

CORPORATE OVERVIEW



PTEXTM TRUE VISION



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 for the year ended September 27, 2015, filed with the Securities and Exchange Commission on December 15, 2015. 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.



FREE WRITING PROSPECTUS STATEMENT

This presentation highlights basic information about us and the offering. Because it is a summary, it does not contain all of the information that you should consider before investing in our company.

This free writing prospectus relates only to, and should be read together with, the preliminary prospectus dated August 2, 2016. (the "Preliminary Prospectus") included in Amendment No. 1 to the Registration statement on Form S-1 (File No. 333-212654) relating to the public offering of common stock and warrants of Optex Systems Holdings, Inc. The information in this free writing prospectus is preliminary and is subject to completion or change. This free writing prospectus updates and supplements the Preliminary Prospectus and should be read together with the Preliminary Prospectus, including the section entitled "Risk Factors" beginning on page 9 of the Preliminary Prospectus.

We have filed a registration statement (including a prospectus) with the United States Securities and Exchange Commission (SEC) for the offering to which this presentation relates. The registration statement has not yet become effective. Before you invest, you should read the prospectus in the registration statement (including the risk factors described therein) and other documents we have filed with the SEC for more complete information about us and the offering. You may get these documents, including the preliminary prospectus, which is part of the Amendment No. 1 to Registration Statement of Form S-1, dated August 2, 2016, for free by visiting EDGAR on the SEC website at <http://sec.gov>.

Alternatively, we or any underwriter participating in the offering will arrange to send you the prospectus if you contact Joseph Gunnar & Co., LLC, Prospectus Department, 30 Broad Street, 11th Fl, New York, NY 10004, telephone 212-440-9600, email: prospectus@jgunnar.com



TRANSACTION SUMMARY

Issuer	Optex Systems Holdings, Inc.
Expected Offering Size	Approximately \$5,000,000 of Common Stock and Warrants (100% Primary)
Listing	Common Stock is quoted on the OTCQB under the symbol "OPXS" Applied to quote the warrants on the OTCQB under the symbol "OPXSW"
Over-allotment	15% (100% Primary)
Use Of Proceeds	Acquisitions, Marketing and Sales Efforts, and Working Capital
Sole Book-Runner	Joseph Gunnar & Co.



Recent Developments

● **Optex Systems Wins Award for 5-Year Contract with DLA for \$5.99 Million**

RICHARDSON, Texas, July 22, 2016

Optex Systems, Inc. announced it has won a 5-year Indefinite Delivery, Indefinite Quantity (IDIQ) contract worth \$5.99 Million to supply its laser protected periscopes to the Defense Logistics Agency.

● **Optex Systems Locks in \$518,000 Shipment to Brazil**

RICHARDSON, Texas, June 2, 2016

Optex Systems, Inc. announced that it has completed its first shipments of its patented M17 Day / Thermal Periscope (NSN 6650-01-619-6545) to Brazil.

● **Optex Systems Announces \$1.12 Million Purchase Order from Domestic Customer**

RICHARDSON, Texas, May 24, 2016

Optex Systems, Inc. announced it has received a \$1.1 million purchase order to supply critical optical assemblies from Optex's Applied Optics Center (AOC) Division.

● **Optex Systems Receives \$841,000 in Initial Orders for its Advanced Laser Protected Periscopes**

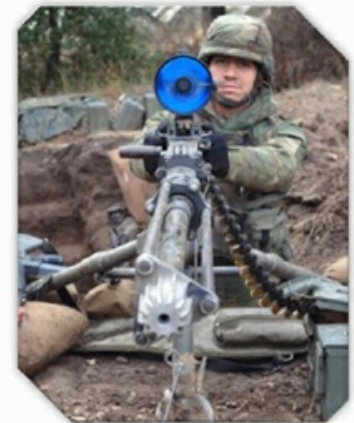
RICHARDSON, Texas, April 21, 2016

Optex Systems, Inc. announced that it has received \$841,000 in orders for its laser protected periscopes with an option for an additional \$841,000 from the U.S. Army Contracting Command.



MARKET OPPORTUNITY

- Periscopes & Vision Block and Sighting Systems combine for an estimated \$1 billion worldwide
 - Optex has a great foothold in the Periscopes & Vision Block market with an estimated 75% market share in the U.S. (\$8-\$10M) and 20-30% worldwide (\$40-\$50M)
 - The Company has a 5% market share in the U.S. (\$100M) for Sighting Systems but only about 1% in the worldwide market (\$500M - \$1B)
 - Historically, the Company's growth and financial performance have been affected by the Department of Defense budget (DOD) which is expected to increase for the first time since 2010
 - Foreign military sales for U.S. built products has remained strong due to escalating geopolitical threats. As of April 16' Optex has a backlog of over \$15.6 million
- The Company has a strong IP portfolio, excellent proven military products with a pipeline of new commercial products and established sales channels throughout the world
- Optex is a sole supplier of naval binoculars to the U.S. Navy and is getting its commercial products into Cabela's, a major outdoor retailer with a \$3 billion market cap and other retailers





HIGHLIGHTS

Operating Performance Potential

- High asset utilization
- New capacity creation

Market Share Expansion

- Create internal linkages through vertical integration and technology advancement
- Capitalize on overseas market expansion

Attractive Acquisition Outlook

- Identify targets' critical capabilities
- Seek vertical integration
- Bargain purchase price

Attractive Timing

- Increase in US DoD Spending
- Participation in Foreign Spending
- Launch of New Commercial Products

Proven Management

- Highly experienced
- Industry veterans
- Stellar reputation





OPTEX OVERVIEW



Milestones underpinned by successful historical acquisitions

- Successfully acquired Miller-Holzwarth's assets in 2013
- Successfully acquired Applied Optics Center in 2014
- Signed \$4.3 MM supply agreement with L3 communications in 2014
- Signed \$6 MM supply agreement with Nightforce Optics Inc. in 2015

- A 28-year old, Texas-based company provides the most reliable optical sighting systems to the US Department of Defense, foreign governments, and commercial consumers of optical products
- 89 employees; 93,000 square foot facility
- Patents – Three Issued by USPTO, One in process
- Defense supplier with product expansion into consumer and commercial sectors
- Technology patented products in new military programs in Chile, Brazil, Israel, Belgium, and Canada
- \$841,000 initial orders for advanced laser protected periscopes from U.S. Army Contracting Command, April 2016
- \$1.2 million award for periscopes from General Dynamics Land Systems, February 2016



OPTEX™ TRUE VISION

Symbol: OPXS



BUSINESS DIVISIONS OVERVIEW



OPTEX SYSTEMS

- Military Optical Sighting Systems
- Weapon Systems, Optical Subassemblies
- High Definition Imaging Systems
- Thermal and Night Vision Systems
- Video Display Systems



APPLIED OPTICS CENTER

- Premier Thin Film Coatings
- Precision Optical Assembly Processes
- Stabilized Monoculars and Binoculars (Military & Commercial)





OPTEX BUSINESS STRATEGY

PRODUCTS

		PRESENT	NEW
MARKETS	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 night vision systems
	NEW	Market Development <ul style="list-style-type: none">● Commercial markets breakthrough● Foreign military sales expansion	Diversification <ul style="list-style-type: none">● Opportunistic commercial product development

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



COMPANY PRODUCTS

Periscopes



**M Series
ICWS**
Laser & Non-Laser Protected
Acrylic & Glass Periscopes

43%

2016YTD Rev %

Sighting Systems



**CSS, MRS
Big Eye, etc.**
Digital Day and Night (DDAN)
Muzzle Reference Systems (MRS)
Ships Binoculars, Collimators, etc.

15%

2016YTD Rev %



AOC (Applied Optics Center)



**Optical cell
Eyepiece
Objective lens sets**
Optically aligned metal
and glass lens sets

13%

2016YTD Rev %



**Laser
Interference
Filters**
Optical Coatings

23%

2016YTD Rev %

Other



Components
Misc. Repair
parts
Howitzer

6%

2016YTD Rev %



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SAMPLE PRODUCTS

DDAN / M36 Sights



Laser Protected Periscopes



M17 Day/Thermal Periscope



Back Up Sight



Naval Binoculars



Red Tail – Digital Spotting Scope



Howitzer Products



Commercial Optical Assembly





OPTEX MARGIN DRIVERS

Acquisition Synergies

- Gross margin increases as Optex and Applied Optics Center (AOC) manufacturing capacity is currently under-utilized
- Economy of scale - material costs from suppliers also trend lower

Preferred Supplier Status

- Optex and AOC have multiple products where they are the only suppliers on record for the last 10-15 years
- Established relationships with key positions in major defense, military, aerospace and other industries

Commercial Market Expansion

- Increased emphasis on new opportunities
- Higher margins
- Diversify sales channels

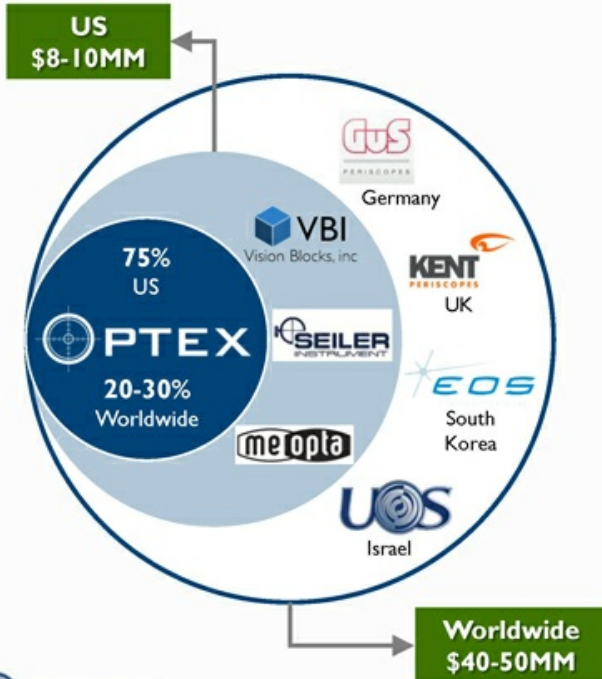
Patented / IP Protected Products

- Premium pricing from Optex and AOC's IP protected products - DDAN, M17 D/T, day windows, etc.

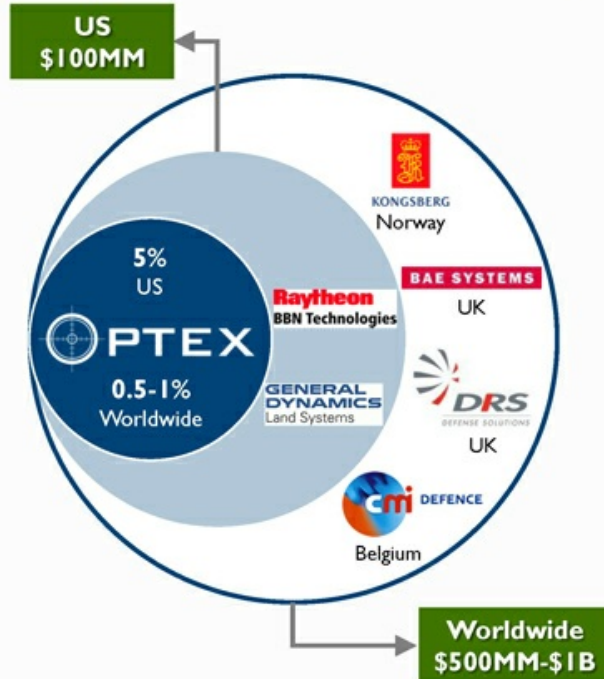


MARKET SHARE & MAJOR PLAYERS

Periscopes & Vision Blocks Markets



Sighting Systems Markets





MAJOR COMPETITION

Many of the largest competitors in the past are either bankrupt or behind their delivery schedule

Company	Business Description	Competition	Latest Status
Miller-Holzwarth Inc.	Once larger acrylic periscopes producer	Went into a bidding war and drove the price down from 2007 to 2013	Bankrupt Optex purchased the assets at public auction in 2013 and began price recovery
SSI Technology	~\$1 MM sales from military (est.)	Direct competitor on periscopes	Filed for Bankruptcy per Termination for Default Contract Modification
Seiler Instruments	3 rd generation private company Producer of Sighting System parts on the Howitzer platform Estimated \$30 MM Sales Overall with \$5 MM sales from military (est.)	Competed with Optex on the Howitzer platform Won the last Aiming Circle contract by pricing at 70% of Optex's quote Also won a non-laser filtered M17 contract in 2014 with a split win with Optex.	Delinquent on First Articles Testing ("FAT") on the Aiming Circle contract, FOIA requested Delinquent on FAT on the M17 contract, FOIA requested





SELECT MAJOR CUSTOMERS

DEFENSE CUSTOMERS



TEXTRON

NORTHROP GRUMMAN



BAE SYSTEMS



Raytheon



COMMERCIAL CUSTOMERS



Cabela's
WORLD'S FOREMOST OUTFITTER

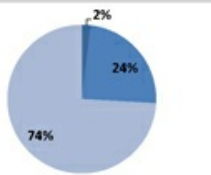


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Symbol: OPXS



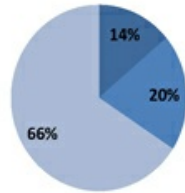
SALES MIX SHIFTS – GROWING COMMERCIAL & FOREIGN MILITARY SALES

Company has been able to diversify its sales channels over the past few years. Commercial and foreign military sales have been quickly catching up



■ Commercial ■ Foreign ■ Other

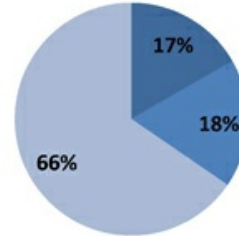
2014 Revenue = \$10M



■ Commercial ■ Foreign ■ Other

2015 Revenue = \$13M

* Extrapolated from Q3 YTD which will be published at \$11.8M. Net income for the quarter ended June 28, 2016 is estimated to be positive \$200,000. The increase is driven by higher revenues combined with improvements in labor efficiencies and improved pricing on new orders.



■ Commercial ■ Foreign ■ Other

2016 Revenue = \$17M*





ACQUISITION STRATEGY– APPLIED OPTICS CENTER (AOC) CASE STUDY

Optex was able to fully utilize its network enabling it to identify and make acquisitions at a bargain price during the ongoing consolidation trend in the defense sector

Transaction

- Time: 11/3/2014
- Consideration: \$1.01 MM
- Offer: 100% cash
- Valuation:
 - 0.19x LTM Revenue
 - 0.36x Net Assets

Target: AOC

- Business Lines: precision optical assemblies; military thin film coating
- 27 full time employees
- \$2.78 MM worth of net assets and \$2.0 MM backlog at the time acquisition

Past Relationship

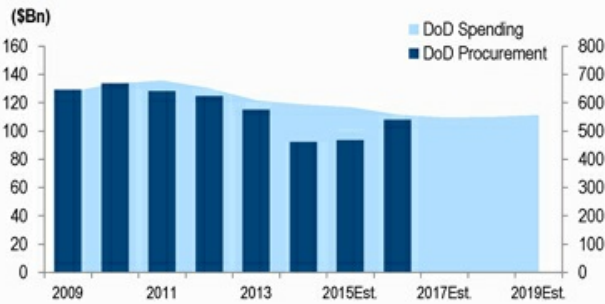
- AOC was Optex's preferred supplier of laser coatings and laser coated filters in support of Optex's periscope shipments
- Previously Optex has ordered \$500K - \$1.5 MM per year of products from AOC. AOC will continue to support L3/Insight production

Bargain Price Rationale

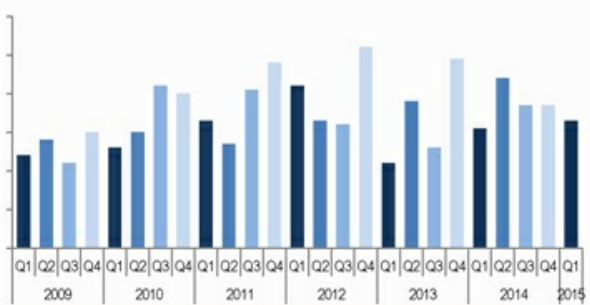
- Optex is a market leader in the military-grade optical products industry that directly utilizes the manufactured components specific to the AOC product line
- The AOC business of L-3 had a recent history of losses also due to sequestration
- As a result, L-3 intended to exit the optical coating manufacturing business completely in that it no longer fit its business strategy



US GOVERNMENT MARKETS & M&A OUTLOOK



U.S. A&D Historical M&A Activities



U.S. Government Markets Improving

- U.S. Department of Defense budget is expected to grow in FY2016 - first increase since 2010
- Procurement Drivers:
 - Geopolitics
 - Better buying power initiatives
 - Afghanistan drawdown
 - Sequestration constraints
 - Vehicle platform upgrades (AMPV)

Domestic Aerospace & Defense (A&D) M&A Activities Growing

- The industry's M&A activity is poised for a steady growth since DoD's budget sequestration
- Analysis revealed a significant improvement in transaction activity in 2014 with a notable pickup in defense related transactions planned for 2015



FOREIGN DEFENSE MARKETS OUTLOOK

Department of State Foreign Military Funding



Foreign Military Sales funding for products built in the United States for select foreign militaries has held steady and strong due to the escalating geopolitical threats

Growing International Markets

- Optex has increased efforts to promote its proven military products as well as newly improved product solutions directly to foreign military representatives
 - M17 Day/Thermal Periscopes to South America
- Optex will continue pursuing international opportunities through direct sales and through existing customers
 - GDLS Canada
 - GDLS – Canada – CMI Defense
 - Israeli Namer Project
 - Israeli Merkava Project
 - Israeli M113 Upgrade
 - Brazil – BAE – M113 Upgrade
 - Chile – M113 Upgrade
 - Columbia – M113 Upgrade / Optical Sights



MARKET DEVELOPMENT - FOREIGN MILITARY ORDER EXPANSION

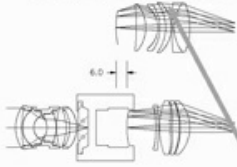
<p>\$8.3 MM Potential</p> <ul style="list-style-type: none">• \$2.5 MM from General Dynamics Land Systems Canada (DGLS-CA)• \$4.8 MM from CMI Defence	<p>Saudi Arabia</p> 	<p>Australia</p> 	<p>\$4.0 MM Potential</p> <ul style="list-style-type: none">• Supplier of periscopes and commander's sighting system to Australian Land 400 Program through GDLSCA
<p>\$8.3 MM Potential</p> <ul style="list-style-type: none">• Chile: M17 Day/Thermals sold into Air Force• Brazil: bid first 32 M17 Day/Thermals• Colombia: 120 M113s in Fleet	<p>South America</p> 	<p>Israel</p> 	<p>\$3.0-6.0 MM Potential</p> <ul style="list-style-type: none">• Government of Israel – Ministry of Defense• Armored Personnel Carrier (APC): \$3-5 MM – NAMER Program• M113 APC Upgrades: \$2.4 MM

Foreign Order Expansion



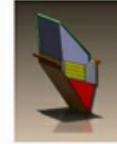
KEYS TO PRODUCT DEVELOPMENT

- Glass Properties
- Glass Shape
- Color / Distortion Control



**MECHANICAL
DESIGN
TOOLS**

- 2D/3D Capability
- Thermal / Strength Analysis



**OPTICAL
DESIGN
TOOLS**



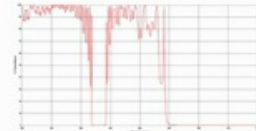
**THIN FILM
DESIGN
TOOLS**

- Thin Films
- Anti-Reflective coatings
- Optical Assembly
- EMI Thin Films
- CNC Machining
- CARC Painting
- Optical/Mechanical Alignment
- Electronic Assembly
- Environmental Testing



**VERTICAL
INTEGRATION
OF KEY
EQUIPMENT &
PROCESSES**

- Wavelength notching
- Transmissivity Analysis
- Absorption Analysis





MARKET DEVELOPMENT NEW COMMERCIAL OPPORTUNITIES



On 5/26/2015, Optex entered into an exclusive supply agreement with Nightforce Optics for supply of critical optical assemblies

- **\$3.0 MM** in 2016
- **\$4-5 MM** in 2017
- **Extendable for an additional year**

4 assemblies in production now
18 new assemblies in roadmap
8 assemblies in quotation phase





DIVERSIFICATION NEW COMMERCIAL OPPORTUNITIES

Commercial Digital Solution

Optex offers a high-grade digital products for commercial use which are easier to use and equal in optical performance but with a lower price

Cabela's
WORLD'S FOREMOST OUTFITTER



- Released to Cabela's for the consumer market
- Released to the general service administration (GSA) schedule
- \$800-\$1,000/unit final sales price

Digital Spotting Scopes: Red Tail



Nighthawk
(in Development)

Stabilized Monocular





LEADERSHIP TEAM

Danny Schoening – CEO

28 years in Engineering, Manufacturing, Optics, and Business Leadership; holds 3 US Patents. Previously with Honeywell International (HON) and Finisar Corporation (FNSR).

Karen Hawkins – CFO

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

Joe Aizpuru – Engineering Manager

28 years in Engineering/Optics. Holds 11 US Patents. Previously with Honeywell International (HON) and Finisar Corporation (FNSR).

Mitch Smith – Materials Manager

32 years in Materials and Supply Chain Management. Previously with Honeywell International (HON) and Finisar Corporation (FNSR).

Jeff Balch – Quality Manager

28 years in Optical Assembly and Optex Experience

Angelina Kerr – Contracts and ITAR Compliance Manager

18 years in Project Management and Contracts Support

Bill Bates – General Manager – AOC Division

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

Ron Stinedurf – Manufacturing Manager

36 years in Optical Fabrication and Manufacturing

Kirk Benson – Quality Manager

35 years in Inspection, Quality Engineering and Management

Al Gibson – Senior Thin Film Coating Engineer

34 years in Thin Film Coatings with a background in Aerospace Engineering



CAPITALIZATION TABLE

Pro Forma Excluding the Securities in this Offering

	Shares
Total Current Shares Outstanding	1,730,436
Options	52,850
Warrants	-
Stock Awards	-
Fully Diluted Shares (as reported)	4,442,065 *

* Includes the conversion of all of our Series A and Series B Preferred Stock at the closing of this offering and assuming a \$1.90 public offering price of the securities in this offering



SUMMARY

● Market Opportunity

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

● Product Portfolio

- Highest quality
- Innovative product development
- New product launches

● Proven Acquisition Strategy

- Identify targets' critical capabilities
- Seek vertical integration
- Bargain purchase price

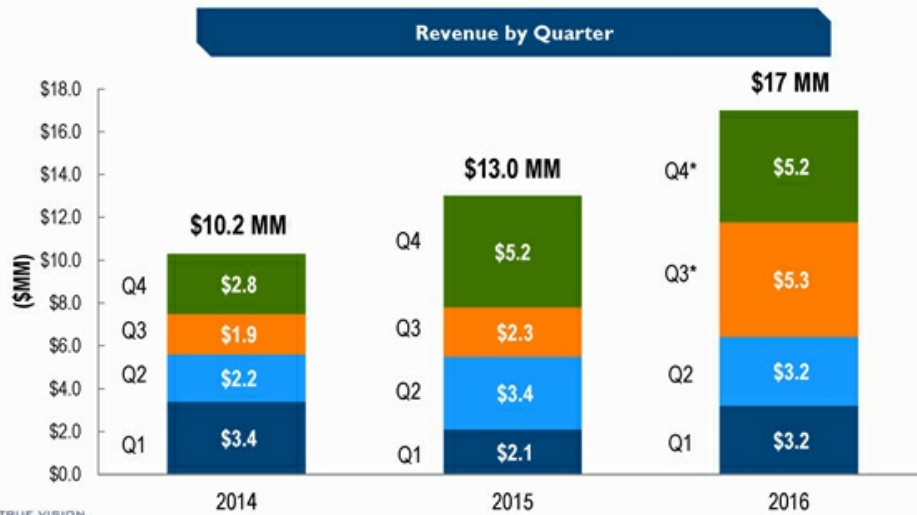
● Customer Base

- International foothold
- Major defense customers
- Top commercial customers
- Government & contractor's



BACKLOG & HISTORICAL QUARTERLY REVENUE

- Historically, the company's growth and financial performance have been affected with the Department of Defense budget sequestration
- It is now situated at an inflection point of the defense industry as sequestration is predicted to bottom out in 2015
- 2015FY sees the consolidation between AOC and Optex. Operating margin expected to improve going forward
- The demonstrated combined capacity of AOC and Optex is over \$54 MM





CORPORATE PROFILE

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Robert Haag, Managing Director

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Symbol: OPXS