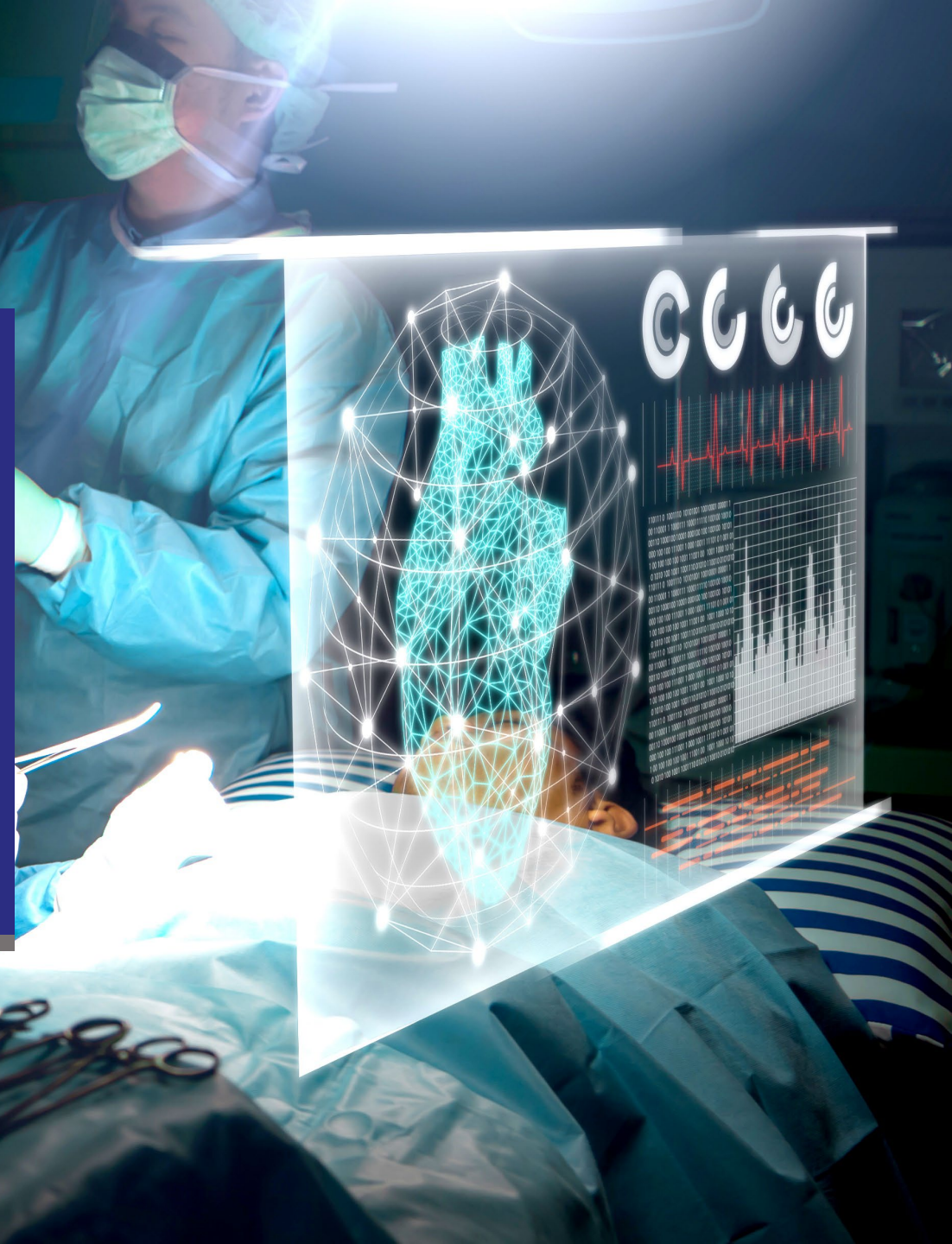


NASDAQ: POCI

Corporate Presentation  
November 2023



# Forward-Looking Statements

This presentation 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 the Company files 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.

## Non-GAAP Financial Measures

In addition to financial results reported in accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Company has provided the following non-GAAP financial measures in this release and the accompanying tables: adjusted EBITDA. Precision Optics uses this non-GAAP financial measures internally to facilitate period-to-period comparisons and analysis of its operating performance and liquidity, and believes they are useful to investors as a supplement to GAAP measures in analyzing, trending and benchmarking the performance and value of our business. However, these measures are not intended to be a substitute for those reported in accordance with GAAP. These measures may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures.

In order to calculate these non-GAAP financial measures, the Company makes targeted adjustments to certain GAAP financial line items found on its Consolidated Statement of Operations, backing out non-recurring or unique items or items that the Company believe otherwise distort the underlying results and trends of the ongoing business. We have excluded the following items from one or more of our non-GAAP financial measures for the periods presented:

*Selling, general and administrative expenses; operating expenses.* The Company excludes a portion of SG&A expense and operating expenses related to transaction expenses related to acquisitions and financings. Acquisition-related expenses include transaction fees, due diligence costs and other direct costs associated with our acquisitions. These amounts are unrelated to our core performance during any particular period and are impacted by the timing of the acquisition. The Company excludes acquisition-related expenses from the Company's SG&A expense and total operating expenses to provide investors a method to compare our operating results to prior periods and to peer companies, as such amounts can vary significantly based on the frequency of acquisitions and the magnitude of acquisition expenses.

*Bad debt expense; operating expenses.* The Company excludes a portion of SG&A expense and operating expenses related to bad debt expense. These amounts are unrelated to our core performance during any particular period. The Company believes it is useful to exclude these amounts in order to better understand our business performance and allow investors to compare the Company's results with peer companies.

Adjusted EBITDA is a non-GAAP financial measure that we define as GAAP net income (loss), adjusted to exclude non-recurring transaction costs, bad debt expense, depreciation and amortization, non-cash stock-based compensation, interest expense, and provision (benefit) for income taxes. We believe that the use of adjusted EBITDA is useful to investors and other users of the Company's financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. The Company uses adjusted EBITDA in conjunction with traditional GAAP operating performance measures as part of our overall assessment of our performance, for planning purposes, including the preparation of our annual operating budget, to evaluate the effectiveness of our business strategies and to communicate with our board of directors concerning our financial performance. Management does not place undue reliance on adjusted EBITDA as its only measure of operating performance. Adjusted EBITDA should not be considered as a substitute for other measures of financial performance reported in accordance with GAAP.

# Enabling Next Generation Technologies

Precision Optics **ENABLES** leading medical devices companies around the world to meet the increasing demands of the surgical community who are requiring more enhanced and **SMALLER IMAGING SYSTEMS FOR MINIMALLY INVASIVE SURGERY** as well as the rapid proliferation of **3D ENDOSCOPES FOR SURGICAL ROBOTIC SYSTEMS.**





# Company Overview

- ▶ **Precision Optics (Nasdaq: POCI) has been a leading developer and manufacturer of advanced optical instruments for more than 40 years addressing the medical device and defense market. Recent focus has been on:**
  - ▶ Micro Optics
  - ▶ 3D Endoscopes
  - ▶ Digital Imaging
- ▶ **Business model transition driving rapid growth**
  - ▶ Work closely with key medical device and defense companies at the very early design stage of projects, lending the Company's expertise in proprietary micro-optics and 3D imaging technologies
  - ▶ Robust pipeline supporting future commercial production opportunities
- ▶ **Strategic initiatives to drive future growth**
  - ▶ Augment our own skills and programs via external partnership or acquisitions
    - ▶ Ross Optical acquisition in 2019 broadened capabilities and accelerates efforts to gain economies of scale
    - ▶ Acquisition of Lighthouse Imaging in October 2021 to broaden optical electronics capabilities
  - ▶ Grow sales capabilities and capacity
  - ▶ Invest in technical resources and develop Company owned intellectual property
  - ▶ Invest in and update production capabilities to expand market opportunity and improve efficiencies



# 40 Year Old Growth Story

## 1980's

- ▶ Founded in 1982
- ▶ Focused on medical devices, introducing first sterilizable endocouplers
- ▶ Expansion into defense sector as sole supplier of optics for night vision goggles to ITT

## 1990's

- ▶ Went public in 1990 to support night vision work and proprietary line of rigid endoscopes
- ▶ First couplers for micro optical systems
- ▶ Growth in medical device business punctuated by first commercially viable 3D endoscope for Intuitive Surgical

## 2000's

- ▶ Entry into telecom industry developing DWDM filters
- ▶ Company significantly cut back on resources following telecom bust as it looked to refocus on core competencies

## 2010's

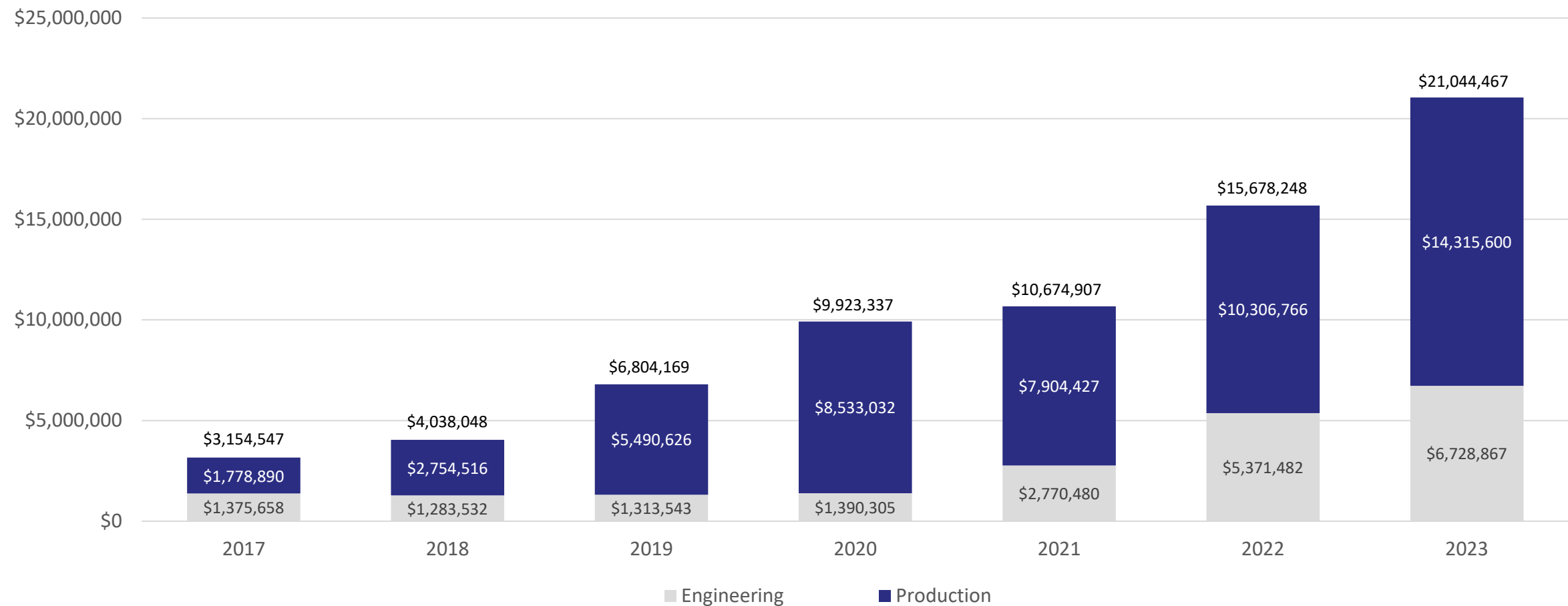
- ▶ Joe Forkey becomes CEO in 2011 to drive new strategy focused on micro optics and 3D endoscopes
- ▶ Business model focused on designing and developing innovative new products with key multi-national customers to bring commercial products to market

## Today

- ▶ Products moving into commercial level production driving strong revenue growth
- ▶ Expanding pipeline
- ▶ Acquired Ross Optical and Lighthouse Imaging to further drive synergies and expand product offerings
- ▶ Listed on Nasdaq
- ▶ Enhance executive management team with newly created role of COO and new CFO

# Revenue Ramp

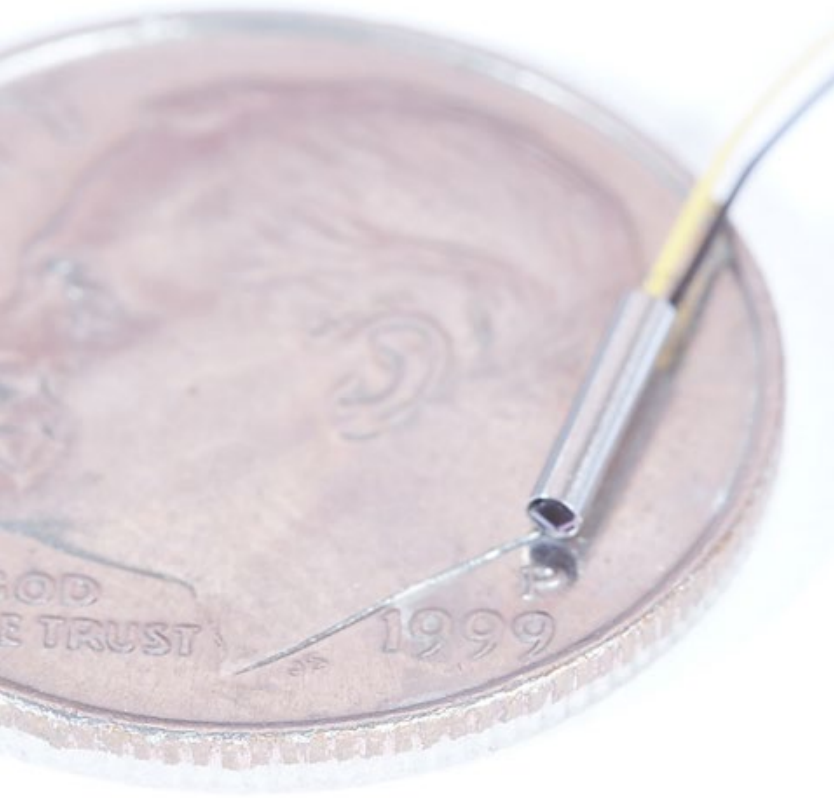
FY End June



A close-up, low-angle shot of a white industrial robotic arm. The arm is positioned diagonally across the frame. At the end of the arm, a precision tool is visible, emitting a fine, bright white beam of light. The background is a deep blue with some blurred mechanical components visible in the upper left. A dark blue rectangular box with a thin yellow horizontal line at the bottom is overlaid on the left side of the image.

**LEADER IN MICRO,  
3D OPTICS AND  
DIGITAL IMAGING**

# MicroPrecision Optics



- ▶ Millimeter sized and smaller cameras with low manufacturing costs
- ▶ Small size can provide visualization for new procedures in new parts of the body and for existing procedures that are currently performed blind or with sub-optimal imaging. Facilitates the development of new surgical procedures that are currently impractical.
- ▶ Patented and patent pending approaches to fabricating opto-mechanical and opto-electronic systems
- ▶ Best-in-class technical organization with 25+ years of experience to design and fabricate components and systems at industry's smallest sizes
- ▶ Commercialized and development applications in medical device and defense industry
- ▶ Market driven by surgical community that is demanding smaller and more enhanced imaging systems for minimally invasive surgery
  - ▶ Brain, eye, ear, urology, cardiology/angiography, spine

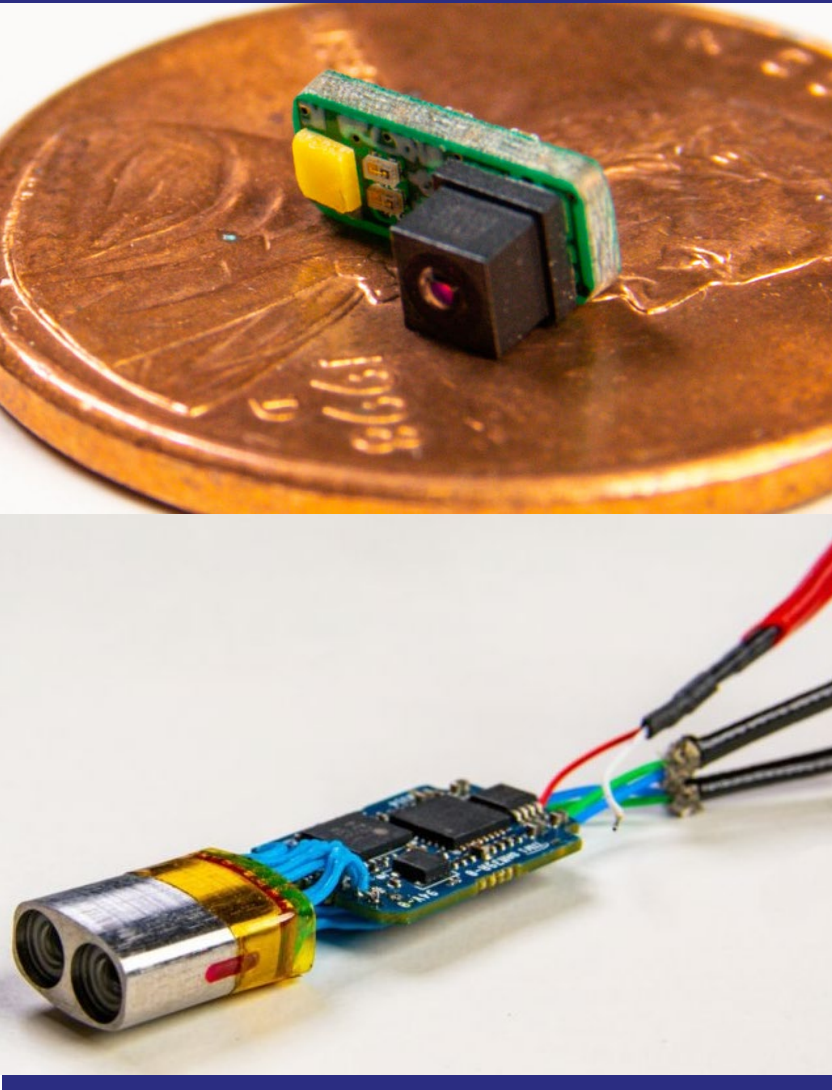


# 3D Endoscopes and Robotic Surgery Systems



- ▶ One of only a handful of companies in the world to design and provide 3D endoscopes
- ▶ Precision Optics 3D endoscopes provide next generation optical imaging for minimally invasive surgical procedures, many employing medical robotic technology, by using the brain's natural ability to perceive depth, which is the third dimension, by viewing one's environment through two eyes.
- ▶ Best-in-class technical organization with 20+ years of experience with 3D technology, that can design and fabricate 3D endoscopes and imaging systems for most demanding next-generation robotic systems
- ▶ Competition amongst medical device companies is increasing with multiple companies now pursuing less expensive, procedure specific robotic systems.

# Digital Imaging Electronics and Systems



- ▶ With the growing movement towards CMOS sensors in next generation devices, imaging system electronics are becoming increasingly critical to creating optimal solutions to our customer's requirements.
- ▶ Our product development team has extensive experience developing visualization systems that are used in a variety of clinical applications.
- ▶ Technical capability and experience in design and manufacture of electronic systems required to support CMOS-based imaging and LED illumination.
- ▶ Broad technical resources to support integrated system development including Optical, Mechanical, Electrical, Systems and Process Engineering .
- ▶ Full system design capability including handheld devices (single-use and reusable) and console capital equipment.

# Traditional Applications



- ▶ Complex endocoupler production for more than 30 years
- ▶ Specialized endoscope for top tier medical company for more than 20 years
- ▶ Custom spinal surgery product utilizing Precision Optics illumination technology for top tier medical company for more than 10 years
- ▶ Multiple Microprecision™ optical components and assemblies for use in medical devices

# Ross Optical Industries Acquisition & Integration

- ▶ Extended product offering to include a wider range of lens and optical system sizes
- ▶ Expanded presence in the U.S. defense sector where Ross has a significant number of customers that do not overlap with POC
- ▶ Allows the combined company to leverage Precision Optics' technical proficiency in offering end-to-end solutions, from design through production, to the expansive Ross Optical customer base, increasing its value-add capabilities.
- ▶ Ross Optical had revenues of \$4.4 M and net income of \$480,000 for the 12-mo. ended June 30, 2019.
- ▶ The total purchase price of up to \$2 million, comprised of \$1.5 million in cash at closing and additional payments up to \$500,000 subject to a three-year earnout provision (note: earnout provision achieved and payments made).
  - ▶ Precision Optics completed an equity capital raise of \$950,000 at a per share price of \$1.25 concurrent with the closing of the acquisition.
  - ▶ As part of the transaction, Precision Optics is acquiring slightly over \$1 million of net working capital.

Incorporated in 1989, Ross Optical has evolved from an optical components supplier into an expanded solutions provider. They have an extensive portfolio of optical fabrication and quality assurance equipment, technology, and technical solutions that supply a number of industries, including the defense, medical and industrial markets. Focused on high quality and difficult-to-find optical components, Ross Optical provides custom solutions as well as a wide range of standard lens sizes in an extensive catalog offering, through a robust worldwide sourcing network that allows them to provide cost-efficient optical components and assemblies.

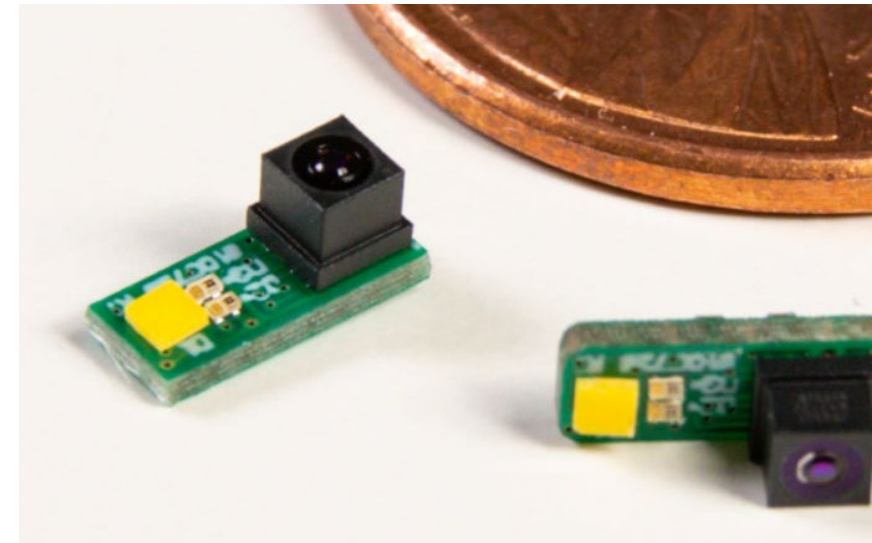


# Lighthouse Imaging Acquisition

- ▶ Acquisition combined two of the industry's leaders in medical optics and digital imaging, leveraging Precision Optics next generation capabilities in micro-optics and optical systems with Lighthouse Imaging's advanced capabilities and strong reputation in leading-edge optical imaging electronics.
- ▶ Lighthouse had revenues of approximately \$4.5 million and EBITDA of \$232,000 for the 12-mo. ended June 30, 2021. Lighthouse Imaging had generated approximately 66% of its revenue from engineering services, with the remainder attributable to production agreements.
- ▶ The total purchase price of \$2.85 million in cash, along with 833,333 shares (split adjusted) of POCI at closing and additional payments subject to certain earnout provisions over the next 2 years (note: earnout provisions not achieved and payments not made).
  - ▶ Precision Optics completed an equity capital raise of \$1.5 million at a per share price of \$4.80 (split adjusted) concurrent with the closing of the acquisition.
  - ▶ Closed on a \$2.6 million 7-year term loan with variable rate of Prime +1.5% (4.75% minimum)

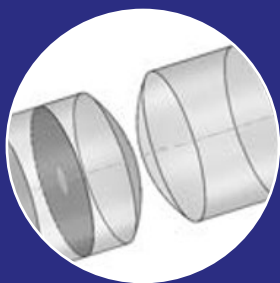


Founded in the late 1980s, Lighthouse Imaging has leveraged its unique engineering capabilities to assist large-established companies, as well as well-funded startup companies, develop next generation applications in the medical device industry.





# Medical Device Imaging



## Optics

Performance  
Size  
Fabrication  
Assembly  
Alignment



## Image Sensor

Performance  
Size  
Interconnect  
Mounting  
Signal integrity



## Illumination

Luminance  
Distribution  
Power & Thermal  
Packaging  
Assembly



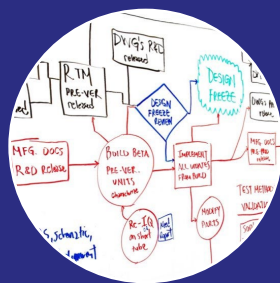
## Video Processing

Quality  
Flexibility  
Latency  
Tuning  
Features



## Packaging

Sterilization  
Biocomp.  
Size  
Durability  
Appearance



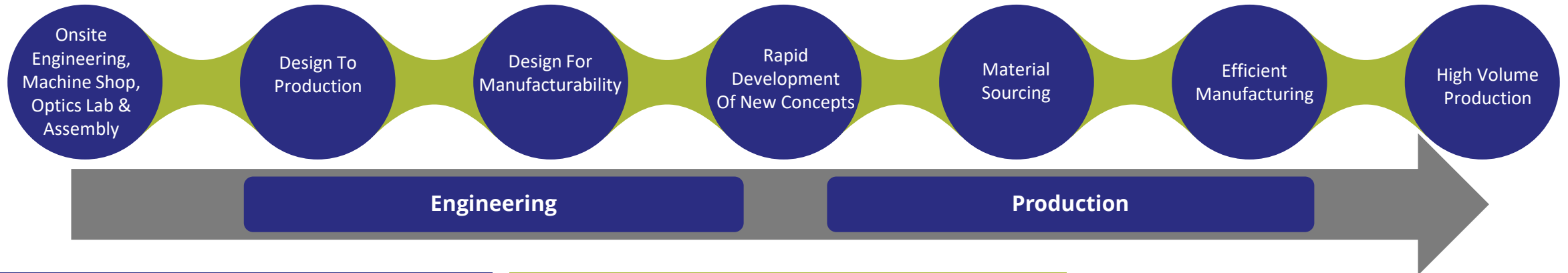
## System

Product Cost  
Quality  
Compliance  
Project Mgmt.  
DFx



# Vertically Integrated Capabilities

## Broad Optical Capabilities All Under One Roof



- ▶ **Vertically integrated capabilities** enable Precision Optics to uniquely apply customization requirements and demands of its customers on base technological capabilities that others in the industry simply are unable to accomplish
- ▶ Allows Company to accelerate product development and regulatory clearance for its customers
- ▶ Aspects to technology that provide the greatest benefit if used in production in a certain way which is only accomplished by having integrated design and production teams

- ▶ **Acquisition of Ross Optical** extends product offering to include a wider range of lens and optical system sizes
- ▶ Extensive portfolio of optical fabrication and quality assurance equipment, technology, and technical solutions that supply a number of industries, including the defense, medical and industrial markets.
- ▶ Focused on high quality and difficult-to-find optical components, Ross Optical provides custom solutions as well as a wide range of standard lens sizes in an extensive catalog offering, through a robust worldwide sourcing network that allows them to provide cost-efficient optical components and assemblies.

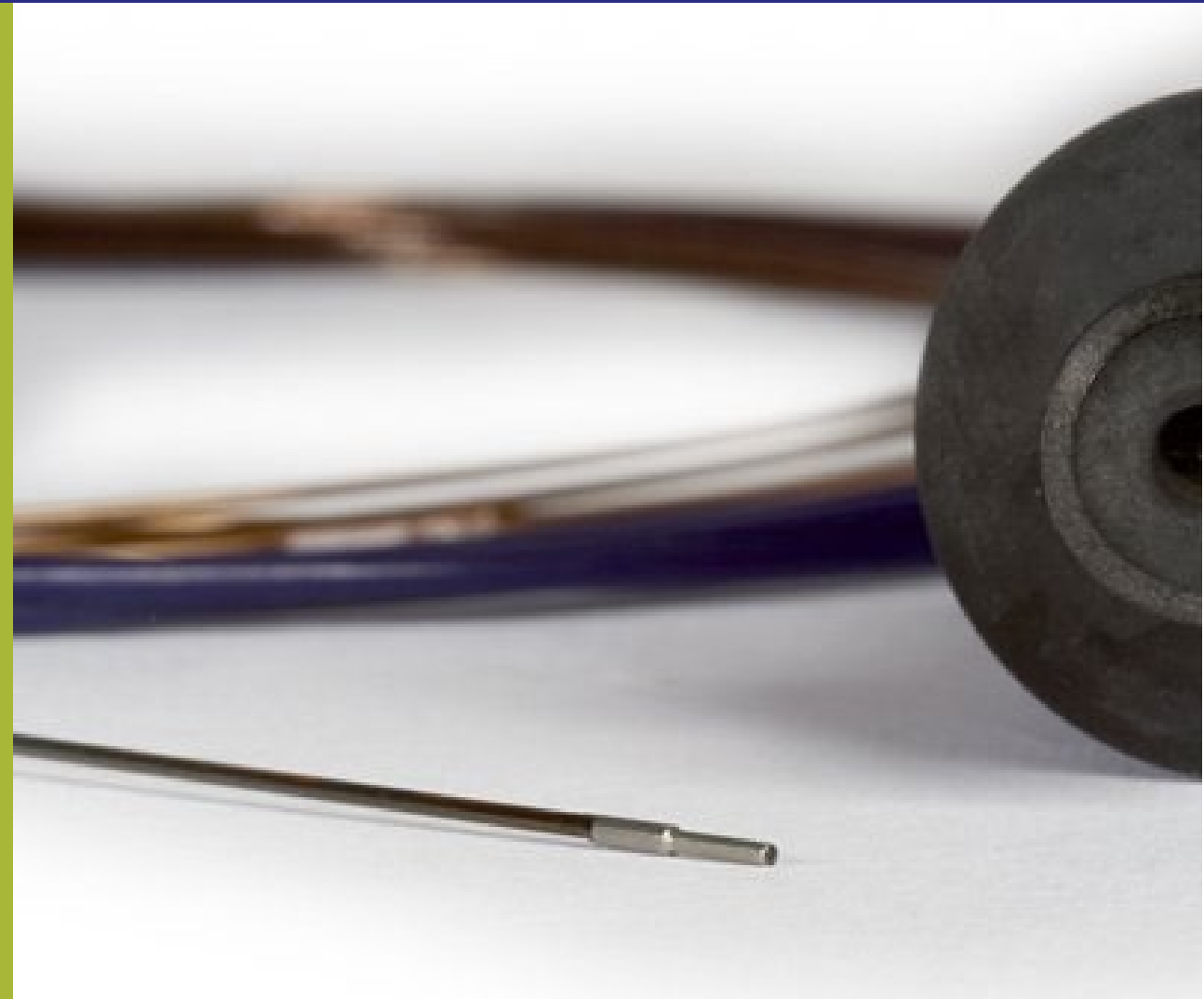
- ▶ **Acquisition of Lighthouse Imaging** combines two of the industry's leaders in medical optics and digital imaging, leveraging Precision Optics next generation capabilities in micro-optics with Lighthouse Imaging's advanced capabilities and strong reputation in leading-edge optical electronics.
- ▶ Significant opportunities to leverage each other's respective strengths surrounding micro optics, 3D imaging, manufacturing, and optical imaging electronics to accelerate product development timelines and offer enhanced capabilities to its customers.

# Expanding Product Pipeline

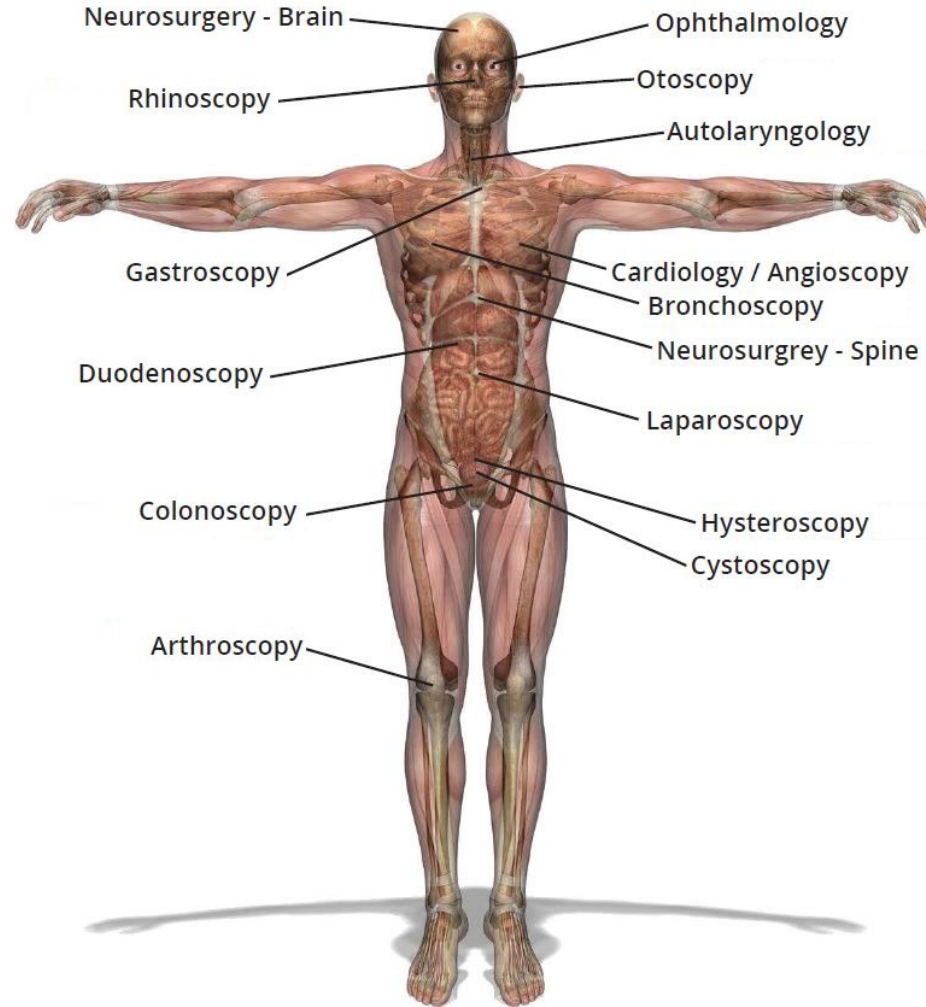
Product	Feasibility Study	Prototype Design	Prototype Fabrication	Pilot	Production	Industry	Subsegment	Customer
Multiple Mature “Legacy” Products						Medical Device	Multiple	Multiple
Cardiovascular Endoscope						Medical Device	Cardiac	CardioFocus
Otoscopy Device #1						Medical Device	Otoscopy	Large Medical Device
Micro Optics Components						Defense/Aerospace	Confidential	Top Tier Defense/Aerospace
Optics Components						Defense/Aerospace	Confidential	Top Tier Defense/Aerospace
Micro Endoscope						Medical Device	Ophthalmology	Mid-Tier Medical Device
Laparoscope						Medical Device	Robotic Laparoscopy	Well-funded Startup
Cystoscope #1						Medical Device	Robotic Surgery	Mid-Tier Medical Device
Arthroscope #1						Medical Device	Arthroscopy	Mid-Tier Medical Device
Ophthalmic Scanning Device						Medical Device	Ophthalmology	Well-funded Startup
ENT Scope						Medical Device	Ear, Nose and Throat	Well-funded Startup
Arthroscope #2						Medical Device	Arthroscopy	Well-funded Startup
Non-Contact Inspection Device						Defense/Aerospace	Aviation	Well-funded Startup
Otoscopy Device #2						Medical Device	Otoscopy	Well-funded Startup
Ureteroscope						Medical Device	Urology	Mid-Tier Medical Device
Ophthalmoscope						Medical Device	Ophthalmology	Large Medical Device
Cystoscope #2						Medical Device	Cystoscopy	Well-funded Startup
3D Laparoscope						Medical Device	Robotic Laparoscopy	Mid-Tier Medical Device
Laparoscope						Medical Device	Laparoscopy	Large Medical Device
Multiple projects in quotation / discussion stage								

# Growth of Commercialized Products

- ▶ Reaching “critical mass” for production supports broader resources (and greater efficiency) which helps accelerate future growth
- ▶ Once medical device products reach commercialization they tend to continue for long time periods: Two Precision Optics legacy products have 10 and 20 year lifetimes (and counting)
- ▶ Multiple products have reached commercialization level production since middle of 2018



# Expanding Markets for Micro Optics, 3D & Digital Imaging Systems

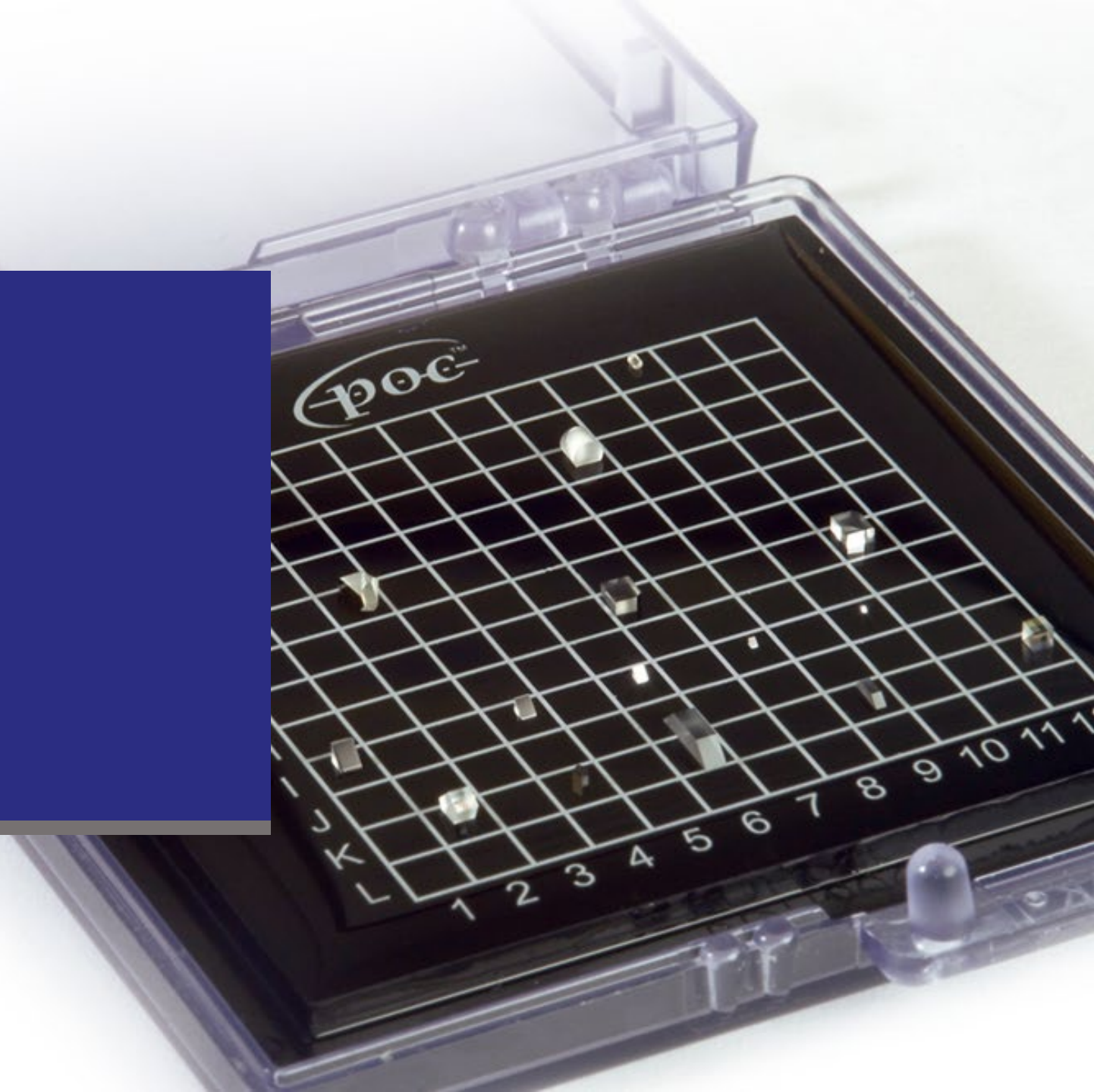




# Go Forward Strategy Summary

- ▶ Drive growth and efficiencies in currently commercialized products
- ▶ Advance pipeline projects to commercialization
- ▶ Maintain competitive advantages in micro-optics, 3D imaging and digital imaging in medical devices, while expanding applications of existing technologies to defense market
- ▶ Disciplined investment strategy in sales and marketing, as well as engineering capabilities
- ▶ Recognize operational benefits from Ross Optical and Lighthouse Imaging acquisitions
- ▶ Look for strategic acquisitions to broaden the Company's existing capabilities or by extending vertical integration of existing opto-mechanical medical and defense-based product focus

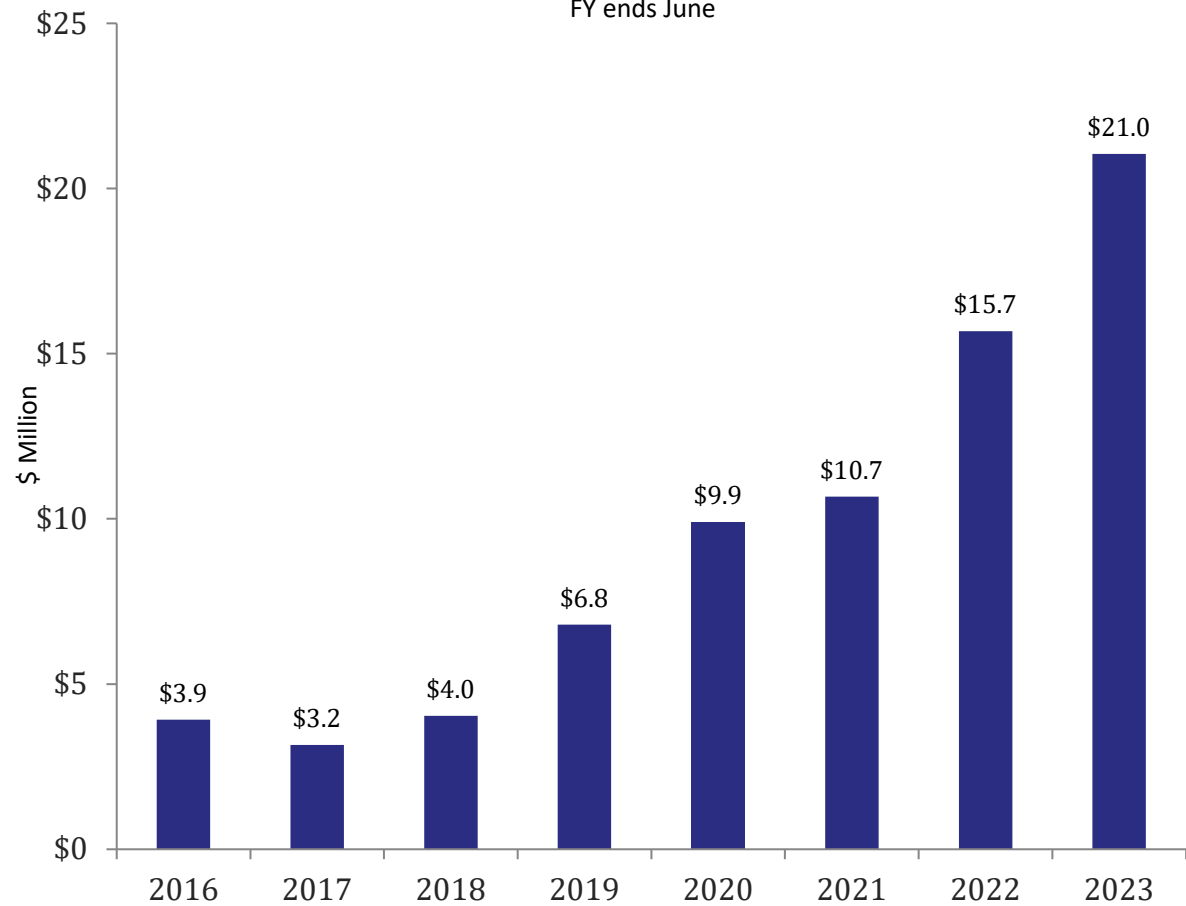
# FINANCIALS



# Revenue

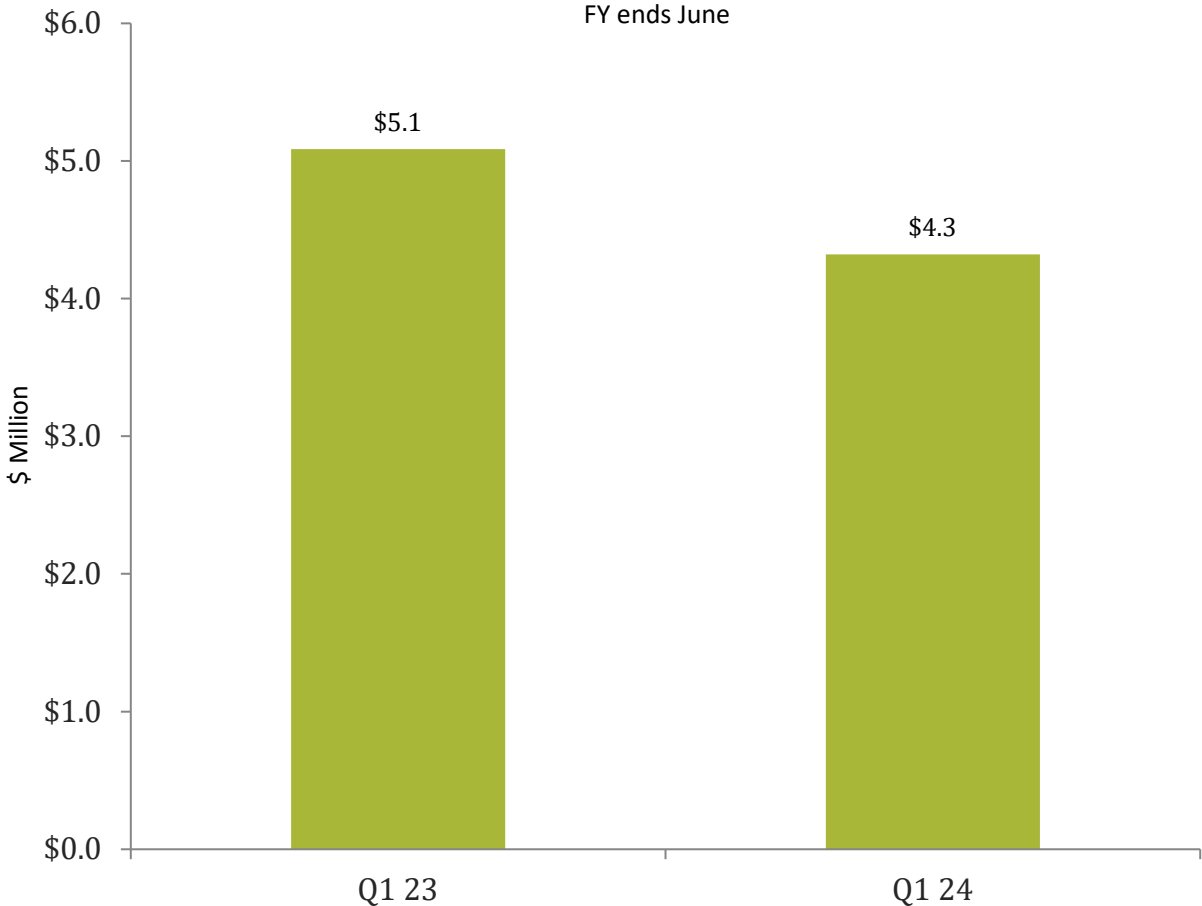
Annual

FY ends June



Quarterly

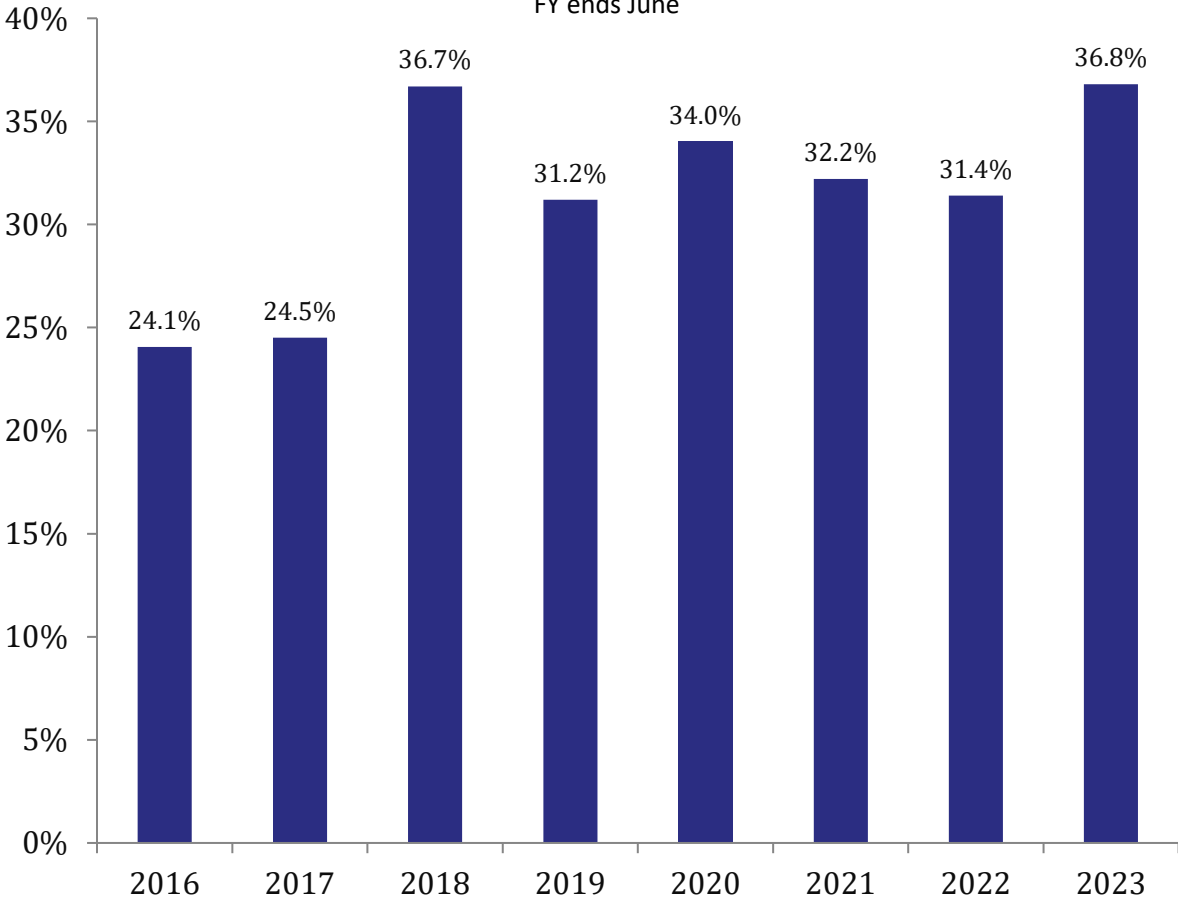
FY ends June



# Gross Margins

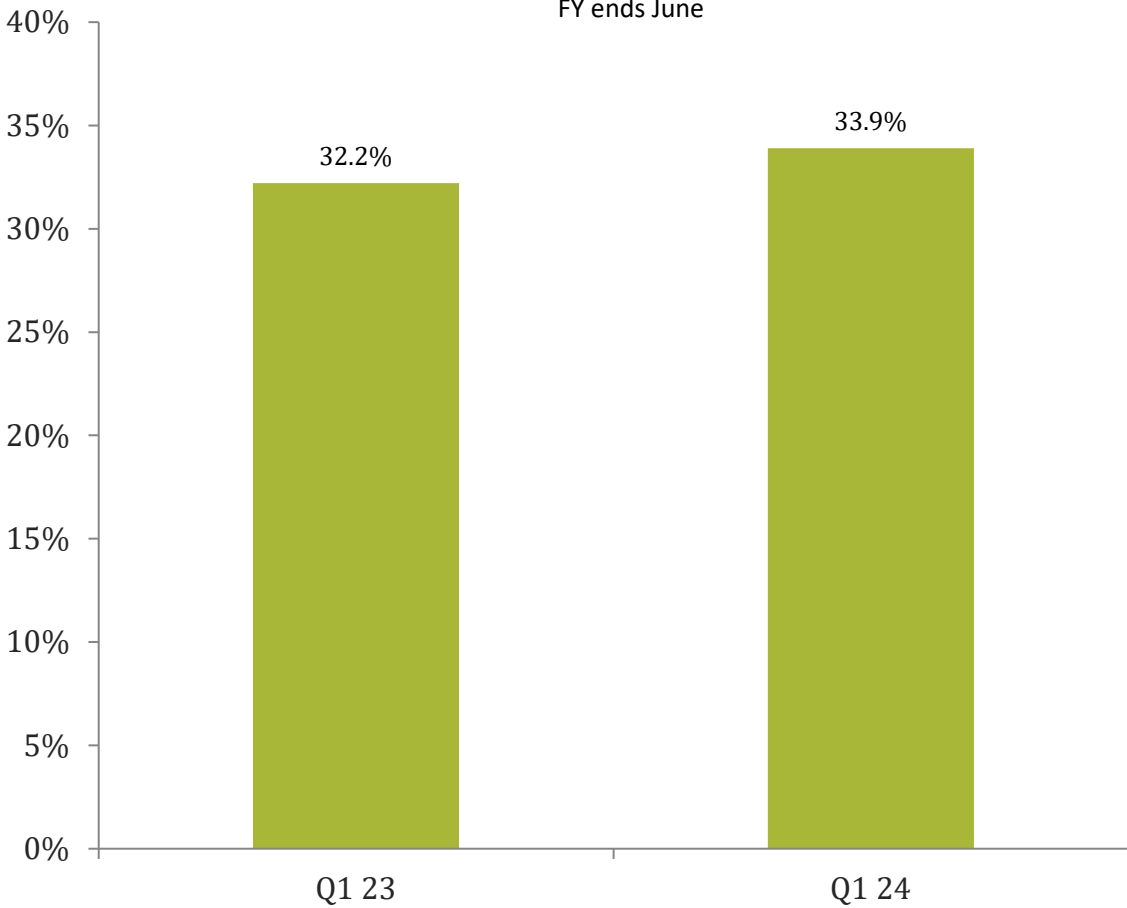
Annual

FY ends June



Quarterly

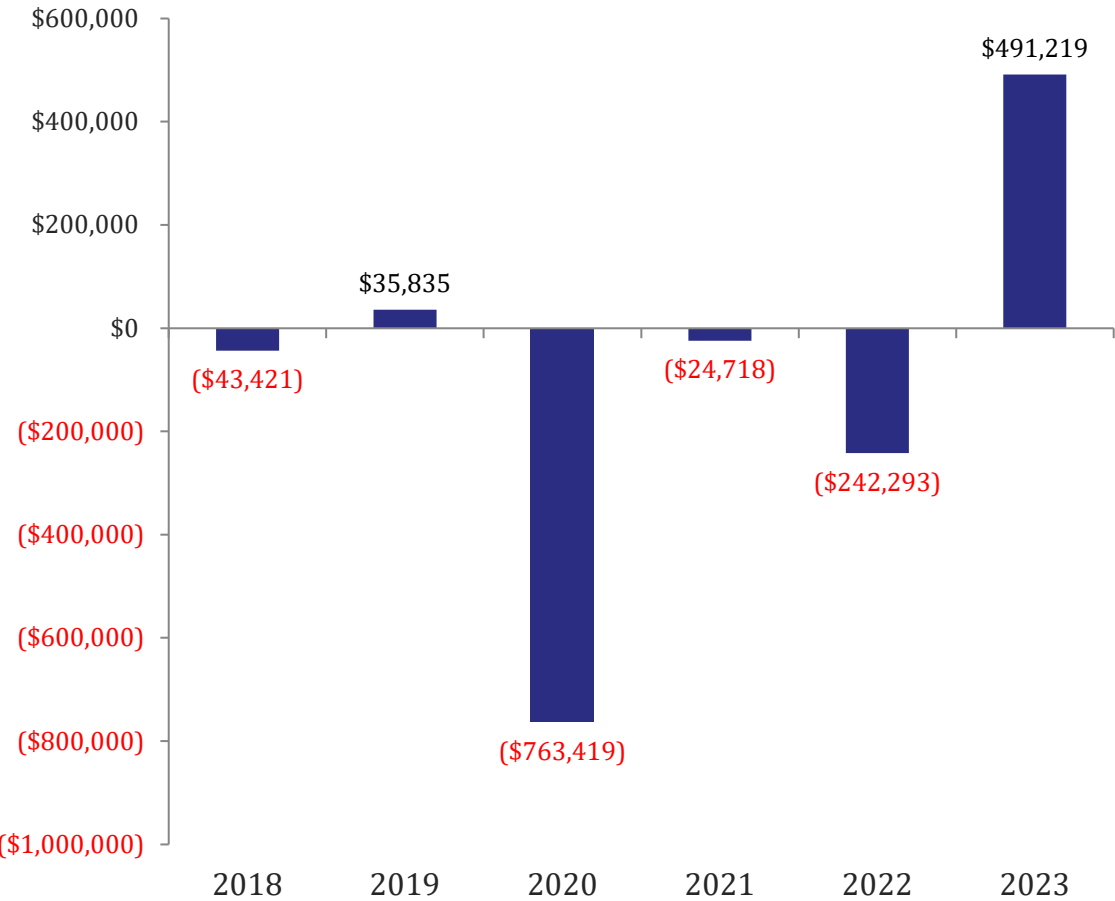
FY ends June



# Adjusted EBITDA

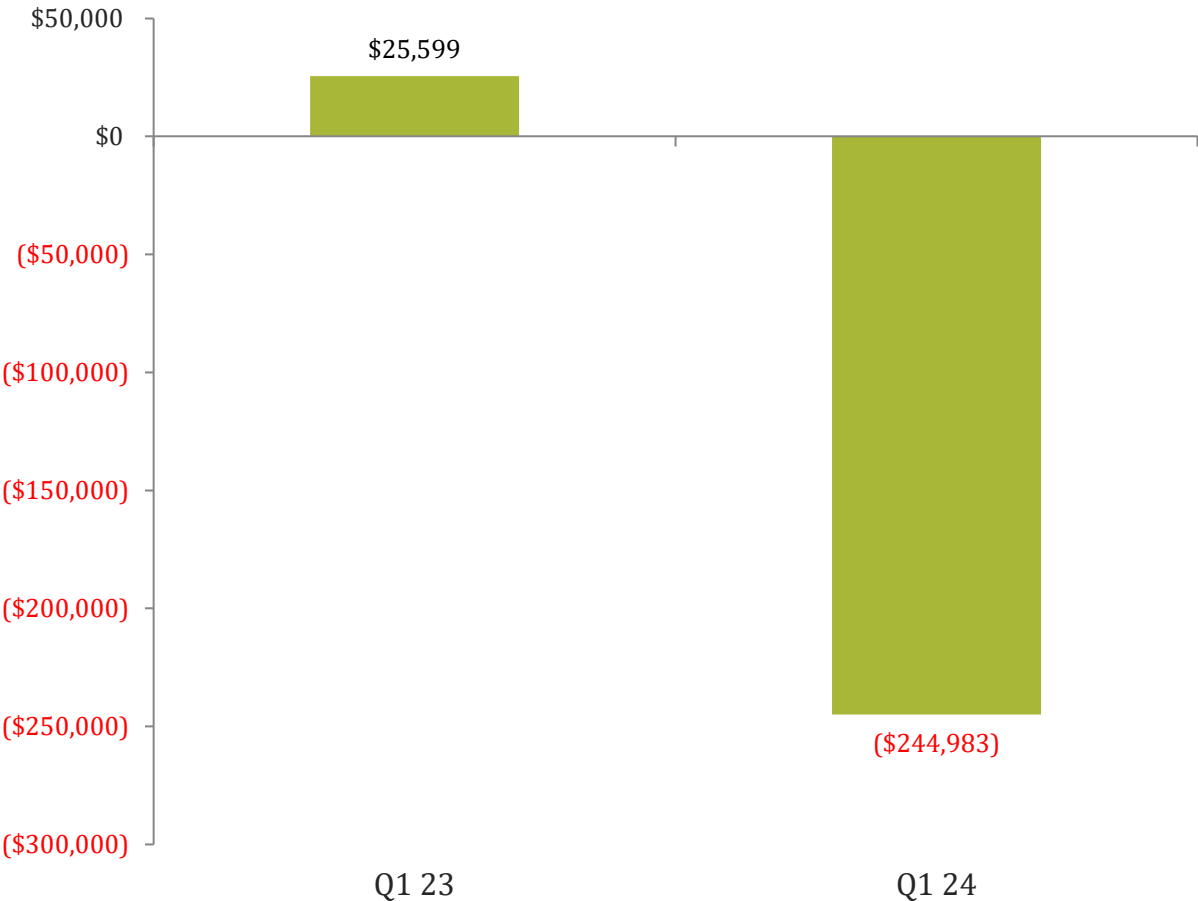
## Annual

FY ends June



## Quarterly

FY ends June



See page 24 for Adjusted EBITDA reconciliation. FY 2023 negatively impacted by a one-time increase in the allowance for doubtful accounts of \$464,000 for a single customer.



# Income Statement Highlights

	FY 2018	FY 2019	FY 2020	FY 2021	Q1	Q2	Q3	Q4	FY 2022	Q1	Q2	Q3	Q4	FY 2023	Q1
Revenues	4,038,048	6,804,169	9,923,356	10,674,907	2,336,344	3,897,041	4,651,352	4,793,511	15,678,248	5,085,301	5,886,961	5,048,065	5,024,140	21,044,467	4,321,255
Cost of Goods Sold	2,556,130	4,681,691	6,560,779	7,241,323	1,697,312	277,459	2,923,142	3,352,148	10,750,061	3,445,860	3,287,489	3,311,967	3,265,015	13,310,331	2,857,644
Gross Profit	1,481,918	2,122,478	3,362,576	3,433,584	314,122	1,119,582	1,728,210	1,441,363	4,928,187	1,639,441	2,599,472	1,736,098	1,759,125	7,734,136	1,463,611
Operating Expenses	1,830,537	2,735,021	4,785,559	4,339,158	961,970	1,579,932	1,789,329	1,861,833	6,442,078	1,741,243	2,028,407	2,229,366	2,373,668	8,372,684	1,868,904
Operating Income (Loss)	(348,619)	(612,543)	(1,422,983)	(905,574)	(571,952)	(460,350)	(61,119)	(420,470)	(1,513,891)	(101,802)	571,065	(493,268)	(614,543)	(638,548)	(405,293)
Other - Interest Expense	(1,859)	(1,416)	(1,001)	(5,302)	(28,277)	(29,274)	(52,778)	(55,148)	(159,538)	(56,922)	(62,397)	(48,124)	(51,484)	(218,927)	(59,122)
Other Income	-	-	-	808,962	-	-	-	745,863	745,963	-	-	142,960	571,838	714,798	-
Income Tax	(912)	(912)	(2,165)	(912)	-	-	-	(952)	(952)	-	-	-	(1,936)	(1,936)	-
Net Income (Loss)	(351,390)	(614,871)	(1,426,149)	(102,826)	(576,801)	(489,624)	(113,897)	269,293	(928,418)	(158,724)	508,668	(398,432)	(96,125)	(144,613)	(464,415)
Stock Comp & Services Expense	52,341	473,326	547,345	733,930	160,071	350,452	231,115	173,856	915,494	74,990	244,786	450,014	149,242	919,032	108,746
Business Acquisition Expenses	-	128,111	-	-	172,174	(10,049)	-	-	162,125	-	-	-	-	-	-
Other Income	-	-	-	(808,962)	-	-	-	(742,052)	(742,052)	-	-	(142,960)	(571,838)	(714,798)	-
Depreciation & Amortization	27,216	38,554	112,218	146,926	42,291	47,391	48,197	52,189	190,068	52,083	52,667	52,710	53,275	210,735	51,564
Interest Expense	-	1,416	1,001	5,302	4,849	29,274	52,778	55,148	159,538	56,922	62,397	48,124	51,484	218,927	59,122
Income Taxes	912	912	2,165	912	-	-	-	952	952	-	-	-	1,936	1,936	-
Add Bad Debt Expense	227,500	9,803	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	(43,421)	37,251	(763,419)	(24,718)	(197,416)	(72,555)	218,193	(190,614)	(242,293)	25,271	868,518	9,456	(412,026)	491,219	(244,983)

# Balance Sheet Highlights

	6/30/2020	6/30/2021	6/30/2022	6/30/2023	9/30/2023
Cash and cash equivalents	\$1,134,697	\$861,650	\$605,749	\$2,925,852	\$1,370,469
Accounts receivable, net	\$1,481,437	\$1,878,755	\$2,663,872	\$3,907,407	\$4,533,126
Inventory	\$2,197,244	\$1,885,395	\$3,079,938	\$2,776,216	\$2,971,211
Total assets	\$6,351,531	\$6,261,300	\$16,704,020	\$19,740,434	\$19,068,484
Current Liabilities	\$3,149,380	\$2,511,110	\$4,586,641	\$5,259,620	\$5,126,618
Acquisition earn out liability (incl. current portion)	\$500,000	\$333,333	\$872,559	\$0	\$0
Bank Debt (incl. current portion)	\$0	\$0	\$2,328,855	\$2,689,239	\$2,560,924
Total shareholder's equity	\$2,771,761	\$3,431,127	\$8,971,495	\$12,046,592	\$11,690,923
Shares Outstanding*	4,397,263	4,427,492	5,638,363	6,066,518	6,066,518

\*Reflects 1-for-3 split enacted on November 2, 2022