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Optex Systems Announces New \$2.25 Million Facilities Line of Credit and Provides Company Operating Update on COVID-19

RICHARDSON, TX / ACCESSWIRE / April 20, 2020 / Optex Systems Holdings, Inc. (OTCQB:OPXS), a leading manufacturer of precision optical sighting systems for domestic and worldwide military and commercial applications, today announced closing a new \$2.25 million revolving credit facility as well as an update related to the COVID-19 impact to the company operating activities.

Revolving Credit Facility

The \$2.25 million credit facility was obtained by BBVA USA, a new lender to Optex Systems Holdings, Inc. with a two-year term expiring on April 15, 2022. The loan is secured with a first priority lien on the company assets and carries interest at a floating prime rate less 25 basis points, a minimum interest rate of 2.5% and a maximum interest rate of 18% during the term of the loan. The current index rate at closing is 3.0%.

Optex intends to use this revolving credit facility to support working capital for the company's continuing operations and growth needs during the next two years. The facility with BBVA USA replaces the \$2.25 million facilities line of credit carried with Avidbank which expires on April 21, 2020.

Karen Hawkins, CFO of Optex Systems Holdings Inc., commented, "Although Optex continues to maintain a strong balance sheet during these uncertain times, we are delighted at the opportunity to secure our future working capital needs with a local bank allowing more flexibility to our borrowing needs at a reduced cost to the company. We look forward to our new relationship with BBVA USA and are thankful to Avidbank for their banking support over the last nine years."

COVID-19 Operating Impact

Optex Systems Holdings, Inc. is defined as essential critical infrastructure as a defense contractor under the guidance of the federal, state and local authorities for both our Optex Systems (Richardson, TX), and Applied Optics Center (Dallas, TX) operating segments. As such, the company continues to remain open and operational with a full workforce while practicing the CDC guidelines and required Dallas County mandates which require keeping a 6' distance between employees, face coverings, and daily employee health screening. To date, we have not encountered any COVID-19 related illnesses in our workforce.

We have reached out to our customers, suppliers and service providers regarding any

potential impacts to operating conditions due to COVID-19 and we will continue to monitor any changes to our operations on an ongoing basis during the crisis. As a large majority of our customers and suppliers are engaged in significant defense manufacturing, they also remain open and operational during the pandemic. To date, the impact to our operations has been minimal and we have taken additional steps to mitigate potential key supplier risks.

Our current backlog and working capital position remain healthy with additional unused working capital available. While we anticipate the possibility of some unforeseen operational impacts during the next six months related to travel restrictions, illness, or interruptions with our customer or supply chain, we believe we are in a strong position to mitigate any significant adverse financial impacts to the current fiscal year ending September 27, 2020.

Danny Schoening, CEO of Optex Systems Holdings Inc., commented, "Optex continues to balance the safety of our employees with the needs of our customers. Our suppliers and employees have all stepped up to meet this challenge in an unprecedented time and the feedback from our customer set is extremely positive. We are closely watching current conditions and we will react accordingly."

ABOUT OPTEX SYSTEMS

Optex, which was founded in 1987, is a Richardson, Texas based ISO 9001:2015 certified concern, which manufactures optical sighting systems and assemblies, primarily for Department of Defense (DOD) applications. Its products are installed on various types of U.S. military land vehicles, such as the Abrams and Bradley fighting vehicles, Light Armored and Armored Security Vehicles, and have been selected for installation on the Stryker family of vehicles. Optex also manufactures and delivers numerous periscope configurations, rifle and surveillance sights, and night vision optical assemblies. Optex delivers its products both directly to the military services and to prime contractors. For additional information, please visit the Company's website at www.optexsys.com.

Safe Harbor Statement

This press release contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to the products and services described herein. You can identify these statements by the use of the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs and military spending, the timing of such funding, general economic and business conditions, including unforeseen weakness in the Company's markets, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in the U.S. Government's interpretation of federal procurement rules and regulations, changes in spending due to policy changes in any new federal presidential administration, market acceptance of the Company's products, shortages in components, production delays due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions and restructurings or delays in

realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, changes to export regulations, increases in tax rates, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, unanticipated costs under fixed-price service and system integration engagements, changes in the market for microcap stocks regardless of growth and value and various other factors beyond our control.

You must carefully consider any such statement and should understand that many factors could cause actual results to differ from the Company's forward-looking statements. These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. You should carefully evaluate such statements in light of factors described in the Company's filings with the SEC, especially on Forms 10-K, 10-Q and 8-K. In various filings the Company has identified important factors that could cause actual results to differ from expected or historic results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete list of all potential risks or uncertainties.

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