



AEM® SAFETY – PERFORMANCE – VALUE

November 3, 2016

## Encision Reports Second Quarter Fiscal Year 2017 Results

Boulder, Colorado, November 3, 2016 -- Encision Inc. (ECIA), a medical device company owning patented surgical technology that prevents dangerous stray electrosurgical burns in minimally invasive surgery, today announced financial results for its fiscal 2017 second quarter that ended September 30, 2016.

The Company posted quarterly net revenue of \$2.15 million for a quarterly net loss of \$240 thousand, or \$(0.02) per share. These results compare to net revenue of \$2.30 million for a net loss of \$184 thousand, or \$(0.02) per share, in the year-ago quarter. Gross margin on net revenue in the fiscal 2017 and 2016 six month periods was 47 percent and 51 percent respectively. Gross margin included slow moving and obsolete inventories costs of \$87 thousand, or 4 percent, that were recognized in the quarter. Gross margin on net revenue was lower in the fiscal 2017 second quarter principally as a result of slow moving and obsolete inventories costs.

The Company posted six months net revenue of \$4.43 million for a six months net loss of \$338 thousand, or \$(0.03) per share. These results compare to net revenue of \$4.75 million for a net loss of \$398 thousand, or \$(0.04) per share, in the year-ago quarter. Gross margin on net revenue was 50 percent in the fiscal 2017 and 2016 six months.

Encision continues to fine tune our operations as we roll out new products that promise to enhance market adoption of AEM® Technology and drive higher top and bottom line results. We have had good success to date with our AEM EndoShield®2 and are converting existing AEM® Monitor customers and new customers with the cost effective and easy to use EndoShield2. We are also looking forward to the release of our new AEM® Burn Protection Cable that will offer new user features and will enhance revenues and profitability. All of this, combined with a new durable monitor, ~~in calendar year 2017~~ will make AEM® Safety adoption even more attractive for our customers and drive new levels of performance and growth. [We expect to release the AEM® Burn Protection Cable and the durable monitor during our fourth fiscal quarter that ends March 31, 2017.](#)

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, CO, the company pioneered the development and deployment of Active Electrode Monitoring, AEM technology, to eliminate dangerous stray energy burns during minimally invasive procedures.

*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, 2016 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.**  
**Condensed Statements of Operations**  
(Amounts in thousands, except per share information)  
(Unaudited)

|   | Three Months Ended    |                       | Six Months Ended      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | September 30,<br>2016 | September 30,<br>2015 | September 30,<br>2016 | September 30,<br>2015 |
| Net revenue   | \$2,151               | \$2,300               | \$4,428               | \$4,755               |
| Cost of revenue   | 1,142                 | 1,120                 | 2,229                 | 2,401                 |
| Gross profit  | 1,009                 | 1,180                 | 2,199                 | 2,354                 |
| Operating expenses:                                     |                       |                       |                       |                       |
| Sales and marketing                                     | 614                   | 630                   | 1,244                 | 1,326                 |
| General and administrative                              | 360                   | 366                   | 704                   | 733                   |
| Research and development                                | 279                   | 306                   | 580                   | 590                   |
| Total operating expenses                                | 1,253                 | 1,302                 | 2,528                 | 2,649                 |
| Operating loss  | (244)                 | (122)                 | (329)                 | (295)                 |
| Interest and other expense, net                         | 4                     | (62)                  | (9)                   | (103)                 |
| Loss before provision for income taxes                  | (240)                 | (184)                 | (338)                 | (398)                 |
| Provision for income taxes                              | —                     | —                     | —                     | —                     |
| Net loss  | \$(240)               | \$ (184)              | \$ (338)              | \$ (398)              |
| Net loss per share—basic and diluted                    | \$(0.02)              | \$ (0.02)             | \$(0.03)              | \$ (0.04)             |
| Weighted average number of shares—<br>basic and diluted | 10,673                | 10,673                | 10,673                | 10,673                |

**Encision Inc.**  
**Condensed Balance Sheets**  
(Amounts in thousands)  
(Unaudited)

|   | September 30,<br>2016 | March 31,<br>2016 |
|---|-----------------------|-------------------|
| <b>ASSETS</b>                               |                       |                   |
| Cash and cash equivalents                   | \$ 32                 | \$ 293            |
| Restricted cash                             | 25                    | 25                |
| Accounts receivable, net                    | 965                   | 840               |
| Inventories, net                            | 1,458                 | 1,730             |
| Prepaid expenses                            | 117                   | 92                |
| Total current assets                        | 2,597                 | 2,980             |
| Equipment, net                              | 516                   | 561               |
| Patents, net                                | 261                   | 253               |
| Other assets                                | 16                    | 16                |
| Total assets                                | \$ 3,390              | \$ 3,810          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> |                       |                   |
| Accounts payable                            | 289                   | 356               |
| Accrued compensation                        | 248                   | 246               |
| Other accrued liabilities                   | 241                   | 258               |
| Line of credit                              | 368                   | 387               |
| Deferred rent                               | 30                    | 30                |
| Total current liabilities                   | 1,176                 | 1,277             |
| Deferred rent                               | 56                    | 71                |
| Total liabilities                           | 1,232                 | 1,348             |
| Common stock and additional paid-in capital | 23,717                | 23,682            |
| Accumulated (deficit)                       | (21,559)              | (21,220)          |
| Total shareholders' equity                  | 2,158                 | 2,462             |
| Total liabilities and shareholders' equity  | \$ 3,390              | \$ 3,810          |