

## **Precision Optics Reports First Quarter Fiscal Year 2025 Financial Results**

Conference Call Scheduled for today, November 14, 2024, at 5:00pm ET.

GARDNER, Mass., Nov. 14, 2024 — Precision Optics Corporation, Inc. (NASDAQ: POIC), a leading designer and manufacturer of advanced optical instruments for the medical and defense/aerospace industries, announced operating results on an unaudited basis for its first quarter fiscal year 2025 for the period ended September 30, 2024.

### **Q1 2025 Financial Highlights (3 Months Ended September 30, 2024):**

- Revenue was \$4.2 million compared to \$4.3 million in the same quarter of the previous fiscal year and in line with the expectations provided in September 2024.
- Engineering revenue was \$1.9 million compared to \$1.9 million in the same quarter of the previous fiscal year.
- Production revenue was \$2.3 million compared to \$2.4 million in the same quarter of the previous fiscal year.
- Gross margins were 26.6% compared to 33.9% in the same quarter of the previous year.
- Net loss for the quarter was \$(1.3) million, compared to \$(0.5) million in the same quarter of the previous year.
- Adjusted EBITDA was \$(1.0) million for the quarter compared to \$(0.2) million in the same quarter of the previous year.

### **Recent Additional Highlights:**

- In October 2024, following FDA 510(k) clearance by its customer for a single-use urological endoscope imaging assembly, POC accelerated the timeline for production deliveries against a \$9 million order announced in May 2024. POC currently estimates approximately \$3.6 million in product deliveries during its fiscal year ended June 2025.
- Today, POC announced receipt of an initial \$340,000 production order from a large, global medical device company to provide initial stocking quantities of a new single-use ophthalmic endoscope. POC expects follow-on orders to support first year requirements after launch with delivery rates two to three times those of the initial stocking order.

Precision Optics' CEO, Joseph Forkey, commented, "The first quarter results that we released today were in line with the expectations we provided in September 2024. We are seeing a rapid ramp in production revenue commencing in the current quarter with expectations for substantial revenue growth and dramatic improvements in adjusted EBITDA for the second quarter ending December 31, 2024 and further improvements throughout this fiscal year."

"Anticipated sequential revenue growth will be driven by a number of product development programs transitioning into production or ramping from recent production levels. We continue

to see acceleration of single-use applications. We now have two programs beginning production this year and additional single-use programs in our product development pipeline.”

“We are at an inflection point leading to a high growth production business, building off of the investments we’ve made over many years to advance our single-use product solutions. This is an exciting time for Precision Optics,” Dr. Forkey concluded.

The following table summarizes the first quarter (unaudited) results for the periods ended September 30, 2024, and 2023:

	Three Months Ended September 30	
	2024	2023
Revenues	\$ 4,197,053	\$ 4,321,255
Gross Profit	1,117,330	1,463,611
Stock Compensation Expenses	149,364	108,746
Other	2,214,907	1,760,158
Total Operating Expenses	2,364,271	1,868,904
Operating Income (Loss)	(1,246,941)	(405,293)
Net Income (Loss)	(1,311,247)	(464,415)
Income (Loss) per Share		
Basic & Fully Diluted	\$ (0.21)	\$ (0.08)
Weighted Average Common Shares Outstanding		
Basic & Fully Diluted	6,216,630	6,066,518

### **Conference Call Details**

Date and Time: Thursday, November 14, at 5:00pm ET

Call-in Information: Interested parties can access the conference call by dialing (844) 735-3662 or (412) 317-5705.

Live Webcast Information: Interested parties can access the conference call via a live webcast, which is available at <https://app.webinar.net/rOVEypeYAoR>.

Replay: A teleconference replay of the call will be available until November 21, 2024, at (877) 344-7529 or (412) 317-0088, replay access code 7879688. A webcast replay will be available at <https://app.webinar.net/rOVEypeYAoR>.

### **About Precision Optics Corporation**

Founded in 1982, Precision Optics is a vertically integrated optics company primarily focused

on leveraging its proprietary micro-optics and 3D imaging technologies to the healthcare and defense/aerospace industries by providing services ranging from new product concept through mass manufacture. Utilizing its leading-edge in-house design, prototype, regulatory and fabrication capabilities as well as its Lighthouse Imaging division's electronic imaging expertise and its Ross Optical division's high volume world-wide sourcing, inspecting and production resources, the Company designs and manufactures next-generation product solutions for the most challenging customer requirements. Within healthcare, Precision Optics enables next generation medical device companies around the world to meet the increasing demands of the surgical community who require more enhanced and smaller imaging systems for minimally invasive surgery, including single-use medical devices, as well as 3D endoscopy systems to support the rapid proliferation of surgical robotic systems. In addition to these next generation applications, Precision Optics has supplied top tier medical device companies with a wide variety of optical products for decades, including complex endocouplers and specialized endoscopes. The Company is also leveraging its technical proficiency in micro-optics to enable leading edge defense/aerospace applications which require the highest quality standards and the optimization of size, weight and power. For more information, please visit [www.poci.com](http://www.poci.com).

### **Non-GAAP Financial Measures**

Precision Optics has provided in this press release financial information that has not been prepared in accordance with accounting principles generally accepted in the United States of America ("non-GAAP"). The non-GAAP financial measure is Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization). Adjusted EBITDA also excludes from Net Income (Loss) the effect of stock-based compensation AND DEPRECIATION, AMORTIZATION AND INTEREST EXPENSE.

This non-GAAP financial measure assists Precision Optics management in comparing its operating performance over time because certain items may obscure the underlying business trends and make comparisons of long-term performance difficult, as they are of a nature and/or size that occur with inconsistent frequency or relate to discrete acquisition or restructuring plans that are fundamentally different from the ongoing productivity of the Company. Precision Optics management also believes that presenting this measure allows investors to view its performance using the same measures that the Company uses in evaluating its financial and business performance and trends.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information calculated in accordance with GAAP. Investors are encouraged to review the reconciliation of non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of the non-GAAP financial measure presented above to GAAP results has been provided in the financial tables included with this press release.

## About Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements include, but are not limited to, statements that express the Company's intentions, beliefs, expectations, strategies, predictions or any other statements related to the Company's future activities or future events or conditions. Forward-looking statements in this press release include, without limitation, future levels of expected product deliveries and projections related to future EBITDA goals. These statements are based on current expectations, estimates and projections about the Company's business based, in part, on assumptions made by the Company's management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in the forward-looking statements due to numerous risk factors, including those risks discussed in the Company's annual report on Form 10-K and in other documents that we file from time to time with the SEC. Any forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update any forward-looking statement, except as required by law.

## Company Contact:

PRECISION OPTICS CORPORATION

22 East Broadway

Gardner, Massachusetts 01440-3338

Telephone: 978-630-1800

## Investor Contact:

LYTHAM PARTNERS, LLC

Robert Blum

Telephone: 602-889-9700

poci@lythampartners.com

## PRECISION OPTICS CORPORATION, INC. CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2024	June 30, 2024
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 635,572	\$ 405,278
Accounts receivable, net of allowance for doubtful accounts of \$103,224 at September 30, 2024 and \$118,872 at June 30, 2024	3,123,595	3,545,491
Inventories	3,460,621	2,868,100
Prepaid expenses	288,475	299,364
Total current assets	7,508,263	7,118,233

Fixed Assets:

Machinery and equipment	3,346,694	3,341,194
Leasehold improvements	819,954	810,914
Furniture and fixtures	426,234	416,425
	4,592,882	4,568,533
Less-accumulated depreciation and amortization	4,123,250	4,074,960
Net fixed assets	469,632	493,573
Operating lease right-to-use asset	146,247	189,999
Patents, net	290,309	286,559
Goodwill	8,824,210	8,824,210
Total other assets	9,260,766	9,300,768
<b>TOTAL ASSETS</b>	<b>\$ 17,238,661</b>	<b>\$ 16,912,574</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities:

Revolving line of credit	\$ 500,000	\$ 1,000,000
Current portion of capital lease obligation	38,886	41,113
Current maturities of long-term debt	285,901	276,928
Accounts payable	2,143,351	1,397,313
Contract liabilities	1,106,546	1,172,350
Accrued compensation and other	1,115,135	840,662
Operating lease liability	146,247	178,450
Total current liabilities	5,336,066	4,906,816
Capital lease obligation, net of current portion	18,384	27,369
Long-term debt, net of current maturities and debt issuance costs	1,746,764	1,899,052
Operating lease liability, net of current portion	-	11,549
Total liabilities	7,101,214	6,844,786

Stockholders' Equity:

Common stock, \$0.01 par value: 50,000,000 shares authorized; issued and outstanding – 6,350,170 shares at September 30, 2024 and 6,073,939 at June 30, 2024	63,502	60,739
Additional paid-in capital	62,575,576	61,197,433
Accumulated deficit	(52,501,631)	(51,190,384)
Total stockholders' equity	10,137,447	10,067,788
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 17,238,661</b>	<b>\$ 16,912,574</b>

**PRECISION OPTICS CORPORATION, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2024 AND 2023**  
**(UNAUDITED)**

**Three Months**  
**Ended September 30,**

	2024	2023
Revenues	\$ 4,197,053	\$ 4,321,255
Cost of Goods Sold	3,079,723	2,857,644
Gross Profit	1,117,330	1,463,611
Research and Development Expenses	400,659	212,758
Selling, General and Administrative Expenses	1,963,612	1,656,146
Total Operating Expenses	2,364,271	1,868,904
Operating Loss	(1,246,941 )	(405,293 )
Interest Expense	(64,306 )	(59,122 )
Net Loss	\$ (1,311,247 )	\$ (464,415 )
Loss Per Share:		
Basic & Fully Diluted	\$ (0.21 )	\$ (0.08 )
Weighted Average Common Shares Outstanding:		
Basic & Fully Diluted	6,216,630	6,066,518

**PRECISION OPTICS CORPORATION, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2024 AND 2023**  
**(UNAUDITED)**

**Three Month Period Ended September 30, 2024**

	Number of Shares	Common Stock	Additional Paid-in Capital	Accumula ted Deficit	Total Stockhold ers' Equity
Balance, July 1, 2024	6,073,939	\$ 60,739	\$ 61,197,433	(51,190,384 )	\$ 10,067,788
Issuance of common stock in registered direct offering	265,868	2,659	1,201,883		1,204,542
Proceeds from exercise of stock option	10,363	104	26,896		27,000
Stock-based compensation	-	-	149,364	-	149,364
Net loss	-	-	-	(1,311,247 )	(1,311,247 )
			62,575,57	(52,501,67 )	10,137,44
Balance, September 30, 2024	6,350,170	\$ 63,502	\$ 62,575,576	(52,501,631 )	\$ 10,137,447

**Three Month Period Ended September 30, 2023**

	Number of Shares	Common Stock	Additional Paid-in Capital	Accumulat ed Deficit	Total Stockholde rs' Equity
Balance, July 1, 2023	6,066,518	\$ 60,665	\$ 60,224,934	(48,239,007 )	\$ 12,046,592

Stock-based compensation	-	-	108,746		108,746
Net loss	-	-	-	(464,415)	(464,415)
				(48,703,42	
Balance, September 30, 2023	6,066,518	\$ 60,665	\$60,333,680	\$ 2)	\$ 11,690,923

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**  
**ADJUSTED EBITDA**

	<b>Three Months September 30,</b>	
	<b>2024</b>	<b>2023</b>
Net Income (loss) (GAAP)	\$ (1,311,247)	\$ (464,415)
Stock based compensation	149,364	108,746
Depreciation and amortization	48,290	51,564
State Income Taxes	-	-
Interest expense	64,306	59,122
Adjusted EBITDA (non-GAAP)	\$ (1,049,287)	\$ (244,983)

