



Moving iMage Technologies, Inc.

First Quarter 2026 Earnings Call

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C O R P O R A T E P A R T I C I P A N T S

Christopher Eddy, *Catalyst IR*

Phil Rafnson, *Chief Executive Officer and Chairman of the Board of Directors*

Francois Godfrey, *President and Chief Operating Officer*

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C O N F E R E N C E C A L L P A R T I C I P A N T S

Neil Feagans, *Private Investor*

P R E S E N T A T I O N

Operator

Greetings. Welcome to Moving iMage Technology's First Quarter 2026 Earnings Call.

At this time, all participants are in listen-only mode. The question-and-answer session will follow today's formal presentation. If anyone should require Operator assistance during the conference, please press star zero from your telephone keypad.

Please note that the conference is being recorded.

At this time, I'll turn the conference over to Chris Eddy with Investor Relations. Thank you. You may now begin, Chris.

Christopher Eddy

Thank you, Operator, and good morning to all of you joining today's call.

Moving iMage Technology's CEO, Phil Rafnson, will make some opening remarks, followed by a business update from President and COO Francois Godfrey. Then CFO Bill Greene will conclude with some financial highlights, after which we will open the call to investor questions.

Today's conference is being recorded, and an audio replay and written transcript will be posted to the investor section of the Moving iMage website in the next few days.

As a reminder, except for historical information, the matters discussed in this presentation are forward-looking statements that involve several risks and uncertainties. Words like believe, expect, and anticipate mean that these are our best estimates as of this writing, but there can be no assurances that expected or anticipated results or events will take place. Actual future results could differ materially from those statements. Further information on the Company's risk factors is contained in the Company's quarterly and annual reports filed with the SEC.

I will now turn the call over to Moving iMage CEO, Phil Rafnson.

Phil Rafnson

Thanks, Chris, and thank you all for your interest in Moving iMage Technology.

Our Q1 performance was bolstered by the acceleration of some projects we had expected later in the year and by solid operational execution, both in terms of margin and operating costs. The combination of higher revenue, increased gross margin, and lower operating expenses enabled us to achieve our goal for profitability for the quarter while also bolstering our working capital position.

I'm very proud of the operational progress our team has made that enabled us to achieve profitable results. This progress will benefit MIT as we move forward. However, our ability to achieve profitability in any given quarter remains a function of the timing of customer projects as well as normal seasonality of our business.

Visibility into longer-term customer spending plans remains limited despite the substantial scope of industry-wide cinema technology upgrades still to be completed. We believe a major factor in supporting laser projection and audio upgrade investments is the health of the exhibition industry. To that end, domestic box office receipts for the third quarter of the calendar year were approximately \$2.4 billion, nearly matching the

year-ago period, and we are now entering the all-important holiday box office season that offers the potential for improvement given a strong film lineup and steady improving attendance trends.

Our strategy within our target markets has been to continue building on our value proposition with new products and capabilities. We believe our recent acquisition of DCS Cinema loudspeaker line represents an exciting step in executing this strategy.

Overall, I believe MIT is making good progress in enhancing our operational and financial performance while also taking steps to expand our capabilities. Through these initiatives, we are improving our ability to support our customers in navigating their cinema technology requirements from design and engineering to equipment supply, installation, and system commissioning.

Now, I'll turn the call over to Francois Godfrey, our president and COO.

Francois Godfrey

Thanks, Phil, and good morning, everyone.

I'll start by echoing Phil's comments on our team's solid start to fiscal year 2026. Our Q1 revenue exceeded our expectations on the top line as certain projects were accelerated by customers into the period. In addition, our bottom line benefited from the meticulous project execution for which MIT is known, enabling us to achieve an operating income of \$350,000. We are particularly gratified by achieving profitability in the first quarter as this resulted from many quarters of work in reducing our overhead, cost structure, and building our project pipeline focused on higher margin opportunities.

Given our size, the seasonality of our industry, and the variability of project sizes, their timing and revenue mix, we continue to expect operating losses in the future until we are able to scale our business to consistent profitability. To reach that important goal, we continue to advance a range of internal and external initiatives designed to build our revenue base.

On the project side, our team continues to engage in a variety of new build and technology refresh discussions with exhibitors and other specialty entertainment venues. These projects range from individual auditorium upgrades to full site refresh or new build initiatives incorporating state-of-the-art laser projection technology coupled with immersive audio technologies. As we have often said, the timing of these opportunities remains fluid as they are largely dependent on our customers' capital cycles and strategic decision making. Accordingly, this makes it difficult for us to predict project timing, particularly on a quarterly basis.

Fortunately, the scope of legacy equipment in the market is quite considerable. Our ongoing engagement with new and existing customers confirms that there remains a very substantial base of potential work over the next few years. We continue to believe that it's not a question of if a broad base of upgrades will take place, it's more of a question of when and at what pace. In this environment, we have turned management attention toward the things we can control, which include our cost structure, margin profile, and our product and services offering, where we have made good progress.

An exciting recent development from these efforts was our purchase of the DCS loudspeaker line from QSC. DCS is a proven and highly regarded line of premium cinema loudspeakers with a global customer footprint recognized as a de facto standard across cinema, post-production, studio, and screening room environments. Like MIT, DCS has an over 20-year reputation for quality, reliability, and service, making it a perfect fit with our cinema audio solutions. We believe DCS can become an important part of our growth strategy.

The purchase was completed on October 31, and we are now working to integrate the operations and build out our go-to-market strategy, including a couple of select hires to help drive the business. The DCS assets including all intellectual property, customer lists, and finished inventory were purchased for \$1.5 million in

cash from our \$5.5 million in net cash at the close of our first quarter. We feel the acquisition terms should enable DCS to be accretive to our bottom line, and we see real potential to return our full investment in as little as two or three years. Now it's up to us to go and execute on that potential. We expect it to take a few quarters to integrate the business and get it fully up to speed within MIT.

Now, let me backtrack and touch on a few reasons why we are very excited about DCS. First, it immediately expands our adjustable market, product portfolio, competitive position, and brand recognition within the cinema industry. The DCS product line is known, respected, and deployed in auditoriums around the world. The acquisition elevates MIT's visibility while enhancing our audio capabilities and complements the LEA amplifier offering to create a stronger cinema audio offering for a wide range of auditoriums and venues.

Second, it builds on our expertise and global distribution relationship with LEA amplifiers, another hallmark cinema brand, creating an even more compelling audio offering.

Third, it provides us access to the existing base of DCS customers, some of whom are new to MIT and positions us for future opportunities.

Fourth, it opens MIT to a range of new overseas markets, particularly in Europe, the Middle East, and Asia, where we have had little or no exposure, while also providing potential for cross-selling opportunities for other products as we grow. So far, the feedback from customers and industry partners has been very supportive. We've already begun discussions with potential international distribution partners and have received opening orders from both domestic and international customers while we onboard the inventory.

Turning back to overall business, we continue to progress our efforts to trim costs as reflected in our first quarter results. At the same time, we have focused effort on business development that seeks to forge new relationships as well as build on existing accounts.

Looking ahead, we remain optimistic regarding the exhibition industry outlook as Hollywood content continues to build after the strike and other impacts. Domestic box office trends continue to improve and should be supported by a stronger and more consistent release calendar on the horizon. Assuming continued progress at the box office, we believe exhibitors will have improved access to capital to pursue deferred cinema technology upgrades and new theaters. The potential for more available capital combined with continued aging of legacy cinema systems should provide increasing opportunities for MIT.

Keeping our solutions front and center in the industry, our business development team will attend CineAsia in Thailand next month from December 8 to December 11 and participate in two events early next year, the ICTA Seminar Series in Los Angeles in January and the Dine-In Cinema Summit in Austin in February 2026. All are ideal forums to showcase our new DCS line and our other capabilities with key customers and technology partners.

To sum up, our team delivered strong Q1 performance both operationally and strategically and we remain focused on these disciplines that enabled that success. The DCS cinema loudspeaker line is an important and complementary addition to our suite of offerings that elevates our value proposition and should support long-term growth. Our pipeline of project dialogues remains active, our partnerships are strong, and our focus on innovation and execution continues to differentiate MIT in the marketplace. We are grateful for your investment and support and look forward to updating shareholders as we move forward.

Now I'll turn the call over to Bill Greene, our CFO, to address some financial highlights.

William Greene

Thanks, Francois.

We published our financial statements in the press release this morning and expect to file our Form 10-Q by the close of business today. I will touch on select financial results and gladly answer any questions during the Q&A session.

MIT's Q1 '26 revenue rose 6.2% to \$5.6 million, reflecting the benefit of delivery of a custom cinema project and other client work. Our Q1 '26 gross profit rose 22% to \$1.7 million, supported by higher revenue and an improved gross margin of 30% compared to 26.1% in Q1 '25, primarily due to a favorable mix of products and execution efficiency.

MIT reduced operating expense by 8% to \$1.32 million in Q1 '26, compared to \$1.44 million during Q1 '25 due to reductions in compensation, headcount, rent, and travel costs. As noted in our Form 10-K for the fiscal year ended June 2025, we streamlined our organization from 32 to 25 full-time employees. We expect continued benefits from this leaner operating model as we move forward, offset to some degree by selected new hires for the DCS operations.

Q1 '26 operating income improved to \$350,000 versus an operating loss of \$68,000 in the same period last year. The improvement reflects revenue growth, a focus on higher margin opportunities, and ongoing expense management initiatives. Similarly, Q1 '26 net income improved to \$509,000, or \$0.05 per share, compared to a net loss of \$25,000, or break even per share, in Q1 last year. Q1 '26 net income included a \$128,000 non-cash gain from payables extinguishment that more than offset a decrease in net interest income, largely due to lower interest rates. Our Q1 '26 results underscore MIT's potential to achieve profitability and positive cashflow on higher revenues with the benefit of our cost and margin disciplines.

Turning to our balance sheet, working capital rose 12% to \$4.8 million at the close of Q1 '26, keeping us in a solid position to fund our business, compared to year-end 2025 working capital of \$4.3 million, but below year-ago working capital of \$5.1 million. MIT continues to have no long-term debt.

We closed Q1 '26 with net cash of \$5.5 million, or approximately \$0.55 per common share, compared to net cash of \$5.2 million in Q1 '25 and net cash of \$5.7 million at the close of fiscal year 2025. Our solid cash position enabled us to complete the purchase of the DCS loudspeaker assets for \$1.5 million in cash on October 31 at roughly one-third of the way through our fiscal second quarter.

Turning to our revenue outlook, MIT anticipates Q2 '26 revenue of approximately \$3.4 million, reflecting the impact of the holiday season on cinema exhibitors' capital spending and our current window on customer projects and decision-making. As you may know, the exhibition industry seeks to maximize its potential box office potential during the holiday season, and as a result, cinema technology and other upgrades are generally limited in scope to prevent any disruption. Reflecting the slower pace of business and the expected revenue mix, we also expect our Q2 '26 gross margin percentage to return to a more historical lower level.

We continue to believe that MIT is well positioned to navigate the opportunities and challenges of our industry to pursue growth, profitability, and stakeholder value. Our operating structure improvements, business development efforts, the recent acquisition of the DCS loudspeaker line, and the long-term scope of this opportunity are key factors supporting our confidence in achieving those strategic goals.

With that overview, Operator, we are ready to begin the Q&A session.

Operator

Thank you. We'll now be conducting a question-and-answer session. If you'd like to ask a question at this time, please press star one from your telephone keypad and a confirmation tone to indicate your line is in the question queue. You may press star two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions. Thank you.

Once again, that is star one to ask a question at this time. Thank you.

First question is from the line of Neil Feagans, a Private Investor. Pleased to see you with your questions.

Neil Fagan

Hey, guys. First of all, great quarter. It's really, I guess the word for me is exciting to see that even a modest revenue level of \$5.5 million gives you strong GAAP profitability. I was curious just to learn a little bit more about the DCS speaker line. Did I understand that you think you can recoup the purchase cost with revenue over the next two to three years? Is that the metric you were using?

Francois Godfry

I can take this one. Yeah, that is the intent that we modeled out as we're trying to bring that line toward where it used to be.

Neil Fagan

Okay. That wording is interesting because here's kind of where I'm wanting to understand this. It was a very small purchase price, \$1.5 million. From your prepared remarks, it sounds like this is a line of speakers that is embedded in a lot of the large displayers, a lot of the medium-sized displayers. Is this a case of where the DCS line, in you guys' opinion, has enormous potential that wasn't being realized by the previous owners for whatever reason? Are you guys feeling like you can take this to a much higher level than what was being done when you acquired it?

Francois Godfry

Correct. This line is well-respected around the world, and it has extreme potential and market acceptance.

Neil Fagan

Okay. You talked about how it's a good go-to-market compatibility product with the LEA power amplifiers. I'm thinking of it, we have DCS, which is an established name and has customers around the world. We have LEA, which is just trying to get into the cinema industry through you guys. Are you feeling like going to market with both is going to potentially accelerate the acceptance and adoption of the LEA power amplifiers?

Francois Godfry

There's synergies there. That would be the intent.

Neil Fagan

Okay. When you got the rights for LEA, you gave us metrics about the average selling price per power amplifier and the number of power amplifiers that would be used in a typical single-screen cinema. Can you give us a few numbers around the DCS speakers, like a typical theater, a single-screen room? What's the revenue opportunity if it was outfitted with new DCS speakers?

Francois Godfry

I don't have those figures in front of me at this time.

Neil Fagan

Okay. Final question for me is you guys have highlighted several times in the announcement of pursuing international markets and opportunities. You called out Middle East and Europe. When do you think that you might, in one of these calls, go into more of the detail about the status, how we're approaching that, and a game plan? Is that something we might hear about soon?

Francois Godfry

Once we finish the process of onboarding the business, we'll have a clearer picture. Okay.

Neil Fagan

All right. Thanks again, and we'll stay tuned.

Francois Godfry

Thank you very much.

Operator

Thank you. As a reminder, if you'd like to ask a question at this time, you may press star one. We'll pause a moment to poll for questions. Thank you.

At this time, this now concludes our question-and-answer session. This will also conclude today's conference. Ladies and gentlemen, thank you for your participation. You may now disconnect your lines at this time, and have a wonderful day.