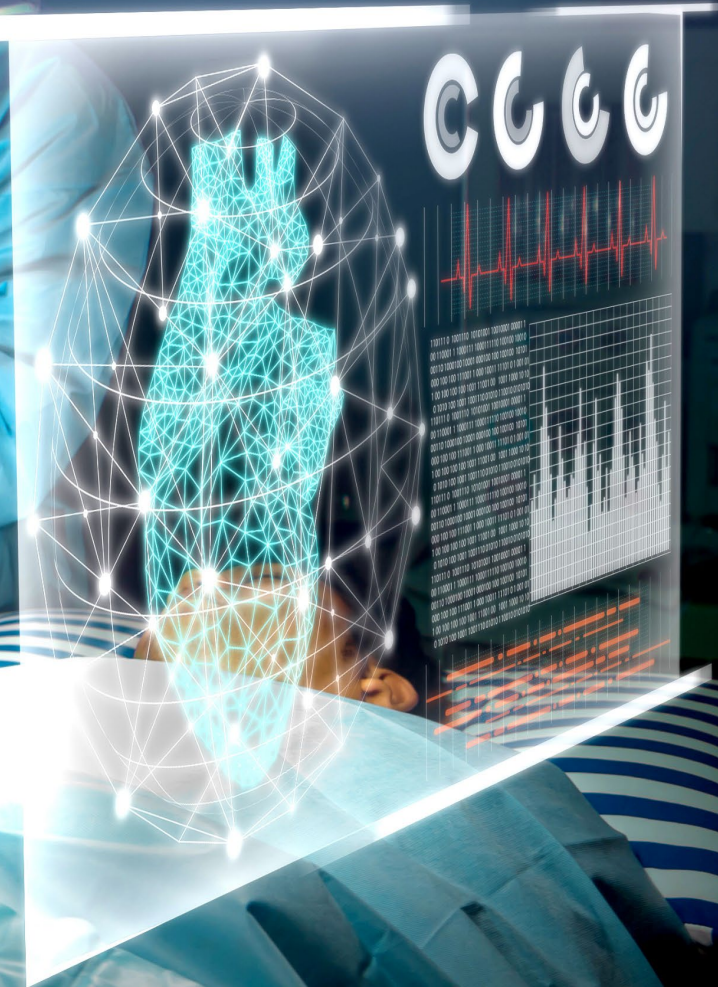




NASDAQ: POCI

Corporate Presentation
April 2024



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:

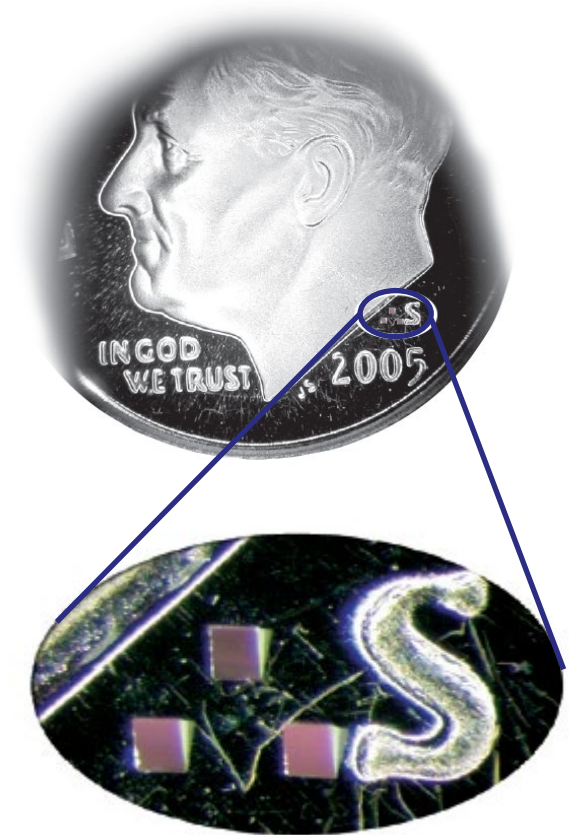
Selling, general and administrative expenses; operating expenses. The Company excludes a portion of SG&A expense and operating expenses related to transaction expenses related to acquisitions and financings. Acquisition-related expenses include transaction fees, due diligence costs and other direct costs 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 is a **VERTICALLY INTEGRATED OPTICS COMPANY** primarily focused on leveraging its proprietary **MICRO-OPTICS AND IMAGING TECHNOLOGIES** to the **HEALTHCARE** and **DEFENSE/AEROSPACE** industries by providing services ranging from new product concept through mass manufacture.



Company Overview

- ▶ **Precision Optics (Nasdaq: POCI) has been a leading developer and manufacturer of advanced optical instruments for more than 40 years**
- ▶ **Today's proprietary technologies:**
 - ▶ Micro Optics
 - ▶ 3D Endoscopes
 - ▶ Digital Imaging
- ▶ **Business model 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, 3D imaging, and digital imaging technologies
 - ▶ Robust pipeline supporting future commercial production opportunities
 - ▶ Maintain and update IP through internal and customer funded R&D

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

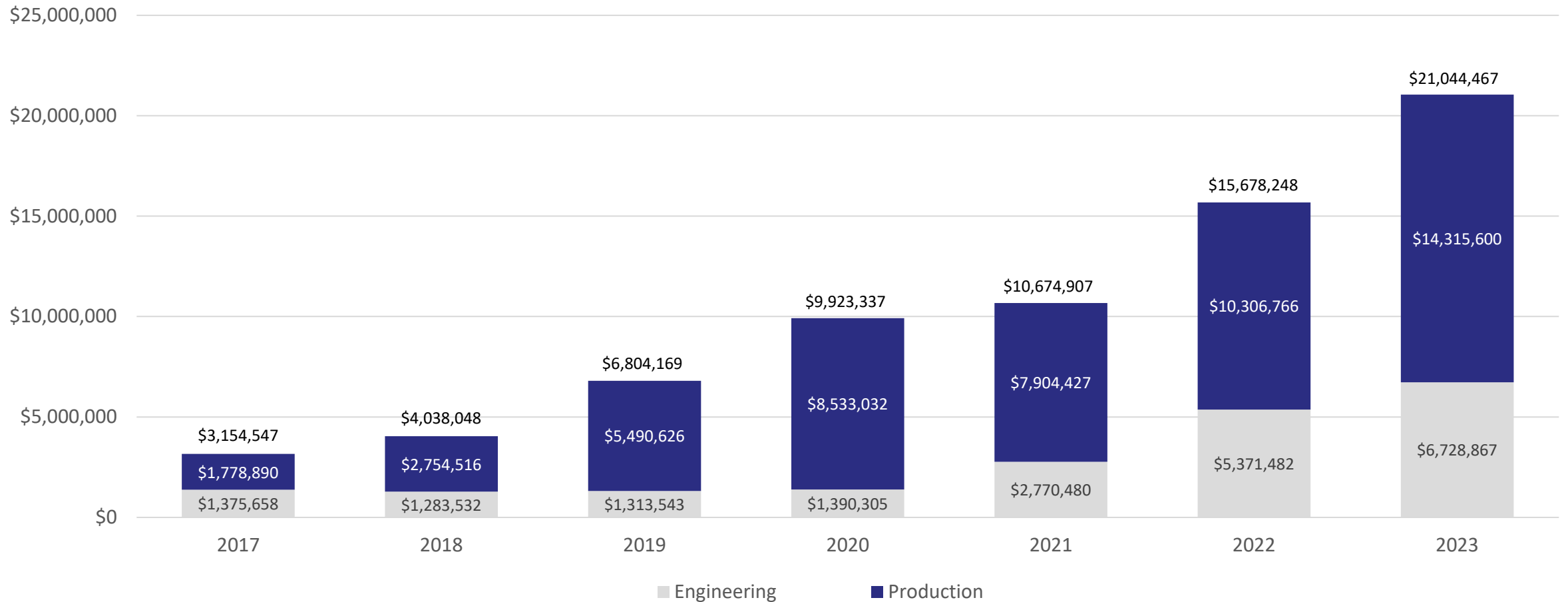
- ▶ Joe Forkey becomes CEO in 2011 to drive new strategy focused on micro optics and 3D endoscopes
- ▶ Business model focused on designing and developing innovative new products with key multi-national customers to bring commercial products to market

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

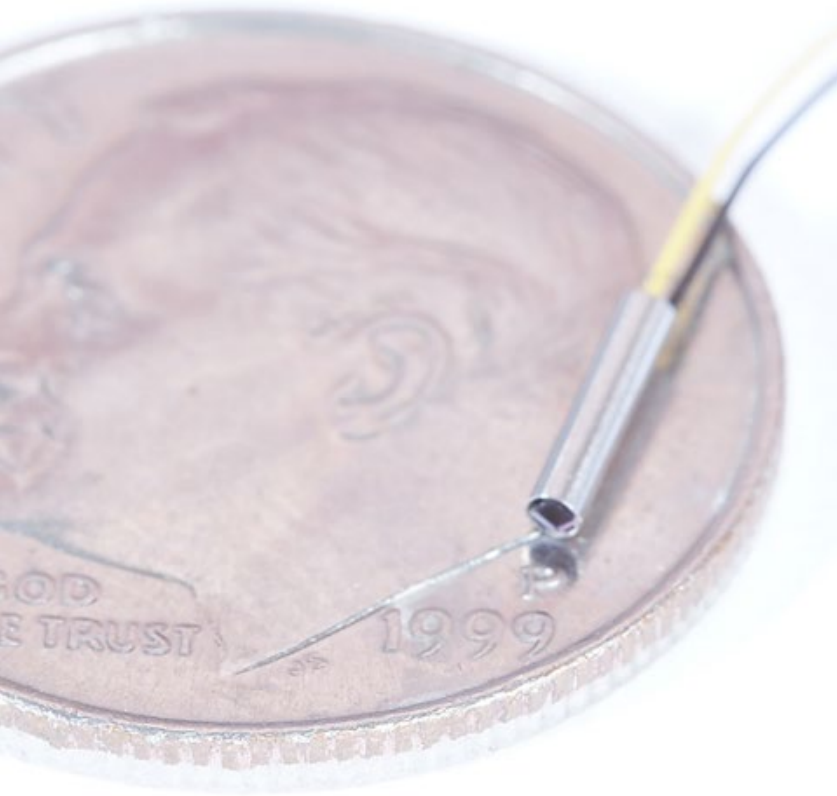
FY End June





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

MicroPrecision Optics



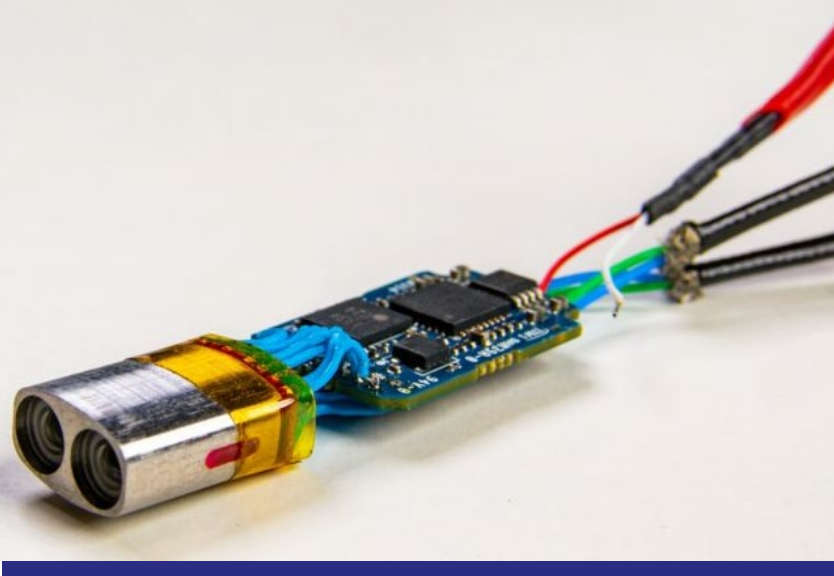
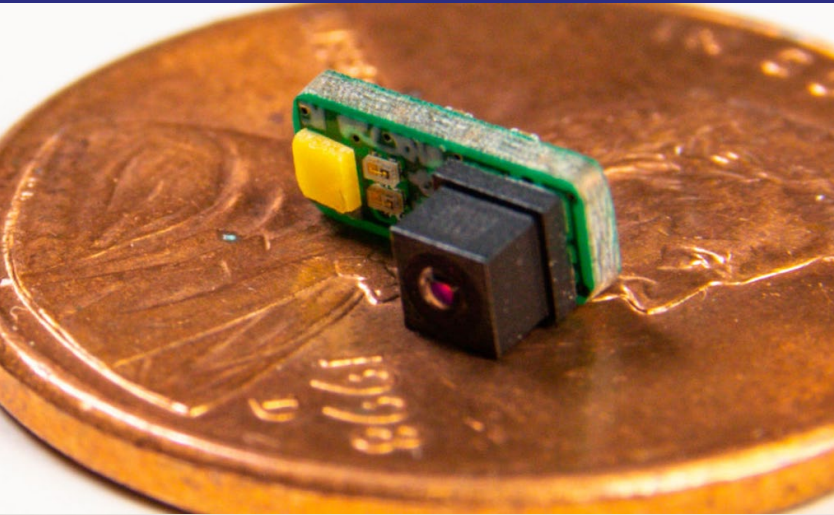
- ▶ Millimeter sized and smaller cameras with low manufacturing costs
- ▶ Small size can provide visualization for new procedures in new parts of the body and for existing procedures that are currently performed blind or with sub-optimal imaging. Facilitates the development of new surgical procedures 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

Key Markets: Medical Device

▶ MicroPrecision Optics

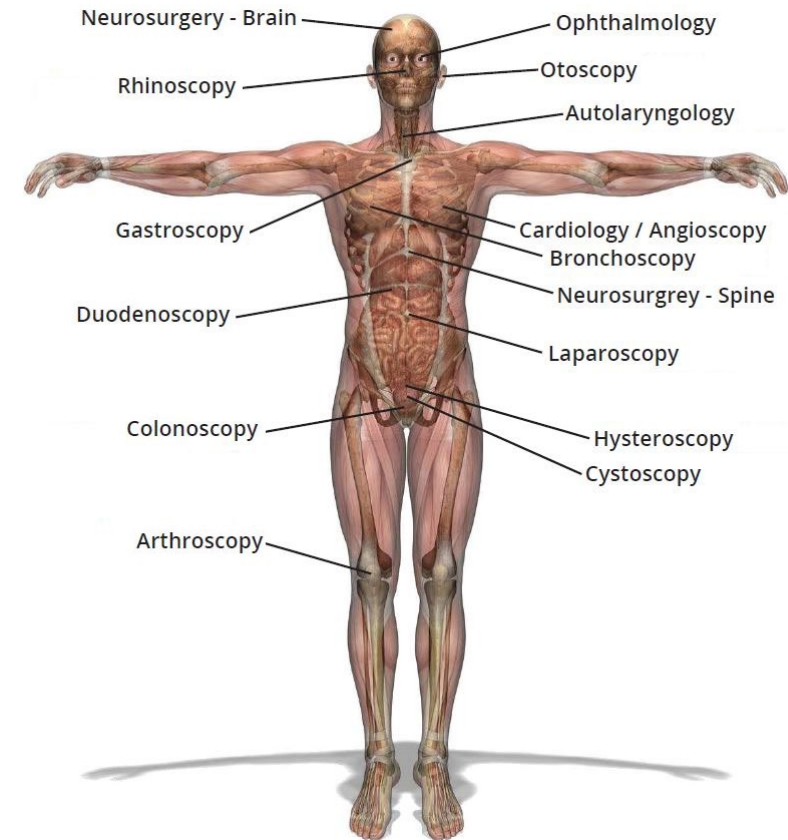
- ▶ Smaller imaging systems enabling next generation minimally invasive surgery

▶ 3D Endoscopes

- ▶ Robotic Surgery

▶ Digital Imaging

- ▶ Full medical device systems
- ▶ Single use endoscopes

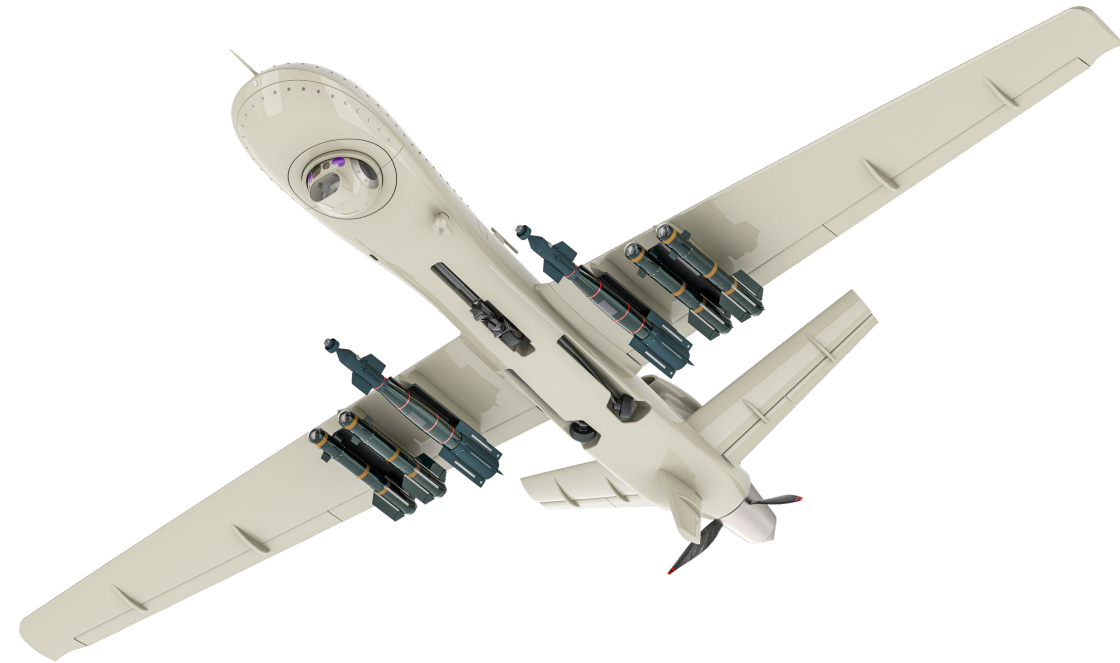


Key Markets: Aerospace/Defense

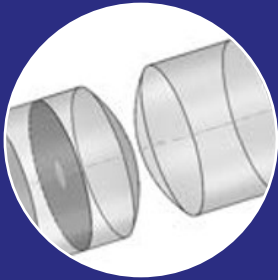
- ▶ **SWaP (Size Weight and Power)**

- ▶ **Areas of Focus**

- ▶ Satellite communications
- ▶ UAV/Drones
- ▶ Directed energy weapons



Digital Imaging Systems



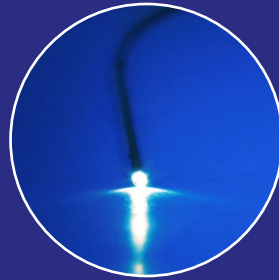
Optics

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



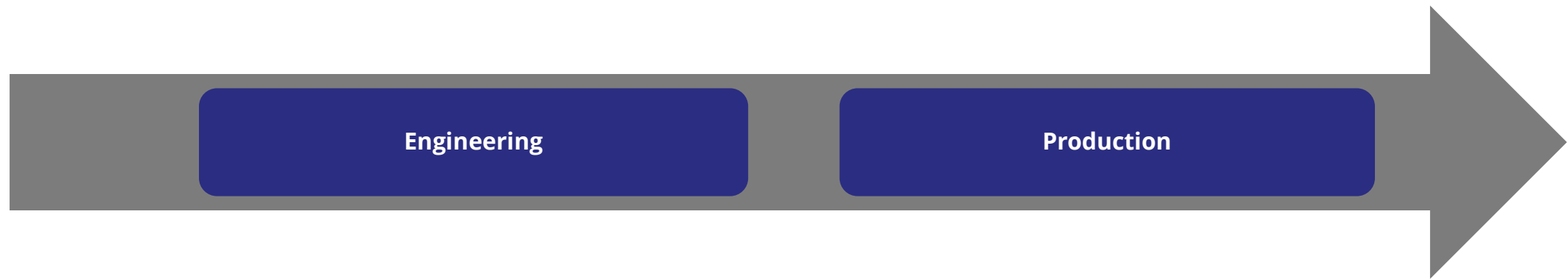
System

Product Cost
Quality
Compliance
Project Mgmt.
DFx

Holistic Development

Vertically Integrated Design to Manufacture

Broad Optical Capabilities All Under One Roof



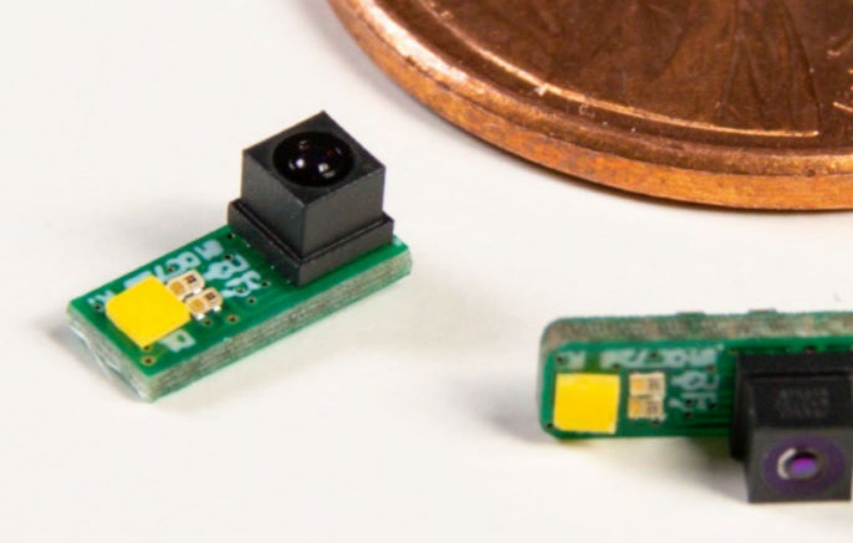
Expanding Product Pipeline

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
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
Micro Endoscope						Medical Device	Ophthalmology	Mid-Tier Medical Device
ENT Scope						Medical Device	Ear, Nose and Throat	Well-funded Startup
Ophthalmic Scanning Device						Medical Device	Ophthalmology	Well-funded Startup
Otoscopy Device #2						Medical Device	Otoscopy	Well-funded Startup
Arthroscope #2						Medical Device	Arthroscopy	Well-funded Startup
Non-Contact Inspection Device						Defense/Aerospace	Aviation	Well-funded Startup
Ureteroscope						Medical Device	Urology	Mid-Tier Medical Device
Ophthalmoscope						Medical Device	Ophthalmology	Large Medical Device
Laparoscope						Medical Device	Laparoscopy	Large Medical Device
Cystoscope #2						Medical Device	Cystoscopy	Well-funded Startup
3D Laparoscope						Medical Device	Robotic Laparoscopy	Mid-Tier Medical Device
Multiple projects in quotation / discussion stage								

Key Acquisitions Enhanced Capabilities



October 2021



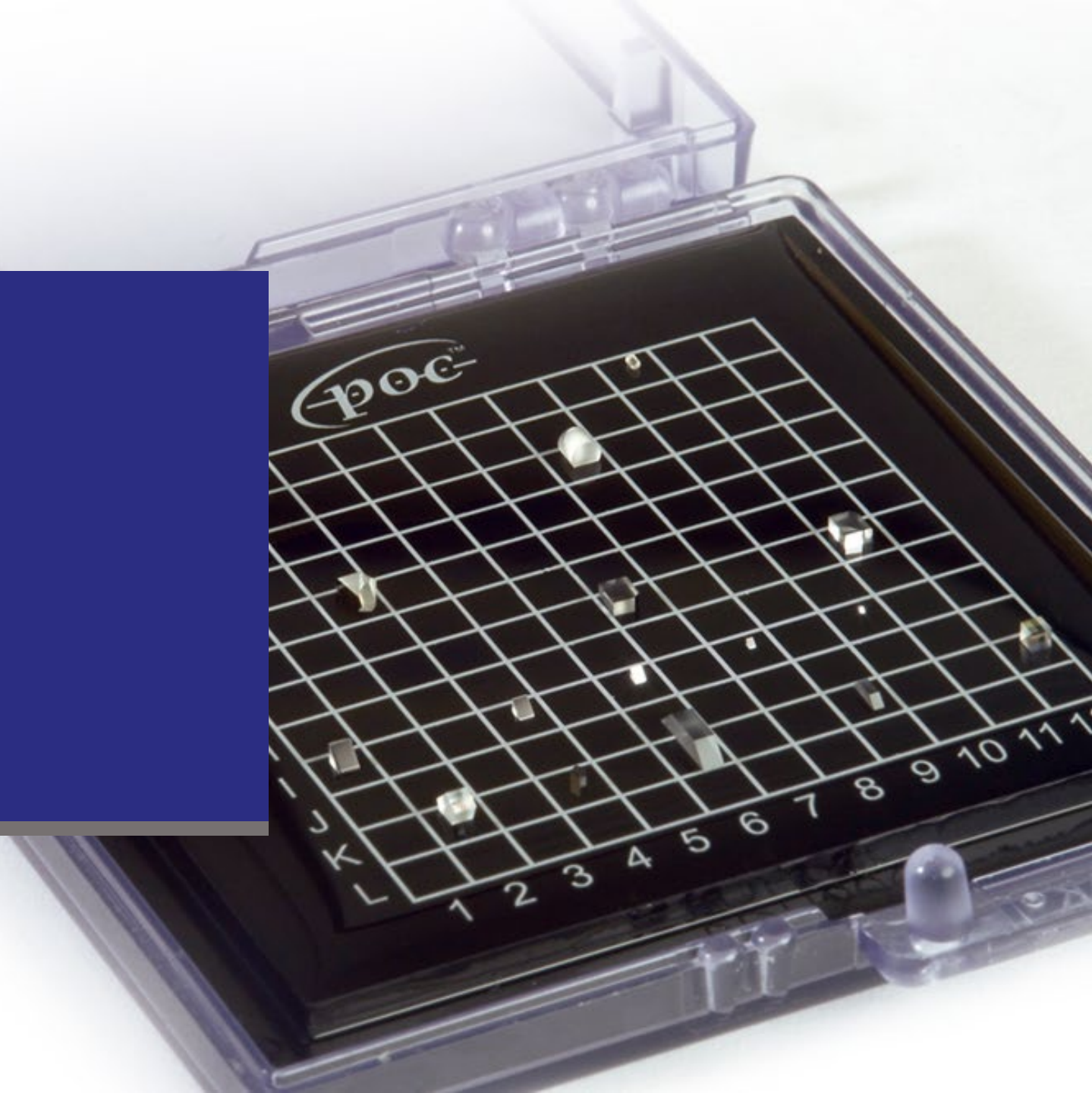
July 2019



Go Forward Strategy

- ▶ **Advance pipeline projects to commercialization**
- ▶ **Expand pipeline with new development programs**
- ▶ **Drive growth and efficiencies in currently commercialized products**
- ▶ **Maintain competitive advantages in micro-optics, 3D imaging and digital imaging**
- ▶ **Disciplined investment strategy in sales and marketing, as well as engineering capabilities**
- ▶ **Look for strategic acquisitions to broaden the Company's existing capabilities**

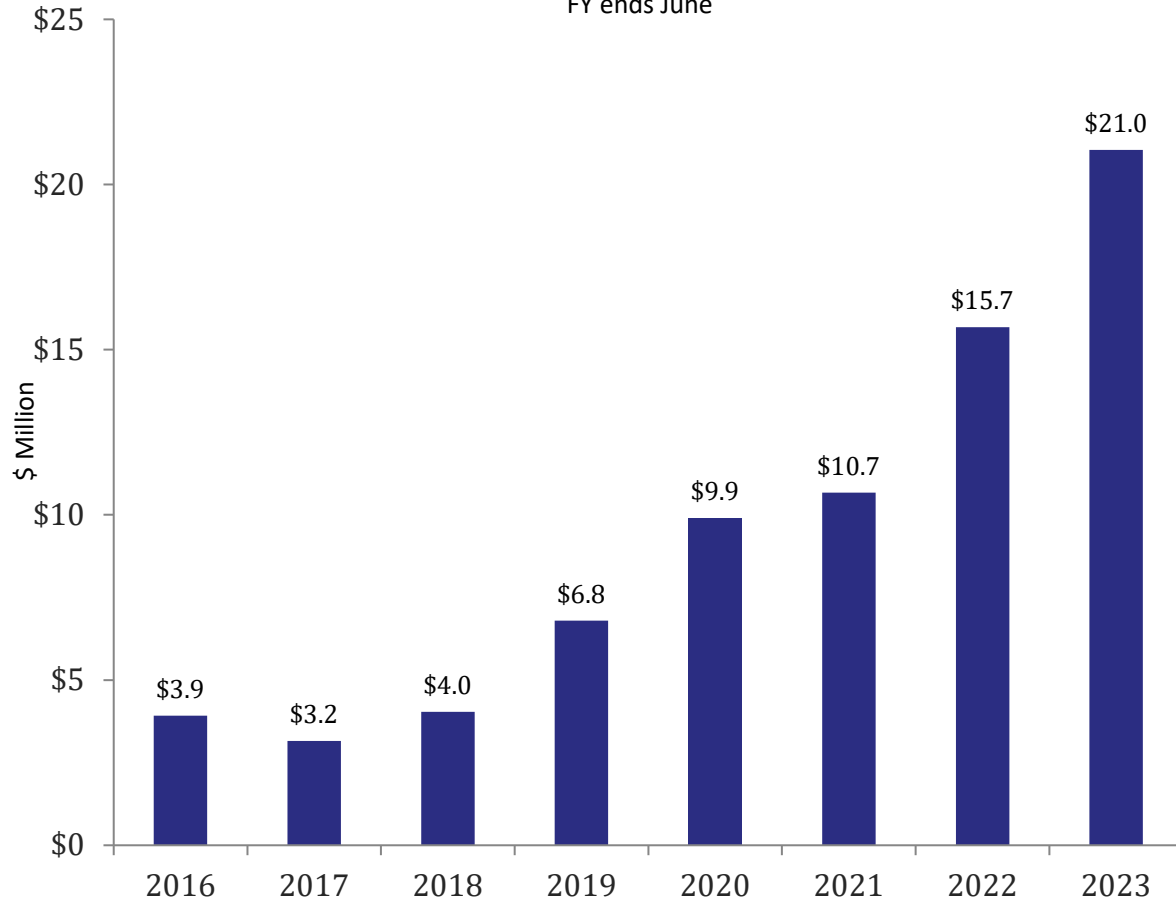
FINANCIALS



Revenue

Annual

FY ends June



YTD

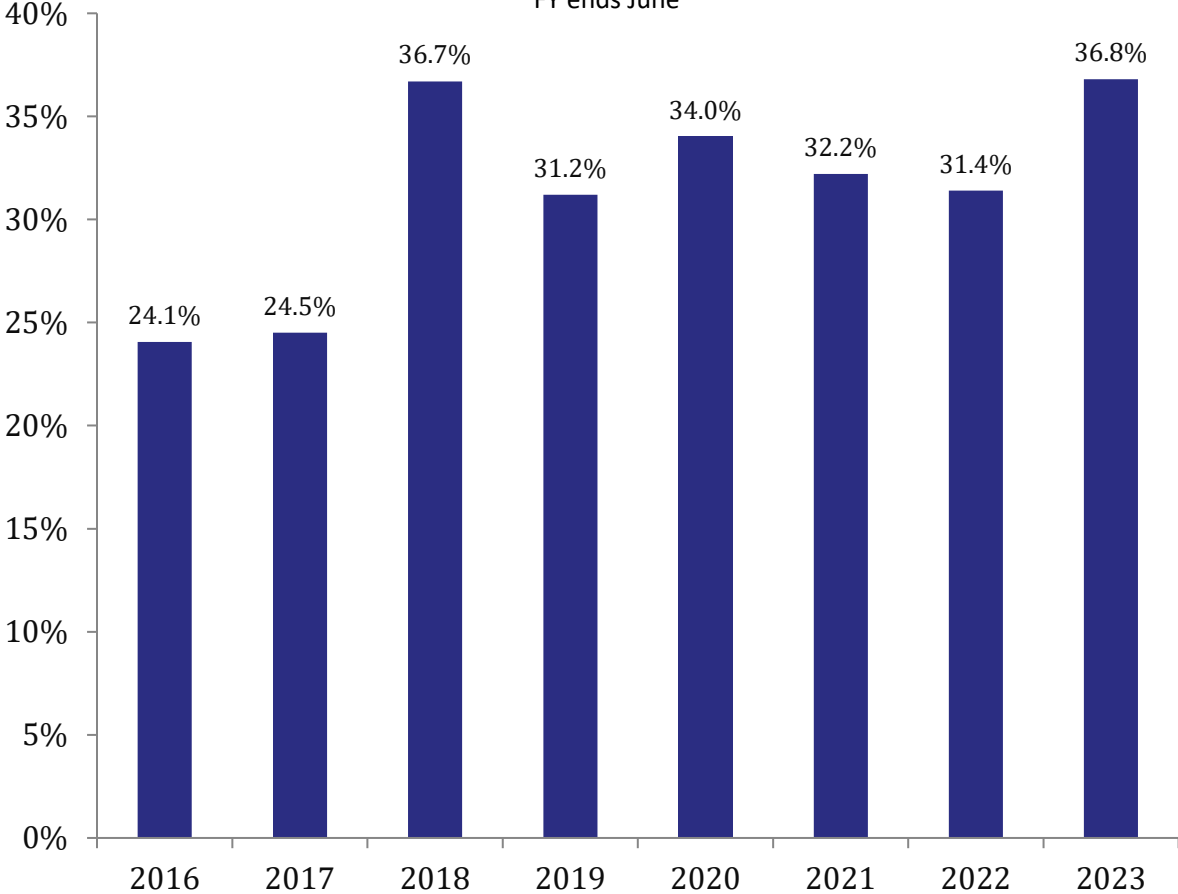
FY ends June



Gross Margins

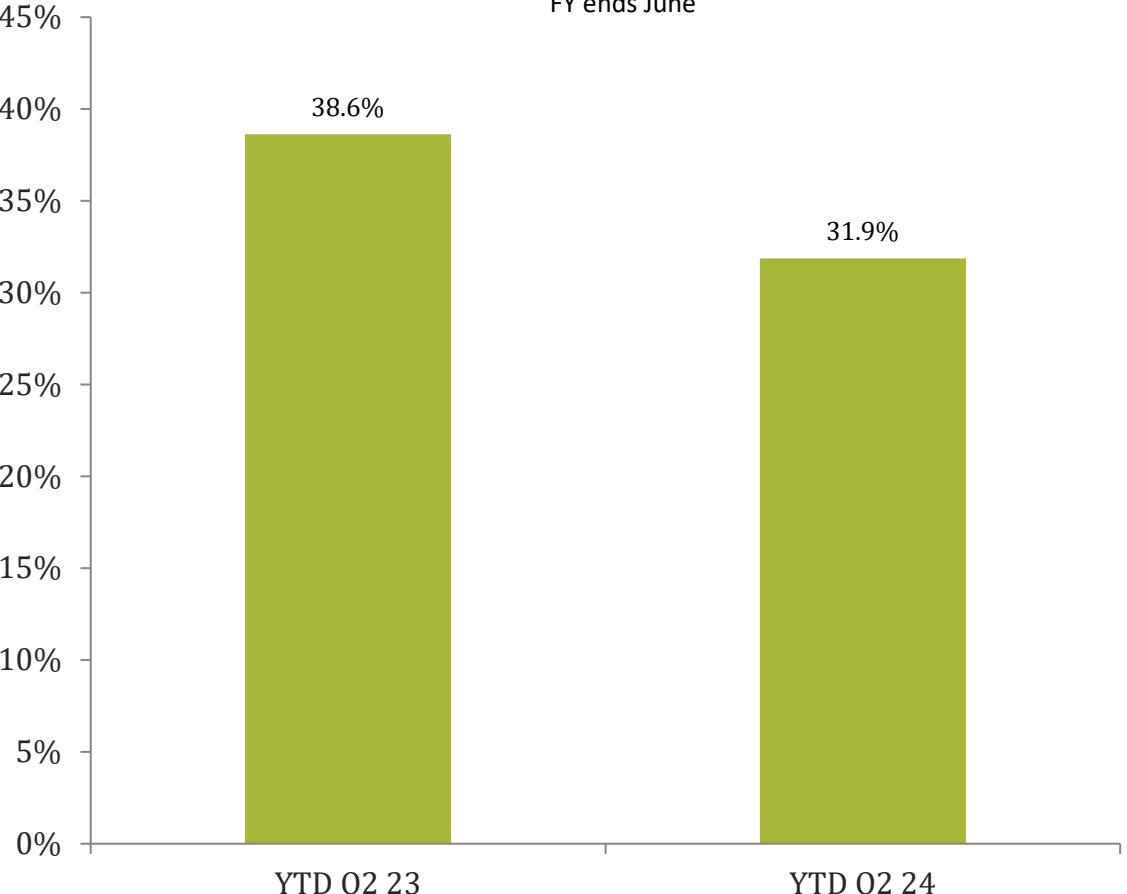
Annual

FY ends June



YTD

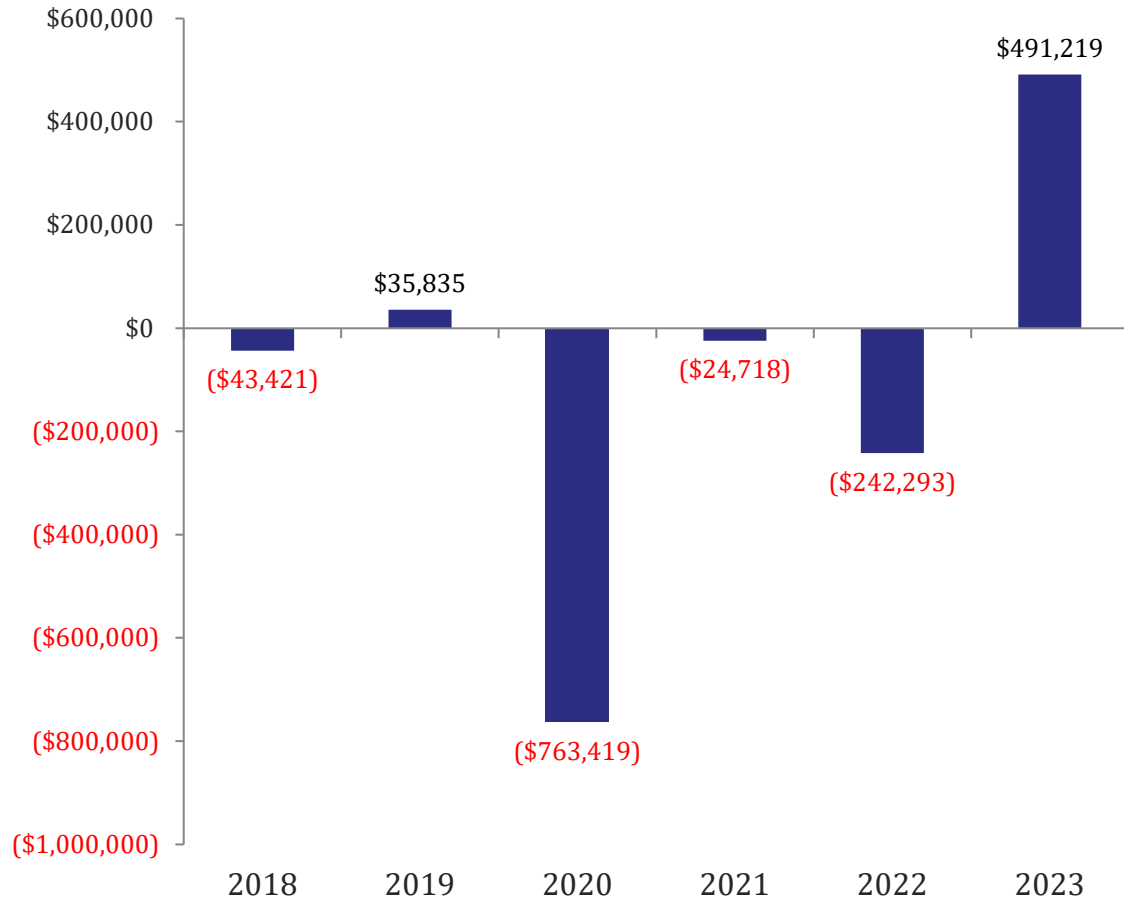
FY ends June



Adjusted EBITDA

Annual

FY ends June



YTD

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	Q1	Q2	Q3	Q4	FY 2021	Q1	Q2	Q3	Q4	FY 2022	Q1	Q2	Q3	Q4	FY 2023	Q1	Q2
Revenues	4,038,048	6,804,169	9,923,356	2,757,901	2,785,451	2,458,289	2,673,266	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	4,824,289
Cost of Goods Sold	2,556,130	4,681,691	6,560,779	1,782,723	1,931,012	1,640,265	1,887,323	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	3,373,313
Gross Profit	1,481,918	2,122,478	3,362,576	975,178	854,439	818,024	785,943	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	1,450,976
Operating Expenses	1,830,537	2,735,021	4,785,559	973,578	1,067,165	1,074,040	1,224,375	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	2,155,138
Operating Income (Loss)	(348,619)	(612,543)	(1,422,983)	1,600	(212,726)	(256,016)	(438,432)	(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)	(704,162)
Other - Interest Expense	(1,859)	(1,416)	(1,001)	(807)	(730)	(666)	(3,100)	(5,302)	(28,277)	(29,274)	(52,778)	(55,148)	(159,538)	(56,922)	(62,397)	(48,124)	(51,484)	(218,927)	(59,122)	(54,640)
Other Income	-	-	-	-	-	808,962	-	808,962	-	-	-	745,863	745,963	-	-	142,960	571,838	714,798	-	-
Income Tax	(912)	(912)	(2,165)	-	-	-	(912)	(912)	-	-	-	(952)	(952)	-	-	-	(1,936)	(1,936)	-	-
Net Income (Loss)	(351,390)	(614,871)	(1,426,149)	793	(213,456)	552,280	(442,443)	(102,826)	(576,801)	(489,624)	(113,897)	269,293	(928,418)	(158,724)	508,668	(398,432)	(96,125)	(144,613)	(464,415)	(758,802)
Stock Comp & Services Expense	52,341	473,326	547,345	71,146	157,079	86,027	419,678	733,930	160,071	350,452	231,115	173,856	915,494	74,990	244,786	450,014	149,242	919,032	108,746	382,431
Business Acquisition Expenses	-	128,111	-	-	-	-	-	-	172,174	(10,049)	-	-	162,125	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	(808,962)	-	(808,962)	-	-	-	(742,052)	(742,052)	-	-	(142,960)	(571,838)	(714,798)	-	-
Depreciation & Amortization	27,216	38,554	112,218	35,086	35,642	33,779	42,419	146,926	42,291	47,391	48,197	52,189	190,068	52,411	52,667	52,710	53,275	210,735	51,564	52,697
Interest Expense	-	1,416	1,001	807	730	666	3,100	5,302	4,849	29,274	52,778	55,148	159,538	56,922	62,397	48,124	51,484	218,927	59,122	54,640
Income Taxes	912	912	2,165	-	-	-	912	912	-	-	-	952	952	-	-	-	1,936	1,936	-	-
Add Bad Debt Expense	227,500	9,803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	(43,421)	37,251	(763,419)	107,832	(20,005)	(136,210)	23,665	(24,718)	(197,416)	(72,555)	218,193	(190,614)	(242,293)	25,599	868,518	9,456	(412,026)	491,219	(244,983)	(269,034)

Balance Sheet Highlights

	6/30/2020	6/30/2021	6/30/2022	6/30/2023	12/31/2023
Cash and cash equivalents	\$1,134,697	\$861,650	\$605,749	\$2,925,852	\$987,044
Accounts receivable, net	\$1,481,437	\$1,878,755	\$2,663,872	\$3,907,407	\$3,511,544
Inventory	\$2,197,244	\$1,885,395	\$3,079,938	\$2,776,216	\$3,099,986
Total assets	\$6,351,531	\$6,261,300	\$16,704,020	\$19,740,434	\$17,697,376
Current Liabilities	\$3,149,380	\$2,511,110	\$4,586,641	\$5,259,620	\$4,313,058
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	\$2,432,609
Total shareholder's equity	\$2,771,761	\$3,431,127	\$8,971,495	\$12,046,592	\$11,317,252
Shares Outstanding*	4,397,263	4,427,492	5,638,363	6,066,518	6,067,518

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