117,925	$ 107,734
Greater China	**80,997**	91,901	73,330
Asia (excluding China)	**57,691**	59,690	47,145
Western Europe	**40,812**	54,908	40,245
Canada	**9,344**	13,788	9,418
Latin America	**8,994**	18,746	7,550
Rest of the World	**16,609**	13,788	15,383
Total	**$ 352,208**	$ 374,839	$ 300,805

No single country in the Rest of the World, Western Europe, Latin America, and Asia (excluding Greater China) classifications comprises more than 10% of total revenue.

The following table presents the breakdown of Property, Plant and Equipment by geography as of December 31, 2024 and 2023:

(In thousands of U.S. Dollars)	**As of December 31, 2024**	2023
United States	**$ 100,422**	$ 98,831
Greater China	**66,022**	72,492
Canada	**40,116**	37,877
Western Europe	**12,917**	12,763
Asia (excluding Greater China)	**15,134**	16,538
Rest of the World	**5,522**	4,798
Total	**$ 240,133**	$ 243,299

21. FINANCIAL INSTRUMENTS

Financial Instruments

The Company maintains cash with various major financial institutions. The Company's cash is invested with highly rated financial institutions. The Company's $100.6 million balance of cash and cash equivalents as of December 31, 2024 (December 31, 2023 — $76.2 million) included $85.4 million in cash held outside of Canada (December 31, 2023 — $68.5 million), of which $47.5 million was held in the PRC (December 31, 2023 — $30.0 million).

Fair Value Measurements

The carrying values of the Company's Cash and Cash Equivalents, Accounts Receivable, Variable Consideration, 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:

(In thousands of U.S. Dollars)	**As of December 31, 2024** Carrying Amount	**As of December 31, 2024** Estimated Fair Value	As of December 31, 2023 Carrying Amount	As of December 31, 2023 Estimated Fair Value
Level 1				
Cash and cash equivalents[1]	**$ 100,592**	**$ 100,592**	$ 76,200	$ 76,200
Level 2				
Net financed sales receivables[3]	**$ 90,546**	**$ 81,876**	$ 97,615	$ 96,500
Net investment in sales-type leases[3]	**29,339**	**25,322**	29,539	28,751
Equity securities[1]	**1,000**	**1,000**	1,000	1,000
COLI[4]	**3,649**	**3,649**	3,522	3,522
Foreign exchange contracts – designated forwards[2]	**(2,029)**	**(2,029)**	819	819
Wells Fargo Credit Facility borrowings[1]	**(37,000)**	**(37,000)**	(24,000)	(24,000)
Federal Economic Development Loan[3]	**(1,765)**	**(1,765)**	(2,498)	(2,498)
Convertible Notes[5]	**(230,000)**	**(234,009)**	(230,000)	(205,850)

(1) Recorded at cost, which approximates fair value.

(2) Fair value is determined using quoted prices in active markets.

(3) Fair value is estimated based on discounting future cash flows at currently available interest rates with comparable terms.

(4) Measured at cash surrender value, which approximates fair value, for the company-owned life insurance ("**COLI**")

(5) Fair value is determined using quoted market prices that are observable in the market or that could be derived from observable market data.

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 in 90 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 continued to meet hedge effectiveness tests as of December 31, 2024 (the "**Foreign Currency Hedges**"), with settlement dates throughout 2025 and 2026. Foreign currency derivatives are recognized and measured on the Consolidated Balance Sheets at fair value. Changes in the fair value (i.e., gains or losses) are recognized in the 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 and reclassified to the Consolidated Statements of Operations when the forecasted transaction occurs. Any ineffective portion is recognized immediately in the Consolidated Statements of Operations.

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

Notional value of foreign exchange contracts:

(In thousands of U.S. Dollars)	**As of December 31, 2024**	2023
Derivatives designated as hedging instruments:		
Foreign exchange contracts — Forwards	**$ 48,376**	$ 40,563

Fair value of derivatives in foreign exchange contracts:

(In thousands of U.S. Dollars)	**Balance Sheet Location**	**As of December 31, 2024**	2023
Derivatives designated as hedging instruments:			
Foreign exchange contracts — Forwards	Other assets	**$ –**	$ 846
	Accrued and other liabilities	**(2,029)**	(27)
		$ (2,029)	$ 819

Derivatives in foreign currency hedging relationships are as follows:

(In thousands of U.S. Dollars)		**Years Ended December 31,** **2024**	2023	2022
Foreign exchange contracts – Forwards	Derivative (Loss) Gain Recognized in OCI (Effective Portion)	**$ (3,455)**	$ 575	$ (1,323)

(In thousands of U.S. Dollars)	**Location of Derivative Loss Reclassified from AOCI (Effective Portion)**	**Years Ended December 31,** **2024**	2023	2022
Foreign exchange contracts — Forwards	Selling, general and administrative expenses	**$ (607)**	$ (892)	$ (596)

The Company's estimated net amount of the existing loss as of December 31, 2024 is $2.0 million (2023 — $0.6 million), which is expected to be reclassified to earnings within the next twelve months.

Investments in Equity Securities

As of December 31, 2024, the Company held investments in the preferred shares of enterprises which meet the criteria for classification as an equity security carried at historical cost, net of impairment charges. The carrying value of these equity security investments was $1.0 million as of December 31, 2024 (December 31, 2023 — $1.0 million) and is recorded in Other Assets.

Interest in Film

In 2022, IMAX (Shanghai) Culture and Technology Co., Ltd, a former wholly-owned subsidiary of IMAX China, entered into a joint film investment agreement with Wanda Film (Horgos) Co. Ltd. to invest RMB30.0 million ($4.7 million) in the movie Mozart from Space, which was released on July 15, 2022. Pursuant to the investment agreement, IMAX (Shanghai) Culture and Technology Co., Ltd. has the right to receive a share of the profits or losses of the film distribution. IMAX (Shanghai) Culture and Technology Co., Ltd.'s commitment is limited to its investment and has no further obligation if the actual movie production cost exceeds the original budget. The investment meets the criteria for classification as a financial asset. The investment is measured at amortized cost less impairment losses.

In 2022, the Company recognized a full impairment of its RMB30.0 million ($4.5 million) investment in Mozart from Space based on projected box office results and distribution costs. Upon conclusion of the film run, in 2023, the Company received proceeds of $0.3 million.

No contributions to film investments were made in 2024.

23. GOVERNMENT ASSISTANCE

China Grant

IMAX China receives local district grants primarily related to taxes paid, including corporate income taxes, value-added taxes, individual income taxes, and withholding taxes for dividends and/or cross-border activities. Government grants are recognized in the period the costs were incurred.

For the year ended December 31, 2024, $2.8 million (2023 — $5.4 million; 2022 — $1.3 million) was recognized primarily as a reduction in Costs and Expenses Applicable to Revenues and Income Tax Expense. The impact to net income attributable to common shareholders was $1.6 million (2023 — $3.4 million; 2022 — $0.8 million).

24. NON-CONTROLLING INTERESTS

IMAX China Non-Controlling Interest

As of December 31, 2024, the Company indirectly owned 71.40% 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. The balance of non-controlling interest in IMAX China as of December 31, 2024 was $78.1 million (December 31, 2023 — $71.8 million). The net income attributable to non-controlling interest of IMAX China for the year ended December 31, 2024 was $6.6 million (2023 — $7.8 million; 2022 — $3.0 million).

(2) EARNINGS RELEASE EXTRACTS

IMAX CORPORATION REPORTS FOURTH QUARTER AND FULL YEAR 2024 RESULTS

- To start 2025, IMAX smashes box office record for Chinese New Year slate with $130 million and counting — already up over 90% from the previous best — led by "Ne Zha 2," now the highest grossing IMAX release of all time in China.

"IMAX's record-breaking Chinese New Year demonstrates the unique advantages of our model – a richly diversified content portfolio featuring the biggest Hollywood and local language blockbusters, and a global network that allows us to capitalize on box office momentum anywhere in the world," said Rich Gelfond, CEO of IMAX."

"2025 is already living up to its significant promise and yet the bigger opportunity is still in front of us, with more Filmed for IMAX® releases than ever in 2025 and arguably an even stronger slate ahead in 2026. In China, the turnaround we're witnessing this year has been dramatic; in less than two months, our Chinese local language box office has already exceeded the entirety of 2024."

"With the headwinds we faced in China in 2024 beginning to lift, we're poised to build on the Fourth Quarter's significant double-digit growth in adjusted EBITDA and earnings per share. We look forward to capitalizing on the promising opportunity ahead to achieve a record year at the global box office and strong returns for our shareholders."

Fourth Quarter and Full-Year Financial Highlights

Content Solutions Segment

- Fourth quarter Content Solutions revenues and gross margin increased 34% year-over-year to $26 million and increased 22% year-over-year to $12 million, respectively, driven by higher box office, and highlighted by record Thanksgiving weekend box office of $24 million.

- Fourth quarter box office of $204 million increased 20% year-over-year and helped propel IMAX to near-record annual domestic box office. Top grossing fourth quarter titles included *Gladiator 2* ($31 million), *Venom: The Last Dance* ($31 million), *Mufasa: The Lion King* ($26 million) and *Interstellar* ($20 million)

Technology Products and Services Segment

- Fourth quarter Technology Products and Services revenues and gross margin increased 2% to $64 million and increased 15% to $34 million year-over-year, respectively, driven by higher box office related rental revenue that more than offset a lower level of sales type system installations year-over-year.

- During the fourth quarter of 2024, the Company installed 58 systems, compared to 69 systems in the fourth quarter of 2023, resulting in 146 system installations in the full year versus 128 system installations in the prior year. Of those, 28 systems in the fourth quarter and 63 in the full year were under sales arrangements, compared to 35 and 70 systems in the prior year, respectively.

- Commercial network growth continues with the number of IMAX locations increasing 2.5% year-over-year to 1,735 systems. The Company ended 2024 with a backlog of 440 IMAX systems.

IMAX CORPORATION
NON-GAAP FINANCIAL MEASURES
(In thousands of U.S. dollars)

In this release, the Company presents adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per basic and diluted share, EBITDA, Adjusted EBITDA per Credit Facility, Adjusted EBITDA margin as supplemental measures of the Company's performance, which are not recognized under U.S. GAAP. 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 other charges, as well as the related tax impact of these adjustments.

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

A reconciliation from net income (loss) 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 is presented in the table below. Net income (loss) attributable to common shareholders and the associated per share amounts are the most directly comparable GAAP measures because they reflect the earnings relevant to the Company's shareholders, rather than the earnings attributable to non-controlling interests.

In addition to the non-GAAP financial measures discussed above, management also uses "EBITDA," as such term is defined in the Credit Agreement, and which is referred to herein as "Adjusted EBITDA per Credit Facility." 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-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) restructuring and other charges costs; and (v) write-downs, net of recoveries, including asset impairments and credit loss expense or reversal.

A reconciliation of net income (loss) attributable to common shareholders, which is the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA per Credit Facility is presented in the table below. Net income (loss) attributable to common shareholders is the most directly comparable GAAP measure because it reflects the earnings relevant to the Company's shareholders, rather than the earnings attributable to non-controlling interests.

In this release, the Company also presents free cash flow, which is not recognized under U.S. GAAP, as a supplemental measure of the Company's liquidity. The Company definition of free cash flow deducts only normal recurring capital expenditures, including the Company's investment in joint revenue sharing arrangements, the purchase of property, plant and equipment and the acquisition of other intangible assets (from the Consolidated Statements of Cash Flows), from net cash provided by or used in operating activities. Management believes that free cash flow is a supplemental measure of the cash flow available to reduce debt, add to cash balances, and fund other financing activities. Free cash flow does not represent residual cash flow available for discretionary expenditures. A reconciliation of cash provided by operating activities to free cash flow is presented below.

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

Adjusted EBITDA per Credit Facility

(In thousands of U.S. Dollars)	Three Months Ended (Unaudited) **December 31, 2024**	December 31, 2023
Revenues	**$ 92,672**	$ 86,018
Reported net income	**$ 6,866**	$ 3,311
Add (subtract):		
Income tax expense	**1,458**	(1,850)
Interest expense, net of interest income	**665**	636
Depreciation and amortization, including film asset amortization	**16,601**	13,545
Amortization of deferred financing costs[1]	**492**	493
EBITDA	**$ 26,082**	$ 16,135
Share-based and other non-cash compensation	**5,948**	6,400
Unrealized investment gains	**(33)**	(29)
Transaction-related expenses	**–**	327
Restructuring and other charges[2]	**3,749**	1,593
Write-downs, including asset impairments and credit loss reversal	**1,452**	812
Total Adjusted EBITDA	**$ 37,198**	$ 25,238
Total Adjusted EBITDA margin	**40.1%**	29.3%
Less: Non-controlling interest	**(2,990)**	(2,221)
Adjusted EBITDA per Credit Facility – attributable to common shareholders	**$ 34,208**	$ 23,017

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

(2) Reflects restructuring related costs in connection with capturing efficiencies, centralizing certain operational roles and costs incurred in connection with the Company's internal asset sale.

(In thousands of U.S. Dollars)	Twelve Months Ended December 31, 2024[1]	December 31, 2023[1]
Revenues	**$ 352,208**	$ 374,839
Reported net income	**$ 32,702**	$ 33,066
Add (subtract):		
Income tax expense	**4,996**	13,051
Interest expense, net of interest income	**3,936**	2,101
Depreciation and amortization, including film asset amortization	**65,503**	60,022
Amortization of deferred financing costs[2]	**1,969**	2,235
EBITDA	**$ 109,106**	$ 110,475
Share-based and other non-cash compensation	**23,209**	24,230
Unrealized investment gains	**(127)**	(465)
Transaction-related expenses	**–**	3,569
Restructuring and other charges[3]	**3,749**	2,946
Write-downs, including asset impairments and credit loss reversal	**2,999**	3,273
Total Adjusted EBITDA	**$ 138,936**	$ 144,028
Total Adjusted EBITDA margin	**39.4%**	38.4%
Less: Non-controlling interest	**$ (14,191)**	$ (15,869)
Adjusted EBITDA per Credit Facility – attributable to common shareholders	**$ 124,745**	$ 128,159

(1) The Senior Secured Net Leverage Ratio is calculated using Adjusted EBITDA per Credit Facility determined on a trailing twelve-month basis.

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

(3) Reflects restructuring related costs in connection with capturing efficiencies, centralizing certain operational roles and costs incurred in connection with the Company's internal asset sale.

DEFINITIONS USED IN THIS ANNOUNCEMENT

"Annual Report"	the annual report of IMAX Corporation dated 19 February 2025
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix C1 of the Listing Rules
"Company" or "IMAX China"	IMAX China Holding, Inc., a company incorporated under the laws of the Cayman Islands with limited liability on 30 August 2010
"controlling shareholder" and "subsidiary"	shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires
"Directors"	the directors of the Company and "Director" shall be construed accordingly as a director of the Company
"Earnings Call"	the earnings call held by IMAX Corporation on 19 February 2025 New York time
"Earnings Release"	the earnings announced by IMAX Corporation on 19 February 2025 New York time
"EBITDA"	profit for the year with adjustments for depreciation and amortization, interest income and income tax expense
"FY" or "financial year"	financial year ended or ending 31 December
"Global Offering"	the offering of the Shares on the Main Board of the Stock Exchange
"Greater China"	for the purposes of this document only, the Mainland China, Hong Kong, Macau and Taiwan
"Group", "we", "our" or "us"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"IMAX Barbados"	IMAX (Barbados) Holding, Inc., a company incorporated in Barbados with limited liability on 18 August 2010 and a controlling shareholder of the Company

"IMAX Corporation" or the "Controlling Shareholder"	IMAX Corporation, a company incorporated in Canada with limited liability in 1967 and listed on the New York Stock Exchange (NYSE: IMAX) and our ultimate controlling shareholder, or where the context requires, any of its wholly-owned subsidiaries
"IMAX Hong Kong"	IMAX China (Hong Kong), Limited, a company incorporated in Hong Kong with limited liability on 12 November 2010, which changed its name to its present name on 16 March 2011 and a direct wholly-owned subsidiary of the Company
"IMAX Hong Kong Holding"	IMAX (Hong Kong) Holding, Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of IMAX Barbados
"IMAX Shanghai Multimedia"	IMAX (Shanghai) Multimedia Technology Co., Ltd., a wholly foreign-owned enterprise established under the laws of the PRC on 31 May 2011 and a direct wholly-owned subsidiary of IMAX Hong Kong
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Macau"	Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"RSUs"	restricted share units
"SEC"	the United States Securities and Exchange Committee
"Share(s)"	Ordinary share(s) with a nominal value of US$0.0001 each in the share capital of the Company and a "**Share**" means any of them
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TCL-IMAX Entertainment"	TCL-IMAX Entertainment Co., Limited, a company incorporated in Hong Kong with limited liability on 3 January 2014, being the joint venture company jointly owned by IMAX Hong Kong Holding and Sino Leader (Hong Kong) Limited, which is wholly owned by TCL Multimedia Technology Holdings Limited

"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"USD", "US$", "$" or "United States dollars"	U.S. dollars, the lawful currency of the United States of America

GLOSSARY

This glossary contains explanations of certain terms used in this announcement in connection with the Group and its business. The terminologies and their meanings may not correspond to standard industry meanings or usage of those terms.

"3D"	three-dimensional
"backlog"	our backlog comprises the aggregate number of commitments for IMAX theatre installations pursuant to contracts we have entered into with exhibitors
"box office"	the gross aggregate proceeds from ticket sales received by the relevant exhibitor(s) in the relevant market(s) for the relevant type(s) of film. For example, the Greater China box office is the aggregate proceeds from ticket sales received by all exhibitors in Greater China, and the Greater China IMAX box office is the aggregate proceeds from ticket sales received by all the exhibitors in Greater China in respect of IMAX films and IMAX Original Films. We also use the concept of box office in our revenue sharing arrangements, where it refers to the aggregate proceeds from ticket sales received by exhibitors in respect of IMAX films with which we have entered into a revenue sharing arrangement
"box office revenue"	the portion of box office that is due to be paid to the Group under revenue sharing arrangements in our theatre systems business and/or arrangements with IMAX Corporation and studios in our films business, as applicable
"Chinese language film"	a motion picture approved for theatrical release in Greater China which was produced by one or more Chinese producer(s) or jointly produced by one or more Chinese producer(s) and one or more foreign producer(s) and was converted into IMAX format and released to IMAX theatres in Greater China pursuant to a DMR production services agreement entered into by a distributor with IMAX Shanghai Multimedia or IMAX Hong Kong in their respective territories, and meets the requirements of the relevant laws and regulations of Greater China

"commercial theatre"	a theatre owned or operated by an exhibitor, excluding theatres associated with museums, zoos, aquaria and other destination entertainment sites which do not play commercial films
"distributor"	an organisation that distributes films to exhibitors or, in Mainland China, theatre circuits for exhibition at theatres
"exhibitor"	exhibitors are theatre investment management companies which own and operate theatres; exhibitors receive copies of films from the theatre circuits but retain control over the screening schedules
"full revenue sharing arrangement"	an arrangement with an exhibitor pursuant to which we contribute an IMAX theatre system to that exhibitor in return for a portion of that exhibitor's box office generated from IMAX films over the term of the arrangement, and no, or a relatively small, upfront payment
"Hollywood film"	an imported motion picture for theatrical release in global network which has been produced by one or more foreign producer(s) and was converted into IMAX format and released to IMAX theatres pursuant to a DMR production services agreement entered into between IMAX Corporation and a distributor and the importation and release of such motion picture has been permitted in accordance with the relevant laws and regulations of Greater China
"Hollywood studio"	a studio producing Hollywood films
"hybrid revenue sharing arrangement"	an arrangement with an exhibitor pursuant to which we contribute an IMAX theatre system to that exhibitor in return for an upfront fee that is typically half of the payment under a sales arrangement and a portion of that exhibitor's box office generated from IMAX films over the term of the arrangement, that is typically half of that under a full revenue sharing arrangement
"IMAX DMR"	the proprietary digital re-mastering process or any other post-production process and/or technology used by IMAX Corporation in connection with the conversion of a conventional film into an IMAX film
"IMAX film"	a film converted from a conventional film using IMAX DMR technology
"IMAX Original Film"	any IMAX film invested in, produced or co-produced by IMAX Corporation and released to IMAX theatres, and/or for which IMAX Corporation owns and/or controls its theatrical distribution rights

"IMAX theatre"	any movie theatre in which an IMAX screen is installed
"multiplex"	a movie theatre with more than one screen for the exhibition of films
"Other Film"	a motion picture which was converted into IMAX format and released to IMAX theatres in Greater China, excluding all Hollywood films or Chinese language films
"revenue sharing arrangement"	an arrangement with an exhibitor pursuant to which we contribute an IMAX theatre system to that exhibitor in return for, among other things, a portion of that exhibitor's box office generated from IMAX films over the term of the arrangement; our revenue sharing arrangements are either full revenue sharing arrangements or hybrid revenue sharing arrangements (See the separate glossary explanations for these terms)
"sales arrangement"	an arrangement with an exhibitor pursuant to which we sell that exhibitor an IMAX theatre system for a fee and the exhibitor agrees to pay us on-going royalty fees for use of the IMAX brand and technology over the term of the arrangement
"studio"	an organisation that produces films (which may include all or some of script writing, financing, production team and equipment sourcing, casting, shooting and post production), owns the copyright to the films it produces and works with distributors to release those films at theatres
"take rate"	a film studio's share of box office generated from a particular film, after making certain tax and other deductions
"theatre circuit"	an organisation that distributes newly released films to theatres within that circuit; every theatre in Mainland China must be affiliated with a theatre circuit

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

Hong Kong, 20 February 2025

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.