

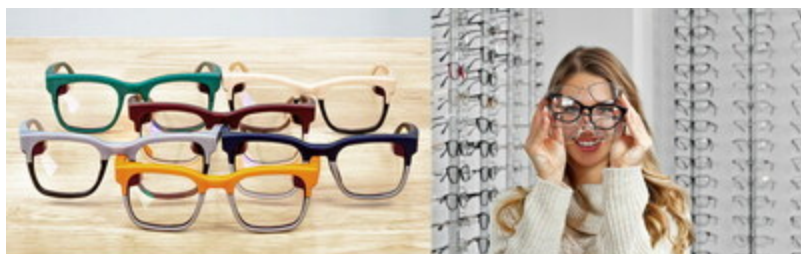
April 19, 2023



Vuzix CEO Addresses Shareholders and Advances Bullish Outlook for 2023

- Strong revenue growth expected across core smart glasses products, OEM/Engineering services and SaaS software solutions

ROCHESTER, N.Y., April 19, 2023 /PRNewswire/ -- [Vuzix® Corporation](#) (NASDAQ: VUZI), ("Vuzix" or, the "Company"), a leading supplier of Smart Glasses and Augmented Reality (AR) technology and products, today issued a shareholder letter from its President and Chief Executive Officer, Paul Travers. The letter, stated in its entirety below, provides an opening 2023 comment, a recap of 2022 achievements and developments, and then gets into more details about the success drivers regarding the Company's 2023 growth initiatives and trajectory.



Vuzix Ultralight OEM Platform (designed for choices)



Vuzix Smart Glasses Line Up



Production Waveguides

Dear Fellow Shareholders:

I want to share some of our recent Company highlights, outline the strength we are experiencing in general, and share our vision for the future as a leader in the wearable computing, augmented reality (AR) and smart glasses markets.

2023 will be a year of significant growth and strong revenues for Vuzix

In the years leading up to and including 2022, our revenues were primarily derived from our core smart glasses enterprise business. Today we now have revenue growth expectations from three contributing business sources at Vuzix, all revolving around our core smart glasses technology:

- *Core smart glasses products*
- *OEM/Engineering services*
- *SaaS solutions for logistics and supply chain*

Vuzix' enterprise smart glasses business is now positioned to generate significant revenue growth in 2023. Our newly formed OEM design and manufacturing platform is seeing success and is expected to deliver new revenue growth in 2023, both in the form of engineering services and products. Our SaaS-based logistics solution company, which started generating incremental revenue and customer traction simultaneous with its acquisition last fall, will add to our sales total for the year. With this stronger portfolio of product offerings and services, Vuzix is well positioned to achieve substantial top-line revenue growth in 2023. We believe our first quarter represents a harbinger of the year's strength with preliminary revenue in excess of \$4 million, as recently announced, rising more than 65% year-over-year versus 2022's Q1 level, primarily on record sales of smart glasses as a result of enterprise customer growth, adoption and deeper rollouts in the period.

2022 was a year of significant achievement for Vuzix in a challenging business environment.

Despite the many market and business challenges 2022 presented, last year was a period of significant business, technology and product development, which helped position Vuzix for substantive business growth going forward. These included:

- *increasing smart glasses engagements and deployments in warehousing and logistics with blue chip firms like Amazon;*
- *expanding healthcare demand from existing ISVs and engaging multiple new customers;*
- *expanding of our waveguide capacity and performance while significantly lowering unit costs;*
- *entering into a series of agreements with Atomistic for μ LED development;*
- *establishing and introducing our OEM design and manufacturing group;*
- *developing and introducing the Vuzix Ultralite OEM Platform;*
- *acquiring Moviynt, a revenue generating SaaS solution provider;*
- *expanding our sales channels across selected markets and customer verticals through the addition of numerous new distributors;*
- *investing in staff and infrastructure to help the company scale;*
- *engaging additional and larger defense firms like L3Harris Electronics with paths to production; and*
- *strengthening our IP portfolio with and patents and patents pending growing to 278 versus 241 one year ago.*

Enterprise demand for smart glasses is accelerating

Vuzix' core product business for smart glasses is being driven by our largest key accounts and remains robust. Warehousing/logistics, remote support and healthcare remain three of

our key growing market verticals. We attribute this to the success and traction from working closely in partnership with our key independent software vendors (ISVs) and the sales team at Vuzix to address customer needs.

The underlying trend towards broader enterprise-wide rollouts from numerous key Fortune 100 accounts is a very exciting development for Vuzix. Customers are now beginning to commit to the deployment of smart glasses-based solutions across more of their organizations. Deloitte, one of the world's largest and most respected professional services firms, has been in the trenches working with enterprise organizations as they look to wearable technologies to drive efficiencies in their supply chain and elsewhere. In their 2022 research report, they expect 75% of enterprise organizations will be adopting wearable and mobile technology over the next five years, something we are finally beginning to see first-hand.

We recently standardized the operating system level across our family of smart glasses with the general availability of the Android 11 operating system for the Vuzix Blade™, Vuzix M400™, Vuzix M4000™, and Vuzix Shield™. The advancement to Android 11 enables a variety of key benefits, including increased security, improved user experience, easier integration with a variety of third-party Mobile Device Management software packages, and enablement of advanced Android features within third party apps. Our current family of smart glasses is highly competitive versus other market players and, as you might imagine, Vuzix has in development several next generation smart glasses solutions that should keep us at the forefront of the competition.

Given the versatility of our product portfolio, our smart glasses are going to work across enterprise in a multitude of environments and configurations, from healthcare, where we have customers deploying Vuzix Blade™, Vuzix M400™, and Vuzix M4000™ smart glasses as their go-to devices of choice, to warehousing and logistics, to Industry 4.0. We currently expect our smart glasses revenue will see strong growth in 2023.

OEM opportunities and rapid expansion across defense, enterprise, and consumer firms

On the OEM/engineering services side, the formalization of our OEM design and manufacturing platform in 2022 has helped to streamline and focus our OEM efforts to better respond to RFIs (requests for information) and formal RFQs (requests for quotes) for our waveguide-based solutions combined, in most cases, with our display engines. We are currently pursuing and expect to participate in multiple high volume production programs over time across the enterprise and defense markets, with products to ultimately address the broader consumer markets expected to follow soon thereafter. We were pleased that our OEM engineering services sales increased substantially in 2022, rising 250% versus the prior year. We planted a lot of seeds in a short amount of time and witnessed account growth with both existing and new defense customers, including global aerospace and defense technology innovator L3Harris Technologies as well as numerous potential customers on the commercial side. One of the more exciting recent developments in our OEM business has been around the Vuzix Ultralite™ OEM Platform and the doors it is opening. Overall, we anticipate additional developments and announcements from this segment of our business in 2023.

Broader market – Ultralite OEM Platform

The Vuzix Ultralite™ OEM Platform was introduced at CES 2023 and named a CES 2023 Innovation Awards winner. It captured the attention of everyone who experienced the Ultralite given its ability to pack compelling AR technology inside a fashionable industrial design—once considered an impossible feat until we made it happen. These glasses were unheard of until now and are appealing to a broad range of potential OEM customers ranging from the fashion and sports brands to some of the largest internet search and social media companies out there. At CES, we showcased a variety of fashion forward Ultralite smart glasses models that included single color frames, multicolored frames and sunglasses versions. The ability for white-label or co-brands to customize smart glasses with the Vuzix Ultralite OEM Platform and turn our design into their branded SKUs is very exciting for the AR/AI smart glasses marketplace.

Multiple critical characteristics are needed to succeed in the broader markets, and the Vuzix Ultralite OEM Platform was designed to cover them all:

- Consumers won't wear glasses that are heavier than 50 grams; the Ultralite platform comes in at ~35 grams.*
- Designs must be fashion forward; the Ultralite platform is nearly indistinguishable from conventional fashion glasses.*
- 64% of the population wear glasses; Vuzix has IP around prescription-based waveguides that we believe should be able to drop right into the current supply chain for prescriptions.*
- Product options are key; the Ultralite platform is designed to be tooled into as many different SKUs as our OEM partners can imagine.*
- Products must have a lengthy battery life; the Ultralite platform runs for up to two days on a single charge.*
- Products must deliver a compelling experience and plug and play as a companion accessory to the smart phone; the Ultralite platform is designed to integrate right into the smart phone messaging. Our development of specialized applications includes turn-by-turn navigation, language transcription and translation, text and alert notifications, as well as new third-party AI-based applications.*

Again, the AR smart glasses market has been waiting for a breakthrough in the industrial design and technology to deliver a compelling solution that is low weight and in a form factor that nearly everyone can appreciate, and the Vuzix Ultralite OEM Platform delivers just that.

As a result of all the above, we are already working with several consumer electronic and fashion brands companies that are focused on evaluating and developing software for the Vuzix Ultralite OEM Platform.

Although it can take some time for these OEM projects to get finalized and move to production programs, contributions to the revenue top line are expected to ramp over the next few years as programs with consumer OEM customers, alongside US and allied defense and homeland security customers, come online and move through the process.

Waveguide production expansion

To support the growth in waveguide volumes needed for our own product lines and our OEM and white label business, Vuzix is upgrading its manufacturing facility with the ability to expand production as needed. The new plant should be operational by summer and will

significantly improve our capabilities and growth potential.

Our new 12,000 square foot manufacturing facility will bolster expanded capabilities with a focus on the advancement of higher index materials, advanced glass substrates, and unique formulation technologies, all designed to further address Vuzix' and our OEM customers' needs.

The current geopolitical environment also bolsters the need for US-based suppliers such as Vuzix to offer solutions for outfitting US defense forces with heads-up display engines, optics and waveguide technology that are made in the USA for use in applications ranging from night vision to Humvees to aircraft.

Growing SaaS Revenue from Moviynt acquisition

In the fourth quarter of 2022, we acquired Moviynt, a small but revenue generating SaaS solution provider that supports SAP and traditional inventory management handheld hardware used primarily in manufacturing warehouse environments. The core Moviynt team brings more than 40 years of experience related to SAP system level architecture, mobility, project management and implementation of SAP software suites.

The Moviynt solution has already proven to be popular and reliable for end users, which are attracted by the simplicity of use and its performance. The Moviynt acquisition broadens our go-to-market strategy for customers and ISVs within the warehousing and logistics market verticals. Moviynt's warehouse architecture and workflows solutions are unique in that it does not require an online connection or middleware to operate.

The Moviynt solution was developed in a close collaboration with a very large aerospace and defense customer and is currently deployed in numerous of their locations across the US and has recently gone live in Canada as well. The Moviynt solution is currently supporting handheld scanners and mobile phones, which represent a logical transition to Vuzix smart glasses also in the near future. We see this as a potentially significant market opportunity to support traditional warehousing hardware and our plan is to introduce Vuzix smart glasses as an upgrade for hands free picking into these environments.

Strategically, we believe that Moviynt's underlying technology and architecture can be packaged into APIs that could be used by Vuzix ISVs and partners to enhance their current software offerings, help expand existing markets and open up new markets for smart glasses across warehousing and logistics.

In terms of Moviynt's revenue generation, we expect continuing growth in their annual run rate revenue throughout the 2023 year.

2023 is starting off strong and setting up to deliver strong annual sales

To recap, our first quarter of 2023 is off to a very strong start. We are bullish on our full-year prospects for 2023 with our potential for continuing record revenues from our collective product and OEM engineering services. Anticipated developments for 2023 include:

- increased deployments in warehousing and logistics;*
- expanding healthcare deployments from existing ISVs and with multiple new customers;*

- *further expansion of our sales channels in specific new geographic regions;*
- *additional and larger engagements from defense firms that should evolve into longer-term production programs;*
- *signing of first agreements with potential OEM and white label firms for our waveguides and display engines;*
- *initial deployments of Ultralite-based product by Vuzix or third parties; and*
- *increased SaaS revenue from our Moviynt acquisition.*

Conclusion

We significantly strengthened our infrastructure along with the breadth and competitiveness of our products and technologies in 2022 and, as a result, we are better positioned for success in 2023 and beyond. We are working across many market verticals — from warehousing and logistics, automotive, pharma and healthcare, to defense and consumer — to deliver industry leading smart glasses and engineering service solutions.

Many people and potential customers today are not yet fully aware of the value of our waveguide intellectual property and production capabilities, and the equally strong position we are working to create on the display engine side. For the broader markets to be successful, waveguide and display manufacturing in volume and at price points that can meet the market requirements critical for success, and Vuzix' ongoing investments in these areas should uniquely position us to continue leading and delivering on this need. We feel we can honestly say that there are no competitors anywhere close to delivering what Vuzix can offer today, and what we expect to deliver in the near future.

I, and all of us at Vuzix, appreciate your interest, and I am confident 2023 will represent a year of solid progress for Vuzix.

Best regards,

*Paul J. Travers
President and CEO
Vuzix Corporation*

About Vuzix Corporation

Vuzix is a leading designer, manufacturer and marketer of Smart Glasses and Augmented Reality (AR) technologies and products for the enterprise, medical and defense markets. The Company's products include head-mounted wireless smart displays and wearable computing devices that provide solutions for mobility, and augmented reality applications, as well OEM waveguide optical components and display engines. Vuzix holds more than 275 patents and patents pending and numerous IP licenses in the fields of optics, head-mounted displays, and augmented reality Video Eyewear field. Moviynt, an SAP Certified ERP SaaS logistics solution provider, is a Vuzix wholly owned subsidiary. The Company has won Consumer Electronics Show (or CES) awards for innovation for the years 2005 to 2023 and several wireless technology innovation awards among others. Founded in 1997, Vuzix is a public company (NASDAQ: VUZI) with offices in Rochester, NY, Oxford, UK, and Tokyo, Japan. For more information, visit the Vuzix [website](#), [Twitter](#) and [Facebook](#) pages.

Forward-Looking Statements Disclaimer

Certain statements contained in this news release are "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. Forward-looking statements contained in this release relate to among other things, Vuzix Smart Glasses, the timing of new product releases, opportunities related to market disruptions, R&D project successes, smart glasses pilot to roll-out conversion rates, existing and new engineering services and conversion to volume production OEM programs and waveguides, future operating results, and among other things the Company's leadership in the Smart Glasses and AR display industry. They are generally identified by words such as "believes," "may," "expects," "anticipates," "should" and similar expressions. Readers should not place undue reliance on such forward-looking statements, which are based upon the Company's beliefs and assumptions as of the date of this release. The Company's actual results could differ materially due to risk factors and other items described in more detail in the "Risk Factors" section of the Company's Annual Reports and MD&A filed with the United States Securities and Exchange Commission and applicable Canadian securities regulators (copies of which may be obtained at www.sedar.com or www.sec.gov). Subsequent events and developments may cause these forward-looking statements to change. The Company specifically disclaims any obligation or intention to update or revise these forward-looking statements as a result of changed events or circumstances that occur after the date of this release, except as required by applicable law.

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