

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended June 30, 2024  
OR  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from to  
Commission File Number 001-35066

**IMAX Corporation**

*(Exact name of registrant as specified in its charter)*

**Canada**  
(State or other jurisdiction of  
incorporation or organization)

**2525 Speakman Drive,  
Mississauga, Ontario, Canada L5K 1B1  
(905) 403-6457**

**98-0140269**  
*(I.R.S. Employer  
Identification Number)*

**902 Broadway, Floor 20  
New York, New York, USA 10010  
(212) 821-0142**

*(Address of principal executive offices, zip code, telephone numbers)*  
**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	IMAX	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of June 30, 2024
Common Shares, no par value	52,676,567



# IMAX CORPORATION

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**IMAX CORPORATION**

**PART I. FINANCIAL INFORMATION**

**Item 1. *Financial Statements***

The following unaudited Condensed Consolidated Financial Statements are filed as part of this Report:

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**IMAX CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands of U.S. Dollars, except share amounts)  
(Unaudited)

	June 30, 2024	December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	\$ 91,552	\$ 76,200
Accounts receivable, net of allowance for credit losses	121,513	136,259
Financing receivables, net of allowance for credit losses	123,496	127,154
Variable consideration receivables, net of allowance for credit losses	69,927	64,338
Inventories	37,798	31,584
Prepaid expenses	11,786	12,345
Film assets, net of accumulated amortization	8,532	6,786
Property, plant and equipment, net of accumulated depreciation	237,781	243,299
Other assets	21,244	20,879
Deferred income tax assets, net of valuation allowance	16,099	7,988
Goodwill	52,815	52,815
Other intangible assets, net of accumulated amortization	34,856	35,022
<b>Total assets</b>	<b>\$ 827,399</b>	<b>\$ 814,669</b>
<b>Liabilities</b>		
Accounts payable	\$ 20,055	\$ 26,386
Accrued and other liabilities	106,336	111,013
Deferred revenue	62,655	67,105
Revolving credit facility borrowings, net of unamortized debt issuance costs	53,132	22,924
Convertible notes and other borrowings, net of unamortized discounts and debt issuance costs	229,738	229,131
Deferred income tax liabilities	12,521	12,521
<b>Total liabilities</b>	<b>484,437</b>	<b>469,080</b>
<b>Commitments, contingencies and guarantees</b> (see Note 7)		
<b>Non-controlling interests</b>	<b>657</b>	<b>658</b>
<b>Shareholders' equity</b>		
Capital stock common shares — no par value. Authorized — unlimited number. 52,676,567 issued and outstanding (December 31, 2023 — 53,260,276 issued and outstanding)	394,493	389,048
Other equity	176,632	185,087
Statutory surplus reserve	3,932	3,932
Accumulated deficit	(293,889)	(292,845)
Accumulated other comprehensive loss	(13,974)	(12,081)
<b>Total shareholders' equity attributable to common shareholders</b>	<b>267,194</b>	<b>273,141</b>
Non-controlling interests	75,111	71,790
<b>Total shareholders' equity</b>	<b>342,305</b>	<b>344,931</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 827,399</b>	<b>\$ 814,669</b>

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

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Revenues</b>				
Technology sales	\$ 20,420	\$ 29,360	\$ 28,324	\$ 47,182
Image enhancement and maintenance services	52,189	46,867	102,537	93,994
Technology rentals	14,043	19,546	32,644	39,604
Finance income	2,309	2,206	4,579	4,145
	<b>88,961</b>	<b>97,979</b>	<b>168,084</b>	<b>184,925</b>
<b>Costs and expenses applicable to revenues</b>				
Technology sales	9,222	13,771	13,989	21,003
Image enhancement and maintenance services	29,089	19,739	50,284	42,824
Technology rentals	6,723	6,582	12,995	13,160
	<b>45,034</b>	<b>40,092</b>	<b>77,268</b>	<b>76,987</b>
<b>Gross margin</b>	<b>43,927</b>	<b>57,887</b>	<b>90,816</b>	<b>107,938</b>
Selling, general and administrative expenses	37,564	38,906	68,821	73,054
Research and development	2,031	2,762	4,218	4,617
Amortization of intangible assets	1,321	1,147	2,664	2,221
Credit loss expense, net	139	846	174	1,066
Restructuring and executive transition costs	—	—	—	1,353
<b>Income from operations</b>	<b>2,872</b>	<b>14,226</b>	<b>14,939</b>	<b>25,627</b>
Realized and unrealized investment gains	32	28	62	72
Retirement benefits non-service expense	(107)	(78)	(214)	(155)
Interest income	561	693	1,095	1,100
Interest expense	(2,282)	(1,795)	(4,227)	(3,562)
<b>Income before taxes</b>	<b>1,076</b>	<b>13,074</b>	<b>11,655</b>	<b>23,082</b>
Income tax recovery (expense)	3,997	(3,461)	(1,162)	(8,346)
<b>Net income</b>	<b>5,073</b>	<b>9,613</b>	<b>10,493</b>	<b>14,736</b>
Net income attributable to non-controlling interests	(1,490)	(1,262)	(3,636)	(3,931)
<b>Net income attributable to common shareholders</b>	<b>\$ 3,583</b>	<b>\$ 8,351</b>	<b>\$ 6,857</b>	<b>\$ 10,805</b>
<b>Net income per share attributable to common shareholders:</b>				
Basic and diluted	\$ 0.07	\$ 0.15	\$ 0.13	\$ 0.20
<b>Weighted average shares outstanding (in thousands):</b>				
Basic	52,633	54,591	52,568	54,328
Diluted	53,428	55,320	53,386	55,145

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

**IMAX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
*(In thousands of U.S. Dollars)*  
*(Unaudited)*

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Net income</b>	<b>\$ 5,073</b>	<b>\$ 9,613</b>	<b>\$ 10,493</b>	<b>\$ 14,736</b>
<b>Other comprehensive loss before tax</b>				
Unrealized net (loss) gain from cash flow hedging instruments	(365)	688	(1,281)	822
Realized net loss from cash flow hedging instruments	67	123	78	462
Foreign currency translation adjustments	(454)	(10,059)	(996)	(7,619)
Defined benefit and postretirement benefit plans	(149)	(176)	(398)	(352)
<b>Total other comprehensive loss before tax</b>	<b>(901)</b>	<b>(9,424)</b>	<b>(2,597)</b>	<b>(6,687)</b>
Income tax benefit (expense) related to other comprehensive loss	117	(166)	420	(244)
Other comprehensive loss, net of tax	(784)	(9,590)	(2,177)	(6,931)
<b>Comprehensive income</b>	<b>4,289</b>	<b>23</b>	<b>8,316</b>	<b>7,805</b>
Comprehensive (income) loss attributable to non-controlling interests	(1,359)	1,582	(3,351)	(1,776)
<b>Comprehensive income attributable to common shareholders</b>	<b>\$ 2,930</b>	<b>\$ 1,605</b>	<b>\$ 4,965</b>	<b>\$ 6,029</b>

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

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

	Six Months Ended	
	June 30,	
	2024	2023
<b>Operating Activities</b>		
Net income	\$ 10,493	\$ 14,736
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	34,002	27,198
Amortization of deferred financing costs	985	1,250
Credit loss expense, net	174	1,066
Write-downs, including asset impairments	2,399	474
Deferred income tax benefit	(7,722)	(3,279)
Share-based and other non-cash compensation	11,753	12,533
Unrealized foreign currency exchange loss	51	175
Realized and unrealized investment gain	(62)	(72)
Changes in assets and liabilities:		
Accounts receivable	14,492	9,531
Inventories	(6,271)	(6,118)
Film assets	(12,741)	(9,241)
Deferred revenue	(4,397)	(3,255)
Changes in other operating assets and liabilities	(19,086)	(19,143)
<b>Net cash provided by operating activities</b>	<b>24,070</b>	<b>25,855</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(2,690)	(1,009)
Investment in equipment for joint revenue sharing arrangements	(9,757)	(4,033)
Acquisition of other intangible assets	(3,191)	(3,478)
<b>Net cash used in investing activities</b>	<b>(15,638)</b>	<b>(8,520)</b>
<b>Financing Activities</b>		
Revolving credit facility borrowings	51,000	30,717
Repayments of revolving credit facility borrowings	(21,000)	(38,886)
Repayments of other borrowings	(311)	—
Proceeds from other borrowings	—	315
Repurchase of common shares	(18,102)	(4,011)
Taxes withheld and paid on employee stock awards vested	(4,978)	(6,458)
Dividends paid to non-controlling interests	—	(1,438)
<b>Net cash provided by (used in) financing activities</b>	<b>6,609</b>	<b>(19,761)</b>
Effects of exchange rate changes on cash	311	291
<b>Increase (decrease) in cash and cash equivalents during period</b>	<b>15,352</b>	<b>(2,135)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>76,200</b>	<b>97,401</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 91,552</b>	<b>\$ 95,266</b>

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

**IMAX CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
*(In thousands of U.S. Dollars)*  
*(Unaudited)*

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Adjustments to capital stock:</b>				
Balance, beginning of period	\$ 393,597	\$ 389,500	\$ 389,048	\$ 376,715
Average carrying value of repurchased and retired common shares	(58)	(206)	(8,575)	(97)
Restricted share units vested, net of shares withheld for employee tax obligations	954	944	14,020	13,620
Balance, end of period	<u>394,493</u>	<u>390,238</u>	<u>394,493</u>	<u>390,238</u>
<b>Adjustments to other equity:</b>				
Balance, beginning of period	171,877	170,871	185,087	185,678
Amortization of share-based payment expense - stock options	—	1	—	92
Amortization of share-based payment expense - restricted share units	4,622	4,010	7,546	7,324
Amortization of share-based payment expense - performance stock units	1,992	2,104	3,879	3,125
Restricted share units vested	(1,848)	(1,612)	(19,791)	(20,845)
Change in ownership interest related to IMAX China	(11)	—	(89)	—
Balance, end of period	<u>176,632</u>	<u>175,374</u>	<u>176,632</u>	<u>175,374</u>
<b>Adjustments to statutory surplus reserve:</b>				
Balance, beginning of period	3,932	3,932	3,932	3,932
Balance, end of period	<u>3,932</u>	<u>3,932</u>	<u>3,932</u>	<u>3,932</u>
<b>Adjustments to accumulated deficit:</b>				
Balance, beginning of period	(297,284)	(292,409)	(292,845)	(293,124)
Net income attributable to common shareholders	3,583	8,351	6,857	10,805
Common shares repurchased and retired	(188)	(150)	(7,901)	(1,889)
Balance, end of period	<u>(293,889)</u>	<u>(284,208)</u>	<u>(293,889)</u>	<u>(284,208)</u>
<b>Adjustments to accumulated other comprehensive loss:</b>				
Balance, beginning of period	(13,320)	(7,876)	(12,081)	(9,846)
Other comprehensive loss, net of tax	(654)	(6,746)	(1,893)	(4,776)
Balance, end of period	<u>(13,974)</u>	<u>(14,622)</u>	<u>(13,974)</u>	<u>(14,622)</u>
<b>Adjustments to non-controlling interests:</b>				
Balance, beginning of period	73,928	69,090	71,790	65,691
Net income attributable to non-controlling interests	1,482	1,261	3,636	3,921
Other comprehensive loss, net of tax	(130)	(2,844)	(284)	(2,155)
Share-based compensation attributable to non-controlling interests	(65)	98	(6)	148
Dividends paid to non-controlling shareholders of IMAX China	—	(1,438)	—	(1,438)
Change in ownership interest related to IMAX China common share repurchases	(104)	—	(25)	—
Balance, end of period	<u>75,111</u>	<u>66,167</u>	<u>75,111</u>	<u>66,167</u>
<b>Total Shareholders' Equity</b>	<u><u>\$ 342,305</u></u>	<u><u>\$ 336,881</u></u>	<u><u>\$ 342,305</u></u>	<u><u>\$ 336,881</u></u>

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

**IMAX CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*(Tabular amounts in thousands of U.S. Dollars, unless otherwise stated)*

## 1. Basis of Presentation

### *Accounting Principles*

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

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

### *Principles of Consolidation*

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

The Company has interests in ten film production companies, which have been identified as VIEs. The Company is the primary beneficiary of and consolidates five of these entities as it has the power to direct the activities that most significantly impact the economic performance of the VIE, and it has the obligation to absorb losses or the right to receive benefits from the respective VIE that could potentially be significant. The majority of the assets relating to these production companies are held by the IMAX Original Film Fund (the “Original Film Fund”) as described in Note 16. The Company does not consolidate the other five film production companies because it does not have the power to direct their activities and it does not have the obligation to absorb the majority of the expected losses or the right to receive expected residual returns. The Company uses the equity method of accounting for these entities, which are not material to the Company’s Condensed Consolidated Financial Statements. A loss in the value of an equity method investment that is other than temporary is recognized as a charge in the Condensed Consolidated Statements of Operations.

As of June 30, 2024 and December 31, 2023, total assets and liabilities of the Company’s consolidated VIEs are as follows:

<i>(In thousands of U.S. Dollars)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Total assets	\$ 1,424	\$ 1,425
Total liabilities	\$ 246	\$ 246

### ***Estimates and Assumptions***

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

## **2. New Accounting Standards and Accounting Changes**

### ***Recently Issued FASB Accounting Standard Codification Updates Not Yet Adopted***

In November 2023, the FASB issued Accounting Standards Update No. 2023-07, Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). The purpose of ASU 2023-07 is to enhance the interim disclosure requirements by more closely aligning them with the annual requirements. ASU 2023-07 requires interim and annual disclosures to include information about the company's significant segment expenses. ASU 2023-07 will be effective for the Company's year ended December 31, 2024 and all interim periods thereafter. The Company is in the process of evaluating the impact of this ASU on its Consolidated Financial Statements.

In December 2023, the FASB issued Accounting Standard Update 2023-09, Income Taxes (Topic 740) - Improvements to Income Tax Disclosures ("ASU 2023-09"). The amendments in ASU 2023-09 improve the transparency of income tax disclosures by requiring (i) consistent categories and greater disaggregation of information in the rate reconciliation, and (ii) income taxes paid disaggregated by jurisdiction. ASU 2023-09 will be effective for the Company's year ended December 31, 2025. The Company is in the process of evaluating the impact of this ASU on its Consolidated Financial Statements.

In March 2024, the FASB issued Accounting Standard Update 2024-01, Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards ("ASU 2024-01"). ASU 2024-01 amends the guidance in Accounting Standard Codification 718 ("ASC 718") by adding an illustrative example to demonstrate and clarify how to apply the scope guidance to determine whether profits interests and similar awards should be accounted for as share-based payment arrangement under ASC 718 or another standard. ASU 2024-01 will be effective for the Company's period ended March 31, 2025. The Company is in the process of evaluating the impact of ASU 2024-01 on its Condensed Consolidated Financial Statements.

The Company considers the applicability and impact of all recently issued FASB accounting standard codification updates. Accounting standard updates that are not noted above were assessed and determined to be not applicable or not significant to the Company's Condensed Consolidated Financial Statements for the period ended June 30, 2024.

## **3. Receivables**

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

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

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

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

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

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

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

#### *Accounts Receivable*

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

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The following tables summarize the activity in the allowance for credit losses related to Accounts Receivable for the three and six months ended June 30, 2024 and 2023:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Theater Operators	Studios	Other	Total	Theater Operators	Studios	Other	Total
	Beginning balance	\$ 14,247	\$ 630	\$ 1,079	\$ 15,956	\$ 14,355	\$ 616	\$ 1,006
Current period provision (reversal), net	53	24	1	78	(41)	38	74	71
Write-offs, net of recoveries	(178)	(3)	—	(181)	(178)	(3)	—	(181)
Foreign exchange	(27)	—	—	(27)	(41)	—	—	(41)
Ending balance	\$ 14,095	\$ 651	\$ 1,080	\$ 15,826	\$ 14,095	\$ 651	\$ 1,080	\$ 15,826

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended June 30, 2023				Six Months Ended June 30, 2023			
	Theater Operators	Studios	Other	Total	Theater Operators	Studios	Other	Total
	Beginning balance	\$ 10,824	\$ 1,707	\$ 1,297	\$ 13,828	\$ 11,144	\$ 1,699	\$ 1,276
Current period provision (reversal), net	1,704	(802)	189	1,091	1,439	(799)	210	850
Write-offs, net of recoveries	(682)	—	—	(682)	(797)	—	—	(797)
Foreign exchange	(206)	(11)	—	(217)	(146)	(6)	—	(152)
Ending balance	\$ 11,640	\$ 894	\$ 1,486	\$ 14,020	\$ 11,640	\$ 894	\$ 1,486	\$ 14,020

For the three and six months ended June 30, 2024, the Company's allowance for current expected credit losses related to Accounts Receivable decreased by \$0.1 million and \$0.2 million, respectively.

For the three and six months ended June 30, 2023, the Company's allowance for current expected credit losses related to Accounts Receivable increased by \$0.2 million and decreased by \$0.1 million, respectively.

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*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 June 30, 2024 and December 31, 2023, financing receivables consist of the following:

<i>(In thousands of U.S. Dollars)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>Net investment in leases:</b>		
Gross minimum payments due under sales-type leases	\$ 28,816	\$ 30,459
Unearned finance income	(463)	(467)
Present value of minimum payments due under sales-type leases	28,353	29,992
Allowance for credit losses	(450)	(453)
Net investment in leases	27,903	29,539
<b>Financed sales receivables:</b>		
Gross minimum payments due under financed sales	133,303	135,684
Unearned finance income	(28,085)	(28,452)
Present value of minimum payments due under financed sales	105,218	107,232
Allowance for credit losses	(9,625)	(9,617)
Net financed sales receivables	95,593	97,615
<b>Total financing receivables</b>	<b>\$ 123,496</b>	<b>\$ 127,154</b>
Net financed sales receivables due within one year	\$ 31,046	\$ 32,031
Net financed sales receivables due after one year	64,547	65,584
<b>Total financed sales receivables</b>	<b>\$ 95,593</b>	<b>\$ 97,615</b>

As of June 30, 2024 and December 31, 2023, the weighted-average remaining lease term and weighted-average interest rate associated with the Company's sales-type lease arrangements and financed sales receivables, as applicable, are as follows:

<i>(In thousands of U.S. Dollars)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>Weighted-average remaining lease term (in years):</b>		
Sales-type lease arrangements	8.0	8.3
<b>Weighted-average interest rate</b>		
Sales-type lease arrangements	7.33 %	7.88 %
Financed sales receivables	8.90 %	8.97 %

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The tables below provide information on the Company's net investment in leases by credit quality indicator as of June 30, 2024 and December 31, 2023. The amounts disclosed for each credit quality classification are determined on a customer-by-customer basis as per the origination year of the relationship, and include both billed and unbilled amounts.

(In thousands of U.S. Dollars)

As of June 30, 2024	By Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
Net investment in leases:							
Credit quality classification:							
In good standing	\$ —	\$ 2,127	\$ 1,737	\$ 6,699	\$ 2,159	\$ 2,524	\$ 15,246
Credit Watch	—	—	—	—	—	—	—
Pre-approved transactions	—	—	490	3,476	1,186	7,554	12,706
Transactions suspended	—	—	—	—	—	401	401
<b>Total net investment in leases</b>	<b>\$ —</b>	<b>\$ 2,127</b>	<b>\$ 2,227</b>	<b>\$ 10,175</b>	<b>\$ 3,345</b>	<b>\$ 10,479</b>	<b>\$ 28,353</b>

(In thousands of U.S. Dollars)

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

The tables below provide information on the Company's financed sales receivables by credit quality indicator as of June 30, 2024 and December 31, 2023. The amounts disclosed for each credit quality classification are determined on a customer-by-customer basis as per the origination year of the relationship, and include both billed and unbilled amounts.

(In thousands of U.S. Dollars)

As of June 30, 2024	By Origination Year						Total
	2024	2023	2022	2021	2020	Prior	
Financed sales receivables:							
Credit quality classification:							
In good standing	\$ 343	\$ 8,345	\$ 7,498	\$ 4,480	\$ 5,031	\$ 52,522	\$ 78,219
Credit Watch	—	—	—	—	—	1,142	1,142
Pre-approved transactions	—	483	342	2,874	1,478	8,558	13,735
Transactions suspended	—	161	—	737	146	11,078	12,122
<b>Total financed sales receivables</b>	<b>\$ 343</b>	<b>\$ 8,989</b>	<b>\$ 7,840</b>	<b>\$ 8,091</b>	<b>\$ 6,655</b>	<b>\$ 73,300</b>	<b>\$ 105,218</b>

(In thousands of U.S. Dollars)

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

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The following tables provide an aging analysis for the Company's net investment in leases and financed sales receivables as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024							
<i>(In thousands of U.S. Dollars)</i>	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Recorded Receivable	Allowance for Credit Losses	Net
Net investment in leases	\$ 270	\$ 420	\$ 4,796	\$ 5,486	\$ 22,867	\$ 28,353	\$ (450)	\$ 27,903
Financed sales receivables	1,438	2,054	8,726	12,218	93,000	105,218	(9,625)	95,593
<b>Total</b>	<b>\$ 1,708</b>	<b>\$ 2,474</b>	<b>\$ 13,522</b>	<b>\$ 17,704</b>	<b>\$ 115,867</b>	<b>\$ 133,571</b>	<b>\$ (10,075)</b>	<b>\$ 123,496</b>

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

The following tables provide information about the Company's net investment in leases and financed sale receivables with billed amounts past due for which it continues to accrue finance income as of June 30, 2024 and December 31, 2023. The amounts disclosed for each credit quality classification are determined on a customer-by-customer basis and include both billed and unbilled amounts.

	As of June 30, 2024							
<i>(In thousands of U.S. Dollars)</i>	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Allowance for Credit Losses	Net	
Net investment in leases	\$ 232	\$ 420	\$ 4,796	\$ 5,448	\$ 21,745	\$ (10)	\$ 27,183	
Financed sales receivables	832	1,521	8,744	11,097	34,679	(1,063)	44,713	
<b>Total</b>	<b>\$ 1,064</b>	<b>\$ 1,941</b>	<b>\$ 13,540</b>	<b>\$ 16,545</b>	<b>\$ 56,424</b>	<b>\$ (1,073)</b>	<b>\$ 71,896</b>	

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

The following table provides information about the Company's net investment in leases and financed sale receivables that are on nonaccrual status as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024			As of December 31, 2023		
<i>(In thousands of U.S. Dollars)</i>	Recorded Receivable	Allowance for Credit Losses	Net	Recorded Receivable	Allowance for Credit Losses	Net
Net investment in leases	\$ 401	\$ (401)	\$ —	\$ 401	\$ (401)	\$ —
Net financed sales receivables	27,185	(8,861)	18,324	29,204	(8,884)	20,320
<b>Total</b>	<b>\$ 27,586</b>	<b>\$ (9,262)</b>	<b>\$ 18,324</b>	<b>\$ 29,605</b>	<b>\$ (9,285)</b>	<b>\$ 20,320</b>

For the three and six months ended June 30, 2024 and 2023, the Company did not recognize Finance Income related to the net investment in leases on non-accrual status.

For the three and six months ended June 30, 2024, the Company recognized \$0.3 million and \$0.7 million, respectively (2023 — less than \$0.1 million and less than \$0.1 million, respectively) in Finance Income related to the financed sales receivables in nonaccrual status.

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The following tables summarize the activity in the allowance for credit losses related to the Company's net investment in leases and financed sale receivables for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024		June 30, 2024	
	Net Investment in Leases	Net Financed Sales Receivables	Net Investment in Leases	Net Financed Sales Receivables
<i>(In thousands of U.S. Dollars)</i>				
Beginning balance	\$ 451	\$ 9,616	\$ 453	\$ 9,617
Current period (reversal) provision, net	(1)	17	3	13
Foreign exchange	—	(8)	(6)	(5)
Ending balance	\$ 450	\$ 9,625	\$ 450	\$ 9,625

	Three Months Ended		Six Months Ended	
	June 30, 2023		June 30, 2023	
	Net Investment in Leases	Net Financed Sales Receivables	Net Investment in Leases	Net Financed Sales Receivables
<i>(In thousands of U.S. Dollars)</i>				
Beginning balance	\$ 778	\$ 11,533	\$ 776	\$ 10,945
Current period (reversal) provision, net	(79)	(336)	(81)	213
Foreign exchange	(10)	(170)	(6)	(131)
Ending balance	\$ 689	\$ 11,027	\$ 689	\$ 11,027

For the three and six months ended June 30, 2024, the Company's allowance for current expected credit losses related to its net investment in leases decreased by less than \$0.1 million, respectively, and financed sale receivables increased by less than \$0.1 million, respectively.

For the three and six months ended June 30, 2023, the Company's allowance for current expected credit losses related to its net investment in leases decreased by \$0.1 million, respectively, and financed sale receivables decreased by \$0.5 million and increased by \$0.1 million, respectively.

*Variable Consideration Receivables*

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

The following table summarizes the activity in the Allowance for Credit Losses related to Variable Consideration Receivables for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars)</i>				
	Theater Operators	Theater Operators	Theater Operators	Theater Operators
Beginning balance	\$ 636	\$ 526	\$ 633	\$ 610
Current period provision, net	41	183	44	97
Foreign exchange	—	(4)	—	(2)
Ending balance	\$ 677	\$ 705	\$ 677	\$ 705

For the three and six months ended June 30, 2024, the Company's allowance for current expected credit losses related to Variable Consideration Receivables increased by less than \$0.1 million, respectively (2023 — increased by \$0.2 million and \$0.1 million, respectively).

**4. 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 Condensed Consolidated Balance Sheets and the related lease expense is recognized as incurred over the lease term. Most of the Company's leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The Company has determined that it is reasonably certain that the renewal options on its warehouse leases will be exercised based on previous history, its current understanding of future business needs, and its level of investment in leasehold improvements, among other factors. The incremental borrowing rate used in the calculation of the Company's lease liabilities is based on the location of each leased property. None of the Company's leases include options to purchase the leased property. The depreciable lives of right-of-use assets and related leasehold improvements are limited by the expected lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company 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 three and six months ended June 30, 2024 and 2023, the components of lease expense recorded within Selling, General and Administrative Expenses are as follows:

<i>(In thousands of U.S. Dollars)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Operating lease cost:</b>				
Amortization of operating lease assets	\$ 588	\$ 556	\$ 1,109	\$ 1,280
Interest on operating lease liabilities	150	192	325	396
Short-term and variable lease costs	90	149	197	300
<b>Finance lease cost:</b>				
Amortization of finance lease assets	100	99	199	199
Interest on finance lease liabilities	7	14	14	28
<b>Total lease cost</b>	<b>\$ 935</b>	<b>\$ 1,010</b>	<b>\$ 1,844</b>	<b>\$ 2,203</b>

For the six months ended June 30, 2024 and 2023, supplemental cash and non-cash information related to leases is as follows:

<i>(In thousands of U.S. Dollars)</i>	Six Months Ended	
	June 30,	
	2024	2023
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>		
Operating leases	\$ 742	\$ 1,860
Finance leases	—	—
<b>Supplemental disclosure of noncash leasing activities:</b>		
Right-of-use assets obtained in exchange for operating lease obligations	\$ 260	\$ 233
Right-of-use assets obtained in exchange for finance lease obligations	—	—

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As of June 30, 2024 and December 31, 2023, supplemental balance sheet information related to leases is as follows:

(In thousands of U.S. Dollars)

		June 30, 2024	December 31, 2023
<b>Assets:</b>	<u>Balance Sheet Location</u>		
Operating lease right-of-use assets	Property, plant and equipment	\$ 9,713	\$ 10,599
Finance lease right-of-use assets	Property, plant and equipment	1,221	1,420
<b>Liabilities:</b>	<u>Balance Sheet Location</u>		
Operating lease liabilities	Accrued and other liabilities	\$ 11,706	\$ 12,702
Finance lease liabilities	Accrued and other liabilities	505	518

As of June 30, 2024 and December 31, 2023, the weighted-average remaining lease term and weighted-average interest rate associated with the Company's leases are as follows:

	June 30, 2024	December 31, 2023
<b>Operating leases:</b>		
Weighted-average remaining lease term (years)	5.3	4.9
Weighted-average discount rate	5.83 %	5.85 %
<b>Finance leases:</b>		
Weighted-average remaining lease term (years)	3.1	3.6
Weighted-average discount rate	6.00 %	6.00 %

As of June 30, 2024, the maturities of the Company's operating and finance lease liabilities are as follows:

(In thousands of U.S. Dollars)

	Operating Leases	Finance Leases
2024 (six months remaining)	\$ 1,250	\$ 515
2025	2,519	—
2026	2,462	—
2027	2,462	—
2028	2,465	—
Thereafter	2,388	—
<b>Total lease payments</b>	<b>\$ 13,546</b>	<b>\$ 515</b>
Less: interest expense	(1,840)	(10)
<b>Present value of lease liabilities</b>	<b>\$ 11,706</b>	<b>\$ 505</b>

**IMAX Corporation as a Lessor**

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

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

The following lease payments are expected to be received by the Company for its sales-type leases and joint revenue sharing arrangements in each of the next five years and thereafter following the June 30, 2024 balance sheet date:

<i>(In thousands of U.S. Dollars)</i>	Sales-Type Leases	Joint Revenue Sharing arrangements
2024 (six months remaining)	\$ 1,608	\$ 47
2025	3,088	26
2026	3,007	—
2027	2,941	—
2028	2,794	—
Thereafter	15,670	—
Total	<u>\$ 29,108</u>	<u>\$ 73</u>

## 5. Inventories

As of June 30, 2024 and December 31, 2023, Inventories consist of the following:

<i>(In thousands of U.S. Dollars)</i>	June 30, 2024	December 31, 2023
Raw materials	\$ 32,888	\$ 27,660
Work-in-process	1,941	2,570
Finished goods	2,969	1,354
Total	<u>\$ 37,798</u>	<u>\$ 31,584</u>

As of June 30, 2024, Inventories include finished goods of \$1.7 million (December 31, 2023 — \$0.6 million) for which title had passed to the customers, but the criteria for revenue recognition were not met as of the balance sheet date.

During the three and six months ended June 30, 2024, the Company recorded write-downs of \$0.2 million, respectively (2023 — write-downs of \$0.1 million, respectively) in Costs and Expenses Applicable to Revenues — Technology Sales.

## 6. Borrowings

### *Revolving Credit Facility Borrowings, Net*

As of June 30, 2024 and December 31, 2023, Revolving Credit Facility Borrowings, Net includes the following:

<i>(In thousands of U.S. Dollars)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Wells Fargo Credit Facility borrowings	\$ 54,000	\$ 24,000
Unamortized debt issuance costs	(868)	(1,076)
<b>Revolving Credit Facility Borrowings, net</b>	<b>\$ 53,132</b>	<b>\$ 22,924</b>

### *Wells Fargo Credit Agreement*

On March 25, 2022, the Company entered into a Sixth Amended and Restated Credit Agreement with Wells Fargo Bank, National Association, as agent (the “Agent”), and a syndicate of lenders party thereto (the “Credit Agreement”), which extended the maturity date of the credit facility under the Credit Agreement (the “Credit Facility”) from June 28, 2023 to March 25, 2027. The Company’s obligations under the Credit Agreement are guaranteed by certain of the Company’s subsidiaries (the “Guarantors”), and are secured by first-priority security interests in substantially all of the assets of the Company and the Guarantors.

The Credit Agreement has a revolving borrowing capacity of \$300.0 million, and contains an uncommitted accordion feature allowing the Company to further increase its borrowing capacity by the greater of \$140.0 million, for a total of \$440.0 million, or by the Company’s EBITDA for the sum of the four most recently ended fiscal quarters, subject to certain conditions, depending on the mix of revolving loans and/or term loans under the incremental facility and subject to conditions set forth in the Credit Agreement.

The Credit Facility requires that the Company maintain a maximum Senior Secured Net Leverage Ratio (as defined in the Credit Agreement) of no greater than 3.25:1.00, on the last day of each Fiscal Quarter. The Senior Secured Net Leverage Ratio is the ratio of Total Debt (as defined in the Credit Agreement), secured by liens, net of unrestricted cash and cash equivalents held outside of the People’s Republic of China (“the PRC”) up to a maximum of \$75.0 million, relative to Adjusted EBITDA per Credit Facility for the four prior quarters. The Senior Secured Net Leverage Ratio is calculated using Adjusted EBITDA per Credit Facility determined on a trailing twelve-month basis. The Company was in compliance with this requirement as of June 30, 2024 as the Senior Secured Net Leverage Ratio was 0.06:1.00.

Loans under the Credit Facility bear interest, at the Company’s option, at (i) Term Secure Overnight Financing Rate (“SOFR”), Eurocurrency Rate or Canadian Dollar Offered Rate (“CDOR”) plus a margin ranging from 1.00% to 1.75% per annum; or (ii) the U.S. base rate or the Canadian prime rate plus a margin ranging from 0.25% to 1.00% per annum, in each case depending on the Company’s total leverage ratio. In no event will Term SOFR, Eurocurrency Rate be less than 0.00% per annum.

As of June 30, 2024, borrowings under the Credit Facility were \$54.0 million (December 31, 2023 — \$24.0 million) and bear interest at Term SOFR, plus a margin of 1.75% per annum based on the Company’s total leverage ratio. The effective interest rate for the three and six months ended June 30, 2024 was 7.10% and 7.03%, respectively.

The Credit Agreement contains customary affirmative and negative covenants, including covenants that limit indebtedness, liens, asset sales, investments and restricted payments, in each case subject to negotiated exceptions and baskets. The Credit Agreement also contains customary representations, warranties and event of default provisions.

As of June 30, 2024, and December 31, 2023, the Company had no letters of credit or advance payment guarantees outstanding under the Credit Facility. As of June 30, 2024, the amount available for future borrowings under the Credit Facility was \$246.0 million (December 31, 2023 — \$276.0 million).

### *Foreign Exchange Facility*

Within the Credit Facility, the Company is able to purchase foreign currency forward contracts and/or other swap arrangements. As of June 30, 2024, the net unrealized loss on the Company’s outstanding foreign currency forward contracts was \$0.4 million, representing the amount by which the notional value of these forward contracts exceeded their fair value (December 31, 2023 — net unrealized gain of \$0.8 million). As of June 30, 2024, the notional value of the Company’s outstanding foreign currency forward contracts was \$39.4 million (December 31, 2023 — \$40.6 million).

[Table of Contents](#)*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”) (\$28.1 million), including RMB 10.0 million (\$1.4 million) for letters of guarantee, to fund ongoing working capital requirements (the “Bank of China Facility”). The Bank of China Facility expired in September 2023 and has been renewed to February 21, 2025.

As of June 30, 2024, and December 31, 2023 there were no borrowings outstanding under the Bank of China Facility and outstanding letters of guarantee were RMB 0.2 million (less than \$0.1 million).

As of June 30, 2024, the amount available for future borrowings under the Bank of China Facility was RMB 190.0 million (\$26.7 million) and the amount available for letters of guarantee was RMB 9.8 million (\$1.4 million). The amount available for future borrowings under the Bank of China Facility is not subject to a standby fee. The effective interest rate for the three and six months ended June 30, 2024 was 0%, respectively (2023 — 3.85%, respectively).

*HSBC China Facility*

In June 2022, IMAX Shanghai entered into an unsecured revolving facility for up to RMB 200.0 million (\$28.1 million) with HSBC Bank (China) Company Limited, Shanghai Branch to fund ongoing working capital requirements (the “HSBC China Facility”). As of June 30, 2024 and December 31, 2023, no borrowings were outstanding under the HSBC China Facility. As of June 30, 2024, the amount available for future borrowings under the HSBC China Facility was RMB 200.0 million (\$28.1 million). The effective interest rate for the three and six months ended June 30, 2024 was 0%. (2023 — 3.88%).

*NBC Facility*

In October 2019, the Company entered into a \$5.0 million facility with National Bank of Canada (the “NBC Facility”) fully insured by Export Development Canada for use solely in conjunction with the issuance of performance guarantees and letters of credit. The NBC Facility has been renewed to August 21, 2024. The NBC Facility is renewable on the same terms and conditions on an annual basis. The Company did not have any letters of credit or advance payment guarantees outstanding as of June 30, 2024 and December 31, 2023 under the NBC Facility.

**Convertible Notes and Other Borrowings, Net**

As of June 30, 2024 and December 31, 2023, Convertible Notes and Other Borrowings, Net includes the following:

<i>(In thousands of U.S. Dollars)</i>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Convertible Notes	\$ 230,000	\$ 230,000
Unamortized discounts and debt issuance costs	(2,615)	(3,367)
Convertible Notes, net	<u>227,385</u>	<u>226,633</u>
Federal Economic Development Loan	2,889	3,200
Unaccreted interest benefit	(536)	(702)
Federal Economic Development Loan, net	<u>2,353</u>	<u>2,498</u>
Convertible Notes and Other Borrowings, net	<u>\$ 229,738</u>	<u>\$ 229,131</u>

*Convertible Notes*

On March 19, 2021, the Company issued \$230.0 million of 0.500% Convertible Senior Notes due 2026 (the “Convertible Notes”) in a private placement conducted pursuant to Rule 144A under the Securities Act of 1933, as amended. The net proceeds from the issuance of the Convertible Notes were \$223.7 million, after deducting the initial purchasers’ discounts and commissions.

The Convertible Notes are senior unsecured obligations of the Company and bear interest at a rate of 0.500% per annum on the principal of \$230.0 million, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2021. The Convertible Notes will mature on April 1, 2026, unless they are redeemed or repurchased by the Company or converted on an earlier date.

Holder of the Convertible Notes have the right to convert their Convertible Notes in certain circumstances and during specified periods. Before January 1, 2026, holders of the Convertible Notes have the right to convert their Convertible Notes only upon the occurrence of certain events. From and after January 1, 2026, holders of the Convertible Notes may convert their Convertible Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. Upon conversion, the Company will pay or deliver, as applicable, cash or a combination of cash (in an amount no less than the principal amount of the Convertible Notes being converted) and common shares, at its election, based on the applicable conversion rates. The initial conversion rate is 34.7766 common shares per \$1,000 principal amount of Convertible Notes, which represents an initial conversion price of approximately \$28.75 per common share, and is subject to adjustment upon the occurrence of certain events.

The Convertible Notes are redeemable, in whole or in part, at the Company’s option at any time, and from time to time, on or after April 6, 2024 and on or before the 40th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, if any, but only if the last reported sale price per share of the Company’s common stock exceeds 130% of the conversion price for a specified period of time. In addition, calling any Convertible Notes for redemption will constitute a “make-whole fundamental change” with respect to such notes, in which case the conversion rate applicable to the conversion of such notes will be increased in certain circumstances if such notes are converted after they are called for redemption.

In connection with the pricing of the Convertible Notes, the Company entered into privately negotiated capped call transactions (the “Capped Call Transactions”) with certain financial institutions. The Capped Call Transactions are expected to reduce potential dilution resulting from the common shares the Company is required to issue and/or to offset any potential cash payments the Company is required to make in excess of the principal amount of the Convertible Notes in the event that the market price per share of the Company’s common shares is greater than the strike price of the Capped Call Transactions with such reduction and/or offset subject to a cap. The Capped Call Transactions have an initial cap price of \$37.2750 per share of the Company’s common shares, which represents a premium of 75% over the last reported sale price of the common shares when they were priced on March 16, 2021, and are subject to certain adjustments under the terms of the Capped Call Transactions. Collectively, the Capped Call Transactions cover, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes, the number of the Company’s common shares underlying the Convertible Notes. The cost of the Capped Call Transactions was approximately \$19.1 million.

The Capped Call Transactions are separate transactions, are not part of the terms of the Convertible Notes and will not affect any holder’s rights under the Convertible Notes. Holders of the Convertible Notes will not have any rights with respect to the Capped Call Transactions.

The Capped Call Transactions meet all of the applicable criteria for equity classification in accordance with ASC 815-10-15-74(a), “Derivatives and Hedging — Embedded Derivatives — Certain Contracts Involving an Entity’s Own Equity,” and, as a result, the related \$19.1 million cost was recorded as a reduction to Other Equity within Shareholders’ Equity on the Company’s Condensed Consolidated Statements of Shareholders’ Equity and Consolidated Balance Sheets.

In addition, upon the occurrence of a “fundamental change” (as defined below), holders may require the Company to repurchase their Convertible Notes at a cash repurchase price equal to the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. Subject to the terms and conditions of the indenture governing the Convertible Notes, a “fundamental change” means, among other things, an event resulting in (i) a change of control, (ii) a transfer of all or substantially all of the assets of the Company, (iii) a merger, (iv) liquidation or dissolution of the Company, or (v) delisting of the Company’s common shares from a national securities exchange.

The Company continues to record the Convertible Notes entirely as a liability in the Condensed Consolidated Balance Sheets, net of initial purchasers' discounts and commissions and other debt issuance costs, with interest expense reflecting the cash coupon plus the amortization of the discounts and capitalized costs. Additionally, under the "if-converted" method, because the principal amount of the Convertible Notes is settled in cash and the conversion spread is settleable in the Company's common shares, diluted earnings per share is calculated by including the net number of incremental shares that would be issued upon conversion of the Convertible Notes, using the average market price during the period. Accordingly, the application of the "if-converted" method may reduce the Company's reported diluted earnings per share.

#### *Federal Economic Development Loan*

The Company's wholly-owned subsidiary, SSIMWAVE, entered into a contribution agreement with the Federal Economic Development Agency for Southern Ontario (the "Federal Economic Development Loan") on May 29, 2019, under which SSIMWAVE received \$4.2 million Canadian Dollars (\$3.2 million) by way of repayable contributions toward certain eligible projects costs. The contributions under the agreement covered 35% of the eligible and supported costs of SSIMWAVE between January 10, 2019 and December 31, 2022. The contributions were repayable over 60 months, with repayments beginning in January 2024 and an annual interest rate of 0%.

On January 1, 2024, SSIMWAVE was amalgamated into the Company. On January 4, 2024, the Federal Economic Development Loan was assigned to the Company with amendment to the repayment term. The contributions under the assigned agreement are repayable over 36 months beginning January 2024, with an annual interest rate of 0%.

The benefit of the interest-free loan has been determined by calculating the present value of the payments using a market-based interest rate and comparing this to the proceeds received. The benefit is recorded as the interest-free benefit of government funding within Interest Income on the Company's Condensed Consolidated Statements of Operations. The obligation is being accreted to its maturity amount, resulting in an interest expense of \$0.1 million and \$0.2 million during the three and six months ended June 30, 2024, respectively, which is being recorded within Interest Expense on the Company's Condensed Consolidated Statements of Operations.

As of June 30, 2024, the Federal Economic Development Loan has a carrying value of \$2.4 million, net of unaccreted interest benefit and is recorded within Convertible Notes and Other Borrowings, Net on the Company's Condensed Consolidated Balance Sheets.

## **7. Commitments, Contingencies and Guarantees**

### *Commitments*

In the ordinary course of its business, the Company enters into contractual agreements with third parties that include non-cancelable payment obligations, for which it is liable in future periods. These arrangements can include terms binding the Company to minimum payments and/or penalties if it terminates the agreement for any reason other than an event of default as described by the agreement.

### *Contingencies and guarantees*

The Company is involved in lawsuits, claims, and proceedings, including those identified below, which arise in the ordinary course of business. Management is required to assess the likelihood of any adverse judgments or outcomes related to these legal contingencies, as well as potential ranges of probable or reasonably possible losses. The Company records a provision for a liability when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The determination of the amount of any liability recorded or disclosed is reviewed at least quarterly based on a careful analysis of each individual exposure with, in some cases, the assistance of outside legal counsel, taking into account the impact of negotiations, settlements, rulings, and other pertinent information related to the case. The amount of liabilities recorded or disclosed for these contingencies may change in the future due to changes in management's judgments resulting from new developments or changes in settlement strategy. Any resulting adjustment to the liabilities recorded by the Company could have a material adverse effect on its results of operations, cash flows, and financial position in the period or periods in which such changes in judgment occur. The Company believes it has adequate provisions for any such matters. The Company expenses legal costs relating to its lawsuits, claims and proceedings as incurred.

(i) In January 2004, the Company and IMAX Theatre Services Ltd., a subsidiary of the Company, commenced an arbitration seeking damages before the International Court of Arbitration of the International Chamber of Commerce (the “ICC”) with respect to the breach by Electronic Media Limited (“EML”) of its December 2000 agreement with the Company. In June 2004, the Company commenced a related arbitration before the ICC against EML’s affiliate, E-City Entertainment (I) PVT Limited (“E-City”). On March 27, 2008, the arbitration panel issued a final award in favor of the Company in the amount of \$11.3 million, as well as an additional \$2,512 each day in interest from October 1, 2007 until the date the award is paid. In July 2008, E-City commenced a proceeding in Mumbai, India seeking to prevent recognition of the ICC award in India. On March 10, 2017, the Supreme Court of India dismissed E-City’s petition. On March 29, 2017, the Company filed an Execution Application in the Bombay High Court seeking to enforce the ICC award against E-City and several related parties, which award the Company calculates to be \$26.7 million, inclusive of interest, as of June 30, 2024. That matter is currently pending. The Company has also taken steps to enforce the ICC final award outside of India. In December 2011, the Ontario Superior Court of Justice issued an order recognizing the final award and requiring E-City to pay the Company \$30,000 to cover the costs of the application, and in May 2012, the New York Supreme Court recognized the Canadian judgment and entered it as a New York judgment. The Company intends to continue pursuing its rights and seeking to enforce the award, although no assurances can be given with respect to the ultimate outcome.

(ii) In addition to the matters described above, the Company is currently involved in other legal proceedings or governmental inquiries which, in the opinion of the Company’s management, will not materially affect the Company’s financial position or future operating results, although no assurance can be given with respect to the ultimate outcome of any such proceedings.

(iii) In the normal course of business, the Company enters into agreements that may contain features that meet the definition of a guarantee. A guarantee is a contract (including an indemnity) that contingently requires the Company to make payments (either in cash, financial instruments, other assets, shares of its stock, or provision of services) to a third party based on (a) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty, (b) failure of another party to perform under an obligating agreement or (c) failure of another third party to pay its indebtedness when due.

#### ***Financial Guarantees***

Certain subsidiaries of the Company have provided significant financial guarantees to third parties under the Credit Agreement.

#### ***Product Warranties***

The Company’s accrual for product warranties, which is recorded within Accrued and Other Liabilities in the Condensed Consolidated Balance Sheets, was less than \$0.1 million and less than \$0.1 million as of June 30, 2024 and December 31, 2023, respectively.

#### ***Director and Officer Indemnifications***

The Company’s by-laws contain an indemnification of its directors/officers, former directors/officers, and persons who have acted at its request to be a director/officer of an entity in which the Company is a shareholder or creditor, to indemnify them, to the extent permitted by the *Canada Business Corporations Act*, against expenses (including legal fees), judgments, fines and any amounts actually and reasonably incurred by them in connection with any action, suit or proceeding in which the directors and/or officers are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of the Company. In addition, the Company has entered into indemnification agreements with each of its directors in order to effectuate the foregoing. The nature of the indemnification prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The Company has purchased directors’ and officers’ liability insurance. No amount has been accrued in the Company’s Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023, with respect to this indemnity.

### Other Indemnification Agreements

In the normal course of its operations, the Company provides indemnifications to counterparties in transactions such as: IMAX System lease and sale agreements and the supervision of installation or servicing of IMAX Systems; film production, exhibition and distribution agreements; real property lease agreements; and employment agreements. These indemnification agreements require the Company to compensate the counterparties for costs incurred as a result of litigation claims that may be suffered by the counterparty as a consequence of the transaction or the Company's breach or non-performance under these agreements. While the terms of these indemnification agreements vary based upon the contract, they normally extend for the life of the agreements. A small number of agreements do not provide for any limit on the maximum potential amount of indemnification; however, virtually all of the IMAX System lease and sale agreements limit such maximum potential liability to the purchase price of the system. The fact that the maximum potential amount of indemnification required by the Company is not specified in some cases prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, the Company has not made any significant payments under such indemnifications and no amounts have been accrued in the Condensed Consolidated Financial Statements with respect to the contingent aspect of these indemnities.

## 8. Condensed Consolidated Statements of Operations – Supplemental Information

### Selling Expenses

The following table summarizes the Company's selling expenses, including sales commissions and marketing and other, which are recognized within Costs and Expenses Applicable to Revenues in the Condensed Consolidated Statements of Operations, for three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,			
	2024		2023	
	Sales Commissions	Marketing and Other	Sales Commissions	Marketing and Other
(In thousands of U.S. Dollars)				
Technology sales <sup>(1)</sup>	\$ 348	\$ 180	\$ 360	\$ 167
Image enhancement and maintenance services <sup>(2)</sup>	—	4,101	—	3,572
Technology rentals <sup>(3)</sup>	141	560	36	450
Total	\$ 489	\$ 4,841	\$ 396	\$ 4,189

(1) Sales commissions paid prior to the recognition of the related revenue are deferred and recognized upon the client acceptance of the IMAX System. Direct advertising and marketing costs for each IMAX System are expensed as incurred.

(2) Film exploitation costs, including advertising and marketing costs, are expensed as incurred.

(3) Sales commissions related to joint revenue sharing arrangements accounted for operating leases are recognized in the month they are earned by the salesperson, which is typically the month in which the IMAX System is installed, and are subject to subsequent performance-based adjustments. Direct advertising and marketing costs for each IMAX System are expensed as incurred.

	Six Months Ended June 30,			
	2024		2023	
	Sales Commissions	Marketing and Other	Sales Commissions	Marketing and Other
(In thousands of U.S. Dollars)				
Technology sales <sup>(1)</sup>	\$ 426	\$ 346	\$ 560	\$ 183
Image enhancement and maintenance services <sup>(2)</sup>	—	6,676	—	10,344
Technology rentals <sup>(3)</sup>	250	1,000	109	710
Total	\$ 676	\$ 8,022	\$ 669	\$ 11,237

(1) Sales commissions paid prior to the recognition of the related revenue are deferred and recognized upon the client acceptance of the IMAX System. Direct advertising and marketing costs for each IMAX System are expensed as incurred.

(2) Film exploitation costs, including advertising and marketing costs, are expensed as incurred.

(3) Sales commissions related to joint revenue sharing arrangements accounted for operating leases are recognized in the month they are earned by the salesperson, which is typically the month in which the IMAX System is installed, and are subject to subsequent performance-based adjustments. Direct advertising and marketing costs for each IMAX System are expensed as incurred.

### Foreign Exchange

Included in Selling, General and Administrative Expenses for the three and six months ended June 30, 2024 are foreign currency net losses of \$0.2 million and \$0.5 million, respectively (2023 — net losses of \$0.5 million and \$0.6 million, respectively) resulting from changes in exchange rates related to foreign currency denominated monetary assets and liabilities. See Note 15 for additional information.

## ***Collaborative Arrangements***

### *Joint Revenue Sharing Arrangements*

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

Revenue attributable to transactions arising between the Company and its customers under joint revenue sharing arrangements are recorded within Revenues — Technology Sales (for hybrid joint revenue sharing arrangements) and Revenues — Technology Rentals (for traditional joint revenue sharing arrangements). For the three and six months ended June 30, 2024, such revenues totaled \$13.3 million and \$32.5 million, respectively (2023 — \$20.6 million and \$40.7 million, respectively).

### *IMAX Film Remastering and Distribution*

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

Revenue attributable to transactions arising between the Company and its customers under IMAX Film Remastering and distribution arrangements are included in Revenues – Image Enhancement and Maintenance Services. For the three and six months ended June 30, 2024, such revenues totaled \$21.3 million and \$51.0 million, respectively (2023 — \$29.2 million and \$59.3 million, respectively). See Note 12 for a disaggregated presentation of the Company's revenues.

### *Co-Produced Film Arrangements*

In certain film arrangements, the Company co-produces a film with a third party whereby the third party retains the copyright and certain other rights to the film. In some cases, the Company obtains exclusive theatrical distribution rights to the film. Under these arrangements, both parties contribute to the funding of the production, distribution and exploitation costs associated with the film.

As of June 30, 2024, the Company is party to one co-produced film arrangement, which represents the VIE total assets balance of \$1.4 million and liabilities balance of \$0.2 million, and five other co-produced film arrangements, the terms of which are similar. The accounting policies relating to co-produced film arrangements are disclosed in Notes 2(a) and 3(o) of the Company's 2023 Form 10-K.

For the three and six months ended June 30, 2024, an expense of \$2.9 million and \$3.0 million, respectively (2023 — \$0.2 million and \$0.3 million, respectively) attributable to transactions between the Company and other parties involved in the production of the films have been included in Costs and Expenses Applicable to Revenues — Image Enhancement and Maintenance Services.

## 9. Condensed Consolidated Statements of Cash Flows – Supplemental Information

### *Changes in other operating assets and liabilities*

	Six Months Ended	
	June 30,	
<i>(In thousands of U.S. Dollars)</i>	2024	2023
Decrease (increase) in:		
Financing receivables	\$ 3,554	\$ 3,937
Prepaid expenses	(663)	(1,074)
Variable consideration receivables	(5,633)	(13,413)
Other assets	1,412	(203)
Decrease in:		
Accounts payable	(6,233)	(1,139)
Accrued and other liabilities	(11,523)	(7,251)
<b>Total</b>	<b>\$ (19,086)</b>	<b>\$ (19,143)</b>

### *Depreciation and amortization*

	Six Months Ended	
	June 30,	
<i>(In thousands of U.S. Dollars)</i>	2024	2023
Film assets	\$ 13,867	\$ 7,530
Property, plant and equipment:		
Equipment supporting joint revenue sharing arrangements	11,495	11,503
Other property, plant and equipment <sup>(1)</sup>	4,296	4,451
Other intangible assets <sup>(2)</sup>	3,289	2,896
Other assets <sup>(3)</sup>	1,055	818
<b>Total</b>	<b>\$ 34,002</b>	<b>\$ 27,198</b>

(1) Includes the amortization of laser projection systems, camera, and lens upgrades recorded in Research and Development on the Condensed Consolidated Statements of Operations of \$0.2 million in the six months ended June 30, 2024 (2023 — \$0.3 million).

(2) Includes the amortization of licenses and intellectual property recorded in Research and Development on the Condensed Consolidated Statements of Operations of \$0.7 million in the six months ended June 30, 2024 (2023 — \$0.6 million).

(3) Includes the amortization of lessee incentives provided by the Company to its customers under joint revenue sharing arrangements.

### *Write-downs*

	Six Months Ended	
	June 30,	
<i>(In thousands of U.S. Dollars)</i>	2024	2023
Inventories	166	74
Property, plant and equipment:		
Equipment supporting joint revenue sharing arrangements <sup>(1)</sup>	2,137	398
Other property, plant and equipment	52	2
Other intangible assets	35	—
Film assets	9	—
<b>Total</b>	<b>\$ 2,399</b>	<b>\$ 474</b>

(1) For the six months ended June 30, 2024, the Company recorded charges of \$2.1 million (2023 — \$0.4 million) in Costs and Expenses Applicable to Revenues — Technology Rentals mostly related to the write-down of joint revenue sharing arrangement systems related to customer amendments, as well as the closure of one IMAX System.

**Significant non-cash investing activities**

	Six Months Ended	
	June 30,	
(In thousands of U.S. Dollars)	2024	2023
Net (decrease) increase in accruals related to:		
Investment in equipment supporting joint revenue sharing arrangements	\$ (209)	\$ (444)
Acquisition of other intangible assets	2	21
Purchases of property, plant and equipment <sup>(1)</sup>	(15)	536
Net amount	<u>\$ (222)</u>	<u>\$ 113</u>

(1) Refer to Note 4 for supplemental disclosure of non-cash leasing activities.

**10. Income Taxes****Income Tax Benefit (Expense)**

For the three months ended June 30, 2024, the Company recorded an income tax benefit of \$4.0 million (2023 — tax expense of \$3.5 million). The Company's effective tax rate of (371.5%) for the three months ended June 30, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions and a tax benefit related to an internal asset sale during the quarter which was offset by an increase in the valuation allowance and withholding taxes. The Company's effective tax rate of 26.5% for the three months ended June 30, 2023 is similar to the Canadian statutory rate of 26.5% which includes tax rate differences in foreign jurisdictions that were offset by withholding taxes.

For the six months ended June 30, 2024, the Company recorded an income tax expense of \$1.2 million (2023 — tax expense of \$8.3 million). The Company's effective tax rate of 10.0% for the six months ended June 30, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions and a tax benefit related to an internal asset sale during the quarter which is offset by an increase in the valuation allowance, withholding taxes and a shortfall in tax benefits related to share-based compensation. The Company's effective tax rate of 36.2% for the six months ended June 30, 2023 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions which was offset by an increase in the valuation allowance and withholding taxes.

During the quarter, the Company completed an internal asset sale to more closely align its intellectual property ownership with its operations. In order to effect this internal asset sale, transactions between entities within the group resulted in capital gains for tax purposes. The tax expense related to the capital gain was partially offset by the reversal of the valuation allowance. Net deferred tax assets were also recorded on the transaction, resulting in a net tax benefit of \$7.7 million.

As of June 30, 2024, the Company's Condensed Consolidated Balance Sheets includes net deferred income tax assets of \$16.1 million (December 31, 2023 — \$8.0 million). Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years to obtain benefit from the reversal of temporary differences, net operating loss carryforwards and tax credit carryforwards. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

As of June 30, 2024, the Company's Condensed Consolidated Balance Sheets also include deferred tax liabilities of \$12.5 million (December 31, 2023 — \$12.5 million) primarily related to foreign withholding taxes associated with the remaining balance of non-repatriated historical earnings that will not be indefinitely reinvested outside of Canada.

**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 quarter. 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. The Company has recorded a tax liability in the amount of \$0.1 million at June 30, 2024.

**11. Capital Stock and Reserves****Share-Based Compensation**

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For the three and six months ended June 30, 2024, share-based compensation expense totaled \$6.9 million and \$11.5 million, respectively (2023 — \$6.8 million and \$11.9 million, respectively) and is reflected in the following accounts in the Condensed Consolidated Statements of Operations:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars, except rates)</i>				
Costs and expenses applicable to revenues	\$ 247	\$ 249	\$ 475	\$ 512
Selling, general and administrative expenses	6,506	6,469	10,843	11,665
Research and development	110	105	221	204
Executive transition costs	—	—	—	(499)
<b>Total</b>	<b>\$ 6,863</b>	<b>\$ 6,823</b>	<b>\$ 11,539</b>	<b>\$ 11,882</b>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars, except rates)</i>				
Stock Options	\$ —	\$ —	\$ —	\$ 84
Restricted Share Units	4,133	3,829	6,875	7,194
Performance Stock Units	1,966	2,001	3,818	2,925
IMAX China Stock Options	—	1	—	11
IMAX China Long Term Incentive Plan Restricted Share Units	695	848	722	1,389
IMAX China Long Term Incentive Plan Performance Stock Units	69	144	124	279
<b>Total</b>	<b>\$ 6,863</b>	<b>\$ 6,823</b>	<b>\$ 11,539</b>	<b>\$ 11,882</b>

For the three and six months ended June 30, 2024, the Company's share-based compensation expense includes \$1.7 million related to restricted share units granted to non-employees (2023 — \$1.7 million).

*Stock Option Summary*

The following table summarizes the activity under the Company's Stock Option Plan ("SOP") and the IMAX Corporation Second Amended and Restated Long-Term Incentive Plan (as may be amended, "IMAX LTIP") for the six months ended June 30, 2024 and 2023:

	Number of Shares		Weighted Average Exercise Price Per Share	
	2024	2023	2024	2023
	Stock options outstanding, beginning of period	3,329,422	3,604,739	\$ 26.23
Expired	(607,114)	(268,939)	28.15	27.92
Cancelled	(1,768)	—	24.38	—
Stock options outstanding, end of period	2,720,540	3,335,800	25.80	26.24
Stock options exercisable, end of period	2,720,540	3,335,800	25.80	26.24

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

*IMAX LTIP Restricted Share Units ("RSU") Summary*

The following table summarizes the activity in respect of RSUs issued under the IMAX LTIP for the six months ended June 30, 2024 and 2023:

	Number of Shares		Weighted Average Grant Date Fair Value Per Share	
	2024	2023	2024	2023
RSUs outstanding, beginning of period	1,286,830	1,252,044	\$ 18.53	\$ 19.16
Granted	946,507	882,997	16.43	17.79
Vested and settled	(682,549)	(741,054)	18.70	18.68
Forfeited	(37,844)	(86,208)	18.34	19.28
RSUs outstanding, end of period	1,512,944	1,307,779	17.14	18.51

#### *IMAX LTIP Performance Stock Units (“PSU”) Summary*

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

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

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

The amount and timing of compensation expense recognized for PSUs with Adjusted EBITDA targets is dependent upon management’s assessment of the likelihood of achieving these targets. If, as a result of management’s assessment, it is projected that a greater number of PSUs will vest than previously anticipated, a life-to-date adjustment to increase compensation expense is recorded in the period that such determination is made. Conversely, if, as a result of management’s assessment, it is projected that a lower number of PSUs will vest than previously anticipated, a life-to-date adjustment to decrease compensation expense is recorded in the period that such determination is made. The expense recognized in the six months ended June 30, 2024 and 2023 includes adjustments reflecting management’s estimate of the number of Adjusted EBITDA PSUs expected to vest.

The following table summarizes the activity in respect of PSUs issued under the IMAX LTIP for the six months ended June 30, 2024 and 2023:

	Number of Awards		Weighted Average Grant Date Fair Value Per Share	
	2024	2023	2024	2023
PSUs outstanding, beginning of period	922,621	931,716	\$ 19.16	\$ 18.96
Granted <sup>(1)</sup>	580,336	581,081	17.97	17.68
Vested and settled <sup>(1)</sup>	(316,226)	(368,602)	19.71	16.92
Forfeited <sup>(2)</sup>	(85,764)	(213,366)	21.00	18.13
PSUs outstanding, end of period	1,100,967	930,829	18.32	19.16

(1) For the six months ended June 30, 2024, the balance of shares granted includes 135,511 additional shares, at a weighted average grant date fair value per share of \$19.71, as PSUs granted in 2021 with Adjusted EBITDA targets vested at 175% on account of full achievement of the targets.

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

As of June 30, 2024, the maximum number of common shares that may be issued with respect to PSUs outstanding is 1,876,792, assuming full achievement of the Adjusted EBITDA and TSR targets.

#### *Issuer Purchases of Equity Securities*

On June 12, 2017, the Company announced that its Board of Directors approved a \$200.0 million share repurchase program for its common shares that would have expired on June 30, 2020, which was subsequently extended for a 12-month period in 2020, 2021, and 2023 and increased the total share repurchase authority to \$400.0 million. In 2023, the Company's Board of Directors approved a 36-month extension to its share repurchase program through June 30, 2026. As of June 30, 2024, the Company has \$150.7 million available under the program. The repurchases may be made either in the open market or through private transactions, including repurchases made pursuant to a plan intended to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, subject to market conditions, applicable legal requirements, and other relevant factors. The Company has no obligation to repurchase shares and the share repurchase program may be suspended or discontinued by the Company at any time.

During the three and six months ended June 30, 2024, the Company repurchased 7,646 and 1,166,370 common shares, respectively, at an average price of \$14.98 and \$13.99 per share, respectively, for a total of \$0.1 million and \$16.3 million, respectively, excluding commissions. During the three and six months ended June 30, 2023, the Company repurchased 21,024 and 130,501 common shares, respectively, at an average price of \$16.89 and \$15.20 per share, for a total of \$0.4 million and \$2.0 million, respectively, excluding commissions. The repurchases for the six months ended June 30, 2024 excludes repurchases of 108,393 shares for a total of \$1.6 million with trade dates in December 2023 (June 30, 2023 — 140,000 shares for a total of \$2.0 million with trade dates in December 2022). During the six months ended June 30, 2024 and 2023, there were no shares purchases in the administration of employee share-based plans.

As of June 30, 2024 and December 31, 2023, the IMAX LTIP trustee did not hold any shares. Any shares held with the trustee are recorded at cost and are reported as a reduction against Capital Stock on the Company's Condensed Consolidated Balance Sheets.

In 2023, IMAX China's shareholders granted its Board of Directors a general mandate authorizing the Board, subject to applicable laws, to repurchase shares of IMAX China not to exceed 10% of the total number of issued shares as of June 7, 2023 (33,959,314 shares). This program expired on the date of the 2024 Annual General Meeting of IMAX China on June 7, 2024. During the 2024 Annual General Meeting, shareholders approved the repurchase of shares of IMAX China not to exceed 10% of the total number of shares as of June 7, 2024 (34,000,845 shares). This program will be valid until the 2025 Annual General Meeting of IMAX China. The repurchases may be made in the open market or through other means permitted by applicable laws. IMAX China has no obligation to repurchase its shares and the share repurchase program may be suspended or discontinued by IMAX China at any time.

During the three and six months ended June 30, 2024, IMAX China repurchased 119,900 common shares, at an average price of HKD 7.43 per share (\$0.95 per share) for a total of HKD 0.9 million (\$0.1 million). IMAX China did not have any repurchases during the three and six months ended June 30, 2023. The change in the non-controlling interest attributable to IMAX China as a result of common shares repurchased is recorded as a reduction to Non-Controlling Interests in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Shareholders' Equity. The difference between the consideration paid and the ownership interest obtained as a result of IMAX China share repurchases is recorded within Other Equity in the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Shareholders' Equity.

#### **Basic and Diluted Weighted Average Shares Outstanding**

The following table reconciles the denominator of the basic and diluted weighted average share computations:

<i>(In thousands)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Issued and outstanding, beginning of period	52,625	54,590	53,260	54,149
Weighted average number of shares issued (repurchased), net	8	1	(692)	179
Weighted average number of shares outstanding - basic	52,633	54,591	52,568	54,328
Weighted average effect of potential common shares, if dilutive	795	729	818	817
Weighted average number of shares outstanding - diluted	53,428	55,320	53,386	55,145

For the three and six months ended June 30, 2024, the calculation of diluted weighted average shares outstanding excludes 3,118,725 and 3,716,606 shares, respectively (2023 — 2,868,749 and 3,379,371 shares, respectively) that are issuable upon the vesting or exercise of share-based compensation including: (i) 355,337 and 664,720 RSUs, respectively (2023 — 23,122 and 10,765 RSUs, respectively), (ii) 42,848 and 331,346 PSUs, respectively (2023 — 32,806 PSUs, respectively) and (iii) 2,720,540 stock options, respectively (2023 — 2,812,821 and 3,335,800 stock options, respectively), as the effect would be anti-dilutive.

The calculation of diluted weighted average shares outstanding for the three and six months ended June 30, 2024 and 2023 also excludes any shares potentially issuable upon the conversion of the Convertible Notes as the average market price of the Company's common shares during the period of time they were outstanding was less than the conversion price of the Convertible Notes.

### ***Statutory Surplus Reserve***

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

The Company's PRC subsidiaries are required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of their after-tax profits. The Company's PRC subsidiaries may discontinue the contribution when the 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 RMB 36.4 million (\$5.6 million) has reached 50% of the Company's PRC subsidiaries' registered capital, as such no further contributions to the reserve are required.

## 12. Revenue from Contracts with Customers

### *Disaggregated Information About Revenue*

The following tables summarize the Company's Revenues by reportable segment and revenue stream type for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024				
<i>(In thousands of U.S. Dollars)</i>	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
<b>Content Solutions Segment:</b>					
Film Remastering and Distribution	\$ —	\$ 21,304	\$ —	\$ —	\$ 21,304
Other Content Solutions	—	13,644	128	—	13,772
	—	34,948	128	—	35,076
<b>Technology Products and Services Segment:</b>					
System Sales	19,443	—	—	—	19,443
System Rentals	—	—	13,915	—	13,915
Maintenance	—	15,231	—	—	15,231
Finance Income	—	—	—	2,309	2,309
	19,443	15,231	13,915	2,309	50,898
Sub-total for reportable segments	19,443	50,179	14,043	2,309	85,974
All Other	977	2,010	—	—	2,987
<b>Total</b>	<b>\$ 20,420</b>	<b>\$ 52,189</b>	<b>\$ 14,043</b>	<b>\$ 2,309</b>	<b>\$ 88,961</b>

	Six Months Ended June 30, 2024				
<i>(In thousands of U.S. Dollars)</i>	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
<b>Content Solutions Segment</b>					
Film Remastering and Distribution	\$ —	\$ 51,025	\$ —	\$ —	\$ 51,025
Other Content Solutions	—	17,936	128	—	18,064
	—	68,961	128	—	69,089
<b>Technology Products and Services Segment</b>					
System Sales	26,561	—	—	—	26,561
System Rentals	—	—	32,516	—	32,516
Maintenance	—	30,392	—	—	30,392
Finance Income	—	—	—	4,579	4,579
	26,561	30,392	32,516	4,579	94,048
Sub-total for reportable segments	26,561	99,353	32,644	4,579	163,137
All Other	1,763	3,184	—	—	4,947
<b>Total</b>	<b>\$ 28,324</b>	<b>\$ 102,537</b>	<b>\$ 32,644</b>	<b>\$ 4,579</b>	<b>\$ 168,084</b>

**Three Months Ended June 30, 2023**

<i>(In thousands of U.S. Dollars)</i>	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
<b>Content Solutions Segment</b>					
Film Remastering and Distribution	\$ —	\$ 29,219	\$ —	\$ —	\$ 29,219
Other Content Solutions	—	2,071	—	—	2,071
	—	31,290	—	—	31,290
<b>Technology Products and Services Segment</b>					
System Sales	27,734	—	—	—	27,734
System Rentals	—	—	19,546	—	19,546
Maintenance	—	14,490	—	—	14,490
Finance Income	—	—	—	2,206	2,206
	27,734	14,490	19,546	2,206	63,976
Sub-total for reportable segments	27,734	45,780	19,546	2,206	95,266
All Other	1,626	1,087	—	—	2,713
<b>Total</b>	<b>\$ 29,360</b>	<b>\$ 46,867</b>	<b>\$ 19,546</b>	<b>\$ 2,206</b>	<b>\$ 97,979</b>

**Six Months Ended June 30, 2023**

<i>(In thousands of U.S. Dollars)</i>	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
<b>Content Solutions Segment</b>					
Film Remastering and Distribution	\$ —	\$ 59,292	\$ —	\$ —	\$ 59,292
Other Content Solutions	—	4,099	—	—	4,099
	—	63,391	—	—	63,391
<b>Technology Products and Services Segment</b>					
System Sales	43,853	—	—	—	43,853
System Rentals	—	—	39,604	—	39,604
Maintenance	—	28,041	—	—	28,041
Finance Income	—	—	—	4,145	4,145
	43,853	28,041	39,604	4,145	115,643
Sub-total for reportable segments	43,853	91,432	39,604	4,145	179,034
All Other	3,329	2,562	—	—	5,891
<b>Total</b>	<b>\$ 47,182</b>	<b>\$ 93,994</b>	<b>\$ 39,604</b>	<b>\$ 4,145</b>	<b>\$ 184,925</b>

For the three and six months ended June 30, 2024, revenues earned from Technology Sales include variable consideration of \$7.7 million and \$9.4 million, respectively (2023 — \$11.8 million and \$17.3 million, respectively). Variable consideration revenues represent an estimate of the contingent fees that may become due if certain annual minimum box office receipt thresholds are exceeded and are recorded as revenue in the period when the sale is recognized and may be adjusted in future periods based on actual results and changes in estimates over the term of the system agreement.

For the three and six months ended June 30, 2024, revenues earned from leasing arrangements total \$13.3 million and \$32.5 million, respectively (2023 — \$20.4 million and \$42.8 million, respectively), including \$13.9 million and \$32.5 million, respectively, in Revenues — Technology Rentals (2023 — \$19.5 million and \$39.6 million, respectively), and a reversal of \$0.7 million in the three months ended June 30, 2024 due to an amending agreement, and \$nil for the six months ended June 30, 2024 respectively, in Revenues — Technology Sales (2023 — \$0.9 million and \$3.2 million, respectively).

**Deferred Revenue**

IMAX System sale and lease arrangements include a requirement for the Company to provide maintenance services over the life of the arrangement, some of which are subject to a consumer price index adjustment each year. In circumstances where customers prepay the entire term’s maintenance fee based on the original arrangement, additional payments are due to the Company for the years after its extended warranty and maintenance obligations expire. Payments, upon renewal each year, are either prepaid or made in arrears and can vary in frequency from monthly to annually. As of June 30, 2024, \$20.4 million of consideration has been deferred in relation to outstanding maintenance services to be provided on existing maintenance contracts (December 31, 2023 — \$22.8 million). Maintenance revenue is recognized evenly over the contract term which coincides with the period over which maintenance services are provided. In the event of customer default, any payments made by the customer may be retained by the Company.

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

During the three and six months ended June 30, 2024, \$12.1 million and \$24.2 million of revenue, respectively, was recognized from the \$67.1 million balance of deferred revenue as of December 31, 2023. During the three and six months ended June 30, 2023, \$23.7 million and \$41.0 million of revenue, respectively, was recognized from the \$70.9 million balance of deferred revenue as of December 31, 2022.

**13. Segment Reporting**

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

The Company has the following reportable segments:

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

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

The following table presents the Company’s revenue and gross margin by reportable segment for the three months ended June 30, 2024 and 2023:

	Revenue <sup>(1)</sup>		Gross Margin	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars)</i>				
Content Solutions	\$ 35,076	\$ 31,290	\$ 16,138	\$ 19,996
Technology Products and Services	50,898	63,976	25,783	36,411
Sub-total for reportable segments	85,974	95,266	41,921	56,407
All Other <sup>(2)</sup>	2,987	2,713	2,006	1,480
<b>Total</b>	<b>\$ 88,961</b>	<b>\$ 97,979</b>	<b>\$ 43,927</b>	<b>\$ 57,887</b>

(1) The Company’s largest customer represents 14% of total Revenues for the three months ended June 30, 2024 (2023 — 11%). No single customer comprises more than 10% of the Company’s total Accounts Receivable as of June 30, 2024 and December 31, 2023.

(2) All Other includes the results from the Company’s streaming and consumer technology business, as well as other ancillary activities.

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The following table presents the Company's revenue and gross margin by reportable segment for the six months ended June 30, 2024 and 2023:

	Revenue <sup>(1)</sup>		Gross Margin	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars)</i>				
Content Solutions	\$ 69,089	\$ 63,391	\$ 38,237	\$ 37,991
Technology Products and Services	94,048	115,643	49,367	66,302
Sub-total for reportable segments	163,137	179,034	87,604	104,293
All Other <sup>(2)</sup>	4,947	5,891	3,212	3,645
<b>Total</b>	<b>\$ 168,084</b>	<b>\$ 184,925</b>	<b>\$ 90,816</b>	<b>\$ 107,938</b>

(1) The Company's largest customer represents 13% of total Revenues for the six months ended June 30, 2024 (2023 — 8%). No single customer comprises more than 10% of the Company's total Accounts Receivable as of June 30, 2024 and December 31, 2023.

(2) All Other includes the results from the Company's streaming and consumer technology business, as well as other ancillary activities.

### Geographic Information

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

The following table summarizes the Company's revenues by geographic area for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars)</i>				
United States	\$ 38,296	\$ 32,799	\$ 64,900	\$ 59,552
Greater China	22,750	19,112	44,203	45,678
Western Europe	10,508	15,955	24,699	26,607
Asia (excluding Greater China)	9,587	19,810	18,713	29,978
Canada	3,159	2,833	5,567	4,436
Latin America	2,258	4,102	3,718	11,298
Rest of the World	2,403	3,368	6,284	7,376
<b>Total</b>	<b>\$ 88,961</b>	<b>\$ 97,979</b>	<b>\$ 168,084</b>	<b>\$ 184,925</b>

The United States, Greater China (which includes the mainland of the People's Republic of China, Hong Kong, Macau, and Taiwan), Western Europe and Asia (excluding Greater China) each comprise greater than 10% of the Company's total revenues for the three and six months ended June 30, 2024 and 2023, respectively.

## 14. Employee's Pension and Postretirement Benefits

### Defined Benefit Plan

The Company has an unfunded defined benefit pension plan, the Supplemental Executive Retirement Plan (the "SERP"), covering its CEO, Richard L. Gelfond. Under the terms of the SERP, if Mr. Gelfond's employment is terminated other than for cause (as defined in his employment agreement), he is entitled to receive SERP benefits in the form of a lump sum payment. SERP benefit payments to Mr. Gelfond are subject to a deferral for six months after the termination of his employment, at which time Mr. Gelfond will be entitled to receive interest on the deferred amount credited at the applicable federal rate for short-term obligations. Pursuant to an amendment to his employment agreement dated September 19, 2022, the term of Mr. Gelfond's employment was extended through December 31, 2025, although Mr. Gelfond has not informed the Company that he intends to retire at that time. Under the terms of his employment agreement, as amended, the total benefit payable to Mr. Gelfond under the SERP is fixed at \$20.3 million.

As of June 30, 2024, the Company's projected benefit obligation under the SERP is \$18.6 million (December 31, 2023 — \$18.2 million). For the three and six months ended June 30, 2024, the Company recorded interest costs of \$0.2 million and \$0.4 million, respectively, (2023 — \$0.2 million and \$0.4 million, respectively) related to the SERP. The Company expects to recognize additional interest costs of \$0.4 million related to the SERP during the remainder of 2024. No contributions are expected to be made to the SERP in 2024.

#### ***Defined Contribution Pension Plan***

The Company also maintains defined contribution plans for its employees, including its executive officers. The Company makes contributions to these plans on behalf of employees in an amount up to 5% of their base salary subject to certain prescribed maximums. During the three and six months ended June 30, 2024, the Company contributed and recorded expense of \$0.5 million and \$0.9 million, respectively, (2023 — \$0.3 million and \$0.6 million, respectively) to its Canadian defined contribution plan and \$0.2 million and \$0.5 million, respectively, (2023 — \$0.2 million and \$0.5 million, respectively) to its defined contribution employee plan under Section 401(k) of the U.S. Internal Revenue Code.

#### ***Postretirement Benefits – Executives***

The Company has an unfunded postretirement plan for Mr. Gelfond and Bradley J. Wechsler, former Chairman of the Company's Board of Directors (the "Executive Postretirement Benefit Plan"). The Executive Postretirement Benefit Plan provides that the Company will maintain health benefits for Messrs. Gelfond and Wechsler until they become eligible for Medicare and, thereafter, the Company will provide Medicare supplemental coverage as selected by Messrs. Gelfond and Wechsler. Mr. Wechsler retired from the Company's Board of Directors on June 9, 2021, and the Company is providing him with Medicare supplemental coverage or its cash equivalent.

As of June 30, 2024, the Company's postretirement benefits obligation under this plan is \$0.5 million (December 31, 2023 — \$0.5 million). For the three and six months ended June 30, 2024, the Company has recorded an expense of less than \$0.1 million, respectively (2023 — less than \$0.1 million, respectively) related to this plan.

#### ***Postretirement Benefits – Canadian Employees***

The Company has an unfunded postretirement plan for its Canadian employees meeting specific eligibility requirements. The Company will provide eligible participants, upon retirement, with health and welfare benefits. As of June 30, 2024, the Company's postretirement benefits obligation under this plan is \$0.8 million (December 31, 2023 — \$1.0 million). For the three and six months ended June 30, 2024, the Company has recorded expense of less than \$0.1 million and less than \$0.1 million, respectively, (2023 — less than \$0.1 million and \$0.1 million, respectively) related to this plan.

#### ***Deferred Compensation Benefit Plan***

The Company maintained a nonqualified deferred compensation benefit plan (the "Retirement Plan") covering the former CEO of IMAX Entertainment and Senior Executive Vice President of the Company. Under the terms of the Retirement Plan, the benefits were due to vest in full if the executive incurred a separation from service from the Company (as defined therein). In 2018, the executive incurred a separation from service from the Company, and as such, the Retirement Plan benefits became fully vested as of December 31, 2018.

As of June 30, 2024, the benefit obligation related to the Retirement Plan was \$4.2 million (December 31, 2023 — \$4.1 million) and is recorded on the Company's Condensed Consolidated Balance Sheets within Accrued and Other Liabilities. As the Retirement Plan is fully vested, the benefit obligation is measured at the present value of the benefits expected to be paid in the future with the accretion of interest recognized in the Condensed Consolidated Statements of Operations within Retirement Benefits Non-Service Expense.

The Retirement Plan is funded by an investment in company-owned life insurance ("COLI"), which is recorded at its fair value on the Company's Condensed Consolidated Balance Sheets within Prepaid Expenses. As of June 30, 2024, fair value of the COLI asset was \$3.6 million (December 31, 2023 — \$3.5 million). Gains and losses resulting from changes in the cash surrender value of the COLI asset are recognized in the Condensed Consolidated Statements of Operations within Realized and Unrealized Investment Gains.

## 15. Financial Instruments

### *Financial Instruments*

The Company's cash is invested with various major financial institutions. The Company's \$91.6 million balance of cash and cash equivalents as of June 30, 2024 (December 31, 2023 — \$76.2 million) includes \$83.0 million in cash held outside of Canada (December 31, 2023 — \$68.5 million), of which \$44.0 million was held in the PRC (December 31, 2023 — \$30.0 million).

### *Fair Value Measurements*

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

<i>(In thousands of U.S. Dollars)</i>	As of June 30, 2024		As of December 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<b>Level 1</b>				
Cash and cash equivalents <sup>(1)</sup>	\$ 91,552	\$ 91,552	\$ 76,200	\$ 76,200
<b>Level 2</b>				
Net financed sales receivables <sup>(2)</sup>	\$ 95,593	\$ 94,409	\$ 97,615	\$ 96,500
Net investment in sales-type leases <sup>(2)</sup>	27,903	26,543	29,539	28,751
Equity securities <sup>(1)</sup>	1,000	1,000	1,000	1,000
COLI <sup>(4)</sup>	3,584	3,584	3,522	3,522
Foreign exchange contracts — designated forwards <sup>(3)</sup>	(385)	(385)	819	819
Wells Fargo Credit Facility borrowings <sup>(1)</sup>	(54,000)	(54,000)	(24,000)	(24,000)
Federal Economic Development Loan <sup>(3)</sup>	(2,353)	(2,353)	(2,498)	(2,498)
Convertible Notes <sup>(5)</sup>	(230,000)	(214,475)	(230,000)	(205,850)

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

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

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

(4) Measured at cash surrender value, which approximates fair value.

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

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

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The Company has entered into a series of foreign currency forward contracts to manage the risks associated with the volatility of foreign currencies. Certain of these foreign currency forward contracts met the criteria required for hedge accounting under the Derivatives and Hedging Topic of the FASB ASC at inception, and continue to meet hedge effectiveness tests as of June 30, 2024 (the “Foreign Currency Hedges”), with settlement dates throughout 2024 and 2025. Foreign currency derivatives are recognized and measured in the Condensed Consolidated Balance Sheets at fair value. Changes in the fair value (i.e., gains or losses) are recognized in the Condensed Consolidated Statements of Operations except for derivatives designated and qualifying as foreign currency cash flow hedging instruments. The Company currently has cash flow hedging instruments associated with Selling, General and Administrative Expenses. For foreign currency cash flow hedging instruments related to Selling, General and Administrative Expenses, the effective portion of the gain or loss in a hedge of a forecasted transaction is reported in Accumulated Other Comprehensive Loss and reclassified to the Condensed Consolidated Statements of Operations when the forecasted transaction occurs. Any ineffective portion is recognized immediately in the Condensed Consolidated Statements of Operations.

The notional value of foreign currency cash flow hedging instruments that qualify for hedge accounting as of June 30, 2024 was \$39.4 million (December 31, 2023 — \$40.6 million).

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

Notional value of derivatives in foreign exchange contracts:

(In thousands of U.S. Dollars)

	June 30, 2024	December 31, 2023
<b>Derivatives designated as hedging instruments:</b>		
Foreign exchange contracts — Forwards	\$ 39,401	\$ 40,563

Fair value of derivatives in foreign exchange contracts:

(In thousands of U.S. Dollars)

	Balance Sheet Location	June 30, 2024	December 31, 2023
<b>Derivatives designated as hedging instruments:</b>			
Foreign exchange contracts — Forwards	Other assets	\$ 13	\$ 846
	Accrued and other liabilities	(398)	(27)
		<u>\$ (385)</u>	<u>\$ 819</u>

Derivatives in foreign currency hedging relationships are as follows:

(In thousands of U.S. Dollars)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
Foreign exchange contracts — Forwards	Derivative (Loss) Gain Recognized in OCI (Effective Portion)	\$ (365)	\$ 688	\$ (1,281)	\$ 822

(In thousands of U.S. Dollars)

	Location of Derivative Loss Reclassified from AOCI (Effective Portion)	Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
Foreign exchange contracts — Forwards	Selling, general and administrative expenses	\$ (67)	\$ (123)	\$ (78)	\$ (462)

The Company’s estimated net amount of the existing loss as of June 30, 2024 is \$0.4 million, which is expected to be reclassified to the Condensed Consolidated Statements of Operations within the next twelve months.

### ***Investments in Equity Securities***

The Company held an investment in the preferred shares of enterprises which meets the criteria for classification as an equity security carried at historical cost, net of impairment charges. The carrying value of the equity security investment was \$1.0 million as of June 30, 2024 (December 31, 2023 — \$1.0 million) and is recorded within Other Assets in the Condensed Consolidated Balance Sheets.

## **16. Non-Controlling Interests**

### ***IMAX China Non-Controlling Interest***

The Company indirectly owns 71.55% of IMAX China, whose shares trade on the Hong Kong Stock Exchange (December 31, 2023 — 71.55%). IMAX China remains a consolidated subsidiary of the Company. As of June 30, 2024, the balance of the Company's non-controlling interest in IMAX China is \$75.1 million (December 31, 2023 — \$71.8 million). For the three and six months ended June 30, 2024, the net income attributable to the non-controlling interest in IMAX China is \$1.5 million and \$3.6 million, respectively (2023 — \$1.3 million and \$3.9 million, respectively).

### ***Other Non-Controlling Interest***

The Company's Original Film Fund was established in 2014 to co-finance a portfolio of 10 original large-format films. The initial investment in the Original Film Fund was committed by a third party in the amount of \$25.0 million, with the possibility of contributing additional funds. The Company has contributed \$9.0 million to the Original Film Fund since 2014, and has reached its maximum contribution. As of June 30, 2024, the Original Film Fund has invested \$22.3 million toward the development of original films. The related production, financing and distribution agreement includes put and call rights relating to change of control of the rights, title and interest in the co-financed pictures.

### ***Non-Controlling Interest in Temporary Equity***

The following table summarizes the movement of the non-controlling interest in temporary equity related to the Original Film Fund for the six months ended June 30, 2024 and 2023:

	June 30,	
	2024	2023
<i>(In thousands of U.S. Dollars)</i>		
Beginning balance	\$ 658	\$ 722
Net (loss) income	(1)	10
Ending balance	<u>\$ 657</u>	<u>\$ 732</u>

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

Presented below is Management’s Discussion and Analysis of Financial Condition and Results of Operations (or “MD&A”) for IMAX Corporation and its consolidated subsidiaries (“IMAX” or the “Company”) for the three and six months ended June 30, 2024 and 2023. MD&A should be read in conjunction with Note 13, “Segment Reporting,” in the accompanying Condensed Consolidated Financial Statements in Item 1.

As of June 30, 2024, the Company indirectly owns 71.55% of IMAX China Holding, Inc. (“IMAX China”), whose shares trade on the Hong Kong Stock Exchange. IMAX China is a consolidated subsidiary of the Company. For the three months ended June 30, 2024, net income attributable to IMAX China is \$5.2 million, of which \$3.7 million is attributable to the shareholders of the Company (2023 — \$4.5 million and \$3.2 million, respectively).

**SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION**

Certain statements included in this quarterly report may constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 or “forward-looking information” within the meaning of Canadian securities laws. These forward-looking statements include, but are not limited to, references to business and technology strategies and measures to implement strategies, competitive strengths, goals, expansion and growth of business, operations and technology, future capital expenditures (including the amount and nature thereof), industry prospects and consumer behavior, plans and references to the future success of the Company and expectations regarding its future operating, financial and technological results. These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with the expectations and predictions of the Company is subject to a number of risks and uncertainties, including, but not limited to, risks associated with investments and operations in foreign jurisdictions and any future international expansion, including those related to economic, political and regulatory policies of local governments and laws and policies of the United States and Canada, as well as geopolitical conflicts; risks related to the Company’s growth and operations in China; the performance of IMAX remastering films and other films released to the IMAX network; the signing of IMAX System agreements; conditions, changes and developments in the commercial exhibition industry; risks related to currency fluctuations; the potential impact of increased competition in the markets within which the Company operates, including competitive actions by other companies; the failure to respond to change and advancements in digital technology; risks relating to consolidation among commercial exhibitors and studios; risks related to brand extensions and new business initiatives; conditions in the in-home and out-of-home entertainment industries; the opportunities (or lack thereof) that may be presented to and pursued by the Company; risks related to cyber-security and data privacy; risks related to the Company’s inability to protect its intellectual property; risks associated with the Company’s use of artificial intelligence (“AI”) and exploration of additional use cases of AI; risks related to climate change; risks related to weather conditions and natural disasters that may disrupt or harm the Company’s business; risks related to the Company’s indebtedness and compliance with its debt agreements; general economic, market or business conditions; risks related to political, economic and social instability; the failure to convert system backlog into revenue; changes in laws or regulations; any statements of belief and any statements of assumptions underlying any of the foregoing; other factors and risks outlined in the Company’s periodic filings with the United States Securities and Exchange Commission (the “SEC”) or in Canada, the System for Electronic Document Analysis and Retrieval (“SEDAR+”); and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this quarterly report are qualified by these cautionary statements, and actual results or anticipated developments by the Company may not be realized, and even if substantially realized, may not have the expected consequences to, or effects on, the Company. The forward-looking statements herein are made only as of the date hereof and the Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

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

## OVERVIEW

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

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

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

IMAX has the largest global premium format network, more than double the size of its nearest competitor. As of June 30, 2024, there were 1,780 IMAX Systems in 89 countries and territories, including 1,705 commercial multiplexes, 12 commercial destinations, and 63 institutional locations in the Company's global network. This compares to 1,718 IMAX Systems in 87 countries and territories as of June 30, 2023, including 1,638 commercial multiplexes, 12 commercial destinations, and 68 institutional locations in the Company's global network. (Refer to the table under "IMAX Network and Backlog" for additional information on the composition of the IMAX network.)

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

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

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

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

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

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

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

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

## **SOURCES OF REVENUE**

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

### **Content Solutions**

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

#### *Film Remastering and Distribution*

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

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

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

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

The following table provides detailed information about the films that were released to the Company’s global network during the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Hollywood film releases <sup>(1)</sup>	9	9	16	15
Local language film releases:				
Japan	5	1	8	3
China	4	4	8	9
India	2	1	4	3
South Korea	2	1	3	2
Indonesia	1	—	1	—
France	—	1	—	1
Total local language film releases	14	8	24	18
Alternative content experiences	4	—	6	—
	27	17	46	33

(1) For the six months ended June 30, 2024, the films released to the Company’s global network include two with IMAX DNA (2023 — three).

The films distributed through the Company’s global network during the six months ended June 30, 2024 that generated the highest IMAX box office totals were *Dune: Part Two*, *Godzilla x Kong: The New Empire*, *Inside Out 2*, *Kingdom of The Planet of The Apes*, *Furiosa*, *Bad Boys: Ride or Die*, *Pegasus 2*, and *YOLO*. In addition, during the six months ended June 30, 2024, a number of alternative content films and events were distributed including *Queen Rock Montreal*, monthly A24 mid-week film series, *Suga - Agust D Tour D-Day The Movie*, *Fallout* series launch event and live streaming of the NBA Finals in select IMAX China locations.

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In addition to the 46 IMAX films and alternative content experiences released on the Company’s global network during the six months ended June 30, 2024, the Company has announced the following additional 32 films and additional alternative content experiences to be released throughout the remainder of 2024:

Title	Studio	Scheduled Release Date <sup>(1)</sup>	IMAX DNA
<i>Despicable Me 4</i>	Universal Pictures	July 2024	—
<i>A Place Called Silence</i>	Maoyan	July 2024	—
<i>A Legend</i>	Bona	July 2024	—
<i>Indian 2</i>	Lyca Productions	July 2024	—
<i>Skywalkers: A Love Story</i>	XYZ	July 2024	—
<i>Kingdom 4</i>	Toho Studios	July 2024	—
<i>Twisters</i>	Universal Pictures/Warner Bros. Pictures	July 2024	—
<i>Olympics Opening Ceremony</i>	Universal/NBC Sports	July 2024	—
<i>Successor</i>	Maoyan	July 2024	—
<i>Deadpool &amp; Wolverine</i>	Marvel Studios/Walt Disney Studios	July 2024	—
<i>The Traveller</i>	New Classics	July 2024	Filmed For IMAX
<i>My Hero Academia The Movie: You're Next</i>	Toho Studios	August 2024	—
<i>Decoded</i>	Maoyan	August 2024	Filmed For IMAX
<i>Upstream</i>	Alibaba	August 2024	—
<i>White Snake: Afloat</i>	Wanda	August 2024	—
<i>Borderlands</i>	Lionsgate	August 2024	—
<i>Alien: Romulus</i>	Walt Disney Studios	August 2024	Expanded Aspect Ratio
<i>The Crow</i>	Lionsgate	August 2024	—
<i>Everything Everywhere All At Once</i>	A24	August 2024	—
<i>Takluk</i>	GSC Movies	August 2024	—
<i>Beetlejuice Beetlejuice</i>	Warner Bros. Pictures	September 2024	—
<i>Transformers One</i>	Paramount Pictures	September 2024	—
<i>Wolfs</i>	Sony Pictures/Apple	September 2024	—
<i>The Wild Robot</i>	Universal Pictures	September 2024	—
<i>Megalopolis</i>	Lionsgate	September 2024	—
<i>Joker: Folie à Deux</i>	Warner Bros. Pictures/DC Studios	October 2024	Filmed For IMAX
<i>Venom 3</i>	Sony Pictures	October 2024	Filmed For IMAX
<i>Swan Lake</i>	Pathe Live	November 2024	Filmed For IMAX
<i>Red One</i>	Amazon/MGM	November 2024	—
<i>Gladiator II</i>	Paramount Pictures	November 2024	—
<i>Wicked – Part 1</i>	Universal Pictures	November 2024	—
<i>Kraven the Hunter</i>	Sony Pictures/Marvel Studios	December 2024	—

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

The Company remains in active negotiations with studios for additional films to fill out its short- and long-term film slate for the IMAX network. The Company expects to continue announcing additional local language films and exclusive IMAX events and experiences to be released throughout the remainder of 2024 to its global network. The Company has also announced the majority of the titles to be released in IMAX in 2025 including *Avatar 3* and a record 14 or more *Filmed for IMAX* titles including four Marvel titles, the latest *Mission Impossible* installment, *Superman Legacy* and *F1* from Apple. Additionally, IMAX expects to distribute a number of major titles in 2026 including an *Avengers*, *Star Wars*, *Batman* and *Dune* title.

### *Other Content Solutions*

The Company distributes large-format documentary feature films through its global commercial network and institutional theaters. The Company traditionally receives as its distribution fee either a fixed amount or a fixed percentage of the theater box office receipts and, following the recoupment of its costs, is typically entitled to receive an additional percentage of gross revenues as participation revenues. In May 2024, Amazon Content LLC (“Amazon Content”) acquired the worldwide rights to the Company’s original documentary, *The Blue Angels*, which was filmed with IMAX digital certified cameras and produced in collaboration with Dolphin Entertainment, Bad Robot Productions, and Zipper Bros Films. The full-length documentary was released to select commercial locations across the IMAX network on May 17, 2024, and a 40-minute version will be released to institutional locations beginning in early 2025. The Company continues to work on *The Elephant Odyssey* a documentary in collaboration with Beach House Pictures Pte Ltd and China International Communications Group, which was announced in 2023 and is expected to be released in 2025, and *Stormbound*, an additional feature documentary produced by Academy Award-winning producer, Adam McKay, which will be released in late 2025.

In addition, the Company continues to evolve its platform to bring new, innovative IMAX events and experiences to audiences worldwide. As of June 30, 2024, the Company had a footprint of 263 connected locations in the IMAX network across the United States, Canada, Europe, and Asia configured with connectivity to deliver live and interactive events with low latency and superior sight and sound.

In the six months ended June 30, 2024, the Company partnered with Pathé Live for the exclusive release of *Queen Rock Montreal* which became one of the Company’s highest grossing concert films ever, along with 2023’s *Taylor Swift: The Eras Tour*. In addition, the Company hosted an IMAX event, *Andre 3000: New Blue Sun*, and entered into a partnership with A24 for a monthly one-night-only IMAX release of classic A24 titles, including Alex Garland’s highly acclaimed *Ex Machina*, *Uncut Gems*, and *Hereditary*. Additionally, the Company hosted multiple IMAX Live™ events, including screening the National Basketball Association finals across multiple IMAX locations in the Asia Pacific region and the screening of *The Beach Boys: IMAX Live Experience*. On July 26, 2024, the Company, in partnership with NBC television network, will be extending its live coverage of the 2024 Paris Olympics Opening Ceremony to select IMAX locations throughout the United States.

The Company provides film post-production and quality control services for large-format films, whether produced by IMAX or third-parties, and digital post-production services. In addition, the Company also provides IMAX film and digital cameras to content creators under the IMAX certified camera program.

### **Technology Products and Services**

The Company works with filmmakers, studios, and artists end-to-end from content creation through content delivery. The Company provides IMAX film cameras to select IMAX and third-party productions and certifies a suite of high-end digital cameras to shoot in the IMAX format under its Filmed for IMAX program. In addition, the Company provides post-production — including its proprietary DMR process — and quality control services for films that play in the IMAX network.

### *Sales and Sales-Type Lease Arrangements*

The Company provides IMAX Systems to exhibitors through sale arrangements or 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 initial fees and ongoing consideration, which can include fixed annual minimum payments and contingent fees in excess of the minimum payments, as well as maintenance and extended warranty fees (see “IMAX Maintenance” below). The initial fees vary depending on the system configuration and location of the IMAX System. Initial fees are paid to the Company in installments typically between the time of signing the arrangement and the time of system installation. Once an IMAX System is installed, the initial fees and the present value of future annual minimum payments, which are financing fees, are recognized as revenue. In addition, in sale arrangements, the present value of the estimated contingent fees that may become due if certain annual minimum box office receipt thresholds are exceeded is recorded as revenue in the period when the sale is recognized and is adjusted in future periods based on actual results and changes in estimates. Such variable consideration is only recognized on sales transactions to the extent the Company believes there is not a risk of significant revenue reversal. Finance income is recognized over the term of a financed sale or sales-type lease arrangement.

In sale arrangements, title to the IMAX System equipment generally transfers to the customer. However, in certain instances, the Company retains title or a security interest in the equipment until the customer has made all payments required by the agreement or until certain shipment events for the equipment have occurred. In a sales-type lease arrangement, title to the IMAX System equipment remains with the Company. The Company has the right to remove the equipment for non-payment or other defaults by the customer.

The revenue earned from customers under the Company's IMAX System sale or sales-type lease agreements varies from quarter-to-quarter and year-to-year based on a number of factors, including the number and mix of IMAX System configurations sold or leased, the timing of installation of the IMAX Systems, the nature of the arrangement and other factors specific to individual contracts.

#### *Joint Revenue Sharing Arrangements*

The Company provides IMAX Systems to exhibitors through joint revenue sharing arrangements ("JRSA"). Under the traditional form of these arrangements, the Company provides the IMAX System under a long-term lease in which the Company assumes the majority of the equipment and installation costs. In exchange for its upfront investment, the Company, primarily, earns rent based on a percentage of contingent box office receipts rather than requiring the customer to pay a fixed upfront fee or fixed annual minimum payments. Rental payments from the customer are required throughout the term of the arrangement and are typically due either monthly or quarterly. The Company retains title to the IMAX System equipment components throughout the lease term, and the equipment is returned to the Company at the conclusion of the arrangement.

Under certain other joint revenue sharing arrangements, known as hybrid arrangements, the customer is responsible for making fixed upfront payments prior to the delivery and installation of the IMAX System in an amount that is typically half of what the Company would receive from a typical sale transaction. As with a traditional joint revenue sharing arrangement, the customer also pays the Company a percentage of contingent box office receipts over the term of the arrangement, although this percentage is typically half that of a traditional joint revenue sharing arrangement. Hybrid joint revenue sharing arrangements take the form of a sale. The fixed upfront payment is recognized when the lease term commences and is recorded within Revenues – Technology Sales. The contingent rent is recognized as revenue over the lease term and is recorded within Revenues – Technology Rentals.

Under most joint revenue sharing arrangements (both traditional and hybrid), the initial non-cancellable term is 10 years or longer and is renewable by the customer for one to two additional terms of between three to five years. The Company has the right to remove the equipment for non-payment or other defaults by the customer. The contracts are non-cancellable by the customer unless the Company fails to perform its obligations.

The revenue earned from customers under the Company's joint revenue sharing arrangements can vary from quarter-to-quarter and year-to-year based on a number of factors that drive box office levels including film performance, the mix of IMAX System configurations, the timing of installation of IMAX Systems, the nature of the arrangement, the location, size and management of the theater and other factors specific to individual arrangements.

Joint revenue sharing arrangements also require IMAX to provide maintenance and extended warranty services to the customer over the term of the lease in exchange for a separate fixed annual fee. These fees are reported within IMAX Maintenance, as discussed below.

Joint revenue sharing arrangements have been an important factor in the expansion of the Company's commercial system network. Joint revenue sharing arrangements allow commercial theater exhibitors to install IMAX Systems without the significant initial capital investment required in a sale or sales-type lease arrangement. Joint revenue sharing arrangements drive recurring cash flows and earnings for the Company as customers under these arrangements pay the Company a portion of their ongoing box office receipts. The Company funds its investment in equipment for joint revenue sharing arrangements through cash flows from operations. As of June 30, 2024, the Company had 898 locations under joint revenue sharing arrangements in its global commercial multiplex network. The Company also had contracts in backlog for 327 systems under joint revenue sharing arrangements as of June 30, 2024, including 108 upgrades to existing locations and 216 new locations.

#### *IMAX Maintenance*

IMAX System arrangements also include a requirement for the Company to provide maintenance services over the life of the arrangement in exchange for an extended warranty and annual maintenance fee paid by the exhibitor. Under these arrangements, the Company provides preventative and emergency maintenance services to ensure that each presentation is up to the highest IMAX quality standard. Annual maintenance fees are paid throughout the duration of the term of the system agreements.

## All Other

### *Streaming and Consumer Technology*

Streaming and Consumer Technology includes the Company's Streaming Technology software offerings and IMAX Enhanced product services. Streaming Technology consists of several software products including:

- IMAX StreamSmart – works within existing video compression workflows to reduce bitrates and retain picture quality across all devices and formats and deliver significant cost savings.
- IMAX StreamAware On-Demand – all-in-one quality assurance and quality control to automate and standardize checks for comprehensive content integrity and regulatory compliance for third-party content libraries, across an entire video compression workflow.
- IMAX StreamAware On-Air – real-time monitoring software for live streams, which enables users to monitor video quality across their networks and to identify and address streaming issues.

These AI-powered products allow streaming platforms and broadcasters to automate workflows. The Company believes that these products allow users to deliver the highest quality viewing experiences to their subscribers while reducing costs.

IMAX Enhanced is a solution to bring *The IMAX Experience* into the home. IMAX Enhanced provides end-to-end premium technology across streaming content and best-in-class entertainment devices, offering consumers high-fidelity playback of image and sound in the home and beyond, including the following features:

- IMAX's expanded aspect ratio, which is available on select titles and streaming platforms, including Disney+;
- IMAX's proprietary remastering technology, which produces more vivid, higher-fidelity 4K HDR images on premium televisions; and
- IMAX's signature sound, which was specially recreated and calibrated for the home to unlock more immersive audio.

To be certified as IMAX Enhanced, leading consumer electronics manufacturers spanning 4K/8K televisions, projectors, A/V receivers, loudspeakers, soundbars, smartphones, personal computers, tablets, and more must meet a carefully prescribed set of audiovisual performance standards, set by a certification committee, along with some of Hollywood's leading technical specialist.

At present, certified global device partners include Sony Electronics, Hisense, TCL, LG, Phillips, Hewlett Packard, Xiaomi, Sound United and Honor, among others. As of June 30, 2024, more than 300 IMAX Enhanced titles have been released across five of the biggest streaming platforms worldwide: Disney+, Sony Bravia CORE, Tencent Video, iQiyi and Rakuten TV. Over 15 million IMAX Enhanced certified devices are estimated to be in the market today.

### *Other*

All Other also includes revenues from sources including one owned and operated IMAX System in Sacramento, California; a commercial arrangement with one theater resulting in the sharing of profits and losses; the provision of management services to three other theaters; renting the Company's proprietary 2D and 3D large-format film cameras; and offering production advice and technical assistance to both documentary and Hollywood filmmakers.

## IMAX NETWORK AND BACKLOG

### IMAX Network

The following table provides detailed information about the IMAX network by type and geographic location as of June 30, 2024 and 2023. For additional information regarding the composition of the IMAX network, see “Marketing and Customers” in Part I, Item 1 of the Company’s 2023 Form 10-K.

	June 30, 2024				June 30, 2023			
	Commercial Multiplex	Commercial Destination	Institutional	Total	Commercial Multiplex	Commercial Destination	Institutional	Total
United States	364	4	24	392	360	4	25	389
Canada	43	1	7	51	40	1	7	48
Greater China <sup>(1)</sup>	790	—	13	803	779	—	16	795
Asia (excluding Greater China)	176	2	2	180	145	2	2	149
Western Europe	129	4	8	141	119	4	8	131
Latin America <sup>(2)</sup>	61	1	7	69	55	1	8	64
Rest of the World	142	—	2	144	140	—	2	142
Total <sup>(3)</sup>	1,705	12	63	1,780	1,638	12	68	1,718

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

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

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

IMAX currently estimates a worldwide commercial multiplex addressable market of 3,619 locations, of which there are 1,705 IMAX Systems operating as of June 30, 2024, representing a market penetration of only 47%. The Company believes that the majority of its future growth will come from international markets. As of June 30, 2024, 76% of IMAX Systems in the global commercial multiplex network were located within international markets (defined as all countries other than the United States and Canada). Revenues and GBO derived from international markets continue to exceed revenues and GBO from the United States and Canada. Risks associated with the Company’s international business are outlined in “Risk Factors – The Company conducts business internationally, which exposes it to uncertainties and risks that could negatively affect its operations, sales and future growth prospects” in Part I, Item 1A of the Company’s 2023 Form 10-K.

In the six months ended June 30, 2024 the Company’s revenue generated from its Greater China operations represents 26% of consolidated revenue. As of June 30, 2024, the Company had 803 IMAX Systems operating in Greater China with an additional 263 systems in backlog.

In the six months ended June 30, 2024, the IMAX network generated over \$80.0 million in box office from local language films, representing approximately 18% of the Company’s total box office in the period. The Company is also seeing its local language films increasingly generate significant IMAX box office in markets outside of those in which they are released, such as the Japanese film *Conan 27* as well as the Chinese film *Formed Police Unit* and the Korean film *Suga - Agust D Tour D-Day The Movie*.

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

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The following tables provide detailed information about the Company's commercial multiplex network by arrangement type and geographic location as of June 30, 2024 and 2023:

<b>June 30, 2024</b>				
<b>Commercial Multiplex Locations in IMAX Network</b>				
	<b>Traditional JRSA</b>	<b>Hybrid JRSA</b>	<b>Sales Arrangements<sup>(1)</sup></b>	<b>Total</b>
Domestic Total (United States & Canada)	271	7	129	407
International:				
Greater China	379	108	303	790
Asia (excluding Greater China)	53	8	115	176
Western Europe	40	15	74	129
Latin America	3	0	58	61
Rest of the World	14	0	128	142
International Total	489	131	678	1,298
Worldwide Total <sup>(2)</sup>	760	138	807	1,705

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

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

<b>June 30, 2023</b>				
<b>Commercial Multiplex Locations in IMAX Network</b>				
	<b>Traditional JRSA</b>	<b>Hybrid JRSA</b>	<b>Sales Arrangements<sup>(1)</sup></b>	<b>Total</b>
Domestic Total (United States & Canada)	271	6	123	400
International:				
Greater China	402	110	267	779
Asia (excluding Greater China)	37	5	103	145
Western Europe	40	17	62	119
Latin America	2	0	53	55
Rest of the World	17	0	123	140
International Total	498	132	608	1,238
Worldwide Total <sup>(2)</sup>	769	138	731	1,638

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

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

## Backlog

The following table provides detailed information about the Company's backlog as of June 30, 2024 and 2023:

	June 30, 2024				June 30, 2023			
	Number of Systems		Dollar Values		Number of Systems		Dollar Values	
	New	Upgrade	New	Upgrade	New	Upgrade	New	Upgrade
<i>(In thousands of U.S. Dollars, except number of systems)</i>								
Sales Arrangements <sup>(1)</sup>	157	20	\$ 161,443	\$ 17,838	177	16	\$ 190,636	\$ 17,552
Hybrid JRSA <sup>(2)</sup>	100	1	74,873	910	108	1	80,058	910
Traditional JRSA <sup>(2)(3)</sup>	116	110	425	1,475	119	75	500	2,825
<b>Total</b>	<b>373</b>	<b>131</b>	<b>\$ 236,741</b>	<b>\$ 20,223</b>	<b>404</b>	<b>92</b>	<b>\$ 271,194</b>	<b>\$ 21,287</b>

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

(2) The consideration owed under traditional joint revenue sharing arrangements is typically a percentage of contingent box office receipts rather than a fixed upfront fee or fixed annual minimum payments. Accordingly, such arrangements do not usually have a dollar value in backlog; however, hybrid joint revenue sharing arrangements typically provide for contracted upfront payments and therefore carry a backlog value based on those payments.

(3) Includes 32 IMAX Systems (2023 — 38) where certain of the Company's contracts contain options for the customer to elect to upgrade system type or to alter the contract structure (for example, from a joint revenue sharing arrangement to a sale) after signing, but before installation. Current backlog information reflects all known elections.

The backlog reflects the minimum number of commitments for IMAX Systems according to the signed contracts. The dollar value fluctuates depending on the number of new arrangements signed from year-to-year, which adds to backlog and the installation and acceptance of IMAX Systems and the settlement of contracts, both of which reduce backlog. The dollar value of backlog typically represents the fixed contracted revenue according to the signed IMAX System sale and lease agreements that the Company expects to recognize as revenue upon installation and acceptance of the associated system, as well as an estimate of variable consideration in sales arrangements. The value of backlog does not include amounts allocated to maintenance and extended warranty revenues or revenue from systems in which the Company has an equity interest, operating leases, and long-term conditional theater commitments. 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. Once the determination is made that the customer will not proceed with installation, the agreement with the customer is terminated or amended. If the agreement is terminated, once the Company and the customer are released from all their future obligations under the agreement, all or a portion of the initial rents or fees that the customer previously made to the Company are recognized as revenue.

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 joint revenue sharing arrangement to a sale) after signing, but before installation. Current backlog information reflects all known elections.

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The following tables provide detailed information about the Company's backlog by arrangement type and geographic location as of June 30, 2024 and 2023:

<b>June 30, 2024</b>				
<b>IMAX System Backlog</b>				
	<b>Traditional JRSA</b>	<b>Hybrid JRSA</b>	<b>Sales Arrangements<sup>(1)</sup></b>	<b>Total</b>
Domestic Total (United States & Canada)	76	2	12	90
International:				
Greater China	112	90	61	263
Asia (excluding Greater China)	18	7	33	58
Western Europe	15	1	19	35
Latin America	2	—	4	6
Rest of the World	3	1	48	52
International Total	150	99	165	414
Worldwide Total <sup>(2)</sup>	226	101	177	504

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

(2) Worldwide Total of 504 includes 261 new IMAX Laser Systems and 69 upgrades of existing locations to IMAX Laser Systems.

<b>June 30, 2023</b>				
<b>IMAX System Backlog</b>				
	<b>Traditional JRSA</b>	<b>Hybrid JRSA</b>	<b>Sales Arrangements<sup>(1)</sup></b>	<b>Total</b>
Domestic Total (United States & Canada)	103	2	15	120
International:				
Greater China	41	90	66	197
Asia (excluding Greater China)	27	13	31	71
Western Europe	17	3	18	38
Latin America	3	—	7	10
Rest of the World	3	1	56	60
International Total	91	107	178	376
Worldwide Total <sup>(2)</sup>	194	109	193	496

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

(2) Worldwide Total of 496 includes 247 new IMAX Laser Systems and 92 upgrades of existing locations to IMAX Laser Systems.

Approximately 30% of IMAX System arrangements in backlog as of June 30, 2024 are scheduled to be installed in international markets excluding Greater China (2023 — 36%). The Company's backlog in Greater China represents 52% of its total current backlog including upgrades in system type (2023 — 40%).

(See "Risk Factors – The Company may not convert all of its backlog into revenue and cash flows." in Part II, Item 1A. of this form Form 10-Q.)

*Signings and Installations*

The following tables provide detailed information about IMAX System signings and installations for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>System Signings:</b>				
Sales Arrangements <sup>(1)</sup>	25	26	30	41
Traditional JRSA	62	20	65	33
<b>Total IMAX System signings<sup>(2)</sup></b>	<b>87</b>	<b>46</b>	<b>95</b>	<b>74</b>

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

(2) Includes IMAX System upgrades of 68 for the three and six months ended June 30, 2024 (2023 — 11 and 12 upgrades, respectively).

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>System Installations<sup>(1)</sup>:</b>				
Sales Arrangements <sup>(2)</sup>	10	11	15	19
Hybrid JRSA	—	2	1	2
Traditional JRSA	14	7	23	8
<b>Total IMAX System installations<sup>(3)</sup></b>	<b>24</b>	<b>20</b>	<b>39</b>	<b>29</b>

(1) Two IMAX Systems were relocated from their original location (2023 — two). When a system under a sale or sales-type lease arrangement is relocated, the amount of revenue earned by the Company may vary from transaction-to-transaction and is usually less than the amount earned for a new sale. In certain situations when a system is relocated, the original location is upgraded to an IMAX Laser System.

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

(3) Includes 11 IMAX System upgrades (2023 — eight upgrades).

## RESULTS OF OPERATIONS

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

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

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

### Results of Operations for the Three Months Ended June 30, 2024 and 2023

#### *Net Income and Adjusted Net Income Attributable to Common Shareholders*

The following table presents the Company's net income attributable to common shareholders and the associated per diluted share amounts, as well as adjusted net income attributable to common shareholders and adjusted net income attributable to common shareholders per diluted share for the three months ended June 30, 2024 and 2023:

**Three Months Ended June 30,**

	2024		2023	
	Net Income	Per Diluted Share	Net Income	Per Diluted Share
(In thousands of U.S. Dollars, except per diluted share amounts)				
Net income attributable to common shareholders	\$ 3,583	\$ 0.07	\$ 8,351	\$ 0.15
Adjusted income attributable to common shareholders*	\$ 9,746	\$ 0.18	\$ 14,355	\$ 0.26

\*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**

During the three months ended June 30, 2024, the Company's revenues and gross margin decreased by \$9.0 million, or 9%, and \$14.0 million, or 24%, respectively, when compared to same period in 2023 principally due to IMAX box office performance driven in part by the Hollywood strike impact on the film slate, fewer IMAX systems installed under sales arrangements and a lower contribution from IMAX system amendments and renewals. These year over year declines were partially offset by the sale of commercial and streaming rights for an IMAX documentary.

The following table presents the Company's revenue, gross margin, and gross margin percentage by reportable segment for the three months ended June 30, 2024 and 2023:

	Revenue		Gross Margin		Gross Margin %	
	2024	2023	2024	2023	2024	2023
(In thousands of U.S. Dollars)						
Content Solutions	\$ 35,076	\$ 31,290	\$ 16,138	\$ 19,996	46 %	64 %
Technology Products and Services	50,898	63,976	25,783	36,411	51 %	57 %
Sub-total for reportable segments	85,974	95,266	41,921	56,407	49 %	59 %
All Other <sup>(1)</sup>	2,987	2,713	2,006	1,480	67 %	55 %
Total	\$ 88,961	\$ 97,979	\$ 43,927	\$ 57,887	49 %	59 %

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

**Content Solutions**

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

For the three months ended June 30, 2024, Content Solutions segment revenues and gross margin increased by \$3.8 million, or 12%, and decreased by \$3.9 million, or 19%, respectively, when compared to the same period in 2023, which was driven by the sale of *The Blue Angels* commercial and streaming rights, as described below.

In the second quarter of 2024, box office generated by IMAX films totaled \$196.4 million, a \$71.9 million, or 27%, decrease versus the prior year comparative period of \$268.3 million driven in part by the Hollywood strike impact on the film slate. In the second quarter of 2024, IMAX box office was generated by the exhibition of 34 films (27 new films and 7 films originally released in a prior year), including *Inside Out 2*, which generated IMAX box office of over \$37 million. In the second quarter of 2023, IMAX box office was generated by the exhibition of 23 films (17 new films and 6 films originally released in a prior year), including *The Super Mario Bro. Movie*, which generated box office of \$50 million.

The impact on revenue from the lower box office experienced year over year was more than offset by the revenue earned from the completion of the sale of worldwide commercial and streaming rights of the Company's original documentary, *The Blue Angels*, to Amazon Content as well as from higher revenues from alternative content. The Company continues to build out its alternative content strategy, including evolving its documentary strategy, as a way to increase utilization and revenues across the IMAX system footprint.

In addition to the level of revenues, Content Solutions segment gross margin is influenced by the costs associated with films and other content (documentaries, live and alternative) 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 three months ended June 30, 2024, gross margin percent was 46% compared to 64% in the prior year period, with the decrease being driven by the lower level of IMAX box office coupled with a higher mix of self-produced content expensed, including *The Blue Angels*.

### ***Technology Products and Services***

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

The following table provides information about IMAX Systems installed and the associated revenue recognized at that time, except for traditional joint revenue sharing arrangements as revenue is recognized over the lease term, during the three months ended June 30, 2024 and 2023:

<i>(In thousands of U.S. Dollars, except number of systems)</i>	<b>Three Months Ended June 30,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Number of Systems</b>	<b>Revenue</b>	<b>Number of Systems</b>	<b>Revenue</b>
New IMAX System	8	\$ 7,649	11	\$ 11,622
Upgraded IMAX System	2	2,926	2	1,793
<b>Total IMAX Systems</b>	<b>10</b>	<b>10,575</b>	<b>13</b>	<b>13,415</b>

Included in the table above is one IMAX System which was relocated from its original location (2023 — one IMAX System). When a system under a sale or sales-type lease arrangement is relocated, the amount of revenue earned by the Company may vary from transaction-to-transaction and is usually less than the amount earned for a new sale. In certain situations when a system is relocated, the original location is upgraded to an IMAX Laser System.

For the three months ended June 30, 2024, Technology Products and Services segment revenue and gross margin decreased by \$13.1 million, or 20%, and \$10.6 million, or 29%, respectively, when compared to the same period in 2023, primarily driven by a lower level of rental revenues, which is box office dependent. Rental revenues decreased by \$5.5 million, as a result of GBO from joint revenue sharing arrangements which decreased by \$36.8 million or 27% in the second quarter of 2024 when compared to the prior year comparative period, from \$137.8 million to \$101.0 million.

Also contributing to the lower level of revenues was the number of systems recognized under sales arrangements, per the table above, and a \$4.5 million decrease in revenue contribution from the impact of amendments and renewals to existing IMAX Systems arrangements.

The Technology Products and Services segment gross margin decrease during the three months ended June 30, 2024 as compared to 2023 was primarily due to the lower level of revenues, as described above, coupled with higher maintenance costs incurred.

### ***All Other***

For the three months ended June 30, 2024, All Other revenue and gross margin increased by \$0.3 million and \$0.5 million, respectively, when compared to the same period in 2023, principally due to growth in revenues earned by the Company's Streaming and Consumer Technology business.

### ***Selling, General and Administrative Expenses***

The following table presents information about the Company's Selling, General and Administrative Expenses for the three months ended June 30, 2024 and 2023:

	Three Months Ended		Variance	
	June 30,		\$	%
	2024	2023		
<i>(In thousands of U.S. Dollars)</i>				
Total Selling, general and administrative expenses	\$ 37,564	\$ 38,906	\$ (1,342)	(3 %)
Less: Share-based compensation <sup>(1)</sup>	(6,506)	(6,469)	(37)	(1 %)
Total Selling, general and administrative expenses, excluding share-based compensation	\$ 31,058	\$ 32,437	\$ (1,379)	(4 %)

(1) A portion of share-based compensation expense is recognized within Costs and Expenses Applicable to Revenues, Research and Development, and Executive Transition Costs. (Refer to "Capital Stock and Reserves — Share-Based Compensation" in Note 11 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.)

For the second quarter of 2024, the lower level of Selling, General and Administrative Expenses experienced over the prior year period reflects savings from management's continued focus on operational efficiencies, which were partially offset by the impact of higher inflation on wages and other business expenses.

### **Research and Development**

The Company believes that it is a premier global technology platform for awe-inspiring entertainment and events with significant proprietary expertise in digital and film-based projection and sound system component design, engineering, and imaging technology, particularly in laser-based technology. A significant portion of the Company's research and development efforts have been focused on the IMAX Laser Systems, which the Company believes is capable of illuminating the largest screens in the IMAX network and provides greater brightness and clarity, higher contrast, a wider color gamut and deeper blacks, while consuming less power and lasting longer than existing digital technology, to ensure that the Company continues to provide the highest quality, premier cinematic experience available to consumers. The Company has continued research and development aimed at creating more affordable laser-based solutions with various screen sizes for its commercial multiplex customers.

For the three months ended June 30, 2024, Research and Development expenses were \$2.0 million, representing an decrease of \$0.8 million, or 29%, when compared to \$2.8 million during the same period in the prior year. The current period expenses reflect continued investment in developing new IMAX film cameras and Streaming Technology product offerings.

The Company intends to continue research and development to further evolve its end-to-end technology. This includes bringing connectivity to the Company's global network to support live and interactive events worldwide; developing new IMAX film cameras and certifying additional digital cameras; further improving its proprietary film remastering and distribution process for the delivery of content for both theatrical (including local language content) and home entertainment; and further improving the reliability of its projectors, as well as enhancing the Company's image and sound quality. Within the Company's Streaming and Consumer Technology business, there is ongoing research and development in perceptual metrics involving novel measurement and optimization techniques. Investments are also being made to expand existing and/or develop new technologies which are expected to further enhance video quality, delivery, and creation across devices. Furthermore, the Company intends to invest in activities that will capture opportunities to create/build AI and automation into its operations and processes.

### **Credit Loss Expense, Net**

For the three months ended June 30, 2024, the Company recorded a credit loss expense of \$0.1 million, as compared to a credit loss expense of \$0.8 million recognized in the prior year.

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

### **Interest Expense, net**

For the three months ended June 30, 2024, interest expense was \$2.3 million, representing an increase of \$0.5 million, or 27% when compared to interest expense of \$1.8 million during the same period of the prior year primarily due to increased borrowings under the Credit Facility in the current period. For the three months ended June 30, 2024, interest income was \$0.6 million, when compared to interest expense of \$0.7 million during the same period of the prior year due to lower average cash balances maintained at major financial institutions.

### **Income Taxes**

For the three months ended June 30, 2024, the Company recorded an income tax benefit of \$4.0 million (2023 — tax expense of \$3.5 million). The Company's effective tax rate of (371.5)% for the three months ended June 30, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions and a tax benefit related to an internal asset sale during the quarter which was partially offset by an increase in the valuation allowance and withholding taxes. The Company's effective tax rate of 26.5% for the three months ended June 30, 2023 is similar to the Canadian statutory rate of 26.5% which includes tax rate differences in foreign jurisdictions that were offset by withholding taxes.

During three months ended June 30, 2024, the Company completed an internal asset sale to more closely align its intellectual property ownership with its operations. In order to effect this internal asset sale, transactions between entities within the group resulted in capital gains for tax purposes. The tax expense related to the capital gain was partially offset by the reversal of the valuation allowance. Net deferred tax assets were also recorded on the transaction, resulting in a net tax benefit of \$7.7 million. (Refer to Note 10 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.)

#### ***Non-Controlling Interests***

The Company's Condensed Consolidated Financial Statements primarily include the non-controlling interest in the net income or loss of IMAX China, as well as the impact of non-controlling interests in the activity of its Original Film Fund subsidiary. For the three months ended June 30, 2024, the net income attributable to non-controlling interests of the Company's subsidiaries was \$1.5 million, an increase of \$0.2 million, when compared to the same period in 2023.

### **Results of Operations for the Six Months Ended June 30, 2024 and 2023**

#### ***Net Income and Adjusted Net Income Attributable to Common Shareholders***

The following table presents the Company's net income attributable to common shareholders and the associated per share amounts, as well as adjusted net income attributable to common shareholders\* and adjusted net income attributable to common shareholders per share<sup>(1)</sup> for the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,			
	2024		2023	
<i>(In thousands of U.S. Dollars, except per diluted share amounts)</i>	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income attributable to common shareholders	\$ 6,857	\$ 0.13	\$ 10,805	\$ 0.20
Adjusted net income attributable to common shareholders*	\$ 17,688	\$ 0.33	\$ 23,380	\$ 0.42

\*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 six months ended June 30, 2024, the Company's revenues and gross margin decreased by \$16.8 million or 9% and \$17.1 million or 16%, respectively, when compared to same period in 2023, principally due to weaker IMAX box office performance driven in part by the Hollywood strike impact on the film slate, fewer IMAX systems installed under sales arrangements and lower aftermarket sales as the first half of 2023 included *Avatar: The Way of Water*, a 3D film. These year over year declines were partially offset by the sale of commercial and streaming rights for an IMAX documentary.

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The following table presents the Company's revenue, gross margin and gross margin percentage by reportable segment for the six months ended June 30, 2024 and 2023:

	Revenue		Gross Margin		Gross Margin %	
	2024	2023	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars)</i>						
Content Solutions	\$ 69,089	\$ 63,391	\$ 38,237	\$ 37,991	55 %	60 %
Technology Products and Services	94,048	115,643	49,367	66,302	52 %	57 %
Sub-total for reportable segments	163,137	179,034	87,604	104,293	54 %	58 %
All Other <sup>(1)</sup>	4,947	5,891	3,212	3,645	65 %	62 %
Total	\$ 168,084	\$ 184,925	\$ 90,816	\$ 107,938	54 %	58 %

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

### **Content Solutions**

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

For the six months ended June 30, 2024, Content Solutions segment revenues and gross margin increased by \$5.7 million, or 9%, and \$0.2 million, or 1%, respectively, when compared to the same period in 2023. In the six months ended June 30, 2024, box office generated by IMAX films totaled \$457.1 million, a \$84.6 million or 16% decrease versus the prior year comparative period of \$541.7 million driven in part by the Hollywood strike impact on the film slate. During the six months ended June 30, 2024, IMAX box office was generated by the exhibition of 60 films (46 new films and 14 films that were originally released in prior years), including *Dune: Part Two* (\$145 million), *Godzilla x Kong: The New Empire* (\$41 million), *Inside Out 2* (\$37 million), *Kingdom of The Planet of The Apes* (\$25 million) and *Furiosa* (\$23 million). Additionally, in the six months ended June 30, 2024, local language films exhibited across the Company's global network generated over \$80 million in box office, representing 18% of its total box office. Leading local language titles distributed across the IMAX network in the six months ended June 30, 2024 included the Chinese film *Pegasus 2*, the Japanese film, *Conan 27*, and the Korean film, *Suga - Agust D Tour D-Day The Movie*. In the six months ended June 30, 2023, IMAX box office was generated by the exhibition of 39 films (33 new films and 10 films that were originally released in prior years).

The impact on revenue from the lower box office experienced year over year was more than offset by the revenue earned from the completion of the sale of worldwide rights to the Company's original documentary, *The Blue Angels*, to Amazon Content during the period as well as from higher revenues from alternative content.

In addition to the level of revenues, Content Solutions segment gross margin is influenced by the costs associated with films and other content (documentaries, live and alternative) 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 six months ended June 30, 2024, gross margin percent was 55% compared to 60% in the prior year period. The decrease was due to the lower level of IMAX box office receipts and the higher mix of self-produced content being released during the period, including *The Blue Angels*.

### **Technology Products and Services**

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

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The following table provides information about IMAX Systems installed and the associated revenue recognized at that time, except for traditional joint revenue sharing arrangements as revenue is recognized over the lease term, during the six months ended June 30, 2024 and 2023:

	Six Months Ended June 30,			
	2024		2023	
	Number of Systems	Revenue	Number of Systems	Revenue
<i>(In thousands of U.S. Dollars, except number of systems)</i>				
New IMAX Systems	13	\$ 11,511	18	\$ 18,249
Upgraded IMAX Systems	3	4,303	3	3,131
<b>Total</b>	<b>16</b>	<b>\$ 15,814</b>	<b>21</b>	<b>\$ 21,380</b>

Included in the table above are two IMAX Systems which were relocated from its original location (2023 — one IMAX System). When a system under a sale or sales-type lease arrangement is relocated, the amount of revenue earned by the Company may vary from transaction-to-transaction and is usually less than the amount earned for a new sale. In certain situations when a system is relocated, the original location is upgraded to an IMAX Laser System.

For the six months ended June 30, 2024, Technology Products and Services segment revenue and gross margin decreased by \$21.6 million, or 19%, and \$16.9 million, or 26%, respectively, when compared to the same period in the prior year. The lower level of revenue is primarily driven by a lower level of rental revenues which is box office dependent. Rental revenues decreased by \$7.0 million, as a result of GBO from joint revenue sharing arrangements which decreased by \$53.1 million or 19% in the six months ended June 30, 2024 when compared to the prior year comparative period, from \$279.5 million to \$226.4 million.

Also contributing to the lower level of revenue was a decrease resulting from the lower number of systems recognized under sales arrangements, per the table above, and a \$9.7 million decrease in revenue contribution from the impact of amendments and renewals to existing IMAX Systems arrangements.

The Technology Products and Services segment gross margin decrease during the six months ended June 30, 2024 is primarily due to the lower level of revenues, as described above.

**All Other**

For the six months ended June 30, 2024, All Other revenue and gross margin decreased by \$0.9 million, or 16%, and \$0.4 million, or 12%, respectively, when compared to the same period in 2023, which principally reflects the performance of the Company's Streaming and Consumer Technology operations.

**Selling, General and Administrative Expenses**

The following table presents information about the Company's Selling, General and Administrative Expenses for the six months ended June 30, 2024 and 2023:

	Six Months Ended		Variance	
	June 30,			
	2024	2023	\$	%
<i>(In thousands of U.S. Dollars)</i>				
Total Selling, general and administrative expenses	\$ 68,821	\$ 73,054	\$ (4,233)	(6 %)
Less: Share-based compensation <sup>(1)</sup>	(10,843)	(11,665)	822	7 %
<b>Total Selling, general and administrative expenses, excluding share-based compensation<sup>(2)</sup></b>	<b>\$ 57,978</b>	<b>\$ 61,389</b>	<b>\$ (3,411)</b>	<b>(6 %)</b>

(1) A portion of share-based compensation expense is recognized within Cost and Expenses Applicable to Revenue and Research and Development. (Refer to "Capital Stock and Reserves — Share-Based Compensation" in Note 11 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.)

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

For the six months ended June 30, 2024, the lower level of Selling, General and Administrative Expenses experienced over the prior year period reflects management's continued focus on identifying cost-saving opportunities and realizing operational efficiencies. Management's cost-saving initiatives were partially offset by increased inflation during the period.

### ***Research and Development***

The Company believes that it is a premier global technology platform for awe-inspiring entertainment and events with significant proprietary expertise in digital and film-based projection and sound system component design, engineering, and imaging technology, particularly in laser-based technology. A significant portion of the Company's research and development efforts have been focused on the IMAX Laser Systems, which the Company believes is capable of illuminating the largest screens in the IMAX network and provides greater brightness and clarity, higher contrast, a wider color gamut and deeper blacks, while consuming less power and lasting longer than existing digital technology, to ensure that the Company continues to provide the highest quality, premier cinematic experience available to consumers. The Company has continued research and development aimed at creating more affordable laser-based solutions with various screen sizes for its commercial multiplex customers.

For the six months ended June 30, 2024, Research and Development expenses were \$4.2 million, representing a decrease of \$0.4 million, or 9%, when compared to Research and Development expenses of \$4.6 million during the same period in the prior year. The current period expenses reflect continued investment in the development of new IMAX film cameras and Streaming Technology product offerings that does not qualify for capitalization.

The Company intends to continue research and development to further evolve its end-to-end technology. This includes bringing connectivity to the Company's global network to support live and interactive events worldwide; developing new IMAX film cameras and certifying additional digital cameras; further improving its proprietary film remastering and distribution process for the delivery of content for both theatrical (including local language content) and home entertainment; and further improving the reliability of its projectors, as well as enhancing the Company's image and sound quality. Within the Company's Streaming and Consumer Technology business, there is ongoing research and development in perceptual metrics involving novel measurement and optimization techniques. Investments are also being made to expand existing and/or develop new technologies which are expected to further enhance video quality, delivery, and creation across devices. Furthermore, the Company intends to invest in activities that will capture opportunities to create/build AI and automation into its operations and processes.

### ***Credit Loss Expense, Net***

For the six months ended June 30, 2024, the Company recorded a credit loss expense of \$0.2 million, as compared to a credit loss expense of \$1.1 million recognized in the prior year.

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

### ***Interest Expense, net***

For the six months ended June 30, 2024, interest expense was \$4.2 million representing an increase of \$0.7 million, or 19% as compared to \$3.6 million during the same period of the prior year which primarily reflects a higher average level of outstanding borrowings under the Credit Facility in the current period. For the six months ended June 30, 2024 and 2023, interest income was \$1.1 million, respectively.

### ***Income Taxes***

For the six months ended June 30, 2024, the Company recorded an income tax expense of \$1.2 million (2023 — tax expense of \$8.3 million). The Company's effective tax rate of 10.0% for the six months ended June 30, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions and a tax benefit related to an internal asset sale during the quarter which is offset by an increase in the valuation allowance, withholding taxes and a shortfall in tax benefits related to share-based compensation. The Company's effective tax rate of 36.2% for the six months ended June 30, 2023 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions which was offset by an increase in the valuation allowance and withholding taxes.

During the six months ended June 30, 2024, the Company completed an internal asset sale to more closely align its intellectual property ownership with its operations. In order to effect this internal asset sale, transactions between entities within the group resulted in capital gains for tax purposes. The tax expense related to the capital gain was partially offset by the reversal of the valuation allowance. Net deferred tax assets were also recorded on the transaction, resulting in a net tax benefit of \$7.7 million. (Refer to Note 10 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1).

### *Non-Controlling Interests*

The Company's Condensed Consolidated Financial Statements primarily include the non-controlling interest in the net income or loss of IMAX China, as well as the impact of non-controlling interests in the activity of its Original Film Fund subsidiary. For the six months ended June 30, 2024, the net income attributable to non-controlling interests of the Company's subsidiaries was \$3.6 million, a decrease of \$0.3 million, when compared to the same period in 2023.

### **CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

#### *Operating Activities*

The net cash used in or provided by the Company's operating activities is affected by a number of factors, including: (i) the level of cash collections from customers in respect of existing IMAX System sale and lease agreements, (ii) the amount of upfront payments collected in respect of IMAX System sale and lease agreements in backlog, (iii) the box office performance of films and other content distributed by the Company and/or released to IMAX locations, (iv) the level of inventory purchases and investment in joint revenue sharing arrangements, and (v) the level of the Company's operating expenses, including expenses for research and development and new business initiatives.

For the six months ended June 30, 2024, net cash provided by the Company's operating activities totaled \$24.1 million, as compared to net cash provided by operating activities of \$25.9 million in the same period of the prior year, a decrease of \$1.8 million.

For the six months ended June 30, 2024, the net cash provided by the Company's operating activities is principally a result of a decrease in Accounts Receivable of \$14.5 million which reflects an improvement in the financial health of exhibitor customers, partially offset by \$12.7 million of expenditures incurred in connection with the development of film assets and \$6.3 million in inventory purchases.

For the six months ended June 30, 2023, the net cash provided by the Company's operating activities was principally a result of revenue growth attributable to the record box office performance of films distributed through the IMAX network, revenue from the installation of IMAX Systems and revenue associated with the amendments and renewals of IMAX Systems arrangements, and a decrease in Accounts Receivable of \$9.5 million as a result of cash collection efforts, partially offset by \$13.4 million of variable consideration receivables, \$6.1 million in inventory purchases, and \$9.2 million of expenditures incurred in connection with the development of film assets.

#### *Investing Activities*

For the six months ended June 30, 2024, net cash used in investing activities totaled \$15.6 million, as compared to \$8.5 million in the same period of the prior year. For the six months ended June 30, 2024, the net cash used in investing activities is primarily driven by \$9.8 million invested in equipment to be used as the Company installs systems under joint revenue sharing arrangements with exhibitor customers, \$3.2 million of intangible assets principally related to the purchase or continued development of internal use software, and \$2.7 million in purchases of property, plant and equipment.

For the six months ended June 30, 2023, the net cash used in investing activities was primarily driven by \$4.0 million invested in equipment to be used in the Company's joint revenue sharing arrangements with exhibitor customers, \$1.0 million in purchases of property, plant and equipment, and \$3.5 million of intangible assets principally related to the purchase or continued development of internal use software.

Based on management's current operating plan for 2024, the Company expects to continue to use cash to deploy additional IMAX Systems under joint revenue sharing arrangements.

Capital expenditures, including the Company's investment in joint revenue sharing arrangements, the purchase of property, plant and equipment, the acquisition of other intangible assets, and investments in films, were \$28.4 million for the six months ended June 30, 2024, as compared to \$17.8 million for the six months ended June 30, 2023. The Company expects its investment in joint revenue sharing arrangements to be more heavily weighted toward the remainder of the year which aligns with the historical seasonality of system installations.

*Financing Activities*

For the six months ended June 30, 2024, net cash provided by financing activities totaled \$6.6 million, as compared to \$19.8 million used in financing activities in the same period of the prior year. For the six months ended June 30, 2024, the net cash provided by financing activities is principally due to \$30.0 million in net borrowings under the Company's revolving credit facilities, \$18.1 million used to repurchase common shares of the Company and \$5.0 million in taxes withheld and paid on vested employee stock awards.

For the six months ended June 30, 2023, net cash used in financing activities was principally due to \$8.2 million in net repayments of revolving credit facility borrowings, \$4.0 million used to repurchase common shares of the Company, \$6.5 million in taxes withheld and paid on vested employee stock awards, and \$1.4 million in dividends paid to non-controlling interests.

**LIQUIDITY AND CAPITAL RESOURCES**

As of June 30, 2024, the Company's principal sources of liquidity included: (i) its balances of cash and cash equivalents of \$91.6 million; (ii) the anticipated collection of trade accounts receivable, which includes amounts owed under joint revenue sharing arrangements and film remastering and distribution agreements with movie studios; (iii) the anticipated collection of financing and variable consideration receivables due in the next 12 months under sale and sales-type lease arrangements for systems currently in operation; and (iv) installment payments expected in the next 12 months under sale and sales-type lease arrangements in backlog. Under the terms of the Company's typical sale and sales-type lease agreements, the Company receives substantial cash payments before it completes the performance of its contractual obligations.

In addition, as of June 30, 2024, the Company had \$246.0 million in available borrowing capacity under its Sixth Amended and Restated Credit Agreement with Wells Fargo Bank, National Association (the "Credit Agreement"), \$26.7 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 \$28.1 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 6 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 for a description of the material terms of the Credit Agreement, the Bank of China Facility, and the HSBC Facility.)

The Company's \$91.6 million balance of cash and cash equivalents as of June 30, 2024 (December 31, 2023 — \$76.2 million) includes \$83.0 million in cash held outside of Canada (December 31, 2023 — \$68.5 million), of which \$44.0 million was held in the People's Republic of China (the "PRC") (December 31, 2023 — \$30.0 million). Management reassessed its strategy with respect to the most efficient means of deploying the Company's capital resources globally and determined that historical earnings of certain foreign subsidiaries in excess of amounts required to sustain business operations would no longer be indefinitely reinvested. During the six months ended June 30, 2024, no historical earnings from a subsidiary in PRC were distributed (2023 — \$24.0 million) and, as a result, no foreign withholding taxes were paid to the relevant tax authorities (2023 — \$2.4 million). As of June 30, 2024, the Company's Condensed Consolidated Balance Sheets include a deferred tax liability of \$12.5 million for the applicable foreign withholding taxes associated with the remaining balance of 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 of the Company's 2023 Form 10-K. As a result, there is no guarantee that these forecasts will come to fruition and that the Company will be able to fund its operations through cash flows from operations. In particular, the Company's operating cash flows and cash balances will be adversely impacted if management's projections of future signings and installations of IMAX Systems and box office performance of IMAX content are not realized.

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

## CONTRACTUAL OBLIGATIONS

Payments to be made by the Company under contractual obligations as of June 30, 2024 are as follows:

(In thousands of U.S. Dollars)	Payments Due by Years				
	Total Obligation	Less Than One Year	1 to 3 years	3 to 5 years	Thereafter
Purchase obligations <sup>(1)</sup>	\$ 26,503	\$ 23,252	\$ 3,017	\$ 22	\$ 212
Pension obligations <sup>(2)</sup>	20,298	—	20,298	—	—
Operating lease obligations <sup>(3)</sup>	13,546	1,250	4,981	4,927	2,388
Finance lease obligations	515	515	—	—	—
Wells Fargo Facility	54,000	54,000	—	—	—
Federal Economic Development Loan <sup>(4)</sup>	2,783	952	1,831	—	—
Convertible Notes <sup>(5)</sup>	231,151	1,150	230,001	—	—
Postretirement benefits obligations	2,384	104	203	219	1,858
<b>Total</b>	<b>\$ 351,180</b>	<b>\$ 81,223</b>	<b>\$ 260,331</b>	<b>\$ 5,168</b>	<b>\$ 4,458</b>

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

(2) The Company has an unfunded defined benefit pension plan, the Supplemental Executive Retirement Plan (the "SERP"), covering its CEO, Mr. Richard L. Gelfond. The SERP has a fixed benefit payable of \$20.3 million. The table above assumes that Mr. Gelfond will receive a lump sum payment of \$20.3 million six months after retirement at the end of the term of his current employment agreement, which expires on December 31, 2025, in accordance with the terms of the SERP, although Mr. Gelfond has not informed the Company that he intends to retire at that time. (See Note 14 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.)

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

(4) The Federal Economic Development Loan will be repayable over 60 months, with repayments estimated to begin in January 2024. (Refer to "Borrowings — Convertible Notes and Other Borrowings, Net" in Note 6 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.)

(5) The Convertible Notes bear interest at a rate of 0.500% per annum on the principal of \$230.0 million, payable semi-annually in arrears on April 1 and October 1 of each year. The Convertible Notes will mature on April 1, 2026, unless earlier repurchased, redeemed or converted. (Refer to "Borrowings — Convertible Notes and Other Borrowings, Net" in Note 6 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1.)

## OFF-BALANCE SHEET ARRANGEMENTS

There are currently no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on the Company's financial condition.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements and related disclosures in accordance with U.S. GAAP requires management to make judgments, assumptions, and estimates that affect the amounts reported in the Company's Condensed Consolidated Financial Statements and accompanying notes. Management's judgments, assumptions, and estimates are based on historical experience, future expectations, and other factors that are believed to be reasonable as of the date of the Company's Condensed Consolidated Financial Statements. Actual results may ultimately differ from the Company's original estimates, as future events and circumstances sometimes do not develop as expected, and the differences may be material. For more information on the Company's critical accounting estimates refer to the section entitled "Critical Accounting Estimates" in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2023 Form 10-K.

## RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to Note 2 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 for a discussion of recently issued accounting standards and their impact on the Company's Condensed Consolidated Financial Statements.

## NON-GAAP FINANCIAL MEASURES

GAAP refers to generally accepted accounting principles in the United States of America. In this report, the Company presents financial measures in accordance with GAAP and also on a non-GAAP basis under the SEC regulations. Specifically, the Company presents the following non-GAAP financial measures as supplemental measures of its performance:

- Adjusted net income or loss attributable to common shareholders;
- Adjusted net income or loss attributable to common shareholders per basic and diluted share;

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- EBITDA; and
- Adjusted EBITDA per Credit Facility.

Adjusted net income or loss attributable to common shareholders and adjusted net income or loss attributable to common shareholders per basic and diluted share exclude, where applicable: (i) share-based compensation; (ii) realized and unrealized investment gains or losses; (iii) transaction-related expenses; and (iv) restructuring and executive transition costs, 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 loss attributable to common shareholders. Although share-based compensation is an important aspect of the Company's employee and executive compensation packages, it is a non-cash expense and is excluded from certain internal business performance measures.

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

	Three Months Ended June 30,			
	2024		2023	
	Net Income	Per Share	Net Income	Per Share
<i>(In thousands of U.S. Dollars, except per share amounts)</i>				
Net income attributable to common shareholders	\$ 3,583	\$ 0.07	\$ 8,351	\$ 0.15
Adjustments <sup>(1)</sup> :				
Share-based compensation	6,647	0.12	6,511	0.12
Unrealized investment gains	(32)	—	(27)	—
Tax impact on items listed above	(452)	(0.01)	(480)	(0.01)
Adjusted net income <sup>(1)</sup>	\$ 9,746	\$ 0.18	\$ 14,355	\$ 0.26
Weighted average shares outstanding — basic		52,633		54,591
Weighted average shares outstanding — diluted		53,428		55,320

(1) Reflects amounts attributable to common shareholders.

	Six Months Ended June 30,			
	2024		2023	
	Net Income	Per Diluted Share	Net Income	Per Diluted Share
<i>(In thousands of U.S. Dollars, except per diluted share amounts)</i>				
Net income attributable to common shareholders	\$ 6,857	\$ 0.13	\$ 10,805	\$ 0.20
Adjustments <sup>(1)</sup> :				
Share-based compensation	11,354	0.21	12,047	0.22
Unrealized investment gains	(62)	—	(72)	—
Transaction-related expenses	—	—	156	—
Restructuring and executive transition costs	—	—	1,353	0.02
Tax impact on items listed above	(462)	(0.01)	(909)	(0.02)
Adjusted net income <sup>(1)</sup>	\$ 17,688	\$ 0.33	\$ 23,380	\$ 0.42
Weighted average shares outstanding — basic		52,568		54,328
Weighted average shares outstanding — diluted		53,386		55,145

(1) Reflects amounts attributable to common shareholders.

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In addition to the non-GAAP financial measures discussed above, management also uses “EBITDA,” as such term is defined in the Credit Agreement, and which is referred to herein as “Adjusted EBITDA per Credit Facility.” As allowed by the Credit Agreement, Adjusted EBITDA per Credit Facility includes adjustments in addition to the exclusion of interest, taxes, depreciation and amortization. Accordingly, this non-GAAP financial measure is presented to allow a more comprehensive analysis of the Company’s operating performance and to provide additional information with respect to the Company’s compliance with its Credit Agreement requirements, when applicable. In addition, the Company believes that Adjusted EBITDA per Credit Facility presents relevant and useful information widely used by analysts, investors and other interested parties in the Company’s industry to evaluate, assess and benchmark the Company’s results.

EBITDA is defined as net income or loss excluding: (i) income tax expense or benefit; (ii) interest expense, net of interest income; (iii) depreciation and amortization, including film asset amortization; and (iv) amortization of deferred financing costs. Adjusted EBITDA per Credit Facility is defined as EBITDA excluding: (i) share-based and other non-cash compensation; (ii) realized and unrealized investment gains or losses; (iii) transaction-related expenses; (iv) restructuring and executive transition costs; and (v) write-downs, net of recoveries, including asset impairments and credit loss expense.

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

	Three Months Ended June 30, 2024		
	Attributable to Non-controlling Interests and Common Shareholders'	Less: Attributable to Non-controlling Interests	Attributable to Common Shareholders'
<i>(In thousands of U.S. Dollars)</i>			
Reported net income	\$ 5,073	\$ 1,490	\$ 3,583
Add (subtract):			
Income tax (recovery) expense	(3,997)	543	(4,540)
Interest expense, net of interest income	1,229	(119)	1,348
Depreciation and amortization, including film asset amortization	18,838	1,382	17,456
Amortization of deferred financing costs <sup>(1)</sup>	492	—	492
EBITDA	21,635	3,296	18,339
Share-based and other non-cash compensation	6,970	218	6,752
Unrealized investment gains	(32)	—	(32)
Write-downs, including asset impairments and credit loss expense	2,428	637	1,791
Adjusted EBITDA per Credit Facility	<u>\$ 31,001</u>	<u>\$ 4,151</u>	<u>\$ 26,850</u>

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

	Twelve Months Ended June 30, 2024		
	Attributable to Non-controlling Interests and Common Shareholders	Less: Attributable to Non-controlling Interests	Attributable to Common Shareholders
<i>(In thousands of U.S. Dollars)</i>			
Reported net income	\$ 28,823	\$ 7,436	\$ 21,387
Add (subtract):			
Income tax expense	5,867	1,975	3,892
Interest expense, net of interest income	3,037	(526)	3,563
Depreciation and amortization, including film asset amortization	66,826	5,133	61,693
Amortization of deferred financing costs <sup>(1)</sup>	1,969	—	1,969
EBITDA	106,522	14,018	92,504
Share-based and other non-cash compensation	23,450	540	22,910
Unrealized investment gains	(455)	(93)	(362)
Transaction-related expenses	3,413	208	3,205
Write-downs, including asset impairments and credit loss expense	4,305	830	3,475
Restructuring and executive transition costs	1,593	258	1,335
Adjusted EBITDA per Credit Facility	\$ 138,828	\$ 15,761	\$ 123,067

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

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

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<i>(In thousands of U.S. Dollars)</i>				
Total Selling, general and administrative expenses	\$ 37,564	\$ 38,906	\$ 68,821	\$ 73,054
Less: Share-based compensation	(6,506)	(6,469)	(10,843)	(11,665)
Total Selling, general and administrative expenses, excluding share-based compensation	\$ 31,058	\$ 32,437	\$ 57,978	\$ 61,389

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 3. *Quantitative and Qualitative Disclosures about Market Risk*

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

#### Foreign Exchange Rate Risk

A majority of the Company's revenue is denominated in U.S. Dollars while a significant portion of its costs and expenses is denominated in Canadian Dollars. A portion of the Company's net U.S. Dollar cash flows is converted to Canadian Dollars to fund Canadian Dollar expenses through the spot market. In addition, IMAX films generate box office in 89 different countries, and therefore unfavorable exchange rates between applicable local currencies and the U.S. Dollar could have an impact on the GBO generated by the Company's exhibitor customers and its revenues. The Company has incoming cash flows from its revenue generating IMAX network and ongoing operating expenses in China through its majority-owned subsidiary IMAX Shanghai. In Japan, the Company has ongoing Yen-denominated operating expenses related to its Japanese operations. Net RMB and Japanese Yen cash flows are converted to U.S. Dollars through the spot market. The Company also has cash receipts 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 RMB 313.7 million (\$44.0 million) in cash and cash equivalents as of June 30, 2024 (December 31, 2023 — RMB 213.0 million or \$30.0 million) and are required to transact locally in RMB. Foreign currency exchange transactions, including the remittance of any funds into and out of the PRC, are subject to controls and require the approval of the China State Administration of Foreign Exchange to complete. Any developments relating to the Chinese economy and any actions taken by the Chinese government are beyond the control of the Company; however, the Company monitors and manages its capital and liquidity requirements to ensure compliance with local regulatory and policy requirements. (Refer to "Risk Factors – The Company faces risks in connection with its significant presence in China and the continued expansion of its business there" in Part II, Item 1A. of this Form 10-Q.)

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

For the three and six months ended June 30, 2024, the Company recorded foreign exchange net losses of \$0.2 million and \$0.5 million, respectively, resulting from changes in exchange rates related to foreign currency denominated monetary assets and liabilities (2023 — net losses of \$0.5 million and \$0.6 million, respectively).

The Company has entered into a series of foreign currency forward contracts to manage the risks associated with the volatility of foreign currencies. Certain of these foreign currency forward contracts met the criteria required for hedge accounting under the Derivatives and Hedging Topic of the FASB ASC at inception, and continue to meet hedge effectiveness tests as of June 30, 2024, with settlement dates throughout 2024 and 2025. Foreign currency derivatives are recognized and measured in the Condensed Consolidated Balance Sheets at fair value. Changes in the fair value (i.e., gains or losses) are recognized in the Condensed Consolidated Statements of Operations except for derivatives designated and qualifying as foreign currency cash flow hedging instruments. The Company currently has cash flow hedging instruments associated with Selling, General and Administrative Expenses. For foreign currency cash flow hedging instruments related to Selling, General and Administrative Expenses, the effective portion of the gain or loss in a hedge of a forecasted transaction is reported within Accumulated Other Comprehensive Income (Loss) and reclassified to the Condensed Consolidated Statements of Operations when the forecasted transaction occurs. Any ineffective portion is recognized immediately in the Condensed Consolidated Statements of Operations.

The notional value of foreign currency cash flow hedging instruments that qualify for hedge accounting as of June 30, 2024 was \$39.4 million (December 31, 2023 — \$40.6 million). Losses of \$0.4 million and \$1.3 million were recorded to Other Comprehensive Loss with respect to the change in fair value of these contracts for the three and six months ended June 30, 2024, respectively (2023 — gains of \$0.7 million and \$0.8 million, respectively). Losses of \$0.1 million and \$0.1 million were reclassified from Accumulated Other Comprehensive Loss to Selling, General and Administrative Expenses for the three and six months ended June 30, 2024, respectively, (2023 — loss of \$0.1 million and \$0.5 million, respectively). The Company currently does not hold any derivatives which are not designated as hedging instruments.

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

As of June 30, 2024, the Company's Financing Receivables and working capital items denominated in Canadian Dollars, RMB, Japanese Yen, Euros and other foreign currencies translated into U.S. Dollars was \$160.1 million. Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates as of June 30, 2024, the potential change in the fair value of foreign currency-denominated financing receivables and working capital items would have been \$16.0 million. A significant portion of the Company's Selling, General, and Administrative Expenses is denominated in Canadian Dollars. Assuming a 1% change appreciation or depreciation in foreign currency exchange rates as of June 30, 2024, the potential change in the amount of Selling, General, and Administrative Expenses would be \$0.2 million.

### **Interest Rate Risk Management**

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

As of June 30, 2024, the Company had drawn down \$54.0 million on its Credit Facility (December 31, 2023 — \$24.0 million), and \$nil on its HSBC China Facility (December 31, 2023 — \$nil) and \$nil on its Bank of China Facility (December 31, 2023 — nil), which are subject to variable effective interest rates.

The Company had variable rate debt instruments representing 11.0% and 5.0% of its total liabilities as of June 30, 2024 and December 31, 2023, respectively. If the interest rates available to the Company increased by 10%, the Company's interest expense would increase by \$0.4 million and interest income from cash would increase by \$0.3 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable rate debt and cash balances as of June 30, 2024.

### **Item 4. Controls and Procedures**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the specified time periods and that such information is accumulated and communicated to management, including the CEO and Chief Financial Officer ("CFO"), to allow timely discussions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

The Company's management, with the participation of its CEO and its CFO, has evaluated the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) or 15d-15(e)) as of June 30, 2024 and has concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective. The Company will continue to periodically evaluate its disclosure controls and procedures and will make modifications from time to time as deemed necessary to ensure that information is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

#### **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

There were no changes in the Company's internal control over financial reporting which occurred during the three months ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. *Legal Proceedings*

Refer to Note 7 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 for information regarding legal proceedings involving the Company.

### Item 1A. *Risk Factors*

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

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

Greater China is the Company’s largest market by revenue, with approximately 26% of overall revenues generated from its Greater China operations for the six months ended June 30, 2024. As of June 30, 2024, the Company had 803 IMAX Systems operating in Greater China with an additional 263 systems in backlog, which represent 52% of the Company’s current backlog. Of the IMAX Systems currently scheduled to be installed in Greater China, 77% are under joint revenue sharing arrangements, which further increases the Company’s ongoing exposure to box office performance in this market.

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

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

Certain risks and uncertainties of doing business in China are solely within the control of the Chinese government, and Chinese law regulates both the scope of the Company’s continued expansion in China and the Company’s business within China. For instance, the Chinese government regulates the number, timing, and terms of Hollywood films released to the China market. A number of prominent Hollywood films were denied release dates in China in 2021 and 2022, including several films released in IMAX format in other markets. While significantly more Hollywood films were given release dates in China in 2023 and 2024, several of the prominent Hollywood sequels or franchise films released into China have underperformed their predecessors in that 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.

The worsening of United States–China political tensions could exacerbate any or all of these risks, and adverse developments in any of these areas could impact the Company’s future revenues and cash flows and could cause the Company to fail to achieve anticipated growth in Mainland China.

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

As of June 30, 2024, the Company's backlog included 504 IMAX Systems, consisting of 177 IMAX Systems under sales or lease arrangements and 327 IMAX Systems under joint revenue sharing arrangements. The Company lists signed contracts for IMAX Systems for which revenue has not been recognized as backlog prior to the time of revenue recognition. The total value of the backlog represents all binding IMAX System sale or lease agreements scheduled to be installed in the future. Backlog value includes initial fees along with the estimated present value of contractual ongoing fees due over the term, and a variable consideration estimate for the IMAX Systems under sales arrangements, but excludes amounts allocated to maintenance and extended warranty revenues. Notwithstanding their legal obligations, some of the Company's exhibition customers with which it has signed contracts may be delinquent in their contractual payments and/or not accept delivery of IMAX Systems that are included in the Company's backlog. An economic or industry downturn may exacerbate exhibition customer liquidity constraints and the risk of customers not accepting delivery of IMAX Systems. Customers sometimes request that the Company agree to modify their obligations concerning systems in backlog, which the Company has agreed to do in the past under certain circumstances, and may agree to do in the future. Customer-requested delays in the installation of IMAX Systems in backlog remain a recurring and unpredictable part of the Company's business. China's slow recovery from the COVID-19 pandemic has caused several of the Company's exhibition partners there 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.

***There is collection risk associated with payments to be received over the terms of the Company's IMAX System agreements.***

The Company is dependent in part on the viability of its exhibitors for collections under long-term leases, sales financing agreements, and joint 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 Company. As a result, the Company's future revenues and cash flows could be adversely affected.

**Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*****Issuer Purchases of Equity Securities**

On June 12, 2017, the Company announced that its Board of Directors approved a \$200.0 million share repurchase program for its common shares that would have expired on June 30, 2020, which was subsequently extended for a 12-month period in 2020, 2021, and 2022 and increased in the total share repurchase authority to \$400.0 million. In 2023, the Board of Directors approved a 36-month extension to the share repurchase program through June 30, 2026. As of June 30, 2024, the Company had \$150.7 million available under the program. The repurchases may be made either in the open market or through private transactions, including repurchases made pursuant to a plan intended to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, subject to market conditions, applicable legal requirements, and other relevant factors. The Company has no obligation to repurchase shares and the share repurchase program may be suspended or discontinued by the Company at any time.

During the three months ended June 30, 2024, the Company repurchased 7,646 common shares at an average price of \$14.98 per share for a total of \$0.1 million, excluding commission. All share repurchases were made under the Company's publicly announced program, and there are no other programs under which the Company repurchases shares.

The Company's common share repurchase program activity for the three months ended June 30, 2024 was as follows:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum approximate dollar value of shares that may yet be purchased under the program
April 1 through April 30, 2024	—	\$ —	—	\$ 150,834,924
May 1 through May 31, 2024	—	—	—	150,834,924
June 1 through June 30, 2024	7,646	14.98	7,646	150,724,352
Total	7,646	\$ 14.98	7,646	

In 2023, IMAX China's shareholders granted its Board of Directors a general mandate authorizing the Board, subject to applicable laws, to repurchase shares of IMAX China not to exceed 10% of the total number of issued shares as of June 7, 2023 (33,959,314 shares). This program expired on the date of the 2024 Annual General Meeting of IMAX China on June 7, 2024. During the 2024 Annual General Meeting, shareholders approved the repurchase of shares of IMAX China not to exceed 10% of the total number of shares as of June 7, 2024 (34,000,845 shares). This program will be valid until the 2025 Annual General Meeting of IMAX China. The repurchases may be made in the open market or through other means permitted by applicable laws. IMAX China has no obligation to repurchase its shares and the share repurchase program may be suspended or discontinued by IMAX China at any time. During the three months ended June 30, 2024, IMAX China repurchased 119,900 ordinary shares at an average price of HKD 7.43 per share (\$0.95 per share) for a total of HKD 0.9 million (\$0.1 million).

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

**Item 5. Other Information**

(a) None.

(b) None.

**(c) Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements**

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2024.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
10.1*+	<a href="#">Employment Agreement, dated as of January 9, 2023, between IMAX China (Hong Kong) Limited and Daniel Manwaring</a>
10.2*+	<a href="#">Amendment Agreement to Employment Agreement, dated as of March 7, 2024, between IMAX China (Hong Kong) Limited and Daniel Manwaring</a>
31.1*	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated July 24, 2024, by Richard L. Gelfond</a>
31.2*	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated July 24, 2024, by Natasha Fernandes</a>
32.1*	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated July 24, 2024, by Richard L. Gelfond</a>
32.2*	<a href="#">Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated July 24, 2024, by Natasha Fernandes</a>
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.CAL	Inline XBRL Taxonomy Extension Schema Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101. PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\*Filed herewith.

+Management contract or compensatory plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IMAX CORPORATION

Date: July 24, 2024

By: /s/ NATASHA FERNANDES

Natasha Fernandes  
Chief Financial Officer  
(Principal Financial Officer)

Date: July 24, 2024

By: /s/ ELIZABETH GITAJN

Elizabeth Gitajn  
Senior Vice-President, Finance & Controller  
(Chief Accounting Officer)

## EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** is dated as of January 9, 2023 (the “**Agreement**”) between **IMAX CHINA (HONG KONG) LIMITED** (the “**Company**”) and **DANIEL WADE MANWARING** (the “**Executive**”).

**WHEREAS**, the Company wishes to employ the Executive and the Executive wishes to be employed by the Company; and

**WHEREAS**, the Company and the Executive have agreed to formalize the terms and conditions which will govern the Executive’s employment with the Company, all as set out in this Agreement;

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

### Article I – TERM

#### I.1 Term

This Agreement shall commence on and shall be deemed effective as of January 9, 2023 (the “**Commencement Date**”) and the Executive’s employment with the Company shall terminate on the earlier to occur of (a) the termination of the Executive’s employment pursuant to Article IV of this Agreement, or (b) December 31, 2025.

### Article II – EMPLOYMENT: POSITION AND DUTIES

#### II.1 Position

Subject to the terms and conditions set out in this Agreement, the Company agrees to employ the Executive, and the Executive agrees to be employed by the Company and to serve the Company, in the position of **Chief Executive Officer**.

#### II.2 Duties and Reporting

Reporting to Rich Gelfond, Chairman of the Board of **IMAX CHINA HOLDING, INC.**, (“**IMAX China**”), the Executive shall be responsible for the day-to-day management of the business and operations of IMAX China, as well as to perform all duties and responsibilities consistent with his position as may be assigned to him by the Company from time to time.

#### II.3 Compliance

The Executive agrees to abide by the confidentiality and non-competition agreement he has entered into with the Company, the Company’s Code of Ethics and Business Conduct, the Company’s Anti-Bribery and Anti-Corruption Policy, IMAX Corporation Insider Trading

Policy, IMAX China Insider Trading Policy, and IMAX China Protocol for Reporting Suspected Violations of Code of Business Conduct and Ethics.

### **Article III – COMPENSATION AND BENEFITS**

#### **III.1 Base Salary**

The Executive's base salary will be \$600,000 USD, less applicable withholding taxes and deductions.

#### **III.2 Bonus**

The Executive shall be eligible to participate in the IMAX China bonus program, with a target bonus equal to 40% of Executive's annual base salary. Calculation of this bonus is based on both Company performance and personal performance. Any bonus payment shall be at the discretion of the Company, and eligibility is subject to employment on the day of payment.

#### **III.3 Benefits**

During his employment with the Company, the Executive shall be eligible to participate in the Company's benefit plans consistent with benefits given to senior executives at the Company.

#### **III.4 Vacation**

The Executive will be entitled to receive vacation time of twenty (20) days per year, subject to proration based on partial years of service.

#### **III.5 Equity**

The Executive will receive an annual equity award under the IMAX China Rules of the Post-IPO Restricted Share Unit Scheme and Rules of the Post-IPO Performance-based Restricted Share Unit Scheme with an aggregate grant date monetary value of \$700,000 USD. The vehicles, mix of RSUs, PSUs, and/or other equity vehicles, grant timing and vesting schedules for any annual grant will be consistent with the Company's standard process and grants given to other senior executives at the time. All grants are subject to the terms and conditions of the IMAX China equity plans, including the requirement that Executive be employed by the Company on each applicable grant date. Notwithstanding the above, Executive's initial 2023 equity grant shall have an aggregate grant date monetary value of \$725,000 USD.

#### **III.6 Signing Bonus**

As soon as practicable after the Commencement Date, the Executive shall receive a one-time cash payment of \$75,000 USD, which Executive agrees to repay to the Company if he resigns before December 31, 2023.

### **III.7 Allowance**

The Executive will be entitled to an annual allowance of USD217,200, which the Executive may apply toward his housing in Shanghai, a car and a driver for his use in Shanghai, and reimbursement of tuition fees for his children to attend school in Shanghai.

### **III.8 Moving Costs**

The Company will reimburse the Executive for the costs of relocating from Beijing to Shanghai.

### **III.9 Tax Advice**

The Company will provide the Executive with a tax advisor at the Company's cost.

### **III.10 Tax Treatment**

The parties understand that the People's Republic of China (the "PRC") may end the policy providing preferential tax treatment to foreigners in relation to expenses for housing, education and home visits, etc. on or after January 1, 2024. If the relevant PRC authorities announce a material change to the current policy, the parties hereby agree to discuss and decide in good faith how to address Executive's incremental tax payment on the earlier of (a) the thirtieth (30th) day after the announcement of the change; or (b) November 30 of the year prior to the effective date of the announced change.

### **III.11 Currency**

Executive's salary and bonus shall be paid in United States currency. Executive's allowances shall be made in the USD amounts listed herein.

## **Article IV – TERMINATION OF EMPLOYMENT**

### **IV.1 Termination by the Company**

The Company may terminate the Executive's employment at any time, with or without cause. If the Company terminates the Executive's employment without cause, the Executive will receive either (a) four months of notice or (b) severance pay of base salary and allowances for the lesser of (i) four months, or (ii) the remaining term of this Agreement. In the event of a termination by the Company for cause, the Executive will not be entitled to any notice period or any severance payment, and all compensation, entitlements, allowances and benefits provided hereunder will terminate on the termination date.

### **IV.2 Termination by the Executive**

The Executive may terminate his employment with the Company at any time, if he gives the Company no less than three months of written notice. If the Executive terminates his

employment, all entitlements, allowances and benefits provided hereunder will terminate on the termination date.

#### **IV.3 Resignation as Director and Officer**

The Executive covenants and agrees that, upon any termination of his employment, however caused, he shall forthwith tender his resignation from all offices and directorships then held by the Executive at the Company or any of its affiliates, such resignation to be effective upon the termination date. If the Executive fails to resign as set out above, the Executive will be deemed to have resigned from all such offices and directorships and the Company is hereby authorized by the Executive to appoint any person in the Executive's name and on the Executive's behalf to sign any documents or do anything necessary or required to give effect to such resignation.

### **Article V – MISCELLANEOUS**

#### **V.1 Severability**

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

#### **V.2 Entire Agreement**

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written.

#### **V.3 Governing Law**

This Agreement shall be construed in accordance with and governed by the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

**IN WITNESS WHEREOF** this Agreement has been executed as of the date first above written.

**IMAX CHINA (HONG KONG) LIMITED**

**DANIEL WADE MANWARING**

By: /s/ Jessie Chou

Name: Jessie Chou

Title: Chief Marketing Office

/s/ Daniel Wade Manwaring

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By: /s/ Jim Athanasopoulos

Name: Jim Athanasopoulos

Title: Chief Financial Officer & Chief Operating Officer

**AMENDMENT AGREEMENT TO EMPLOYMENT AGREEMENT**

This **AMENDMENT AGREEMENT** to the **EMPLOYMENT AGREEMENT** is dated as of March 7, 2024, with effect from January 1, 2024 (the “**Agreement**”) between **IMAX CHINA (HONG KONG) LIMITED** (the “**Company**”) and **DANIEL WADE MANWARING** (the “**Executive**”).

**WHEREAS**, the Company and the Executive have entered into an employment agreement dated as of January 9, 2023 (the “**Employment Agreement**”) to govern the Executive’s employment with the Company; and

**WHEREAS**, the Company and the Executive desire to amend certain terms of the Employment Agreement as set forth herein.

**NOW THEREFORE**, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Article 3.5 of the Employment Agreement shall be amended by deleting it in its entirety and replacing it with the following:

“In the 2023 calendar year, the Executive will receive an annual equity award under the IMAX China Rules of the Post-IPO Restricted Share Unit Scheme and Rules of the Post-IPO Performance Share Unit Scheme (the “IMAX China LTIP”) with an aggregate grant date monetary value of \$725,000 USD. The Restricted Stock Units (the “RSUs”), the Performance Stock Units (the “PSUs”), and/or other equity vehicles, grant timing and vesting schedules for any annual grant will be consistent with the Company’s standard process and grants given to other senior executives at the time. All grants are subject to the terms and conditions of the IMAX China LTIP equity plans, including the requirement that Executive be employed by the Company on each applicable grant date.

In the 2024 calendar year, the Executive will receive an annual equity award under IMAX Corporation Long-Term Incentive Plan (the “IMAX LTIP”) with an aggregate grant date monetary value of USD750,000 which consists of 50% of RSUs and 50% of the PSUs. Within the PSUs portion, it’s divided into 60% based on earnings before interest, taxes, depreciation, and amortization (“EBIDTA”) performance and 40% based on total shareholder return (“TSR”). Maximum PSU vesting percentage of EBIDTA is 175% and maximum PSU vesting percentage of TSR is 150%. All grants are subject to the terms and conditions of the IMAX LTIP and applicable award agreements, including the requirement that the Executive be employed by the Company on each applicable grant date to receive the grant and that the Executive be employed on the vesting day for vesting to occur. The vesting schedule of the RSUs granted to the Executive shall be: 33%

on the first anniversary of the grant; 33% on the second anniversary of the grant; and 34% on the third anniversary. The PSUs granted will vest in whole or in part promptly following the public disclosure of IMAX Corporation's financial statements for the year of 2026, unless previously cancelled or forfeited in accordance with the provisions of the PSU Scheme or the Notice of Grant. ”

2. Save as expressly set out in Article 1 above, none of the terms of the Employment Agreement shall be varied and all of the terms of the Employment Agreement shall continue to have full force and effect.
3. This Agreement may be executed in counterparts, each of which when executed and delivered shall be an original, and together constitute the same document.
4. Article 5.3 (Governing Law) of the Employment Agreement shall apply to this Agreement.

**IN WITNESS WHEREOF** this Agreement has been executed as of the date first above written.

**IMAX CHINA (HONG KONG) LIMITED**

**DANIEL WADE MANWARING**

By: /s/ Jiande Chen

Name: Jiande Chen

Title: Director

/s/ Daniel Wade Manwaring

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By: /s/ Jim Athanasopoulos

Name: Jim Athanasopoulos

Title: Director

# IMAX CORPORATION

## Exhibit 31.1

### Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002

I, Richard L. Gelfond, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of the registrant, IMAX Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

By: /s/ Richard L. Gelfond  
Name: Richard L. Gelfond  
Title: Chief Executive Officer

# IMAX CORPORATION

## Exhibit 31.2

### Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002

I, Natasha Fernandes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of the registrant, IMAX Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

By: /s/ Natasha Fernandes  
Name: Natasha Fernandes  
Title: Chief Financial Officer

# IMAX CORPORATION

## Exhibit 32.1

### CERTIFICATIONS

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  
(Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Richard L. Gelfond, Chief Executive Officer & Director of IMAX Corporation, a Canadian corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2024

By: /s/ Richard L. Gelfond  
Name: Richard L. Gelfond  
Title: Chief Executive Officer

# IMAX CORPORATION

## Exhibit 32.2

### CERTIFICATIONS

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  
(Subsections (A) and (B) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), I, Natasha Fernandes, Chief Financial Officer of IMAX Corporation, a Canadian corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 24, 2024

By: /s/ Natasha Fernandes

Name: Natasha Fernandes

Title: Chief Financial Officer