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Vuzix Announces Significant Cost Cutting Aligned with Tighter Focus on Select Smart Glasses and OEM AR Technologies

ROCHESTER, N.Y., Jan. 17, 2024 /PRNewswire/ -- [Vuzix® Corporation](#) (NASDAQ: VUZI), ("Vuzix" or, the "Company"), a leading supplier of smart glasses and Augmented Reality (AR) technology and products, today announced the immediate commencement of an expansive cost reduction program and its preliminary fourth quarter 2023 revenues.



Commencement of Cost Reduction Program

Vuzix today announced that it will be focusing its efforts on select AR smart glasses products, technology development and its OEM business. As such, the Company is implementing efficiencies, including a significant cost reduction program, that are designed to better streamline operations.

"We are focused on the alignment of our resources to better serve our key product and technological opportunities and the interests of our shareholders," said Paul Travers, President and Chief Executive Officer. "These proactive steps will reduce our cost structure and improve our operating results, while concurrently allowing us to continue to invest in new technologies and products and maintain our high standard of customer service and support."

"Our focus is on improving the ability to deliver on more breakthroughs in OEM products and

services, as well as the realization of related technology investments. As a result, we've identified opportunities to reduce or discontinue investments in certain areas while maintaining our investment and focus on initiatives that should deliver the most impact long-term. These organizational changes will include reductions of our global staff across all major areas of our business, including Sales and Marketing; General and Administrative; Research and Development; and Manufacturing Overhead," Mr. Travers continued.

"We anticipate that these proactive actions will result in a reduction of our cash annual operating expenses of approximately \$8 million or 25%, once fully implemented. Looking forward, these collective actions should help us to improve our operating margins and significantly reduce cash losses, even during challenging demand environments while certain markets continue their slow but consistent evolutions," Mr. Travers concluded.

These broad-based cash cost reduction measures are expected to result in a material operating result contribution in 2024.

Preliminary Fourth Quarter 2023 Revenue

Vuzix today also announces its preliminary revenues for the fourth quarter ended December 31, 2023. Fourth quarter revenue is expected to be approximately \$2,100,000. Total product sales for Q4-2023 rose by 36% over Q3-2023, reflecting continuing commercial demand for Vuzix' AR smart glasses. Offsetting this improvement was a 72% sequential decline in realized engineering services.

Mr. Travers further commented, "We have long discussed the lumpiness of smart glasses orders and engineering services. We are very optimistic about Vuzix' long-term prospects, including our increasing focus on our core technology for OEM and white label programs. The Company currently has the largest OEM engineering services and related products order book in its history and realizing the revenue from it is related to timing on deliveries and hitting certain milestones. The changes announced today are in line with our goal to deliver shareholder value as the AR smart glasses industry grows and we continue to execute on our focused strategy."

Vuzix' fourth quarter revenue results are preliminary and unaudited and subject to change in connection with the completion of Vuzix' quarterly and year-end closing process and review procedures. As a result, these preliminary results may differ from the actual results that will be reflected in Vuzix' consolidated financial statements for the quarter ended December 31, 2023, which are expected to be released when the Company files its Annual Report on Form 10-K with the SEC within the next 60 days.

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, defense and consumer markets. The Company's products include head-mounted smart personal display and wearable computing devices that offer users a portable high-quality viewing experience, provide solutions for mobility, wearable displays and augmented reality, as well OEM waveguide optical components and display engines. Vuzix holds more than 350 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 2024 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; Munich, Germany; and Kyoto 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 the Company's preliminary Q4-2023 revenue, the size and effectiveness of the Company's cost reduction program, future technologies and products, 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. The risks and uncertainties include, but are not limited to, the following: the actual costs, timing and benefits of the cost reduction activities described above; and other risks detailed from time to time in the company's filings with the Securities and Exchange Commission. We undertake no special obligation to update any forward-looking statements, whether in response to new information, future events or otherwise. 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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