

VOXWARE ANNOUNCES FISCAL 2006 SECOND QUARTER RESULTS

LAWRENCEVILLE, NJ — February 2, 2006 – Voxware, Inc. (OTC: [VXWR](#)), a leading supplier of voice-driven solutions for the logistics workforce, announced financial results for the quarter ended December 31, 2005.

	Three Months Ended December 31		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
	(in thousands)		(positive numbers indicate favorable variance, numbers in () indicate unfavorable variance)
Total Revenues	\$ 3,933	\$ 4,286	(8%)
Net Loss Applicable to Common Stockholders	\$ (906)	\$ (449)	(102%)

	Six Months Ended December 31		
	<u>2005</u>	<u>2004</u>	<u>% Change</u>
	(in thousands)		(positive numbers indicate favorable variance, numbers in () indicate unfavorable variance)
Total Revenues	\$ 9,312	\$ 7,180	+30%
Net Loss Applicable to Common Stockholders	\$ (1,014)	\$ (1,151)	+12%

Revenues were at \$3,933,000, with a corresponding operating loss equal to \$1,170,000 in this quarter. After the exclusion of \$394,000 in amortization of deferred employee compensation associated with stock option issuances (a non-cash item), operating loss was \$776,000. Voxware believes this is a more representative measure of overall financial health of the Company because it is more closely correlated to cash flow. The Company's revenues declined during the second quarter as several large customers delayed planned installations due to events at their corporate level independent of Voxware. The decline was amplified by a lower average price per unit during the quarter due to increased hardware-only upgrades and competitive pressures in selected sales. Working capital was at \$6,535,000 at the end of the quarter. In addition, the Company's new stock symbol, VXWR, reflects December's reverse stock split, paving the way for Voxware to apply for listing on NASDAQ's Capital Market.

"Within the last five months the Company announced the release of new software to allow Voxware's leading solutions for voice-enabling mobile computers to be offered on a much broader range of mobile computers than ever before, expanding where and how voice can enhance the management of warehouse workflows," stated Tom Drury, Voxware's CEO. "In that same period the Company announced significant strategic relationships with leading mobile computer manufacturers, LXE and Symbol Technologies. We believe that these partnerships, and our new software offerings, allow Voxware's voice-logistics solutions to be offered to a wider array of customers, in a greater variety of applications, positioning Voxware to drive and better capitalize on growth of the market. During the second quarter the Company increased its spending on marketing, new channel development, and product development in preparation for responses to the opportunities stemming from our relationships with LXE and Symbol Technologies."

About Voxware

Voxware, Inc. (OTC: [VXWR](#)) provides voice-driven logistics solutions that optimize the full spectrum of warehouse operations for greater accuracy, productivity and flexibility in supply chain execution.

Voxware's corporate headquarters are in Lawrenceville, New Jersey, with operating offices in Cambridge, Massachusetts and the United Kingdom. Additional information about Voxware can be obtained on the Internet at www.voxware.com.

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This news release may contain forward-looking statements. Such statements are subject to certain factors that may cause Voxware's plans to differ or results to vary from those expected including the risks associated with Voxware's need to introduce new and enhanced products and services in order to increase market penetration and the risk of obsolescence of its products and services due to technological change; Voxware's need to attract and retain key management and other personnel with experience in providing integrated voice-based solutions for logistics, specializing in the supply chain sector; the potential for substantial fluctuations in Voxware's results of operations; competition from others; Voxware's evolving distribution strategy and dependence on its distribution channels; the potential that speech products will not be widely accepted; Voxware's need for additional capital; and a variety of risks set forth from time to time in Voxware's filings with the Securities and Exchange Commission. Voxware undertakes no obligation to publicly release results of any of these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected results.

(Tables Follow)

Voxware, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share data)

	<u>December 31, 2005</u>	<u>June 30, 2005</u>
	(unaudited)	(audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,144	\$ 3,639
Accounts receivable, net of allowance for doubtful accounts of \$182 and \$116 at December 31, 2005 and June 30, 2005, respectively	3,881	2,408
Inventory, net	400	616
Deferred project costs	102	150
Prepays and other current assets	140	61
Total current assets	11,667	6,874
PROPERTY AND EQUIPMENT, NET	350	238
OTHER ASSETS		
Deferred financing costs, net	175	266
Other assets, net	36	36
Total other assets	211	302
TOTAL ASSETS	\$ 12,228	\$ 7,414
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 736	\$ 666
Line of credit	-	1,000
Accounts payable and accrued expenses	2,402	3,103
Deferred revenues	1,994	1,501
Total current liabilities	5,132	6,270
Long-term debt, net of current maturities	191	334
Total liabilities	5,323	6,604
STOCKHOLDERS' EQUITY		
7% cumulative Series D Convertible Preferred Stock, \$0.001 par value, (\$9,744 aggregate liquidation preference at June 30, 2005); 649,621,940 shares issued and outstanding at June 30, 2005	-	650
Common Stock, \$0.001 par value, 12,000,000 and 1,500,000,000 shares authorized as of December 31, 2005 and June 30, 2005, respectively; 6,262,844 and 521,354 shares issued and outstanding at December 31, 2005 and June 30, 2005, respectively	6	1
Additional paid-in capital	77,764	70,795
Accumulated deficit	(67,560)	(66,626)
Deferred compensation	(3,304)	(4,022)
Accumulated other comprehensive gain	(1)	12
Total stockholders' equity	6,905	810
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 12,228	\$ 7,414

Financial statements should be read in conjunction with the Notes to Consolidated Financial Statements contained in Forms 10-KSB, 10-QSB and 10-QSB/A.

Voxware, Inc. and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2005	2004	2005	2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUES				
Product revenues	\$ 3,096	\$ 3,399	\$ 7,473	\$ 5,664
Services revenues	837	887	1,839	1,516
Total revenues	<u>3,933</u>	<u>4,286</u>	<u>9,312</u>	<u>7,180</u>
COST OF REVENUES				
Cost of product revenues	1,044	1,293	2,267	1,954
Cost of service revenues	844	895	1,949	1,582
Total cost of revenues	<u>1,888</u>	<u>2,188</u>	<u>4,216</u>	<u>3,536</u>
GROSS PROFIT	<u>2,045</u>	<u>2,098</u>	<u>5,096</u>	<u>3,644</u>
OPERATING EXPENSES				
Research and development	889	513	1,563	959
Sales and marketing	1,208	654	2,346	1,164
General and administrative	724	783	1,427	1,481
Amortization of deferred employee compensation	394	364	809	720
Total operating expenses	<u>3,215</u>	<u>2,314</u>	<u>6,145</u>	<u>4,324</u>
OPERATING LOSS	(1,170)	(216)	(1,049)	(680)
OTHER EXPENSES				
Interest expense, net of interest income	(9)	(63)	(46)	(123)
Gain on sale of tax loss carryforwards	248	-	248	-
Other (expenses) income, net	(23)	6	(69)	5
NET LOSS BEFORE INCOME TAXES	(954)	(273)	(916)	(798)
BENEFIT FROM (PROVISION FOR) INCOME TAXES	<u>48</u>	<u>-</u>	<u>(18)</u>	<u>-</u>
NET LOSS	(906)	(273)	(934)	(798)
Dividends-Series D Convertible Preferred Stock	<u>-</u>	<u>(176)</u>	<u>(80)</u>	<u>(353)</u>
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS	<u>\$ (906)</u>	<u>\$ (449)</u>	<u>\$ (1,014)</u>	<u>\$ (1,151)</u>
NET LOSS PER SHARE APPLICABLE TO COMMON STOCKHOLDERS				
Basic and diluted	<u>(0.14)</u>	<u>(1.27)</u>	<u>(0.21)</u>	<u>(3.47)</u>
WEIGHTED AVERAGE NUMBER OF SHARES USED IN COMPUTING NET LOSS PER COMMON SHARE				
Basic and diluted	<u>6,260</u>	<u>354</u>	<u>4,940</u>	<u>332</u>

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