



The Glimpse Group Issues 2024 Year End Shareholder Letter Highlighting Spatial Core Market Traction and Expected Profitability

2024 Marked by Strategic Repositioning to Spatial Core AI and Cloud Based Revenues, Significant DoD Contracts, and Positioning Toward Revenue Growth and Profitability

NEW YORK, NY / ACCESSWIRE / December 17, 2024 / The Glimpse Group, Inc. ("Glimpse") (NASDAQ:VRAR) (FSE:9DR), a diversified Immersive Technology platform company providing enterprise-focused Virtual Reality ("VR"), Augmented Reality ("AR") and Spatial Computing software and services, today issued a letter to shareholders from its President & CEO, Lyron Bentovim, summarizing key Glimpse developments for Calendar Year 2024.

Dear Shareholders:

2024 was a transformational year for Glimpse, in which we made significant strides in our strategic transition to focus on providing enterprise-scale Spatial Computing, Cloud and AI driven Immersive middleware software and solutions ("Spatial Core") - led by our subsidiary company Brightline Interactive. This successful transition included major contracts with leading U.S. Department of Defense ("DoD") and other large entities, while working directly with Nvidia, Microsoft, Cesium and many others.

In parallel, we streamlined our organizational structure and reached a point where we are cash flow profitable from operations. We achieved this milestone without raising capital and while maintaining a clean balance sheet with no debt, converts or preferreds. In fact, we expect our cash balance on December 31, 2024 to match and potentially exceed our cash balance on September 30, 2024 - the first time that has occurred in our history as a public company from internal operations only.

The Immersive industry itself also made important progress in 2024, with major initiatives and products announced by Apple, Meta, Nvidia, Google, Samsung, Snap and others. These bode well for the Immersive industry in general and for Glimpse in particular.

Spatial Core Summary:

In 2023 we commenced on a strategic transition, focusing our investment on Spatial Core. This transition was largely completed during 2024 and Spatial Core is now Glimpse's primary growth engine and value driver.

Spatial Core has tremendous potential and has gained strong traction during the year. We are working with some of the leading companies in the world to develop the Immersive middleware that takes in huge amounts of 2D data, creates detailed and life-like digital twins in 3D and then on top of that 3D data makes complex computations inside the digital twin environment while also adding important utility functions, all via the Cloud, in large scale and in real time.

- Spatial Core is highly relevant and powerful in industries where there is complex 2D data that can be utilized far more effectively in a 3D setting with multiple use cases in Enterprises, Manufacturing, Engineering/Architecture, Oil/Gas, Robotics as well as in Government and the Military.
- AI is a key element in Spatial Core:
 - Automate the generation of digital twin environments - 2D to 3D, utilizing machine learning and computer vision.

- Generative AI inside a Spatial Environment - utilize Large Language Models (LLMs) to ask functional questions about a descriptive environment. For example, "If I place a building in this location, will I be able to see the other building".
- Neuro Learning Networks - learn in an immersive environment by performing a function repeatedly, based on visual inputs, and then distribute that learning to all other participants. For example, robots learning to do complex tasks.
- These AI capabilities, combined with the vast and real time computing available via the Cloud, and delivered via 5G networks are transformative in our ability to create complex and powerful simulations and scenarios, in a cost effective, scalable and effective manner.

I encourage you to view the Spatial Core webinar we hosted earlier this year: "The intersection of AI and Spatial Computing, bringing the power of bringing AI into the 3D world":

<https://www.webcaster4.com/Webcast/Page/2934/51186>

Examples of Spatial Core traction include:

- Signed a \$4MM+, 12-month contract with a Department of Defense entity for a Spatial Computing ecosystem, integrating AI workflows and accelerated compute for a variety of defense use-cases.
- Entered into a Cooperative Research and Development Agreement (CRADA) with the US Army Combat Capabilities Development Command, Command, Control, Communication, Computers, Cyber, Intelligence, Surveillance and Reconnaissance Center, to develop, assess and improve workflows to create and augment synthetic imagery for use in training and assessing AI and machine learning Machine learning algorithms.
- Extended partnership with a Fortune 500 government Systems Integrator for VR Training in Digital Twin Environments to a key U.S. government agency with over 45,000 employees on a mid six figure contract.
- Brightline Interactive, Cesium & NVIDIA teamed up at the GEOspatial INTelligence Symposium 2024 to introduce Brightline's Spatial Core which uses AI workflows for complex computations on top of real life data sets, enabling powerful real time, massive data driven, digital twin and simulation applications.
- Successfully Completed the Cooperative Research and Development Agreement (CRADA) with the US Naval Surface Warfare Center, Dahlgren Division for the adaptation of immersive technologies.
- Completed a contract to support a major immersive technology hardware provider to accelerate their computing interfaces into GPU-enabled cloud, with streaming and visualization capabilities.
- We are at an advanced stage of securing several additional multi-million dollar Spatial Core contracts with multiple Government, DoD and large enterprise customers. The short-term aggregate value for these contracts is in the \$5-10 million range.
- Each of these potential contracts has significant growth elements built into them that could lead to significant annual recurring software revenue once the original contracts have been successfully performed.

Other Glimpse Entities Summary:

In parallel to Spatial Core, our other Immersive businesses continued their positive momentum. Some examples:

- Foretell Reality entered into a 6-figure partnership with a large University to develop an AI-driven VR training system enabling students and trainees to learn various professional skills through conversation-centric simulations with an AI-based avatar in different immersive settings.

- Glimpse Learning entered into a two year, mid-six figure contract with the College of Staten Island CUNY ("CSI") Technology Incubator for the design, deployment and integration of a suite of immersive technologies in its new Innovation Hub. This is a cross Glimpse effort, with a significant software license component
- In recent months, we have experienced an increase in our revenues with Snap for AR 3D models and lenses.
- Sector 5 Digital ("S5D") entered into a 6-figure engagement with one of the world's largest architecture firms to visualize in AR the new business campus of a multinational retail company; a mid-six figure contract with a global water and hygiene infrastructure company for an augmented reality (AR) solution; and a mid-six figure contract with a global energy company for Immersive content.
- Glimpse Learning entered into a multi year, mid-six figure contract with a state district for Immersive education.

Immersive Industry:

While the Immersive industry, and Glimpse as a significant participant in it, has faced challenging headwinds over the past two years, we are now seeing and experiencing concrete positive growth indicators in both our business and the Immersive industry.

We believe that the Immersive industry is poised for significant growth, driven by:

- Meta's VR gaming platform continues to grow, and their new Ray-Ban AI glasses have exceeded expectations, demonstrating consumer appetite for discreet wearable tech.
- Apple boldly entered the headset market with the Vision Pro, its initial Spatial headset, signaling their intent to lead the next digital era.
- Samsung's recent re-entry to the market, leveraging Google's new Immersive operating system, signals a competitive resurgence and further industry maturation.
- Perhaps the most significant development lies in Meta's "Orion" concept AR headset. This vision of seamlessly integrating digital experiences into the real world represents a fundamental shift in human-computer interaction. This vision is directly correlated with our vision for Spatial Core.

Specifically, as it relates to Spatial Core, the following are key industry developments:

- Matured AR Cloud and Interoperable Standards for Enterprise and Government Workflows: standardized "AR Cloud"- open standards and protocols enable seamless interoperability, allowing different contractors, departments, and partners to integrate and share geospatial data, maintenance records, and situational guidance without being locked into proprietary ecosystems.
- Enhanced On-Device Spatial AI for Operational Efficiency and Security: Spatial computing devices can now perform advanced AI-driven tasks directly on their own hardware, enabling real-time environmental understanding, object recognition, and anomaly detection without constant cloud connectivity. Use cases: secure border monitoring, emergency response planning, infrastructure maintenance and technical troubleshooting.
- Industry-Grade Mixed Reality Headsets and Toolchains for Scalable Enterprise Solutions: High-performance mixed reality headsets, offering comfortable wearability, robust tracking, and industrial-grade durability, became standard gear in many professional fields letting enterprises rapidly create, deploy, and maintain applications - ranging from advanced training simulations for defense personnel to augmented production workflows for automotive manufacturing lines.

We believe that these industry developments, coupled with ongoing technological advancements, position the Immersive industry for potential rapid adoption and substantial market expansion in upcoming years.

2025 Expectations:

- Looking forward, we expect overall revenues to be significantly higher in the coming quarters compared to the past year, resulting in above \$3 million/Q revenue on average in the coming quarters. We expect that revenues for 2025 will be well above our revenues for 2024 (for reference, we previously disclosed that we expect our aggregate revenue for FY '25 - ending June 30, 2025 - to be in the \$11-12 million range). This expected growth will be primarily driven by an increase in Spatial Core revenues, as well as potential growth in our other businesses.
- Our Gross Margin should continue to be in the 60-70% range.
- Post operational restructuring, our current operating cash expense base (pre revenue) is now less than \$1 million per month.
- We expect to be cash flow positive and increase our cash balance throughout the upcoming calendar year, without the need for a capital raise.

VRAR Stock

- The transformational and positive developments achieved in 2024 are not currently reflected in our stock price, creating what we believe is a very significant disconnect between our intrinsic value and our public company valuation.
- We have a strong position in the Immersive technology segment, AI and Cloud driven revenues, large enterprise and DoD customers, relationships with some of the most successful tech companies in the world, strong pipeline of growing revenues, high gross margins, positive expected cash flow, a clean balance sheet, 10 issued Immersive patents, etc. - yet we have an extremely low market cap and consistent selling pressure on the stock. In essence, we are an abandoned "Nano-Cap" but with top tier customers, partners, IP and technology in an exciting growth industry.
- The management, board and co-founders of the Company own approximately 33% of the outstanding shares. This group has never sold a share in the Company's history, even after the Glimpse's IPO in 2021, and is determined to maximize shareholder value. It is also a key reason why Glimpse continues to maintain a clean capital structure with no debt, no convertible debt and no preferred equity - a rarity in public companies of our size.
- This valuation disconnect has had, and continues to have, a substantial negative impact on our ability to execute on our growth strategy. As such, the Board of Directors of the Company is exploring various aggressive strategic options to enable the business to be in a position to invest in its growth while unlocking the value inherent in our business and/or assets and may pursue such options in the future.

Summary Remarks

We have made major strides over the past year in repositioning and restructuring Glimpse strategically and operationally. It's an exciting time for the Immersive industry, Glimpse is positioned as a leading provider of enterprise Immersive software and services, and we are poised for revenue growth and cash profitability.

However, this is not reflected in our stock price, to the great detriment of our growth potential and shareholders. Going forward, we are going to continue our focus on profitable growth and in parallel aggressively explore all strategic options with the goal of unlocking the value of our business and/or underlying assets.

I thank you all for your interest in and support of Glimpse, and wish you all a nice holiday season and a happy and healthy 2025.

Lyron L. Bentovim

President & CEO

The Glimpse Group

About The Glimpse Group, Inc.

The Glimpse Group (NASDAQ: VRAR) is a diversified Immersive technology platform company, providing enterprise-focused Virtual Reality, Augmented Reality and Spatial Computing software & services. Glimpse's unique business model builds scale and a robust ecosystem, while simultaneously providing investors an opportunity to invest directly into this emerging industry via a diversified platform. For more information on The Glimpse Group, please visit www.theglimpsegroup.com

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