

## **Precision Optics Reports Third Quarter Fiscal Year 2024 Financial Results**

Conference Call Scheduled for today, May 15, 2024, at 5:00pm ET

GARDNER, Mass., May 15, 2024 — Precision Optics Corporation, Inc. (NASDAQ: POIC), a leading designer and manufacturer of advanced optical instruments for the medical and defense industries, announced operating results on an unaudited basis for its third quarter fiscal year 2024 for the period ended March 31, 2024.

### **Q3 2024 Financial Highlights (3 Months Ended March 31, 2024):**

- Revenue increased 4% to \$5.2 million, compared to \$5.0 million in the same quarter of the previous fiscal year, and up 9% compared to the most recent sequential quarter.
- Engineering revenue increased 62% to \$2.3 million compared to \$1.4 million in the same quarter of the previous fiscal year, representing record engineering revenue.
- Production revenue was \$3.0 million compared to \$3.6 million in the same quarter of the previous fiscal year, but up 15% compared to \$2.6 million in the most recent sequential quarter.
- Gross margins were 35.5% compared to 34.4% in the same quarter of the previous year.
- Net loss for the quarter was (\$317,055), compared to \$(398,432) in the same quarter of the previous year.
- Adjusted EBITDA was \$52,012 for the quarter compared to \$9,456 in the same quarter of the previous year.

### **Recent Additional Highlights:**

- In April 2024, the Company announced the receipt of a \$720,000 follow on production order from a top tier defense/aerospace company addressing a commercial application that leverages the Company's proprietary manufacturing technology developed for high precision micro-optics systems.
- In April 2024, the Company announced the receipt of a follow-on production order totaling approximately \$1.25 million from a major U.S. defense contractor, to meet continued demand for a highly complex optical assembly manufactured by Precision Optics.
- In May 2024, the Company announced the receipt of a \$9 million production order for a high volume single-use cystoscopy surgery program.

Precision Optics' CEO, Joseph Forkey, commented, "The financial results of the third quarter highlight the sequential growth expectations we had for fiscal 2024, with the second half of the fiscal year outpacing the first half. The growth trends are being driven by the recent receipt of several new and follow-on production orders for a variety of applications leveraging our unique micro-optics and digital imaging capabilities for medical device and

aerospace/defense applications, coupled with record levels of engineering revenue.”

“Building on this momentum, last week we announced the receipt of a \$9 million landmark production order from a leading surgical company to supply a single-use endoscope assembly for use in their cystoscopy surgery system. The order is expected to be delivered over the next several quarters and highlights the success of our strategy to serve our customers from design to fully scaled manufacturing, and the broader opportunity that high-volume, single-use applications provide to the Company. The market for medical devices is robust with the single-use device segment growing two to three times more rapidly than the traditional market. We look forward to fulfilling this initial production order and the opportunity it provides to demonstrate our single-use engineering and production capabilities.”

“I believe Precision Optics is well positioned for future growth given the recent receipt of several new production orders, many of which extend out multiple years, and the strength of our engineering pipeline which continues to advance new programs into commercialization. With production deliveries for the \$9 million single-use order set to commence in July 2024, we aim to accelerate revenue growth and drive incremental profitability as we complete fiscal 2024 and enter the new year,” Dr. Forkey concluded.

The following table summarizes the third quarter and fiscal year to date (unaudited) results for the periods ended March 31, 2024, and 2023:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenues	\$5,242,579	\$5,048,065	\$ 14,388,123	\$ 16,020,327
Gross Profit	1,858,737	1,736,098	4,773,324	5,975,011
Stock Compensation Expenses	258,214	450,014	749,391	769,790
Other	1,859,050	1,779,352	5,391,915	5,229,226
Total Operating Expenses	2,117,264	2,229,366	6,141,306	5,999,016
Operating Income (Loss)	(258,527)	(493,268)	(1,367,982)	(24,005)
Net Income (Loss)	(317,055)	(398,432)	(1,540,272)	(48,488)
Income (Loss) per Share				
Basic & Fully Diluted	\$ (0.05)	\$ (0.07)	\$ (0.25)	\$ (0.01)
Weighted Average Common Shares Outstanding				
Basic & Fully Diluted	6,068,419	5,640,473	6,067,165	5,639,015

**Note:** The Common Shares in this table reflect shares on a post reverse split basis for all periods presented.

### Conference Call Details

**Date and Time:** Wednesday, May 15, 2024, 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/0e6QBboJvza>.

**Replay:** A teleconference replay of the call will be available until May 22, 2024, at (877) 344-7529 or (412) 317-0088, replay access code 8743731. A webcast replay will be available at <https://app.webinar.net/0e6QBboJvza>.

### **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, restructuring and other acquisition-related items.

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. 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. 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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**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)**

March 31, 2024	June 30, 2023
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## ASSETS

### Current Assets:

Cash and cash equivalents	\$ 925,067	\$ 2,925,852
Accounts receivable, net of allowance for doubtful accounts of \$826,434 at March 31, 2024 and \$606,715 at June 30, 2023	4,223,769	3,907,407
Inventories	3,032,221	2,776,216
Prepaid expenses	209,505	249,681
Total current assets	8,390,562	9,859,156

### Fixed Assets:

Machinery and equipment	3,255,789	3,227,481
Leasehold improvements	810,913	788,194
Furniture and fixtures	256,681	248,917
Construction in progress	233,519	31,506
	4,556,902	4,296,098

Less-Accumulated depreciation and amortization	4,019,164	3,862,578
Net fixed assets	537,738	433,520
Operating lease right-to-use asset	232,930	358,437
Patents, net	286,385	265,111
Goodwill	8,824,210	8,824,210
	18,271,82	19,740,43

TOTAL ASSETS	\$ 5	\$ 4
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## LIABILITIES AND STOCKHOLDERS' EQUITY

### Current Liabilities:

Revolving line of credit	\$ 400,000	\$ -
Current portion of capital lease obligation	43,301	43,209
Current maturities of long-term debt	513,259	513,259
Accounts payable	1,695,178	2,432,264
Customer advances	1,464,925	1,174,690
Accrued compensation and other	833,860	927,521
Operating lease liability	175,961	168,677
Total current liabilities	5,126,484	5,259,620

Capital lease obligation, net of current portion	36,226	68,482
Long-term debt, net of current maturities and debt issuance costs	1,791,035	2,175,980
Operating lease liability, net of current portion	56,969	189,760

### Stockholders' Equity:

Common stock, \$0.01 par value: 50,000,000 shares authorized; issued and outstanding - 6,068,518 shares at March 31, 2024 and 6,066,518 at June 30, 2023	60,685	60,665
	60,979,70	60,224,93
Additional paid-in capital	5	4
	(49,779,2	(48,239,0
Accumulated deficit	79 )	07 )
	11,261,11	12,046,59
Total stockholders' equity	1	2
	18,271,82	19,740,43

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5	\$ 4
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**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**MARCH 31, 2024 AND 2023**  
**(UNAUDITED)**

	<b>Three Months Ended March 31,</b>		<b>Nine Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenues	\$5,242,579	\$5,048,065	\$ 14,388,123	\$ 16,020,327
Cost of Goods Sold	3,383,842	3,311,967	9,614,799	10,045,316
Gross Profit	1,858,737	1,736,098	4,773,324	5,975,011
Research and Development Expenses	192,773	206,375	627,259	660,518
Selling, General and Administrative Expenses	1,924,491	2,022,991	5,514,047	5,338,498
Total Operating Expenses	2,117,264	2,229,366	6,141,306	5,999,016
Operating Loss	(258,527)	(493,268)	(1,367,982)	(24,005)
Interest Expense	(58,528)	(48,124)	(172,290)	(167,443)
Gain on Revaluation of Contingent Liability		142,960		142,960
Net Loss	\$ (317,055)	\$ (398,432)	\$ (1,540,272)	\$ (48,488)
Loss Per Share:				
Basic & Fully Diluted	(0.05)	\$ (0.07)	(0.25)	\$ (0.01)
Weighted Average Common Shares Outstanding:				
Basic & Fully Diluted	6,068,419	5,640,473	6,067,165	5,639,015

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED**  
**MARCH 31, 2024 AND 2023**  
**(UNAUDITED)**

	<b>Nine Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash Flows from Operating Activities:		
Net Loss	(1,540,272)	\$ (48,488)
Adjustments to reconcile net loss to net cash used in by operating activities -		
Gain on reevaluation of contingent earn-out liability	-	(142,960)
Depreciation and amortization	156,586	157,460
Stock-based compensation expense	749,391	769,790
Non-cash interest expense	13,128	8,906

Changes in operating assets and liabilities -		
Accounts receivable, net	(316,362 )	(1,726,035 )
Inventories, net	(256,005 )	120,206
Prepaid expenses	40,176	(94,215 )
Accounts payable	(737,086 )	410,073
Customer advances	290,235	482,693
Accrued compensation and other	(106,789 )	588,976
Net cash (used in) provided by operating activities	(1,706,998 )	526,406
Cash Flows from Investing Activities:		
Purchases of fixed assets	(260,804 )	(20,010 )
Additional patent costs	(21,274 )	(32,401 )
Net cash used in investing activities	(282,078 )	(52,411 )
Cash Flows from Financing Activities:		
Payments of capital lease obligations	(32,164 )	(30,298 )
Payments of long-term debt	(384,945 )	(275,784 )
Payment of acquisition earn-out liability		(166,667 )
Borrowings on revolving line of credit	400,000	
Gross proceeds from the exercise of stock options	5,400	5,100
Net cash used in financing activities	(11,709 )	(467,649 )
		-
Net (decrease) increase in cash and cash equivalents	(2,000,785 )	6,346
Cash and cash equivalents, beginning of period	2,925,852	605,749
Cash and cash equivalents, end of period	\$ 925,067	\$ 612,095

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

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended March 31,</b>		<b>Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net Income (loss) (GAAP)	\$ (317,055)	\$ (398,432)	\$ (1,540,272.00)	\$ (48,488)
Stock based compensation	258,214	450,014	749,391.00	769,790
Depreciation and amortization	52,325	52,710	156,586.00	157,460
Revaluation of earn-out liability		(142,960)		(142,960)
Interest expense	58,528	48,124	172,290.00	167,443
Adjusted EBITDA (non-GAAP)	\$ 52,012	\$ 9,456	\$ (462,005)	\$ 903,245

