

December 19, 2024



Optex Systems Holdings, Inc. Announces Financial Highlights for the Year Ended September 29, 2024

RICHARDSON, TX / ACCESSWIRE / December 19, 2024 /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 year ended September 29, 2024.

Danny Schoening, CEO of Optex Systems Holdings, Inc., commented, "To build on last year's comments, this was again, another strong year for Optex. This was accomplished with multi-year wins on every major platform that we support. Laser Protected Periscopes, Laser Filter Units, Laser Interference Filters, M22 Binoculars, and other optical assemblies have filled our backlog and driven favorable factory leverage at both of our facilities. In addition, our suppliers have stepped up to the delivery challenges and we've selectively increased various internal bottlenecks to fuel the output. I would like to thank all of our employees, customers, and shareholders for their continued support in 2024 as we anticipate these trends to continue in 2025."

Backlog as of September 29, 2024 was \$44.2 million. This compares to a backlog of \$41.8 million as of October 1, 2023, representing an increase of \$2.4 million, or 5.7%.

For the year ended September 29, 2024, our total revenues increased by \$8.3 million, or 32.5%, compared to the prior year. The increase in revenue reflects increases at both the Optex Richardson segment of \$6.1 million and the Applied Optics Center segment of \$2.2 million. The increase in revenue was driven by increased customer demand for military products across both operating segments partially offset by lower customer demand in optical assemblies at the Applied Optics Center.

Gross profit increased \$2.9 million, or 44.0%, and the gross margin percentage increased by 2.2 points from 25.8% in the 2023 fiscal year to 28.0% in the 2024 fiscal year. Optex Systems gross profit increased by \$1.4 million and the gross margin percentage increased to 20.7% as compared to 19.7% in the prior year. Applied Optics Center gross profit increased by \$1.5 million and the gross margin percentage increased to 34.1% as compared to 29.3% in the prior year. The increase in each segment and consolidated gross profit is primarily attributable to higher revenue and increased absorption of fixed cost.

Consolidated operating income increased by \$2.0 million, or 73.0%, in the year ended September 29, 2024 to \$4.8 million as compared to the prior year operating income of \$2.8 million. Both operating segments realized an increase in operating income which is primarily attributable to higher revenue and gross profit, partially offset by increases in general and administrative costs.

As of September 29, 2024, Optex Systems Holdings had working capital of \$15.1 million, as compared to \$13.5 million as of October 1, 2023. During the twelve months ended September 29, 2024, we generated operating cash of \$1.8 million, primarily driven by increased revenue and net income. For the twelve months ended September 29, 2024, there was no net change against the outstanding credit facility balance of \$1.0 million.

At September 29, 2024, the Company had approximately \$1.0 million in cash and an outstanding payable balance of \$1.0 against its \$3.0 million line of credit. As of September 29, 2024, our outstanding accounts receivable balance was \$3.8 million, which has been collected during the first quarter of fiscal 2025. During the first quarter of 2025, we paid down our credit facility to zero.

Our key performance measures for year ended September 29, 2024 and October 1, 2023 are summarized below.

Metric	(Thousands)		
	Twelve months ended		
	Sept 29, 2024	Oct 1, 2023	% Change
Revenue	\$ 33,995	\$ 25,659	32.5 %
Gross Profit	\$ 9,529	\$ 6,619	44.0 %
Gross Margin %	28.0 %	25.8 %	8.5 %
Operating Income	\$ 4,821	\$ 2,787	73.0 %
Net Income	\$ 3,768	\$ 2,263	66.5 %
Adjusted EBITDA (non-GAAP)	\$ 5,733	\$ 3,379	69.7 %

During the twelve months ended September 29, 2024, the Company booked \$36.4 million in

new orders, representing a 5.2% increase from the prior year period orders of \$34.6 million. The orders for the most recently completed twelve months consist of \$23.5 million for our Optex Richardson segment and \$12.9 million attributable to the Applied Optics Center segment.

The table below summarizes our twelve-month operating results for the periods ended September 29, 2024 and October 1, 2023, in terms of both the GAAP net income measure and the non-GAAP Adjusted EBITDA measure. We believe that including both measures allows the reader better to evaluate our overall performance.

	(Thousands) Twelve months ended	
	September 29, 2024	October 1, 2023
Net Income - GAAP	\$ 3,768	\$ 2,263
Add:		
Federal Income Tax Expense	1,006	469
Depreciation & Amortization	487	345
Stock Compensation	425	247
Interest Expense	47	55
Adjusted EBITDA - Non GAAP	\$ 5,733	\$ 3,379

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.

During the year ended September 29, 2024, we recorded net income of \$3.8 million as compared to net income of \$2.3 million during the year ended October 1, 2023. The increase of net income of \$1.5 million is primarily attributable to increased operating income of \$2.0 million, offset by increased federal income taxes of (\$0.5) million. Our Adjusted EBITDA increased by \$2.3 million to \$5.7 million during the twelve months ended September 29, 2024 as compared to \$3.4 million during the twelve months ended October 1, 2023. The increase in EBITDA is primarily driven by increased net income, offset by increased taxes, depreciation and amortization, and stock compensation.

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 Annual Report on Form 10-K for the twelve months ended September 29, 2024 filed with the SEC on December 19, 2024.

Optex Systems Holdings, Inc. Consolidated Balance Sheets

(Thousands, except share
and per share data)

	September 29, 2024	October 1, 2023
ASSETS		
Cash and Cash Equivalents	\$ 1,009	\$ 1,204
Accounts Receivable, Net	3,764	3,624
Inventory, Net	14,863	12,153
Contract Asset	219	336
Prepaid Expenses	217	219
	<u>20,072</u>	<u>17,536</u>
Current Assets		
	1,292	998
Property and Equipment, Net		
Other Assets		
Deferred Tax Asset	947	922
Intangibles, net	951	-
Right-of-use Asset	2,233	2,740
Security Deposits	23	23
	<u>4,154</u>	<u>3,685</u>
Other Assets		
	\$ 25,518	\$ 22,219
Total Assets	<u><u>\$ 25,518</u></u>	<u><u>\$ 22,219</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$ 1,177	\$ 810
Credit Facility	1,000	-
Operating Lease Liability	638	620
Federal Income Taxes Payable	74	247
Accrued Expenses	1,258	1,265
Accrued Selling Expense	237	336
Accrued Warranty Costs	52	75
Contract Loss Reserves	259	243
Customer Advance Deposits	255	481
	<u> </u>	<u> </u>

4,950 4,077

Current Liabilities**Other Liabilities**

Credit Facility-Long Term	-	1,000
Operating Lease Liability, net of current portion	1,760	2,282
	<u> </u>	<u> </u>

1,760 3,282

Other Liabilities

Total Liabilities 6,710 7,359

Commitments and Contingencies

- -

Stockholders' Equity

Common Stock - (\$0.001 par, 2,000,000,000 authorized, 6,873,938 and 6,763,070 shares issued and outstanding, respectively)	7	7
Additional Paid in Capital	21,465	21,285
Accumulated Deficit	(2,664)	(6,432)
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Stockholders' Equity	18,808	14,860
Total Liabilities and Stockholders' Equity	\$ 25,518	\$ 22,219

The accompanying notes in our Annual Report on Form 10-K for the twelve months ended September 29, 2024 filed with the SEC on December 19, 2024 are an integral part of these financial statements.

**Optex Systems Holdings, Inc.
Consolidated Statements of Income**

	(Thousands, except share and per share data)	
	Twelve months ended	
	September 29, 2024	October 1, 2023
Revenue	\$ 33,995	\$ 25,659
Cost of Sales	24,466	19,040
Gross Profit	9,529	6,619
General and Administrative Expense	4,708	3,832
Operating Income	4,821	2,787
Interest Expense	47	55
Income Before Taxes	4,774	2,732
Income Tax Expense, net	1,006	469

Net income applicable to common shareholders	\$ 3,768	\$ 2,263
	=====	=====
Basic income per share	\$ 0.56	\$ 0.34
	=====	=====
Weighted Average Common Shares Outstanding - basic	6,762,145	6,616,462
	=====	=====
Diluted income per share	\$ 0.55	\$ 0.34
	=====	=====
Weighted Average Common Shares Outstanding - diluted	6,833,274	6,653,573
	=====	=====

The accompanying notes in our Annual Report on Form 10-K for the twelve months ended September 29, 2024 filed with the SEC on December 19, 2024 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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