



PRECISION OPTICS CORPORATION

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**NEWS RELEASE**

*POC17-0170*

FOR IMMEDIATE RELEASE

**Tuesday, November 14, 2017**

**Precision Optics Corporation, Inc. Announces Operating Results for the First Quarter of Fiscal Year 2018 Ended September 30, 2017**

GARDNER, MA, November 14, 2017. Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) today announced operating results on an unaudited basis for its first quarter ended September 30, 2017.

First quarter highlights include:

- Revenues of \$1,029,000 compared to \$850,000 in the first quarter of fiscal 2017;
- 37.6% gross margin compared to 19.7% in the first quarter of fiscal 2017;
- Net loss of \$29,000 compared to net loss of \$293,000 in the first quarter of fiscal 2017; and
- Across the board improved margins on engineering and production projects during the quarter.

Commenting on the first quarter results, Joseph Forkey, Company CEO said, “Revenues continued their up and down trend this quarter with an increase of \$179,000 or 21% compared to the same quarter last year. Strong project-by-project margins and control of other non-production expenses resulted in significant improvements in gross margin and overall operating loss for the quarter. These results demonstrate the effectiveness of our concerted efforts to increase efficiencies both in production and in overall operations.”

Dr. Forkey continued, “Demand for our unique Microprecision™ technology capabilities remains strong and we expect certain projects to transition from engineering and prototype work to production orders in the near term. Our steadily improving financial performance at the current level of sales reinforces our on-going belief that moderate increases in sales from the current levels will result in further improved financial performance. Our current pipeline of engineering service projects remains strong as existing and new customers look to Precision Optics to assist them with the design, development, and manufacture of medical-grade cameras and endoscopes based on CMOS and other micro imaging and illumination technologies.”

The following table summarizes the first quarter results for the periods ended September 30, 2017 and 2016 (unaudited):

	<b>Three Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
Revenues	\$ 1,028,746	\$ 849,548
Gross Profit	386,742	167,051
Operating Expenses	415,011	460,459
Net Loss	(28,785)	(293,408)
Loss Per Share:		
Basic	\$ (0.00)	\$ (0.04)
Diluted	\$ (0.00)	\$ (0.04)

Weighted Average Common Shares Outstanding:		
Basic and Diluted	9,108,423	7,539,582

### **Quarterly Conference Call Details**

The Company has scheduled a conference call to discuss the fiscal first quarter 2017 financial results for Tuesday, November 14, 2017 at 5:00 PM Eastern. To participate in the conference call, please dial 1-844-826-3042 toll free from the U.S., or 1-412-317-5187 for international callers, and ask to be connected to the Precision Optics conference call.

An audio replay of the conference call will be available approximately one hour after the conclusion of the call and will be made available until November 28, 2017. The audio replay can be accessed by dialing 1-877-344-7529 toll free from the U.S., or 1-412-317-0088 for international callers, and enter conference ID number 10114363.

### **About Precision Optics Corporation**

Precision Optics Corporation has been a leading developer and manufacturer of advanced optical instruments since 1982. Using proprietary optical technologies, the Company designs and produces next generation medical instruments, Microprecision™ micro-optics with characteristic dimensions less than 1 millimeter, and other advanced optical systems for a broad range of customers including some of the largest global medical device companies. The Company's innovative medical instrumentation line includes state-of-the-art endoscopes and endocouplers as well as custom illumination and imaging products for use in minimally invasive surgical procedures. The Company believes that current advances in its proprietary micro-optics and 3D imaging technologies present significant opportunities for expanding applications to numerous potential medical products and procedures. The Company's website is [www.poci.com](http://www.poci.com). Investors can find Real-Time Quotes and market information for the Company on [www.otcm Markets.com/stock/PEYE/quote](http://www.otcm Markets.com/stock/PEYE/quote).

### **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 performances 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 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 to reflect events or circumstances after the date of this report, except as required by law.

Following are the Company's consolidated balance sheets as of September 30, 2017 and June 30, 2016, and statements of operations for the three months ended September 30, 2017 and 2016 and statements of cash flows for the three months ended September 30, 2017 and 2016 (unaudited):

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

	<u>September 30,</u> <u>2017</u>	<u>June 30,</u> <u>2017</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 194,714	\$ 118,405
Accounts Receivable, net	613,961	468,548
Inventories, net	967,285	1,055,447
Prepaid Expenses	51,394	55,985
Total Current Assets	<u>1,827,354</u>	<u>1,698,385</u>
<b>PROPERTY AND EQUIPMENT</b>		
Machinery and Equipment	2,507,190	2,507,190
Leasehold Improvements	553,596	553,596
Furniture and Fixtures	148,303	148,303
	<u>3,209,089</u>	<u>3,209,089</u>
Less: Accumulated Depreciation and Amortization	<u>(3,145,585)</u>	<u>(3,136,835)</u>
Net Fixed Assets	<u>63,504</u>	<u>72,254</u>
Patents, net	<u>30,086</u>	<u>30,086</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,920,944</u>	<u>\$ 1,800,725</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Capital Lease Obligation	\$ 8,531	\$ 8,391
Accounts Payable	663,302	694,958
Customer Advances	122,495	180,137
Accrued Employee Compensation	144,873	189,783
Accrued Professional Services	91,500	71,000
Accrued Warranty Expense	25,000	25,000
Other Accrued Liabilities	41,175	49,512
Total Current Liabilities	<u>1,096,876</u>	<u>1,218,781</u>
Capital Lease Obligation, net of current portion	<u>21,378</u>	<u>23,564</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, \$0.01 par value - Authorized - 50,000,000 shares; Issued and Outstanding - 9,428,472 shares at September 30, 2017 and 8,872,916 shares at June 30, 2017	94,285	88,729
Additional Paid-in Capital	45,407,922	45,140,383
Accumulated Deficit	<u>(44,699,517)</u>	<u>(44,670,732)</u>
Total Stockholders' Equity	<u>802,690</u>	<u>558,380</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 1,920,944</u>	<u>\$ 1,800,725</u>

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2017 AND 2016**  
**(UNAUDITED)**

	<b>Three Months</b>	
	<b>Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
Revenues	\$ 1,028,746	\$ 849,548
Cost of Goods Sold	<u>642,004</u>	<u>682,497</u>
Gross Profit	<u>386,742</u>	<u>167,051</u>
Research and Development Expenses, net	118,427	116,992
Selling, General and Administrative Expenses	296,584	343,782
Gain on Sale of Assets	—	(315)
Total Operating Expenses	<u>415,011</u>	<u>460,459</u>
Operating Loss	(28,269)	(293,408)
Interest Expense	<u>(516)</u>	<u>—</u>
Net Loss	<u>\$ (28,785)</u>	<u>\$ (293,408)</u>
Loss Per Share:		
Basic	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>
Diluted	<u>\$ (0.00)</u>	<u>\$ (0.04)</u>
Weighted Average Common Shares Outstanding:		
Basic	<u>9,108,423</u>	<u>7,539,582</u>
Diluted	<u>9,108,423</u>	<u>7,539,582</u>

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED**  
**SEPTEMBER 30, 2017 AND 2016**  
**(UNAUDITED)**

	<b>Three Months</b>	
	<b>Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (28,785)	\$ (293,408)
Adjustments to Reconcile Net Loss to Net Cash Provided From (Used In)		
Operating Activities -		
Depreciation and Amortization	8,750	7,621
Gain on Sale of Assets	-	(315)
Stock-based Compensation Expense	26,057	60,901
Non-cash Consulting Expense	(7,425)	8,550
Changes in Operating Assets and Liabilities -		
Accounts Receivable, net	(145,413)	184,327
Inventories, net	88,162	140,979
Prepaid Expenses	4,591	6,297
Accounts Payable	5,381	60,085
Customer Advances	(57,642)	11,025
Accrued Liabilities	(25,322)	(28,274)
Net Cash Provided From (Used In) Operating Activities	<u>(131,646)</u>	<u>157,788</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additional Patent Costs	-	(340)
Purchases of Property and Equipment	-	(3,500)
Proceeds from Sale of Assets	-	315
Net Cash Used In Investing Activities	<u>-</u>	<u>(3,525)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of Capital Lease Obligation	(2,046)	(1,916)
Gross Proceeds from Private Placement of Common Stock	210,001	-
Net Cash Provided From (Used In) Financing Activities	<u>207,955</u>	<u>(1,916)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,309	152,347
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>118,405</u>	<u>50,059</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 194,714</u>	<u>\$ 202,406</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:</b>		
Issuance of Common Stock in Settlement of Accounts Payable	<u>\$ 40,000</u>	<u>\$ -</u>
Offering Costs Included in Accounts Payable	<u>\$ 2,963</u>	<u>\$ -</u>