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IMAX CHINA HOLDING, INC.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1970)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

AND

INSIDE INFORMATION

**OUR CONTROLLING SHAREHOLDER IMAX CORPORATION
RELEASED ITS FOURTH QUARTER AND FULL YEAR 2025
FINANCIAL RESULTS AND ANNUAL REPORT FOR THE
YEAR ENDED 31 DECEMBER 2025**

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 2025 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 25 February 2026 (New York time), announced its fourth quarter and year ended 31 December 2025 financial results and on 25 February 2026 (New York time), released its annual report and results for the year ended 31 December 2025.

SUPPLEMENTAL INFORMATION TO THE 2019, 2020 AND 2023 ANNUAL REPORTS

The Company would like to provide supplemental information regarding (i) the emolument of Mr. Edwin Tan (“**Mr. Tan**”), being the then Chief Executive Officer (served from 9 December 2019 to 5 August 2022) to the published annual reports of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), and the year ended 31 December 2020 (the “**2020 Annual Report**”); and (ii) the emolument of Mr. Daniel Manwaring (“**Mr. Manwaring**”), being the current Chief Executive Officer (appointed on 9 January 2023) to the published annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), in accordance with paragraph 24 of Appendix D2 to the Listing Rules (formerly Appendix 16 to the Listing Rules).

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of U.S. dollars)

		Years Ended 31 December	
	Notes	2025	2024
Revenues	4	102,343	80,997
Cost of sales	5	<u>(35,529)</u>	<u>(36,980)</u>
Gross profit	4	66,814	44,017
Selling, general and administrative expenses	5	(14,525)	(13,085)
Restructuring expense	5	(107)	–
Other operating expenses	5	(5,374)	(4,320)
(Provisions) reversals of net impairment losses on financial assets	5	(690)	230
Other income		46	682
Other gains – net		<u>1,061</u>	<u>–</u>
Operating profit		47,225	27,524
Interest income		1,876	1,898
Interest expense		<u>(54)</u>	<u>(68)</u>
Profit before income tax		49,047	29,354
Income tax expense	6	<u>(11,366)</u>	<u>(7,137)</u>
Profit for the year, attributable to owners of the Company		<u>37,681</u>	<u>22,217</u>
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss:			
Change in foreign currency translation adjustments		<u>5,481</u>	<u>(1,915)</u>
Other comprehensive income (loss):		<u>5,481</u>	<u>(1,915)</u>
Total comprehensive income for the year, attributable to owners of the Company		<u>43,162</u>	<u>20,302</u>
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	<u>0.11</u>	<u>0.07</u>
From profit for the year – diluted	7	<u>0.11</u>	<u>0.06</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of U.S. dollars)

	<i>Notes</i>	As at 31 December	
		2025	2024
ASSETS			
Non-current assets			
Property, plant and equipment	8	66,357	71,604
Other assets		769	1,556
Deferred tax assets	9	3,150	2,670
Variable consideration receivables from contracts		5,766	7,693
Financing receivables	10	50,725	51,348
		<u>126,767</u>	<u>134,871</u>
Current assets			
Other assets		573	611
Contract acquisition costs		388	533
Film assets		114	10
Inventories		5,989	4,948
Prepayments		3,641	3,480
Income tax receivables		–	1,749
Variable consideration receivables from contracts		1,404	1,512
Financing receivables	10	29,537	29,897
Trade and other receivables	11	79,620	75,913
Cash and cash equivalents		129,861	80,049
		<u>251,127</u>	<u>198,702</u>
Total assets		<u>377,894</u>	<u>333,573</u>

		As at 31 December	
	<i>Notes</i>	2025	2024
LIABILITIES			
Non-current liabilities			
Accruals and other liabilities		634	993
Deferred revenue	12	9,466	11,941
Deferred tax liabilities	9	12,521	12,521
		<u>22,621</u>	<u>25,455</u>
Current liabilities			
Trade and other payables	13	15,759	15,325
Accruals and other liabilities		8,271	6,872
Income tax liabilities		1,796	–
Deferred revenue	12	13,454	11,817
		<u>39,280</u>	<u>34,014</u>
Total liabilities		<u>61,901</u>	<u>59,469</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		34	34
Share premium and reserves		221,776	217,480
Retained earnings		94,183	56,590
Total equity		<u>315,993</u>	<u>274,104</u>
Total equity and liabilities		<u>377,894</u>	<u>333,573</u>

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 Chinese Mainland, 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 2025. 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 21 (Amendments)	Lack of Exchangeability	1 January 2025
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Certain new accounting standards and interpretations have been published that are not mandatory for the financial reporting periods commencing on or after 1 January 2025 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**

Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments, Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027
IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Except for the above-mentioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

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, restructuring expenses, other operating expenses, (provisions) reversals of net impairment losses on financial assets, other income, other gains – net, interest income, interest expense and income tax expense are not allocated to the segments.

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	
	2025	2024
Revenue		
Content Solutions	33,909	15,510
Technology Products and Services	66,683	64,507
Subtotal for reportable segments	100,592	80,017
All Other	1,751	980
Total	102,343	80,997
Gross profit (loss)		
Content Solutions	29,782	11,764
Technology Products and Services	36,069	32,342
Subtotal for reportable segments	65,851	44,106
All Other	963	(89)
Total gross profit	66,814	44,017
Selling, general and administrative expenses	(14,525)	(13,085)
Restructuring expenses	(107)	–
Other operating expenses	(5,374)	(4,320)
(Provisions) reversals of impairment losses on financial assets	(690)	230
Other income	46	682
Other gains – net	1,061	–
Interest income	1,876	1,898
Interest expense	(54)	(68)
Profit before income tax	49,047	29,354

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	
	2025	2024	2025	2024
Revenue				
Content Solutions				
Film Remastering	<u>33,909</u>	15,510	<u>–</u>	<u>–</u>
	<u>33,909</u>	15,510	<u>–</u>	<u>–</u>
Technology Products and Services				
System Sales	6,039	19,311	–	–
System Rentals	–	–	30,916	16,573
Maintenance	26,423	25,857	–	–
Finance Income	<u>3,305</u>	2,766	<u>–</u>	<u>–</u>
	<u>35,767</u>	47,934	<u>30,916</u>	16,573
Subtotal for reportable segments	<u>69,676</u>	63,444	<u>30,916</u>	16,573
All Other	<u>1,751</u>	980	<u>–</u>	<u>–</u>
Total	<u>71,427</u>	<u>64,424</u>	<u>30,916</u>	<u>16,573</u>

Of the revenue recognised under IFRS 15, approximately \$65.0 million for the year ended 31 December 2025 (2024: \$45.0 million) were recognised over time, while \$6.4 million (2024: \$19.4 million) were recognised at a point in time.

Of the system rentals accounted for under IFRS 16, approximately \$21.2 million for the year ended 31 December 2025 (2024: \$11.6 million) were from revenues under operating leases and approximately \$9.7 million for the year ended 31 December 2025 (2024: \$4.9 million) were from revenues under finance leases.

The selling profit for the Group's finance leases was approximately \$3.1 million for the year ended 31 December 2025 (2024: \$1.3 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 \$32.0 million in 2025 (2024: \$30.6 million) are derived from a single external customer. These revenues are attributable to Content Solutions and Technology Products and Services.

Customer B

Revenues of approximately \$15.7 million in 2025 (2024: \$0.4 million) are derived from a single external customer. These revenues are attributable to Content Solutions.

Customer C

Revenues of approximately \$10.9 million in 2025 (2024: \$6.6 million) are derived from a related party. 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 2025 or 2024.

Supplemental Information

(b) *Depreciation and amortisation*

	Years Ended 31 December	
	2025	2024
System Rentals	12,046	12,665
Film Remastering	1,298	1,515
Maintenance	238	101
Corporate and other non-segment specific assets	653	688
Total	<u>14,235</u>	<u>14,969</u>

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

	Years Ended 31 December	
	2025	2024
Technology Products and Services	141	11
Corporate and other non-segment specific assets	7	–
Total	<u>148</u>	<u>11</u>

5. Expenses by nature

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

	Years Ended 31 December	
	2025	2024
Depreciation, including joint revenue sharing arrangements and film costs	14,235	14,967
Employee salaries and benefits	10,321	9,858
Theatre maintenance fees	8,116	7,730
Cost of theatre system sales and finance leases	6,494	7,399
Technology and trademark fees	5,343	4,284
Advertising and marketing expenses	4,525	4,090
Share-based compensation expenses	2,009	1,620
Professional fees	1,516	1,415
Increase (Decrease) in allowance for expected credit losses	690	(230)
Amortisation of Enhanced Business assets	573	1,060
Other employee expenses	531	709
Travel and transportation expenses	473	424
Net lease expense (recovery) (<i>note</i>)	190	(148)
Other film costs	41	122
Utilities and maintenance expenses	86	53
Foreign exchange gains	(40)	(109)
Recoveries of write-downs	(57)	(68)
Other expenses	553	538
Other costs	215	9
Auditor's remuneration		
– Audit services	361	358
– Non-audit services	50	74
	<hr/>	<hr/>
Total costs of sales, selling, general and administrative expenses, restructuring expenses, other operating expenses and (provisions) reversals of net impairment losses on financial assets	56,225	54,155

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	
	2025	2024
Current income tax:		
Current tax on profits for the year	11,833	5,439
Adjustments in respect of prior years	(69)	113
Total current income tax	<u>11,764</u>	<u>5,552</u>
Deferred income tax:		
Origination of temporary differences	(398)	1,585
Total deferred income tax	<u>(398)</u>	<u>1,585</u>
Income tax expense	<u><u>11,366</u></u>	<u><u>7,137</u></u>

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	
	2025	2024
Profit before tax	<u>49,047</u>	<u>29,354</u>
Tax calculated at domestic tax rates applicable to profits in all respective countries	12,271	7,546
Tax effects of:		
Income not subject to tax	(504)	(433)
Expenses not deductible for tax purposes	176	167
Withholding taxes	70	155
Others	(578)	(411)
Adjustment in respect of prior years	(69)	113
Tax charge	<u><u>11,366</u></u>	<u><u>7,137</u></u>

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 \$1.0 million for the year ended 31 December 2025 (2024: \$0.7 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	
	2025	2024
Profit for the year	<u>37,681</u>	<u>22,217</u>
Weighted average number of common shares (in '000s):		
Issued and outstanding, beginning of year	340,268	339,774
Weighted average number of shares (decreased) increased during the year	<u>(844)</u>	<u>228</u>
Weighted average number of shares used in computing basic earnings per share	339,424	340,002
Adjustments for:		
Restricted share units	1,311	1,731
Performance stock units	<u>412</u>	<u>578</u>
Weighted average number of shares used in computing diluted earnings per share	<u><u>341,147</u></u>	<u><u>342,311</u></u>

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 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 1 January 2025						
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
Year ended 31 December 2025						
Opening net book amount	64,984	1,024	1,411	448	3,737	71,604
Exchange differences	2,166	33	25	9	8	2,241
Additions	–	170	–	–	5,728	5,898
Transfers	7,223	–	–	–	(7,223)	–
Transfer out	(285)	–	–	–	(14)	(299)
Disposals	(141)	(9)	–	–	–	(150)
Depreciation charge	(12,046)	(391)	(389)	(111)	–	(12,937)
Closing net book amount	61,901	827	1,047	346	2,236	66,357
As at 31 December 2025						
Cost	142,042	3,419	1,863	368	2,236	149,928
Accumulated depreciation and impairment	(80,141)	(2,592)	(816)	(22)	–	(83,571)
Net book amount	61,901	827	1,047	346	2,236	66,357

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

	Years Ended 31 December	
	2025	2024
Cost of sales	12,077	12,701
Selling, general and administrative expenses	860	753
	<u>12,937</u>	<u>13,454</u>

During the year ended 31 December 2025, the Group recorded a loss on disposal of \$0.1 million (2024: less than \$0.1 million) related to theatre system components and office and production equipment.

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 2024	249	595	2,359	1,121	4,324
Credited (charged) to profit or loss	(122)	(213)	9	(1,259)	(1,585)
Exchange differences	(8)	(6)	(54)	(1)	(69)
	<u>119</u>	<u>376</u>	<u>2,314</u>	<u>(139)</u>	<u>2,670</u>
As at 31 December 2024	119	376	2,314	(139)	2,670
Credited to profit or loss	21	44	311	22	398
Exchange differences	3	9	70	–	82
	<u>143</u>	<u>429</u>	<u>2,695</u>	<u>(117)</u>	<u>3,150</u>
As at 31 December 2025	143	429	2,695	(117)	3,150

Deferred tax liabilities	Withholding tax on undistributed dividends
As at 1 January 2024, 31 December 2024 and 2025	<u>12,521</u>

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 and Technology Co., Ltd. (“**IMAX Shanghai Culture**”) in the year of 2024. The deferred tax assets as of 1 January 2024 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	
	2025	2024
Gross minimum finance lease payments receivable	30,406	28,262
Unearned finance income	(647)	(743)
	<hr/>	<hr/>
Present value of minimum finance lease payments receivable	29,759	27,519
Allowance for expected credit losses	(55)	(49)
	<hr/>	<hr/>
Net investment in finance leases	29,704	27,470
	<hr/>	<hr/>
Gross financed sales receivables	61,892	65,727
Unearned finance income	(9,163)	(10,057)
	<hr/>	<hr/>
Present value of financed sales receivables	52,729	55,670
Allowance for expected credit losses	(2,171)	(1,895)
	<hr/>	<hr/>
Net financed sales receivables	50,558	53,775
	<hr/>	<hr/>
Total financing receivables	80,262	81,245
	<hr/> <hr/>	<hr/> <hr/>
	As at 31 December	
	2025	2024
Gross investment in finance leases may be analysed as follows:		
No later than one year	6,305	6,289
Later than one year and no later than five years	13,147	10,955
Later than five years	10,954	11,018
	<hr/>	<hr/>
Total gross investment in finance leases	30,406	28,262
	<hr/> <hr/>	<hr/> <hr/>

	As at 31 December	
	2025	2024
Gross financed sales receivables may be analysed as follows:		
No later than one year	25,609	26,207
Later than one year and no later than five years	23,316	26,120
Later than five years	<u>12,967</u>	<u>13,400</u>
Total financed sales receivables	<u>61,892</u>	<u>65,727</u>
Net investment in finance leases may be analysed as follows:		
No later than one year	6,197	6,179
Later than one year and no later than five years	12,811	10,588
Later than five years	<u>10,751</u>	<u>10,752</u>
Present value of investment in finance leases	<u>29,759</u>	<u>27,519</u>
Allowance for expected credit losses	<u>(55)</u>	<u>(49)</u>
Total net investment in finance leases	<u>29,704</u>	<u>27,470</u>
Net financed sales receivables may be analysed as follows:		
No later than one year	23,340	23,718
Later than one year and no later than five years	17,987	20,202
Later than five years	<u>11,402</u>	<u>11,750</u>
Present value of financed sales receivables	<u>52,729</u>	<u>55,670</u>
Allowance for expected credit losses	<u>(2,171)</u>	<u>(1,895)</u>
Total net financed sales receivables	<u>50,558</u>	<u>53,775</u>

As at 31 December 2025, the financed sales receivables had a weighted average effective interest rate of 7.5% (2024: 7.8%).

11. Trade and other receivables

	As at 31 December	
	2025	2024
Trade receivables:		
Trade receivables from third parties	31,194	36,885
Less: allowance for expected credit losses of trade receivables from third parties	<u>(7,274)</u>	<u>(6,954)</u>
Trade receivables from third parties – net	<u>23,920</u>	<u>29,931</u>
Trade receivables from IMAX Corporation	49,034	41,947
Accrued trade receivables	7,508	4,776
Less: allowance for expected credit losses of accrued trade receivables	<u>(842)</u>	<u>(741)</u>
Accrued trade receivables – net	<u>6,666</u>	<u>4,035</u>
Total trade receivables	<u>79,620</u>	<u>75,913</u>
Total trade and other receivables	<u><u>79,620</u></u>	<u><u>75,913</u></u>

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	
	2025	2024
0 – 30 days	9,799	4,703
31 – 60 days	5,858	2,266
61 – 90 days	3,101	3,896
Over 90 days	<u>61,470</u>	<u>67,967</u>
	<u><u>80,228</u></u>	<u><u>78,832</u></u>

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

	As at 31 December	
	2025	2024
RMB	63,014	59,772
US\$	16,522	16,060
Other currencies	<u>84</u>	<u>81</u>
	<u><u>79,620</u></u>	<u><u>75,913</u></u>

During the year ended 31 December 2025, the Group recorded an allowance for expected credit losses of \$0.4 million (2024: a net recovery of allowance for expected credit losses of \$0.2 million) related to trade and other receivables in the consolidated statement of comprehensive income. No interest income was intended to be charged and therefore accrued for the overdue receivable balances as of 31 December 2025 (2024: \$nil).

12. Deferred revenue

	As at 31 December	
	2025	2024
Theatre system deposits	12,311	13,731
Maintenance prepayments	10,609	10,027
	22,920	23,758
Deferred revenue, current	13,454	11,817
Deferred revenue, non-current	9,466	11,941
	22,920	23,758

The following table shows the amount of revenue recognised in the consolidate statements of comprehensive income for the years ended 31 December 2025 and 2024 relating to deferred revenue brought forward:

	Years Ended 31 December	
	2025	2024
Upfront revenue	1,951	5,527
Maintenance revenue	6,418	6,797
Total	8,369	12,324

The unsatisfied performance obligations out of the carrying value of the Group's backlog as at 31 December 2025 were approximately \$119.0 million (2024: \$129.2 million).

13. Trade and other payables

	As at 31 December	
	2025	2024
Trade payables	703	1,295
Payables to IMAX Corporation	14,614	13,565
Other payables	442	465
	15,759	15,325

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

	As at 31 December	
	2025	2024
0 – 30 days	4,579	3,997
31 – 60 days	304	298
61 – 90 days	147	213
Over 90 days	10,729	10,817
	15,759	15,325

As at 31 December 2025 and 2024, 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	
	2025	2024
RMB	4,630	4,248
US\$	11,013	10,994
Other currencies	116	83
	15,759	15,325

14. Dividends

No dividends in respect of the years ended 31 December 2025 and 2024 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, from its parent company IMAX Corporation, in the theatre network, sales and maintenance business, and the sole commercial platform for the release of IMAX films in Chinese Mainland, Hong Kong, Taiwan and Macau (“**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 Chinese Mainland. As of December 31, 2025, IMAX Corporation owns 71.57% of the Company and is the Group’s Controlling Shareholder.

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 2025, there were 810 IMAX theatres in Greater China, including 797 in commercial locations, and 215 theatres in backlog to be installed in a future period. 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 Chinese Mainland, and Chinese Mainland 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 content partners for the conversion and distribution 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 the production of a film and the regulatory requirements governing the production and distribution of films in Greater China.

Chinese consumers' association of the IMAX brand and their experience with IMAX blockbusters extends beyond Hollywood films and into Chinese and other foreign language films and content. 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. In FY2025, the percentage of Chinese language film IMAX box office increased to 66.4%, primarily driven by the outperformance of *Ne Zha 2*. 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 as Hollywood film share is lower. 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.

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 recognised 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 a percentage of the IMAX box office which is 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 for the ongoing servicing of the system and quality monitoring of the IMAX network. 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 60 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.

The Group's offering includes laser-based theatre systems as it 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 upgrade cycles as well as new expansion for the commercial IMAX network in Greater China.

The IMAX laser network currently stands at 202 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 nearly 100 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 Walt Disney Studios, Warner Bros. Pictures, Universal Pictures, Legendary East, and Paramount Pictures. 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 Beijing Super Lion, to remaster 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;
- A leading 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 our 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 Chinese Mainland, 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;
- Leveraging the global IMAX brand and relationships to develop and invest in the continued evolution of the Group's businesses; and
- Expanding the scope of content released across our network to include alternative content such as concert films and sporting events.

The Management Discussion and Analysis is based on the Group's consolidated financial statements for FY2025 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 FY2025 and FY2024, 53 and 73 IMAX films, respectively, were released and generated revenue for the Group in Chinese Mainland. The number of Hollywood films released in Chinese Mainland in FY2025 was 21 (which included 2 re-releases), as compared to 39 (which included 10 re-releases) in FY2024. The Group believes the fewer number of Hollywood film releases was driven by the strong performance of Chinese language films, and much fewer re-released Hollywood films than FY2024. IMAX Corporation has entered contractual arrangements with filmmakers and studios in Hollywood to convert a number of films into the IMAX format for release. While it is the Group's intention that these films be released to the IMAX theatre network in Chinese Mainland, 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 Chinese Mainland.

Securing a slate of desirable Hollywood and Chinese language films in the IMAX format is critical to driving higher total IMAX 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 Chinese Mainland. The average box office per screen of IMAX theatres was US\$0.46 million in FY2025 compared to the average box office per screen of approximately US\$0.08 million for all screens in Chinese Mainland, 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 491 theatres plus 176 in backlog as of 31 December 2025, strong box office performance will continue to be a significant driver of revenues generated from IMAX content remastering of films and revenue sharing arrangements. To help mitigate box office highs and lows, the Group continues to deploy a portfolio approach to film selection and to dynamically program the network based on consumer demand. 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 selectively choosing films to be shot with an IMAX camera.

Film Release Date and Film Mix

Censorship rules and film quotas restrict the number of Hollywood films that can be released in Chinese Mainland each year. Accordingly, balancing the release dates for IMAX films as well as the mix of Chinese language films versus Hollywood films in Chinese Mainland, is a key success factor for the business. Historically, the regulatory bodies in Chinese Mainland 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 Chinese Mainland 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 Chinese Mainland 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 Chinese Mainland 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 2025, 8 out of the top 10 box office films in Chinese Mainland during the year were Chinese language films. In 2025, the Chinese language films, *Ne Zha 2*, *Detective Chinatown 1900*, *Dead to Rights*, *Evil Unbound*, *Nobody*, *The Shadow's Edge*, *Creation of the Gods II*, and *Boonie Bears* were a part of the top 10 performing box office films for the industry, and 7 of them were a part of IMAX slate for 2025. 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 Chinese Mainland, accounting for 79.8% in FY2025 and 76.6% in FY2024, according to Beacon. Chinese language films in the IMAX format as a percentage of the Group's box office in Chinese Mainland was 66.4% in FY2025 and 44.7% in FY2024.

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 the distribution of studio and other partners' content remastered into a bespoke IMAX film across 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 programs 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 expand with existing ones. Such efforts result in the creation of a robust and self-reinforcing revenue cycle driving revenue increases, and the 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 relatively 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 809 IMAX theatres as at 31 December 2024 to 810 IMAX theatres as at 31 December 2025. Network expansion was limited in FY2025 given the Group's customer focus on upgrading existing IMAX theatres to new laser technology. Additionally, the permanent closures of 19 underperforming theatres reflected ongoing efforts to optimize the network and maintain strong box office productivity.

Backlog

The Group's ability to expand the IMAX theatre network is driven by its ability to sign for new theatre system locations 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 decreased from 237 as at 31 December 2024 to 215 as at 31 December 2025. For the number of systems in backlog, approximately 18% are sales and sales-type lease arrangements, 40% are full revenue sharing arrangements, and 42% 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 recognised 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 2025, the Group had identified approximately 1,600 IMAX zones across Greater China.

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 recognise additional revenue from having more revenue sharing arrangements may be affected.

The Group requires working capital to continue to fund the purchase and installation of IMAX theatre systems leased to the exhibitor partners 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 recognises 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 Chinese Mainland

The China market faces a number of risks, including changes in laws and regulations, currency fluctuations, increased competition, and changes in economic conditions, including 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 slowdown has caused some exhibitors in Chinese Mainland, 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 and permanent closure of underperforming theatres. 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 intellectual property or contract rights in China, the Group's business could be adversely impacted.

Ongoing political tensions between China and the United States could exacerbate any or all of these risks. Although the United States and China reached a reported trade truce in October 2025, the agreement is only for one year, and it leaves developments in U.S.-China relationship could heighten the foregoing risks, could impact the Group's net income and cash flows and could cause the Group to fail to achieve anticipated growth in Chinese Mainland.

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. The majority of the Group's revenue comes from its Technology Products and Services segment. The Technology Products and Services segment earns revenues principally from the sale or lease of IMAX Systems, a portion of which is directly derived from the box office results of the IMAX locations. If consumers' discretionary income falls for any reason, including an economic downturn or recession, sustained inflationary conditions, high interest rates, and supply chain issues, and/or movie-going becomes less popular in Greater China and consumers' willingness to purchase tickets to IMAX locations declines, the Group's business and revenues may be adversely affected as a result. Furthermore, sustained inflationary pressures observed globally could materially increase the cost of goods, services and personnel, which could cause an increase in the Group's operating costs.

The Group also depends on exhibitors to purchase or lease IMAX Systems and to supply venues in which to exhibit IMAX films. The Group is unable to predict the pace at which exhibitors will purchase or lease IMAX Systems with the Group, or whether any of the Group's existing exhibitor customers will continue to do any of the foregoing. Furthermore, 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, exhibitors may choose to reduce their levels of presence or expansion, be less willing to invest capital in IMAX Systems, negotiate economic terms that are less favorable to the Group, or decide not to enter into transactions with the Group. 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 theatres network and collect its contractual revenue. Exhibitors' unwillingness and/or inability to purchase, lease and/or install IMAX Systems would adversely impact the Group's business and revenue.

Our Relationship with Key Partners and the Competitive Environment

Wanda is the Group's largest exhibitor customer. As of December 31, 2025, through the Group's partnership with Wanda, there were 393 IMAX Systems operational in Greater China and Wanda represented approximately 49% of the China network and 21% 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. As a consequence, 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. 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.

In addition, the Group's box office performance also demonstrates clear seasonality, with significant peaks occurring during major holiday windows and tentpole release periods, including Chinese New Year, and summer holiday. Conversely, box office activity tends to moderate during non-peak months when fewer major titles are released. This seasonal viewing pattern contributes to variability in the Group's box office revenues across 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 recognised 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 arrangements, revenue sharing arrangements, IMAX maintenance, 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 recognised 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 recognised 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 recognises 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 recognised as revenue when reported by theatre exhibitors;
- IMAX Maintenance generates revenue from the provision of ongoing maintenance, warranty, and technical support services. The revenue recognised 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:

	FY2025		FY2024	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
Content Solutions	33,909	33.1%	15,510	19.2%
Technology Products and Services	66,683	65.2%	64,507	79.6%
Subtotal for reportable segments	100,592	98.3%	80,017	98.8%
All Other	1,751	1.7%	980	1.2%
Total	102,343	100.0%	80,997	100.0%

Cost of Sales

The Group's cost of sales primarily comprises the costs for the conversion 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), IMAX film marketing costs, 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:

	FY2025		FY2024	
	<i>US\$'000</i>	<i>%</i>	<i>US\$'000</i>	<i>%</i>
Content Solutions	4,127	12.2%	3,746	24.2%
Technology Products and Services	30,614	45.9%	32,165	49.9%
Subtotal for reportable segments	34,741	34.5%	35,911	44.9%
All Other	788	45.0%	1,069	109.1%
Total	35,529	34.7%	36,980	45.7%

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:

	FY2025		FY2024	
	US\$'000	%	US\$'000	%
Content Solutions	29,782	87.8%	11,764	75.8%
Technology Products and Services	36,069	54.1%	32,342	50.1%
Subtotal for reportable segments	65,851	65.5%	44,106	55.1%
All Other	963	55.0%	(89)	(9.1%)
Total	66,814	65.3%	44,017	54.3%

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:

	FY2025		FY2024	
	US\$'000	%	US\$'000	%
Employee salaries and benefits	7,489	7.3%	7,218	8.9%
Share-based compensation expenses	2,009	2.0%	1,620	2.0%
Travel and transportation	473	0.5%	424	0.5%
Advertising and marketing	802	0.8%	761	0.9%
Professional fees	1,928	1.9%	1,846	2.3%
Other employee expense	175	0.2%	131	0.2%
Facilities (note)	276	0.3%	(97)	(0.1%)
Depreciation	860	0.8%	753	0.9%
Foreign exchange and other expenses	513	0.5%	429	0.5%
Total	14,525	14.3%	13,085	16.1%

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

Restructuring Expenses

The Group's restructuring expenses for FY2025 and FY2024 were US\$0.1 million and US\$nil, respectively.

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 FY2025 and FY2024 were US\$5.4 million and US\$4.3 million, respectively.

(Provisions) Reversals of Net Impairment Losses on Financial Assets

Net impairment impacts on financial assets for FY2025 and FY2024 were a provision of US\$0.7 million and a reversal of US\$0.2 million, respectively. Net impairment loss on financial assets in FY2025 were primarily due to the provision for current expected credit losses, principally reflecting a reduction in the credit quality of the Group's trade receivables, financing receivables and variable consideration receivables.

Other Income

Other income of less than US\$0.1 million mainly includes subsidy received in FY2025 (FY2024: US\$0.7 million).

Other Gains – Net

Other gains – net of US\$1.1 million represents the recognition of the initial payment retained from a customer prior to the scheduled installation arising from the termination of a sales arrangement in FY2025 (FY2024: US\$nil) due to the customer was unable to proceed with the system installation.

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 FY2025 and FY2024 was US\$1.9 million, respectively.

Income Tax Expenses

The Group is subject to Chinese Mainland and Hong Kong income tax. The Group is also subject to withholding taxes in Taiwan. The enterprise income tax ("EIT") rate generally levied in Chinese Mainland 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 FY2025 and FY2024 was US\$11.4 million and US\$7.1 million, respectively. Our effective tax rate was 23.2% and 24.3% during FY2025 and FY2024, 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:

	FY2025		FY2024	
	US\$'000	%	US\$'000	%
Revenues	102,343	100.0%	80,997	100.0%
Cost of sales	(35,529)	(34.7)%	(36,980)	(45.7)%
Gross profit	66,814	65.3%	44,017	54.3%
Selling, general and administrative expenses	(14,525)	(14.2)%	(13,085)	(16.2)%
Restructuring expenses	(107)	(0.1)%	–	–
Other operating expenses	(5,374)	(5.3)%	(4,320)	(5.3)%
(Provisions) reversals of net impairment losses				
on financial assets	(690)	(0.7)%	230	0.3%
Other income	46	0.0%	682	0.8%
Other gains – net	1,061	1.0%	–	–
Operating profit	47,225	46.1%	27,524	34.0%
Interest income	1,876	1.8%	1,898	2.3%
Interest expense	(54)	(0.1)%	(68)	(0.1)%
Profit before income tax	49,047	47.9%	29,354	36.2%
Income tax expense	(11,366)	(11.1)%	(7,137)	(8.8)%
Profit for the year, attributable to owners of the Company	37,681	36.8%	22,217	27.4%
Other comprehensive income (loss):				
Items that may be subsequently reclassified to profit or loss:				
Change in foreign currency translation adjustments	5,481	5.4%	(1,915)	(2.4)%
Other comprehensive income (loss):	5,481	5.4%	(1,915)	(2.4)%
Total comprehensive income for the year, attributable to owners of the Company	43,162	42.2%	20,302	25.1%

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, where applicable: (i) shared-based compensation, as well as the related tax impact of the adjustments, and (ii) restructuring expenses, 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, restructuring expenses, 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 restructuring expense is also excluded from adjusted profit since it is one-time cost incurred in FY2025.

The following table sets out the Group's adjusted profits for the years 2025 and 2024:

	FY2025 US\$'000	FY2024 <i>US\$'000</i>
Profit for the year	37,681	22,217
Adjustments:		
Share-based compensation	2,009	1,620
Restructuring Expenses	107	–
Tax impact on item listed above	(490)	(394)
Adjusted profit	39,307	23,443

FY2025 COMPARED WITH FY2024

Revenue

The Group's revenue increased 26.3% from US\$81.0 million in FY2024 to US\$102.3 million in FY2025 driven by an increase of US\$18.4 million in Content Solutions revenue, an increase of US\$2.2 million in the Technology Products and Services revenue, and an increase of US\$0.7 million in All Other revenue, as further explained below.

Content Solutions

Revenue from Content Solutions increased 118.7% from US\$15.5 million in FY2024 to US\$33.9 million in FY2025 primarily due to an increase in box office revenue in FY2025 compared to FY2024, and a much greater proportion of local language box office which yields a higher take rate for the Group. The box office generated by IMAX formatted films increased 85.1% from US\$199.6 million in FY2024 to US\$369.4 million in FY2025. FY2025 included a record-breaking GBO performance during the Chinese New Year period, led by Ne Zha 2, now the top grossing IMAX film of all time in Chinese Mainland at US\$144.8 million. Also benefitting box office was Zootopia 2, a Hollywood animation film, that had the strongest box office in the second half of FY2025.

Box office revenue per screen increased 76.9% from US\$0.26 million in FY2024 to US\$0.46 million in FY2025 due to the reasons explained above.

The following table sets out the number of films released in the IMAX format in FY2025 and FY2024 in Greater China:

	FY2025	FY2024
Hollywood films ⁽¹⁾	21	39
Hollywood films (Hong Kong, Taiwan and Macau only) ⁽²⁾	11	6
Chinese language films ⁽¹⁾	28	26
Other films	4	8
Other films (Hong Kong, Taiwan and Macau only)	7	5
Total IMAX films released	71	84

Note:

- (1) Includes 5 re-released films (2 Hollywood films and 3 China language films) in FY2025 and 12 re-released films (10 Hollywood films, 1 China language film and 1 other film) in FY2024 in Chinese Mainland.
- (2) Includes no re-released film in FY2025 and 2 re-released Hollywood films in FY2024 in Hong Kong, Taiwan and Macau.

Technology Products and Services

Revenue from Technology Products and Services increased 3.4% from US\$64.5 million in FY2024 to US\$66.7 million in FY2025. This was driven by an increase of US\$10.9 million in revenue from revenue sharing arrangements, an increase of US\$0.6 million in IMAX maintenance revenue, and an increase of US\$0.3 million in aftermarket sales, partially offset by a decrease of US\$9.6 million in sales and sales-type lease arrangements revenue, 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		Growth (%)
	2025	2024	
Chinese Mainland ⁽¹⁾	781	779	0.3%
Hong Kong	5	5	–
Taiwan ⁽²⁾	10	11	(9.1)%
Macau	1	1	–
	797	796	0.1%
Institutional⁽³⁾	13	13	–
Total	810	809	0.1%

Notes:

- (1) Nineteen (19) theatres in Chinese Mainland were closed in FY2025, four of which were relocated to other sites. The relocations or takeovers for the rest are under negotiation.
- (2) One (1) theatre in Taiwan was closed in FY2025 due to a redevelopment of the complex.
- (3) Institutional IMAX theatres include museums, zoos, aquaria and other destination entertainment sites that do not exhibit commercial films.

The following table sets out the number of IMAX theatre systems installed by business arrangements in FY2025 and FY2024:

	FY2025	FY2024
Sales and sales-type lease arrangements	13	12
Revenue sharing arrangements	11	10
IMAX Laser upgrades	18	25
	<hr/>	<hr/>
Total theatre systems installed	42⁽¹⁾	47⁽²⁾
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (1) Includes 6 relocations (4 sales and sales-type lease and 2 revenue sharing) and 18 upgrades (15 revenue sharing and 3 sales and sales-type lease) in FY2025.
- (2) Includes 6 relocations (sales and sales-type lease) and 25 upgrades (23 revenue sharing and 2 sales and sales-type lease) in FY2024.

Sales and Sales-Type Lease Arrangements

Revenue from sales and sales-type lease arrangements decreased 38.8% from US\$25.0 million in FY2024 to US\$15.3 million in FY2025, primarily due to: (i) revenue recognised in FY2024 from the renewal of certain theatre agreements as sales arrangements; (ii) less sales renewals in FY2025; and (iii) an installation mix of more XT laser systems at lower average price per system, which is partially offset by (i) two (2) more sales and sales-type lease installations with new theatre systems in FY2025, and (ii) higher finance income from variable consideration receivables. The Group recognised sales revenue on the installation of ten (10) new theatre systems with a total value of US\$10.3 million (including 3 IMAX laser upgrades) in FY2025 as compared to eight (8) new theatre systems with a total value of US\$10.6 million (including 2 IMAX laser upgrades) in FY2024.

Average revenue per new theatre system under sales and sales-type lease arrangements decreased from US\$1.3 million in FY2024 to US\$1.0 million in FY2025 due to a mix of fewer higher priced IMAX Commercial Laser (“COLA”) theatre installations in FY2025.

Revenue Sharing Arrangements

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

Contingent rent from revenue sharing arrangements increased 82.7% from US\$13.3 million in FY2024 to US\$24.3 million in FY2025 primarily due to increased box office as explained previously. This included: (i) contingent rent from full revenue sharing arrangements that increased 82.8% from US\$11.6 million in FY2024 to US\$21.2 million in FY2025; and (ii) contingent rent from hybrid revenue sharing arrangements that increased 82.4% from US\$1.7 million in FY2024 to US\$3.1 million in FY2025. 490 theatres were operating under revenue sharing arrangements at the end of FY2024 as compared to 491 at the end of FY2025.

IMAX Maintenance

IMAX maintenance revenue increased 1.9% from US\$25.9 million in FY2024 to US\$26.4 million in FY2025. The increase was primarily due to fewer concessions being provided for theatre closures in FY2025 compared to FY2024.

All Other

Revenue from All Other increased from US\$1.0 million in FY2024 to US\$1.8 million in FY2025 mainly due to additional contractual revenue generated from the IMAX Enhanced Business.

Cost of Sales

The Group's cost of sales decreased 4.1% from US\$37.0 million in FY2024 to US\$35.5 million in FY2025. This decrease was primarily due to a decrease of US\$1.6 million in Technology Products and Services and a decrease of US\$0.3 million in All Other, partially offset by an increase in US\$0.4 million in Content Solutions, explained below.

Content Solutions

The cost of sales for Content Solutions increased 10.8% from US\$3.7 million in FY2024 to US\$4.1 million in FY2025. Higher cost of sales mainly relates to increased film marketing due to greater promotional spend to support the significantly higher box office performance in FY2025. It is partially offset by cost saving on DMR conversion from lower numbers of films exhibited in FY2025 in Chinese Mainland (53 films, including 5 re-released films in FY2025 versus 73 films, including 12 re-released films in FY2024).

Technology Products and Services

The cost of sales for Technology Products and Services decreased 5.0% from US\$32.2 million in FY2024 to US\$30.6 million in FY2025, mainly driven by a decrease of US\$1.7 million in sales and sales-type lease arrangements and a decrease of US\$0.8 million in revenue sharing arrangements, partly offset by an increase of US\$0.5 million in IMAX maintenance, as explained further below.

Sales and Sales-Type Lease Arrangements

Cost of sales under sales and sales-type lease arrangements decreased 22.7% from US\$7.5 million in FY2024 to US\$5.8 million in FY2025, primarily due to system cost booked in FY2024 related to the non-recurring renewal of certain theatre agreements as sales arrangements, partially offset by 2 more sales and sales-type lease arrangements with new theatre systems in FY2025.

Revenue Sharing Arrangements

Cost of sales from installation of hybrid revenue sharing arrangements increased from US\$nil million in FY2024 to US\$0.1 million in FY2025 primarily due to no installation under hybrid revenue sharing arrangement in FY2024 as compared to 1 redeployed system installation in FY2025.

The cost of sales for contingent rent from revenue sharing arrangements decreased 6.4% from US\$14.1 million in FY2024 to US\$13.2 million in FY2025 due to decreased depreciation costs from a reduced network, which was primarily related to the renewal of certain theatres from full revenue sharing to sales, and decreased one-time upfront costs related to the installation of 9 less full revenue sharing arrangements in FY2025 versus FY2024.

IMAX Maintenance

Cost of sales with respect to theatre system maintenance increased 3.8% from US\$10.4 million in FY2024 to US\$10.8 million in FY2025 as a result of slightly higher warranty fees and maintenance parts consumption.

All Other

Cost from All Other for FY2025 and FY2024 were US\$0.8 million and US\$1.1 million, respectively.

Gross Profit and Gross Profit Margin

The Group's gross profit increased 51.8% from US\$44.0 million in FY2024 to US\$66.8 million in FY2025, and gross profit margin increased from 54.3% in FY2024 to 65.3% in FY2025. The increase in gross profit was largely attributable to an increase of US\$18.0 million in Content Solutions, an increase of US\$3.7 million in Technology Products and Services, and an increase of US\$1.1 million in All Other, as explained further below.

Content Solutions

The gross profit from Content Solutions increased 152.5% from US\$11.8 million in FY2024 to US\$29.8 million in FY2025, and the gross profit margin increased from 75.8% in FY2024 to 87.8% in FY2025. The increase of gross profit and gross profit margin was primarily from a 85.1% increase in overall box office revenue and the operating leverage from our network realized at higher levels of box office. In addition, DMR conversion costs were reduced as a result of fewer Hollywood films exhibited in Chinese Mainland, partially offset by increased film marketing costs as explained above.

Technology Products and Services

The gross profit increased 11.8% from US\$32.3 million in FY2024 to US\$36.1 million in FY2025. During the same period, gross profit margin increased from 50.1% to 54.1%. The increase 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 decreased 46.0% from US\$17.6 million in FY2024 to US\$9.5 million in FY2025 primarily due to the renewal of certain theatre agreements as sales arrangements in FY2024 as previously explained, partially offset by 2 more installations with new theatre systems in FY2025. Gross profit margin decreased from 70.2% in FY2024 to 62.2% in FY2025.

Revenue Sharing Arrangements

The gross profit from upfront fees derived from hybrid revenue sharing arrangements decreased from a US\$nil in FY2024 to a loss of US\$0.1 million in FY2025, primarily due to no installation under hybrid revenue sharing arrangements in FY2024 as compared to 1 redeployed system installation in FY2025.

The gross profit for contingent rent from full revenue sharing arrangements increased from a loss of US\$2.4 million in FY2024 to a profit of US\$8.0 million in FY2025. Gross profit increased primarily due to much higher overall box office revenue and decreased one-time costs related to the installations of 9 more full revenue sharing arrangements in FY2025.

The gross profit for contingent rent from hybrid revenue sharing arrangements increased from US\$1.7 million in FY2024 to US\$3.1 million in FY2025, mainly driven by higher box office revenue.

IMAX Maintenance

The gross profit for theatre system maintenance increased 0.6% from US\$15.5 million in FY2024 to US\$15.6 million in FY2025 and gross profit margin stayed relatively flat at 59.0% and 59.9% in FY2025 and FY2024. The slight increase of gross profit is mainly due to fewer concessions provided for theatre closures in FY2025, partly offset by higher maintenance costs resulting from higher warranty fees and maintenance parts consumption.

All Other

The gross profit for All Other increased from a loss of US\$0.1 million in FY2024 to a profit of US\$1.0 million in FY2025. This increase was mainly related to more contractual revenue generated from the IMAX Enhanced Business with fixed amortization costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 10.7% from US\$13.1 million in FY2024 to US\$14.5 million in FY2025, primarily due to: (i) a US\$0.4 million increase related to share-based compensation expenses; (ii) a US\$0.4 million increase in facility related expenses; (iii) a US\$0.3 million increase in employee salaries and benefits; (iv) US\$0.1 million increase in depreciation; and (v) US\$0.1 million increase in professional fees.

Restructuring Expenses

The Group's restructuring expenses for FY2025 and FY2024 were US\$0.1 million and US\$nil, respectively.

Other Operating Expenses

Other operating expenses increased 25.6% from US\$4.3 million in FY2024 to US\$5.4 million in FY2025, primarily due to an increase in annual license fees in respect of the trademark and technology licensed under the Technology License Agreements and the Trademark License Agreements which is a variable fee subject to the revenue recognised in a respective period.

(Provisions) Reversals of Net Impairment Losses on Financial Assets

Net impairment impacts on financial assets for FY2025 and FY2024 were a provision of US\$0.7 million and a reversal of US\$0.2 million, respectively. Net impairment loss on financial assets in FY2025 were primarily due to the provision for current expected credit losses, principally reflecting a reduction in the credit quality of the Group's trade receivables, financing receivables and variable consideration receivables.

Other Income

Other income was less than US\$0.1 million and US\$0.7 million in FY2025 and FY2024, which mainly includes subsidy received during the year.

Other Gains – Net

Other gains – net of US\$1.1 million represents the recognition of the initial payment retained from a customer prior to the scheduled installation arising from the termination of a sales arrangement in FY2025 (FY2024: US\$nil) as the customer was unable to proceed with the system installation.

Interest Income

Interest income was the same at US\$1.9 million in both FY2025 and FY2024.

Interest Expense

Interest expense was flat at US\$0.1 million in both FY2025 and FY2024.

Income Tax Expense

The income tax expense increased 60.6% from US\$7.1 million in FY2024 to US\$11.4 million in FY2025. The increase in income tax expense was primarily due to an increase of operating income before income tax from US\$29.4 million in FY2024 to US\$49.0 million in FY2025.

Profit for the Year

The Group reported a profit for the year of US\$37.7 million in FY2025 as compared to a profit of US\$22.2 million in FY2024.

Total Comprehensive Income for the Year

The Group reported a comprehensive income for the year of US\$43.2 million in FY2025 as compared to US\$20.3 million in FY2024.

The increase was primarily due to an increase of US\$15.5 million in the profit for the year, and an increase of US\$7.4 million in other comprehensive income.

The increase in other comprehensive income reflects an increase in foreign currency translation gain of US\$7.4 million from a loss of US\$1.9 million (1.5% depreciation of RMB relative to USD) in FY2024 to a gain of US\$5.5 million in FY2025 (2.2% appreciation of RMB relative to USD).

Comprehensive profit for FY2025 included a US\$2.0 million charge for share-based compensation, compared to US\$1.6 million in FY2024.

Adjusted Profit

Adjusted profit, which consists of profit for the year adjusted for the impact of share-based compensation, restructuring expenses and the related tax impact, was US\$39.3 million in FY2025 as compared to US\$23.4 million in FY2024.

LIQUIDITY AND CAPITAL RESOURCES

	As at 31 December	
	2025	2024
	US\$'000	US\$'000
Current assets		
Other assets	573	611
Contract acquisition costs	388	533
Film assets	114	10
Inventories	5,989	4,948
Prepayments	3,641	3,480
Income tax receivables	–	1,749
Variable consideration receivables from contracts	1,404	1,512
Financing receivables	29,537	29,897
Trade and other receivables	79,620	75,913
Cash and cash equivalents	129,861	80,049
	<hr/>	<hr/>
Total Current Assets	251,127	198,702
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	15,759	15,325
Accruals and other liabilities	8,271	6,872
Income tax liabilities	1,796	–
Deferred revenue	13,454	11,817
	<hr/>	<hr/>
Total Current Liabilities	39,280	34,014
	<hr/>	<hr/>
Net Current Assets	211,847	164,688
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2025, the Group had net current assets of US\$211.8 million compared to net current assets of US\$164.7 million as at 31 December 2024. The increase in net current assets in FY2025 was mainly attributable to a US\$49.8 million increase in cash and cash equivalents, a US\$3.7 million increase in trade and other receivables, and a US\$1.0 million increase in inventories. This was partially offset by a US\$1.8 million increase in income tax liabilities, a US\$1.7 million decrease in income tax receivables, a US\$1.6 million increase in deferred revenue, a US\$1.4 million increase in accruals and other liabilities, a US\$0.4 million increase in trade and other payables, and a US\$0.4 million decrease in financing receivables.

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	
	2025	2024
	<i>US\$'000</i>	<i>US\$'000</i>
Cash and cash equivalents denominated in RMB	\$ 97,218	\$ 47,527
Cash and cash equivalents denominated in US\$	\$ 32,471	\$ 32,296
Cash denominated in Hong Kong dollars	\$ 172	\$ 226
	<u>\$ 129,861</u>	<u>\$ 80,049</u>

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:

	FY2025 US\$'000	FY2024 US\$'000
Net cash provided by operating activities	57,858	30,821
Net cash used in investing activities	(5,751)	(10,740)
Net cash used in financing activities	(3,309)	(2,103)
Effects of exchange rate changes on cash	1,014	(640)
Increase in cash and cash equivalents during year	49,812	17,338
Cash and cash equivalents, beginning of year	80,049	62,711
Cash and cash equivalents, end of year	129,861	80,049

Cash Provided by Operating Activities

FY2025

The Group's net cash provided by operations was approximately US\$57.9 million in FY2025. We had profit before income tax for the year of US\$49.0 million in FY2025 and positive adjustments for depreciation of property, plant and equipment of US\$12.9 million, amortisation of film assets of US\$4.2 million, equity settled and other non-cash compensation of US\$1.6 million, allowance for expected credit loss of US\$0.7 million, amortization of contribution to Enhanced Business of US\$0.6 million, and loss on disposal of property, plant and equipment of US\$0.1 million, reduced by changes in working capital of US\$2.1 million, and taxes paid of US\$9.1 million. Changes in working capital primarily consisted of: (i) a increase in film assets of US\$4.3 million; (ii) a decrease in deferred revenue of US\$2.0 million; (iii) an increase in trade and other receivables of US\$1.2 million; and (iv) an increase in inventories of US\$0.5 million; partially offset by: (i) a decrease in variable consideration receivables from contracts of US\$2.2 million; (ii) a decrease in financing receivables of US\$2.1 million; (iii) an increase in trade and other payables of US\$0.8 million; and (iv) an increase in accruals and other liabilities of US\$0.8 million.

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.

Cash Used in Investing Activities

FY2025

The Group's net cash used in investing activities was approximately US\$5.8 million for FY2025, primarily related to investments in IMAX theatre equipment amounting to US\$5.6 million installed in our exhibitor partners' theatres under full revenue sharing arrangements, and purchase of property, plant and equipment of US\$0.2 million.

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.

Cash Used in Financing Activities

FY2025

The Group's net cash used in financing activities was approximately US\$3.3 million for FY2025 primarily due to: (i) payments for the buy-back of shares of US\$1.4 million; (ii) settlement of restricted share units and options of US\$1.4 million; and (iii) principal elements of lease payments of US\$0.5 million.

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.

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 2025, we had capital expenditures contracted but not provided for of US\$1.0 million (2024: US\$1.3 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\$5.8 million and US\$10.8 million for FY2025 and FY2024, respectively.

Going forward, the Group plans to allocate a significant portion of 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 2025, the Group had drawn down RMB nil on the bank borrowing facility with Bank of China Limited, and RMB1.0 million (approximately US\$0.1 million) on the letter of guarantee facility. The Group had drawn down RMB nil on the bank borrowing facility with HSBC Bank (China) Company Limited. Except as disclosed above or as otherwise disclosed herein, as of 31 December 2025, 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 2025.

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\$57.9 million in FY2025 as compared to the cash flow generated from operating activities of US\$30.8 million in FY2024. The Group believes cash flow from operating activities will remain at a consistent level to fund existing business operations and any 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\$28.5 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 2025 were RMB nil and RMB190.0 million for bank borrowing facility, and RMB1.0 million and RMB9.0 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\$28.5 million) to fund ongoing working capital requirement. The total amounts drawn and available under the working capital loan at 31 December 2025 were RMB nil and RMB200.0 million, respectively.

STATEMENT OF INDEBTEDNESS

As at 31 December 2025:

- Except for the drawdown of RMB1.0 million on the letter of guarantee facility with Bank of China Limited for up to RMB10.0 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 2025, 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 2025.

OFF BALANCE SHEET ARRANGEMENTS

The Group had no off-balance sheet arrangements as at 31 December 2025.

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.

	2025	2024
Gearing ratio ⁽¹⁾	19.6%	21.7%
Adjusted profit margin ⁽²⁾	<u>38.4%</u>	<u>28.9%</u>

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 21.7% as at 31 December 2024 to 19.6% as at 31 December 2025, primarily due to an increase in equity of US\$41.9 million, and a decrease in deferred revenue of US\$0.8 million. It was partially offset by an increase in income tax liabilities of US\$1.8 million, an increase in accruals and other liabilities of US\$1.0 million, and an increase in trade and other payables of US\$0.4 million.

Adjusted Profit Margin

The Group's adjusted profit margin increased from 28.9% as at 31 December 2024 to 38.4% as at 31 December 2025, 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 that the IMAX theatre network has not significantly expanded in recent years, the inherent unpredictability of film performance in the Chinese Mainland market, lower second half performance due to film slate, the uncertainty around China's economic recovery and general market conditions, and the Board's deliberate decision to retain capital in order to support a clearly articulated, multi pronged growth strategy for IMAX China, the Board has resolved not to declare a final dividend for the year ended 31 December 2025.

The Board has determined that the retention of capital represents an active and value generative allocation decision, and is intended to fund numerous strategic initiatives requiring sustained investment. These initiatives include, among others, the IMAX Enhanced business (through continued investment in technology development, content partnerships and ecosystem build out); the launch and development of new merchandise and IP driven businesses designed to leverage the IMAX brand; and the expansion and optimization of the Company's network across Greater China.

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 Chinese Mainland, the availability of funds to pay distributions to Shareholders and to service the debts depends on dividends received from these subsidiaries. The subsidiaries in Chinese Mainland 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 2025, the Company had a total equity of US\$36.1 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 2025.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group has not undertaken any material acquisition or disposal for the year ended 31 December 2025.

SIGNIFICANT INVESTMENTS AND DIVESTMENTS

The Group has no significant investment and divestment for the year ended 31 December 2025. 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 2025, the Company conducted share repurchases of 1,495,900 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 paid per share HK\$	Lowest price paid per share HK\$	Average price paid per share HK\$	Aggregate price paid HK\$
May 2025	1,378,300	8.09	6.50	7.46	10,284,775.00
June 2025	117,600	8.49	8.14	8.37	983,939.00
Total	<u>1,495,900</u>				<u>11,268,714.00</u>

In addition, during the year ended 31 December 2025, 292,400 listed Shares, 181,000 listed Shares, 193,148 listed Shares, 193,148 listed Shares, 193,148 listed Shares and 193,386 listed Shares were purchased through Computershare Hong Kong Trustees Limited, the professional trustee engaged by the Company for administering its share schemes, on 13 June 2025 at an average price per Share of HK\$8.3118, on 16 June 2025 at an average price per Share of HK\$8.5120, on 12 December 2025 at an average price per Share of HK\$8.7851, on 15 December 2025 at an average price per Share of HK\$8.9217, on 16 December 2025 at an average price per Share of HK\$8.8977 and on 17 December 2025 at an average price per Share of HK\$8.8636 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 (including sale of treasury shares) during the year ended 31 December 2025 (the "Reporting Period"). As at 31 December 2025, there were no treasury shares (as defined in the Listing Rules) held by the Company.

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.

Pursuant to code provision C.1.6 of the CG Code, Independent Non-executive Directors and other Non-executive Directors of the Company should attend general meetings of the Company, and pursuant to code provision F.2.2 of the CG Code, the Chair of the Board and the Chair of each Committee of the Company should attend the annual general meeting. However, Chairman and Non-executive Director of the Company, Mr. Richard Gelfond, and Non-executive Directors of the Company, namely, Mr. Robert Lister and Ms. Natasha Fernandes, were unable to attend the annual general meeting of the Company convened on 12 June 2025 due to other important business commitments. Mr. Richard Gelfond appointed Mr. Daniel Manwaring, an Executive Director 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 2025.

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 2025 in March 2026 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 2025.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2025.

SUPPLEMENTAL INFORMATION TO THE 2019, 2020 AND 2023 ANNUAL REPORTS

Reference is made to the 2019 Annual Report, the 2020 Annual Report and the 2023 Annual Report. Unless otherwise defined, terms used in this section shall bear the same meanings as those defined in the 2019 Annual Report, the 2020 Annual Report and the 2023 Annual Report.

The Company would like to provide supplemental information regarding the emolument of Mr. Tan, being the then Chief Executive Officer (served from 9 December 2019 to 5 August 2022) to the financial statements in the 2019 Annual Report, the 2020 Annual Report, and the emolument of Mr. Manwaring, being the current Chief Executive Officer (appointed on 9 January 2023) to the 2023 Annual Report, in accordance with paragraph 24 of Appendix D2 to the Listing Rules (formerly Appendix 16 to the Listing Rules).

For the year ended 31 December 2019

(in thousands of U.S. dollars)

	Salaries	Bonus	Share-based compensation	Commission	Pension	Other¹	Total
Mr. Tan	93	–	5	–	–	4	102

For the year ended 31 December 2020

(in thousands of U.S. dollars)

	Salaries	Bonus	Share-based compensation	Commission	Pension	Other¹	Total
Mr. Tan	517	–	449	–	–	142	1,108

For the year ended 31 December 2023

(in thousands of U.S. dollars)

	Fee	Salaries	Bonus	Share-based compensation	Commission	Pension	Retirement benefits	Other¹	Total
Mr. Manwaring	–	589	315	676	–	–	–	252	1,832

1 Includes perquisites such as educational reimbursements of minor children, housing, car, and relocation allowances, service fees and other expenses.

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 71.57% of the issued share capital of the Company.

On 25 February 2026 (New York time), IMAX Corporation made an announcement regarding its financial results for the fourth quarter and full year ended 31 December 2025 (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/0000921582/000162828026011693/imax-20260225.htm>. Unless otherwise provided therein, all dollar amounts in the Earnings Release and Earnings Call are denominated in United States dollars.

On 25 February 2026 (New York time), IMAX Corporation filed its audited Annual Report on the Form 10-K for the year ended 31 December 2025 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/0000921582/000162828026011770/imax-20251231.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, 2025

PART I

Item 1. *Business*

IMAX Corporation (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, 2025, the Company indirectly owned 71.57% 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

In 2025, the Company’s diversified global programming and marketing strategy resulted in a global box office record of \$1.28 billion, surpassing its previous record of \$1.13 billion in 2019 by 13% and a 40% increase over the prior year comparative period. The Company achieved its highest grossing year at the domestic (United States and Canada) box office in 2025. Additionally, the Company had record box office in over 30 countries and territories worldwide in 2025, including China, Japan, Germany, India, Australia and Vietnam. The Company’s 2025 film slate was the largest in history, with 122 new films and other content released during the year, including a record 67 local language films. The top grossing titles released in 2025 included the Chinese film *Ne Zha 2*, which became the highest grossing IMAX release of all time in China and contributed to the highest grossing Chinese New Year in the Company’s history; *Avatar: Fire and Ash*, the Company’s highest grossing Hollywood release of the year, achieving 15% of the film’s total domestic opening weekend box office; *F1: The Movie*, *Mission: Impossible – The Final Reckoning*, and the Japanese film *Demon Slayer: Infinity Castle*. Local language content in 2025 generated \$405.4 million in global box office for the Company or 32% of its total global box office, surpassing its previous record of \$243.5 million set in 2023 by 66%. Throughout the year, the Company continually optimized its global IMAX network by taking a heavily diversified programming approach, playing multiple titles contemporaneously, and maintaining maximum scheduling flexibility.

In addition, the Company released several event-based and live screenings in 2025, including *Dead & Company Live in IMAX from Golden Gate Park* with Los Muertos, *The Grateful Dead Movie 2025 Meet-Up*, and *David Gilmour Live at the Circus Maximus, Rome* with Trafalgar Releasing, and *Girl Climber* with Red Bull Studios. In collaboration with Runway AI, Inc, *Runway’s 2025 AI Film Festival* was released across ten North American IMAX locations. The Company further expanded its live content offerings through partnerships with NBC Universal for the *SNL50: The Homecoming Concert* in select IMAX North American locations, DAZN for the *PSG v Marseille Le Classique Match* in select IMAX locations across France, Wanda Film for the *F1 Spanish Grand Prix* screening across six IMAX locations in China, Major League Baseball for a live streaming of a *World Series* game across two IMAX locations in Japan and with multiple exhibitor partners in China the *League of Legends Video Games 2025* finals across over 100 IMAX China locations. Furthermore, in 2025, the Company partnered with Netflix for release of *Frankenstein* across select IMAX locations.

IMAX NETWORK

The IMAX network is the most extensive premium network in the world with 1,864 IMAX Systems operating in locations in 91 countries and territories, including 1,796 commercial multiplexes, 10 commercial destinations and 58 institutional locations as of December 31, 2025.

IMAX grew its network by 3.2% in 2025, driven by 98 new IMAX Systems installations, and ended the year with a backlog (as defined and discussed under the caption “**IMAX SYSTEMS**” below) of 434 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). In 2025, the Company experienced a significant expansion of 8.4% in its commercial network outside of North America and Greater China, including expansion into two new countries, Lithuania and Iraq. In countries such as Japan and Australia, the network increased by 17% and more than 100%, respectively, as compared to the prior year. During 2025, the Company also achieved growth of more than 10% in Western Europe, primarily due to expansion in France, Germany, and the Netherlands. While the Company’s international market share has grown 800 basis points over the past five years, it is less than half of its domestic market share. The Company believes that such underrepresentation and the increasing interest and demand in premium large-format experience in recent years present a significant market expansion opportunity for IMAX. As of December 31, 2025, 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.

(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 global 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, South Korea, and France. More recently, the Company has further expanded its strategy by distributing local language content beyond native markets.

Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Sources of Revenue” for the number of new films and other content released to the Company’s global network during the years ended December 31, 2025 and 2024, and announced titles to be released to the IMAX network in 2026 in Part II, Item 7.

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 for IMAX System locations for the Company on a commission basis.

IMAX currently estimates a worldwide commercial multiplex addressable market of 4,466 commercial locations, of which there were 1,796 commercial IMAX Systems operating as of December 31, 2025, representing a market penetration of only 40%. Commercial multiplex systems are the largest part of the IMAX network, comprising 1,796 or 96%, of the 1,864 IMAX Systems in the IMAX network as of December 31, 2025. 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 theaters, tourist destination sites, fairs, and expositions. As of December 31, 2025, approximately 75% of total 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, 2025 and 2024:

	December 31, 2025				December 31, 2024			
	Commercial Multiplex	Commercial Destination	Institutional	Total	Commercial Multiplex	Commercial Destination	Institutional	Total
United States	385	4	24	413	370	4	24	398
Canada	45	1	5	51	44	1	5	50
Greater China ⁽¹⁾	797	-	13	810	796	-	13	809
Asia (excluding Greater China)	201	1	2	204	185	1	2	188
Western Europe	152	3	7	162	135	4	8	147
Latin America ⁽²⁾	64	1	6	71	62	1	7	70
Rest of the World	152	-	1	153	143	-	2	145
Total ⁽³⁾	<u>1,796</u>	<u>10</u>	<u>58</u>	<u>1,864</u>	<u>1,735</u>	<u>11</u>	<u>61</u>	<u>1,807</u>

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

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

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

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 Form 10-K. The following risk factors should be read in conjunction with the balance of this Form 10-K, 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. The majority of the Company's revenue comes from its Technology Products and Services segment. The Technology Products and Services segment earns revenues principally from the sale or lease of IMAX Systems, a portion of which is directly derived from the box office results of the IMAX locations. If consumers' discretionary income globally or in a particular geography falls for any reason, including an economic downturn or recession, sustained inflationary conditions, high interest rates, and supply chain issues, and/or movie-going becomes less popular and consumers' willingness to purchase tickets to IMAX locations declines, the Company's business and revenues may be adversely affected as a result. Furthermore, sustained inflationary pressures observed globally could materially increase the cost of goods, services and personnel, which could cause an increase in the Company's operating costs.

The Company also depends on exhibitors to purchase, lease, and install IMAX Systems and to supply venues in which to exhibit IMAX films. The Company is unable to predict the pace at which exhibitors will purchase, lease, or install IMAX Systems with the Company. Furthermore, exhibitors generate revenues from consumer attendance at their theaters, which depends on the willingness and ability of consumers to visit movie theaters and spend discretionary income at movie theaters. In the event of declining box office and concession revenues or other economic headwinds, exhibitors may choose to reduce their levels of presence or expansion, be less willing to invest capital in IMAX Systems, negotiate economic terms that are less favorable to the Company, or decide not to enter into transactions with the Company. Exhibitors' unwillingness and/or inability to purchase, lease and/or install IMAX Systems would adversely impact the Company's business and revenue.

The Company's success is directly related to the availability and success of the IMAX remastered films and other content released to the IMAX network.

An important factor affecting the Company's growth is the availability and strategic selection of content for IMAX locations and the performance of such content. The Company itself produces only a small amount of content and, as a result, the Company relies principally on content produced by third-party content creators, including both Hollywood and local language features converted into the IMAX format. In 2025, 126 films and other content (122 new films and 4 re-releases) were released to the Company's global network. There is no guarantee that content creators will continue to release content to the IMAX network, or that the content selected for release to the IMAX network will be commercially successful.

The Company is directly impacted by the commercial success and global box office results of the films released to the IMAX network through its JRSAs, as well as through the percentage of the GBO 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 ("JRSA") 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, industry labor disputes, 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 local language films to IMAX'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.

Furthermore, if global box office results of the films released to the IMAX network are not satisfactory or if the scale of the IMAX network declines or does not increase at the same rate as anticipated, studios may be less willing to convert their films into IMAX's format for exhibition in IMAX locations, which would adversely impact the Company's revenue generated from both Film Remastering and Distribution of content across the IMAX network. For additional discussion of the risks related to IMAX Systems and network, please read the above risk factor titled "*—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 business may be materially adversely affected by the imposition of tariffs and other trade barriers and retaliatory countermeasures implemented by the United States and other governments.

Since 2025, the U.S. government has implemented substantial and rapidly evolving changes to U.S. trade policies, including increased tariffs and changes in U.S. participation in multilateral trade agreements, while other countries, China and Canada in particular, have undertaken retaliatory measures in response to such changes. While many of the tariffs implemented by the U.S. government were struck down by the U.S. Supreme Court on February 20, 2026, the full extent of the impact of this ruling is uncertain and the impact of previously implemented tariffs and trade policies or of tariffs and trade policies announced in the future could adversely impact the Company's operations, costs and expenses applicable to revenues and cash flows. The Company continues to closely monitor these developments (including whether tariff refunds may be available in light of the recent judicial decision), and there can be no guarantees that further changes to U.S. trade policy and/or retaliatory actions by other countries will not occur.

Additionally, uncertainty about global trade relationships has and may continue to increase market volatility, currency exchange rate fluctuation, and economic instability, which may adversely impact the Company's results of operations. Furthermore, any resulting downturn or increase in geopolitical tensions may adversely impact consumers' discretionary income and/or consumer purchasing behavior, which could have a material adverse effect on box office receipts and on the Company's results of operations and financial condition.

The extent and duration of previously implemented tariffs and retaliatory actions, the potential changes in tariffs and trade policies in light of the Supreme Court ruling, and the resulting impacts on general economic conditions around the world and on the global filmed entertainment industry in particular, are uncertain and depend on numerous factors, such as the responses of and negotiations among the affected countries. As such, the Company cannot predict the impact to its business from any future changes to the trading relationships between the United States and other countries or the impact of new laws or regulations adopted by the United States or other countries. Furthermore, any adverse development in these areas could exacerbate other risks discussed in “—*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,*” and “—*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.*”

In addition, a variety of laws and regulations at the international, national, and state level govern the Company's collection, use, protection and processing of personal data. These laws, including but not limited to the General Data Protection Regulation, the California Consumer Privacy Act, and China's Personal Information Protection Law, are constantly evolving and may result in increasing regulatory oversight and public scrutiny in the future. The Company's actual or perceived failure to comply with such laws and regulations could result in fines, investigations, enforcement actions, penalties, sanctions, claims for damages by affected individuals, or damage to the Company's reputation, among other negative consequences, any of which could have a material adverse effect on its financial performance.

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 Company's revenues and of the GBO earned by the Company's exhibitor customers are generated outside the United States and Canada. Approximately 62%, 58%, and 64% of the Company's revenues were derived outside of the United States and Canada in 2025, 2024, and 2023, respectively. As of December 31, 2025, approximately 72% of IMAX Systems in backlog were scheduled to be installed in international markets. The Company's network spanned 91 different countries as of December 31, 2025, 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, among others, include:

Operational and Supply Chain Risks

- 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 JRSAs;
- 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;
- public health concerns, including pandemics or epidemics, and regulations in response thereto, which could adversely affect the Company's and its customers' operations; and
- harm to the IMAX brand from operating in countries with records of controversial government action, including human rights abuses.

Financial and Macroeconomic Risks

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

- requirements to provide performance bonds and letters of credit to international customers to secure IMAX System component deliveries;
- less accurate and/or less reliable box office reporting;
- difficulties in establishing market-appropriate pricing; and
- economic conditions in foreign markets, including inflation.

Geopolitical, Trade, and Regulatory Compliance Risks

- new and potentially changing tariffs, trade protection measures, import or export licensing requirements, trade embargoes, sanctions and export controls, and other trade barriers, including but not limited to planned, implemented or threatened tariffs and retaliatory responses thereto, or the residual impacts and uncertainty as a result of changes in tariff or trade policy;
- new restrictions on access to markets, both for IMAX Systems and content;
- 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 or other content are exhibited across the Company's network;
- local business practices that can present challenges to compliance with applicable anti-corruption and bribery laws;
- poor recognition of intellectual property rights;
- difficulties in enforcing contractual rights; and
- war, conflict, geopolitical tensions and other political, economic and social instability, terrorist attacks and security concerns, such as escalating tensions in the Taiwan Strait, the ongoing conflict between Russia and Ukraine (the Company has 54 theaters in Russia where IMAX services have been suspended), and tensions in the Middle East (including intensified discussions around regime change in Iran), which could result in consequences, including adverse consequences, for the Company's interests in different regions of the world.

Additionally, global geopolitical tensions 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, the ongoing conflict between Russia and Ukraine and responses thereto have had and may continue to have an adverse impact on the Company's business and results of operations in affected regions, including the continued suspension of the Company's operations in the region. 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 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.

While the Company has implemented policies, internal controls, and other measures reasonably designed to promote compliance with applicable laws and regulations related to doing business internationally, any violations of these laws and regulations, or even allegations of such a violation, could disrupt the Company's operations and harm the Company's business, financial condition and results of operations. 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 theaters 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, 2025, the Company had 810 IMAX Systems operating in Greater China with an additional 215 systems in backlog, which represent 50% of the Company's current backlog. Of the IMAX Systems currently scheduled to be installed in Greater China, 82% are under JRSAs, which further increases the Company's ongoing exposure to box office performance in this market.

The China market faces a number of risks, including changes in laws and regulations, currency fluctuations, increased competition, and changes in economic conditions, including 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. A slowdown of China's economic growth in recent years 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 and permanent closure of underperforming theaters. 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 the regulation of 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.

Ongoing political tensions between China and the United States could exacerbate any or all of these risks. Although the United States and China reached a reported trade truce in October 2025, the agreement is only for one year, and it leaves many issues unresolved, resulting in continued uncertainty over the trade relationship. Adverse developments in the U.S.-China relationship could heighten the foregoing risks, could impact the Company's future net income and cash flows and could cause the Company to fail to achieve anticipated growth in China and/or monetize its current assets.

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

A majority of the Company's revenues is denominated in U.S. Dollars while a substantial portion of its expenses is denominated in Canadian Dollars. While the Company seeks to manage its exposure to foreign exchange rate risks through its regular operating and financing activities and, when appropriate, through the use of derivative financial instruments, the Company may not be successful in reducing its exposure to these fluctuations. The use of derivative financial instruments 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 content generates box office dependent revenue in 91 different countries as of December 31, 2025, unfavorable exchange rates between applicable local currencies and the U.S. Dollar can affect the GBO generated by the Company's exhibitor customers and its revenues.

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 both domestically and internationally. For example, in 2025, South Korea's Megabox and Lotte Cinema entered into a merger agreement and are expected to form that nation's largest theatrical exhibition entity. Exhibitor concentration has resulted in certain exhibitor chains constituting a material portion of the Company's network and revenue. For instance, Wanda Film ("Wanda") is the Company's largest exhibitor customer, representing approximately 8% of the Company's total revenues in 2025. As of December 31, 2025, through the Company's partnership with Wanda, there were 393 IMAX Systems operational in Greater China and Wanda represented approximately 21% of the global network and 10% 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 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 JRSA 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 and continue to experience consolidation, as evidenced by the 2025 acquisition of Paramount by Skydance and a potential acquisition of Warner Bros. Studio consolidation could result in individual studios comprising a greater percentage of the Company's business and overall Content Solutions segment revenue, and could expose the Company to the same risks described above in connection with exhibitor consolidation. In addition, studio consolidation may lead to a reduction in content variety and overall output and/or theatrical release of content, particularly if a studio acquirer is not in the traditional studio production business. Such reduction may adversely impact the availability of films for conversion into the IMAX format and distribution into the IMAX network.

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, audio, and film technology. 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 2026 and 2043.

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 or other intellectual property 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 Company believes that 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, 2025, the Company's backlog included 434 IMAX Systems, consisting of 139 IMAX Systems under sales or lease arrangements and 295 IMAX Systems under JRSAs. 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. Notwithstanding their legal obligations, some of the Company's exhibitor customers 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 exhibitor customer liquidity constraints and the risk of customers not accepting delivery of IMAX Systems. Construction projects that are linked to the construction of new malls are particularly susceptible to economic downturns and delays. Customers with system obligations in backlog sometimes request that the Company agree to modify or reduce such obligations, 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, especially in China. A slow down in China's economic growth in the past has caused several of the Company's exhibition partners operating in China to delay payment or theater 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 2024, 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, 2024 (34,000,845 shares). This program expired on the date of the 2025 Annual General Meeting of IMAX China on June 12, 2025. During the 2025 Annual General Meeting, shareholders granted its Board of Directors a general mandate authorizing the IMAX China Board, subject to applicable laws, to repurchase share of IMAX China not to exceed 10% of the total number of shares outstanding as of June 12, 2025 (33,919,122 shares). This program will be valid until the 2026 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, 2025, IMAX China did not repurchase any common shares.

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

*Presented below is Management’s Discussion and Analysis of Financial Condition and Results of Operations (“**MD&A**”) for IMAX for the twelve months ended December 31, 2025 and 2024. This MD&A should be read in conjunction with the accompanying Consolidated Financial Statements and related notes and the discussion under Item 8 of the Company’s 2025 Annual Report on Form 10-K (this “**Form 10-K**”) and contains forward-looking statements that involve risks and uncertainties. Readers of this MD&A should review the sections titled “Special Note Regarding Forward-Looking Information”, “Risk Factors”, and “Quantitative and Qualitative Disclosures about Market Risk” for a discussion of forward-looking statements and factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements in the MD&A. For a discussion of results and comparisons for the twelve month ended December 31, 2023, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s 2024 Annual Report on Form 10-K.*

OVERVIEW

In 2025, the Company's diversified global programming and marketing strategy resulted in a global box office record of \$1.28 billion, surpassing its previous record of \$1.13 billion in 2019 by 13% and a 40% increase over the prior year comparative period. The Company achieved its highest grossing year at the domestic (United States and Canada) box office in 2025. Additionally, the Company had record box office in over 30 countries and territories worldwide in 2025, including China, Japan, Germany, India, Australia and Vietnam. The Company's 2025 film slate was the largest in history, with 122 new films and other content released during the year, including a record 67 local language films. The top grossing titles released in 2025 included the Chinese film *Ne Zha 2*, which became the highest grossing IMAX release of all time in China and contributed to the highest grossing Chinese New Year in the Company's history; *Avatar: Fire and Ash*, the Company's highest grossing Hollywood release of the year, achieving 15% of the film's total domestic opening weekend box office; *F1: The Movie*, *Mission: Impossible – The Final Reckoning*, and the Japanese film *Demon Slayer: Infinity Castle*. Local language content in 2025 generated \$405.4 million in global box office for the Company or 32% of its total global box office, surpassing its previous record of \$243.5 million set in 2023 by 66%. Throughout the year, the Company continually optimized its global IMAX network by taking a heavily diversified programming approach, playing multiple titles contemporaneously, and maintaining maximum scheduling flexibility.

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 from Film Remastering, including the distribution of this content across the IMAX global 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 to commercial IMAX theaters, as well as the provision of film post-production services.

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 timing of documentary downstream sales, 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. The studio sector has experienced, and continues to experience, significant consolidation, which may impact the availability of films for release to the IMAX network. A detailed discussion of industry consolidations is included within "Industry overview – Competition – Exhibitor and Studio Consolidation." in Part I, Item 1.

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 from a 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 on a gross basis before sales taxes except within Greater China, where the Company often receives a lower percentage of net box office due to an incremental importation fee paid by the studios. All of the Company's box office results in this Form 10-K are inclusive of China booking fees to be consistent with market reporting of global box office.

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 versus a conventional 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 onto a standard conventional movie screen.

Filmed For IMAX is IMAX's filmmaker partnership program. Filmmakers who participate in the program leverage IMAX technology throughout the production process to deliver a movie that is meant to be seen in an IMAX location. From pre-production, through to release, the Company works closely with filmmakers to maximize *The IMAX Experience*[®] for audiences. Filmed For IMAX movies are shot using either an IMAX certified digital camera or an IMAX film camera, with the IMAX Post-Production team working closely with the filmmaker from camera testing before the shoot begins, to on-set support, to test screenings, and post-production. Most Filmed For IMAX movies leverage IMAX's exclusive expanded aspect ratio for select sequences and, occasionally, the entire film, and benefit from unique marketing support. The global box office metrics have demonstrated audiences respond extremely favorably to Filmed For IMAX titles, resulting in a higher market share for IMAX. In 2025, Filmed For IMAX titles have on average indexed over 8% higher than titles with no IMAX DNA.

Management believes that growth in global 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 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. In 2025, local language films exhibited across the Company's global network generated \$405.4 million in global box office, representing 32% of the Company's total global box office, including the Chinese local language film, *Ne Zha 2*, which became the highest grossing IMAX release of all time in China, and Japanese local language film, *Demon Slayer: Infinity Castle*, which became the highest grossing IMAX release of all time in Japan.

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, 2025 and 2024:

	Years Ended December 31,	
	2025	2024
Hollywood film releases	<u>30</u>	<u>40</u>
Local language film releases:		
China	25	25
Japan	11	14
India	11	11
South Korea	8	6
France	2	1
Vietnam	2	–
Thailand	1	2
Indonesia	1	1
Germany	1	–
Egypt	1	–
Saudi Arabia	1	–
Netherlands	1	–
Poland	1	–
Turkey	1	–
Malaysia	<u>–</u>	<u>1</u>
Total local language film releases	<u>67</u>	<u>61</u>
Other content experiences	<u>25</u>	<u>17</u>
Total film releases ⁽¹⁾	<u><u>122</u></u>	<u><u>118</u></u>

(1) For the year ended December 31, 2025, the films released to the Company's global network include 15 with IMAX DNA (2024 – ten).

The films distributed through the Company’s global network during the year ended December 31, 2025 that generated the highest IMAX box office totals were Chinese local language film *Ne Zha 2*, *Avatar: Fire and Ash*, *F1: The Movie*, *Mission: Impossible – The Final Reckoning*, Japanese local language film *Demon Slayer: Infinity Castle* and *Zootopia 2*. In addition, during the year ended December 31, 2025, 25 alternative content films and events were distributed, including *Becoming Led Zeppelin*, *Pink Floyd at Pompeii – MCMLXXII* and *Prince – Sign O’ The Times*. (Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Sources of Revenue – Other Content Solutions” in Part II, Item 7.)

To date, in 2026, 21 titles have been released to the global IMAX network, including two titles with IMAX DNA, and the Company has announced the following additional 30 titles to be released in 2026:

Title	Studio	Scheduled Release Date⁽¹⁾	IMAX DNA
<i>Scream 7</i>	Paramount Pictures	February 2026	–
<i>Twenty One Pilots: More Than We Ever Imagined</i>	Trafalgar Releasing	February 2026	–
<i>The Revenant 10th Anniversary Re-Release</i>	Walt Disney Studios	February 2026	–
<i>The Bride!</i>	Warner Bros. Pictures	March 2026	Filmed For IMAX
<i>Hoppers</i>	Walt Disney Studios	March 2026	–
<i>Golden Kamuy 2⁽²⁾</i>	Toho Cinemas	March 2026	–
<i>Ghost Board⁽²⁾</i>	M Studio	March 2026	–
<i>Kiki’s Delivery Service⁽²⁾</i>	Studio Ghibli/GKIDS	March 2026	–
<i>Project Hail Mary</i>	Amazon MGM Studios	March 2026	Filmed For IMAX
<i>The Super Mario Galaxy Movie</i>	Universal Pictures	April 2026	–
<i>Michael</i>	Lionsgate	April 2026	–
<i>2DIE4⁽²⁾</i>	Abdala Brothers	April 2026	–
<i>Mortal Kombat II</i>	Warner Bros. Pictures	May 2026	Filmed For IMAX
<i>The Mandalorian and Grogu</i>	Walt Disney Studios	May 2026	Filmed For IMAX
<i>Disclosure Day</i>	Universal Pictures	June 2026	–
<i>Toy Story 5</i>	Walt Disney Studios	June 2026	–
<i>Supergirl</i>	Warner Bros. Pictures	June 2026	Filmed For IMAX
<i>Minions 3</i>	Universal Pictures	July 2026	–
<i>Moana</i>	Walt Disney Pictures	July 2026	–
<i>The Odyssey</i>	Universal Pictures	July 2026	Filmed For IMAX
<i>Flowervale Street</i>	Warner Bros. Pictures	August 2026	Filmed For IMAX
<i>Resident Evil</i>	Sony Pictures	September 2026	Filmed For IMAX
<i>Digger</i>	Warner Bros. Pictures	October 2026	–
<i>Street Fighter</i>	Paramount Pictures	October 2026	Filmed For IMAX
<i>Hunger Games: Sunrise on the Reaping</i>	Lionsgate	November 2026	–
<i>Narnia</i>	Netflix	November 2026	Filmed For IMAX
<i>Jumanji 3</i>	Sony Pictures	December 2026	–
<i>Avengers: Doomsday</i>	Walt Disney Studios	December 2026	–
<i>Dune: Part Three</i>	Warner Bros. Pictures	December 2026	Filmed For IMAX
<i>Ramayana⁽²⁾</i>	DNEG	TBD	Filmed For IMAX

(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 in 2026.

Other Content Solutions

In 2025, the Company released the institutional 3D version of *The Blue Angels* across select IMAX locations in North America, Europe, and Australia. In 2026, the Company plans to release the documentary *Portrait of an Artist* in collaboration with The National Basketball Association (“NBA”), Unanimous Media, and Religion of Sports offering an intimate glimpse into the life of NBA superstar Stephen Curry. In early 2026, *The Lost Wolves of Yellowstone*, in collaboration with Grizzly Creek Films LLC, and French language documentary *Athos*, produced by Federation Studio France were released. Upcoming 2026 documentaries, which are currently in production, include *Stormbound* produced by Academy Award-winning producer, Adam McKay; and *Frontier* produced in collaboration with Nocturnal Entertainment Productions, LLC, Atlas Entertainment LL, and Believe Entertainment Group, LLC. *The Elephant Odyssey*, a documentary in collaboration with Beach House Pictures Pte Ltd and China International Communications Group, is expected to be released in 2027.

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, 2025 and 2024:

	December 31, 2025				December 31, 2024			
	Commercial Multiplex	Commercial Destination	Institutional	Total	Commercial Multiplex	Commercial Destination	Institutional	Total
United States	385	4	24	413	370	4	24	398
Canada	45	1	5	51	44	1	5	50
Greater China ⁽¹⁾	797	-	13	810	796	-	13	809
Asia (excluding Greater China)	201	1	2	204	185	1	2	188
Western Europe	152	3	7	162	135	4	8	147
Latin America ⁽²⁾	64	1	6	71	62	1	7	70
Rest of the World	152	-	1	153	143	-	2	145
Total⁽³⁾	1,796	10	58	1,864	1,735	11	61	1,807

(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 4,466 commercial locations, of which there are 1,796 commercial IMAX Systems operating as of December 31, 2025, representing a market penetration of only 40%. The Company believes that the majority of its future growth will come from international markets. As of December 31, 2025, 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) (2024 – 76%). More specifically, the Company’s network across all countries outside of the United States, Canada, and Greater China grew 8.4% in 2025. 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, 2025 and 2024:

	December 31, 2025			
	Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements⁽¹⁾	Total
Domestic Total (United States & Canada)	<u>278</u>	<u>6</u>	<u>146</u>	<u>430</u>
International:				
Greater China	393	98	306	797
Asia (excluding Greater China)	57	1	143	201
Western Europe	49	13	90	152
Latin America	5	–	59	64
Rest of the World	<u>11</u>	<u>–</u>	<u>141</u>	<u>152</u>
International Total	<u>515</u>	<u>112</u>	<u>739</u>	<u>1,366</u>
Worldwide Total ⁽²⁾	<u><u>793</u></u>	<u><u>118</u></u>	<u><u>885</u></u>	<u><u>1,796</u></u>

(1) Includes 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, 2024			
	Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements ⁽¹⁾	Total
Domestic Total (United States & Canada)	<u>275</u>	<u>6</u>	<u>133</u>	<u>414</u>
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	<u>12</u>	<u>–</u>	<u>131</u>	<u>143</u>
International Total	<u>496</u>	<u>120</u>	<u>705</u>	<u>1,321</u>
Worldwide Total ⁽²⁾	<u><u>771</u></u>	<u><u>126</u></u>	<u><u>838</u></u>	<u><u>1,735</u></u>

(1) Includes 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, 2025 and 2024:

	December 31, 2025			Total
	Traditional JRSA	Hybrid JRSA	Sales Arrangements⁽¹⁾	
Domestic Total (United States & Canada)	<u>95</u>	<u>2</u>	<u>25</u>	<u>122</u>
International:				
Greater China	86	90	39	215
Asia (excluding Greater China)	15	–	27	42
Western Europe	5	–	7	12
Latin America	–	–	6	6
Rest of the World	<u>2</u>	<u>–</u>	<u>35</u>	<u>37</u>
International Total	<u>108</u>	<u>90</u>	<u>114</u>	<u>312</u>
Worldwide Total ⁽²⁾⁽³⁾	<u><u>203</u></u>	<u><u>92</u></u>	<u><u>139</u></u>	<u><u>434</u></u>

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

(2) Worldwide backlog total of 434 systems includes 216 new IMAX Laser Systems and 131 upgrades of existing locations to IMAX Laser Systems.

(3) Worldwide backlog total of 434 systems includes 303 new systems and 131 upgrades.

	December 31, 2024			Total
	Traditional JRSA	IMAX System Backlog Hybrid JRSA	Sales Arrangements ⁽¹⁾	
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⁾⁽³⁾	<u>182</u>	<u>94</u>	<u>164</u>	<u>440</u>

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

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

(3) Worldwide backlog total of 440 systems includes 355 new systems and 85 upgrades.

The backlog reflects the minimum number of commitments for IMAX Systems according to signed contracts. The Company believes that the contractual obligations for IMAX System installations that are listed in backlog are valid and binding commitments. From time to time, in the normal course of its business, the Company will have customers who are unable to proceed with an IMAX System installation for a variety of reasons, including the inability to obtain certain consents, approvals or financing.

Certain of the Company's contracts contain options for the customer to elect to upgrade system type during the term or to alter the contract structure (for example, from a JRSA to a sale) after signing, but before installation. Current backlog information reflects all known elections.

Approximately 72% of IMAX System arrangements in backlog as of December 31, 2025 are scheduled to be installed in international markets (2024 – 84%).

(Refer to “Risk Factors – The Company may not convert all of its backlog into revenue and cash flows.” in Part I, Item 1A.)

RESULTS OF OPERATIONS

Results of Operations for the Years Ended December 31, 2025 and 2024

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, 2025 and 2024:

<i>(In thousands of U.S. Dollars, except per diluted share amounts)</i>	Years Ended December 31,			
	2025		2024	
	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income attributable to common shareholders	\$ 34,876	\$ 0.63	\$ 26,059	\$ 0.48
Adjusted net income attributable to common shareholders*	\$ 80,584	\$ 1.45	\$ 51,010	\$ 0.95

* 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, 2025, the Company's revenues and gross margin increased by \$58.0 million, or 16%, and \$56.0 million, or 29%, respectively, when compared to the year ended December 31, 2024, principally due to stronger IMAX global box office along with higher system sales installation revenue. The 2025 global box office performance was driven by the Company capturing a higher global box office share of Hollywood films, driven in large part by the record number of Filmed For IMAX titles, and a significantly higher contribution from local language content, including a record Chinese New Year. In 2025, the Company installed 160 systems, including 98 new systems, resulting in network growth of 3.2%.

The following table presents the Company’s revenue, gross margin and gross margin percentage by reportable segment for the years ended December 31, 2025 and 2024:

<i>(In thousands of U.S. Dollars)</i>	Revenue		Gross Margin		Gross Margin %	
	2025	2024	2025	2024	2025	2024
Content Solutions	\$ 151,258	\$ 124,731	\$ 99,706	\$ 66,523	66%	53%
Technology Products and Services	251,277	216,062	143,222	115,553	57%	53%
Sub-total for reportable segments	402,535	340,793	242,928	182,076	60%	53%
All Other ⁽¹⁾	7,677	11,415	3,262	8,124	42%	71%
Total	\$ 410,212	\$ 352,208	\$ 246,190	\$ 190,200	60%	54%

(1) All Other includes the results from SCT and other ancillary activities.

Segment Operating Results

The Company’s segment operating results are presented based on how the Chief Operating Decision Maker (“**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

For the year ended December 31, 2025, Content Solutions segment revenues and gross margin increased by \$26.5 million, or 21%, to \$151.3 million from \$124.7 million and \$33.2 million, or 50%, to \$99.7 million from \$66.5 million, respectively, when compared to the same period in 2024.

For the year ended December 31, 2025, global box office generated by IMAX films totaled \$1.28 billion, a 40% increase from \$0.92 billion in 2024. This growth is the result of the Company's focus on a diversified global programming and marketing strategy to maximize global box office. During 2025, IMAX global box office was generated by the exhibition of 126 films and other content (122 new films and 4 re-releases), including the following Hollywood titles: *Avatar: Fire and Ash* (\$112 million), *F1: The Movie* (\$98 million), *Mission: Impossible – The Final Reckoning* (\$76 million), *Zootopia 2* (\$59 million), *Superman* (\$57 million), *The Fantastic Four: First Steps* (\$49 million), and *Sinners* (\$41 million). In addition, for the year ended December 31, 2025, the local language films exhibited across the IMAX network generated over \$405.4 million in GBO, representing 32% of the Company's total GBO. The Chinese local language film, *Ne Zha 2*, the highest grossing film ever in China, became the highest grossing IMAX release in 2025 (\$167 million). The Japanese local language anime film *Demon Slayer: Infinity Castle* (\$96 million) became the highest grossing IMAX release of all time in Japan. During 2024, IMAX global box office was generated by the exhibition of 129 films and other content (118 new films and 11 re-releases). The increase in revenue year over year from higher IMAX global box office were partially offset by lower documentary revenue year over year as 2024 benefitted from the revenue earned from the sale of the worldwide commercial and streaming rights of the Company's original documentary, *The Blue Angels*, to Amazon Content Services LLC.

In 2025, the Company released 15 movies that were filmed with IMAX proprietary cameras (Filmed For IMAX), including *Sinners*, *F1: The Movie*, *Mission: Impossible – The Final Reckoning*, *Superman*, *The Fantastic Four: First Steps* and *Tron: Ares*. IMAX captured approximately 20% or more of the opening weekend domestic box office on these titles in 2025, despite accounting for only approximately 1% of available domestic screens. In 2025, the average Filmed For IMAX domestic opening weekend indexing was approximately 15% compared to 13% in 2024.

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, 2025, gross margin percent was 66% compared to 53% for the same period in 2024. The increase was driven by a higher level of IMAX global box office, which led to higher revenue flow through and lower costs associated with documentary content, as there were no new releases in 2025, that carries a lower margin.

Selling, General and Administrative Expenses

The following table presents information about the Company’s Selling, General and Administrative (“SG&A”) expenses for the years ended December 31, 2025 and 2024:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		Variance	
	2025	2024	\$	%
Total selling, general and administrative expenses	\$ 138,455	\$ 132,701	\$ 5,754	4%
Less: Share-based compensation ⁽¹⁾	<u>(26,133)</u>	<u>(20,897)</u>	<u>(5,236)</u>	<u>25%</u>
Total selling, general and administrative expenses, excluding share-based compensation ⁽²⁾	<u>\$ 112,322</u>	<u>\$ 111,804</u>	<u>\$ 518</u>	<u>-%</u>

(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 – Share-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.

SG&A expenses year-over-year reflect a consistent level, and consist primarily of compensation costs, travel, fees and other general corporate expenditures. For the year ended December 31, 2025, SG&A includes higher annual performance driven incentive compensation costs and fringe benefits, partially offset by management’s continued focus on operational efficiencies, including workforce reductions. Additionally, in the year, the Company recognized \$2.7 million in benefits resulting from an Employee Retention Credit as a reduction to SG&A expenses, which partially offset the higher compensation costs noted. Year-over-year the benefits of the Employee Retention Credit are partially offset by adjustments recorded in the prior year relating to payouts in connection with a prior year acquisition.

As a percentage of revenue, SG&A expenses excluding share-based compensation improved to 27% as compared to 32% in 2024, which reflects management’s continued focus on cost discipline as expenses increased at a much lower rate than revenue.

Credit Loss Expense (Reversal), Net

For the year ended December 31, 2025, the Company recorded a credit loss expense of \$0.7 million, as compared to a credit loss reversal of \$1.0 million recognized in the prior year. The change was primarily attributable to specific provisions related to certain exhibitors in Greater China with whom the Company terminated and/or transferred agreements during the year.

Overall, stronger global box office performance in the year has contributed to a notable improvement in collections. The resurgence in theatrical attendance, driven by a robust film slate, has increased and accelerated cash inflows from studio and exhibitor customers. This trend reflects both the sustained consumer demand for premium cinematic experiences and the effectiveness of IMAX's strategic initiatives in global distribution and exhibition.

The Company estimates credit losses based on both a historical provision rate and customer specific circumstances. Management's judgments regarding expected credit losses are based on the facts available to management at the time that the 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. (Refer to Note 4 to "Condensed Consolidated Financial Statements" in Part II, Item 8.)

Interest Expense and Interest Income

For the year ended December 31, 2025, interest expense was \$7.4 million, representing a decrease of \$0.7 million, or 9%, as compared to \$8.1 million in 2024 primarily due to a lower level of borrowings under the Credit Facility and a lower average interest rate during the period as compared to the prior period. (Refer to Note 13 to "Consolidated Financial Statements" in Part II, Item 8.)

For the year ended December 31, 2025, interest income was \$2.8 million compared to \$2.2 million in the prior year.

Income Taxes

For the year ended December 31, 2025, the Company recorded an income tax expense of \$17.8 million (2024 – \$5.0 million). The Company's effective tax rate for year ended December 31, 2025 of 28.1% differs from the Canadian federal statutory tax rate of 15.0% (2024 – 26.5%), primarily due to a non-deductible premium paid, and taxable capital gain incurred, on the partial settlement of the 2026 Convertible Notes and a taxable capital gain on settlement of \$4.0 million and \$1.5 million respectively, non-deductible goodwill impairment of \$1.8 million, statutory tax rate differences of \$5.2 million (2024 – \$2.3 million), an increase in interest expense related to tax reserves of \$0.8 million (2024 – reduction, net of interest expense, of \$1.4 million), and withholding taxes of \$4.0 million (2024 – \$3.9 million). This was offset by a tax benefit related to investment tax credits of \$1.2 million (2024 – \$1.2 million), a net decrease in the valuation allowance related to deferred taxes of \$6.0 million in respect of the use of tax attributes in reporting entities where it was concluded in prior years that it is more likely that not that the benefit from deferred taxes will not be realized (2024 – increase of \$3.5 million), and other tax benefit of \$1.7 million (2024 – \$7.6 million including \$4.0 million related to an internal asset sale). The remainder of the difference was due to normal course movements and non-material items.

The effective tax rate of 28.1% in 2025 reflects the impact of one-time charges in 2025 (see above for discussion of Induced Conversion Expense on Settlement of Convertible Notes and Goodwill Impairment) for which the Company did not receive any tax benefits, while 2024's effective tax rate was unusually low at 13.3% having benefitted from an internal asset sale to more closely align intellectual property rights with its global operations.

The Company's deferred tax liability of \$12.5 million as of December 31, 2025 (2024 – \$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, 2025, \$nil (2024 – \$nil) of historical earnings from a subsidiary in China were distributed and, as a result, \$nil (2024 – \$nil) 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

For the year ended December 31, 2025, the net income attributable to non-controlling interests of the Company's subsidiaries was \$10.7 million (2024 – \$6.6 million), an increase of 60%, or \$4.0 million, year-over-year. The increase primarily reflects the higher level of IMAX box office earned in Greater China, as described above.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2025, the Company's principal sources of liquidity included: (i) its balances of cash and cash equivalents of \$151.2 million; (ii) the anticipated collection of trade accounts receivable, which includes amounts owed under JRSAs and Film Remastering and distribution agreements with movie studios; (iii) the anticipated collection of financing receivables due in the next 12 months under sale and sales-type lease arrangements for 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, 2025, the Company had \$338.0 million in available borrowing capacity under its Seventh Amended and Restated Credit Agreement (the “**Credit Agreement**”), \$27.1 million in available borrowing capacity under the IMAX (Shanghai) Multimedia Technology Co., Ltd. (“**IMAX Shanghai**”) revolving credit facility with the Bank of China (the “**Bank of China Facility**”), and \$28.5 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 \$151.2 million balance of cash and cash equivalents as of December 31, 2025 (December 31, 2024 – \$100.6 million) includes \$137.4 million in cash held outside of Canada (December 31, 2024 – \$85.4 million), of which \$97.2 million was held in the People's Republic of China (“**PRC**”) (December 31, 2024 – \$47.5 million). Management reassessed its strategy with respect to the most efficient means of deploying the Company's capital resources globally and determined that historical earnings of certain foreign subsidiaries in excess of amounts required to sustain business operations would no longer be indefinitely reinvested. During the year ended December 31, 2025, no historical earnings from a subsidiary in China were distributed (2024 – \$nil) and, as a result, no foreign withholding taxes were paid to the relevant tax authorities (2024 – \$nil). As of December 31, 2025, the Company's Consolidated Balance Sheets include a deferred tax liability of \$12.5 million (December 31, 2024 – \$12.5 million) for the applicable foreign withholding taxes associated with the remaining balance of non-repatriated 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 global 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.

CONTRACTUAL OBLIGATIONS

Payments to be made by the Company under contractual obligations as of December 31, 2025 are as follows:

<i>(In thousands of U.S. Dollars)</i>	Payments Due by Years				
	Total Obligation	Less Than One Year	1 to 3 years	3 to 5 years	Thereafter
Purchase obligations ⁽¹⁾	\$ 28,557	\$ 23,480	\$ 4,945	\$ 132	\$ –
Pension obligations ⁽²⁾	20,298	–	20,298	–	–
Operating lease obligations ⁽³⁾	12,404	3,327	6,343	2,728	6
Credit Facility	37,000	37,000	–	–	–
Federal Economic Development Loan ⁽⁴⁾	1,027	1,027	–	–	–
2026 Convertible Notes ⁽⁵⁾	745	745	–	–	–
2030 Convertible Notes ⁽⁶⁾	259,422	1,922	3,750	253,750	–
Postretirement benefits obligations	1,831	96	196	229	1,310
Total	<u>\$ 361,284</u>	<u>\$ 67,597</u>	<u>\$ 35,532</u>	<u>\$ 256,839</u>	<u>\$ 1,316</u>

- (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, 2028, 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 remaining principal of \$0.7 million. 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.)
- (6) The Convertible Notes bear interest at a rate of 0.750% per annum on the principal of \$250.0 million, payable semi-annually in arrears on May 15 and November 15 of each year, beginning on May 15, 2026. The Convertible Notes will mature on November 15, 2030, 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 U.S. Securities and Exchange Commission 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;
- Adjusted EBITDA per Credit Facility; and
- Adjusted SG&A expenses.

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) goodwill impairment; (iv) restructuring charges and other impairments; (v) employee retention credits; and (vi) induced conversion expense on settlement of convertible notes, 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.

<i>(In thousands of U.S. Dollars, except per diluted share amounts)</i>	Years Ended December 31,				
	2025		2024		
	Per Diluted			Per Diluted	
	Net Income	Share	Net Income	Share	
Net income attributable to common shareholders	\$ 34,876	\$ 0.63	\$ 26,059	\$ 0.48	
Adjustments ⁽¹⁾ :					
Share-based compensation	26,133	0.47	22,454	0.42	
Unrealized investment losses (gains)	867	0.02	(127)	–	
Goodwill impairment	7,000	0.13	–	–	
Restructuring charges and other impairments	2,447	0.04	3,749	0.07	
Employee retention credits	(3,971)	(0.07)	–	–	
Induced conversion expense on settlement of convertible notes	15,264	0.27	–	–	
Tax impact on items listed above	(2,032)	(0.04)	(1,125)	(0.02)	
Adjusted net income ⁽¹⁾	<u>\$ 80,584</u>	<u>\$ 1.45</u>	<u>\$ 51,010</u>	<u>\$ 0.95</u>	
Weighted average shares outstanding (in thousands):					
Basic		<u>53,636</u>		<u>52,650</u>	
Diluted		<u>55,544</u>		<u>53,864</u>	

(1) Reflects amounts attributable to common shareholders.

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 defined in 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. Total 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) restructuring charges and other impairments; (iv) write-downs, net of recoveries, including goodwill, asset impairments and credit loss expense or reversal; and (v) induced conversion expense on settlement of convertible notes.

Reconciliations of net income, 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, 2025
<i>(In thousands of U.S. Dollars)</i>	
Reported net income	\$ 45,526
Add (subtract):	
Income tax expense	17,767
Interest expense, net of interest income	2,578
Depreciation and amortization, including film asset amortization	62,446
Amortization of deferred financing costs ⁽¹⁾	<u>1,984</u>
EBITDA	130,301
Share-based and other non-cash compensation	26,824
Unrealized investment losses	867
Restructuring charges and other impairments	2,478
Write-downs, including goodwill, asset impairments and credit loss expense	9,211
Induced conversion expense on settlement of convertible notes	<u>15,264</u>
Total Adjusted EBITDA	<u>\$ 184,945</u>
Less: Non-controlling interest	<u>(19,193)</u>
Adjusted EBITDA per Credit Facility – attributable to common shareholders	<u><u>\$ 165,752</u></u>

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

The Company also adjusts SG&A Expenses to exclude a portion of share-based compensation and related payroll taxes. Management uses non-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-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 SG&A Expenses, the most directly comparable GAAP measure presented in the Consolidated Statement of Operations in Part I, Item 1, to Adjusted Selling, General and Administrative Expenses is presented in the table below.

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,	
	2025	2024
Total Selling, general and administrative expenses	138,455	132,701
Less: Share-based compensation	<u>(26,133)</u>	<u>(20,897)</u>
Total Adjusted Selling, General and Administrative expenses	<u>\$ 112,322</u>	<u>\$ 111,804</u>

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 91 different countries, and therefore unfavorable exchange rates between applicable local currencies and the U.S. Dollar could have an impact on the GBO generated by the Company's exhibitor customers and its revenues. The Company has incoming cash flows from its revenue generating IMAX network and ongoing operating expenses in China through its majority-owned subsidiary IMAX Shanghai. In Japan, the Company has ongoing Yen-denominated operating expenses related to its Japanese operations. Net RMB and Japanese Yen cash flows are converted to U.S. Dollars through the spot market. The Company also has cash receipts 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 RMB678.2 million or \$96.5 million in cash and cash equivalents as of December 31, 2025 (December 31, 2024 – RMB341.1 million or \$47.5 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” in Part I, Item 1A.)

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, 2025 the Company had drawn down \$37.0 million on its Credit Agreement (the “**Credit Facility**”) (December 31, 2024 – \$37.0 million), \$nil on its HSBC China Facility (December 31, 2024 – \$nil) and \$nil on its Bank of China Facility (December 31, 2024 – \$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, 2025 and 2024. Variable rate debt instruments represented 8% of its total liabilities as of December 31, 2025 and 2024. If the interest rates available to the Company increased by 10%, the Company's interest expense would increase by \$0.2 million and interest income from cash would increase by \$0.4 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, 2025.

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,	
	2025	2024
Assets		
Cash and cash equivalents	\$ 151,168	\$ 100,592
Accounts receivable, net of allowance for credit losses	108,079	107,669
Financing receivables, net of allowance for credit losses	121,954	119,885
Variable consideration receivables, net of allowance for credit losses	91,402	82,593
Inventories	32,505	32,840
Prepaid expenses	14,881	13,121
Film assets, net of accumulated amortization	15,529	8,686
Property, plant and equipment, net of accumulated depreciation	242,910	240,133
Other assets	24,820	22,441
Deferred income tax assets, net of valuation allowance	12,577	14,499
Goodwill	45,815	52,815
Other intangible assets, net of accumulated amortization	32,391	35,124
	\$ 894,031	\$ 830,398
Total assets	\$ 894,031	\$ 830,398
Liabilities		
Accounts payable	\$ 19,478	\$ 19,803
Accrued and other liabilities	105,293	100,916
Deferred revenue	50,395	52,686
Revolving credit facility borrowings, net of unamortized debt issuance costs	34,577	36,356
Convertible notes and other borrowings, net of unamortized discounts and debt issuance costs	244,034	229,901
Deferred income tax liabilities	12,521	12,521
	466,298	452,183
Total liabilities	466,298	452,183

	As of December 31,	
	2025	2024
Commitments, contingencies and guarantees (see Notes 14 and 15)		
Non-controlling interests	<u>666</u>	<u>680</u>
Shareholders' equity		
Capital stock common shares – no par value. Authorized – Unlimited number. 53,921,676 issued and outstanding (December 31, 2024 – 52,946,200 issued and outstanding)	419,162	401,420
Other equity	164,782	185,268
Statutory surplus reserve	4,219	4,051
Accumulated deficit	(239,967)	(274,675)
Accumulated other comprehensive loss	<u>(10,305)</u>	<u>(16,598)</u>
Total shareholders' equity attributable to common shareholders	337,891	299,466
Non-controlling interests	<u>89,176</u>	<u>78,069</u>
Total shareholders' equity	<u>427,067</u>	<u>377,535</u>
Total liabilities and shareholders' equity	<u>\$ 894,031</u>	<u>\$ 830,398</u>

(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,		
	2025	2024	2023
Revenues			
Technology sales	\$ 98,339	\$ 87,765	\$ 100,792
Image enhancement and maintenance services	217,926	192,197	189,752
Technology rentals	82,218	62,560	75,566
Finance income	11,729	9,686	8,729
	410,212	352,208	374,839
Costs and expenses applicable to revenues			
Technology sales	45,447	38,235	46,756
Image enhancement and maintenance services	90,042	96,558	88,056
Technology rentals	28,533	27,215	25,686
	164,022	162,008	160,498
Gross margin	246,190	190,200	214,341
Selling, general and administrative expenses	138,455	132,701	144,406
Research and development	5,816	5,103	10,110
Amortization of intangible assets	7,516	5,758	4,578
Credit loss expense (reversal), net	696	(973)	1,759
Asset impairments	–	–	144
Goodwill impairment	7,000	–	–
Restructuring charges and other impairments	2,478	3,749	2,946
	84,229	43,862	50,398
Income from operations	84,229	43,862	50,398
Realized and unrealized investment (losses) gains	(867)	127	465
Retirement benefits non-service expense	(243)	(387)	(411)
Interest income	2,800	2,180	2,486
Interest expense	(7,362)	(8,084)	(6,821)
Induced conversion expense on settlement of convertible notes	(15,264)	–	–
	(15,264)	–	–

	Years Ended December 31,		
	2025	2024	2023
Income before taxes	63,293	37,698	46,117
Income tax expense	<u>(17,767)</u>	<u>(4,996)</u>	<u>(13,051)</u>
Net income	45,526	32,702	33,066
Net income attributable to non-controlling interests	<u>(10,650)</u>	<u>(6,643)</u>	<u>(7,731)</u>
Net income attributable to common shareholders	<u>\$ 34,876</u>	<u>\$ 26,059</u>	<u>\$ 25,335</u>
Net income per share attributable to common shareholders:			
Basic	<u>\$ 0.65</u>	<u>\$ 0.49</u>	<u>\$ 0.47</u>
Diluted	<u>\$ 0.63</u>	<u>\$ 0.48</u>	<u>\$ 0.46</u>
Weighted average shares outstanding (in thousands):			
Basic	<u>53,636</u>	<u>52,650</u>	<u>54,310</u>
Diluted	<u>55,544</u>	<u>53,864</u>	<u>55,146</u>

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

IMAX CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of U.S. Dollars)

	Years Ended December 31,		
	2025	2024	2023
Net income	\$ 45,526	\$ 32,702	\$ 33,066
Other comprehensive income (loss) before tax			
Unrealized defined benefit plan actuarial gain (loss)	2,340	26	(75)
Unrealized postretirement benefit plans actuarial loss	(243)	(61)	(37)
Amortization of defined benefit and postretirement benefit plans net gain	(691)	(740)	(604)
Unrealized net gain (loss) from cash flow hedging instruments	1,723	(3,455)	575
Realized net loss from cash flow hedging instruments	1,297	607	892
Foreign currency translation adjustments	4,329	(2,588)	(3,907)
	<hr/>	<hr/>	<hr/>
Total other comprehensive income (loss) before tax	8,755	(6,211)	(3,156)
Income tax (expense) benefit related to other comprehensive income (loss)	(1,234)	949	(181)
	<hr/>	<hr/>	<hr/>
Other comprehensive income (loss), net of tax	7,521	(5,262)	(3,337)
	<hr/>	<hr/>	<hr/>
Comprehensive income	53,047	27,440	29,729
Comprehensive income attributable to non-controlling interests	(11,878)	(5,898)	(6,629)
	<hr/>	<hr/>	<hr/>
Comprehensive income attributable to common shareholders	\$ 41,169	\$ 21,542	\$ 23,100

(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,		
	2025	2024	2023
Operating Activities			
Net income	\$ 45,526	\$ 32,702	\$ 33,066
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	62,446	65,503	60,022
Amortization of deferred financing costs	1,984	1,969	2,235
Credit loss expense (reversal), net	696	(973)	1,759
Write-downs, including goodwill and asset impairments	9,202	3,973	1,884
Deferred income tax expense (benefit)	772	(5,631)	(1,447)
Share-based and other non-cash compensation	26,824	23,209	24,230
Unrealized foreign currency exchange gain	(134)	(2,770)	(212)
Realized and unrealized investment loss (gain)	867	(127)	(465)
Induced conversion expense on settlement on convertible notes	15,264	–	–
Changes in assets and liabilities:			
Accounts receivable	(1,319)	29,105	(1,907)
Inventories	(76)	(1,501)	(285)
Film assets	(25,280)	(25,122)	(20,394)
Deferred revenue	(2,396)	(14,308)	(3,882)
Changes in other operating assets and liabilities	(7,308)	(35,192)	(35,989)
Net cash provided by operating activities	127,068	70,837	58,615
Investing Activities			
Purchase of property, plant and equipment	(8,167)	(8,428)	(6,491)
Investment in equipment for joint revenue sharing arrangements	(28,425)	(24,341)	(18,000)
Acquisition of other intangible assets	(5,324)	(8,447)	(8,344)
Proceeds from sale of equity securities	–	–	1,045
Net cash used in investing activities	(41,916)	(41,216)	(31,790)

	Years Ended December 31,		
	2025	2024	2023
Financing Activities			
Proceeds from issuance of convertible notes, net	243,125	–	–
Redemption of capped calls related to convertible notes	30,747	–	–
Debt issuance costs related to convertible notes	(24)	–	–
Cash paid related to repurchase of convertible notes	(275,415)	–	–
Purchase of capped calls related to convertible notes	(21,925)	–	–
Proceeds from revolving credit facility borrowings	109,000	55,000	39,717
Repayments of revolving credit facility borrowings	(109,000)	(42,000)	(53,248)
Proceeds from other borrowings	–	–	322
Repayment of other borrowings	(1,116)	(874)	(53)
Credit facility amendment fees paid	(2,280)	–	(46)
Repurchase of common shares, IMAX Corporation	–	(17,855)	(26,823)
Repurchase of common shares, IMAX China	(1,454)	(116)	(15)
Taxes withheld and paid on employee stock awards vested	(9,742)	(4,978)	(6,466)
Common shares issued – stock options exercised	4,005	5,291	–
Principal payment under finance lease obligations	–	(509)	(480)
Dividends paid to non-controlling interests	–	–	(1,438)
	<u>(34,079)</u>	<u>(6,041)</u>	<u>(48,530)</u>
Net cash used in financing activities			
Effects of exchange rate changes on cash	(497)	812	504
	<u>(497)</u>	<u>812</u>	<u>504</u>
Increase (decrease) in cash and cash equivalents during year	50,576	24,392	(21,201)
Cash and cash equivalents, beginning of year	100,592	76,200	97,401
	<u><u>100,592</u></u>	<u><u>76,200</u></u>	<u><u>97,401</u></u>
Cash and cash equivalents, end of year	\$ 151,168	\$ 100,592	\$ 76,200
	<u><u>\$ 151,168</u></u>	<u><u>\$ 100,592</u></u>	<u><u>\$ 76,200</u></u>

(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,		
	2025	2024	2023
Adjustments to capital stock:			
Balance, beginning of year	\$ 401,420	\$ 389,048	\$ 376,715
Restricted share units vested, net of shares withheld for employee tax obligations	12,483	14,033	13,701
Employee stock options exercised, net of shares withheld for employee tax obligations	4,005	5,291	–
Grant date fair value of stock options exercised	1,254	1,623	–
Average carrying value of repurchased and retired common shares	–	(8,575)	(1,368)
	<u>419,162</u>	<u>401,420</u>	<u>389,048</u>
Adjustments to other equity:			
Balance, beginning of year	185,268	185,087	185,678
Amortization of share-based payment expense – stock options	–	–	93
Amortization of share-based payment expense – restricted share units	17,629	13,895	12,502
Amortization of share-based payment expense – performance stock units	9,650	8,536	8,321
Restricted share units and performance stock units vested	(23,278)	(20,122)	(21,074)
Grant date fair value of stock options exercised	(1,254)	(1,623)	–
Change in ownership interest related to IMAX China common share repurchases	(549)	(505)	(433)
Settlement of capped calls related to 2026 convertible notes	30,747	–	–
Induced conversion impact on settlement of 2026 convertible notes	(31,506)	–	–
Purchase of capped calls related to 2030 convertible notes	(21,925)	–	–
	<u>164,782</u>	<u>185,268</u>	<u>185,087</u>
Adjustments to statutory surplus reserve:			
Balance, beginning of year	4,051	3,932	3,932
Change in statutory surplus reserve, IMAX China	168	119	–
	<u>4,219</u>	<u>4,051</u>	<u>3,932</u>

	Years Ended December 31,		
	2025	2024	2023
Adjustments to accumulated deficit:			
Balance, beginning of year	(274,675)	(292,845)	(293,124)
Net income attributable to common shareholders	34,876	26,059	25,335
Statutory surplus reserve deducted from retained earnings, IMAX China	(168)	(119)	–
Common shares repurchased and retired	–	(7,770)	(25,056)
	<u>–</u>	<u>(7,770)</u>	<u>(25,056)</u>
Balance, end of year	<u>(239,967)</u>	<u>(274,675)</u>	<u>(292,845)</u>
Adjustments to accumulated other comprehensive loss:			
Balance, beginning of year	(16,598)	(12,081)	(9,846)
Other comprehensive income (loss), net of tax	6,293	(4,517)	(2,235)
	<u>6,293</u>	<u>(4,517)</u>	<u>(2,235)</u>
Balance, end of year	<u>(10,305)</u>	<u>(16,598)</u>	<u>(12,081)</u>
Adjustments to non-controlling interests:			
Balance, beginning of year	78,069	71,790	65,691
Net income attributable to non-controlling interests	10,664	6,621	7,793
Other comprehensive income (loss), net of tax	1,228	(745)	(1,102)
Share-based compensation attributable to non-controlling interests	120	13	428
Dividends paid to non-controlling shareholders of IMAX China	–	–	(1,438)
Change in ownership interest related to IMAX China common share repurchases	(905)	390	418
	<u>(905)</u>	<u>390</u>	<u>418</u>
Balance, end of year	<u>89,176</u>	<u>78,069</u>	<u>71,790</u>
Total Shareholders' Equity	<u>\$ 427,067</u>	<u>\$ 377,535</u>	<u>\$ 344,931</u>
Common shares issued and outstanding:			
Balance, beginning of year	52,946,200	53,260,276	54,148,614
Employee stock options exercised	179,958	248,763	–
Performance stock units settled with new treasury shares	267,314	190,914	233,306
Restricted share units settled with new treasury shares	528,204	521,010	514,383
Repurchase of common shares	–	(1,274,763)	(1,636,027)
	<u>–</u>	<u>(1,274,763)</u>	<u>(1,636,027)</u>
Balance, end of year	<u>53,921,676</u>	<u>52,946,200</u>	<u>53,260,276</u>

(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, 2025, IMAX Corporation indirectly owned 71.57% 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 theater operators which is significantly influenced by consumer behavior and general economic conditions. Theater operators, or other customers, may experience financial difficulties that could result in them being unable to fulfill their payment obligations to the Company.

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

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

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

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

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

Management's judgments regarding expected credit losses are based on the facts available to management and involve estimates about the future. As a result, the Company's judgments and associated estimates of credit losses may ultimately prove, with the benefit of hindsight, to be incorrect. The impacts of inflation, and rising interest rates may impact future credit losses. The Company will continue to monitor economic trends and conditions and portfolio performance and adjust its allowance for credit loss accordingly. Refer to "Summary of Significant Accounting Policies – *Estimates and Assumptions*" in Note 2.

Accounts Receivable

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

The following tables summarize the activity in the allowance for credit losses related to Accounts Receivable for the years ended December 31, 2025 and 2024:

<i>(In thousands of U.S. Dollars)</i>	Year Ended December 31, 2025			
	Theater Operators	Studios	Other	Total
Beginning balance	\$ 11,678	\$ 1,017	\$ 583	\$ 13,278
Current year provision (reversal), net	581	617	(139)	1,059
Write-offs, net of recoveries	(232)	(321)	–	(553)
Foreign exchange	143	(3)	–	140
Ending balance	<u>\$ 12,170</u>	<u>\$ 1,310</u>	<u>\$ 444</u>	<u>\$ 13,924</u>

<i>(In thousands of U.S. Dollars)</i>	Year Ended December 31, 2024			
	Theater 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	<u>\$ 11,678</u>	<u>\$ 1,017</u>	<u>\$ 583</u>	<u>\$ 13,278</u>

For the year ended December 31, 2025, the Company's allowance for current expected credit losses related to Accounts Receivable increased by \$0.6 million, largely reflective of specific provisions related to certain exhibitors in Greater China for which the Company determined there was an increased risk of non-collection of aged receivables.

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.

Financing Receivables

Financing receivables are due from theater operators and consist of the Company's net investment in sales-type leases and receivables associated with financed sales of IMAX Systems. As of December 31, 2025 and 2024, financing receivables consisted of the following:

<i>(In thousands of U.S. Dollars)</i>	December 31,	
	2025	2024
Net investment in leases:		
Gross minimum payments due under sales-type leases	\$ 32,628	\$ 30,890
Unearned finance income	<u>(1,015)</u>	<u>(887)</u>
Present value of minimum payments due under sales-type leases	31,613	30,003
Allowance for credit losses	<u>(458)</u>	<u>(664)</u>
Net investment in leases	<u>31,155</u>	<u>29,339</u>
Financed sales receivables:		
Gross minimum payments due under financed sales	127,099	127,906
Unearned finance income	<u>(26,160)</u>	<u>(27,199)</u>
Present value of minimum payments due under financed sales	100,939	100,707
Allowance for credit losses	<u>(10,140)</u>	<u>(10,161)</u>
Net financed sales receivables	<u>90,799</u>	<u>90,546</u>
Total financing receivables	<u>\$ 121,954</u>	<u>\$ 119,885</u>
Net financed sales receivables due within one year	\$ 30,660	\$ 30,136
Net financed sales receivables due after one year	<u>60,139</u>	<u>60,410</u>
Total financed sales receivables	<u>\$ 90,799</u>	<u>\$ 90,546</u>

As of December 31, 2025 and 2024, 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,	
	2025	2024
Weighted-average remaining lease term (in years):		
Sales-type lease arrangements	8.6	8.5
Weighted-average interest rate:		
Sales-type lease arrangements	6.91%	7.24%
Financed sales receivables	8.68%	8.95%

The tables below provide information on the Company's net investment in leases by credit quality indicator as of December 31, 2025 and 2024. The amounts disclosed for each credit quality classification are determined on a theater-by-theater basis and include both billed and unbilled amounts.

(In thousands of U.S. Dollars)

As of December 31, 2025	By Origination Year						Total
	2025	2024	2023	2022	2021	Prior	
Net investment in leases:							
Credit quality classification:							
In good standing	\$ 4,843	\$ 3,277	\$ 2,638	\$ 2,721	\$ 8,562	\$ 9,171	\$ 31,212
Credit Watch	-	-	-	-	-	-	-
Pre-approved transactions	-	-	-	-	-	-	-
Transactions suspended	-	-	-	-	-	401	401
Total net investment in leases	\$ 4,843	\$ 3,277	\$ 2,638	\$ 2,721	\$ 8,562	\$ 9,572	\$ 31,613

(In thousands of U.S. Dollars)

As of December 31, 2024	By Origination Year					Prior	Total
	2024	2023	2022	2021	2020		
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

The tables below provide information on the Company's financed sales receivables by credit quality indicator as of December 31, 2025 and 2024. The amounts disclosed for each credit quality classification are determined on a theater-by-theater basis and include both billed and unbilled amounts.

(In thousands of U.S. Dollars)

As of December 31, 2025	By Origination Year					Prior	Total
	2025	2024	2023	2022	2021		
Financed sales receivables:							
Credit quality classification:							
In good standing	\$ 11,069	\$ 6,537	\$ 7,638	\$ 4,796	\$ 7,642	\$ 38,792	\$ 76,474
Credit Watch	-	-	-	-	114	629	743
Pre-approved transactions	316	165	369	-	428	6,870	8,148
Transactions suspended	-	-	-	527	391	14,656	15,574
Total financed sales receivables	\$ 11,385	\$ 6,702	\$ 8,007	\$ 5,323	\$ 8,575	\$ 60,947	\$ 100,939

(In thousands of U.S. Dollars)

As of December 31, 2024	By Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
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

The following tables provide an aging analysis for the Company's net investment in leases and financed sales receivables as of December 31, 2025 and 2024:

(In thousands of U.S. Dollars)	As of December 31, 2025							
	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Recorded Receivable	Allowance for Credit Losses	Net
Net investment in leases	\$ 670	\$ 223	\$ 2,278	\$ 3,171	\$ 28,442	\$ 31,613	\$ (458)	\$ 31,155
Financed sales receivables	1,361	887	10,308	12,556	88,383	100,939	(10,140)	90,799
Total	\$ 2,031	\$ 1,110	\$ 12,586	\$ 15,727	\$ 116,825	\$ 132,552	\$ (10,598)	\$ 121,954

(In thousands of U.S. Dollars)	As of December 31, 2024							
	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

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, 2025 and 2024.

<i>(In thousands of U.S. Dollars)</i>	As of December 31, 2025						
	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Allowance for Credit Losses	Net
Net investment in leases	\$ 337	\$ 165	\$ 2,281	\$ 2,783	\$ 16,129	\$ (10)	\$ 18,902
Financed sales receivables	<u>684</u>	<u>690</u>	<u>7,440</u>	<u>8,814</u>	<u>32,211</u>	<u>(1,252)</u>	<u>39,773</u>
Total	<u>\$ 1,021</u>	<u>\$ 855</u>	<u>\$ 9,721</u>	<u>\$ 11,597</u>	<u>\$ 48,340</u>	<u>\$ (1,262)</u>	<u>\$ 58,675</u>

<i>(In thousands of U.S. Dollars)</i>	As of December 31, 2024						
	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	<u>727</u>	<u>610</u>	<u>10,143</u>	<u>11,480</u>	<u>42,208</u>	<u>(1,086)</u>	<u>52,602</u>
Total	<u>\$ 949</u>	<u>\$ 828</u>	<u>\$ 13,328</u>	<u>\$ 15,105</u>	<u>\$ 62,384</u>	<u>\$ (1,092)</u>	<u>\$ 76,397</u>

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, 2025 and 2024:

<i>(In thousands of U.S. Dollars)</i>	As of December 31, 2025			As of December 31, 2024		
	Recorded Receivable	Allowances for Credit Losses	Net	Recorded Receivable	Allowances for Credit Losses	Net
Net investment in leases	\$ 401	\$ (401)	\$ -	\$ 827	\$ (614)	\$ 213
Net financed sales receivables	<u>24,467</u>	<u>(9,243)</u>	<u>15,224</u>	<u>28,565</u>	<u>(8,317)</u>	<u>20,248</u>
Total	<u>\$ 24,868</u>	<u>\$ (9,644)</u>	<u>\$ 15,224</u>	<u>\$ 29,392</u>	<u>\$ (8,931)</u>	<u>\$ 20,461</u>

For the years ended December 31, 2025, 2024, and 2023, the Company did not recognize any Finance Income related to the net investment in leases in nonaccrual status.

For the year ended December 31, 2025, the Company recognized \$0.3 million (2024 – \$1.0 million; 2023 – \$0.2 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, 2025 and 2024:

	December 31, 2025	
	Net Investment in Leases	Net Financed Sales Receivables
<i>(In thousands of U.S. Dollars)</i>		
Beginning balance	\$ 664	\$ 10,161
Current year reversal, net	(207)	(60)
Foreign exchange	1	39
	<u> </u>	<u> </u>
Ending balance	<u>\$ 458</u>	<u>\$ 10,140</u>

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

For the years ended December 31, 2025 and 2024, the Company's allowance for current expected credit losses related to its net investment in leases and financed sales receivables decreased by \$0.2 million and increased by \$0.8 million, respectively, which reflects the Company's credit quality assessment of future minimum payments due from its exhibition customers.

Variable Consideration Receivables

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

The following table summarizes the activity in the Allowance for Credit Losses related to Variable Consideration Receivables for the years ended December 31, 2025 and 2024:

	December 31,	
	2025	2024
	Theater Operators	Theater Operators
<i>(In thousands of U.S. Dollars)</i>		
Beginning balance	\$ 116	\$ 633
Current year (reversal) provision, net	(96)	(513)
Foreign exchange	-	(4)
	<u> </u>	<u> </u>
Ending balance	<u>\$ 20</u>	<u>\$ 116</u>

For the year ended December 31, 2025, the Company's allowance for current expected credit losses related to Variable Consideration Receivables remained consistent.

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

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. The Company has the ability to renew its leases through either extension options or mutual agreement. 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 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, 2025, 2024, and 2023 the components of lease expense, which are primarily recorded within Selling, General and Administrative Expenses, were as follows:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Operating lease cost:			
Amortization of operating lease assets	\$ 2,499	\$ 2,120	\$ 2,677
Interest on operating lease liabilities	709	661	768
Short-term and variable lease costs	412	289	507
Finance lease cost:			
Amortization of finance lease assets	398	398	398
Interest on finance lease liabilities	—	17	45
	<u> </u>	<u> </u>	<u> </u>
Total lease cost	<u>\$ 4,018</u>	<u>\$ 3,485</u>	<u>\$ 4,395</u>

For the years ended December 31, 2025, 2024, and 2023, supplemental cash and non-cash information related to leases was as follows:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating leases	\$ 3,241	\$ 3,068	\$ 3,675
Finance leases	–	509	480
Supplemental disclosure of noncash leasing activities:			
Right-of-use assets obtained in exchange for operating lease obligations	\$ 1,787	\$ 1,596	\$ 972
Right-of-use assets obtained in exchange for finance lease obligations	–	–	–

As of December 31, 2025 and 2024, supplemental balance sheet information related to leases was as follows:

<i>(In thousands of U.S. Dollars)</i>		December 31,	
		2025	2024
Assets:	Balance Sheet Location		
Operating lease right-of-use assets	Property, plant and equipment	\$ 9,300	\$ 10,019
Finance lease right-of-use assets	Property, plant and equipment	624	1,022
Liabilities:	Balance Sheet Location		
Operating lease liabilities	Accrued and other liabilities	\$ 11,065	\$ 11,861
Finance lease liabilities	Accrued and other liabilities	–	–

As of December 31, 2025 and 2024, the weighted-average remaining lease term and weighted-average interest rate associated with the Company's leases were as follows:

<i>(In thousands of U.S. Dollars)</i>	December 31,	
	2025	2024
Operating leases:		
Weighted-average remaining lease term (years)	3.8	4.8
Weighted-average discount rate	5.87%	5.87%
Finance leases:		
Weighted-average remaining lease term (years)	1.6	2.6
Weighted-average discount rate	6.00%	6.00%

As of December 31, 2025, the maturities of the Company’s operating lease liabilities were as follows:

(In thousands of U.S. Dollars)

2026	\$	3,327
2027		3,268
2028		3,075
2029		2,556
2030		172
Thereafter		<u>6</u>
Total lease payments	\$	12,404
Less: interest expense		<u>(1,339)</u>
Present value of lease liabilities	\$	<u><u>11,065</u></u>

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 JRSA generally does not transfer to the customer. The Company’s JRSAs 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, 2025 balance sheet date:

<i>(In thousands of U.S. Dollars)</i>	Sales-Type Leases
2026	\$ 3,955
2027	3,533
2028	3,418
2029	3,418
2030	3,405
Thereafter	<u>14,899</u>
Total	<u>\$ 32,628</u>

(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, 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, 2025, 2024, and 2023:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Beginning balance	\$ 82,593	\$ 64,338	\$ 44,024
Variable consideration for newly recognized sales	19,603	25,485	28,580
Accretion to finance income	5,709	3,810	2,644
Transferred to receivables from variable consideration assets	(19,639)	(13,884)	(10,887)
Changes in variable consideration estimates	3,040	2,327	–
Changes in allowance for credit losses (see Note 4)	96	517	(23)
Ending balance	<u>\$ 91,402</u>	<u>\$ 82,593</u>	<u>\$ 64,338</u>

11. Income Taxes

Income Before Taxes by Jurisdiction

Income before taxes by tax jurisdiction for the years ended December 31, 2025, 2024, and 2023 consisted of the following:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Canada	\$ (2,032)	\$ (14,240)	\$ (13,366)
Foreign ⁽¹⁾	<u>65,325</u>	<u>51,938</u>	<u>59,483</u>
Total	<u>\$ 63,293</u>	<u>\$ 37,698</u>	<u>\$ 46,117</u>

(1) Prior year amounts have been revised to conform to the current presentation with one category for Foreign income. No amounts have been reclassified between Canada and Foreign.

Income Tax Expense

Income tax expense for the years ended December 31, 2025, 2024, and 2023 consisted of the following:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Income tax expense – current ⁽¹⁾ :			
Federal	\$ (609)	\$ 700	\$ 58
Provincial	(467)	537	45
Foreign	<u>(15,919)</u>	<u>(11,864)</u>	<u>(14,601)</u>
Sub-total	<u>(16,995)</u>	<u>(10,627)</u>	<u>(14,498)</u>
Income tax (expense) benefit – deferred ⁽¹⁾ :			
Federal ⁽²⁾	697	(1,920)	1,390
Provincial	535	(1,472)	1,066
Foreign	<u>(2,004)</u>	<u>9,023</u>	<u>(1,009)</u>
Sub-total	<u>(772)</u>	<u>5,631</u>	<u>1,447</u>
Total ⁽³⁾	<u>\$ (17,767)</u>	<u>\$ (4,996)</u>	<u>\$ (13,051)</u>

(1) Prior year amounts have been revised to conform to the current presentation to present the information into Federal, Provincial, and Foreign Categories.

- (2) 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, 2025, the Company recorded a \$5.7 million net decrease (2024 – net increase of \$3.5 million, 2023 – net decrease of \$0.7 million) in the valuation allowance against its deferred tax assets in Canada. Of the \$5.7 million net decrease in the valuation allowance recorded in 2025, a \$6.0 million decrease is reflected within Income Tax Expense in the Company's Consolidated Statements of Operations, and a \$0.3 million increase is reflected directly on the Consolidated Balance Sheets.
- (3) For the year ended December 31, 2025, Income Tax Expense excludes a tax expense of \$1.2 million included in Other Comprehensive Income (2024 – benefit of \$0.9 million; 2023 – expense of \$0.2 million).

Net Operating Loss Carryforwards

Estimated Canadian net operating loss carryforwards of \$40.0 million can be used to reduce taxable income through 2044 and \$1.4 million of Ireland net operating losses can be carried forward indefinitely. Investment tax credits and other tax credits of \$7.8 million can be carried forward to reduce income taxes payable through to 2045.

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, 2025, \$nil (2024 – \$nil) of historical earnings from a subsidiary in China were distributed and, as a result, \$nil (2024 – \$nil) 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, 2025 (2024 – \$12.5 million) related to the estimated applicable foreign withholding taxes associated with these historical earnings.

Valuation Allowance

As of December 31, 2025, the Company's Consolidated Balance Sheets include net deferred income tax assets of \$12.6 million, which is net of a valuation allowance of \$59.9 million (December 31, 2024 – \$14.5 million, which is net of a valuation allowance of \$65.6 million). For the year ended December 31, 2025, the Company recorded a net decrease in valuation allowance of \$5.7 million (2024 – net increase of \$3.5 million). The net decrease includes \$4.7 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 recorded in Other Comprehensive Income, and \$1.3 million related to tax return and other tax adjustments. This was partially offset by an increase of \$1.2 million related deferred assets on investment tax credits and \$0.4 million for items recorded through Shareholders' Equity. The net decrease in the valuation allowance is reflected within Income Tax Expense in the Company's Consolidated Statements of Operations and a portion in Other Equity in the Consolidated Balance Sheets. 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, 2025, the Company had total tax reserves (including interest and penalties) of \$11.3 million (2024 – \$10.6 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, 2025, the Company recorded a net increase of \$nil (2024 – decrease of \$1.6 million, 2023 – decrease of \$0.8 million) related to tax reserves (excluding interest and penalties).

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 \$0.8 million in potential interest and penalties associated with its provision for uncertain tax positions for the years ended December 31, 2025 (2024 – \$0.1 million; 2023 – \$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, 2025, 2024, and 2023:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Balance at beginning of the year	\$ 7,349	\$ 8,954	\$ 9,733
Additions based on tax positions related to the current year	–	–	–
Additions for tax positions of prior years	–	109	1,552
Reductions resulting from lapse of applicable statute of limitations and administrative practices	–	(1,714)	(2,331)
	<u>–</u>	<u>(1,714)</u>	<u>(2,331)</u>
Balance at the end of the year	<u>\$ 7,349</u>	<u>\$ 7,349</u>	<u>\$ 8,954</u>

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 2022 through 2025 tax years remain subject to examination by the IRS for United States federal tax purposes, and the 2017 through 2025 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, 2025, the Company has recorded \$nil share buyback tax as the Company did not have any share buybacks during the year.

One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act (the “**Act**”) was enacted into law. Key provisions of the Act include revisions to Interest Deductibility (IRC §163(j)), Bonus Depreciation, and Section §179. The Act did not have a material impact on the Company’s consolidated financial statements, including its effective tax rate. The Company will continue to monitor interpretive guidance and assess any future impact, if applicable.

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**”) (\$28.5 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 has been renewed to March 20, 2026.

As of December 31, 2025, no borrowings were outstanding under the Bank of China Facility and outstanding letters of guarantee were RMB1.0 million (\$0.1 million).

As of December 31, 2025, the amount available for future borrowings under the Bank of China Facility was RMB190.0 million (\$27.1 million) and the amount available for letters of guarantee was RMB9.0 million (\$1.3 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, 2025 was 0% (2024 – 0%). There were no amounts drawn under the Bank of China Facility during the year ended December 31, 2025.

HSBC China Facility

In June 2022, IMAX Shanghai entered into an unsecured revolving facility for up to RMB200.0 million (\$28.5 million) with HSBC Bank (China) Company Limited, Shanghai Branch to fund ongoing working capital requirements (the “**HSBC China Facility**”). As of December 31, 2025 and 2024, no borrowings were outstanding under the HSBC China facility. As of December 31, 2025, the amount available for future borrowings under the HSBC China Facility was RMB200.0 million (\$28.5 million). The effective interest rate for the year ended December 31, 2025 was 0% (2024 – 0%). There were no amounts drawn under the HSBC China Facility during the year ended December 31, 2025.

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, 2025, 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, 2025, 2024, and 2023, share-based compensation expense related to China Options, China RSUs and China PSUs was as follows:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
Expense			
China Options	\$ –	\$ –	\$ 12
China RSUs	1,416	1,243	2,337
China PSUs	294	35	647
Total	\$ 1,710	\$ 1,278	\$ 2,996

Issuer Purchases of Equity Securities

In 2024, IMAX China’s shareholders granted its Board of Directors a general mandate authorizing IMAX China’s Board of Directors, 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, 2024 (34,000,845 shares). This program expired on the date of the 2025 Annual General Meeting of IMAX China on June 12, 2025. During the 2025 Annual General Meeting, shareholders granted its Board of Directors a general mandate authorizing the Board of Directors of IMAX China, subject to applicable laws to repurchase shares of IMAX China not to exceed 10% of the total number of issued shares as of June 12, 2025 (33,919,122 shares). This program will be valid until the 2026 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 2025, IMAX China repurchased 1,495,900 (2024 – 119,900) common shares at an average price of HKD7.56 per share (\$0.96 per share) for a total of HKD11.3 million or U.S. \$1.4 million (2024 – HKD7.43 per share or \$0.95 per share, for a total of HKD0.9 million or U.S \$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, 2025 and 2024:

	Total Number of Shares		Average Price Paid Per Share	
	Repurchased			
	2025	2024	2025	2024
Shares repurchased	1,495,900	119,900	\$ 0.96	\$ 0.95

Statutory Surplus Reserve

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

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

The statutory surplus reserve of RMB37.7 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 theater business activities, including after-market sales of IMAX System parts and 3D glasses.

During the fourth quarter of 2025, the Company reorganized its operating and reporting structure to align with the manner in which management evaluates performance for SSIMWAVE and IMAX Enhanced on a combined basis. As a result of this change, certain legacy operating segments were aggregated to form a new operating segment, “Streaming and Consumer Technology”. This operating segment is included in “All Other”, as it does not meet the quantitative criteria for being a reportable segment. Also included within “All Other” are other ancillary activities that do not meet the criteria to be considered a reportable segment.

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, 2025, 2024, and 2023:

<i>(In thousands of U.S. Dollars)</i>	Revenue ⁽¹⁾			Gross Margin		
	2025	2024	2023	2025	2024	2023
Content Solutions	\$ 151,258	\$ 124,731	\$ 126,698	\$ 99,706	\$ 66,523	\$ 74,106
Technology Products and Services	<u>251,277</u>	<u>216,062</u>	<u>234,303</u>	<u>143,222</u>	<u>115,553</u>	<u>129,946</u>
Sub-total for reportable segments	<u>402,535</u>	<u>340,793</u>	<u>361,001</u>	<u>242,928</u>	<u>182,076</u>	<u>204,052</u>
All Other	<u>7,677</u>	<u>11,415</u>	<u>13,838</u>	<u>3,262</u>	<u>8,124</u>	<u>10,289</u>
Total	<u>\$ 410,212</u>	<u>\$ 352,208</u>	<u>\$ 374,839</u>	<u>\$ 246,190</u>	<u>\$ 190,200</u>	<u>\$ 214,341</u>

(1) The Company’s largest customer represents 9% of total Revenues as of December 31, 2025 (2024 – 11%; 2023 – 10%). No single customer comprises more than 10% of the Company’s total Accounts Receivable as of December 31, 2025 and 2024.

The following table presents the Costs and Expenses Applicable to Revenues for the Content Solutions segment that has been 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: <i>(In thousands of U.S. Dollars)</i>	For the years ended December 31,		
	2025	2024	2023
Revenue	\$ 151,258	\$ 124,731	\$ 126,698
Film asset amortization	18,500	24,775	20,281
Marketing and other selling expenses	17,867	15,030	15,200
Co-produced film participation expenses	438	3,292	594
Write-down of film assets	156	9	411
Other segment expenses ⁽¹⁾	<u>14,591</u>	<u>15,102</u>	<u>16,106</u>
Total Costs and Expenses Applicable to Revenues	<u>51,552</u>	<u>58,208</u>	<u>52,592</u>
Gross Margin	<u>\$ 99,706</u>	<u>\$ 66,523</u>	<u>\$ 74,106</u>

(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: <i>(In thousands of U.S. Dollars)</i>	For the years ended December 31,		
	2025	2024	2023
Revenue	\$ 251,277	\$ 216,062	\$ 234,303
Depreciation of equipment supporting JRSAs	23,166	22,723	22,857
Marketing and other selling expenses	4,661	2,411	2,053
Write-down of equipment supporting JRSAs	630	3,397	756
Write-down of inventories	261	359	542
Other segment expenses ⁽¹⁾	<u>79,337</u>	<u>71,619</u>	<u>78,149</u>
Total Costs and Expenses Applicable to Revenues	<u>108,055</u>	<u>100,509</u>	<u>104,357</u>
Gross Margin	<u>\$ 143,222</u>	<u>\$ 115,553</u>	<u>\$ 129,946</u>

(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. Also included is a recovery of \$0.5 million for insurance proceeds received during the year ended December 31, 2025, associated with inventory costs that were previously written off. The total proceeds received were \$0.7 million, and the incremental gain of \$0.2 million was recognized in selling, general and administrative expenses.

The following table presents the Company's assets by category and reportable segment, reconciled to consolidated assets, as of December 31, 2025 and 2024:

<i>(In thousands of U.S. Dollars)</i>	As of December 31,	
	2025	2024
Content Solutions	\$ 104,603	\$ 89,383
Technology Products and Services	<u>554,866</u>	<u>544,444</u>
Sub-total for reportable segments	659,469	633,827
All Other	30,471	37,808
Corporate and other non-segment specific assets	<u>204,091</u>	<u>158,763</u>
Total	<u>\$ 894,031</u>	<u>\$ 830,398</u>

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, 2025, 2024, and 2023:

<i>(In thousands of U.S. Dollars)</i>	Years Ended December 31,		
	2025	2024	2023
United States	\$ 144,854	\$ 137,761	\$ 117,925
Greater China	102,343	80,997	91,901
Asia (excluding China)	66,626	57,691	59,690
Western Europe	51,755	40,812	54,908
Canada	11,515	9,344	18,746
Latin America	8,970	8,994	13,788
Rest of the World	<u>24,149</u>	<u>16,609</u>	<u>17,881</u>
Total	<u>\$ 410,212</u>	<u>\$ 352,208</u>	<u>\$ 374,839</u>

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, 2025 and 2024:

<i>(In thousands of U.S. Dollars)</i>	As of December 31,	
	2025	2024
United States	\$ 106,455	\$ 100,422
Greater China	63,821	66,022
Canada	35,095	40,116
Western Europe	14,493	12,917
Asia (excluding Greater China)	18,097	15,134
Rest of the World	4,949	5,522
Total	<u>\$ 242,910</u>	<u>\$ 240,133</u>

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 \$151.2 million balance of cash and cash equivalents as of December 31, 2025 (December 31, 2024 – \$100.6 million) included \$137.4 million in cash held outside of Canada (December 31, 2024 – \$85.4 million), of which \$97.2 million was held in the PRC (December 31, 2024 – \$47.5 million).

Fair Value Measurements

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

<i>(In thousands of U.S. Dollars)</i>	As of December 31, 2025		As of December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Level 1</u>				
Cash and cash equivalents ⁽¹⁾	\$ 151,168	\$ 151,168	\$ 100,592	\$ 100,592
<u>Level 2</u>				
Net financed sales receivables ⁽⁴⁾	\$ 90,799	\$ 87,677	\$ 90,546	\$ 81,876
Net investment in sales-type leases ⁽⁴⁾	31,155	28,200	29,339	25,322
Equity securities ⁽²⁾	–	–	1,000	1,000
COLI ⁽⁵⁾	3,782	3,782	3,649	3,649
Foreign exchange contracts – designated forwards ⁽³⁾	990	990	(2,029)	(2,029)
Wells Fargo Credit Facility borrowings ⁽¹⁾	(37,000)	(37,000)	(37,000)	(37,000)
Federal Economic Development Loan ⁽⁴⁾	(927)	(927)	(1,765)	(1,765)
2026 Convertible Notes ⁽⁶⁾	(743)	(892)	(230,000)	(234,009)
2030 Convertible Notes ⁽⁶⁾	(250,000)	(278,708)	–	–

- (1) Recorded at cost, which approximates fair value.
- (2) Recorded at cost net of fair value adjustments and impairment charges.
- (3) Fair value is determined using quoted prices in active markets.
- (4) Fair value is estimated based on discounting future cash flows at currently available interest rates with comparable terms.
- (5) Measured at cash surrender value, which approximates fair value, for the company-owned life insurance (“COLI”)
- (6) 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 91 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, 2025 (the "**Foreign Currency Hedges**"), with settlement dates throughout 2026 and 2027. 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 ("**AOCL**") 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:

<i>(In thousands of U.S. Dollars)</i>	As of December 31,	
	2025	2024

Derivatives designated as hedging instruments:

Foreign exchange contracts – Forwards	\$ 48,357	\$ 48,376
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Fair value of derivatives in foreign exchange contracts:

<i>(In thousands of U.S. Dollars)</i>	Balance Sheet Location	As of December 31,	
		2025	2024
Derivatives designated as hedging instruments:			
Foreign exchange contracts – Forwards	Other assets	\$ 992	\$ –
	Accrued and other liabilities	(2)	(2,029)
		\$ 990	\$ (2,029)

Derivatives in foreign currency hedging relationships are as follows:

<i>(In thousands of U.S. Dollars)</i>		Years Ended December 31,		
		2025	2024	2023
Foreign exchange contracts – Forwards	Derivative Gain (Loss) Recognized in AOCI (Effective Portion)	<u>\$ 1,723</u>	<u>\$ (3,455)</u>	<u>\$ 575</u>

<i>(In thousands of U.S. Dollars)</i>		Years Ended December 31,		
		2025	2024	2023
Foreign exchange contracts – Forwards	Location of Derivative Loss Reclassified from AOCI (Effective Portion) Selling, general and administrative expenses	<u>\$ (1,297)</u>	<u>\$ (607)</u>	<u>\$ (892)</u>

The Company's estimated net amount of the existing gain as of December 31, 2025 is \$0.8 million (2024 – loss of \$2.0 million), which is expected to be reclassified to earnings within the next twelve months.

Investments in Equity Securities

As of December 31, 2025, 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. During the year ended December 31, 2025, the Company recorded an impairment charge of \$1.0 million on the investment in equity securities as the carrying value exceeded the estimated fair value. The carrying value of these equity security investments was \$nil as of December 31, 2025 (December 31, 2024 – \$1.0 million) and is recorded in Other Assets.

23. GOVERNMENT ASSISTANCE

China Grant

IMAX China receives local district grants primarily related to taxes paid, including corporate income taxes, value-added 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, 2025, \$2.5 million (2024 – \$2.8 million; 2023 – \$5.4 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 \$1.8 million (2024 – \$1.6 million; 2023 – \$3.4 million).

24. NON-CONTROLLING INTERESTS

IMAX China Non-Controlling Interest

As of December 31, 2025, the Company indirectly owned 71.57% of IMAX China, whose shares trade on the Hong Kong Stock Exchange (December 31, 2024 – 71.40%). IMAX China remains a consolidated subsidiary of the Company. The balance of non – controlling interest in IMAX China as of December 31, 2025 was \$89.2 million (December 31, 2024 – \$78.1 million). The net income attributable to non-controlling interest of IMAX China for the year ended December 31, 2025 was \$10.7 million (2024 – \$6.6 million; 2023 – \$7.8 million).

(2) EARNINGS RELEASE EXTRACTS

IMAX CORPORATION REPORTS FOURTH QUARTER AND FULL YEAR 2025 RESULTS

- IMAX delivers above expectations for full year 2025 across key metrics:
 - Best-ever Revenue of \$410 million, up 16% year-over-year
 - Strong operating profitability with Net Income margin of 11% and record Adjusted EBITDA⁽¹⁾ margin of 45%
 - Record Cash from Operating Activities of \$127 million, up 79% year-over-year
- Highest grossing year ever for IMAX at the global box office with \$1.28 billion; IMAX local language box office of \$405 million shatters previous full-year record by 66%

“2025 was a transformational year for IMAX, in which we took our performance to the next level and firmly established IMAX as a premier global platform for entertainment and events,” said Rich Gelfond, CEO of IMAX. “We exceeded virtually every target for box office and financial performance for the year and expect to deliver a record \$1.4 billion in global box office in 2026.”

- (1) Non-GAAP Financial Measure. See the discussion at the end of this earnings release for a description of the non-GAAP financial measures used herein, as well as reconciliations to the most comparable GAAP amounts.

Fourth Quarter and Full-Year Financial Highlights

Content Solutions Segment

- Content Solutions fourth quarter revenue of \$38.2 million increased 50% year-over-year. Fourth quarter 2025 IMAX gross box office increased 62% year-over-year to \$336.2 million, setting a new fourth quarter record. Gross margin for Content Solutions of \$21.8 million increased 84% year-over-year.
- Content Solutions full year 2025 revenue of \$151.3 million increased 21% year-over-year. Full year 2025 IMAX gross box office increased 40% year-over-year to \$1.28 billion, setting a new full year record. Gross margin for Content Solutions of \$99.7 million increased 50% year-over-year. Content Solutions margin expanded significantly, going from 53% in 2024 to 66% in 2025, driven by the operating leverage in our business that accompanies box office growth.
- Full year 2025 box office growth of 40% was driven by a diverse mix of global content that resulted in IMAX delivering a record 3.8% of the global box office, an increase in share of 700 basis points year-over-year. Highlights included:
 - A total of 67 local language titles from 14 countries including two of our top five titles of the year: the breakout animated title *Ne Zha 2* in China and the Japanese anime hit *Demon Slayer: Infinity Castle*
 - 10 Hollywood Filmed for IMAX releases that included four titles (*Sinners*, *Mission Impossible – The Final Reckoning*, *F1: The Movie* and *Tron Ares*) where IMAX delivered 20% or more of the opening weekend domestic box office
 - Record Q4 box office anchored by *Avatar: Fire and Ash* contributing \$112 million in the calendar year box office to become IMAX's top grossing Hollywood title in 2025

Technology Products and Services Segment

- Technology Products and Services fourth quarter revenue and gross margin increased 32% year-over-year to \$84.6 million and 44% year-over-year to \$49.1 million, respectively.
- Technology Products and Services full year 2025 revenue and gross margin increased 16% year-over-year to \$251.3 million and 24% year-over-year to \$143.2 million, respectively. Technology Products and Services margin increased from 53% in 2024 to 57% in 2025, which primarily reflects the positive incremental flow through of the higher level of box office tied to rental revenues.
- Demand for IMAX systems is growing. During 2025, the Company installed 160 systems, an increase of 10% compared to 146 systems installed in 2024. Of the 2025 installations, 82 systems were under sales arrangements, compared to 63 in the prior year, and 98 were new locations compared to 77 in the prior year.
- Commercial network growth continues with the number of IMAX locations increasing to 1,796 from 1,735 in the prior year period. The Company ended 2025 with a backlog of 434 IMAX systems.

IMAX CORPORATION

NON-GAAP FINANCIAL MEASURES

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 and free cash flow as supplemental measures of the Company's performance, which are not recognized under U.S. GAAP.

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 U.S. GAAP measures because they reflect the earnings relevant to the Company's shareholders, rather than the earnings attributable to non-controlling interests.

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) goodwill impairments (iv) restructuring charges and other impairments; (v) employee retention credits; and (vi) induced conversion expense on settlement of convertible notes; 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.

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 well as "Adjusted EBITDA margin." As defined in 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 and Adjusted EBITDA margin present 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. Total Adjusted EBITDA is defined as EBITDA excluding: (i) share-based and other non-cash compensation expense; (ii) realized and unrealized investment losses or gains; (iii) restructuring and other charges; (iv) write-downs, net of recoveries, including asset impairments and credit loss reversal and (v) induced conversion expense on settlement of convertible notes. 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) restructuring charges and other impairments; (iv) write-downs, net of recoveries, including goodwill, asset impairments and credit loss expense or reversal and (v) induced conversion expense on settlement of convertible notes. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue.

A reconciliation of net income (loss) attributable to common shareholders, which is the most directly comparable GAAP measure, to EBITDA, Adjusted EBITDA per Credit Facility and Adjusted EBITDA Margin is presented in the table below. Net income (loss) attributable to common shareholders is the most directly comparable U.S. 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.

Adjusted EBITDA per Credit Facility

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended (Unaudited)	
	December 31, 2025	December 31, 2024
Revenues	\$ 125,207	\$ 92,672
Reported net income	\$ 2,525	\$ 6,866
Add (subtract):		
Income tax expense	4,079	1,458
Interest expense, net of interest income	721	665
Depreciation and amortization, including film asset amortization	16,026	16,601
Amortization of deferred financing costs ⁽¹⁾	492	492
EBITDA	\$ 23,843	\$ 26,082
Share-based and other non-cash compensation	7,774	5,948
Unrealized investment losses (gains)	966	(33)
Restructuring charges and other impairments	1,635	3,749
Write-downs, including goodwill, asset impairments and credit loss expense	7,621	1,452
Induced conversion expense on settlement of convertible notes	15,264	–
Total Adjusted EBITDA	\$ 57,103	\$ 37,198
Less: Non-controlling interest	(4,045)	(2,990)
Adjusted EBITDA per Credit Facility – attributable to common shareholders	\$ 53,058	\$ 34,208

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

Adjusted EBITDA per Credit Facility

<i>(In thousands of U.S. Dollars)</i>	Twelve Months Ended	
	December 31, 2025	December 31, 2024
Revenues	<u>\$ 410,212</u>	<u>\$ 352,208</u>
Reported net income	45,526	\$ 32,702
Add (subtract):		
Income tax expense	17,767	4,996
Interest expense, net of interest income	2,578	3,936
Depreciation and amortization, including film asset amortization	62,446	65,503
Amortization of deferred financing costs ⁽¹⁾	<u>1,984</u>	<u>1,969</u>
EBITDA	\$ 130,301	\$ 109,106
Share-based and other non-cash compensation	26,824	23,209
Unrealized investment losses (gains)	867	(127)
Restructuring charges and other impairments	2,478	3,749
Write-downs, including goodwill, asset impairments and credit loss expense	9,211	2,999
Induced conversion expense on settlement of convertible notes	<u>15,264</u>	<u>—</u>
Total Adjusted EBITDA	<u>\$ 184,945</u>	<u>\$ 138,936</u>
Less: Non-controlling interest	<u>(19,193)</u>	<u>(14,191)</u>
Adjusted EBITDA per Credit Facility – attributable to common shareholders	<u><u>\$ 165,752</u></u>	<u><u>\$ 124,745</u></u>

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

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Annual Report”	the annual report of IMAX Corporation dated 25 February 2026
“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 25 February 2026 New York time
“Earnings Release”	the earnings announced by IMAX Corporation on 25 February 2026 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 Chinese Mainland, 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 Chinese Mainland, 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 Chinese Mainland must be affiliated with a theatre circuit

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

Hong Kong, 26 February 2026

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

Executive Director:

Daniel Manwaring

Non-Executive Directors:

Richard Gelfond

Robert Lister

Jiande Chen

Natasha Fernandes

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.