

February 10, 2025



Optex Systems Holdings, Inc. Announces Financial Highlights for the Three Months Ended December 29, 2024

RICHARDSON, TX / [ACCESS Newswire](#) / February 10, 2025 / Optex Systems Holdings, Inc. (Nasdaq:OPXS), a leading manufacturer of precision optical sighting systems for domestic and worldwide military and commercial applications, announced financial results for the three months ended December 29, 2024.

Danny Schoening, CEO of Optex Systems Holdings, Inc., commented, "We are pleased that our 17.6% year-over-year increase in revenue helped the company deliver a 65.6% increase in operating profit for the first fiscal quarter of 2025. We expect that our strong backlog, as detailed in our 10-Q, should allow the company to deliver revenue in excess of \$38 million for fiscal 2025. Over the last four-years we have delivered compounded annual revenue growth in excess of 20% per year, and our entire team is working hard to continue that momentum into the years ahead. We continue to work closely with our customers on their new designs while simultaneously working with their operations counterparts to meet their supply needs today. Profitable, sustainable growth continues to be our central focus."

Backlog as of December 29, 2024 was \$42.0 million as compared to \$45.0 million as of December 31, 2023, representing a decrease of 6.7%. The decrease in backlog is primarily attributed to the timing of customer orders. We are anticipating new orders in the near term, some of which will call for delivery in the current fiscal year.

For the three months ended December 29, 2024, our total revenues increased by \$1.2 million, or 17.6%, compared to the prior year period. The increase in revenue was primarily driven by increased revenue on higher demand for periscopes, laser filters and day windows, partially offset by lower revenue in commercial optical assemblies and other products.

Consolidated gross profit for the three months ended December 29, 2024 increased by \$0.4 million, or 26.4%, compared to the prior year period. Increased gross profit during the period was primarily driven by changes in product mix combined with higher revenue against a fixed cost base.

Our operating income for the three months ended December 29, 2024 increased by \$0.4 million, or 65.6%, compared to the prior year period. The increase in operating income was primarily driven by revenue and gross profit growth, which outpaced increased general and administrative spending.

As of December 29, 2024, Optex Systems Holdings had working capital of \$15.9 million, as compared to \$15.1 million as of September 29, 2024. During the three months ended December 29, 2024, we generated operating cash of \$2.8 million, primarily driven by higher net income and collections against accounts receivable. During the three months ended

December 29, 2024, we paid \$1.0 million against the credit facility, bringing the outstanding balance to zero.

At December 29, 2024, the company had approximately \$2.5 million in cash and an accounts receivable balance of \$1.7 million, which has been collected during the second quarter of fiscal 2025.

Our key performance measures for three months ended December 29, 2024 and December 31, 2023 are summarized below.

	(Thousands)		
	Three months ended		
Metric	Dec 29, 2024	Dec 31, 2023	% Change
	<u> </u>	<u> </u>	<u> </u>
Revenue	\$ 8,198	\$ 6,968	17.7 %
Gross Profit	\$ 2,128	\$ 1,684	26.4 %
Gross Margin %	26.0 %	24.2 %	7.4 %
Operating Income	\$ 916	\$ 553	65.6 %
Net Income	\$ 844	\$ 431	95.8 %
Adjusted EBITDA (non-GAAP)	\$ 1,137	\$ 758	50.0 %

The table below summarizes our three-month operating results for the periods ended December 29, 2024 and December 31, 2023, in terms of both GAAP net income and non-GAAP Adjusted EBITDA. We believe that including both measures allows the reader better to evaluate our overall performance.

	(Thousands) Three months ended	
	December 29, 2024	December 31, 2023
Net Income (GAAP)	\$ 844	\$ 431
<i>Add:</i>		
Depreciation and Amortization	129	92
Federal Income Tax Expense	59	115
Stock Compensation	92	113
Interest Expense	13	7
	<u>\$ 1,137</u>	<u>\$ 758</u>
Adjusted EBITDA - Non GAAP		

Adjusted EBITDA has limitations and should not be considered in isolation or a substitute for performance measures calculated under GAAP. This non-GAAP measure excludes certain cash expenses that we are obligated to make. In addition, other companies in our industry may calculate Adjusted EBITDA differently than we do or may not calculate it at all, which limits the usefulness of Adjusted EBITDA as a comparative measure.

Our net income increased by \$0.4 million to \$0.8 million for the three months ended December 29, 2024, as compared to \$0.4 million for the prior year period. Our adjusted EBITDA increased by \$0.4 million to \$1.1 million for the three months ended December 29, 2024, as compared to \$0.8 million for the prior year period. The increase is primarily driven by higher revenue and gross profit.

Highlights of the Consolidated and Segment Results of Operations have been prepared in accordance with GAAP. These financial highlights do not include all information and disclosures required in the consolidated financial statements and footnotes and should be read in conjunction with our Quarterly Report on Form 10Q for the three months ended December 29, 2024 filed with the SEC on February 10, 2025.

Optex Systems Holdings, Inc. Condensed Consolidated Balance Sheets

(Thousands, except share and per share data)	
(Unaudited) December 29, 2024	September 29, 2024

ASSETS

Cash and Cash Equivalents	\$ 2,491	\$ 1,009
Accounts Receivable, Net	1,734	3,764
Inventory, Net	14,674	14,863
Contract Asset	196	219
Prepaid Expenses	265	217
	<u>19,360</u>	<u>20,072</u>
Current Assets		
	1,520	1,292
Property and Equipment, Net		
Other Assets		
Deferred Tax Asset	888	947
Intangibles, net	912	951
Right-of-use Asset	2,103	2,233
Security Deposits	23	23
	<u>3,926</u>	<u>4,154</u>
Other Assets		
	\$ 24,806	\$ 25,518
Total Assets	<u><u>24,806</u></u>	<u><u>25,518</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$ 987	\$ 1,177
Credit Facility	-	1,000
Operating Lease Liability	643	638
Federal Income Taxes Payable	74	74
Accrued Expenses	1,065	1,258
Accrued Selling Expense	224	237

Accrued Warranty Costs	22	52
Contract Loss Reserves	213	259
Customer Advance Deposits	210	255
	<u> </u>	<u> </u>
Current Liabilities	3,438	4,950
Other Liabilities		
Operating Lease Liability, net of current portion	1,624	1,760
	<u> </u>	<u> </u>
Other Liabilities	1,624	1,760
	<u> </u>	<u> </u>
Total Liabilities	5,062	6,710
Commitments and Contingencies	-	-
Stockholders' Equity		
Common Stock - (\$0.001 par, 2,000,000,000 authorized, 6,896,738 and 6,873,938 shares issued and outstanding, respectively)	7	7
Additional Paid in Capital	21,557	21,465
Accumulated Deficit	(1,820)	(2,664)
	<u> </u>	<u> </u>
Stockholders' Equity	19,744	18,808
	<u> </u>	<u> </u>
Total Liabilities and Stockholders' Equity	\$ 24,806	\$ 25,518
	<u> </u>	<u> </u>

The accompanying notes in our Quarterly Report on Form 10Q for the three months ended December 29, 2024 filed with the SEC on February 10, 2025 are an integral part of these financial statements.

Optex Systems Holdings, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

(Thousands, except share
and per share data)

Three months ended

	December 29, 2024	December 31, 2023
Revenue	\$ 8,198	\$ 6,968
Cost of Sales	6,070	5,284
Gross Profit	2,128	1,684
General and Administrative Expense	1,212	1,131
Operating Income	916	553
Interest Expense	(13)	(7)
Income Before Taxes	903	546
Income Tax Expense, net	59	115
Net income	\$ 844	\$ 431
Basic income per share	0.12	0.06
Weighted Average Common Shares Outstanding - basic	6,813,938	6,666,290
Diluted income per share	0.12	0.06
Weighted Average Common Shares Outstanding - diluted	6,912,594	6,721,661

The accompanying notes in our Quarterly Report on Form 10Q for the three months ended December 29, 2024 filed with the SEC on February 10, 2025 are an integral part of these financial statements.

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 represent our expectations, beliefs, intentions or strategies concerning future events, including, but not limited to, any statements regarding growth strategy; product and development programs; financial performance and financial condition (including revenue, net income, profit margins and working capital); customer demand; orders and backlog; expected timing of contract deliveries to customers and corresponding revenue recognition; increases in the cost of materials and labor; costs remaining to fulfill contracts; contract loss reserves; labor shortages; follow-on orders; supply chain challenges; the continuation of historical trends; the sufficiency of our cash balances for future liquidity and capital resource needs; the expected impact of changes in accounting policies on our results of operations, financial condition or cash flows; anticipated problems and our plans for future operations; and the economy in general or the future of the defense industry.

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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SOURCE: Optex Systems Holdings, Inc.

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