



Optex Systems Holdings Inc.

Nasdaq : OPXS





Investor Presentation



FORWARD-LOOKING STATEMENT



This presentation includes forward-looking statements that are subject to many risks and uncertainties. These forward-looking statements, such as statements about Optex's short-term and long-term growth strategies, can sometimes be identified by use of terms such as "intend," "expect," "plan," "estimate," "future," "strive," and similar words.

These statements involve many risks and uncertainties that may cause actual results to differ from what may be expressed or implied in these statements. These risks are discussed in Optex's Securities and Exchange Commission filings and reports, including the risks identified under the section captioned "Risk Factors" in its Form 10-K.

Optex disclaims any obligation to update information contained in these forward-looking statements whether as a result of new information, future events, or otherwise.

THIS PRESENTATION DOES NOT CONSTITUTE AN OFFER TO SELL SECURITIES OF OPTEX OR A SOLICITATION OF AN OFFER TO BUY SECURITIES OF OPTEX.

PRESENTATION CONTENTS



1. What is our Mission?
2. Customers and Products
3. Market Opportunity and Competitors
4. Clearly Articulated Business Strategy
5. Sustainable Competitive Advantages
6. Brief financial overview

WHAT WE DO...



Threat



Optex



Defense



Offense

Customers



OPTeX STANDS BETWEEN THE THREAT AND OUR CUSTOMERS.

OPTEX DIVISION – WHAT WE DO...

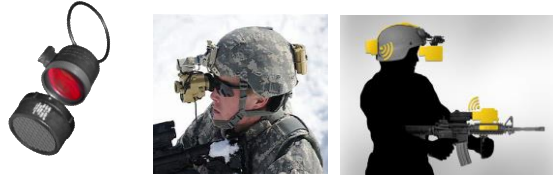


APPLIED OPTICS CENTER (AOC) DIVISION – WHAT WE DO...



Optical Cells, Eyepiece, Objective Lens Sets

Optically aligned metal and glass lens sets



Laser Interference Filters, ENVG Filters, Optical Coatings



Components – Laser Filter Units



By depositing precise molecular layers of unique materials onto an optical substrate, the optical properties of that substrate are changed to absorb, reflect or transmit specific wavelengths of light.

APPLIED OPTICS CENTER (AOC) – WHAT WE DO...



New Laser Filter Units



Sig Sauer – NGSW
Next Generation
Squad Weapon



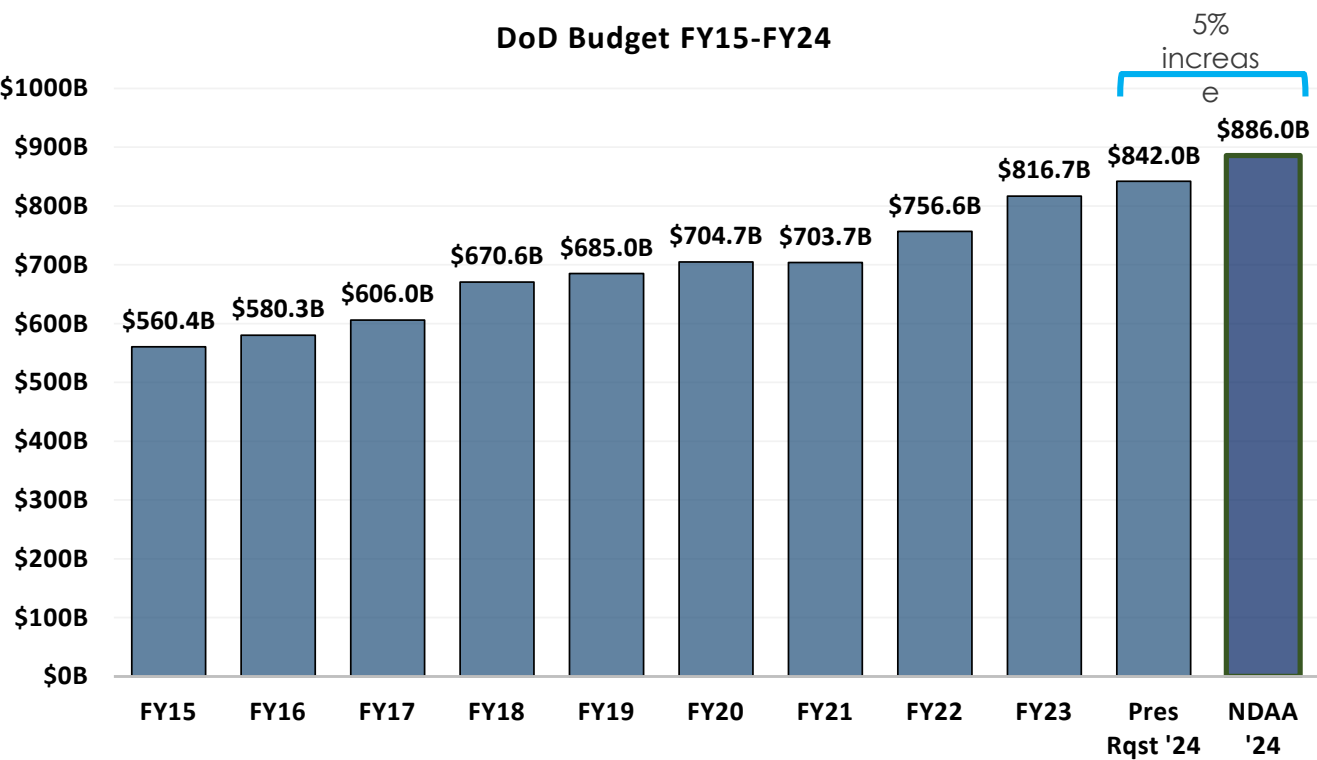
Vortex Scope

Every Weapon needs a Scope, Every Scope needs an LFU.

MARKET OPPORTUNITY



DoD Budget FY15-FY24



Lawmakers to provide nearly \$700 million in extra funds for US Army ground vehicle programmes

16th June 2023 - 18:00 GMT | by Flavia Camargos Pereira in Kansas City



*This provides extra funds for various efforts including the Abrams, Stryker, Bradley and Paladin Integrated Management (PIM) programs.

FY2024 DoD Budget – U.S. Army

\$ in MMs	Actual		Request
	2022	2023	2024
Operations & Maintenance	\$65,760	\$70,320	\$71,869
Procurement*	\$4,319	\$4,505	\$3,766

*Procurement of Weapons and Tracked Combat Vehicles

SELECT MAJOR CUSTOMERS



Defense Customers - ~90% of Revenue



TEXTRON

NORTHROP GRUMMAN



BAE SYSTEMS

Raytheon



Commercial Customers - ~10%



MARKET OPPORTUNITY



Abrams Tank



Nov 2023: State Dept. approves \$2.5B sale of Abrams tanks to Romania (54).

January 2023: Poland orders another 116 Abrams (\$1.4bn).

July 2022: Poland signs \$5bn contract for 250 Abrams (first 14 tanks received in June 2023).

FY2024 DoD Budget – Abrams Upgrade Program

	Actual		Request	Projected			
\$ in MMs	2022	2023	2024	2025	2026	2027	2028
Abrams Upgrade	\$1,145	\$1,247	\$697	\$1,085	\$1,207	\$700	\$1,548
Qty	90	90	34	45	49	21	70

Armored Multi Purpose Vehicle



Sept 2023: The Army awarded BAE Systems a \$797 million contract for full-rate production.

The total contract amount is worth up to \$1.6 billion.

FY2024 DoD Budget – AMPV Procurement

	Actual		Request	Projected				
\$ in MMs	2022	2023	2024	2025	2026	2027	2028	To Complete
Procurement - \$	\$950	\$380	\$554	\$561	\$631	\$513	\$613	\$14,094
Qty	0	43	91	88	101	76	96	1801

Bradley Fighting Vehicle



Aug 2023: BAE Systems was awarded a contract modification exceeding \$190 million for continued production of the Bradley A4. The award includes more than 70 M2A4 Infantry Fighting Vehicles and the M7A4 Fire Support Team Vehicles.

FY2024 DoD Budget – Stryker Upgrade Program

	Actual		Request	Projected			
\$ in MMs	2022	2023	2024	2025	2026	2027	2028
Bradley MOD	\$480	\$260	\$158	\$129	\$102	\$101	\$104

Stryker / LAV Family of Vehicles



Sept 2023: Bulgaria approves \$1.37 billion Stryker order (183 vehicles).

June 2023: GD awarded 300 unit order for US Army.

FY2024 DoD Budget – Bradley Modification Program

	Actual		Request	Projected			
\$ in MMs	2022	2023	2024	2025	2026	2027	2028
Stryker Upgrade	\$1,082	\$891	\$614	\$654	\$865	\$816	\$860
Qty	228	180	85	110	189	187	182

Entrenched Supplier to Multi-Decade Programs of Record



Abrams Tank

~# In Service/# Produced: 3,000/10,500



Stryker

~# In Service/# Produced: 4,200/5,000



Bradley Fighting Vehicle

~# In Service/# Produced: 6,000/6,700



Armored Multi-Purpose

Production now started for 2,900 in 6-8 yrs.



LAV (Light Armored Vehicle)

~# In Service/# Produced: 3,000 and still in production



M113 Armored Personnel

~# In Service/# Produced: 50,000/80,000



M109 Paladin

~# In Service/# Produced: 2,500/3,000



Howitzers

~# In Service/# Produced: 1,000/1,300



Canada



Israel



Egypt



Kuwait



Saudi Arabia



Morocco



Chile



Peru

MARKET OPPORTUNITY – RECENT WIN



M10 Booker Tank

- Less Weight – 42 Tons vs 74 Ton Abrams
- Prime – General Dynamics Land Systems
- Low Rate Initial Production – 96 units
 - Started in late 2023
- Targeted Production Quantity
 - ~504 Units*
- Optex Content
 - Turret Laser Protected Periscopes
 - Driver Laser Protected Periscopes
 - Muzzle Reference Sensor
- \$20 Million Opportunity on the ~504 Units

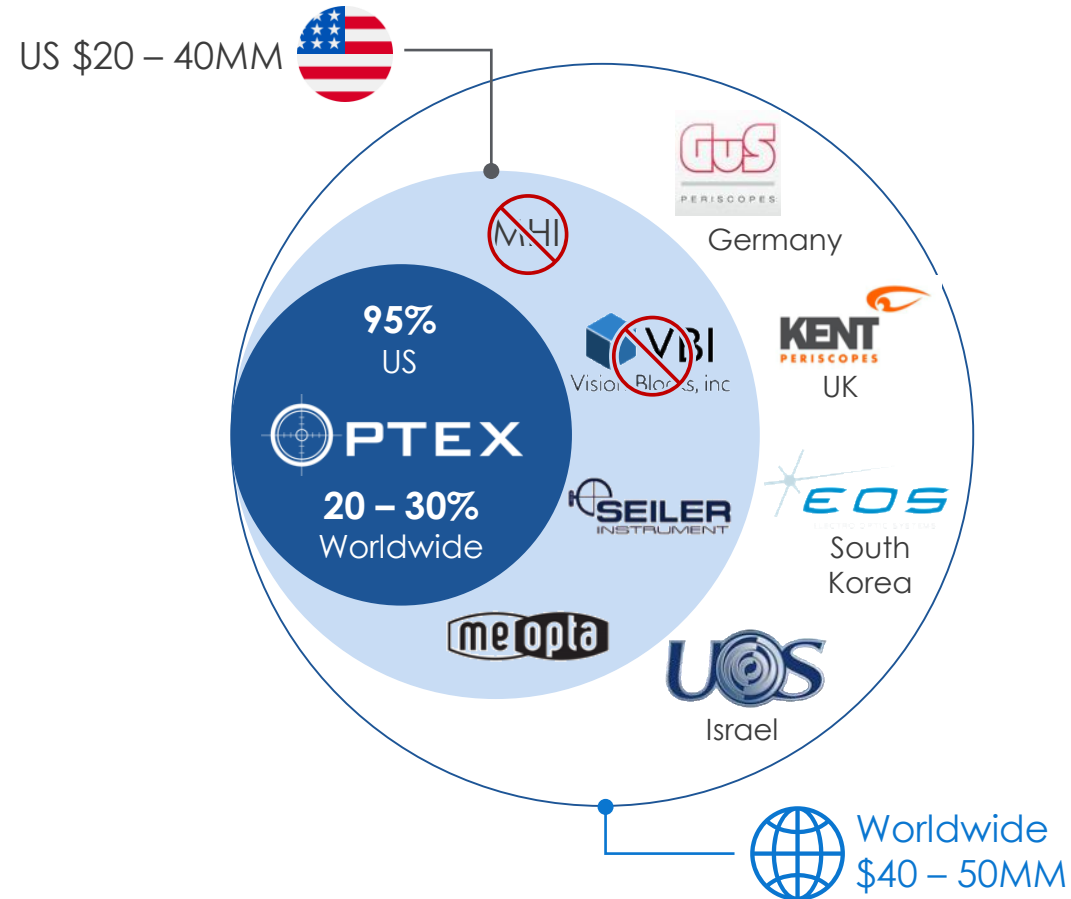


*www.defensenews.com

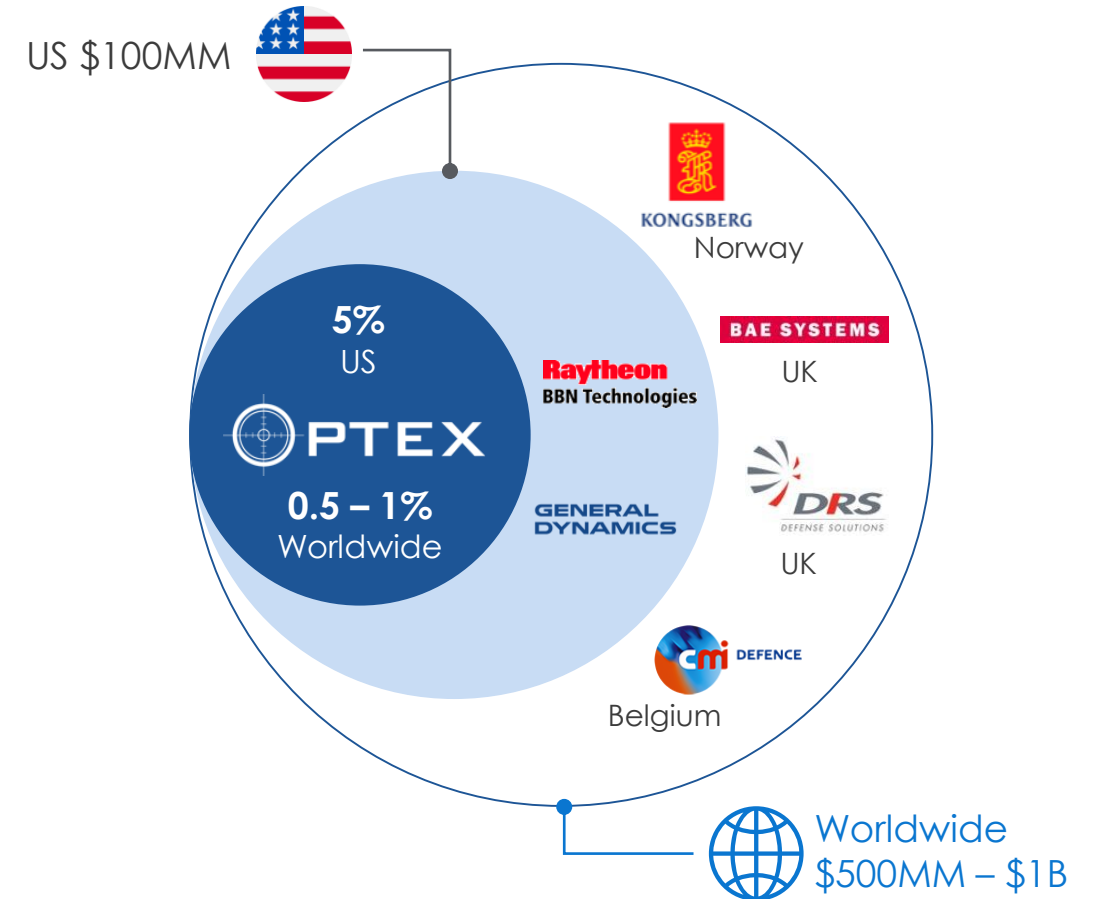
MARKET SHARE, CUSTOMERS, AND COMPETITORS



Periscopes & Vision Blocks Markets



Sighting Systems Markets





PRODUCTS

MARKETS

	PRESENT	NEW
PRESENT	Market Retention <ul style="list-style-type: none">• Optical Engineering• Mechanical Sighting Systems• Assembly Processes	Product Development <ul style="list-style-type: none">• New Periscope Technology Enhancement• New Sighting Systems<ul style="list-style-type: none">• Recent M10 Booker Win
NEW	Market Development <ul style="list-style-type: none">• Commercial Markets• Foreign Military Sales Expansion<ul style="list-style-type: none">• Recent Contract with IMOD	Diversification <ul style="list-style-type: none">• Opportunistic Commercial and Military Product Development<ul style="list-style-type: none">• Recent Speedtracker Acquisition



Optex has established core competencies by proving its **product reliability** and **product quality** and by maintaining deep **product and sector knowledge** in an overall **supply chain control** environment.

SUSTAINABLE COMPETITIVE ADVANTAGES...



Building Patented and Proprietary Niche Products for over 30 Years

Designed-in Protection through Patents and Manufacturing Process Knowledge

Highest Share in our US Market for Major Product Lines

Excellent Economy of Scale through Suppliers and Factory Hours

Approved Supplier to: General Dynamics, BAE Systems, L3 Harris Technologies, US DoD, Israel – Ministry of Defense, Lockheed Martin

Clean Capitalization Table and Healthy Balance Sheet (Robust)

No Debt

CEO owns 13+% of Outstanding Shares – Aligned with Shareholders

Vertical Integration (Machining, Coating, Assembly of Optical Parts)

Multiple Barriers to Entry

Expanding Market (Europe and Middle East) through ITAR Registration and Partnerships

ITAR Gets you to the Table

Growing Revenue, Increasing Margins, Increasing Earnings (Scale)

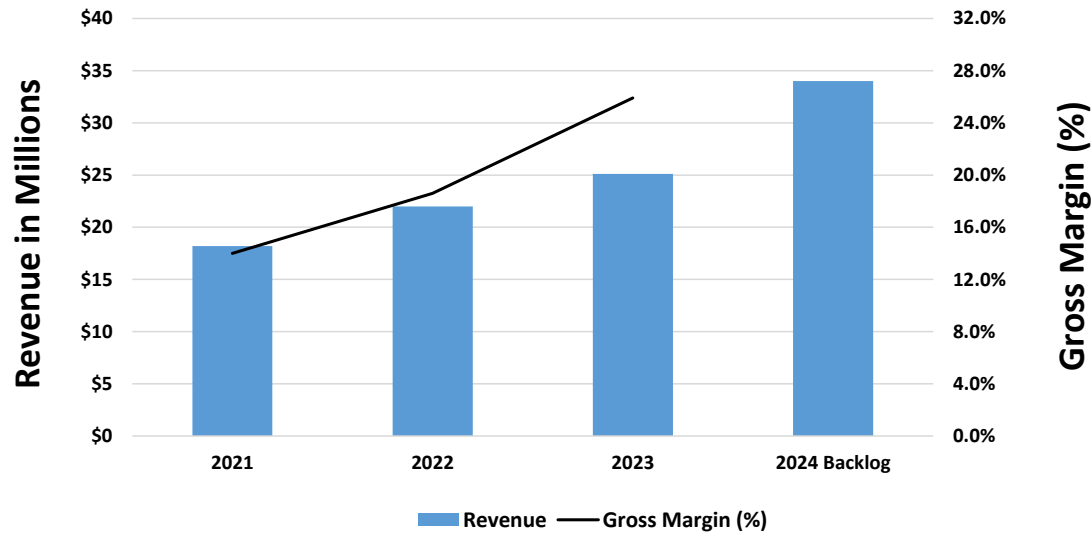
Minimal CapEx needs (\$0.5M typical)

Select Technology Investments

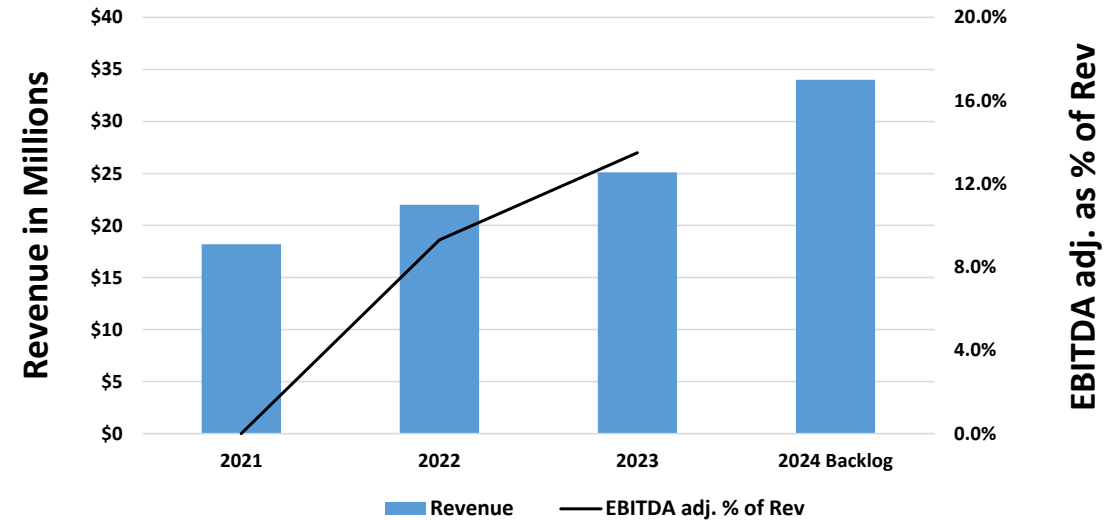
FINANCIAL OVERVIEW



OPXS Revenue and Gross Margin



OPXS Revenue and EBITDA as % of Revenue



2021 – Coming out of Covid, Increasing Material Prices on Fixed Price Contracts

2022 – Improving Factory Leverage Above ~\$20M Rev and ~18% GM

2023 – Gaining Traction, Supply Chain Strengthening, Backlog Increasing

2024 – Maintain Momentum, Execute on Backlog, Continue to Leverage Sole Source Supply Position

SUMMARY



Sustainable Competitive Advantage in an Attractive Market



- \$1 Billion worldwide
- Increasing market share (commercial and foreign)



Selective Acquisition Strategy

- Identify targets' critical capabilities and synergies
- Seek vertical integration and operational bench strength
- Attractive purchase price

Profitable Product Portfolio



- Highest quality
- Innovative product development
- New product launches



Excellent Customer Base

- International foothold
- Major defense customers
- Top commercial customers
- Government & Primes

Optex Systems Announces Acquisition of Speedtracker

January 22, 2024

RICHARDSON, TX / ACCESSWIRE / January 22, 2024 / Optex Systems Holdings, Inc. (Nasdaq:OPXS), a leading manufacturer of precision optical sighting systems for domestic and worldwide military and commercial applications, announced today it has acquired Speedtracker from RUB Aluminum (RUB) and has also established a Contract Manufacturing Agreement for the continued production of the Speedtracker Mach 4+ product line.

- A commercial product line acquisition with military potential
- \$1M acquisition cost from existing cash with additional earn out available
- An additional technology platform



Speedtracker Mach 4+

A Doppler radar based chronograph that measures bullet velocity in order to improve a shooter's accuracy. A commercial / consumer product today that might have military uses in the form of a technology platform.

DIVISIONAL BREAKDOWN



OPTEX SYSTEMS HOLDINGS, INC.



OPTEX SYSTEMS

~50% of Revenue

- Laser Protected Periscopes and Vision Blocks
- Military Optical Sighting Systems
- Weapon Systems, Optical Subassemblies
- High Definition Imaging Systems
- Thermal and Night Vision Systems



APPLIED OPTICS CENTER

~50% of Revenue

- Premier Thin Film Coatings
 - Blocks Unwanted Wavelengths
 - Eliminates Unwanted Reflections
 - Protects Soldiers, Sensors and Optics
- Precision Optical Assembly Processes
- Stabilized Monoculars and Binoculars (Military & Commercial)

LEADERSHIP TEAM



Danny Schoening – CEO

30 years in Engineering, Manufacturing, Optics, and Business Leadership; holds 7 US Patents. Previously with Honeywell International (HON) and Finisar Corporation (FNSR).

Karen Hawkins – CFO

27 years in Defense and Transportation. Previously with General Dynamics (GD).

Bill Bates – General Manager – AOC Division

34 years in Optics and Military and Commercial Contracting. Previously with L-3 Communications (LLL)

Dr. Gyoungwon Park – Engineering Manager

30 years in Engineering/Optics. Holds 8 US Patents. Previously with Honeywell International (HON) and Finisar Corporation (FNSR).

Jeff Balch – Quality Manager

30 years in Optical Assembly and Optex Experience.

Angelina Kerr – Contracts and ITAR Compliance Manager

20 years in Project Management and Contracts Support.

Ed Franco – Materials Manager

30 years in Materials and Supply Chain Management. Previously with Honeywell International (HON) and Finisar Corporation (FNSR). Former US Army Logistics Officer.

Ron Stinedurf – Manufacturing Manager

37 years in Optical Fabrication and Manufacturing.

Hugh Bond – Location Manager

15 years in Engineering and Site Leadership.

BRADLEY SUPPORT – WHAT WE DO...



Bradley Fighting Vehicle



Back-Up Sight
Periscope Assembly



15 Degree Periscope
Assembly



M45 Periscope
Assembly



M17 Periscope
Assembly



M27 Periscope
Assembly



20 Degree Periscope
Assembly



Optex Systems Inc.
Military Artillery Fire
Control Systems

www.optexsys.com

STRYKER – LAV SUPPORT – WHAT WE DO...



Stryker/LAV Family of Vehicles



M27 Periscope Assembly
(Turret Version)



M17 Periscope Assembly



M45 Periscope Assembly



Vision Block Assembly



LS Periscope Assembly
(MGS Version)



LS MRS Collimator Assembly (MGS Version)



ISO 9001:2008
BUREAU VERITAS
Certification



Optex Systems Inc.
Military Artillery Fire
Control Systems

www.optexsys.com

OPTEX PRODUCTS – WHAT WE DO...



DDAN / M36 Sights



Laser Protected Periscopes



M17 Day/Thermal Periscope



Back Up Sight



Naval Binoculars



Howitzer Products



Stabilized Monocular – on Amazon



Commercial Optical Assembly

