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 September 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	**98-0140269**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
2525 Speakman Drive, Mississauga, Ontario, Canada L5K 1B1 (905) 403-6457	**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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 September 30, 2024
Common Shares, no par value	52,682,641

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:

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

	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	$ 104,504	$ 76,200
Accounts receivable, net of allowance for credit losses	114,193	136,259
Financing receivables, net of allowance for credit losses	123,459	127,154
Variable consideration receivables, net of allowance for credit losses	74,487	64,338
Inventories	37,612	31,584
Prepaid expenses	13,310	12,345
Film assets, net of accumulated amortization	9,127	6,786
Property, plant and equipment, net of accumulated depreciation	245,106	243,299
Other assets	22,981	20,879
Deferred income tax assets, net of valuation allowance	15,687	7,988
Goodwill	52,815	52,815
Other intangible assets, net of accumulated amortization	34,279	35,022
Total assets	**$ 847,560**	**$ 814,669**
Liabilities		
Accounts payable	$ 26,018	$ 26,386
Accrued and other liabilities	111,283	111,013
Deferred revenue	53,676	67,105
Revolving credit facility borrowings, net of unamortized debt issuance costs	46,239	22,924
Convertible notes and other borrowings, net of unamortized discounts and debt issuance costs	230,038	229,131
Deferred income tax liabilities	12,521	12,521
Total liabilities	**479,775**	**469,080**
Commitments, contingencies and guarantees (see Note 7)		
Non-controlling interests	**674**	**658**
Shareholders' equity		
Capital stock common shares — no par value. Authorized — unlimited number. 52,682,641 issued and outstanding (December 31, 2023 — 53,260,276 issued and outstanding)	394,603	389,048
Other equity	181,911	185,087
Statutory surplus reserve	3,932	3,932
Accumulated deficit	(279,993)	(292,845)
Accumulated other comprehensive loss	(11,015)	(12,081)
Total shareholders' equity attributable to common shareholders	**289,438**	**273,141**
Non-controlling interests	77,673	71,790
Total shareholders' equity	**367,111**	**344,931**
Total liabilities and shareholders' equity	**$ 847,560**	**$ 814,669**

(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 September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenues				
Technology sales	$ 26,305	$ 18,273	$ 54,629	$ 65,455
Image enhancement and maintenance services	46,891	60,250	149,428	154,244
Technology rentals	16,122	23,008	48,766	62,612
Finance income	2,134	2,365	6,713	6,510
	91,452	**103,896**	**259,536**	**288,821**
Costs and expenses applicable to revenues				
Technology sales	10,605	7,948	24,594	28,951
Image enhancement and maintenance services	23,087	26,646	73,371	69,470
Technology rentals	6,741	6,587	19,736	19,747
	40,433	**41,181**	**117,701**	**118,168**
Gross margin	**51,019**	**62,715**	**141,835**	**170,653**
Selling, general and administrative expenses	31,466	36,282	100,287	109,336
Research and development	(265)	2,771	3,953	7,388
Amortization of intangible assets	1,544	1,107	4,208	3,328
Credit loss (reversal) expense, net	(1,137)	523	(963)	1,589
Restructuring and executive transition costs	—	—	—	1,353
Income from operations	**19,411**	**22,032**	**34,350**	**47,659**
Realized and unrealized investment gains	32	364	94	436
Retirement benefits non-service expense	(109)	(77)	(323)	(232)
Interest income	625	738	1,720	1,838
Interest expense	(2,240)	(1,483)	(6,467)	(5,045)
Income before taxes	**17,719**	**21,574**	**29,374**	**44,656**
Income tax expense	(2,376)	(6,555)	(3,538)	(14,901)
Net income	**15,343**	**15,019**	**25,836**	**29,755**
Net income attributable to non-controlling interests	(1,447)	(3,029)	(5,083)	(6,960)
Net income attributable to common shareholders	**$ 13,896**	**$ 11,990**	**$ 20,753**	**$ 22,795**
Net income per share attributable to common shareholders:				
Basic	$ 0.26	$ 0.22	$ 0.39	$ 0.42
Diluted	$ 0.26	$ 0.22	$ 0.39	$ 0.41
Weighted average shares outstanding (in thousands):				
Basic	52,682	54,618	52,605	54,424
Diluted	54,089	55,535	53,628	55,261

(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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	**$ 15,343**	**$ 15,019**	**$ 25,836**	**$ 29,755**
Other comprehensive income (loss) before tax				
Unrealized net gain (loss) from cash flow hedging instruments	337	(1,048)	(944)	(226)
Realized net loss from cash flow hedging instruments	162	174	240	636
Foreign currency translation adjustments	3,775	1,060	2,779	(6,559)
Defined benefit and postretirement benefit plans	(149)	(176)	(547)	(528)
Total other comprehensive income (loss) before tax	**4,125**	**10**	**1,528**	**(6,677)**
Income tax (expense) benefit related to other comprehensive income (loss)	(92)	274	328	30
Other comprehensive income (loss), net of tax	4,033	284	1,856	(6,647)
Comprehensive income	**19,376**	**15,303**	**27,692**	**23,108**
Comprehensive income attributable to non-controlling interests	(2,521)	(3,328)	(5,872)	(5,104)
Comprehensive income attributable to common shareholders	**$ 16,855**	**$ 11,975**	**$ 21,820**	**$ 18,004**

(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)

	Nine Months Ended September 30,	
	2024	2023
Operating Activities		
Net income	$ 25,836	$ 29,755
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	48,902	46,477
Amortization of deferred financing costs	1,478	1,742
Credit loss (reversal) expense, net	(963)	1,589
Write-downs, including asset impairments	3,034	872
Deferred income tax benefit	(7,339)	(3,724)
Share-based and other non-cash compensation	17,261	17,830
Unrealized foreign currency exchange (gain) loss	(527)	52
Realized and unrealized investment gain	(94)	(436)
Changes in assets and liabilities:		
Accounts receivable	23,001	(2,392)
Inventories	(6,181)	(13,771)
Film assets	(17,892)	(14,575)
Deferred revenue	(13,393)	(4,670)
Changes in other operating assets and liabilities	(13,771)	(4,141)
Net cash provided by operating activities	**59,352**	**54,608**
Investing Activities		
Purchase of property, plant and equipment	(3,816)	(2,541)
Investment in equipment for joint revenue sharing arrangements	(21,728)	(10,705)
Acquisition of other intangible assets	(4,802)	(5,418)
Net cash used in investing activities	**(30,346)**	**(18,664)**
Financing Activities		
Revolving credit facility borrowings	55,000	31,032
Repayments of revolving credit facility borrowings	(32,000)	(43,057)
Repayments of other borrowings	(489)	—
Proceeds from other borrowings	—	315
Repurchase of common shares	(18,102)	(4,263)
Taxes withheld and paid on employee stock awards vested	(4,978)	(6,458)
Common shares issued - stock options exercised	98	—
Principal payment under finance lease obligations	(480)	(480)
Dividends paid to non-controlling interests	—	(1,438)
Net cash used in financing activities	**(951)**	**(24,349)**
Effects of exchange rate changes on cash	249	607
Increase in cash and cash equivalents during period	**28,304**	**12,202**
Cash and cash equivalents, beginning of period	**76,200**	**97,401**
Cash and cash equivalents, end of period	**$ 104,504**	**$ 109,603**

(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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Adjustments to capital stock:				
Balance, beginning of period	$ 394,493	$ 390,238	$ 389,048	$ 376,715
Employee stock options exercised	98	—	98	—
Average carrying value of repurchased and retired common shares	—	(152)	(8,575)	(249)
Restricted share units vested, net of shares withheld for employee tax obligations	12	11	14,032	13,631
Balance, end of period	394,603	390,097	394,603	390,097
Adjustments to other equity:				
Balance, beginning of period	176,632	175,374	185,087	185,678
Amortization of share-based payment expense - stock options	—	—	—	92
Amortization of share-based payment expense - restricted share units	3,318	2,557	10,864	9,881
Amortization of share-based payment expense - performance stock units	1,985	2,071	5,864	5,196
Restricted share units vested	(24)	(32)	(19,815)	(20,877)
Change in ownership interest related to IMAX China	—	—	(89)	—
Balance, end of period	181,911	179,970	181,911	179,970
Adjustments to statutory surplus reserve:				
Balance, beginning of period	3,932	3,932	3,932	3,932
Balance, end of period	3,932	3,932	3,932	3,932
Adjustments to accumulated deficit:				
Balance, beginning of period	(293,889)	(284,208)	(292,845)	(293,124)
Net income attributable to common shareholders	13,896	11,990	20,753	22,795
Common shares repurchased and retired	—	(100)	(7,901)	(1,989)
Balance, end of period	(279,993)	(272,318)	(279,993)	(272,318)
Adjustments to accumulated other comprehensive loss:				
Balance, beginning of period	(13,974)	(14,622)	(12,081)	(9,846)
Other comprehensive income (loss), net of tax	2,959	(15)	1,066	(4,791)
Balance, end of period	(11,015)	(14,637)	(11,015)	(14,637)
Adjustments to non-controlling interests:				
Balance, beginning of period	75,111	66,167	71,790	65,691
Net income attributable to non-controlling interests	1,431	3,100	5,067	7,021
Other comprehensive income (loss), net of tax	1,073	299	789	(1,856)
Share-based compensation attributable to non-controlling interests	58	140	52	288
Dividends paid to non-controlling shareholders of IMAX China	—	—	—	(1,438)
Change in ownership interest related to IMAX China common share repurchases	—	—	(25)	—
Balance, end of period	77,673	69,706	77,673	69,706
Total Shareholders' Equity	**$ 367,111**	**$ 356,750**	**$ 367,111**	**$ 356,750**

(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 adopted 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 change in the value of an equity method investment that is other than temporary is recognized in the Condensed Consolidated Statements of Operations.

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

(In thousands of U.S. Dollars)	September 30, 2024	December 31, 2023
Total assets	$ 1,449	$ 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 No. 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.

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 September 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.

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

	Three Months Ended September 30, 2024				Nine Months Ended September 30, 2024			
(In thousands of U.S. Dollars)	Theater Operators	Studios	Other	Total	Theater Operators	Studios	Other	Total
Beginning balance	$ 14,095	$ 651	$ 1,080	$ 15,826	$ 14,355	$ 616	$ 1,006	$ 15,977
Current period (reversal) provision, net	(2,079)	600	(13)	(1,492)	(2,120)	638	61	(1,421)
Write-offs, net of recoveries	—	—	—	—	(178)	(3)	—	(181)
Foreign exchange	118	—	—	118	77	—	—	77
Ending balance	$ 12,134	$ 1,251	$ 1,067	$ 14,452	$ 12,134	$ 1,251	$ 1,067	$ 14,452

(In thousands of U.S. Dollars)	Three Months Ended September 30, 2023 Theater Operators	Studios	Other	Total	Nine Months Ended September 30, 2023 Theater Operators	Studios	Other	Total
Beginning balance	$ 11,640	$ 894	$ 1,486	$ 14,020	$ 11,144	$ 1,699	$ 1,276	$ 14,119
Current period provision (reversal), net	1,953	100	(463)	1,590	3,392	(699)	(253)	2,440
Write-offs, net of recoveries	(405)	—	—	(405)	(1,202)	—	—	(1,202)
Foreign exchange	(84)	—	—	(84)	(230)	(6)	—	(236)
Ending balance	$ 13,104	$ 994	$ 1,023	$ 15,121	$ 13,104	$ 994	$ 1,023	$ 15,121

For the three and nine months ended September 30, 2024, the Company's allowance for current expected credit losses related to Accounts Receivable decreased by $1.4 million and $1.5 million, respectively.

For the three and nine months ended September 30, 2023, the Company's allowance for current expected credit losses related to Accounts Receivable increased by $1.1 million and $1.0 million, respectively.

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

(In thousands of U.S. Dollars)	September 30, 2024	December 31, 2023
Net investment in leases:		
Gross minimum payments due under sales-type leases	$ 29,612	$ 30,459
Unearned finance income	(1,033)	(467)
Present value of minimum payments due under sales-type leases	28,579	29,992
Allowance for credit losses	(517)	(453)
Net investment in leases	28,062	29,539
Financed sales receivables:		
Gross minimum payments due under financed sales	131,652	135,684
Unearned finance income	(26,751)	(28,452)
Present value of minimum payments due under financed sales	104,901	107,232
Allowance for credit losses	(9,504)	(9,617)
Net financed sales receivables	95,397	97,615
Total financing receivables	$ 123,459	$ 127,154
Net financed sales receivables due within one year	$ 33,452	$ 32,031
Net financed sales receivables due after one year	61,945	65,584
Total financed sales receivables	$ 95,397	$ 97,615

As of September 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:

(In thousands of U.S. Dollars)	September 30, 2024	December 31, 2023
Weighted-average remaining lease term (in years):		
Sales-type lease arrangements	8.5	8.3
Weighted-average interest rate		
Sales-type lease arrangements	7.47 %	7.88 %
Financed sales receivables	8.94 %	8.97 %

The tables below provide information on the Company's net investment in leases by credit quality indicator as of September 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)	By Origination Year						
As of September 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
Net investment in leases:							
Credit quality classification:							
In good standing	$ 1,100	$ 2,954	$ 4,291	$ 6,042	$ 1,847	$ 1,049	$ 17,283
Credit Watch	—	—	—	—	—	—	—
Pre-approved transactions	—	—	426	2,669	1,495	6,305	10,895
Transactions suspended	—	—	—	—	—	401	401
Total net investment in leases	$ 1,100	$ 2,954	$ 4,717	$ 8,711	$ 3,342	$ 7,755	$ 28,579

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

The tables below provide information on the Company's financed sales receivables by credit quality indicator as of September 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)	By Origination Year						
As of September 30, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Total**
Financed sales receivables:							
Credit quality classification:							
In good standing	$ 611	$ 8,713	$ 5,888	$ 6,295	$ 5,214	$ 50,643	$ 77,364
Credit Watch	—	—	—	—	—	1,054	1,054
Pre-approved transactions	—	466	348	2,791	1,560	8,114	13,279
Transactions suspended	—	158	—	602	149	12,295	13,204
Total financed sales receivables	$ 611	$ 9,337	$ 6,236	$ 9,688	$ 6,923	$ 72,106	$ 104,901

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

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

	As of September 30, 2024							
(In thousands of U.S. Dollars)	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Recorded Receivable	Allowance for Credit Losses	Net
Net investment in leases	$ 108	$ 176	$ 1,606	$ 1,890	$ 26,689	$ 28,579	$ (517)	$ 28,062
Financed sales receivables	1,426	2,671	13,490	17,587	87,314	104,901	(9,504)	95,397
Total	$ 1,534	$ 2,847	$ 15,096	$ 19,477	$ 114,003	$ 133,480	$ (10,021)	$ 123,459

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

The following tables provide information about the Company's net investment in leases and financed sale receivables with billed amounts past due for which it continues to accrue finance income as of September 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 September 30, 2024						
(In thousands of U.S. Dollars)	Accrued and Current	30-89 Days	90+ Days	Billed	Unbilled	Allowance for Credit Losses	Net
Net investment in leases	$ 104	$ 114	$ 1,560	$ 1,778	$ 22,144	$ (6)	$ 23,916
Financed sales receivables	650	966	8,872	10,488	32,120	(1,212)	41,396
Total	$ 754	$ 1,080	$ 10,432	$ 12,266	$ 54,264	$ (1,218)	$ 65,312

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

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

	As of September 30, 2024			As of December 31, 2023		
(In thousands of U.S. Dollars)	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	27,538	(8,988)	18,550	29,204	(8,884)	20,320
Total	$ 27,939	$ (9,389)	$ 18,550	$ 29,605	$ (9,285)	$ 20,320

For the three and nine months ended September 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 nine months ended September 30, 2024, the Company recognized $0.4 million and $1.0 million, respectively (2023 — less than $0.1 million and $0.2 million, respectively) in Finance Income related to the financed sales receivables in nonaccrual status.

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

	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
(In thousands of U.S. Dollars)	Net Investment in Leases	Net Financed Sales Receivables	Net Investment in Leases	Net Financed Sales Receivables
Beginning balance	$ 450	$ 9,625	$ 453	$ 9,617
Current period provision (reversal), net	67	(148)	70	(135)
Foreign exchange	—	27	(6)	22
Ending balance	$ 517	$ 9,504	$ 517	$ 9,504

	Three Months Ended September 30, 2023		Nine Months Ended September 30, 2023	
(In thousands of U.S. Dollars)	Net Investment in Leases	Net Financed Sales Receivables	Net Investment in Leases	Net Financed Sales Receivables
Beginning balance	$ 689	$ 11,027	$ 776	$ 10,945
Current period reversal, net	11	(1,075)	(70)	(862)
Foreign exchange	(20)	119	(26)	(12)
Ending balance	$ 680	$ 10,071	$ 680	$ 10,071

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

For the three and nine months ended September 30, 2023, the Company's allowance for current expected credit losses related to its net investment in leases decreased by less than $0.1 million and $0.1 million, respectively, and financed sale receivables decreased by $1.0 million and $0.9 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 nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(In thousands of U.S. Dollars)	Theater Operators	Theater Operators	Theater Operators	Theater Operators
Beginning balance	$ 677	$ 705	$ 633	$ 610
Current period provision, net	116	37	160	134
Foreign exchange	3	(15)	3	(17)
Ending balance	$ 796	$ 727	$ 796	$ 727

For the three and nine months ended September 30, 2024, the Company's allowance for current expected credit losses related to Variable Consideration Receivables increased by $0.1 million and $0.2 million, respectively (2023 — increased by less than $0.1 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 nine months ended September 30, 2024 and 2023, the components of lease expense recorded within Selling, General and Administrative Expenses are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands of U.S. Dollars)	**2024**	**2023**	**2024**	**2023**
Operating lease cost:				
Amortization of operating lease assets	$ 505	$ 577	$ 1,614	$ 1,857
Interest on operating lease liabilities	178	177	503	573
Short-term and variable lease costs	67	125	264	425
Finance lease cost:				
Amortization of finance lease assets	100	99	299	299
Interest on finance lease liabilities	3	10	17	38
Total lease cost	$ 853	$ 988	$ 2,697	$ 3,192

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

	Nine Months Ended September 30,	
(In thousands of U.S. Dollars)	**2024**	**2023**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating leases	$ 2,116	$ 2,740
Finance leases	480	480
Supplemental disclosure of noncash leasing activities:		
Right-of-use assets obtained in exchange for operating lease obligations	$ 456	$ 278

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

(In thousands of U.S. Dollars)		September 30, 2024	December 31, 2023
Assets:	Balance Sheet Location		
Operating lease right-of-use assets	Property, plant and equipment	$ 9,393	$ 10,599
Finance lease right-of-use assets	Property, plant and equipment	1,121	1,420
Liabilities:	Balance Sheet Location		
Operating lease liabilities	Accrued and other liabilities	$ 11,304	$ 12,702
Finance lease liabilities	Accrued and other liabilities	27	518

As of September 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:

	September 30, 2024	December 31, 2023
Operating leases:		
Weighted-average remaining lease term (years)	5.0	4.9
Weighted-average discount rate	5.82 %	5.85 %
Finance leases:		
Weighted-average remaining lease term (years)	2.8	3.6
Weighted-average discount rate	6.00 %	6.00 %

As of September 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 (three months remaining)	$ 690	$ 35
2025	2,620	—
2026	2,534	—
2027	2,475	—
2028	2,478	—
Thereafter	2,205	—
Total lease payments	$ 13,002	$ 35
Less: interest expense	(1,698)	(8)
Present value of lease liabilities	$ 11,304	$ 27

IMAX Corporation as a Lessor

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

The Company also provides IMAX Systems to customers through joint revenue sharing arrangements. Under the traditional form of these arrangements, in exchange for providing the IMAX System under a long-term lease, the Company earns rent based on a percentage of contingent box office receipts and, in some cases, concession revenues, rather than a fixed upfront fee or annual minimum payments.

Under certain other joint revenue sharing arrangements, known as hybrid arrangements, the customer is responsible for making fixed upfront payments prior to the delivery and installation of the IMAX System.

Under joint revenue sharing arrangements, the customer has the ability and the right to operate the hardware components or direct others to operate them in a manner determined by the customer. The Company's joint revenue sharing arrangements are typically non-cancellable for 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 four years and thereafter following the September 30, 2024 balance sheet date:

(In thousands of U.S. Dollars)	Sales-Type Leases	Joint Revenue Sharing Arrangements
2024 (three months remaining)	$ 788	$ 16
2025	3,089	27
2026	3,096	—
2027	3,026	—
2028	2,872	—
Thereafter	16,861	—
Total	$ 29,732	$ 43

5. Inventories

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

(In thousands of U.S. Dollars)	September 30, 2024	December 31, 2023
Raw materials	$ 28,326	$ 27,660
Work-in-process	2,315	2,570
Finished goods	6,971	1,354
Total	$ 37,612	$ 31,584

As of September 30, 2024, Inventories include finished goods of $4.7 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 nine months ended September 30, 2024, the Company recorded write-downs of $0.1 million and $0.3 million, respectively, (2023 — a recovery of $0.1 million and less than $0.1 million, respectively) in Costs and Expenses Applicable to Revenues — Technology Sales.

6. Borrowings

Revolving Credit Facility Borrowings, Net

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

(In thousands of U.S. Dollars)	September 30, 2024	December 31, 2023
Wells Fargo Credit Facility borrowings	$ 47,000	$ 24,000
Unamortized debt issuance costs	(761)	(1,076)
Revolving Credit Facility Borrowings, net	$ 46,239	$ 22,924

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 September 30, 2024 as the Senior Secured Net Leverage Ratio was 0.00:1.00.

Loans under the Credit Facility bear interest, at the Company’s option, at (i) Term Secure Overnight Financing Rate (“Term 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, or CDOR be less than 0.00% per annum.

As of September 30, 2024, borrowings under the Credit Facility were $47.0 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 nine months ended September 30, 2024 was 7.13% and 7.06%, 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 September 30, 2024, and December 31, 2023, the Company had no letters of credit or advance payment guarantees outstanding under the Credit Facility. As of September 30, 2024, the amount available for future borrowings under the Credit Facility was $253.0 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 September 30, 2024, the net unrealized gain on the Company’s outstanding foreign currency forward contracts was $0.1 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 September 30, 2024, the notional value of the Company’s outstanding foreign currency forward contracts was $31.8 million (December 31, 2023 — $40.6 million).

Bank of China Facility

In June 2022, IMAX (Shanghai) Multimedia Technology Co., Ltd. ("IMAX Shanghai"), one of the Company's majority-owned subsidiaries in China, renewed its unsecured revolving facility with Bank of China for up to 200.0 million Chinese Renminbi ("RMB") ($28.5 million), including 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 September 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 September 30, 2024, the amount available for future borrowings under the Bank of China Facility was RMB 190.0 million ($27.1 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 nine months ended September 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 ($28.5 million) with HSBC Bank (China) Company Limited, Shanghai Branch to fund ongoing working capital requirements (the "HSBC China Facility"). As of September 30, 2024 and December 31, 2023, no borrowings were outstanding under the HSBC China Facility. As of September 30, 2024, the amount available for future borrowings under the HSBC China Facility was RMB 200.0 million ($28.5 million). The effective interest rate for the three and nine months ended September 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. On August 21, 2024, the Company renewed the NBC Facility to August 21, 2025. 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 September 30, 2024 and December 31, 2023 under the NBC Facility.

Convertible Notes and Other Borrowings, Net

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

(In thousands of U.S. Dollars)	**September 30, 2024**	**December 31, 2023**
Convertible Notes	$ 230,000	$ 230,000
Unamortized discounts and debt issuance costs	(2,240)	(3,367)
Convertible Notes, net	227,760	226,633
Federal Economic Development Loan	2,733	3,200
Unaccreted interest benefit	(455)	(702)
Federal Economic Development Loan, net	2,278	2,498
Convertible Notes and Other Borrowings, net	$ 230,038	$ 229,131

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.

Holders 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 Inc., 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 Inc. 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 Inc. 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 nine months ended September 30, 2024, respectively, which is being recorded within Interest Expense on the Company's Condensed Consolidated Statements of Operations.

As of September 30, 2024, the Federal Economic Development Loan has a carrying value of $2.3 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. On October 24, 2024, the Bombay High Court announced dismissal of the Company’s application, indicating that a written order will follow. To date, the Company has not received such order, and it fully intends to continue pursuing its rights and seeking to enforce the arbitration award. 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.

(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 as of September 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 September 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 nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars)	Sales Commissions	Marketing and Other	Sales Commissions	Marketing and Other
Technology sales[(1)]	$ 258	$ 139	$ 301	$ 347
Image enhancement and maintenance services[(2)]	—	5,172	—	2,744
Technology rentals[(3)]	128	811	38	469
Total	$ 386	$ 6,122	$ 339	$ 3,560

(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 as 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.

	Nine Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars)	Sales Commissions	Marketing and Other	Sales Commissions	Marketing and Other
Technology sales[(1)]	$ 684	$ 485	$ 861	$ 531
Image enhancement and maintenance services[(2)]	—	11,848	—	13,088
Technology rentals[(3)]	378	1,811	147	1,179
Total	$ 1,062	$ 14,144	$ 1,008	$ 14,798

(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 as 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 nine months ended September 30, 2024 are foreign currency net losses of $0.3 million and $0.8 million, respectively (2023 — net losses of $0.2 million and $0.8 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 nine months ended September 30, 2024, such revenues totaled $15.9 million and $48.4 million, respectively (2023 — $23.1 million and $63.8 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 nine months ended September 30, 2024, such revenues totaled $26.7 million and $77.7 million, respectively (2023 — $42.5 million and $101.8 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 September 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 audited Consolidated Financial Statements in its 2023 Form 10-K.

For the three and nine months ended September 30, 2024, an expense of $0.2 million and $3.2 million, respectively (2023 — $0.2 million and $0.5 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

(In thousands of U.S. Dollars)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Decrease (increase) in:		
Financing receivables	$ 4,197	$ 5,096
Prepaid expenses	(2,185)	(1,767)
Variable consideration receivables	(10,308)	(14,990)
Other assets	(2,026)	(4,615)
(Decrease) increase in:		
Accounts payable	(318)	12,523
Accrued and other liabilities	(3,131)	(388)
Total	$ (13,771)	$ (4,141)

Depreciation and amortization

(In thousands of U.S. Dollars)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Film assets	$ 18,659	$ 16,720
Property, plant and equipment:		
Equipment supporting joint revenue sharing arrangements	17,011	17,228
Other property, plant and equipment(1)	6,440	6,937
Other intangible assets(2)	5,164	4,353
Other assets(3)	1,628	1,239
Total	$ 48,902	$ 46,477

(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 $0.4 million in the nine months ended September 30, 2024 (2023 — $0.4 million).

(2) Includes the amortization of licenses and intellectual property recorded in Research and Development on the Condensed Consolidated Statements of Operations of $1.0 million in the nine months ended September 30, 2024 (2023 — $1.0 million).

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

Write-downs

(In thousands of U.S. Dollars)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Inventories	266	(27)
Property, plant and equipment:		
Equipment supporting joint revenue sharing arrangements(1)	2,660	486
Other property, plant and equipment	55	3
Other intangible assets	44	—
Film assets	9	410
Total	$ 3,034	$ 872

(1) For the nine months ended September 30, 2024, the Company recorded charges of $2.7 million (2023 — $0.5 million) in Costs and Expenses Applicable to Revenues — Technology Rentals mostly related to the write-down of systems under joint revenue sharing arrangements resulting from contract amendments, as well as the permanent closure of one IMAX System.

Significant non-cash investing activities

(In thousands of U.S. Dollars)	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net increase (decrease) in accruals related to:		
Investment in equipment supporting joint revenue sharing arrangements	$ 560	$ (493)
Acquisition of other intangible assets	5	(31)
Purchases of property, plant and equipment[1]	(28)	117
Net amount	$ 537	$ (407)

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

10. Income Taxes

Income Tax Expense

For the three months ended September 30, 2024, the Company recorded an income tax expense of $2.4 million (2023 — tax expense of $6.6 million). The Company's effective tax rate of 13.4% for the three months ended September 30, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions and a decrease in the valuation allowance, which was partially offset by an increase in tax reserves, tax return adjustments and withholding taxes. The Company's effective tax rate of 30.4% for the three months ended September 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, tax return adjustments and withholding taxes.

For the nine months ended September 30, 2024, the Company recorded an income tax expense of $3.5 million (2023 — tax expense of $14.9 million). The Company's effective tax rate of 12.0% for the nine months ended September 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 second quarter which was partially offset by an increase in the valuation allowance, tax reserves, tax return adjustments, withholding taxes and a shortfall in tax benefits related to share-based compensation. The Company's effective tax rate of 33.4% for the nine months ended September 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, tax return adjustments and withholding taxes.

In the nine months ended September 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.

As of September 30, 2024, the Company's Condensed Consolidated Balance Sheets includes net deferred income tax assets of $15.7 million (December 31, 2023 — $8.0 million). Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years to obtain benefit from the reversal of temporary differences, net operating loss carryforwards and tax credit carryforwards. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

As of September 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 second quarter of 2024. The tax applies to net share repurchases on or after January 1, 2024, with certain exceptions. The tax is imposed on the repurchasing corporation itself and will be included in the cost basis of the repurchased treasury stock. The Company has recorded a tax liability in the amount of $0.1 million at September 30, 2024.

11. Capital Stock and Reserves

Share-Based Compensation

For the three and nine months ended September 30, 2024, share-based compensation expense totaled $5.4 million and $16.9 million, respectively (2023 — $5.2 million and $17.1 million, respectively) and is reflected in the following accounts in the Condensed Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands of U.S. Dollars, except rates)	2024	2023	2024	2023
Costs and expenses applicable to revenues	$ 251	$ 247	$ 726	$ 752
Selling, general and administrative expenses	5,036	4,865	15,879	16,537
Research and development	112	106	333	310
Executive transition costs	—	—	—	(499)
Total	$ 5,399	$ 5,218	$ 16,938	$ 17,100

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands of U.S. Dollars, except rates)	2024	2023	2024	2023
Stock Options	$ —	$ —	$ —	$ 84
Restricted Share Units	3,111	2,686	9,986	9,880
Performance Stock Units	2,048	1,985	5,866	4,909
IMAX China Stock Options	—	—	—	12
IMAX China Long Term Incentive Plan Restricted Share Units	297	427	1,019	1,816
IMAX China Long Term Incentive Plan Performance Stock Units	(57)	120	67	399
	$ 5,399	$ 5,218	$ 16,938	$ 17,100

For the three and nine months ended September 30, 2024, the Company's share-based compensation expense includes $0.1 million and $1.8 million related to restricted share units granted to non-employees (2023 — $nil and $1.7 million, respectively).

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 nine months ended September 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	$ 26.36
Exercised	(4,687)	—	20.85	—
Expired	(607,114)	(275,317)	28.15	27.95
Cancelled	(1,768)	—	24.38	—
Stock options outstanding, end of period	2,715,853	3,329,422	25.81	26.23
Stock options exercisable, end of period	2,715,853	3,329,422	25.81	26.23

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 nine months ended September 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	948,261	898,680	16.44	17.82
Vested and settled	(698,187)	(742,406)	18.67	18.68
Forfeited	(47,474)	(95,510)	18.08	19.22
RSUs outstanding, end of period	1,489,430	1,312,808	17.15	18.52

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 nine months ended September 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 nine months ended September 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(1)	580,336	585,602	17.97	17.69
Vested and settled(1)	(316,226)	(368,602)	19.71	16.92
Forfeited(2)	(85,764)	(215,376)	21.00	18.14
PSUs outstanding, end of period	1,100,967	933,340	18.32	19.16

(1) For the nine months ended September 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 September 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 September 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 months ended September 30, 2024, the Company did not have any repurchases of common shares. During the nine months ended September 30, 2024, the Company repurchased 1,166,370 common shares at an average price of $13.99 per share, for a total of $16.3 million, excluding commissions. During the three and nine months ended September 30, 2023, the Company repurchased 13,981 and 144,482 common shares, respectively, at an average price of $18.00 and $15.47 per share, for a total of $0.3 million and $2.2 million, respectively, excluding commissions. The repurchases for the nine months ended September 30, 2024 excludes repurchases of 108,393 shares, at an average price of $14.98 for a total of $1.6 million with trade dates in December 2023 (2023 — 140,000 shares at an average price of $14.45, for a total of $2.0 million, with trade dates in December 2022). During the nine months ended September 30, 2024 and 2023, there were no shares purchases in the administration of employee share-based plans.

As of September 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 months ended September 30, 2024, IMAX China did not have any repurchases of common shares. During the nine months ended September 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 nine months ended September 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Issued and outstanding, beginning of period	52,677	54,620	53,260	54,149
Weighted average number of shares issued (repurchased), net	5	(2)	(655)	275
Weighted average number of shares outstanding - basic	52,682	54,618	52,605	54,424
Weighted average effect of potential common shares, if dilutive	1,407	917	1,023	837
Weighted average number of shares outstanding - diluted	54,089	55,535	53,628	55,261

For the three and nine months ended September 30, 2024, the calculation of diluted weighted average shares outstanding excludes 2,192,874 and 2,769,499 shares, respectively (2023 — 3,395,488 and 3,398,228 shares, respectively) that are issuable upon the vesting or exercise of share-based compensation including: (i) nil and 10,798 RSUs, respectively (2023 — 29,702 and 32,442 RSUs, respectively), (ii) nil and 42,848 PSUs, respectively (2023 — 36,364 PSUs, respectively) and (iii) 2,192,874 and 2,715,853 stock options, respectively (2023 — 3,329,422 stock options, respectively), as the effect would be anti-dilutive.

The calculation of diluted weighted average shares outstanding for the three and nine months ended September 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 discretional 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.

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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 nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30, 2024				
(In thousands of U.S. Dollars)	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
Content Solutions Segment:					
Film Remastering and Distribution	$ —	$ 26,687	$ —	$ —	$ 26,687
Other Content Solutions	—	3,356	86	—	3,442
	—	30,043	86	—	30,129
Technology Products and Services Segment:					
System Sales	24,365	—	—	—	24,365
System Rentals	—	—	16,029	—	16,029
Maintenance	—	15,443	—	—	15,443
Finance Income	—	—	—	2,134	2,134
	24,365	15,443	16,029	2,134	57,971
Sub-total for reportable segments	24,365	45,486	16,115	2,134	88,100
All Other	1,940	1,405	7	—	3,352
Total	$ 26,305	$ 46,891	$ 16,122	$ 2,134	$ 91,452

	Nine Months Ended September 30, 2024				
(In thousands of U.S. Dollars)	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
Content Solutions Segment					
Film Remastering and Distribution	$ —	$ 77,712	$ —	$ —	$ 77,712
Other Content Solutions	—	21,292	214	—	21,506
	—	99,004	214	—	99,218
Technology Products and Services Segment					
System Sales	50,926	—	—	—	50,926
System Rentals	—	—	48,545	—	48,545
Maintenance	—	45,835	—	—	45,835
Finance Income	—	—	—	6,713	6,713
	50,926	45,835	48,545	6,713	152,019
Sub-total for reportable segments	50,926	144,839	48,759	6,713	251,237
All Other	3,703	4,589	7	—	8,299
Total	$ 54,629	$ 149,428	$ 48,766	$ 6,713	$ 259,536

(In thousands of U.S. Dollars)	Three Months Ended September 30, 2023				
	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
Content Solutions Segment					
Film Remastering and Distribution	$ —	$ 42,481	$ —	$ —	$ 42,481
Other Content Solutions	—	1,733	—	—	1,733
	—	44,214	—	—	44,214
Technology Products and Services Segment					
System Sales	16,443	—	—	—	16,443
System Rentals	—	—	23,008	—	23,008
Maintenance	—	14,353	—	—	14,353
Finance Income	—	—	—	2,365	2,365
	16,443	14,353	23,008	2,365	56,169
Sub-total for reportable segments	16,443	58,567	23,008	2,365	100,383
All Other	1,830	1,683	—	—	3,513
Total	$ 18,273	$ 60,250	$ 23,008	$ 2,365	$ 103,896

(In thousands of U.S. Dollars)	Nine Months Ended September 30, 2023				
	Technology Sales	Image Enhancement and Maintenance Services	Technology Rentals	Finance Income	Total
Content Solutions Segment					
Film Remastering and Distribution	$ —	$ 101,772	$ —	$ —	$ 101,772
Other Content Solutions	—	5,833	—	—	5,833
	—	107,605	—	—	107,605
Technology Products and Services Segment					
System Sales	60,296	—	—	—	60,296
System Rentals	—	—	62,612	—	62,612
Maintenance	—	42,395	—	—	42,395
Finance Income	—	—	—	6,510	6,510
	60,296	42,395	62,612	6,510	171,813
Sub-total for reportable segments	60,296	150,000	62,612	6,510	279,418
All Other	5,159	4,244	—	—	9,403
Total	$ 65,455	$ 154,244	$ 62,612	$ 6,510	$ 288,821

For the three and nine months ended September 30, 2024, revenues earned from Technology Sales include variable consideration of $8.2 million and $17.6 million, respectively (2023 — $4.0 million and $21.3 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 nine months ended September 30, 2024, revenues earned from leasing arrangements total $15.9 million and $48.4 million, respectively (2023 — $22.8 million and $65.6 million, respectively), including $16.0 million and $48.5 million, respectively, in Revenues — Technology Rentals (2023 — $23.0 million and $62.6 million, respectively), and a reversal of $0.1 million in the three and nine months ended September 30, 2024, respectively, in Revenues — Technology Sales (2023 — revenues of $0.2 million and $3.4 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 September 30, 2024, $17.9 million of consideration has been deferred in relation to outstanding maintenance services to be provided on existing maintenance contracts (December 31, 2023 — $22.8 million). Maintenance revenue is recognized evenly over the contract term which coincides with the period over which maintenance services are provided. In the event of customer default, any payments made by the customer may be retained by the Company.

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

During the three and nine months ended September 30, 2024, $11.5 million and $35.7 million of revenue, respectively, was recognized from the $67.1 million balance of deferred revenue as of December 31, 2023. During the three and nine months ended September 30, 2023, $18.3 million and $59.3 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 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 September 30, 2024 and 2023:

	Revenue[1]		Gross Margin	
(In thousands of U.S. Dollars)	2024	2023	2024	2023
Content Solutions	$ 30,129	$ 44,214	$ 16,449	$ 26,407
Technology Products and Services	57,971	56,169	31,964	33,761
Sub-total for reportable segments	88,100	100,383	48,413	60,168
All Other[2]	3,352	3,513	2,606	2,547
Total	$ 91,452	$ 103,896	$ 51,019	$ 62,715

(1) The Company's largest customer represents 13% of total Revenues for the three months ended September 30, 2024 (2023 — 11%). No single customer comprises more than 10% of the Company's total Accounts Receivable as of September 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.

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

	Revenue[1]		Gross Margin	
(In thousands of U.S. Dollars)	2024	2023	2024	2023
Content Solutions	$ 99,218	$ 107,605	$ 54,686	$ 64,397
Technology Products and Services	152,019	171,813	81,331	100,066
Sub-total for reportable segments	251,237	279,418	136,017	164,463
All Other[2]	8,299	9,403	5,818	6,190
Total	$ 259,536	$ 288,821	$ 141,835	$ 170,653

(1) The Company's largest customer represents 11% of total Revenues for the nine months ended September 30, 2024 (2023 — 8%). No single customer comprises more than 10% of the Company's total Accounts Receivable as of September 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 nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands of U.S. Dollars)	2024	2023	2024	2023
United States	$ 38,363	$ 33,216	$ 103,263	$ 92,768
Greater China	21,324	28,297	65,527	73,975
Asia (excluding Greater China)	16,930	18,042	35,643	44,649
Western Europe	3,741	13,849	28,440	43,827
Canada	1,687	4,387	7,254	15,685
Latin America	2,954	2,069	6,672	6,505
Rest of the World	6,453	4,036	12,737	11,412
Total	$ 91,452	$ 103,896	$ 259,536	$ 288,821

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 nine months ended September 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 September 30, 2024, the Company's projected benefit obligation under the SERP is $18.8 million (December 31, 2023 — $18.2 million). For the three and nine months ended September 30, 2024, the Company recorded interest costs of $0.2 million and $0.6 million, respectively, (2023 — $0.2 million and $0.6 million, respectively) related to the SERP. The Company expects to recognize additional interest costs of $0.2 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 nine months ended September 30, 2024, the Company contributed and recorded expense of $0.2 million and $1.1 million, respectively, (2023 — $0.3 million and $0.9 million, respectively) to its Canadian defined contribution plan and $0.2 million and $0.7 million, respectively, (2023 — $0.2 million and $0.7 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 September 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 nine months ended September 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 September 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 nine months ended September 30, 2024, the Company has recorded expense of 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 September 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 September 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 $104.5 million balance of cash and cash equivalents as of September 30, 2024 (December 31, 2023 — $76.2 million) includes $90.8 million in cash held outside of Canada (December 31, 2023 — $68.5 million), of which $49.9 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:

	As of September 30, 2024		As of December 31, 2023	
(In thousands of U.S. Dollars)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Level 1				
Cash and cash equivalents[1]	$ 104,504	$ 104,504	$ 76,200	$ 76,200
Level 2				
Net financed sales receivables[2]	$ 95,397	$ 95,160	$ 97,615	$ 96,500
Net investment in sales-type leases[2]	28,062	27,086	29,539	28,751
Equity securities[1]	1,000	1,000	1,000	1,000
COLI[4]	3,616	3,616	3,522	3,522
Foreign exchange contracts — designated forwards[3]	115	115	819	819
Wells Fargo Credit Facility borrowings[1]	(47,000)	(47,000)	(24,000)	(24,000)
Federal Economic Development Loan[3]	(2,278)	(2,278)	(2,498)	(2,498)
Convertible Notes[5]	(230,000)	(230,922)	(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.

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 September 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 September 30, 2024 was $31.8 million (December 31, 2023 — $40.6 million).

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

Notional value of derivatives in foreign exchange contracts:

(In thousands of U.S. Dollars)	**September 30, 2024**	**December 31, 2023**
Derivatives designated as hedging instruments:		
Foreign exchange contracts — Forwards	$ 31,835	$ 40,563

Fair value of derivatives in foreign exchange contracts:

(In thousands of U.S. Dollars)	**Balance Sheet Location**	**September 30, 2024**	**December 31, 2023**
Derivatives designated as hedging instruments:			
Foreign exchange contracts — Forwards	Other assets	$ 203	$ 846
	Accrued and other liabilities	(88)	(27)
		$ 115	$ 819

Derivatives in foreign currency hedging relationships are as follows:

(In thousands of U.S. Dollars)		**Three Months Ended September 30, 2024**	**Three Months Ended September 30, 2023**	**Nine Months Ended September 30, 2024**	**Nine Months Ended September 30, 2023**
Foreign exchange contracts — Forwards	Derivative Gain (Loss) Recognized in OCI (Effective Portion)	$ 337	$ (1,048)	$ (944)	$ (226)

(In thousands of U.S. Dollars)	**Location of Derivative Loss Reclassified from AOCI (Effective Portion)**	**Three Months Ended September 30, 2024**	**Three Months Ended September 30, 2023**	**Nine Months Ended September 30, 2024**	**Nine Months Ended September 30, 2023**
Foreign exchange contracts — Forwards	Selling, general and administrative expenses	$ (162)	$ (174)	$ (240)	$ (636)

The Company's estimated net amount of the existing gain as of September 30, 2024 is $0.1 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 September 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 September 30, 2024, the balance of the Company's non-controlling interest in IMAX China is $77.7 million (December 31, 2023 — $71.8 million). For the three and nine months ended September 30, 2024, the net income attributable to the non-controlling interest in IMAX China is $1.4 million and $5.1 million, respectively (2023 — $3.1 million and $7.0 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 September 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 nine months ended September 30, 2024 and 2023:

	September 30,	
(In thousands of U.S. Dollars)	**2024**	**2023**
Beginning balance	$ 658	$ 722
Net income (loss)	16	(61)
Ending balance	$ 674	$ 661

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 ("MD&A") for IMAX Corporation and its consolidated subsidiaries ("IMAX" or the "Company") for the three and nine months ended September 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 September 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 September 30, 2024, net income attributable to IMAX China is $5.0 million, of which $3.6 million is attributable to the shareholders of the Company (2023 — $11.0 million and $7.9 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 remastered films and other films released to the IMAX network; the signing of IMAX System agreements; conditions, changes and developments in the commercial exhibition industry; risks related to currency fluctuations; the potential impact of increased competition in the markets within which the Company operates, including competitive actions by other companies; the failure to respond to change and advancements in digital technology; risks relating to consolidation among commercial exhibitors and studios; risks related to brand extensions and new business initiatives; conditions in the in-home and out-of-home entertainment industries; the opportunities (or lack thereof) that may be presented to and pursued by the Company; risks related to cyber-security and data privacy; risks related to the Company's inability to protect its intellectual property; risks associated with the Company's use of artificial intelligence ("AI") and exploration of additional use cases of AI; risks related to climate change; risks related to weather conditions and natural disasters that may disrupt or harm the Company's business; risks related to the Company's indebtedness and compliance with its debt agreements; general economic, market or business conditions; risks related to political, economic and social instability; the failure to convert system backlog into revenue; changes in laws or regulations; any statements of belief and any statements of assumptions underlying any of the foregoing; other factors and risks outlined in the Company's periodic filings with the United States Securities and Exchange Commission (the "SEC") or in Canada, the System for Electronic Document Analysis and Retrieval ("SEDAR+"); and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in this quarterly report are qualified by these cautionary statements, and actual results or anticipated developments by the Company may not be realized, and even if substantially realized, may not have the expected consequences to, or effects on, the Company. The forward-looking statements herein are made only as of the date hereof and the Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

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

The information posted on the Company's Corporate and Investor Relations website may be deemed material to investors. Accordingly, investors, media and others interested in the Company should monitor the Company's investor relations website 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 September 30, 2024, there were 1,788 IMAX Systems in 89 countries and territories, including 1,714 commercial multiplexes, 12 commercial destinations, and 62 institutional locations in the Company's global network. This compares to 1,731 IMAX Systems in 87 countries and territories as of September 30, 2023, including 1,651 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*®, 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.

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 nine months ended September 30, 2024 and 2023, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Hollywood film releases(1)	11	11	27	26
Local language film releases:				
China	10	12	18	21
Japan	4	4	12	7
India	3	1	7	4
South Korea	2	5	5	7
Malaysia	1	1	1	1
Thailand	1	—	1	—
Indonesia	—	—	1	—
France	—	—	—	1
Total local language film releases	21	23	45	41
Other content experiences	5	—	11	—
	37	34	83	67

(1) *For the nine months ended September 30, 2024, the films released to the Company’s global network include five with IMAX DNA (2023 — five).*

The films distributed through the Company’s global network during the nine months ended September 30, 2024 that generated the highest IMAX box office totals were *Dune: Part Two, Deadpool & Wolverine, Godzilla x Kong: The New Empire, Inside Out 2, Alien: Romulus, Kingdom of The Planet of The Apes, Furiosa, Despicable Me 4, Pegasus 2,* and *YOLO.* In addition, during the nine months ended September 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, *Fly: The* IMAX *Experience,* Korean concert film *IM Hero: The Stadium,* live streaming of the NBA Finals in select IMAX China locations and NBC’s Paris Olympics Opening Ceremony in IMAX.

In addition to the 83 IMAX films and alternative content experiences released on the Company's global network during the nine months ended September 30, 2024, the Company has announced the following additional 21 films and alternative content experiences to be released throughout the remainder of 2024:

Title	Studio	Scheduled Release Date(1)	IMAX DNA
749 Bureau	Maoyan	October 2024	—
A Tapestry of a Legendary Land	CFG	October 2024	—
Joker: Folie à Deux	Warner Bros. Pictures/DC Studios	October 2024	Filmed For IMAX
Tee Yod 2	M Pictures	October 2024	—
League of Legends World Championship	TJ Sports	October 2024	—
The Witch	A24	October 2024	—
Venom: The Last Dance	Sony Pictures	October 2024	Filmed For IMAX
Megan Thee Stallion:In Her Words	Amazon MGM Studios	October 2024	—
Cesium Fallout	Edko Films	November 2024	—
Swan Lake	Pathé Live	November 2024	Filmed For IMAX
Red One	Amazon MGM Studios	November 2024	—
The Lighthouse	A24	November 2024	—
Gladiator II	Paramount Pictures	November 2024	—
Wicked – Part 1	Universal Pictures	November 2024	—
Lupin III: The Castle of Cagliostro	Toho	November 2024	—
Moana 2	Walt Disney Studios	November 2024	—
Laufey's A Night at the Symphony:Hollywood Bowl	Trafalgar Releasing	December 2024	—
Kraven the Hunter	Sony Pictures	December 2024	—
The Lord of the Rings: The War of the Rohirrim	Warner Bros. Pictures	December 2024	—
Mufasa: The Lion King	Walt Disney Studios	December 2024	—
Nosferatu	Focus Features	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 some Hollywood titles to be released in IMAX in 2025 including *Avatar 3* and a record 14 or more Filmed For IMAX titles including three 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 sequels to *Super Mario Bros, Avengers, Star Wars, Toy Story* and *Batman*.

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. Additionally, the Company had limited commercial network releases of the documentaries *Skywalkers: A Love Story The* IMAX *Experience* and *Fly: The* IMAX *Experience*, in partnership with Netflix and National Geographic, respectfully. Upcoming documentaries in production include *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 2025 followed by *The Lost Wolves of Yellowstone*.

In addition, the Company continues to evolve its platform to bring new, innovative IMAX events and experiences to audiences worldwide. As of September 30, 2024, the Company had a footprint of 265 connected locations in the IMAX network across North America, Europe, Africa, Australia and Asia configured with connectivity to deliver live and interactive events with low latency and superior sight and sound.

In the nine months ended September 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 NBA finals across multiple IMAX locations in the Asia Pacific region, the screening of *The Beach Boys:* IMAX *Live Experience*, the special advance screening and live event for *Megalopolis: The Ultimate* IMAX *Experience*, the live pre-show Q&A with the cast of *Twisters*, and in partnership with NBC television network, extended 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 are distributed across 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 September 30, 2024, the Company had 894 locations under joint revenue sharing arrangements in its global commercial multiplex network. The Company also had contracts in backlog for 302 systems under joint revenue sharing arrangements as of September 30, 2024, including 92 upgrades to existing locations and 210 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 September 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 September 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.

	September 30, 2024				September 30, 2023			
	Commercial Multiplex	Commercial Destination	Institutional	Total	Commercial Multiplex	Commercial Destination	Institutional	Total
United States	368	4	24	396	360	4	25	389
Canada	42	1	6	49	40	1	7	48
Greater China[(1)]	795	—	13	808	783	—	16	799
Asia (excluding Greater China)	175	2	2	179	152	2	2	156
Western Europe	131	4	8	143	120	4	8	132
Latin America[(2)]	61	1	7	69	55	1	8	64
Rest of the World	142	—	2	144	141	—	2	143
Total[(3)]	1,714	12	62	1,788	1,651	12	68	1,731

(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.

(See "Risk Factors – The Company faces risks in connection with its significant presence in China and the continued expansion of its business there." and "– The Company may not convert all of its backlog into revenue and cash flows" 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 in Part I, Item 1A of the Company's 2023 Form 10-K.)

IMAX currently estimates a worldwide commercial multiplex addressable market of 3,619 locations, of which there are 1,714 IMAX Systems operating as of September 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 September 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 nine months ended September 30, 2024, the Company's revenue generated from its Greater China operations represents 25% of consolidated revenue. As of September 30, 2024, the Company had 808 IMAX Systems operating in Greater China with an additional 254 systems in backlog.

In the nine months ended September 30, 2024, the IMAX network generated over $114 million in box office from local language films, representing approximately 16% 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.

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

	September 30, 2024			
	Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements[1]	Total
Domestic Total (United States & Canada)	275	6	129	410
International:				
Greater China	381	108	306	795
Asia (excluding Greater China)	51	1	123	175
Western Europe	42	14	75	131
Latin America	3	—	58	61
Rest of the World	13	—	129	142
International Total	490	123	691	1,304
Worldwide Total[2]	765	129	820	1,714

(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 locations.

	September 30, 2023			
	Commercial Multiplex Locations in IMAX Network			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements[1]	Total
Domestic Total (United States & Canada)	271	6	123	400
International:				
Greater China	403	109	270	782
Asia (excluding Greater China)	38	5	110	153
Western Europe	40	17	63	120
Latin America	2	—	53	55
Rest of the World	17	—	124	141
International Total	500	131	620	1,251
Worldwide Total[2]	771	137	743	1,651

(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 September 30, 2024 and 2023:

(In thousands of U.S. Dollars, except number of systems)	September 30, 2024				September 30, 2023			
	Number of Systems		Dollar Values		Number of Systems		Dollar Values	
	New	Upgrade	New	Upgrade	New	Upgrade	New	Upgrade
Sales Arrangements[1]	153	17	$ 149,616	$ 21,440	172	20	$ 184,394	$ 20,001
Hybrid JRSA[2]	94	1	71,723	910	106	1	79,008	910
Traditional JRSA[2][3]	116	91	425	1,275	122	65	425	2,425
Total	363	109	$ 221,764	$ 23,625	400	86	$ 263,827	$ 23,336

(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 22 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.

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

	September 30, 2024			
	IMAX System Backlog			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements[1]	Total
Domestic Total (United States & Canada)	60	2	10	72
International:				
Greater China	112	90	52	254
Asia (excluding Greater China)	17	2	43	62
Western Europe	13	1	21	35
Latin America	2	—	3	5
Rest of the World	3	—	41	44
International Total	147	93	160	400
Worldwide Total[2]	207	95	170	472

(1) Includes Sales, Hybrid Sales and Sales-Type Lease deal types.
(2) Worldwide Total of 472 includes 262 new IMAX Laser Systems and 109 upgrades of existing locations to IMAX Laser Systems.

	September 30, 2023			
	IMAX System Backlog			
	Traditional JRSA	Hybrid JRSA	Sales Arrangements[1]	Total
Domestic Total (United States & Canada)	94	2	19	115
International:				
Greater China	39	90	64	193
Asia (excluding Greater China)	31	11	29	71
Western Europe	17	3	17	37
Latin America	3	—	8	11
Rest of the World	3	1	55	59
International Total	93	105	173	371
Worldwide Total[2]	187	107	192	486

(1) Includes Sales, Hybrid Sales and Sales-Type Lease deal types.
(2) Worldwide Total of 486 includes 250 new IMAX Laser Systems and 84 upgrades of existing locations to IMAX Laser Systems.

Approximately 31% of IMAX System arrangements in backlog as of September 30, 2024 are scheduled to be installed in international markets excluding Greater China (2023 — 37%). The Company's system backlog in Greater China represents 54% (2023 — 40%) of its total current backlog, including 194 new IMAX Systems and 60 upgrades (2023 — 183 new and 10 upgrades).

(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 10-Q.)

Signings and Installations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
System Signings:				
Sales Arrangements[(1)]	10	13	40	54
Traditional JRSA	6	7	71	40
Total IMAX System signings[(2)]	16	20	111	94

(1) Includes Sales, Hybrid Sales and Sales-Type Lease deal types.
(2) Includes IMAX System upgrades of one and 69 for the three and nine months ended September 30, 2024, respectively (2023 — six and 18 upgrades, respectively).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
System Installations[(1)]:				
Sales Arrangements[(2)]	20	16	35	35
Hybrid JRSA	—	—	1	2
Traditional JRSA	29	14	52	22
Total IMAX System installations[(3)]	49	30	88	59

(1) Two and four IMAX Systems were relocated from their original location for the three and nine months ended September 30, 2024, respectively (2023 — one and three relocations, respectively). 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 32 and 43 IMAX System upgrades for the three and nine months ended September 30, 2024, respectively (2023 —12 and 20 upgrades, respectively).

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 IMAX Laser Systems; (iii) the success of the Company's investments in business evolution and brand extensions into streaming and consumer technology, 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 September 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 September 30, 2024 and 2023:

(In thousands of U.S. Dollars, except per diluted share amounts)	Three Months Ended September 30, 2024 Net Income		2024 Per Diluted Share		2023 Net Income		2023 Per Diluted Share	
Net income attributable to common shareholders	$	13,896	$	0.26	$	11,990	$	0.22
Adjusted net income attributable to common shareholders*	$	18,855	$	0.35	$	19,410	$	0.35

**Refer to "Non-GAAP Financial Measures" for a description of this non-GAAP financial measure and a reconciliation to the most comparable GAAP amount.*

During the three months ended September 30, 2024, the Company's revenues decreased by $12.4 million, or 12%, while net income increased by $1.9 million or 16%, when compared to the same period in 2023, driven by a lower level of IMAX box office that was more than offset by decreases in costs and expenses resulting from corporate and operational initiatives and timing of expenditures, as discussed below.

Revenues and Gross Margin

During the three months ended September 30, 2024, the Company's revenues and gross margin decreased by $12.4 million, or 12%, and $11.7 million, or 19%, respectively, when compared to same period in 2023 principally due to a lower level of IMAX box office performance driven by a less favorable mix of film content available to play across the IMAX global network, partially offset by higher IMAX Systems installed under sales arrangements.

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

(In thousands of U.S. Dollars)	Revenue 2024		Revenue 2023		Gross Margin 2024		Gross Margin 2023		Gross Margin % 2024	Gross Margin % 2023
Content Solutions	$	30,129	$	44,214	$	16,449	$	26,407	55 %	60 %
Technology Products and Services		57,971		56,169		31,964		33,761	55 %	60 %
Sub-total for reportable segments		88,100		100,383		48,413		60,168	55 %	60 %
All Other[(1)]		3,352		3,513		2,606		2,547	78 %	73 %
Total	$	91,452	$	103,896	$	51,019	$	62,715	56 %	60 %

(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 September 30, 2024, Content Solutions segment revenues and gross margin decreased by $14.1 million, or 32%, and decreased by $10.0 million, or 38%, respectively, when compared to the same period in 2023.

In the third quarter of 2024, box office generated by IMAX films totaled $239.5 million and represented IMAX's third highest third quarter box office of all time. The decrease of $107.6 million, or 31%, decrease versus the prior year comparative period of $347.1 million, driven in part by a less favorable mix of content globally which included fewer blockbusters, as well as a challenging compare to the prior year that included over $180 million in box office from *Oppenheimer*, the Company's fifth highest grossing title of all time. In the third quarter of 2024, IMAX box office was generated by the exhibition of 44 films and other content (37 new and 7 originally released in a prior year), including *Deadpool & Wolverine*, which generated IMAX box office of over $83 million. In the third quarter of 2023, IMAX box office was generated by the exhibition of 41 films (34 new films and 7 films originally released in a prior year).

The impact on revenue from the lower box office experienced year over year was partially offset by the revenue earned from higher revenues from alternative content including A24 title release *Everything, Everywhere All At Once*, NBC's 2024 Paris Olympics Opening Ceremony, Korean concert film *IM Hero: The Stadium*, and limited release documentaries *FLY: The* IMAX *Experience* and *Skywalkers: A Love Story The* IMAX *Experience*. 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, alternative and other) 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 September 30, 2024, gross margin percent was 55% compared to 60% in the prior year period, with the decrease being driven primarily by a lower level of IMAX box office year over year.

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 September 30, 2024 and 2023:

	Three Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars, except number of systems)	Number of Systems	Revenue	Number of Systems	Revenue
New IMAX System	12	$ 11,363	14	$ 11,215
Upgraded IMAX System	8	9,424	2	883
Total IMAX Systems	20	20,787	16	12,098

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 September 30, 2024, Technology Products and Services segment revenue increased by $1.8 million , or 3%, while gross margin decreased by $1.8 million, or 5%, when compared to the same period in 2023. These results reflect an increase in system installations under sales arrangements that offset the impact of a lower level of rental revenues, which is box office dependent. Rental revenues decreased by $6.9 million, driven by GBO from joint revenue sharing arrangements which decreased by $35.2 million in the third quarter of 2024 when compared to the prior year comparative period, from $159.5 million to $124.3 million.

For the three months ended September 30, 2024, gross margin percent was 55% compared to 60% in the prior period with the decrease being driven by the lower level of IMAX box office year over year.

All Other

For the three months ended September 30, 2024, All Other revenue and gross margin decreased by $0.2 million and less than $0.1 million, respectively, when compared to the same period in 2023, principally due to the performance of the Company's one owned and operated theater.

Selling, General and Administrative Expenses

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

(In thousands of U.S. Dollars)	Three Months Ended September 30, 2024		Three Months Ended September 30, 2023		Variance $		Variance %
Total Selling, general and administrative expenses	$	31,466	$	36,282	$	(4,816)	(13 %)
Less: Share-based compensation[(1)]		(5,036)		(4,865)		(171)	(4 %)
Total Selling, general and administrative expenses, excluding share-based compensation	$	26,430	$	31,417	$	(4,987)	(16 %)

(1) A portion of share-based compensation expense is recognized within Costs and Expenses Applicable to Revenues, 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.)

For the third quarter of 2024, the lower level of Selling, General and Administrative Expenses year over year is driven by inclusion in the prior year of $3.1 million in transaction expenses associated with the proposal to acquire the outstanding shares in IMAX China. Also contributing to the decline year over year is the timing of expenditures, adjustments in certain estimates relating to payouts in connection with our streaming and consumer technology division as well as management's continued focus on operational efficiencies, which were partially offset by the impact of higher 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 three months ended September 30, 2024, the Company recognized a net cost recovery for its Research and Development activity of $0.3 million, compared to an expense of $2.8 million during the same period in the prior year. In the third quarter of 2024, the Company concluded that technological feasibility of the new IMAX film cameras was achieved resulting in the capitalization of costs incurred.

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 (Reversal) Expense, Net

For the three months ended September 30, 2024, the Company recorded a credit loss reversal of $1.1 million, as compared to a credit loss expense of $0.5 million recognized in the prior year primarily due to increases in collections of the Company's account receivables, primarily in China, as exhibition partners continue to improve their cash position post pandemic.

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 September 30, 2024, interest expense was $2.2 million, representing an increase of $0.8 million, or 51% when compared to interest expense of $1.5 million during the same period of the prior year primarily due to a higher level of borrowings under the Credit Facility in the current period. For the three months ended September 30, 2024 and 2023, interest income was $0.6 million and $0.7 million, respectively.

Income Taxes

For the three months ended September 30, 2024, the Company recorded an income tax expense of $2.4 million (2023 — tax expense of $6.6 million). The Company's effective tax rate of 13.4% for the three months ended September 30, 2024 differs from the Canadian statutory rate of 26.5% primarily due to tax rate differences in foreign jurisdictions and a decrease in the valuation allowance which was partially offset by an increase in tax reserves, tax return adjustments and withholding taxes. The Company's effective tax rate of 30.4% for the three months ended September 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, tax return adjustments and withholding taxes. (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 September 30, 2024, the net income attributable to non-controlling interests of the Company's subsidiaries was $1.4 million, a decrease of $1.6 million, when compared to the same period in 2023, primarily due to lower IMAX box office earned in Greater China.

Results of Operations for the Nine Months Ended September 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(1) for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars, except per diluted share amounts)	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income attributable to common shareholders	$ 20,753	$ 0.39	$ 22,795	$ 0.41
Adjusted net income attributable to common shareholders*	$ 36,542	$ 0.68	$ 42,790	$ 0.77

**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 nine months ended September 30, 2024, the Company's revenues and gross margin decreased by $29.3 million or 10% and $28.8 million or 17%, 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 and a less favorable mix of content across our global network. These year over year declines were partially offset by the sale of commercial and streaming rights for an IMAX documentary and higher revenues associated with alternative content.

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

	Revenue		Gross Margin		Gross Margin %	
(In thousands of U.S. Dollars)	2024	2023	2024	2023	2024	2023
Content Solutions	$ 99,218	$ 107,605	$ 54,686	$ 64,397	55 %	60 %
Technology Products and Services	152,019	171,813	81,331	100,066	54 %	58 %
Sub-total for reportable segments	251,237	279,418	136,017	164,463	54 %	59 %
All Other[(1)]	8,299	9,403	5,818	6,190	70 %	66 %
Total	$ 259,536	$ 288,821	$ 141,835	$ 170,653	55 %	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 nine months ended September 30, 2024, Content Solutions segment revenues and gross margin decreased by $8.4 million, or 8%, and $9.7 million, or 15%, respectively, when compared to the same period in 2023. In the nine months ended September 30, 2024, box office generated by IMAX films totaled $696.5 million, a $192.4 million or 22% decrease versus the prior year comparative period of $888.9 million driven in part by the Hollywood strike impact on the film slate and a less favorable mix of content globally which included fewer blockbusters in 2024. During the nine months ended September 30, 2024, IMAX box office was generated by the exhibition of 104 films and other content (83 new and 21 that were originally released in prior years), including *Dune: Part Two* ($145 million)*, Deadpool & Wolverine* ($83 million), *Godzilla x Kong: The New Empire* ($41 million), *Inside Out 2* ($39 million), and *Alien: Romulus* ($39 million). Additionally, in the nine months ended September 30, 2024, local language films exhibited across the Company's global network generated over $114 million in box office, representing 16% of its total box office. Leading local language titles distributed across the IMAX network in the nine months ended September 30, 2024 included the Chinese films *Pegasus 2* and *Yolo*, the Japanese film *Haikyu!!*, and the Korean concert film, *IM Hero: The Stadium*. In the nine months ended September 30, 2023, IMAX box office was generated by the exhibition of 84 films (67 new films and 17 films that were originally released in prior year) including *Oppenheimer*, which generated box office of over $180 million, and local language Chinese titles *Wandering Earth 2* ($49 million) and *Creation of the Gods 1: Kingdom of Storms* ($32 million).

The impact on revenue from the lower box office experienced year over year was partially 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. alternative and other) 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 nine months ended September 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.

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 nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars, except number of systems	Number of Systems	Revenue	Number of Systems	Revenue
New IMAX Systems	25	$ 22,874	32	$ 29,464
Upgraded IMAX Systems	11	13,727	5	4,015
Total	36	$ 36,601	37	$ 33,479

Included in the table above are four IMAX Systems which were relocated from its original location (2023 — two IMAX Systems). 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 nine months ended September 30, 2024, Technology Products and Services segment revenue and gross margin decreased by $19.8 million, or 12%, and $18.7 million, or 19%, 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 $14.1 million, as a result of GBO from joint revenue sharing arrangements which decreased by $85.0 million or 20% in the nine months ended September 30, 2024 when compared to the prior year comparative period, from $435.7 million to $350.7 million.

For the nine months ended September 30, 2024 gross margin percent was 54% compared to 58% in the prior period, primarily the result of lower rental revenues, as described above.

All Other

For the nine months ended September 30, 2024, All Other revenue and gross margin decreased by $1.1 million, or 12%, and $0.4 million, or 6%, respectively, when compared to the same period in 2023, which principally reflects the performance of the Company's one owned and operated theater coupled with the mix in revenue from 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 nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,		Variance	
(In thousands of U.S. Dollars)	2024	2023	$	%
Total Selling, general and administrative expenses	$ 100,287	$ 109,336	$ (9,049)	(8 %)
Less: Share-based compensation[(1)]	(15,879)	(16,537)	658	4 %
Total Selling, general and administrative expenses, excluding share-based compensation[(2)]	$ 84,408	$ 92,799	$ (8,391)	(9 %)

(1) A portion of share-based compensation expense is recognized within Cost and Expenses Applicable to Revenue, 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.)
(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 nine months ended September 30, 2024, the lower level of Selling, General and Administrative Expenses year over year reflects the inclusion in the prior year of $3.1 million in transaction expenses associated with the proposal to acquire the outstanding shares in IMAX China. Also contributing to the decline year over year is the timing of expenditures, adjustments in certain estimates relating to payouts in connection with our streaming and consumer technology division as well as management's continued focus on operational efficiencies, which were partially offset by the impact of higher 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 nine months ended September 30, 2024, Research and Development expenses were $4.0 million, representing a decrease of $3.4 million, or 46%, when compared to Research and Development expenses of $7.4 million during the same period in the prior year. The current period expenses reflects the capitalization of costs related to the development of the new IMAX film cameras upon the conclusion of technological feasibility. This decrease was partially offset by continued investment in other R&D projects including developing new 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 (Reversal) Expense, Net

For the nine months ended September 30, 2024, the Company recorded a credit loss reversal of $1.0 million, as compared to a credit loss expense of $1.6 million recognized in the prior year due to increases in collections of the Company's account receivables, primarily in China, as exhibition partners continue to improve their cash position post pandemic.

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 nine months ended September 30, 2024, interest expense was $6.5 million representing an increase of $1.4 million, or 28% as compared to $5.0 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 nine months ended September 30, 2024 and 2023, interest income was $1.7 million and $1.8 million, respectively.

Income Taxes

For the nine months ended September 30, 2024, the Company recorded an income tax expense of $3.5 million (2023 — tax expense of $14.9 million). The Company's effective tax rate of 12.0% for the nine months ended September 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, tax reserves, tax return adjustments, withholding taxes and a shortfall in tax benefits related to share-based compensation. The Company's effective tax rate of 33.4% for the nine months ended September 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, tax return adjustments and withholding taxes.

In the nine months ended September 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 nine months ended September 30, 2024, the net income attributable to non-controlling interests of the Company's subsidiaries was $5.1 million, a decrease of $1.9 million, when compared to the same period in 2023, primarily due to lower IMAX box office earned in Greater China.

CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2024, net cash provided by the Company's operating activities totaled $59.4 million, as compared to net cash provided by operating activities of $54.6 million in the same period of the prior year, an increase of $4.7 million.

For the nine months ended September 30, 2024, the net cash provided by the Company's operating activities is principally a result of a decrease in Accounts Receivable of $23.0 million which primarily reflects an improvement in the financial health of exhibitor customers, partially offset by $17.9 million of expenditures incurred in connection with the development of film assets and $6.2 million in inventory purchases.

For the nine months ended September 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, partially offset by $15.0 million of variable consideration receivables, $13.8 million in inventory purchases, and $14.6 million of expenditures incurred in connection with the development of Film Assets.

Investing Activities

For the nine months ended September 30, 2024, net cash used in investing activities totaled $30.3 million, as compared to $18.7 million in the same period of the prior year. For the nine months ended September 30, 2024, the net cash used in investing activities is primarily driven by $21.7 million invested in equipment to be used as the Company installs systems under joint revenue sharing arrangements with exhibitor customers, $4.8 million of intangible assets principally related to the purchase or continued development of internal use software, and $3.8 million in purchases of property, plant and equipment.

For the nine months ended September 30, 2023, the net cash used in investing activities was primarily driven by $10.7 million invested in equipment to be used in the Company's joint revenue sharing arrangements with exhibitor customers, $2.5 million in purchases of property, plant and equipment, and $5.4 million of intangible assets acquired, principally related to the purchase or continued development of internal use software.

Based on management's current operating plan for the remainder of 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 $48.2 million for the nine months ended September 30, 2024, as compared to $33.2 million for the nine months ended September 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 nine months ended September 30, 2024, net cash used in financing activities totaled $1.0 million, as compared to $24.3 million in the same period of the prior year. For the nine months ended September 30, 2024, the net cash used in financing activities is principally due to $18.1 million used to repurchase common shares of the Company and IMAX China and $5.0 million in taxes withheld and paid on vested employee stock awards. These uses of cash were mostly offset by $23.0 million in net borrowings under the Company's revolving credit facilities.

For the nine months ended September 30, 2023, net cash used in financing activities was principally due to $12.0 million in net repayments of revolving credit facility borrowings, $4.3 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 September 30, 2024, the Company's principal sources of liquidity included: (i) its balances of cash and cash equivalents of $104.5 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 September 30, 2024, the Company had $253.0 million in available borrowing capacity under its Sixth Amended and Restated Credit Agreement with Wells Fargo Bank, National Association (the "Credit Agreement"), $27.1 million in available borrowing capacity under the IMAX (Shanghai) Multimedia Technology Co., Ltd. ("IMAX Shanghai") revolving credit facility with the Bank of China (the "Bank of China Facility"), and $28.5 million in available borrowing capacity under IMAX Shanghai's revolving credit facility with HSBC Bank (China) Company Limited, Shanghai Branch (the "HSBC China Facility"). (Refer to "Borrowings — *Revolving Credit Facility Borrowings, Net*" in Note 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 $104.5 million balance of cash and cash equivalents as of September 30, 2024 (December 31, 2023 — $76.2 million) includes $90.8 million in cash held outside of Canada (December 31, 2023 — $68.5 million), of which $49.9 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 nine months ended September 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 September 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 supplemented by "Risk Factors" in Part II, Item 1A of this Form 10-Q). 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 September 30, 2024 are as follows:

	Payments Due by Years				
(In thousands of U.S. Dollars)	Total Obligation	Less Than One Year	1 to 3 years	3 to 5 years	Thereafter
Purchase obligations(1)	$ 27,011	$ 20,181	$ 6,625	$ 23	$ 182
Pension obligations(2)	20,298	—	20,298	—	—
Operating lease obligations(3)	13,002	2,006	5,013	4,119	1,864
Finance lease obligations	35	35	—	—	—
Wells Fargo Facility	47,000	47,000	—	—	—
Federal Economic Development Loan(4)	2,733	998	1,735	—	—
Convertible Notes(5)	231,151	1,150	230,001	—	—
Postretirement benefits obligations	2,500	104	203	219	1,974
Total	$ 343,730	$ 71,474	$ 263,875	$ 4,361	$ 4,020

(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 36 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;

- 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 income attributable to common shareholders. Although share-based compensation is an important aspect of the Company's employee and executive compensation packages, it is a non-cash expense and is excluded from certain internal business performance measures.

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

	Three Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars, except per share amounts)	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income attributable to common shareholders	$ 13,896	$ 0.26	$ 11,990	$ 0.22
Adjustments[(1)]:				
Share-based compensation	5,332	0.10	5,063	0.09
Unrealized investment gains	(32)	—	(454)	(0.01)
Transaction-related expenses	—	—	3,086	0.06
Tax impact on items listed above	(341)	(0.01)	(275)	—
Adjusted net income[(1)]	$ 18,855	$ 0.35	$ 19,410	$ 0.35
Weighted average shares outstanding — basic		52,682		54,618
Weighted average shares outstanding — diluted		54,089		55,535

(1) Reflects amounts attributable to common shareholders.

	Nine Months Ended September 30,			
	2024		2023	
(In thousands of U.S. Dollars, except per diluted share amounts)	Net Income	Per Diluted Share	Net Income	Per Diluted Share
Net income attributable to common shareholders	$ 20,753	$ 0.39	$ 22,795	$ 0.41
Adjustments[(1)]:				
Share-based compensation	16,686	0.30	17,110	0.31
Unrealized investment gains	(94)	—	(526)	(0.01)
Transaction-related expenses	—	—	3,242	0.06
Restructuring and executive transition costs	—	—	1,353	0.02
Tax impact on items listed above	(803)	(0.01)	(1,184)	(0.02)
Adjusted net income[(1)]	$ 36,542	$ 0.68	$ 42,790	$ 0.77
Weighted average shares outstanding — basic		52,605		54,424
Weighted average shares outstanding — diluted		53,628		55,261

(1) Reflects amounts attributable to common shareholders.

In addition to the non-GAAP financial measures discussed above, management also uses "EBITDA," as such term is defined in the Credit Agreement, and which is referred to herein as "Adjusted EBITDA per Credit Facility." As 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 September 30, 2024		
(In thousands of U.S. Dollars)	**Attributable to Non-controlling Interests and Common Shareholders'**	**Less: Attributable to Non-controlling Interests**	**Attributable to Common Shareholders'**
Reported net income	$ 15,343	$ 1,447	$ 13,896
Add (subtract):			
Income tax expense	2,376	701	1,675
Interest expense, net of interest income	1,123	(149)	1,272
Depreciation and amortization, including film asset amortization	14,900	1,281	13,619
Amortization of deferred financing costs[(1)]	493	—	493
EBITDA	34,235	3,280	30,955
Share-based and other non-cash compensation	5,508	68	5,440
Unrealized investment gains	(32)	—	(32)
Write-downs, including asset impairments and credit loss expense	(1,025)	(232)	(793)
Adjusted EBITDA per Credit Facility	$ 38,686	$ 3,116	$ 35,570

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

(In thousands of U.S. Dollars)	Twelve Months Ended September 30, 2024 Attributable to Non-controlling Interests and Common Shareholders	Less: Attributable to Non-controlling Interests	Attributable to Common Shareholders
Reported net income	$ 29,147	$ 5,854	$ 23,293
Add (subtract):			
Income tax expense	1,688	1,635	53
Interest expense, net of interest income	3,907	(530)	4,437
Depreciation and amortization, including film asset amortization	62,447	5,110	57,337
Amortization of deferred financing costs[(1)]	1,970	—	1,970
EBITDA	99,159	12,069	87,090
Share-based and other non-cash compensation	23,661	453	23,208
Unrealized investment gains	(123)	—	(123)
Transaction-related expenses	327	208	119
Restructuring and executive transition costs	1,593	258	1,335
Write-downs, including asset impairments and credit loss expense	2,359	434	1,925
Adjusted EBITDA per Credit Facility	$ 126,976	$ 13,422	$ 113,554

(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 September 30,		Nine Months Ended September 30,	
(In thousands of U.S. Dollars)	2024	2023	2024	2023
Total Selling, general and administrative expenses	$ 31,466	$ 36,282	$ 100,287	$ 109,336
Less: Share-based compensation	(5,036)	(4,865)	(15,879)	(16,537
Total Selling, general and administrative expenses, excluding share-based compensation	$ 26,430	$ 31,417	$ 84,408	$ 92,799

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, 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 349.3 million ($49.9 million) in cash and cash equivalents as of September 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 nine months ended September 30, 2024, the Company recorded foreign exchange net losses of $0.3 million and $0.8 million, respectively, resulting from changes in exchange rates related to foreign currency denominated monetary assets and liabilities (2023 — net losses of $0.2 million and $0.8 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 September 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 September 30, 2024 was $31.8 million (December 31, 2023 — $40.6 million). Gains of $0.3 million and losses of $0.9 million were recorded to Other Comprehensive Income with respect to the change in fair value of these contracts for the three and nine months ended September 30, 2024, respectively (2023 — losses of $1.0 million and $0.2 million, respectively). Losses of $0.2 million and $0.2 million were reclassified from Accumulated Other Comprehensive Loss to Selling, General and Administrative Expenses for the three and nine months ended September 30, 2024, respectively (2023 — loss of $0.2 million and $0.6 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 September 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 $161.4 million. Assuming a 10% appreciation or depreciation in foreign currency exchange rates from the quoted foreign currency exchange rates as of September 30, 2024, the potential change in the fair value of foreign currency-denominated financing receivables and working capital items would have been $16.1 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 September 30, 2024, the potential change in the amount of Selling, General, and Administrative Expenses would be $0.3 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 September 30, 2024, the Company had drawn down $47.0 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 10.0% and 5.0% of its total liabilities as of September 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 $0.3 million and interest income from cash would increase by $0.1 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 September 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 September 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 September 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 25% of overall revenues generated from its Greater China operations for the nine months ended September 30, 2024. As of September 30, 2024, the Company had 808 IMAX Systems operating in Greater China with an additional 254 systems in backlog, which represent 54% of the Company's current backlog. Of the IMAX Systems currently scheduled to be installed in Greater China, 80% 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 September 30, 2024, the Company's backlog included 472 IMAX Systems, consisting of 170 IMAX Systems under sales or lease arrangements and 302 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 September 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 September 30, 2024, the Company did not repurchase any common shares 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 September 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
July 1 through July 31, 2024	—	$ —	—	$ 150,720,352
August 1 through August 31, 2024	—	—	—	150,720,352
September 1 through September 30, 2024	—	—	—	150,720,352
Total	—	$ —	—	

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 September 30, 2024, IMAX China did not repurchase any shares.

(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 September 30, 2024.

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Item 6. ***Exhibits***

Exhibit No.	Description
31.1*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated October 30, 2024, by Richard L. Gelfond
31.2*	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated October 30, 2024, by Natasha Fernandes
32.1*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated October 30, 2024, by Richard L. Gelfond
32.2*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, dated October 30, 2024, by Natasha Fernandes
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.

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: October 30, 2024

By: /s/ NATASHA FERNANDES
Natasha Fernandes
Chief Financial Officer & Executive Vice President
(Principal Financial Officer)

Date: October 30, 2024

By: /s/ ELIZABETH GITAJN
Elizabeth Gitajn
Senior Vice-President, Finance & Controller
(Principal Accounting Officer)

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 September 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:	October 30, 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 September 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:	October 30, 2024	By:	/s/ Natasha Fernandes
		Name:	Natasha Fernandes
		Title:	Chief Financial Officer & Executive Vice President

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 September 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:	October 30, 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 September 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: October 30, 2024

By: /s/ Natasha Fernandes
Name: Natasha Fernandes
Title: Chief Financial Officer & Executive Vice President