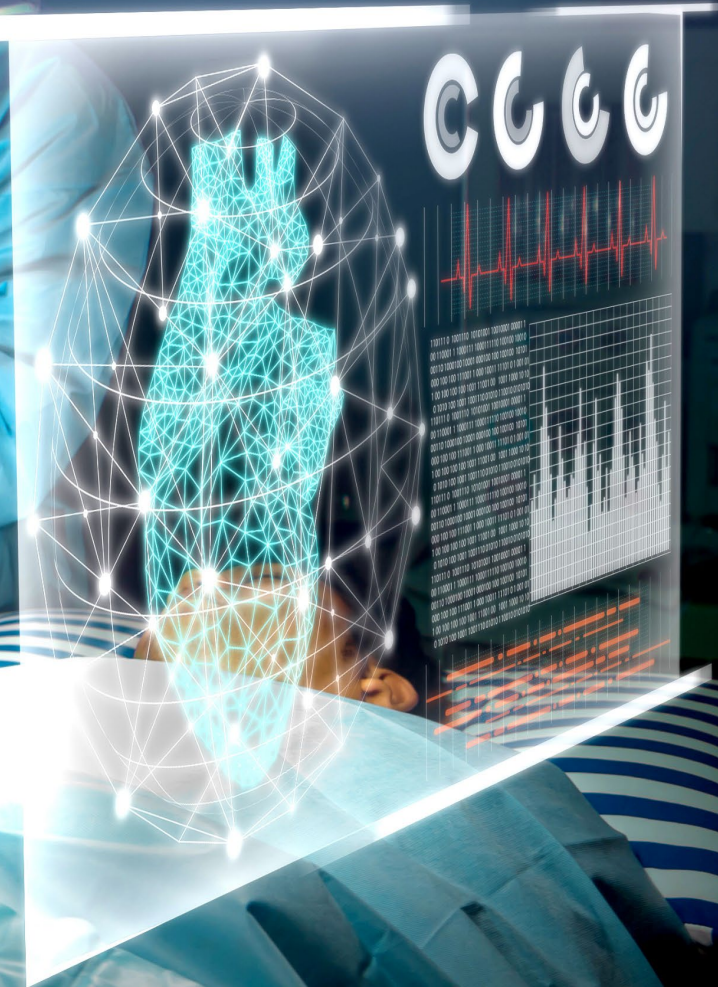




NASDAQ: POCI

Planet MicroCap Showcase  
May 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:

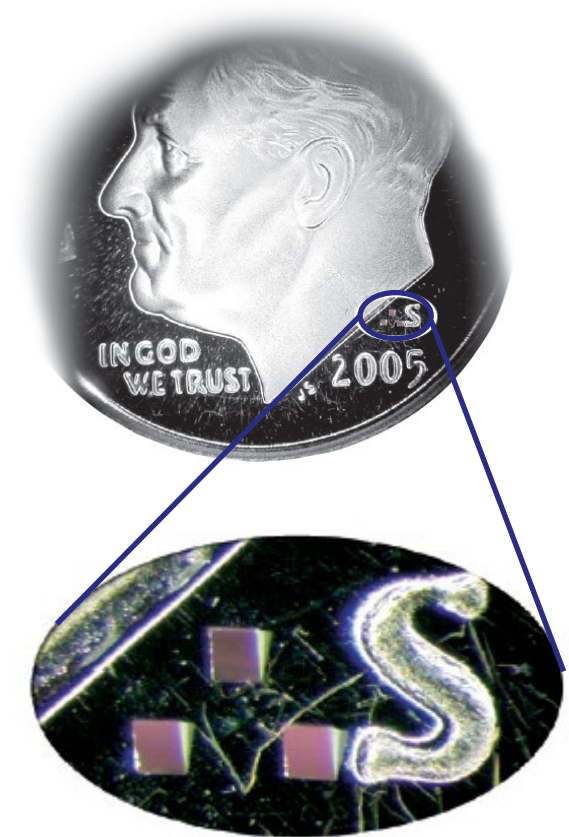
*Selling, general and administrative expenses; operating expenses.* The Company excludes a portion of SG&A expense and operating expenses related to transaction expenses related to acquisitions and financings. Acquisition-related expenses include transaction fees, due diligence costs and other direct 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.

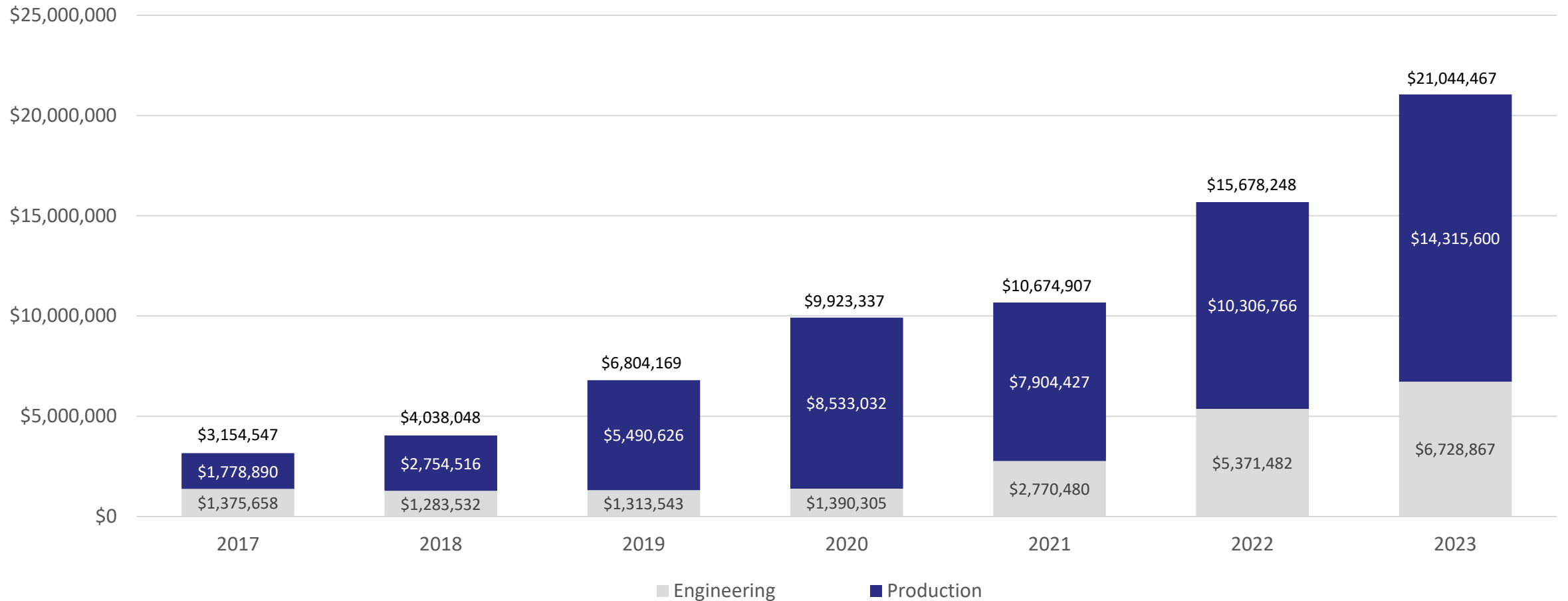
# Enabling Next Generation Technologies

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.



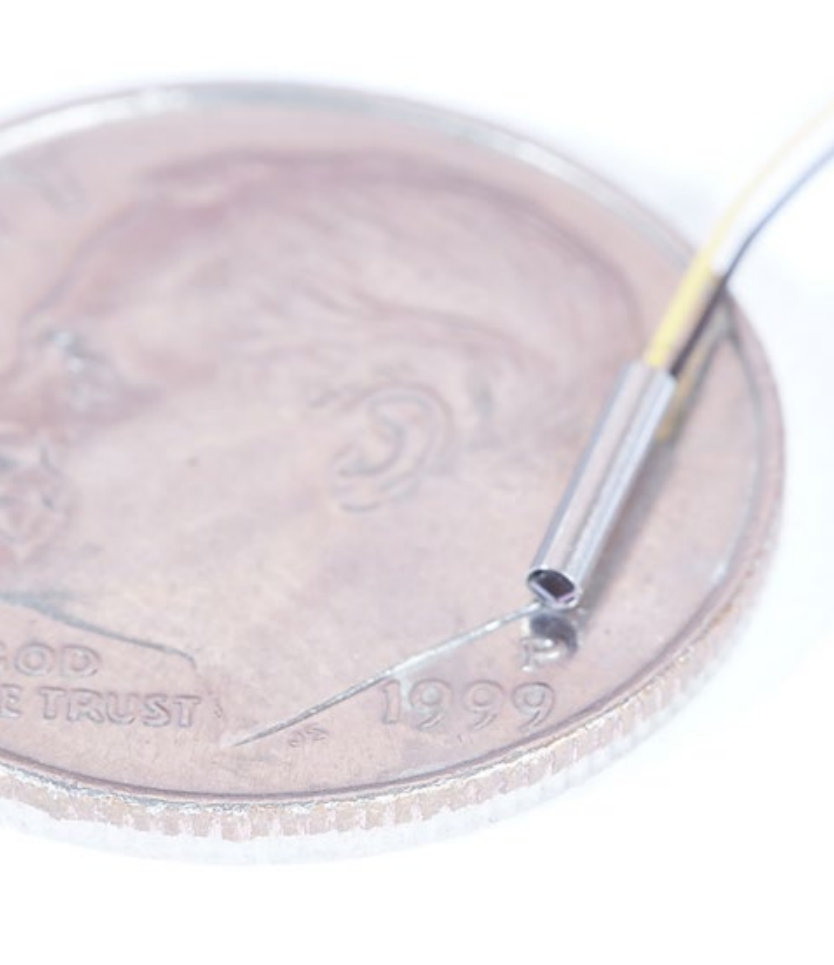
# Revenue Ramp

FY End June

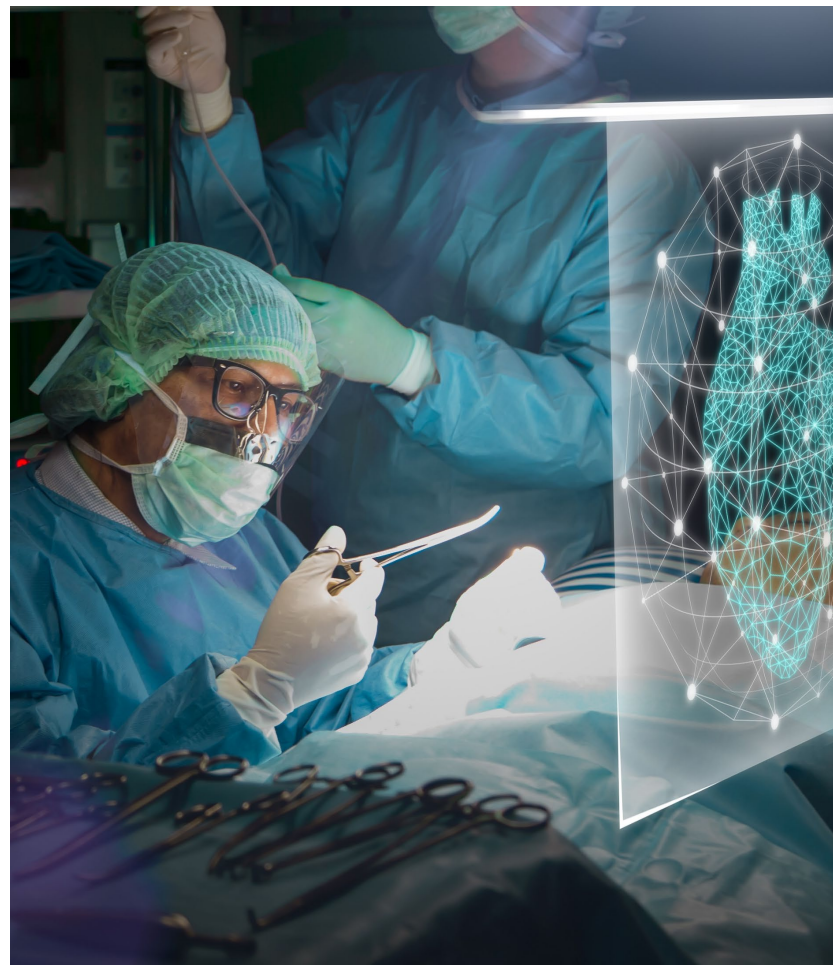


# Differentiated Product Technology Offerings

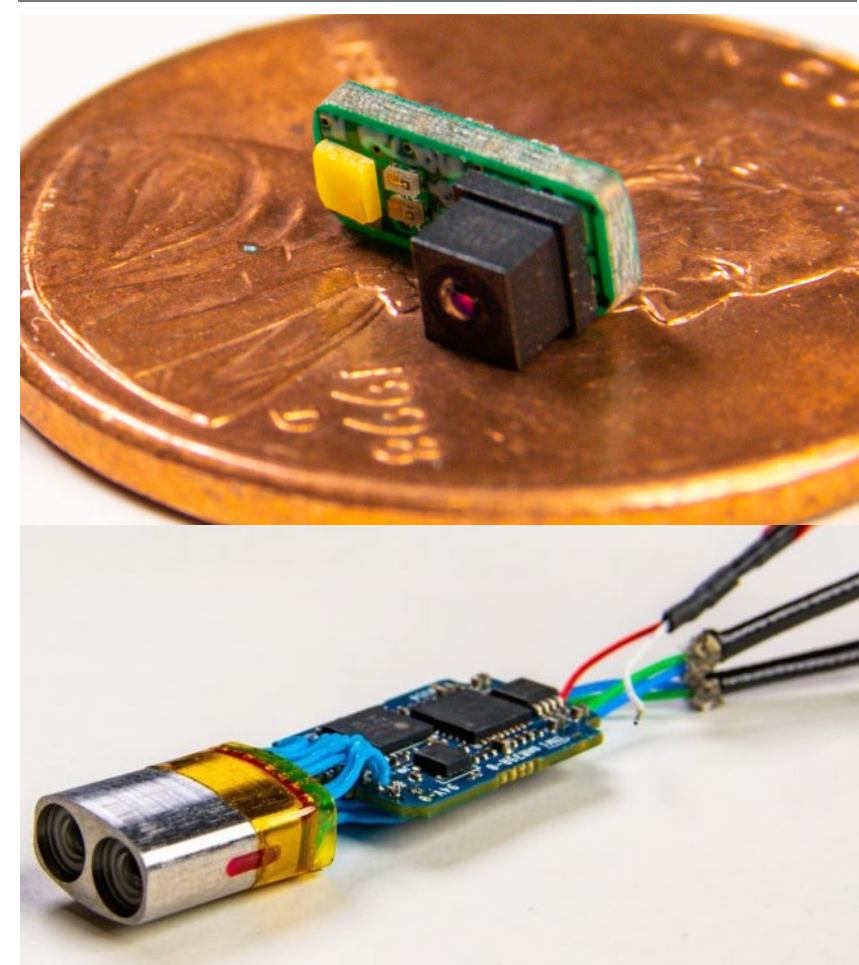
Micro Optics



3D Imaging



Digital Imaging



# Key Markets: Medical Device

## ▶ MicroPrecision Optics

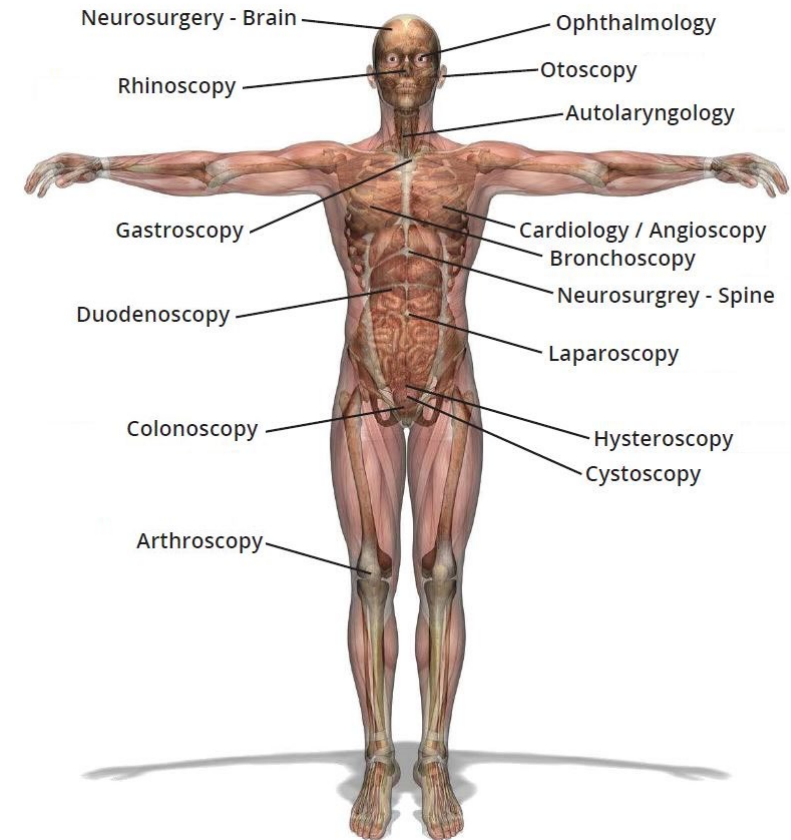
- ▶ Smaller imaging systems enabling next generation minimally invasive surgery

## ▶ 3D Endoscopes

- ▶ Robotic Surgery

## ▶ Digital Imaging

- ▶ Full medical device systems
- ▶ Single use endoscopes

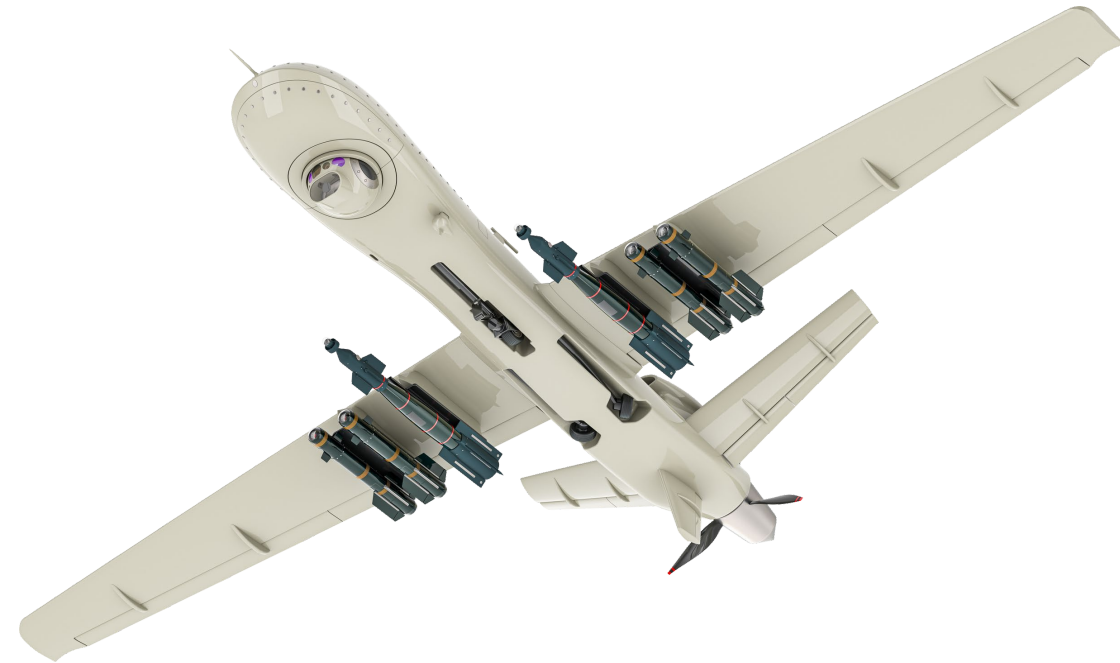


# Key Markets: Aerospace/Defense

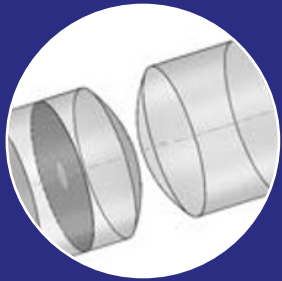
## ▶ SWaP (Size Weight and Power)

## ▶ Areas of Focus

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



# Digital Imaging Systems



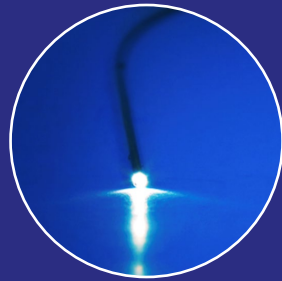
## Optics

Performance  
Size  
Fabrication  
Assembly  
Alignment



## Image Sensor

Performance  
Size  
Interconnect  
Mounting  
Signal integrity



## Illumination

Luminance  
Distribution  
Power & Thermal  
Packaging  
Assembly



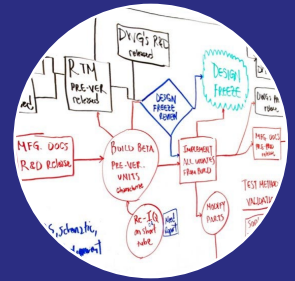
## Video Processing

Quality  
Flexibility  
Latency  
Tuning  
Features



## Packaging

Sterilization  
Biocomp.  
Size  
Durability  
Appearance



## System

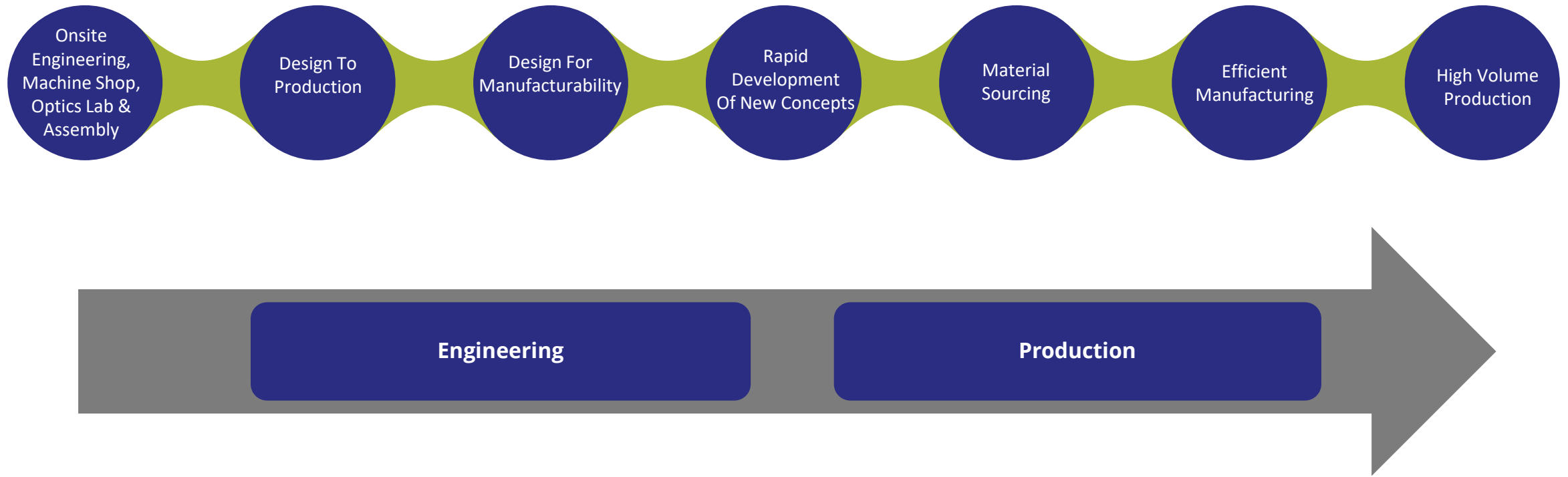
Product Cost  
Quality  
Compliance  
Project Mgmt.  
DFx

Holistic Development



# Vertically Integrated Design to Manufacture

## Broad Optical Capabilities All Under One Roof



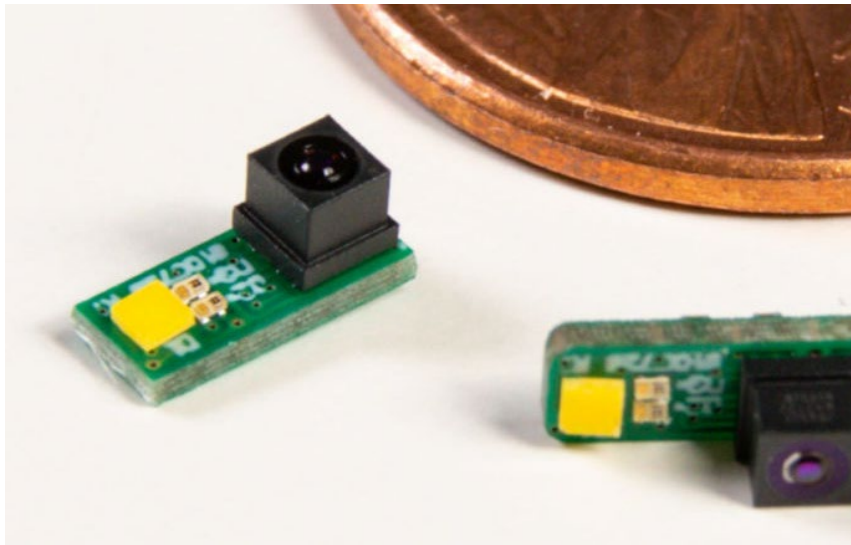
# Expanding Product Pipeline

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



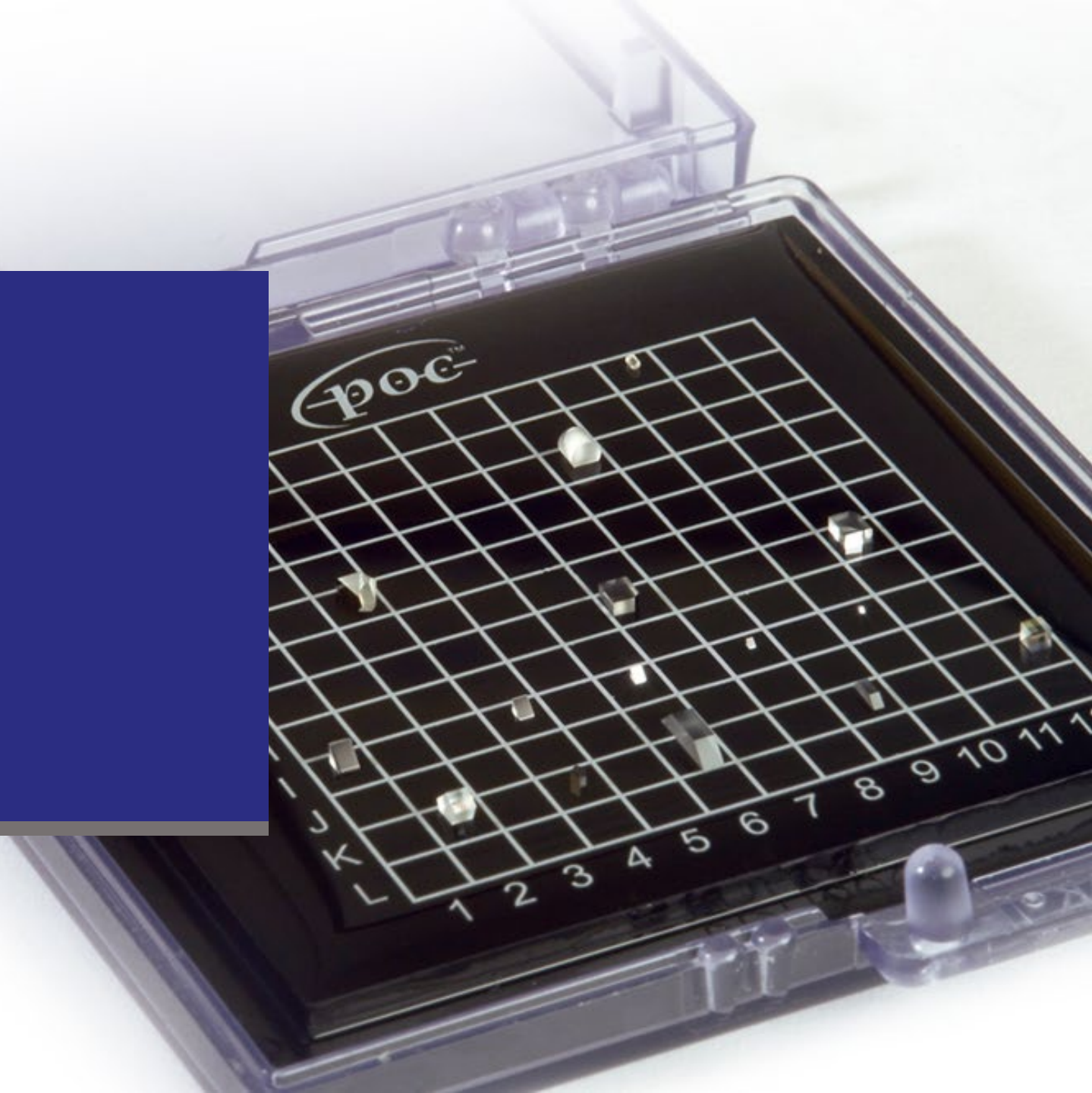
July 2019



# 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**

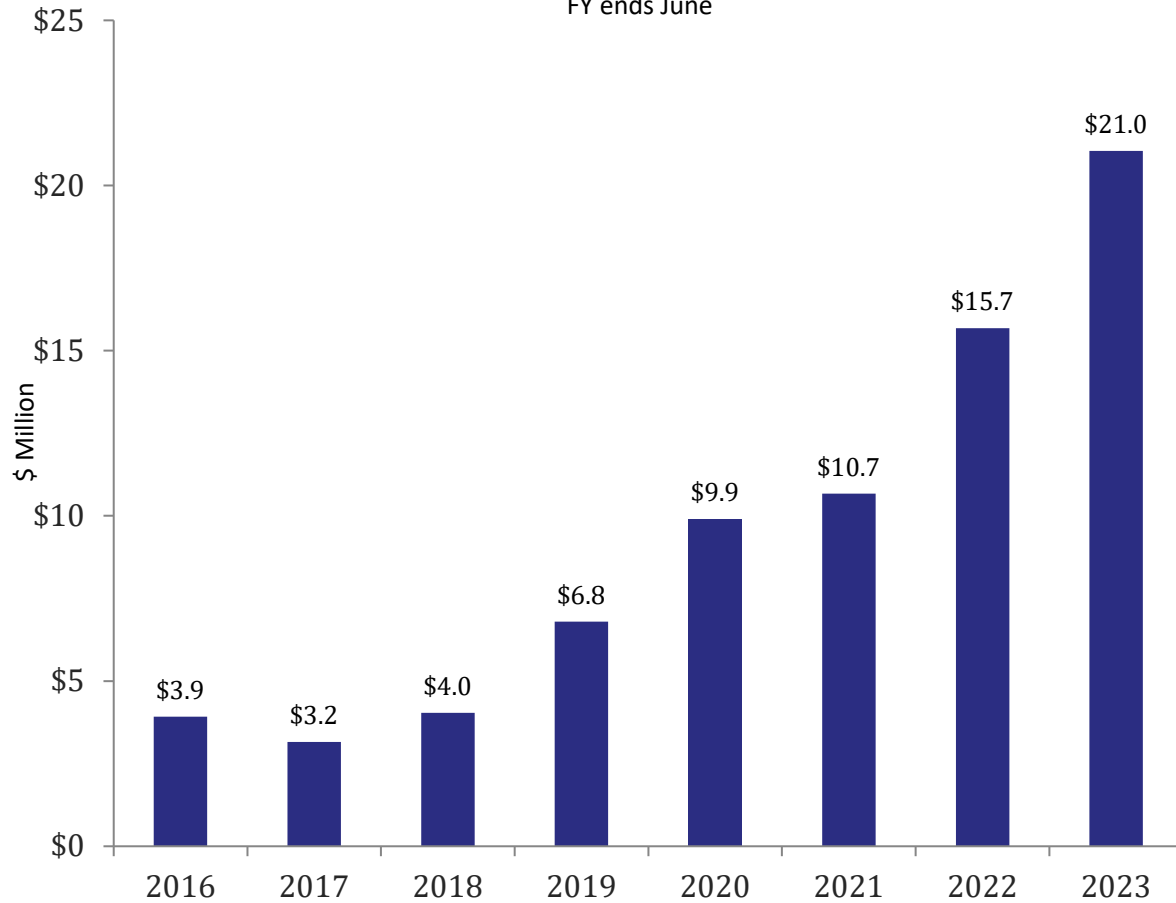
# FINANCIALS



# Revenue

## Annual

FY ends June



## YTD

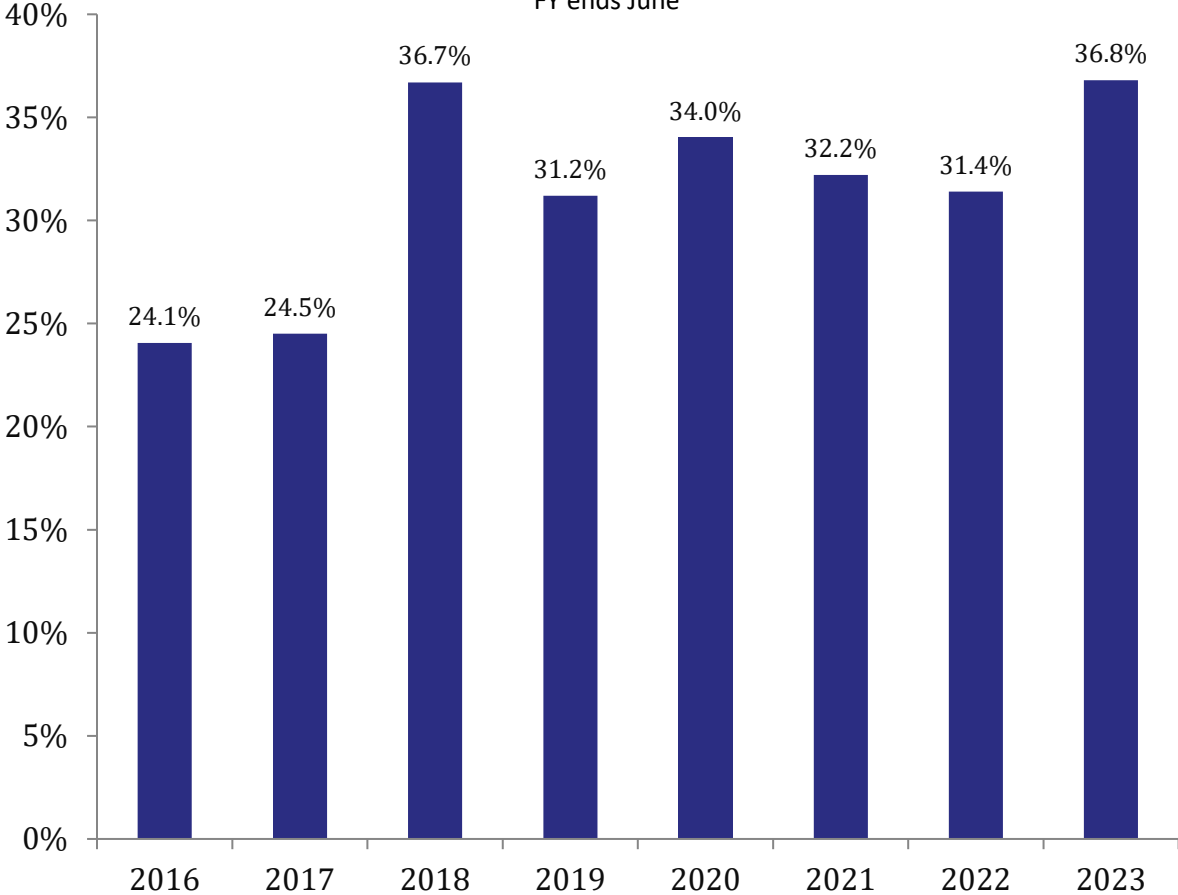
FY ends June



# Gross Margins

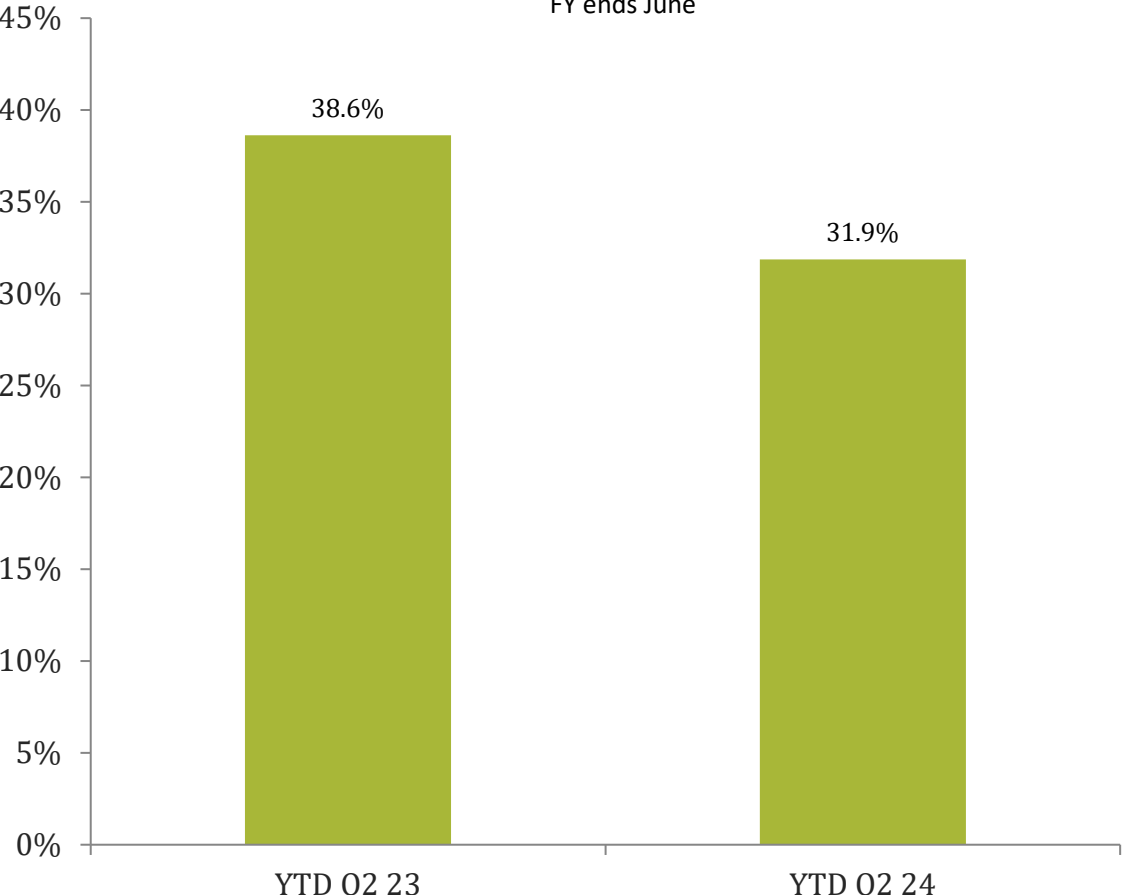
## Annual

FY ends June



## YTD

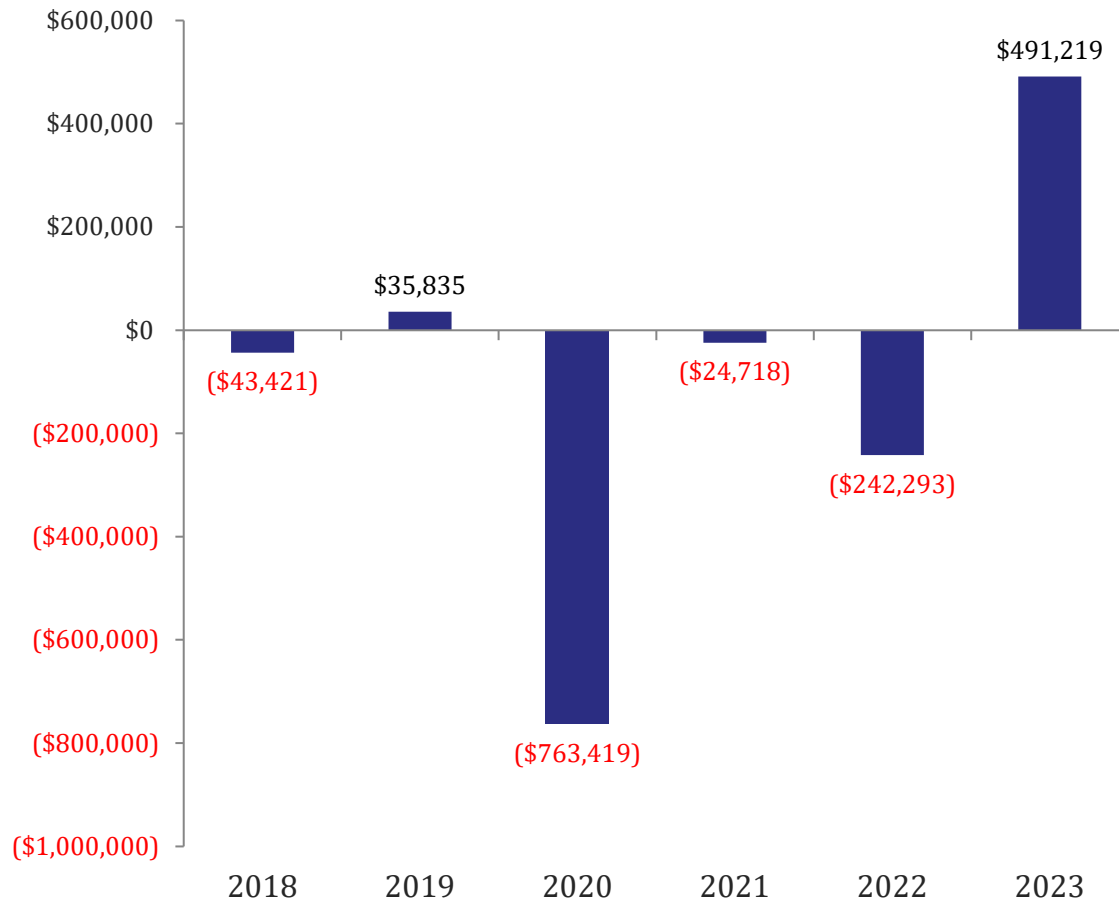
FY ends June



# Adjusted EBITDA

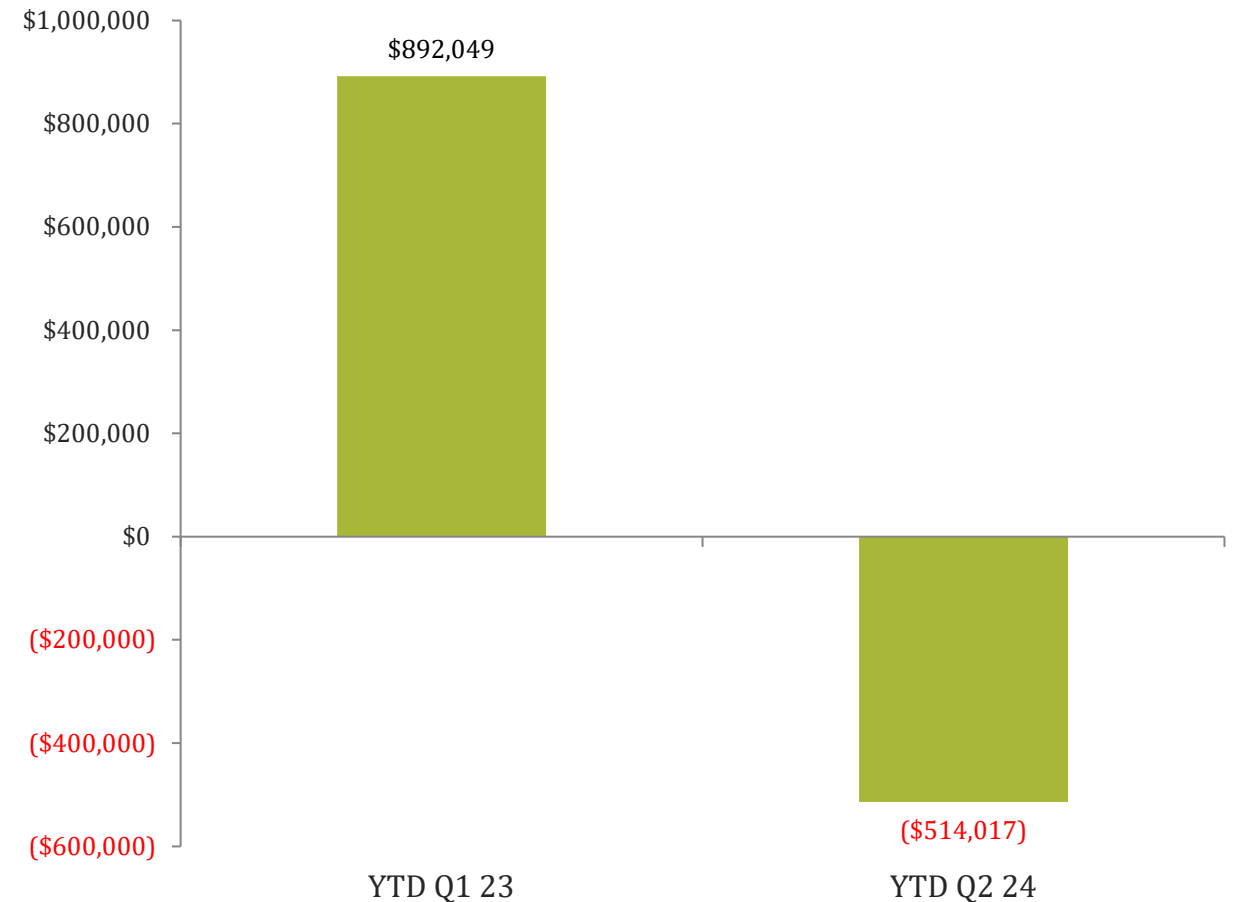
## Annual

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)	-	-
<b>Net Income (Loss)</b>	<b>(351,390)</b>	<b>(614,871)</b>	<b>(1,426,149)</b>	<b>793</b>	<b>(213,456)</b>	<b>552,280</b>	<b>(442,443)</b>	<b>(102,826)</b>	<b>(576,801)</b>	<b>(489,624)</b>	<b>(113,897)</b>	<b>269,293</b>	<b>(928,418)</b>	<b>(158,724)</b>	<b>508,668</b>	<b>(398,432)</b>	<b>(96,125)</b>	<b>(144,613)</b>	<b>(464,415)</b>	<b>(758,802)</b>
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>(43,421)</b>	<b>37,251</b>	<b>(763,419)</b>	<b>107,832</b>	<b>(20,005)</b>	<b>(136,210)</b>	<b>23,665</b>	<b>(24,718)</b>	<b>(197,416)</b>	<b>(72,555)</b>	<b>218,193</b>	<b>(190,614)</b>	<b>(242,293)</b>	<b>25,599</b>	<b>868,518</b>	<b>9,456</b>	<b>(412,026)</b>	<b>491,219</b>	<b>(244,983)</b>	<b>(269,034)</b>

# 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