



## PRECISION OPTICS CORPORATION

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***NEWS RELEASE***

***POC19-0020***

FOR IMMEDIATE RELEASE

**Wednesday, May 15, 2019**

### **Precision Optics Corporation, Inc. Announces Operating Results for the Third Quarter and Nine Months of Fiscal Year 2019**

GARDNER, MA, May 15, 2019. Precision Optics Corporation, Inc. (OTCQB: PEYE) (the “Company”) today announced operating results on an unaudited basis for its fiscal year 2019 third quarter and nine months ended March 31, 2019.

Financial highlights include:

- Revenues of \$1,386,000 in the quarter ended March 31, 2019 compared to \$736,000 in the same quarter of the prior year, representing 88% growth;
- Revenues of \$4,424,000 in the nine months ended March 31, 2019 compared to \$2,577,000 in the same nine month period of the prior year, representing 72% growth;
- Improved gross margin of 33% in the quarter ended March 31, 2019 compared to 24% in the preceding quarter ended December 31, 2018;
- 208% and 264% increase in production revenues in the quarter and nine month periods ended March 31, 2019 as compared to the same periods of the prior year;
- 15% increase in production revenues in the quarter ended March 31, 2019 compared to the preceding quarter ended December 31, 2018.

Precision Optics’ CEO, Joseph Forkey, commented, “I am pleased with the results of the quarter which show strong year-over-year revenue growth and improvements in many key aspects of our business. Our strategic decision to work closely with a number of key medical device and defense companies at the very early design stage of projects over the last number of years, is beginning to pay off. Production revenues increased for the third quarter in a row, reflecting the ongoing success of the three development projects that transitioned to production during the last year. We have strong indications that all three will continue beyond current orders through this calendar year and into the future. Our gross margin for the quarter recovered nicely to a level of 33% compared to the previous quarter’s gross margin of 24%. This was due in large part to our focus on margin improvement and we believe the opportunity remains to drive margins higher in the future.”

Dr. Forkey continued, “Our pipeline continues to advance with a number of projects moving closer to commercialization that could drive growth over the coming years. We see large market opportunities for our products and services and so have begun to invest in an expansion of our sales, engineering and manufacturing resources. These investments will add capacity to our unique complement of specialized, vertically integrated, in-house skills and capabilities that allow us to take a project from the conception and design phase all the way through to volume production. Our recent results have validated our confidence in the growth of markets for micro-imaging and 3D imaging in medical systems and in our ability to ‘enable’ the next generation of technologies, which continues to be a key differentiator for Precision Optics. We look forward to driving ongoing revenue growth and profitably scaling our operations into the future.”

The following table summarizes the third quarter and nine month results for the periods ended March 31, 2019 and 2018 (unaudited):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2019	2018	2019	2018
Revenues	\$ 1,386,454	\$ 735,597	\$ 4,423,763	\$ 2,577,116
Gross Profit	455,936	236,153	1,274,165	923,117
Total Operating Expenses	536,115	514,976	1,778,731	1,290,053
Operating Loss	(80,179)	(278,823)	(504,566)	(366,936)
Net Loss	(80,483)	(279,271)	(505,716)	(386,382)
Loss Per Share:				
Basic and Diluted	\$ (0.01)	\$ (0.03)	\$ (0.04)	\$ (0.04)
Weighted Average Common Shares Outstanding:				
Basic and Diluted	12,020,328	10,095,139	11,294,902	9,724,904

### Quarterly Conference Call Details

The Company has scheduled a conference call to discuss the fiscal third quarter 2019 financial results for Wednesday, May 15, 2019 at 5:00 PM Eastern Time. 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 Corporation 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 May 22, 2019. 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 entering Replay Access Code 10130914.

### About Precision Optics Corporation

Precision Optics Corporation enables innovation in minimally invasive surgery, diagnostics and treatment through optics and photonics. 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 market-leading 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.otcmarkets.com/stock/PEYE/quote](http://www.otcmarkets.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, except as required by law.

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Following are the Company's consolidated balance sheets as of March 31, 2019 and June 30, 2018, and statements of operations for the three and nine months ended March 31, 2019 and 2018 and statements of cash flows for the nine months ended March 31, 2019 and 2018 (unaudited):

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

	<b>March 31, 2019</b>	<b>June 30, 2018</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,352,767	\$ 402,738
Accounts Receivable, net	826,828	796,923
Inventories, net	1,129,846	1,144,068
Prepaid Expenses	139,438	70,991
Total Current Assets	3,448,879	2,414,720
<b>PROPERTY AND EQUIPMENT</b>		
Machinery and Equipment	2,586,359	2,511,638
Leasehold Improvements	590,641	553,596
Furniture and Fixtures	148,303	148,303
	3,325,303	3,213,537
Less: Accumulated Depreciation and Amortization	(3,187,533)	(3,164,051)
Net Fixed Assets	137,770	49,486
Patents, net	49,807	47,275
<b>TOTAL ASSETS</b>	<b>\$ 3,636,456</b>	<b>\$ 2,511,481</b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Capital Lease Obligation	\$ 9,416	\$ 8,962
Accounts Payable	644,729	704,450
Customer Advances	258,928	857,842
Accrued Employee Compensation	194,354	238,590
Accrued Professional Services	65,000	98,000
Accrued Warranty Expense	25,000	25,000
Total Current Liabilities	1,197,427	1,932,844
Capital Lease Obligation, net of current portion	7,481	14,601
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, \$0.01 par value - Authorized - 50,000,000 shares; Issued and Outstanding – 12,038,139 shares at March 31, 2019 and 10,197,139 shares at June 30, 2018	120,382	101,972
Additional Paid-in Capital	47,839,004	45,484,186
Accumulated Deficit	(45,527,838)	(45,022,122)
Total Stockholders' Equity	2,431,548	564,036
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,636,456</b>	<b>\$ 2,511,481</b>

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND NINE MONTHS ENDED**  
**MARCH 31, 2019 AND 2018**  
**(UNAUDITED)**

	<b>Three Months</b>		<b>Nine Months</b>	
	<b>Ended March 31,</b>		<b>Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Revenues	\$ 1,386,454	\$ 735,597	\$ 4,423,763	\$ 2,577,116
Cost of Goods Sold	930,518	499,444	3,149,598	1,653,999
Gross Profit	<u>455,936</u>	<u>236,153</u>	<u>1,274,165</u>	<u>923,117</u>
Research and Development Expenses, net	121,640	126,365	347,851	334,823
Selling, General and Administrative Expenses	414,475	388,611	1,430,880	955,230
Total Operating Expenses	<u>536,115</u>	<u>514,976</u>	<u>1,778,731</u>	<u>1,290,053</u>
Operating Loss	(80,179 )	(278,823)	(504,566 )	(366,936)
Interest Expense	<u>(304 )</u>	<u>(448)</u>	<u>(1,150 )</u>	<u>(1,446)</u>
Net Loss	<u>\$ (80,483 )</u>	<u>\$ (279,271)</u>	<u>\$ (505,716 )</u>	<u>\$ (368,382)</u>
Loss Per Share:				
Basic and Diluted	<u>\$ (0.01 )</u>	<u>\$ (0.03)</u>	<u>\$ (0.04 )</u>	<u>\$ (0.04)</u>
Weighted Average Common Shares				
Outstanding:				
Basic and Diluted	<u>12,020,328</u>	<u>10,095,139</u>	<u>11,294,902</u>	<u>9,724,904</u>

**PRECISION OPTICS CORPORATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED**  
**MARCH 31, 2019 AND 2018**  
**(UNAUDITED)**

	<b>Nine Months Ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss	\$ (505,716)	\$ (368,382)
Adjustments to Reconcile Net Loss to Net Used In Operating Activities -		
Depreciation and Amortization	23,482	21,728
Stock-based Compensation Expense	356,103	42,002
Non-cash Consulting Expense	-	6,588
Bad Debt Expense	-	113,750
Changes in Operating Assets and Liabilities -		
Accounts Receivable, net	(29,905)	(224,367)
Inventories, net	14,222	(68,973)
Prepaid Expenses	(68,447)	(32,645)
Accounts Payable	(59,721)	(12,379)
Customer Advances	(598,914)	441,204
Accrued Liabilities	(85,236)	(25,308)
Net Cash Used In Operating Activities	(954,132)	(106,782)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Additional Patent Costs	(2,532)	(17,189)
Purchases of Property and Equipment	(111,766)	-
Net Cash Used In Investing Activities	(114,298)	(17,189)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of Capital Lease Obligation	(6,666)	(6,242)
Gross Proceeds from Private Placement of Common Stock	2,000,000	210,001
Proceeds from Exercise of Stock Purchase Warrants	-	6,667
Proceeds from Exercise of Stock Options	29,375	-
Private Placement Expense Paid	(4,250)	(2,963)
Net Cash Provided From Financing Activities	2,018,459	207,463
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	950,029	83,492
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	402,738	118,405
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	\$ 1,352,767	\$ 201,897
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Income Taxes	\$ 912	\$ 912
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING AND INVESTING ACTIVITIES:</b>		
Issuance of Common Stock in Settlement of Accounts Payable	\$ -	\$ 40,000
Offering Costs Included in Accrued Liabilities	\$ 8,000	\$ -