

May 10, 2017



## Vuzix Provides Business Update and Reports First Quarter 2017 Financial Results

*Revenue up 233% Year-Over-Year and Company Signs \$1.14 Million Contract with Toshiba*

ROCHESTER, N.Y., May 10, 2017 /PRNewswire/ -- Vuzix® Corporation (NASDAQ: VUZI), a leading supplier of Smart Glasses, Augmented Reality (AR) and Virtual Reality (VR) technologies and products for the consumer and enterprise markets, today reported its first quarter financial results for the period ended March 31, 2017.



### First Quarter 2017 and recent highlights included:

- Revenue for the first quarter 2017 was \$1.21 million or an increase of 233% compared to \$0.36 million for the first quarter of 2016, the Company's highest quarterly revenue in its last five years.
- Entered into a \$1.14 million development agreement in February 2017, for a specialized pair of smart glasses with Toshiba Client Solutions Co. Ltd., a wholly owned subsidiary of Toshiba Corporation, which we expect to be completed in the fall of 2017. A total of \$0.24 million of revenue was recognized in the first quarter of 2017.
- Began volume production and shipments of the M300 Smart Glasses in the US and EU.
- Appointed Paul Boris, a manufacturing, technology and operations veteran and former VP of Manufacturing Industries at GE Digital to the new role of Chief Operating Officer (COO) to oversee sales and manufacturing at Vuzix.

The following table compares the Company's summarized statement of operations data for the first quarter ended March 31, 2017:

For 3 Months  
Ended March 31,

2017

2016

Sales of Products	\$ 959,383	\$ 363,839
Sales of Engineering Services	251,280	—
<b>Total Sales</b>	1,210,663	363,839
<b>Total Cost of Sales</b>	1,061,903	602,977
<b>Gross Profit (Loss)</b>	148,760	(239,138)
<b>Operating Expenses:</b>		
Research and Development	1,668,956	1,274,713
Selling and Marketing	1,030,999	1,126,499
General and Administrative	1,235,183	886,315
Depreciation and Amortization	239,830	169,188
<b>Loss from Operations</b>	(4,026,208)	(3,695,853)
<b>Total Other Income (Expense)</b>	(155,604)	(79,886)
<b>Loss Before Income Taxes</b>	(4,181,812)	(3,775,739)
Provision (Benefit) for Income Taxes	-	-
<b>Net Loss</b>	\$ (4,181,812)	\$ (3,775,739)

## **First Quarter 2017 Financial Results**

For the three months ended March 31, 2017 revenues were \$1.21 million, an increase of 233% compared to \$0.36 million for the three months ended March 31, 2016. The increase of revenue for the quarter ended March 31, 2017 compared to the same period in 2016 was primarily the result of the volume production release and commencement of sales of the M300 Smart Glasses and the sales of engineering services for a specialized version of our smart glasses for Toshiba.

Total Gross Profit for the three months ended March 31, 2017 was \$0.15 million as compared to a gross loss of \$0.24 million for the three months ended March 31, 2016, an improvement of 162%. The increase of cost of sales for the quarter ended March 31, 2017 compared to the same period in 2016 was primarily the increased revenues in the 2017 period.

Research and Development expense was \$1.67 million for the three months ended March 31, 2017 compared to \$1.27 million for the three months ended March 31, 2016. The increase of research and development expense for the quarter ended March 31, 2017 compared to the same period in 2016 was primarily the result of increased R&D staff versus the same period in 2016 and transitioning the M300 smart glasses into volume production with our outside contractor which assisted in the development work.

General and administrative expense was \$1.24 million for the three months ended March 31, 2017 compared to \$0.89 million for the three months ended March 31, 2016. The increase of general and administrative expense for the quarter ended March 31, 2017 compared to the same period in 2016 was primarily the result of Sarbanes-Oxley consultant expense and the hiring of new accounting and internal IR personnel.

The net loss for the 3 months ending March 31, 2017 was \$4.18 million or \$0.23 cents per share versus a net loss of \$3.78 million or \$0.26 for the same period in 2016.

As of March 31, 2017, the Company maintained cash and cash equivalents of \$10.4 million, and an overall working capital of \$11.0 million. The cash loss from operations was \$3.8 million for the three months ending March 31, 2017 as compared to \$3.2 million for the prior 2016 quarterly period.

"2017 is off to strong start at Vuzix after achieving \$1.2 million in sales for the first quarter, which easily exceeded any of our previous quarters since we sold our military division in 2012," said Paul Travers, President and Chief Executive Officer of Vuzix. "We continue to prioritize improving our gross margins and full product commercialization of our waveguide technologies for our products and potential OEMs. The recent addition of Paul Boris, as our Chief Operating Officer (COO) will have an immediate positive impact on our sales and manufacturing efforts at Vuzix as we scale our business for immediate and future growth. With over \$10.4 million in cash and equivalents as of March 2017, the strong interest in our smart glasses and their growing adoption puts the Company on a path towards significant growth in 2017."

## **Conference Call Information**

Date: Wednesday, May 10, 2017

Time: 4:30 p.m. Eastern Time (ET)

Dial-in Number for U.S. & Canadian Callers: 877-709-8150

Dial-in Number for International Callers (Outside of the U.S. & Canada): 201-689-8354

Participating on the call will be Vuzix' Chief Executive Officer and President Paul Travers and Chief Financial Officer Grant Russell, who will discuss operational and financial highlights for the first quarter ended March 31, 2017.

To join the live conference call, please dial into the above referenced telephone numbers five to ten minutes prior to the scheduled conference call time.

A replay will be available for 30 days, starting on May 10, 2017, at approximately 6:00 p.m. (ET). To access the replay, please dial 877-660-6853 within the U.S. or Canada, or 201-612-7415 for international callers. The conference ID# is 13651730.

## **About Vuzix Corporation**

Vuzix is a leading supplier of Smart-Glasses, Augmented Reality (AR) and Virtual Reality (VR) technologies and products for the consumer and enterprise markets. The Company's products include personal display and wearable computing devices that offer users a portable high quality viewing experience, provide solutions for mobility, wearable displays and virtual and augmented reality. Vuzix holds 51 patents and 39 additional patents pending and numerous IP licenses in the Video Eyewear field. The Company has won Consumer Electronics Show (or CES) awards for innovation for the years 2005 to 2016 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 and Tokyo, Japan.

## **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, among other things, the timing of new product releases, R&D project successes, future operating results, and the Company's leadership in the Video Eyewear, VR and AR display industry. They are generally identified by words such as "believes," "may," "expects," "anticipates," "should" and similar expressions. 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](http://www.sedar.com)). 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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