



AEM® SAFETY - PERFORMANCE - VALUE

November 14, 2024

Encision Reports Second Quarter Fiscal Year 2025 Results

Boulder, Colorado, August 15, 2024 -- Encision Inc. (PK:ECIA), a medical device company owning patented Active Electrode Monitoring (AEM®) Technology that prevents dangerous radiant energy burns in minimally invasive surgery, today announced financial results for its fiscal 2025 second quarter that ended September 30, 2024.

The Company posted quarterly product net revenue of \$1.65 million and service net revenue of \$101 thousand, or total net revenue of \$1.75 million for a quarterly net loss of \$170 thousand, or \$(0.01) per diluted share. These results compare to product net revenue of \$1.75 million and service net revenue of \$74 thousand, or total net revenue of \$1.83 million for a quarterly net loss of \$8 thousand, or \$(0.00) per diluted share, in the year-ago quarter. Gross margin on product net revenue was 47% in the fiscal 2025 second quarter and 47% in the fiscal 2024 second quarter.

The Company posted six months product net revenue of \$3.25 million and service net revenue of \$140 thousand, or total net revenue of \$3.39 million for a six month net loss of \$148 thousand, or \$(0.01) per diluted share. These results compare to product net revenue of \$3.37 million and service net revenue of \$113.8 thousand, or total net revenue of \$3.48 million for a six months net loss of \$148 thousand, or \$(0.01) per diluted share, in the year-ago six months. Gross margin on product net revenue was 52% in the fiscal 2025 six months and 49.3% in the fiscal 2024 six months.

"We were disappointed to finish short of objectives for the second quarter," said Gregory Trudel, President & CEO. "Surgical procedures were down as a ripple effect of the hurricanes that hit the southeast, reduction in Saline availability, and we were unsuccessful in closing several new accounts that we had anticipated. The good news is that our customers affected by the hurricanes are coming back online and we look forward to bringing that new business home this quarter. We continue our internal efforts to drive improved margins and look forward to launching a new product into the ENT market in early fiscal 2026."

Encision Inc. designs and markets a portfolio of high-performance surgical instrumentation that delivers advances in patient safety with AEM technology, surgical performance, and value to hospitals across a broad range of minimally invasive surgical procedures. Based in Boulder, Colorado, the company pioneered the development and deployment of Active Electrode Monitoring, AEM technology, to eliminate dangerous stray energy burns during minimally invasive procedures. For additional information about all our products, please visit www.encision.com.

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company notes that statements in this press release and elsewhere that look forward in time, which include everything other than historical information, involve risks and uncertainties that may cause actual results to differ materially from those indicated by the forward-looking statements. Factors that could cause the Company's actual results to differ materially include, among others, its ability to develop new or enhanced products and have such products accepted in the market, its ability to increase net sales through the Company's distribution channels, its ability to compete successfully against other manufacturers of surgical instruments, insufficient quantity of new account conversions, insufficient cash to fund operations, delay in developing new products and receiving FDA approval for such new products and other factors discussed in the Company's filings with the Securities and Exchange Commission. Readers are encouraged to review the risk factors and other disclosures appearing in the Company's Annual Report on Form 10-K for the year ended March 31, 2024 and subsequent filings with the Securities and Exchange Commission. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise.

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Encision Inc.
Unaudited Condensed Statements of Operations
(in thousands, except per share information)

	Three Months Ended		Six Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
NET REVENUE:				
Product	\$1,653,820	\$1,752,413	\$3,245,779	\$3,365,965
Service	101,568	73,978	140,539	113,809
Total revenue	1,755,388	1,826,391	3,386,318	3,479,774
COST OF REVENUE:				
Product	882,886	926,455	1,550,520	1,696,493
Service	44,020	37,327	64,653	57,947
Total cost of revenue	926,906	963,782	1,615,173	1,754,440
GROSS PROFIT	828,482	862,609	1,771,145	1,725,334
OPERATING EXPENSES:				
Sales and marketing	458,480	389,342	881,716	822,778
General and administrative	373,405	366,377	725,310	755,133
Research and development	155,515	100,854	294,695	269,274
Total operating expenses	987,400	856,573	1,901,721	1,847,185
OPERATING INCOME (LOSS)	(158,918)	6,036	(130,576)	(121,851)
Interest expense, net	(10,598)	(16,851)	(16,967)	(31,083)
Other income (expense), net	(746)	3,286	(679)	4,951
Interest expense and other income (expense), net	(11,344)	(13,565)	(17,646)	(26,132)
(LOSS) BEFORE PROVISION FOR INCOME TAXES	(170,262)	(7,529)	(148,222)	(147,983)
Provision for income taxes	—	—	—	—
NET (LOSS)	\$ (170,262)	\$ (7,529)	\$(148,222)	\$(147,983)
Net (loss) per share—basic and diluted	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.01)
Weighted average shares—basic and diluted	11,875,145	11,769,543	11,875,145	11,769,543

Encision Inc.
Unaudited Condensed Balance Sheets
(in thousands)

	September 30, 2024 Unaudited	March 31, 2024 Audited
ASSETS		
Current assets:		
Cash	\$ 230,014	\$42,509
Accounts receivable	817,002	891,129
Inventories	1,164,666	1,402,338
Prepaid expenses	70,628	90,298
Total current assets	2,282,310	2,426,274
Equipment:		
Furniture, fixtures and equipment, at cost	2,668,544	2,627,726
Accumulated depreciation	(2,402,419)	(2,373,722)
Equipment, net	266,125	254,004
Right of use asset	736,850	900,787
Patents, net	169,283	164,010
Other assets	69,376	65,641
TOTAL ASSETS	\$ 3,523,944	\$3,810,716
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$319,371	\$346,049
Line of credit	78,851	156,685
Secured notes	43,041	42,194
Accrued compensation	192,810	184,913
Other accrued liabilities	91,145	119,804
Accrued lease liability	414,730	370,377
Total current liabilities	1,139,948	1,220,022
Long-term liability:		
Secured notes	200,496	67,336
Accrued lease liability	481,411	696,610
Total liabilities	1,821,855	1,983,968
Commitments and contingencies (Note 4)		
Shareholders' equity:		
Preferred stock, no par value: 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock and additional paid-in capital, no par value: 100,000,000 shares authorized; 11,875,145 and 11,858,627 issued and outstanding at September 30, 2024 and March 31, 2024, respectively	24,395,358	24,371,795
Accumulated (deficit)	(22,693,269)	(22,545,047)
Total shareholders' equity	1,702,089	1,826,748
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,523,944	\$3,810,716

Encision Inc.
Unaudited Condensed Statements of Cash Flows
(in thousands)

Six Months Ended	September 30, 2024	September 30, 2023
Cash flows (used in) operating activities:		
Net (loss)	\$(148,222)	\$(147,983)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Depreciation and amortization	42,525	43,775
Stock-based compensation expense related to stock options	25,011	26,149
Provision for potential inventory obsolescence	83,152	64,000
Change in operating assets and liabilities:		
Right of use asset, net	(6,909)	(97,490)
Accounts receivable	74,127	(103,629)
Inventories	154,520	193,079
Prepaid expenses and other assets	15,935	54,630
Accounts payable	(26,678)	47,198
Accrued compensation and other accrued liabilities	(20,762)	(82,732)
Net cash provided by (used in) operating activities	192,699	(3,003)
Cash flows (used in) investing activities:		
Acquisition of property and equipment	(42,559)	(122)
Patent costs	(17,359)	(16,727)
Net cash (used in) investing activities	(59,918)	(16,849)
Cash flows from financing activities:		
(Paydown) of line of credit	(77,834)	—
(Payments) from options exercised	(1,449)	—
Borrowing from secured notes	134,007	136,887
	54,724	136,887
Net increase in cash	187,505	117,035
Cash, beginning of fiscal year	42,509	188,966
Cash, end of six months	\$230,014	\$306,001

Supplemental disclosures of cash flow information:

Cash paid during the year for interest	\$ 16,967	\$ 31,083
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