UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March **31, 2022**
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: **001-40511**

Moving iMage Technologies, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

85-1836381
(I.R.S. Employer Identification No.)

17760 Newhope Street,
Fountain Valley, California
(Address of principal executive offices)

92708
(Zip Code)

(714) 751-7998
(Registrant's telephone number, including area code)

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 Stock, $0.00001 par value	MITQ	NYSE American

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 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 ☑.

As of May 10, 2022, there were **10,828,378** shares of the registrant's common stock, par value $0.00001 per share, outstanding.

MOVING iMAGE TECHNOLOGIES, INC.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MOVING IMAGE TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands except share and per share amounts)

	March 31, 2022 (unaudited)	June 30, 2021 (Note 1)
Assets		
Current Assets:		
Cash and cash equivalents	$ 6,337	$ 1,270
Marketable securities	3,082	—
Accounts receivable, net	1,686	454
Inventories, net	2,985	1,534
Prepaid expenses and other	785	95
Total Current Assets	14,875	3,353
Long-Term Assets:		
Marketable securities	347	—
Property, plant and equipment, net	24	21
Intangibles, net	863	935
Goodwill	287	287
Other assets	16	1,133
Total Long-Term Assets	1,537	2,376
Total Assets	$ 16,412	$ 5,729
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable	$ 2,237	$ 1,911
Accrued expenses	515	620
Customer deposits	3,534	1,339
Line of credit	—	590
Notes payable – current	—	237
Unearned warranty revenue	37	34
Total Current Liabilities	6,321	4,731
Long-Term Liabilities:		
Notes payable, net of current portion	—	1,702
Deferred rent	24	25
Total Long-Term Liabilities	24	1,727
Total Liabilities	6,345	6,458
Stockholders' Equity (Deficit)		
Common stock, $0.00001 par value, 100,000,000 shares authorized, 10,636,278 and 5,666,667 shares issued and outstanding at March 31, 2022 and June 30, 2021, respectively	—	—
Additional paid-in capital	12,433	1,011
Accumulated deficit	(2,368)	(1,740)
Total Stockholders' Equity (Deficit)	10,065	(729)
Total Liabilities and Stockholders' Equity (Deficit)	$ 16,412	$ 5,729

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

MOVING IMAGE TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except share and per share amounts)
(unaudited)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Nine Months Ended March 31, 2022	Nine Months Ended March 31, 2021
Net sales	$ 5,835	$ 1,710	$ 12,728	$ 5,076
Cost of goods sold	4,468	1,294	9,743	3,786
Gross profit	1,367	416	2,985	1,290
Operating expenses:				
Research and development	53	42	172	103
Selling and marketing	539	277	1,653	934
General and administrative	906	389	2,470	1,209
Total operating expenses	1,498	708	4,295	2,244
Operating loss	(131)	(292)	(1,310)	(956)
Other (income) expense:				
Unrealized gain on marketable securities	(17)	—	(17)	—
Realized gain on marketable securities	—	(185)	—	(459)
PPP loan and interest forgiveness	(705)	—	(705)	—
Interest and other income	(1)	—	(2)	—
Interest expense	2	57	40	194
Total other (income) expense	(724)	(128)	(684)	(265)
Net income (loss)	$ 593	$ (164)	$ (626)	$ (691)
Weighted average shares outstanding: basic and diluted*	10,636,278	5,666,667	10,508,152	5,638,626
Net income (loss) per common share basic and diluted	$ 0.06	$ (0.03)	$ (0.06)	$ (0.12)

*See Note 3

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

MOVING IMAGE TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)
(in thousands except for share amounts)

Three months ended September 30, 2020, December 31, 2020, and March 31, 2021:	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount			
Balance as of July 1, 2020	2,650,000	$ —	$ 101	$ —	$ 101
Share Exchange (see Note 1)	2,350,000	—	126	(1,095)	(969)
Balance as of July 1, 2020, as adjusted	5,000,000	—	227	(1,095)	(868)
Shares issued in private placement	666,667		784	—	784
Net loss	—	—	—	(370)	(370)
Balance as of September 30, 2020	5,666,667	$ —	$ 1,011	$ (1,465)	$ (454)
Net loss	—	—	—	(157)	(157)
Balance as of December 31, 2020	5,666,667	$ —	$ 1,011	$ (1,622)	$ (611)
Net loss	—	—	—	(164)	(164)
Balance as of March 31, 2021	5,666,667	—	$ 1,011	$ (1,786)	$ (775)
Nine months ended March 31, 2021:					
Balance as of July 1, 2020	2,650,000	$ —	$ 101	$ —	$ 101
Share Exchange (see Note 1)	2,350,000	—	126	(1,095)	(969)
Balance as of July 1, 2020, as adjusted	5,000,000	—	237	(1,095)	(868)
Shares issued in private placement	666,667	—	784	—	784
Net loss	—	—	—	(691)	(691)
Balance as of March 31, 2021	5,666,667	$ —	$ 1,011	$ (1,786)	$ (775)

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

MOVING IMAGE TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)
(in thousands except for share amounts)

Three months ended September 30, 2021, December 31, 2021, and March 31, 2022:	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Total
Balance as of July 1, 2021	5,666,667	$ —	$ 1,011	$ (1,740)	$ (729)
Shares of common stock issued for cash, net of issuance costs	4,830,000	—	11,244	—	11,244
Cashless exercise of warrants	139,611	—	—	—	—
Grant of options for services	—	—	56	—	56
Net Loss	—	—	—	(577)	(577)
Balance as of September 30, 2021	10,636,278	—	12,311	(2,317)	9,994
Grant of options for services	—	—	62	—	62
Net Loss	—	—	—	(644)	(644)
Balance as of December 31, 2021	10,636,278	$ —	$ 12,373	$ (2,961)	$ 9,412
Grant of options for services	—	—	60	—	60
Net Income	—	—	—	593	593
Balance as of March 31, 2022	10,636,278	$ —	$ 12,433	$ (2,368)	$ 10,065
Nine months ended March 31, 2022:					
Balance as of July 1, 2021	5,666,667	$ —	$ 1,011	$ (1,740)	$ (729)
Shares of common stock issued for cash, net of issuance costs	4,830,000	—	11,244	—	11,244
Cashless exercise of warrants	139,611	—	—	—	—
Grant of options for services	—	—	178	—	178
Net Loss	—	—	—	(628)	(626)
Balance as of March 31, 2022	10,636,278	$ —	$ 12,433	$ (2,368)	$ 10,065

MOVING IMAGE TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended March 31, 2022	Nine Months Ended March 31, 2021
Cash flows from operating activities:		
Net loss	$ (626)	$ (691)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for (reversal of) doubtful accounts	(230)	8
Depreciation expense	15	99
Amortization expense	72	72
Unrealized gain on investments	(17)	—
Realized gain on investments	—	(459)
Deferred rent	(1)	5
Stock option compensation expense	178	—
PPP loan forgiveness	(705)	—
Changes in operating assets and liabilities		
Accounts receivable	(1,002)	139
Inventories	(1,451)	(263)
Prepaid expenses and other	426	(104)
Accounts payable	326	(311)
Accrued expenses	(99)	(78)
Unearned warranty revenue	3	(21)
Customer deposits	2,195	(270)
Net cash used in operating activities	(916)	(1,874)
Cash flows from investing activities		
Sale of (investment in) marketable securities	(3,412)	550
Purchases of property, plant and equipment	(18)	—
Net cash used in investing activities	(3,430)	550
Cash flows from financing activities		
Net Proceeds from initial public offering	11,244	—
Payments on line of credit	(590)	(60)
Proceeds from private placement	—	1,334
Paycheck Protection Program loan proceeds	—	698
Payments on notes payable	(1,241)	(59)
Net cash provided by financing activities	9,413	1,363
Net increase (decrease) in cash and cash equivalents	5,067	39
Cash and cash equivalents, beginning of the period	1,270	1,059
Cash and cash equivalents, end of the period	$ 6,337	$ 1,098
Non-cash investing and financing activities:		
Deferred IPO costs	$ —	$ 72
Reclassification of IPO related costs from other assets to equity	$ 1,116	$ —
Cash paid during the period:		
Interest	$ 40	$ 165

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

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Moving iMage Technologies, Inc., a Delaware corporation, together with its wholly-owned subsidiaries unless the context indicates otherwise, the (“Company”) was incorporated in June 2020. The Company, through its wholly-owned subsidiary, Moving iMage Technologies, LLC (“MiT LLC”) and MiT LLC's wholly-owned subsidiary, Moving iMage Acquisition Co., (DBA Caddy Products), designs, integrates, installs and distributes proprietary and custom designed equipment as well as off the shelf cinema products needed for contemporary cinema requirements. The Company also offers single source solutions for cinema design, procurement, installation and service to the creative and production communities for screening, digital intermediate and other critical viewing rooms. Additionally, the Company offers a wide range of technical, design and consulting services such as custom engineering, systems design, integration and installation, and digital technology, as well as software solutions for operations enhancement and theatre management. The Company also provides turnkey furniture, fixtures and equipment services to commercial cinema exhibitors for new construction and remodels including design, consulting, installation and project management as well as procurement of seats, lighting, acoustical treatments, screens, projection and sound.

Moving iMage Acquisition Co. (DBA “Caddy Products”) designs, develops and manufactures innovative products for the entertainment, cinema, grocery, worship, restaurant, sports and restroom industries.

Share Exchange:

In June 2020, MiT LLC members created Moving iMage Technologies, Inc. (“MIT Inc.”) to facilitate the Company’s initial public offering offering (“IPO”). Upon formation of MiT, Inc., 2,000,000 shares of MiT, Inc. common stock were issued to members of MiT LLC. On July 7, 2021, MiT LLC and MiT Inc. entered into an exchange agreement (“Exchange Agreement”) whereby the members of MiT LLC exchanged their membership interest for 2,350,000 shares of common stock in MiT Inc. As a result of the Exchange Agreement, the members of MiT LLC owned approximately 79% or 4,452,334 of the outstanding common stock of MiT Inc. As a result, MiT LLC (the entity where the Company conducts its business) became a wholly-owned subsidiary of MiT Inc. (the SEC registrant).

The transaction was accounted for as a merger of entities under common ownership in accordance with generally accepted accounting principles in the United States of America (“GAAP”). This determination was primarily based on the facts that, immediately before and after the transaction: (i) MiT LLC owners owned a substantial majority of the voting rights in the combined company, (ii) MiT LLC designated a majority of the members of the initial board of directors of the combined company, and (iii) MiT LLC’s senior management holds all key positions in the senior management of the combined company. As a result, the historical financial statements of MiT LLC and MiT Inc. for the three months and for the nine months ended March 31, 2021 have been retroactively revised to reflect the consolidation of MiT, Inc. and MiT LLC. All inter-company transactions and balances between MiT Inc. and MiT, LLC have been eliminated.

The condensed consolidated statements of stockholders’ equity (deficit) for the periods ended March 31, 2022 and 2021 have been retroactively revised to give effect of the change in reporting entity accounting of MiT Inc. and MiT LLC.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Initial Public Offering: On July 12, 2021, the Company closed its initial public offering (“IPO”) and issued 4,830,000 shares of its common stock at a price of $3.00 per share for net proceeds of approximately $12,360,000 after deducting underwriting discounts, commissions, and other expenses of approximately $2,130,000. Upon the completion of its IPO, the Company reclassified deferred IPO related costs of approximately $1,116,000 from other assets to additional paid-in capital. In connection with the Company’s IPO, the underwriters received warrants to acquire 241,500 shares of the Company’s common stock at $3.75 per share. None of the potentially dilutive securities were included in the computation of diluted earnings per share as their impact would be anti-dilutive.

On July 12, 2021, in connection with the IPO, warrants to purchase 139,611 shares of the Company’s common stock were exercised on a cashless basis.

COVID-19 Impact and Liquidity: In December 2019, COVID-19 was initially reported, and in March 2020, the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a widespread and detrimental effect on the global economy as a result of the continued increase in the number of cases and affected countries and actions by public health and governmental authorities, businesses, other organizations and individuals to address the outbreak, including travel bans and restrictions, quarantines, shelter in place, stay at home or total lock-down orders and business limitations and shutdowns.

The repercussions of the COVID-19 global pandemic resulted in a significant impact to our customers, specifically those in the entertainment and cinema industries. Cinemas have been shuttered since March 2020 in an effort to stem the spread of COVID-19 and studios, for the most part, have rescheduled their film releases until cinemas can reopen. Specifically, the pandemic has had a material adverse effect on our business. A significant number of our customers have temporarily ceased operations and others have cancelled or pushed back the delivery of pending product orders and/or delayed the start of scheduled theater refurbishing and construction projects. In addition, we have experienced increased challenges in, or cost of, acquiring new customers and increased risk in collectability of accounts receivable. As a result of the aforementioned factors, our financial and operating results for the three and nine months ended March 31, 2022 and 2021, have been adversely affected. Additionally, our projected financial and operating results for the remainder of fiscal 2022 are expected to be materially adversely affected.

The ultimate impact of the COVID-19 pandemic on our business and results of operations in fiscal 2022 and beyond is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the COVID-19 pandemic and any additional preventative and protective actions that governments, or we, or our customers, may direct, which may result in an extended period of continued business disruption and reduced operations. We expect that our results of operations, including revenues, in future periods will continue to be adversely impacted by the COVID-19 pandemic and its negative effects on global economic conditions, which include the possibility of a global recession.

During the second half of the 2021 calendar year, several larger theater chains have reopened in many parts of the United States. The ability of these chains to reopen was predicated in large part on decisions by state and local officials to allow, limit or prohibit the reopening of establishments such as cinemas in response to regionally specific COVID-19 outbreaks. Such reopening has been done on a gradual basis with limited occupancy and specific procedures, products, and technologies required to be implemented to protect the safety and health of returning patrons and employees.

In response to uncertainties associated with the COVID-19 pandemic, we have taken, and are continuing to take, significant steps to preserve cash and remain in a strong competitive position when the current crisis subsides by eliminating non-essential costs, reducing employee hours and deferring all non-essential capital expenditures to minimum levels.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

We have also implemented remote work policies for many employees, and the resources available to such employees may not enable them to maintain the same level of productivity and efficiency, and these and other employees may face additional demands on their time, such as increased responsibilities resulting from school closures or illness of family members. Our increased reliance on remote access to our information systems also increases our exposures to potential cybersecurity breaches.

As of the date these Condensed Consolidated Financial Statements were issued, with the actions taken above, existing cash, including the cash raised from our initial public offering (see Initial Public Offering), the Company will have sufficient liquidity to fund operations and essential capital expenditures for the 12 months from the date these condensed consolidated financial statements were available to be issued.

Principles of Consolidation: The condensed consolidated financial statements include the accounts of MiT Inc., its wholly-owned subsidiary, Moving iMage Technologies, LLC (“MiT LLC”), and MiT LLC’s wholly-owned subsidiary, Moving iMage Acquisition Co., (DBA Caddy Products). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation: The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Unaudited Interim Condensed Consolidated Financial Statements: The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP. However, in the opinion of the management of the Company, all adjustments of a normal recurring nature necessary for a fair presentation of the financial position and operating results have been included in these statements. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements included in its Annual Report on Form 10-K for the fiscal year ended June 30, 2021, and with the disclosures and risk factors presented therein. The June 30, 2021 condensed consolidated balance sheet has been derived from the audited consolidated financial statements and updated to reflect the effects of the exchange agreement between MiT LLC and MiT Inc. Operating results for the three months and nine months ended March 31, 2022 are not necessarily indicative of the results that may be expected for any subsequent quarters or for the year ending June 30, 2022.

Measurement of Fair Values**:** The Company’s accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities on either a recurring or nonrecurring basis. When measuring the fair value of an asset or a liability, the Company uses observable market data to the extent such information is available. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
— Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Deferred Offering Costs: The Company capitalized certain legal, accounting and other third-party fees that are directly associated with its recent IPO as deferred offering costs (non-current) until such financings were consummated.

As of June 30, 2021, $1,116,000 of deferred offering costs were capitalized in other assets. After completion of the IPO in July 2021, these costs have been recorded in the condensed consolidated statements of changes in stockholders’ equity (deficit) as a reduction of proceeds received from the offering.

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities (including sales returns, bad debts, inventory reserves, warranty reserves, purchase price allocation and asset impairments), disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Concentration of Cash: The Company maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on its cash balances.

Cash Equivalents and Marketable Securities: All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents. The Company's investments in marketable debt securities are carried at either amortized cost or fair value. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in debt securities that are not classified as held-to-maturity are carried at fair value and classified as available-for sale. Realized gains and losses on available-for-sale debt securities are included in net income/loss. Unrealized gains and losses, net of tax, on available-for-sale debt securities are recognized in other comprehensive gain/(loss). The Company's investments in marketable equity securities are classified based on the nature of the securities and their availability for use in current operations. The Company's marketable equity securities are measured at fair value with gains and losses recognized in other income/(expense), net. The cost of securities sold is determined using the specific identification method.

Accounts Receivable: Accounts receivable are carried at original invoice amount less allowance for bad debts. Management determines the allowance for bad debts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days past the customer's granted terms. The Company does not charge interest on past due balances or require collateral on its accounts receivable. As of March 31, 2022 and June 30, 2021, the allowance for bad debts is approximately $126,000 and $261,000, respectively.

Inventories: Inventories are stated at the lower of cost or net realizable value, with cost being determined on the first-in, first-out cost method of accounting. The Company purchases finished goods and materials to assemble kits in quantities that it anticipates will be fully used in the near term. Changes in operating strategy, customer demand, and fluctuations in market values can limit the Company's ability to effectively utilize all products purchased and can result in finished goods with above-market carrying costs which may cause losses on sales to customers. The Company's policy is to closely monitor inventory levels, obsolescence and lower market values compared to costs and, when necessary, reduce the carrying amount of its inventory to its net realizable value. As of March 31, 2022 and June 30, 2021, inventory on hand was comprised primarily of finished goods ready for sale. As of March 31, 2022 and June 30, 2021, inventory reserve was $581,000 and $375,000, respectively.

Revenue Recognition: The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers ("ASC 606").*

Revenue is recognized when control of the promised goods is transferred at the point of shipment to a customer and when performance conditions are satisfied as per the agreement, in an amount that reflects the consideration that we expect to receive in exchange for those goods as per the agreement with the customer. We generate all our revenue from agreements with customers. In cases where there are agreements with multiple performance obligations, we identify each performance obligation and evaluate whether the performance obligations are distinct within the context of the agreement at the agreement's inception. Performance obligations that are not distinct at agreement inception are combined. We allocate the transaction price to each distinct performance obligation proportionately based on the estimated standalone selling price for each performance obligation and then evaluate how the services are transferred to the customer to determine the timing of revenue recognition.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company considers the U.S. GAAP criteria for determining whether to report revenue gross as a principal versus net as an agent. Factors considered include whether the Company is the primary obligor, has risks and rewards of ownership, and bears the risk that a customer may not pay for the products provided or services performed. If there are circumstances where the above criteria are not met, revenues recognized are presented net of cost of goods sold.

Contract assets consist of conditional or unconditional rights to consideration. Accounts receivable represent amounts billed to customers where the Company has an enforceable right to payment for performance completed to date (i.e., unconditional rights to consideration). Accounts receivable balance as of July 1, 2020 was $809,000. The Company does not have contract assets that represent conditional rights to consideration.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract liabilities consist of refund and warranty liabilities, as well as deposits received in advance on sales to certain customers. Such deposits are reflected as customer deposits and recognized in revenue when control of the products is transferred or when performance conditions are satisfied per the agreement. The change in contract liabilities (customer deposits and unearned warranty revenue) during the nine months ended March 31, 2022 included $1.273 million for revenue recognized that was included in contract liability as of July 1, 2021. Contract liabilities as of July 1, 2020 were $.854 million.

Cost of goods sold includes cost of inventory sold during the period, net of vendor discounts and allowances, and shipping and handling costs, and sales taxes. Taxes collected from customers are included in accounts payable on a net basis (excluded from revenues) until remitted to the government.

Deferred contract acquisition costs consist of sales commissions paid to the sales force, and the related employer payroll taxes, and are considered incremental and recoverable costs of obtaining a contract with a customer. The Company has determined that sales commissions paid are an immaterial component of obtaining a customer's contract and has elected to expense sales commissions when earned.

Disaggregation of Revenue (in 000's):	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	For the Nine Months Ended March 31, 2022	For the Nine Months Ended March 31, 2021
Equipment upon delivery (point in time)	$ 5,701	$ 1,682	$ 12,489	$ 4,984
Installation (point in time)	134	28	239	92
Total revenues	**$ 5,835**	**$ 1,710**	**$ 12,728**	**$ 5,076**

Revenue from the sale of equipment is recognized upon delivery of such equipment to customers and when performance conditions are satisfied.

Revenue from installation is recognized upon completion of the installation project and when the performance obligation is complete.

Software subscription revenue for remote monitoring services is recognized on a straight-line basis over the term of the contract, usually one year. Services revenues are generally recognized over time as the contracts are performed. There were no software revenues during the three or nine months ended March 31, 2022 or 2021.

Returns and Allowances: The Company records allowances for discounts and product returns at the time of sale as a reduction of revenue as such allowances can be reliably estimated based on historical experience and known trends.

Shipping and Handling Costs: Shipping and handling costs are included in cost of goods sold and are recognized as a period expense during the period in which they are incurred.

Advertising Costs: Advertising costs were approximately $4,300 and $4,600 for the three months ended March 31, 2022 and 2021, respectively, and $16,000 and $9,700 for the nine months ended March 31, 2022 and 2021, respectively. Advertising costs are expensed as incurred within selling and marketing expenses.

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill and Intangible Assets: Goodwill as of March 31, 2022 and June 30, 2021 represents the excess of the purchase price over the fair value of the net identifiable assets acquired in the 2019 Caddy Acquisition. Goodwill is reviewed for impairment at least annually, in June, or more frequently if a triggering event occurs between impairment testing dates. The Company operates as a single operating segment and as a single reporting unit for the purpose of evaluating goodwill impairment. The Company's impairment assessment begins with a qualitative assessment to determine whether it's more likely than not that fair value of the reporting unit is less than its carrying value. The qualitative assessment includes comparing the overall financial performance of the Company against the planned results used in the last quantitative goodwill impairment test. Additionally, the Company's fair value is assessed in light of certain events and circumstances, including macroeconomic conditions, industry and market considerations, cost factors, and other relevant entity and Company specific events. The selection and assessment of qualitative factors used to determine whether it is more likely than not that the fair value of a reporting unit exceeds the carrying value involves significant judgment and estimates. If it is determined under the qualitative assessment that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then a quantitative impairment test is performed. Under the quantitative impairment test, the estimated fair value of the reporting unit would be compared with its carrying value (including goodwill). If the fair value of the reporting unit exceeds its carrying value, then no impairment exists. If the estimated fair value of the reporting unit is less than its carrying value, an impairment loss would be recognized for the excess of the carrying value of the reporting unit over the fair value, not to exceed the carrying amount of goodwill.

The Company tested goodwill impairment in relation to the COVID-19 pandemic and no impairments were identified for the three and nine months ended March 31, 2022 or 2021.

Goodwill is at risk of future impairment in the event of significant unexpected changes in the Company's forecasted future results and cash flows, or if there is a negative change in the long-term outlook for the business or in other factors such as the discount rate, or if there is a decline in the stock price.

Intangible assets arising from business combinations, such as customer relationships, trade names, and/or intellectual property, are initially recorded at fair value. The Company amortizes these intangible assets over the determined useful life which generally ranges from 11 to 20 years. The Company reviews its intangible assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. There were no intangible asset impairments recognized for the three months and nine months ended March 31, 2022 or 2021.

Business Combinations: The Company includes the results of operations of the businesses that it acquires commencing on the respective dates of acquisition. The Company allocates the fair value of the purchase price of its acquisitions to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of the purchase price over the fair values of these identifiable assets and liabilities is recorded as goodwill. The transaction resulted in the transferring of an entity under common control.

Income Taxes: The Company utilizes an asset and liability approach for financial accounting and reporting for income taxes. The provision for income taxes is based upon income or loss after adjustment for those permanent items that are not considered in the determination of taxable income. Deferred income taxes represent the tax effects of differences between the financial reporting and tax basis of the Company's assets and liabilities at the enacted tax rates in effect for the years in which the differences are expected to reverse.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion or all the deferred tax assets will not be realized. Because the Company has had recurring losses from operations, at March 31, 2022 it has taken a full valuation allowance against all potential deferred tax assets. Prior to July 7, 2021, MiT LLC was a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits (losses) of the Company being passed through to the members. As such, there is no recognition of federal or state income taxes in the financial statements prior to July 7, 2021. Any uncertain tax position taken by the members is not an uncertain position of the Company.

The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company evaluated the realizability of deferred tax assets ("DTA") at June 30, 2021 (most recent year end, presented as comparative in 10Q balance sheet), July 7, 2021 (date of exchange agreement), September 30, 2021 (Q1 reporting period) December 31, 2021 (Q2 reporting period) and March 31, 2022 (Q3 reporting period). Because the Company has had recurring losses from operations at June 30, 2021, and further losses for the nine months ended March 31, 2022, which will generate NOL's, and it has taken a full valuation allowance against all potential deferred tax assets.

Goodwill recognized in connection with acquisitions represents the residual amount of the purchase price over separately identifiable intangible assets and pursuant to 26 U.S. Code section 197 is deductible for tax purposes.

The following table summarizes deferred tax assets and liabilities as of the date of the Exchange Agreement through March 31, 2022:

	Deferred Tax Assets	Deferred Tax Liabilities	Existing valuation allowance Prior to business combination	Net Position
MiT Inc.	$ —	$ —	$ —	$ —
MiT LLC	248	(13)	(235)	—
Total July 7, 2021	**$ 248**	**$ (13)**	**$ (235)**	**$ —**
Deferred tax assets	$ 622	$ —	$ —	$ 622
Deferred tax liabilities	—	(12)	—	(12)
Valuation allowance	—	—	(610)	(610)
Total MiT Inc. March 31, 2022	**$ 622**	**$ (12)**	**$ (610)**	**$ —**

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table summarizes the components of deferred tax assets and deferred tax liabilities through March 31, 2022:

	Deferred Tax Assets (Liabilities)
Inventory reserve	$ 133
Accumulated depreciation	(7)
Accumulated goodwill amortization	(6)
Accumulated intangible amortization	13
Deferred rent	7
Warranty reserve	8
Allowance for doubtful accounts	100
Net	248
Valuation allowance	(248)
Total July 1, 2021	**$ —**
Inventory reserve	$ 152
Accumulated depreciation	(1)
Accumulated goodwill amortization	(11)
Accumulated intangible amortization	17
Deferred rent	7
Warranty reserve	9
Stock compensation	50
Net operating loss carryforward	370
Allowance for doubtful accounts	35
Net	627
Valuation allowance	(627)
Total March 31, 2022	**$ —**

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Product Warranty: The Company's digital equipment products are sold under various limited warranty arrangements ranging from one year to three years. Company policy is to establish reserves for estimated product warranty costs in the period when the related revenue is recognized. The Company has the right to return defective products for up to three years, depending on the manufacturers' individual policies. As of June 30, 2021 and March 31, 2022, the Company has established a warranty reserve of $29,000 and $37,000, respectively, which is included in accrued expenses in the accompanying condensed consolidated balance sheets.

The changes in the Company's aggregate warranty liabilities were as follows for the following periods (in thousands):

	Nine Months Ended March 31, 2022	Twelve Months Ended June 30, 2021
Product warranty liability, beginning of period	$ 29	$ 65
Accruals for warranties issued	37	29
Change in estimates	—	(37)
Settlements made	(29)	(28)
Product warranty liability, end of period	$ 37	$ 29

Research and Development: The Company incurs costs to develop new products, as well as improve the appeal and functionality of its existing products. Research and development costs are charged to expense when incurred.

Recently Issued Accounting Pronouncements: In February 2016, FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize assets and liabilities for the rights and obligations created by most leases on their balance sheet. The guidance is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early application is permitted. ASU 2016-02 requires modified retrospective adoption for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. Management is in the process of evaluating the impact of this standard effective July 1, 2022.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)*: *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which is intended to simplify the accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The new standard is effective beginning July 1, 2022. The Company does not expect the adoption of ASU 2019-12 to have a material impact on its financial position and results of operations upon adoption.

NOTE 2 — INVESTMENTS

Other pronouncements issued by the FASB with future effective dates are either not applicable or not significant to the consolidated financial statements of the Company.

The following tables show the Company's cash, cash equivalents and marketable securities by significant investment category as of March 31, 2022 (amounts in 000's):

	Adjusted Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Current Marketable Securities	Non-current Marketable Securities
Cash	$ 6,337	$ —	$ —	$ 6,337	$ 6,337	$ —	$ —
Equities							
Communication	40	—	(1)	39	—	39	—
Consumer Discretionary	56	2	—	58	—	58	—
Consumer Staples	19	1	—	20	—	20	—
Energy	9	—	(1)	8	—	8	—
Financials	44	—	(2)	42	—	42	—
Health Care	40	1	—	41	—	41	—
Industrials	27	1	—	28	—	28	—
Information Technology	120	3	—	123	—	123	—
Materials	10	1	—	11	—	11	—
Real Estate	10	—	—	10	—	10	—
Utilities	6	1	—	7	—	7	—
Mutual Funds	327	—	—	327	—	327	—
					—		
Subtotal	708	10	(4)	714	—	714	—
Fixed Income							
State & Municipal Bonds	673	3	—	676	—	329	347
Fixed income funds	1,655	2	—	1,657	—	1,657	—
Subtotal	2,328	5	—	2,333	—	1,986	347
Alternative, real estate and other	381	1	—	382	—	382	—
Total	$ 9,754	$ 16	$ (4)	$ 9,766	$ 6,337	$ 3,082	$ 347

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 — INCOME (LOSS) PER SHARE

Basic income (loss) per share data for each period presented is computed using the weighted average number of shares of common stock outstanding during each such period. Diluted income (loss) per share data is computed using the weighted average number of common and potentially dilutive securities outstanding during each period. Potentially dilutive securities consist of shares that would be issued upon the exercise of stock options and warrants, computed using the treasury stock method. A reconciliation of basic and diluted income (loss) per share is as follows:

	For the Three Months Ended March 31, 2022	For the Nine Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	For the Nine Months Ended December 31, 2021
Numerator:				
Net income (loss)	$ 593	$ (628)	$ (164)	$ (691)
Denominator:				
Weighted average common shares outstanding, basic and diluted	10,636,278	10,508,152	5,666,667	5,638,626
Income (loss) per share				
Basic and diluted	$ .06	$ (0.06)	$ (0.03)	$ (0.12)

The following securities were excluded from the calculation of diluted loss per share in each period because their inclusion would have been anti-dilutive:

	For the Three Months Ended March 31, 2022	For the Nine Months Ended March 31, 2022	For the Three Months Ended March 31, 2021	For the Nine Months Ended March 31, 2021
Options	150,000	150,000	—	—
Warrants	241,500	241,500	236,667	236,667
Total potentially dilutive shares	391,500	391,500	236,667	236,667

For the three month period ended March 31, 2021 and the nine month periods ended March 31, 2022 and 2021, the Company had a net loss, therefore all potentially dilutive securities are deemed to be anti-dilutive and are not included in the diluted loss per share computation. For the three month period ended March 31, 2022 the Company had net income. All potentially dilutive securities for the three month period ended March 31, 2022 were excluded from the computation of earnings per share because their exercise prices were out of the money and were thus also anti-dilutive when computed using the treasury stock method.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 — PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in thousands):

	March 31, 2022	June 30, 2021
Production equipment	$ 307	$ 307
Leasehold improvements	213	202
Furniture and fixtures	45	45
Computer equipment	46	44
Other equipment	120	114
	730	712
Accumulated depreciation	(706)	(691)
Net property plant and equipment	$ 24	$ 21

Depreciation expense related to property, plant and equipment was $3,000 and $33,000 for the three months ended March 31, 2022 and 2021, respectively, of which $0 and $30,000 is included in cost of goods sold and $3,000 and $3,000 in general and administrative expense, respectively.

NOTE 4 — PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expense related to property, plant and equipment was $15,000 and $98,000 for the nine months ended March 31, 2022 and 2021, respectively, of which $9,000 and $90,000 is included in cost of goods sold and $7,000 and $8,000 in general and administrative expense, respectively.

Depreciation of property, plant and equipment is calculated using the straight-line method over their estimated useful lives as follows:

	Useful Lives
Leasehold improvements	5 years or remaining lease term
Furniture and fixtures	5 years
Production equipment	3 – 7 years
Computer equipment	3 years
Other equipment	3 – 7 years

NOTE 5 —INTANGIBLE ASSETS

The following table summarizes the Company’s intangible assets as of March 31, 2022 (in thousands):

	Amortization Period	Gross Asset Cost	Accumulated Amortization	Net Book Value
Customer relationships	11 years	$ 970	$ 235	$ 735
Patents	20 years	70	10	60
Trademark	20 years	78	10	68
		$ 1,118	$ 231	$ 863

The following table summarizes the Company’s intangible assets as of June 30, 2021 (in thousands):

	Amortization Period	Gross Asset Cost	Accumulated Amortization	Net Book Value
Customer relationships	11 years	$ 970	$ 169	$ 801
Patents	20 years	70	7	63
Trademark	20 years	78	7	71
		$ 1,118	$ 183	$ 935

Amortization expense was $24,000 and $24,000 for the three months ended March 31, 2022 and 2021, respectively, and was $72,000 and $72,000 for the nine months ended March 31, 2022 and 2021, respectively, and is included in general and administrative expense.

Estimated amortization expense related to intangible assets subject to amortization at March 31, 2022 in each of the five years subsequent to March 31, 2022, and thereafter is as follows (amounts in thousands):

2022	$ 96
2023	96
2024	96
2025	96
2026	96
Thereafter	383
Total	$ 863

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 — ACCRUED EXPENSES

Accrued expenses consist of the following (in thousands):

	March 31, 2022	June 30, 2021
Employee compensation	$ 311	$ 485
Others	204	135
Total	$ 515	$ 620

NOTE 7 — DEBT

Line of Credit

In October 2019, MiT LLC executed a line of credit agreement with an unaffiliated lender to provide a $1.0 million asset-based bridge loan to be used for working capital purposes. Funds borrowed bore interest at 13% per annum and were due and payable one year from the origination date of the loan. The loan was secured by all assets of MiT LLC and was personally guaranteed by Phil Rafnson, our CEO and Chairman of the Board. Sound Management Investors, LLC, an entity controlled by Mr. Rafnson, pledged all membership units of MiT LLC held by it as further security for the repayment of such loan. In connection with this borrowing, the lender was issued warrants to acquire shares of the Company's common stock upon completion of its IPO. On the effective date of the IPO, the lender exercised these warrants to acquire 94,723 shares of the common stock on a cashless basis.

Approximately $400,000 of the proceeds from this loan were used to pay amounts owed to Caddy in connection with the Caddy acquisition.

No further borrowings are available under this agreement from March 31, 2020. As of June 30, 2021, the outstanding balance of this line of credit was $590,000. In July 2021, the outstanding balance, and all accrued interest, was paid in full.

There was no outstanding debt as of March 31, 2022.

Long-term debt at June 30, 2021 was as follows (in thousands):

	June 30, 2021		
	Balance	Current	Long Term
Caddy promissory note	$ 1,059	$ 142	$ 917
PPP loan	698	73	625
Caddy indemnity promissory note	182	22	160
Total	$ 1,939	$ 237	$ 1,702

The Caddy Promissory note was payable in monthly installments through August 2024 at an interest rate of Prime plus 2.75%. The Caddy Indemnity note was payable in monthly installments due July 2024 at an interest rate of Prime plus 2.75%. On January 1, 2020, the interest rate margin increased to 3.75% on both notes. All of the notes were collateralized by Caddy assets. In addition, the notes were guaranteed by Phil Rafnson, the Company’s majority shareholder. In August 2021, all related Caddy notes and balances were paid in full

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 — DEBT (continued)

Paycheck Protection Program

On May 6, 2020, the Company received loan proceeds in the amount of approximately $694,000 under the Paycheck Protection Program ("PPP"). On March 13, 2021, the Company received proceeds in the amount of approximately $698,000 from a second PPP loan. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. In May 2021, the Company received notification from the Small Business Administration that the first loan in the amount of $694,000, including accrued interest, has been fully forgiven.

Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company used the proceeds for purposes consistent with the PPP. In April 2022, the Company received notice that on March 23, 2022, its second PPP loan in the amount of $698,000 plus accrued interest has been fully forgiven and is paid in full.

NOTE 8 — STOCKHOLDERS' EQUITY

In 2019, the Company adopted the 2019 Omnibus Incentive Plan (the "Plan"). The Plan, as amended, provides for the issuance of stock-based awards to employees. As of December 31, 2021, the Plan provides for the issuance of up to 750,000 stock-based awards. There are 600,000 stock-based awards available to grant under the Plan at March 31, 2022.

In July 2020, the Company, through a Private Placement, issued 666,667 shares of stock for total gross proceeds of $887,000. Net proceeds of $784,000 were received after deducting offering costs of $103,000. In conjunction with the private placement, warrants for 50,000 shares were issued to Boustead Securities, LLC.

In July 2021, MiT Inc. entered into an Exchange Agreement with MiT LLC pursuant to which MiT Inc. agreed to exchange membership units for 2,350,000 shares of Common Stock representing 41.4% of the equity as of such date on a fully diluted basis for no consideration. The shares were exchanged as part of the Exchange Agreement with the Company as described in Note 1.

In July 2021, the Company granted options to non-employee directors to purchase an aggregate of 150,000 shares of its common stock at an exercise price of $3.00 per share. The options vest one year from the date of grant, expire ten years from the date of grant and had an aggregate grant date fair value of $244,200, which will be recognized ratably over the vesting period. These options, which were the only options granted during the nine months ended March 31, 2022, had a grant-date fair value of $1.63 per share. The Company recognized compensation expense for stock option awards of approximately $60,000 and $178,000 during the three and nine month periods ended March 31, 2022, respectively. None of the these potentially dilutive securities were included in the computation of diluted earnings per share as their impact would be anti-dilutive.

At March 31, 2022, there was $66,000 of total unrecognized compensation cost related to nonvested stock option awards that is expected to be recognized over a weighted average period of three months.

During the nine months ended March 31, 2022, warrant holders exercised 139,611 warrants on a cashless basis.

NOTE 9 — RELATED PARTY TRANSACTIONS

In July 2021, the Company provided a discretionary $50,000 payment to the Company's CEO and Chairman of the Board of Directors for personal guarantees provided in conjunction with financing Company debt. See Note 6.

MOVING IMAGE TECHNOLOGIES, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 — CUSTOMER AND VENDOR CONCENTRATIONS

Customers: Two customers accounted for approximately 11% and 10% of the Company's sales for the three months ended March 31, 2022.One customer accounted for approximately 32% of the Company's sales for the nine months ended March 31, 2022.

At March 31, 2022, the amount of outstanding receivables related to these customers was approximately $120,000.

Two customers accounted for 14% and 13% of the Company's sales for the three months ended March 31, 2021. One customer accounted for 31% of the Company's sales for the nine months ended March 31, 2021.

At March 31, 2021, the amount of outstanding receivables related to this customer was approximately $1,000.

Vendors: Approximately 14% and 13% of the Company's purchases were provided by two vendors for the three months ended March 31, 2022. Approximately 17%, 16% and 10% of the Company's purchases were provided by three vendors for the three months ended March 31, 2021.

Approximately 10% of the Company's purchases were provided by one vendor for the nine months ended March 31, 2022. Approximately 50% of the Company's purchases were provided by one vendor for the nine months ended March 31, 2021.

NOTE 11 — COMMITMENTS AND CONTINGENCIES

Operating Leases: The Company occupies an executive office and warehouse space in Fountain Valley, CA, pursuant to separate lease agreements. Rent expense was $70,000 for both of the three months ended March 31, 2022 and 2021. Rent expense was $141,000 for the nine months ended March 31, 2022 and 2021.

Future minimum lease payments for the next 5 years at March December 31, 2021 under these arrangements are as follows:

Operating leases	**(in thousands) Total Payments**
2022	$ 288
2023	297
2024	278
Total future minimum lease payments	$ 862

Legal Matters: From time to time, the Company is involved in routine litigation that arises in the ordinary course of business. There are no pending significant legal proceedings to which the Company is a party for which management believes the ultimate outcome would have a material adverse effect on the Company's financial position.

NOTE 12 — SUBSEQUENT EVENTS

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q, and determined that there have been no events that have occurred that would require adjustments to our disclosures in the condensed consolidated financial statements except for the transaction described below.

On April 21, 2022, Moving iMage Technologies, Inc. (the "Company") entered into an Asset Purchase Agreement (the "Agreement") with QSC, LLC (the"Seller") whereby the Company agreed to purchase from the Seller all of its infrared-based assistive listening and closed caption devices for cinema patrons for an aggregate purchase price of $1.5 million, which amount may be adjusted based on the full cost value and quantities in inventory at the time of closing.

In April 2022, underwriter warrants were exercised on a cashless basis resulting in the issuance of 192,120 shares of common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Certain matters in this Quarterly Report on Form 10-Q (this "Report"), including (without limitation) statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations", contain forward-looking statements. Although we believe that, in making any such statements, our expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected.

Forward-looking statements include information concerning our possible or assumed future results of operations and expenses, business strategies and plans, competitive position, business environment, and potential growth opportunities. Forward-looking statements include all statements that are not historical facts. In some cases, forward-looking statements can be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "seeks," "should," "will," "would," or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these expectations may not prove to be correct or we may not achieve the financial results, savings or other benefits anticipated in the forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties, some of which may be beyond our control. These risks and uncertainties, including those disclosed under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, filed with the Securities and Exchange Commission (the "SEC") on September 29, 2021, and in our other filings with the SEC, could cause actual results to differ materially from those suggested by the forward-looking statements and include, without limitation:

- the potential duration and impact of the COVID-19 pandemic and its effect on our business, financial condition, results of operations and cash flows;
- interruptions or higher prices of products and services from our suppliers;
- inability to timely introduce new products and services or enhance existing products and services;
- our dependence on distributors, dealers and resellers to sell and market our products and services, and any failure on our part to maintain and further develop our sales channels;
- inability to accurately forecast consumer demand for our products and services and adequately manage our inventory;
- increasing product costs that may cause our operating margins to decline;
- significant variation in revenues and profitability in a particular quarter as a result of the length, unpredictability and seasonality of our sales and contract fulfillment cycles;
- significant customers who cease purchasing our products and services at any time;
- inability ability to maintain our brand;
- inability to offer high-quality customer support;
- our ability to successfully address any product liability claims as well as other legal proceedings;
- our ability to convert all of our backlog into revenue and cash flows;
- our ability to operate in a highly competitive market;
- the extent of competitive pricing pressure from our customers;
- our ability to successfully enter into and operate new lines of business;
- our ability to successfully acquire other businesses, product lines and technologies and address any problems encountered therewith;
- our ability to attract and retain highly skilled personnel and to manage our growth with our limited resources effectively;
- our ability to protect our trademarks and other intellectual property;
- the impact of security breaches through cyber-attacks, cyber intrusions or otherwise; and
- the impact of general political, social and economic conditions.

Given these uncertainties, you should not place undue reliance on any forward-looking statements in this Report. Also, forward-looking statements represent our beliefs and assumptions only as of the date of this Report. You should read this Report and the documents that we have filed as exhibits, completely and with the understanding that our actual future results may be materially different from what we expect.

Any forward-looking statement made by us in this Quarterly Report on Form 10-Q speaks only as of the date on which it is made. Except as required by law, we disclaim any obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward- looking statements, even if new information becomes available in the future. All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements.

The following discussion and analysis should be read in conjunction with the accompanying condensed consolidated financial statements and related notes included elsewhere in this Report. This discussion contains forward-looking statements reflecting our current expectations, whose actual outcomes involve risks and uncertainties. Actual results and the timing of events may differ materially from those stated in or implied by these forward-looking statements due to a number of factors, including those discussed in the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements", and elsewhere in this Report.

Overview

We are a digital cinema company that designs, manufactures, integrates, installs and distributes a full suite of proprietary and custom designed equipment as well as off the shelf cinema products needed for contemporary cinema requirements. We also offer single source solutions for cinema design, procurement, installation and service to the creative and production communities for screening, digital intermediate and other critical viewing rooms. We offer a wide range of technical, design and consulting services such as custom engineering, systems design, integration and installation, and digital technology, as well as software solutions for operations enhancement and theater management. We also provide turnkey furniture, fixture and equipment services, or FF&E, to commercial cinema exhibitors for new construction and remodels, including design, consulting, installation and project management as well as procurement of seats, lighting, acoustical treatments, screens, projection and sound.

Moving iMage Technologies, LLC's products and services focus on the integration needs associated with high quality motion picture exhibition. We provide purpose-built products for digital cinema, 3D, pre-show/alternative content and a variety of entertainment and educational applications. As a hybrid manufacturer and reseller, MiT LLC offers turnkey custom solutions for a variety of applications. Our staff of mechanical and electrical engineers work closely with end users as well as OEM manufacturers, and can participate in every phase of the process from conceptual design and development to production on most any scale. MiT LLC personnel have designed, specified and installed thousands of commercial cinemas, post production, screening and high-end residential rooms.

Through its wholly-owned subsidiary, Moving iMage Acquisition Co. (DBA "Caddy Products"), MiT LLC designs, develops and manufactures innovative products for the entertainment, cinema, grocery, worship, restaurant, sports and restroom industries.

On July 7, 2021, we entered into an Exchange Agreement (the "Exchange Agreement") whereby the owners of Moving iMage Technologies, LLC, a Delaware limited liability company ("MiT LLC"), assigned and transferred to MiT Inc. their units of MiT LLC, in exchange for an aggregate of 2,350,000 shares of Common Stock of MiT Inc. (see Share Exchange in Note 1 of the Condensed Consolidated Financial Statements).

The table below summarizes the effect to the Share Exchange, and the sale by us of shares of our common stock in our initial public offering, the number of shares of our common stock, the total consideration, and the average price per share (i) paid to us by our existing stockholders, which include the owners of the membership interests in MiT LLC, and (ii) to be paid by new investors participating in our initial public offering at an initial public offering price of $3.00 per share, before deducting underwriting discounts and commissions and offering expenses payable by us.

	Shares Acquired		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	5,666,667	54.0 %	$ 1,016,000	6.6 %	$ 0.18
New investors in the initial public offering	4,830,000	46.0 %	14,490,000	93.4 %	$ 3.00
Total	10,496,667	100.0 %	$ 15,506,000	100.0 %	

As a result of the Share Exchange, MiT LLC became a wholly-owned subsidiary of MiT Inc. and is the entity where the Company’s business operations are located. Because the Share Exchange occurred subsequent to the Company’s fiscal year ended June 30, 2021, the historical financial statements presented in this Quarterly Report on Form 10-Q include information derived from the audited consolidated financial statements of MiT LLC at June 30, 2021 and the unaudited results of operations and cash flows of MiT LLC for the three and nine months ended March 31, 2021 which have been retroactively restated to reflect the consolidation of MiT Inc. and MiT LLC in connection with the exchange agreement. See Note 1 of the condensed consolidated financial statements.

Factors affecting our performance

Effect of COVID-19 Global Pandemic. In December 2019, COVID-19 was initially reported, and in March 2020, the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a widespread and detrimental effect on the global economy as a result of the continued increase in the number of cases and affected countries and actions by public health and governmental authorities, businesses, other organizations and individuals to address the outbreak, including travel bans and restrictions, quarantines, shelter in place, stay at home or total lock-down orders and business limitations and shutdowns.

The repercussions of the COVID-19 global pandemic resulted in a significant impact to our customers, specifically those in the entertainment and cinema industries. Cinemas have been shuttered since March 2020 in an effort to stem the spread of COVID-19 and studios, for the most part, have rescheduled their film releases until they can reopen. Specifically, the pandemic has had a material adverse effect on our business. A significant number of our customers have temporarily ceased operations and others have cancelled or pushed back the delivery of pending product orders and/or delayed the start of scheduled theater refurbishing and construction projects. In addition, we have experienced increased challenges in or cost of acquiring new customers and increased risk in collectability of accounts receivable. As a result of the aforementioned factors, our financial and operating results for the nine months ended March 31, 2022 and 2021, were adversely affected.

The ultimate impact of the COVID-19 pandemic on our business and results of operations beyond fiscal 2022 is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the COVID-19 pandemic and any additional preventative and protective actions that governments, or we or our customers, may direct, which may result in an extended period of continued business disruption and reduced operations. We expect that our results of operations, including revenues, in future periods will continue to be adversely impacted by the COVID-19 pandemic and its negative effects on global economic conditions, which include the possibility of a global recession.

During the second half of the 2021 calendar year, several of the larger theater chains have reopened and there had been some initial openings in several state with limited occupancy. The ability of these chains to reopen in part or in whole is predicate in large part on decisions by state and local officials to allow, limit or prohibit the reopening of establishments such as cinemas in response to regionally specific COVID-19 outbreaks. It is reasonable to expect that reopening’s will continue to be done with limited occupancy and specific procedures, products, and technologies required to be implemented to protect the safety and health of returning patrons and employees.

Investment in Growth. We have invested, and intend to continue to invest, in expanding our operations, increasing our headcount, developing our products and services to support our growth and expanding our infrastructure. We expect our total operating expenses to increase in the foreseeable future to meet our growth objectives. We plan to continue to invest in our sales and support operations with a particular focus in the near term of adding additional sales personnel to further broaden our support and coverage of our existing customer base, in addition to developing new customer relationships. Any investments we make in our sales and marketing organization will occur in advance of experiencing any benefits from such investments, and the return on these investments may be lower than we expect. In addition, as we invest in expanding our operations internationally, our business and results of operations will become further subject to the risks and challenges of international operations, including higher operating expenses and the impact of legal and regulatory developments outside the United States.

Adding New Customers and Expanding Sales to Our Existing Customer Base. We intend to target new customers by continuing to invest in our field sales force. We also intend to continue to target large customers' organizations who have yet to use our products and services. A typical initial order involves educating prospective customers about the technical merits and capabilities and potential cost savings of our products and services as compared to our competitors' products. We believe that customer references have been, and will continue to be, an important factor in winning new business. We expect that a substantial portion of our future sales will be sales to existing customers, including expansion of their product and service offerings, as we offer new products and services through the existing sales channel. Our business and results of operations will depend on our ability to continue to add new customers and sell additional products and services to our growing base of customers.

Promoting Our Brand and Offering Additional Products. Our future performance will depend on our continued ability to achieve brand recognition for our proprietary line of products. We plan to increase our marketing expenditures to continue to create and maintain prominent brand awareness. Also, our future performance will depend on our ability to continue to offer high quality, high performance and high functionality products and services. We intend to continue to devote efforts to introduce new products and services including new versions of our existing product lines. We expect that our results of operations will be impacted by the timing, size and level of success of these brand awareness and product and service offering efforts.

Ability to Maintain Gross Margins. Our gross margins have been and are expected to continue to be affected by a variety of factors, including competition, the timing of changes in pricing, shipment volumes, new product introductions, changes in product mixes, changes in our purchase price of components and assembly and test service costs and inventory write downs, if any. Our goal is to strive to maintain gross profits for products that may have a declining average selling price by continuing to focus on increased sales volume and looking to reduce operating costs. Decreases in average selling prices are primarily driven by competition and by reduced demand for products that face potential or actual technological obsolescence. We also focus on managing our inventory to reduce our overall exposure to price erosion. In addition, we seek to introduce new products and services with higher gross margins to offset the potential effect of price erosion on other lines of products. For example, we have recently productized and began marketing a new system which combines full compliance with the Americans with Disabilities Act with a multi-language capability — this system will have higher margins than a substantial number of existing products we offer. In addition, our offerings of Direct View LED screens through our strategic arrangement with Samsung also carry significantly higher margins.

Fluctuations in Revenues and Earnings. Both the sales cycle and the contract fulfillment cycle are dependent on a number of factors from our customers that are not in our control. Accordingly, backlog, the recognition of backlog into revenue and related earnings may fluctuate from quarter to quarter depending on our customers' particular requirements, which can sometimes change between the initial signing of a contract and its ultimate fulfillment.

Critical Accounting Policies and Estimates. We discuss the material accounting policies that are critical in making the estimates and judgments in our Annual Report on Form 10-K for the fiscal year ended June 30, 2021, under the caption "Management's Discussion and Analysis—Critical Accounting Policies and Estimates". There has been no material change in critical accounting policies or estimates during the period covered by this report.

Net sales

The principal factors that have affected or could affect our net sales from period to period are:

- The condition of the economy in general and of the cinema and/or cinema equipment industry in particular,

- Our customers' adjustments in their order levels,
- Seasonality in our business, specifically our second fiscal quarter which is traditionally weaker,
- Changes in our pricing policies or the pricing policies of our competitors or suppliers,
- The addition or termination of key supplier relationships,
- The rate of introduction and acceptance by our customers of new products and services,
- Our ability to compete effectively with our current and future competitors,
- Our ability to enter into and renew key relationships with our customers and vendors,
- Changes in foreign currency exchange rates,
- A major disruption of our information technology infrastructure,
- Unforeseen catastrophic events such as the COVID-19 pandemic, armed conflict, terrorism, fires, typhoons and earthquakes, and
- Any other disruptions, such as labor shortages, unplanned maintenance or other manufacturing problems.

Cost of goods sold

Cost of goods sold includes the cost of products or components that we purchase from third party manufacturers plus assembly and packaging labor costs for these third parties or in-house designed products. Cost of goods sold is also affected by inventory obsolescence if our inventory management is not effective or efficient. We mitigate the risk of inventory obsolescence by stocking inventory at any given time to meet demands, and relying instead on a strategy of manufacturing or acquiring products based on orders placed by our customers.

General and administrative expenses

General and administrative expenses relate primarily to compensation and associated expenses for personnel in general management, information technology, human resources, procurement, planning and finance, as well as outside legal, investor relations, accounting, consulting and other operating expenses.

Selling and marketing expenses

Selling and marketing expenses relate primarily to salary and other compensation and associated expenses for internal sales and customer relations personnel, advertising, outbound shipping and freight costs, tradeshows, royalties under a brand license, and selling commissions.

Research and development expenses

Research and development expenses consist of compensation and associated costs of employees engaged in research and development projects, as well as materials and equipment used for these projects, and third-party compensation for research and development services. We do not engage in any long-term research and development contracts, and all research and development costs are expensed as incurred.

Recent accounting pronouncements

For information on recent accounting pronouncements and impacts, see Note 1 to the unaudited condensed consolidated financial statements.

Results of Operations

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

Sales

Three Months Ended March 31, (in 000's)			
2022		2021	
$	5,835	$	1,710

Net sales increased 241.2% to $5.835 million for the three months ended March 31, 2022 from $1.710 million for the three months ended March 31, 2021 primarily due to the recovery from the impact of COVID-19 on the exhibition industry.

Gross Profit

Three Months Ended March 31, (in 000's),			
2022		2021	
$	1,367	$	416

Gross profit increased 228.6% to $1.367 million for the three months ended March 31, 2022 from $.416 million for the three months ended March 31, 2021. As a percentage of total revenues, gross profit decreased to 23.4% from 24.3% due to product mix.

Research and Development

Three Months Ended March 31, (in 000's)			
2022		2021	
$	53	$	42

Increase in research and development expense was primarily associated with the impact of COVID-19 in the 2021 period. We expect research and development expense to increase as a percentage of sales in the future as we continue to increase product development on our green product line, SaaS (software as a service) products, LED screen support systems, Caddy products, and others as our business expands into new areas.

Selling, General and Administrative Expense

Three Months Ended March 31, (in 000's)			
2022		2021	
$	1,445	$	666

The increase in selling, general and administrative expense was due primarily to the impact of COVID-19 in the 2020 period as the Company instituted cost containment measures, such as headcount reduction, executive pay reduction and cost avoidance. In addition, the Company incurred significant expenses associated with becoming a public company, such as increased legal, accounting and other regulatory costs.

Other (Income) Expense

Three Months Ended March 31, (in 000's)			
2022		2021	
$	(724)	$	(128)

The change in other (income) expense was primarily due to gain on extinguishment of PPP debt.

Net Loss

Three Months Ended March 31, (in 000's)			
2022		2021	
$	593	$	(164)

Net income was $.593 million for the three months ended March 31, 2022 compared to a net loss of $(.164) million for the three months ended March 31, 2021. This increase in income was driven by a $.698 million gain on the extinguishment due to forgiveness of the second PPP loan, offset by an increase in public company related expenses and other selling, general and operating expenses.

Nine months ended March 31, 2022 compared to nine months ended March 31, 2021

Sales

Nine Months Ended March 31, (in 000's)			
2022		2021	
$	12,728	$	5,076

Net sales increased 150.7% to $12.728 million for the nine months ended March 31, 2022 from $5.076 million for the nine months ended March 31, 2021 primarily due to the recovery from the impact of COVID-19 on the exhibition industry.

Gross Profit

Nine Months Ended March 31, (in 000's),			
2022		2021	
$	2,985	$	1,290

Gross profit increased 131.4% to $2.985 million for the nine months ended March 31, 2022 from $.1.290 million for the nine months ended March 31, 2021. As a percentage of total sales, gross profit declined to 23.5% for the nine months ended March 31, 2022 from 25.4% for the nine months ended March 31, 2021. The decrease in gross margin as a percentage of revenues was driven primarily by product mix, as higher margin parts and services revenue made up a smaller percentage of total revenues. In addition, the margin decrease was affected by a decrease in higher margin Caddy cupholder sales.

Research and Development

Nine Months Ended March 31, (in 000's)			
2022		2021	
$	172	$	103

Increase in research and development expense was primarily associated with the impact of COVID-19 in the 2021 period. We expect research and development expense to increase as a percentage of sales in the future as we continue to increase product development on our green product line, SaaS (software as a service) products, LED screen support systems, Caddy products, and others as our business expands into new areas.

Selling, General and Administrative Expense

Nine Months Ended December 31, (in 000's)			
2022		2021	
$	4,125	$	2,143

The increase in selling, general and administrative expense was due primarily to the impact of COVID-19 in the prior period as the Company instituted cost containment measures, such as headcount reduction, executive pay reduction and cost avoidance. Additionally, the Company incurred significant expenses associated with becoming a public company, such as increased legal, accounting and other regulatory costs.

Interest and Other (Income) Expense

Nine Months Ended December 31, (in 000's)			
2022		2021	
$	(684)	$	(265)

Increase due to unrealized gain on extinguishment of the second PPP loan and lower interest expense, offset by a decrease in in unrealized short term investment gains.

Net Loss

Nine Months Ended March 31, (in 000's)			
2022		2021	
$	(626)	$	(691)

Net loss was $(.626) million for the nine months ended March 31, 2022 compared to a net loss of $(.691) million for the nine months ended March 31, 2021. This decrease in net loss was driven by increase in sales, PPP loan forgiveness, offset by increase in public company related expenses and other selling, general and operating expenses.

Liquidity and Capital Resources

During the past several years, we have primarily met our working capital and capital resource needs from our operating cash flows and financing activities. We believe that our existing sources of liquidity, including cash and operating cash flow, will be sufficient to fund our operations and to meet our projected capital needs for a period of at least 12 months from the date the condensed consolidated financial statements are available to be issued. On July 7, 2021, the Company completed an initial public offering resulting in net proceeds of approximately $11.244 million. Cash balance at March 31, 2022 was approximately $6.337 million, as compared to $1.270 million at June 30, 2021. Short term investments balance at March 31, 2022 was $3.082 million compared to $0 at June 30, 2021.

In response to uncertainties associated with the COVID-19 pandemic, we have taken, and are continuing to take, significant steps to preserve cash and remain in a strong competitive position when the current crisis subsides by eliminating non-essential costs, reducing employee hours and deferring all non-essential capital expenditures to minimum levels.

We have also implemented remote work policies for many employees, and the resources available to such employees may not enable them to maintain the same level of productivity and efficiency, and these and other employees may face additional demands on their time, such as increased responsibilities resulting from school closures or illness of family members. Our increased reliance on remote access to our information systems also increases our exposures to potential cybersecurity breaches.

We cannot provide any assurance that our assumptions used to estimate our liquidity requirements will remain accurate due to the unprecedented nature of the disruption to our operations and the unpredictability of the COVID-19 global pandemic. As a consequence, our estimates of the duration of the pandemic and the severity of the impact on our future earnings and cash flows could change and have a material impact on our results of operations and financial condition. Furthermore, we received an aggregate of $1.39 million of financial support under the COVID-19 relief legislation in the U.S. However, the legislation and guidance from the authorities continue to evolve; as such, the amount and timing of additional support, if any, that we could receive are not determinable at this time, and there can be no guarantees that we will receive additional financial support through these programs. In the event of a sustained market deterioration, and continued declines in revenues, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions. We cannot provide any assurance that we will be able to obtain additional sources of financing or liquidity on acceptable terms, or at all.

Cash Flows from Operating Activities

Net cash used by operating activities was $.916 million for the nine months ended March 31, 2022, primarily due to net loss of $.626 million offset by net changes in working capital items of $(.398) million. The net change in working capital was primarily due to an increase in inventory of $1.451 million and accounts receivable of $1.02 million, offset by an increase in customer deposits of $2.195 million. Net cash used in operating activities was $1.874 million for the nine months ended March 31, 2021, due to our net loss of $.691 million and net changes in working capital items of $.908 million.

Cash Flows from Investing Activities

Net cash used in investing activities was $3.430 million for the nine months ended March 31, 2022 primarily due to the investment in marketable securities. Net cash provided by investing activities was $.550 million for the nine months ended March 31, 2021, due to the sale of investments.

Cash Flows from Financing Activities

Net cash provided by financing activities was $9.413 million for the nine months ended March 31, 2022. The increase relates to $11.244 million of IPO net proceeds offset by net repayments of $1.831 million of debt. Net cash provided by financing activities was $1.363 million for the nine months ended March 31, 2021, predominately the result of proceeds received from the private placement of $1.334 million and Paycheck Protection Program of $.698 million, respectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Pursuant to Rules 13a-15(b) and 15-d-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of March 31, 2022, the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this Report.

The term “disclosure controls and procedures”, as defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange

Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, based on the material weaknesses in the Company's internal control over financial reporting as described below, our disclosure controls and procedures were not effective, at the reasonable assurance level, as of the end of the period covered by this Report.

Prior to the completion of our IPO, we had been a private company with limited accounting personnel and other resources to address our internal control over financial reporting. During the course of preparing our consolidated financial statements for the years ended June 30, 2021 and 2020, we determined that we had material weaknesses in our internal control over financial reporting relating to our financial reporting processes relating to (i) the design and operation of our closing and financial reporting process, (ii) the fact that we had no formal or documented accounting policies or procedures, (iii) the fact that certain segregation of duties issues existed and (iv) the fact that there was no formal review process around journal entries recorded.

Changes in Internal Control over Financial Reporting

Other than as described below, during the quarter ended March 31, 2022, there have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

To address identified material weaknesses, we are in the process of instituting a number of accounting processes and procedures and hired a seasoned financial executive consultant as Chief Financial Officer. The CFO is also undertaking training of our senior and accounting personnel in the requirements of being a public company. The Company is currently searching for an external consulting source to assist in remediation.

The actions we have taken are subject to continued review, supported by confirmation and testing by management. While we have implemented a plan to remediate these weaknesses, there can be no assurance that we will be able to timely remediate these weaknesses, which could impair our ability to accurately and timely report our financial position, results of operations or cash flows.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors reported in Item 1A in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

In April 2022, underwriter warrants were exercised on a cashless basis resulting in the issuance of 192,120 shares of common stock. The shares were not registered under the Securities Act, in reliance on the private offering exemption from registration provided by Section 4(a)(2) of the Securities Act, and Regulation D as promulgated thereunder, and in reliance on the representations, warranties and covenants of the holder.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1†	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Cash Flows, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Balance Sheets, and (iv) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104*	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101).

* Filed herewith.

† Furnished herewith and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

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.

MOVING IMAGE TECHNOLOGIES, INC.

Date: May 16, 2022

By:	/s/ Michael Sherman
Name:	Michael Sherman
Title:	Chief Financial Officer
	(Principal Financial and Accounting Officer)

Exhibit 31.1

CEO Certification

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

I, Phil Rafnson, certify that:

1. I have reviewed this report on Form 10-Q of iMage Technologies, Inc.;

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 officer 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 officer 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: May 16, 2022

By: /s/ Phil Rafnson
Phil Rafnson
Chief Executive Officer

Exhibit 31.2

CFO Certification

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

I, Michael Sherman, certify that:

1. I have reviewed this report on Form 10-Q of Moving iMage Technologies, Inc.;

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 officer 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 officer 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: May 16, 2022

By: /s/ Michael Sherman
Michael Sherman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended March 31, 2022 of Moving iMage Technologies, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods presented in the Report.

By: /s/ Phil Rafnson

Phil Rafnson
Chief Executive Officer
May 16, 2022

By: /s/ Michael Sherman

Michael Sherman
Chief Financial Officer
May 16, 2022