# VUZIX®

*Augmenting the world*

**Corporate Presentation**

October 2024

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# Vuzix – Uniquely Positioned as a Waveguide Supplier to AI Smart Glasses

Vuzix is optimally positioned to become a leading solutions supplier *of key optics and products* for the unfolding multi-$Billion AI-driven smart glasses market

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# Key Investment Highlights

**Vuzix has two core businesses that will be primary growth drivers:**

- ✓ OEM/ODM segment foundationally supported by the industry's best waveguide displays for consumer and defense OEMs

- ✓ The industry's most competitive family of AR smart glasses for enterprise, medical & logistics

**Deep industry knowledge and IP**

- ✓ optics, wearable designs and DOD needs

- ✓ High volume waveguide manufacturing

- ✓ 400+ patents and patents pending

**Expanding strategic partnerships**

- ✓ Quanta Computer, Garmin, others TBA

**Good profitability potential at scale**

Molllyburke liked your photo

Focus on your companions, not your phone

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# Two Significant Market Opportunities

*Vuzix is leading the charge in the enterprise sector and the broader OEM market opportunity*

## The Broad Market OEM/ODM

AR smart glasses: 1B units/year
Waveguides & displays: $120B/year

**Vuzix 10% share revenue potential:**
**$12B/year**

## The Enterprise Market

AR smart glasses: 1M-5M units/year
TAM@$1000 ASP: $1B-$5B/year

**Vuzix 20% share revenue potential:**
**$200M-$1B/year**

- Broad Market OEM/ODM:
  - Our waveguide component solutions are sought after for defense applications, enterprise, consumer and software companies
  - AI software platforms will greatly increase the functionality and adoption of consumer smart glasses
- Enterprise, warehouse, medical & mobile worker:
  - Significant sales pipeline in all areas
  - Smart Glasses Market projected to experience a 20x-50x increase in unit market size by 2028

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# The Market is Primed for AI Smart Glasses

**1.6B**
Smartphones sold annually

**70%**
Of adult's wear sunglasses regularly

**300M**
Smartwatches sold annually

**167M**
Adults in the US wear glasses

**125M**
Use voice-enabled digital assist to access facts and information

**144**
The number of times/day US adults check their phone

*"These AR glasses are going to be like your phone. You will be able to wear it for a lot of the day and interact with it very frequently" – Mark Zuckerberg, CEO of Meta*

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*And at SIGGRAPH 2024 he predicted the widespread adoption of AI-powered smart glasses. The Meta CEO foresees a future with "a whole series of different potential glasses products."*

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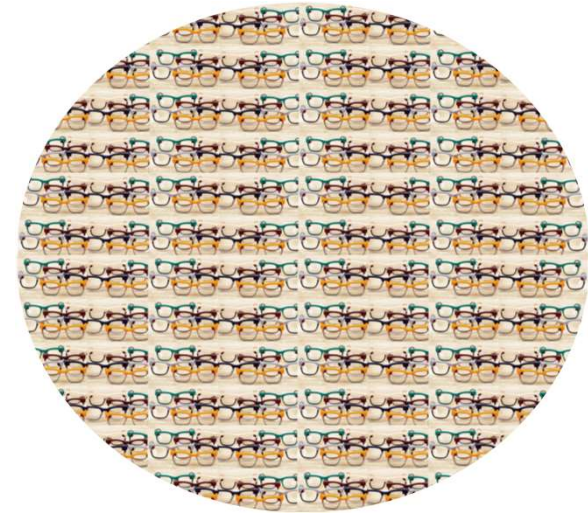
# Quanta Computer is Now a Long-Term Strategic Partner

➤ Quanta Computer is a global Fortune 500 company and worldwide leading Original Design Manufacturer (ODM) with manufacturing facilities in Asia, the Americas, and Europe.



➤ Quanta entered into a $20M strategic investment (September 2024) in Vuzix consisting of common and preferred stock and also supply agreements between the two companies.

➤ The investment will occur in 3 tranches. $10M at $1.30 and then two further tranches based on certain milestones that would be at $1.30 or the 30-day VWAP whichever is higher.

➤ This investment is part of a multi-phase long-term waveguide design and supply partnership to support Quanta's production of a suite of AR smart glasses using waveguides sourced from Vuzix for their third-party customer needs.

➤ Quanta has already developed and demonstrated smart glasses with Vuzix waveguides to potential customers.

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# Progression of AI-enabled Smart Glasses is Well Underway

*AI-enabled Smart Glasses are now revolutionizing how we gather and interact with real-time information, setting the stage for unprecedented digital transformation*



- Progression of AI-enabled Smart Glasses are coming and fast

- AR + AI allows the gathering of information in real time which brings endless opportunity for real world applications

- Apple, Meta and others know AI-enabled smart glasses potential and the value behind it

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# Vuzix Has Many Competitive Advantages to Be a Leader

**Vuzix is uniquely positioned to capitalize on this market evolution**

Seasoned leadership team with unparalleled combination of experience and industry knowledge

Strong IP Portfolio with 400+ patents and patents pending and extensive technological know-how

History of competitive SG products and full custom OEM and white label solutions

High-volume, low-cost waveguide manufacturing capabilities

Innovative and disruptive technology roadmap

Quanta, Garmin and other strategic partnerships

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# At the Forefront of Game-Changing Solutions

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# Vuzix Z100: A First-of-its-kind Solution

## Ushers in the era of affordable and all day wearable Smart Glasses

*Vuzix is here today to deliver impactful solutions to a diverse market of verticals with a practical leading AR design that's crafted with **optimal user experience** in mind*

**Z100 is the first in a series of Vuzix AI-enabled AR glasses**

- Pairs easily via Bluetooth (Apple or Android phones)
- Built in AR display

- Vision correction ready

- Only 38g - A lightweight all day wearable solution
- No cable

- 48 hours on a single charge
- Works outdoors

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# Z100: A New Era of Engagement

**Stay Informed, Always.** Immediate notifications ensure you never miss what's important.

**Prioritize Connections Over Distractions.** Check in without checking out; focus on the task, not distracted your phone.

**Enhanced Functionality.** Enjoy discreet mapping, sports & fitness app updates, and more.

**Ultimate Convenience.** Perfect for your active lifestyle - go anywhere with ease.

**Global Communication.** Real-time translations enable seamless conversations anywhere, anytime.

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# Waveguides Components are Critical to AR Smart Glasses

*Waveguides are one of the most critical technologies needed to deliver the future of AR smart glasses BUT...*

*...PRODUCING them in high volume at low cost with the needed level of functionality and performance is EXTREMELY CHALLENGING*
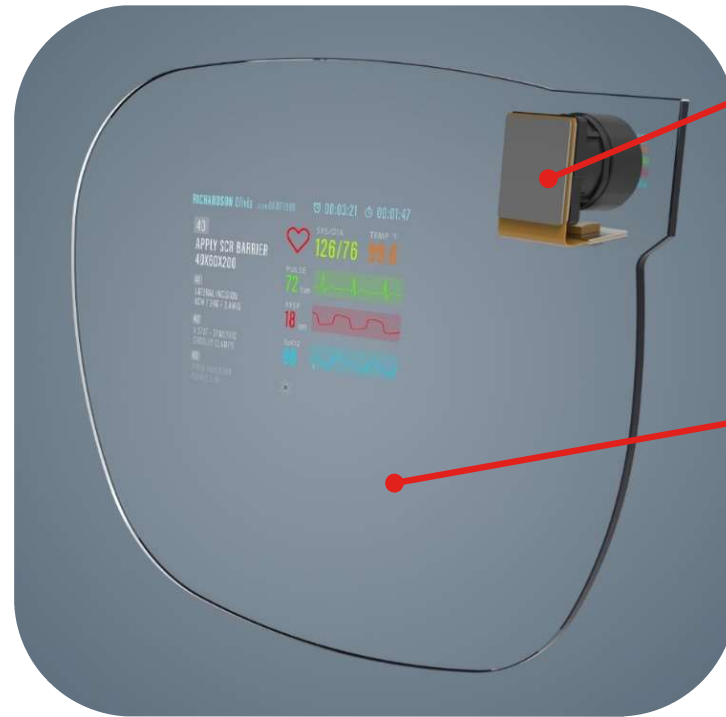
**Various Projectors**

**Optical Waveguides**

Transparent
Thin
Lightweight
Full color

# Vuzix is a Leader in Waveguide Technology and Fabrication

➢ Vuzix can design and fabricate a customized waveguide for a customer in just three months
➢ Vuzix has tripled its waveguide efficiency for higher brightness and more efficient battery usage
➢ Vuzix can make waveguides in form factors ranging from eye glass to window sizes
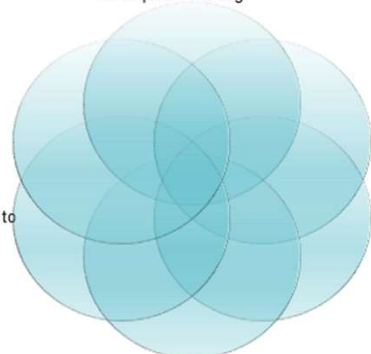➢ High index substrates and polymers supporting single layer designs and much larger fields of view

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# First and Foremost: AR Glasses Must Have or Support Vision Correction Prescriptions

## Vuzix Offers Prescription Integrated Rx Assembly



➢Fully integrated

✓ Thinnest vision correction Rx stack

✓ Integrated assembly

✓ Minimized reflections

✓ Defocused forward light

✓ Supports practically any prescription range

✓ Supports bifocals

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# Vuzix Incognito Virtually Eliminates Forward Eye Glow



*Without Vuzix INCOGNITO™.*

*With Vuzix INCOGNITO™.*

**Introducing Incognito: a new advancement in see-through waveguide technology**

Incognito allows Vuzix smart glasses users to be viewing information discreetly. The elimination of forward light through the technology of Incognito delivers privacy to the smart glass user.

## Key Components

**Grating Design:**
Structures engineered to reduce forward light by 87%.

**Tinted Covers:**
Additional absorption of forward light emitted by the waveguide.

**Optical Power:**
Utilization of optical power in covers and waveguide to keep emitted light out of focus.

**System Design:**
Implementation of design considerations to redirect forward light away from observers.

*Impact–* The combined effect of these measures results in the absence of any visible glow to most observers.

Any emitted light is redirected, reduced, and diffused. The front lens below defocuses redirected forward light from the waveguide, diffusing any remaining light, making it unreadable to observers.
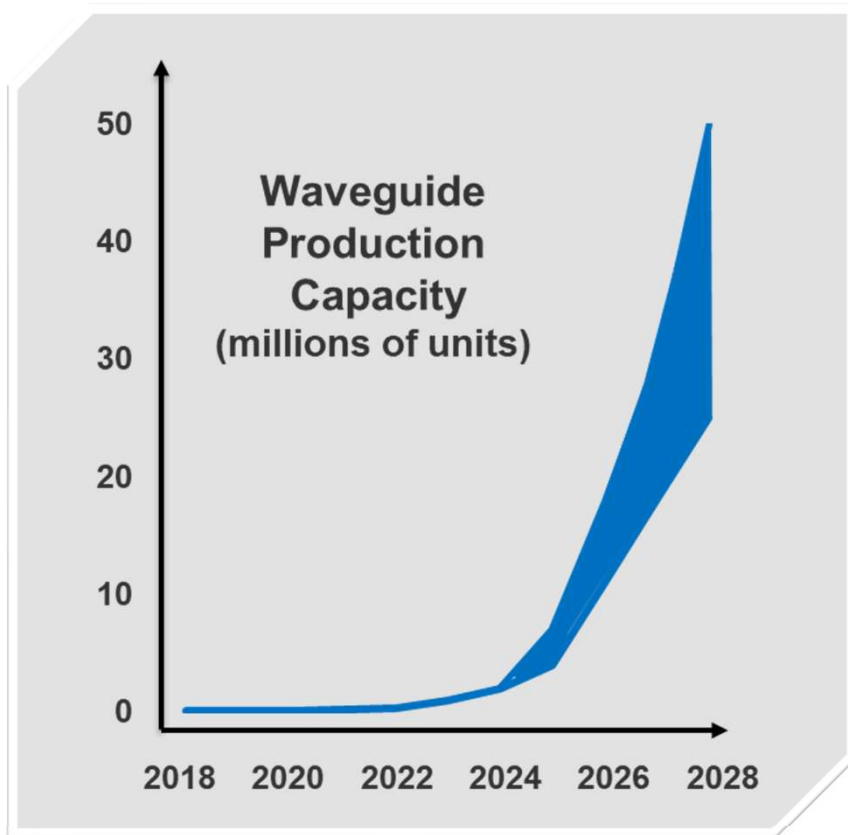
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# Waveguide Mega-Manufacturing Facility

## FACILITY

■ *Unique manufacturing facility with custom equipment and can expand up to ~39k sqft*

■ Leading waveguide production while achieving high volumes at unmatched costs

■ Direct support for Vuzix' enterprise AR products and expansive OEM opportunities



Waveguide Manufacturing

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# Low-Cost High-Volume Waveguide Production Capacity is Expanding



Waveguide Production Capacity (millions of units)

**2018:** Initial production capacity brought online to support the launch of the Vuzix internal products

**2024:** New expandable facilities with production capacity of 1M+ units/year and at broad market price points

**2024:** Quanta investment to support further expansion of capacity

**By 2028:** Further annual production capacity expansions to 20M to 50M+ units, dependent on end market demand

* 30% leased with option to lease entire 40,000 ft² facility

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# Waveguides are Critical to all AI glasses and our Waveguide Competitors have a Long Way to Go

## Vuzix

**Custom developed design through production**

- ✓ Focused offering customers the most competitive pricing with solid margins for Vuzix
- ✓ Flexible to accommodate any design
- ✓ Fast turn designs (3 months)
- ✓ Supports large and small format imprinting
- ✓ Scalable well beyond millions of units/year capacity

## Competition

**Semiconductor models**
- ✓ Expensive semiconductor process equipment
- ✓ Low volume, High cost, Doesn't scale well

**Prismatic model**
- ✓ Many steps to produce, Very expensive
- ✓ Not scalable

**Holographic model**
- ✓ Expensive and low volume equipment
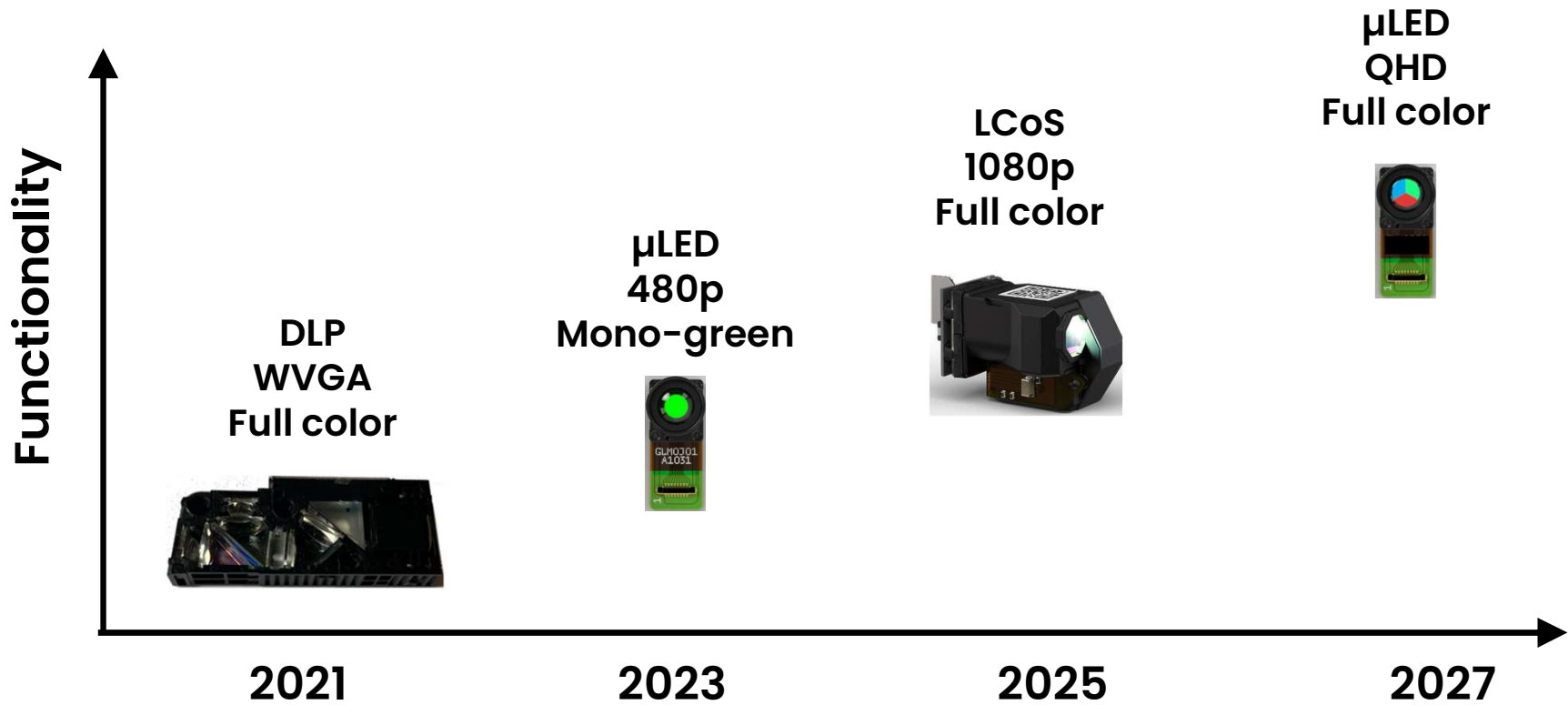- ✓ Expensive to produce

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# Waveguides Require Projectors – Another Challenge

**Much like the first mass produced light bulbs, projectors for waveguide-based AR smart glasses for the broader markets must solve numerous design, functionality and production challenges**



✓ **Compact footprint**

✓ **Low power usage**

✓ **High brightness**

✓ **Full color**

✓ **High definition**

✓ **Low latency**

✓ **High contrast**

✓ **Affordable cost**

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# Projector Technologies Continue to Evolve

**μLED**
**QHD**
**Full color**

**LCoS**
**1080p**
**Full color**

**μLED**
**480p**
**Mono-green**

**DLP**
**WVGA**
**Full color**

Functionality

2021          2023          2025          2027

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# Projector Suppliers Are Turning to Partner with Vuzix to Bring Their Projectors to Life

## (Waveguides are market enabling – without them no market)

➢ Both LCoS (Liquid Crystal on Silicon) and µLED (micro light emitting diode) technologies have a place in Vuzix' development roadmap.

➢ We recently announced a collaboration with Avegant, a LCoS engine suppler, to develop optimized waveguide optical modules for use in future AI-enabled smart glasses.

➢ We have a handful of other unannounced development relationships currently underway.

➢ These firms realize that their display projectors can't stand alone; they must be paired with the best waveguide solutions available to optimize the end wearer's viewing experience.

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# Enterprise AR/AI Smart Glasses

## Essential Enterprise Productivity Tools

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# Five Key Market Segments for Enterprise AR/AI Smart Glasses

## With a significant sales pipeline in all areas

**Warehousing** – brick and mortar, online retails, logistics hubs, repairs & maintenance, Barcode Scanning, Order Picking & Fulfillment

**Manufacturing – Complex** manufacturing, workflows instructions, inline quality insurance, part count and tracking, training, Quality Assurance, Video/Step Confirmation
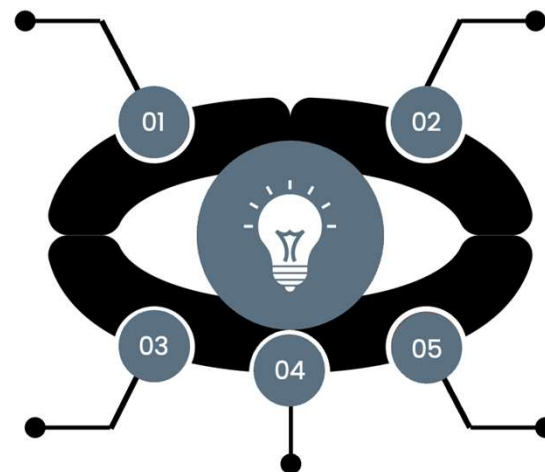
**Field Service –** work instructions, tribal knowledge transfer, remote support, training, collaboration, security & 1st responders, police and emergency personal

**AI/ Edge Compute** – AI and Edge cloud driven applications crop monitoring and optimization, education, assistive technology  hearing impaired and visual impaired, diagnostics, consumers applications, optimized "guides".

**Healthcare**  – tele-medicine, surgery, patient care, nursing, ambulatory services, remote collaboration, Procedure Assistance, Pharmaceuticals

Note: AI / Edge Compute will eventually overlap a large portion warehousing, manufacturing, field service and healthcare verticals

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# Many Benefits to Enterprise Users



- INCREASES PRODUCTIVITY
- REDUCES WORKER ERRORS
- IMPROVES WORKER SAFETY
- IDEALLY SUITED TO DRIVE AND DELIVER AI
- ELIMINATES TRAVEL COSTS
- LOWERS CARBON FOORPRINT
- IMPROVES LEARNING
- PROTECTS WORKER HEALTH

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# Vuzix ' Industry-Leading AR Smart Glasses Product Line-Up



**The MOST versatile and broadest product family in the industry:**

✓ A complete product line – not a one-trick pony with a single device offering

✓ Built out exclusive to Vuzix technology

✓ Competitively Positioned within the Smart Glasses Industry

# Financial Resources, Cost Reductions, & Operating Plan Focus

➢ Shifting major corporate focus to OEM/ODM supply to defense enterprise and the broader markets

➢ Operating expense cash usage is down 30% year-over-year to ~$4.5M/Q

➢ Strategic Quanta investment totals up to $20M, plus additional strategic opportunities are in the winds

➢ Tightened product focus for monetization of ~$9M of existing smart glasses inventory with a growing opportunity pipeline

➢ Vuzix' operational runway is now well extended to execute against our operating plan

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# Near-Term Catalysts

**Defense and commercial OEM production contracts with volume orders & Enterprise SG Rollouts**

**Waveguide manufacturing programs due to world class offerings**
- High volume
- Worlds best pricing
- Small and large format
- Incognito
- Prescriptions

**FORTUNE 500 partnerships for OEM design and waveguide technologies**

**Quanta and other potential Customer and partner equity investments in Vuzix**

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Thank you
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# Appendix – Vuzix at a Glance

*Vuzix is a global leader in wearable computing, augmented reality (AR) Smart Glasses, optics and display engines for the enterprise, defense, and broader consumer markets*

**SMART GLASSES FOOTPRINT FOR MULTI BILLION MARKET**
2,500+ Enterprise Customers
>50% of Fortune 100
200+ Channel Partners

**LEADERSHIP PATENT POSITION**
400+ Patents and Patents Pending

**CES (CONSUMER ELECTRICS SHOW)**
Awards for innovation for the years 2005 to 2024 and several wireless technology innovation awards among others.

**HISTORY**
Founded in 1997
IPO in 2009
NASDAQ in 2015

**EMPLOYEES**
~65 (>80% HQ-based)

**HEADQUARTERS**
West Henrietta, NY
(Suburb of Rochester)

**MANAGEMENT**
Paul Travers – President &CEO
Grant Russell – EVP & CFO
Pete Jameson - COO

**FINANCIAL STATS**
Stock price: $1.30  (10/28/24)
Market cap: $96M (10/28/24)
Cash: $10M (6/30/2024)
    No debt

**OWNERSHIP**
 ~ 7% CEO+CFO
~36% Institutional

25+ YEARS

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