


1Q2023 EARNINGS PRESENTATION

MAY 10, 2023

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Call Participants and Agenda

<u>Participants</u>

Paul Travers

President and CEO

Grant Russell

CFO and Executive Vice President

Ed McGregor

Director of Investor Relations

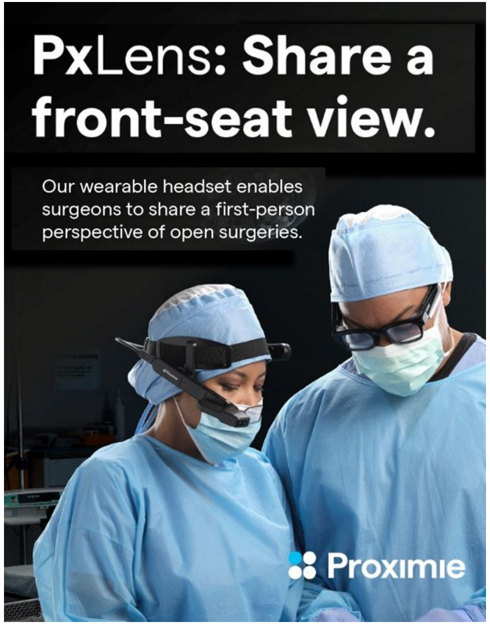
<u>Agenda</u>

- Introduction
- Business review
- Financial review
- Closing Remarks
- Q&A

Opening Remarks and 1Q2023 Comments

- 1Q2023 revenue of $4.2M rose 67% YOY and 44% sequentially
- Record unit sales of flagship M400 smart glasses
- Bullish on 2023 and well positioned to achieve record revenue with many paths to drive top-line growth:
  - ✓ Significant smart glasses deployments in warehousing and logistics
  - ✓ Expanding opportunities in healthcare from existing ISVs and multiple new customers
  - ✓ Further engagements with blue chip customers early in their deployment cycles
  - ✓ Further expansion of our sales channel in specific regions
  - ✓ Increased SaaS revenue from our Moviynt acquisition
  - ✓ Additional and larger engineering engagements from defense firms
  - ✓ Paths to production with multiple defense firms
  - ✓ Signing of new non-defense agreements by OEM and white label firms
  - ✓ Development of contracts and initial deployments of Ultralite-based products

Smart Glasses Comments



- Entities worldwide are realigning their future strategies around AI, AR glasses and a combination of both
- Google's product exit presents an opportunity for Vuzix
- Multiple significant accounts have indicated that they will be rolling out Vuzix smart glasses this year
- Proximie's M4000-based PxLens is a new win in the healthcare space
- Android 11 support across Vuzix' smart glasses product line enables a variety of key benefits

Smart Glasses Comments - Con’t

- Moviynt’s aerospace/defense customer is expected to roll out to additional sites beginning as early as 2Q2023
- Continue to expand global sales channel with a focus on solution selling to best service and support end customers
- Targeting mature companies that have an established ecosystem of integrators, ISVs and end customers
- Recently engaged: Mace Virtual Labs and Tabbara Electronics
- New offices and corporate entities in Germany and Japan

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OEM Comments

- Very few companies have the design and manufacturing skills of Vuzix' OEM group
- Focus is on defense, commercial aviation, enterprise and the broader AR market
- Vuzix has 10+ major customers in defense developing head mounted programs using Vuzix waveguides
- Several defense programs expected to begin full scale production by 2023 year-end and going into 1H2024
- Revenue potential of hundreds of $millions for several specific programs
- US production with ability to produce both small and large format waveguides

OEM Comments - Con’t

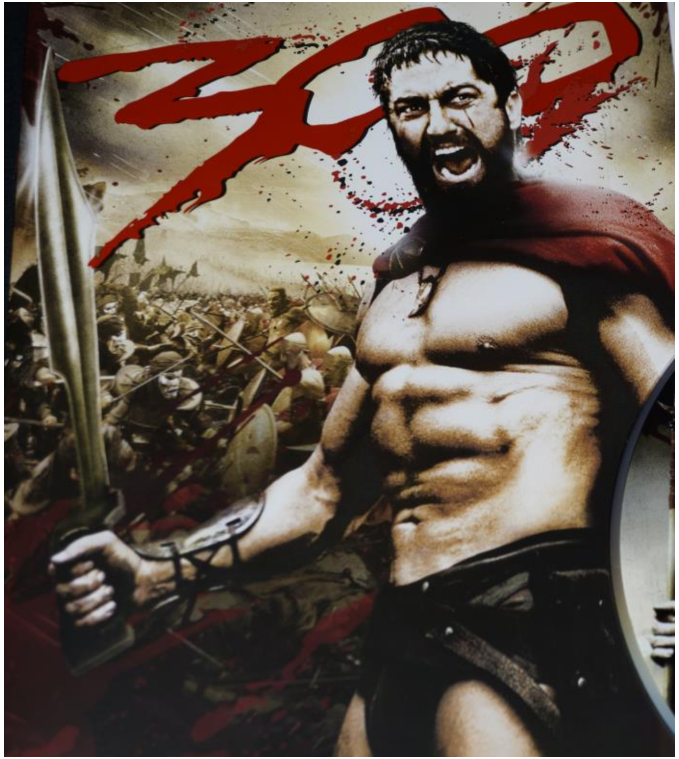
- Vuzix has just started to approach the commercial aviation heads-up display market and already has companies reaching out to work with us
- Vuzix’ Ultralite platform already has an array of customers lining up:

- ✓ Fashion glasses industry
- ✓ Sporting goods industry
- ✓ Wireless phone industry
- ✓ Entertainment industry
- ✓ Gaming industry

- Potential customers are talking tens to hundreds of thousands of devices to support their projected market needs
- The Ultralite platform will start early production by 2023 year-end and should be going to market with multiple well-known brands through 2024

Patents, Patents Pending & Trade Secrets

- Vuzix has created a vast amount of IP
- 300+ patents and patents pending cover a broad range of technologies:
  - ✓ Eyewear product designs, including Ultralite
  - ✓ Waveguide designs and fabrication
  - ✓ Optical coupling and fixed focus technology
  - ✓ Prescription capabilities and customization
- Patents AND trade secrets cover things like:
  - ✓ Nano imprinting
  - ✓ Process equipment
  - ✓ Polymers, adhesion promotors, release agents
  - ✓ Replication and double-sided formats



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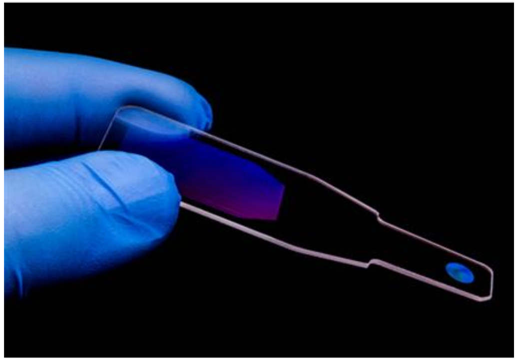
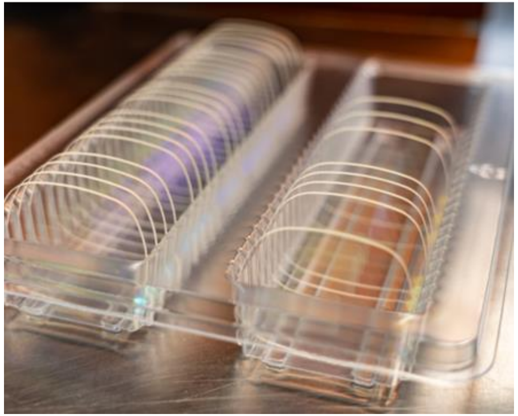
Waveguide Comments





- Vuzix' ability to design and manufacture WGs in high volume and at low cost is second to none
- Ability to make WGs small to large
- Quick turnaround time vs customer efforts
- New WG production facility nearing completion:
  - ✓ Additional 12,000 ft² of manufacturing space
  - ✓ Supports latest WG technologies
  - ✓ Increases unit capacity and significantly lowers unit costs
  - ✓ Expect optical components, WGs and parts to be coming out of this facility 2H2023

μLEDs: Leading Suppliers & Atomistic

- Industry players remain challenged to design and produce acceptable RGB μLEDs
- Vuzix has established working relationships with several of the industry's most advanced vendors through both partnerships and investments
- Atomistic with its very novel approach is making great progress
- Customized and complex fabrication equipment has been designed from the ground up
- Potential to upend the entire smart glasses industry with full color, exceptional brightness and all-day battery performance in a fashion forward form factor

1Q2023 Operating Results

	1Q2023	1Q2022	% Change
Total Sales	$4.19M	$2.50M	**+67%**
Gross Profit	$0.88M	$0.48M	**+83%**
Gross Margin	21.0%	19.2%	**+9%**
Total Expenses	$11.72M	$10.89M	**+8%**
Operating (Loss)	$(10.85)M	$(10.41)M	**-4%**
EPS (Loss)	$(0.16)	$(0.16)	**0%**

Balance Sheet Highlights

	3/31/2023	12/31/2022
Cash	$63.2M	$72.6M
Current Assets	$79.9M	$91.2M
Working Capital	$67.0M	$76.0M
Long-Term Debt	0	0
Shareholder Equity	$109.4M	$116.7M

Q&A