

Precision Optics Reports Second Quarter Fiscal Year 2025 Financial Results

Conference Call Scheduled for today, February 13, 2025, at 5:00pm ET.

GARDNER, Mass., Feb. 13, 2025 — Precision Optics Corporation, Inc. (NASDAQ: POCI), 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 second quarter fiscal year 2025 for the period ended December 31, 2024.

Q2 2025 Financial Highlights (3 Months Ended December 31, 2024):

- Revenue was \$4.5 million compared to \$4.8 million in the same quarter of the previous fiscal year and an 8 percent improvement compared to \$4.2 million in the most recent sequential quarter.
- Production revenue was \$3.3 million compared to \$2.6 million in the same quarter of the previous fiscal year and a 42 percent improvement compared to \$2.3 million in the most recent sequential quarter.
- Engineering revenue was \$1.2 million compared to \$2.3 million in the same quarter of the previous fiscal year and compared to \$1.9 million in the most recent sequential quarter.
- Gross margins were 23.6% compared to 30.1% in the same quarter of the previous year and compared to 26.6% in the most recent sequential quarter.
- Net loss for the quarter was \$(1.0) million, compared to \$(0.8) million in the same quarter of the previous year, and compared to \$(1.3) million in the most recent sequential quarter.
- Adjusted EBITDA was \$(0.6) million for the quarter compared to \$(0.3) million in the same quarter of the previous year and compared to \$(1.0) million in the most recent sequential quarter.

Recent Additional Highlights:

- In January 2025, POC launched the Unity Imaging Platform. The platform is comprised of a CMOS endoscopic system with customization options based on existing or newly designed sub-components. This groundbreaking modular optical platform is set to transform the development and production of endoscopic imaging devices by significantly reducing costs, time to market, and project risks.
- In November 2024, 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.
- 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 \$2.7 million in product deliveries during its fiscal year ending June 2025.

“Production growth was reignited during this past quarter, up 42% sequentially, and at the highest levels since the end of fiscal 2023. This increase was driven by growth in new single-use applications and the acceleration of a defense/aerospace program for which we have received a multi-million dollar follow on production order,” commented Precision Optics’ CEO, Joseph Forkey. “Based on the strength of our customer relationships and the success of their offerings in the market, we expect this is the beginning of a long period of significant production increases.”

“Engineering revenue was down in Q2, in part due to a major push on internal R&D to prepare our Unity Imaging Platform which we launched the last week of January. Unity is a groundbreaking platform that we believe will unlock new opportunities for growth in the CMOS-based endoscope market, including single-use endoscopy. We expect Engineering revenue to recover in the second half of the year as we re-allocate resources back to revenue bearing product development activities to satisfy increases in demand from existing and new product development customers.”

“Based on our large backlog of production programs and engineering projects, we expect continuing revenue growth in the second half of fiscal 2025 to drive substantial improvements in gross margin and the bottom line. We expect the investments we have made in key technologies and in our Unity Imaging Platform will result in substantial long-term growth. I look forward to ending the year on a high note,” Dr. Forkey concluded.

The following table summarizes the second quarter and year-to-date (unaudited) results for the periods ended December 31, 2024, and 2023:

	Three Months		Six Months	
	Ended December 31		Ended December 31	
	2024	2023	2024	2023
Revenues	\$ 4,526,907	\$ 4,824,289	\$ 8,723,960	\$ 9,145,544
Gross Profit	1,069,942	1,450,976	2,187,272	2,914,587
Stock Compensation Expenses	308,206	382,431	457,570	491,177
Other	1,671,757	1,772,707	3,886,664	3,532,865
Total Operating Expenses	1,979,963	2,155,138	4,344,234	4,024,042
Operating Income (Loss)	(910,021)	(704,162)	(2,156,962)	(1,109,455)
Net Income (Loss)	(969,681)	(758,802)	(2,280,928)	(1,223,217)
Income (Loss) per Share				
Basic & Fully Diluted	\$ (0.15)	\$ (0.13)	\$ (0.36)	\$ (0.20)
Weighted Average Common Shares Outstanding				

Basic & Fully Diluted

6,350,403

6,066,572

6,283,516

6,066,545

Conference Call Details

Date and Time: Thursday, February 13, 2025, at 5:00 p.m. 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/z0E94DknxQO>.

Replay: A teleconference replay of the call will be available for seven days, at (877) 344-7529 or (412) 317-0088, replay access code 5819695. A webcast replay will be available at <https://app.webinar.net/z0E94DknxQO>.

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, electronic imaging expertise, prototype, regulatory and fabrication capabilities as well as 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.

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). In addition to the aforementioned items, Adjusted EBITDA also excludes from Net Income (Loss) the effect of stock-based compensation.

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.

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**CONSOLIDATED BALANCE SHEETS
(UNAUDITED)**

	December 31, 2024	June 30, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 212,441	\$ 405,278
Accounts receivable, net of allowance for credit losses of \$121,901 at December 31, 2024 and \$118,872 at June 30, 2024	3,506,395	3,545,491
Inventories, net	3,847,827	2,868,100
Prepaid expenses	275,041	299,364
Total current assets	7,841,704	7,118,233
Fixed Assets:		
Machinery and equipment	3,292,852	3,341,194
Leasehold improvements	823,191	810,914
Furniture and fixtures	506,660	416,425
	4,622,703	4,568,533
Less-accumulated depreciation and amortization	4,172,446	4,074,960
Net fixed assets	450,257	493,573
Operating lease right-to-use asset	101,946	189,999
Patents, net	292,474	286,559
Goodwill	8,824,210	8,824,210
Total other assets	9,218,630	9,300,768
TOTAL ASSETS	\$ 17,510,591	\$ 16,912,574
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Revolving line of credit	\$ 900,000	\$ 1,000,000
Current portion of capital lease obligation	36,622	41,113
Current maturities of long-term debt	427,763	276,928
Accounts payable	2,738,104	1,397,313
Contract liabilities	1,417,933	1,172,350
Accrued compensation and other	791,037	840,662
Operating lease liability	101,946	178,450
Total current liabilities	6,413,405	4,906,816
Capital lease obligation, net of current portion	9,270	27,369
Long-term debt, net of current maturities and debt issuance costs	1,611,944	1,899,052
Operating lease liability, net of current portion	-	11,549
Total liabilities	8,034,619	6,844,786
Stockholders' Equity:		

Common stock, \$0.01 par value: 50,000,000 shares authorized; issued and outstanding – 6,355,534 shares at December 31, 2024 and 6,073,939 at June 30, 2024	63,555	60,739
Additional paid-in capital	62,883,729	61,197,433
Accumulated deficit	(53,471,312)	(51,190,384)
Total stockholders' equity	9,475,972	10,067,788
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 17,510,591	\$ 16,912,574

PRECISION OPTICS CORPORATION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2024 AND 2023
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Revenues	\$ 4,526,907	\$ 4,824,289	\$ 8,723,960	\$ 9,145,544
Cost of Goods Sold	3,456,965	3,373,313	6,536,688	6,230,957
Gross Profit	1,069,942	1,450,976	2,187,272	2,914,587
Research and Development Expenses	317,747	221,728	718,406	434,486
Selling, General and Administrative Expenses	1,662,216	1,933,410	3,625,828	3,589,556
Total Operating Expenses	1,979,963	2,155,138	4,344,234	4,024,042
Operating Income (Loss)	(910,021)	(704,162)	(2,156,962)	(1,109,455)
Interest Expense	(59,660)	(54,640)	(123,966)	(113,762)
Net Income (Loss)	\$ (969,681)	\$ (758,802)	\$(2,280,928)	\$(1,223,217)
Income (Loss) Per Share:				
Basic and Fully Diluted	\$ (0.15)	\$ (0.13)	\$ (0.36)	\$ (0.20)
Weighted Average Common Shares Outstanding:				
Basic and Fully Diluted	6,350,403	6,066,572	6,283,516	6,066,545

PRECISION OPTICS CORPORATION, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2024 AND 2023
(UNAUDITED)

Six Month Period Ended December 31, 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)
Balance, September 30, 2024	6,350,170	63,502	62,575,576	(52,501,631)	10,137,447
Stock-based compensation	-	-	278,206	-	278,206
Issuance of common stock for consulting services	5,364	53	29,947	-	30,000
Net loss	-	-	-	(969,681)	(969,681)
Balance, December 31, 2024	6,355,534	\$ 63,555	\$ 62,883,729	\$(53,471,312)	\$ 9,475,972

Six Month Period Ended December 31, 2023

	Number of Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' 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)
Balance, September 30, 2023	6,066,518	60,665	60,333,680	(48,703,422)	11,690,923
Stock-based compensation	-	-	382,431	-	382,431
Proceeds from the exercise of stock options	1,000	10	2,690	-	2,700
Net loss	-	-	-	(758,802)	(758,802)
Balance, December 31, 2023	6,067,518	\$ 60,675	\$ 60,718,801	\$(49,462,224)	\$ 11,317,252

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	2024	2023
Net Income (loss) (GAAP)	\$ (969,682)	\$ (758,802)	\$ (2,280,928)	\$ (1,223,217)
Stock based compensation	308,206	382,431	457,570	491,177
Depreciation and Amortization	46,338	52,697	94,628	104,261
Interest expense	59,660	54,640	123,966	113,762
Adjusted EBITDA (non-GAAP)	\$ (555,478)	\$ (269,034)	\$ (1,604,764)	\$ (514,017)

