

November 14, 2014



## Vuzix Announces Third Quarter 2014 Financial Results

### Company Reports 96% Year-Over-Year Growth in Product Sales with Continued Growth in Sales from its Award Winning M100 Products

ROCHESTER, N.Y., Nov. 14, 2014 /PRNewswire/ -- Vuzix® Corporation (VUZI), a leading supplier of video eyewear and smart glasses products in the consumer, commercial and entertainment markets, today reported financial results for the third quarter 2014 ended September 30, 2014.



#### Third Quarter 2014 Financial Highlights:

- Revenues increased to \$664,586 for the third quarter ended September 30, 2014 from \$338,816 for the same period in 2013, representing a 96% year-over-year growth.
- Loss from Operations for the third quarter of 2014 was \$1,268,851 compared to loss of \$1,196,018 in the same period 2013, reflecting primarily increased sales and marketing expenses for 2014 as compared to 2013.
- The Company reported a \$1,698,940 loss for the third quarter of 2014 on the mark-to-market revaluation of derivative liability related to outstanding warrants and convertible debt as compared to a revaluation gain of \$259,426 for the same period in 2013.
- Net loss of \$3,301,321 or \$0.31 per share for the quarter ended September 30, 2014 as compared to a net loss of \$1,856,700 or \$0.26 per share for the same period in 2013.
- In the past nine months, the Company received proceeds of \$1,928,241 from the

exercise of warrants.

- Cash and cash equivalents were \$564,302, up 82% from year ended December 30, 2013.
- During the fourth quarter period running from October 1, 2014 to November 14, 2014, the Company received further cash warrant exercises, realizing \$726,300 in cash proceeds.

### **Operational Highlights:**

- Began shipments of its Lenovo co-branded M100 Smart Glasses into China for delivery to Lenovo
- Recently received China CQC certification that allows for sale to end customers in China by Lenovo
- Announced "OS 2.0" software update for its award winning M100 Smart Glasses; OS 2.0 offers a new intuitive user interface including integrated Nuance voice control and a plethora of new improvements and features
- Completed upgrade to Rochester facilities, accelerating development and manufacturing of Waveguide technology and equipment for new generation Smart Glasses products
- Partnered with Rochester Optical to provide fashion frames and prescription lenses optimized for enhanced clarity for the M100 Smart Glasses
- Joined Salesforce Wear initiative, creating the first ecosystem dedicated to accelerating the adoption of wearables in the enterprise
- Showcased M100 Smart Glasses at a series of AT&T Developer Program in the US and at NTT DOCOMO events in Japan to create visibility for products.
- CEO Paul Travers Featured on Fox Business' Opening Bell With Maria Bartiromo

"Vuzix has been very active in developing strategic partnerships that add long-term growth for branding and market adoption. This quarter we began shipments to Lenovo our co-branded M100 Smart Glasses "Powered by Lenovo NBD" and expect both revenue and global brand recognition to increase significantly from this relationship. We have also developed other key partnerships that enhance our products and solution offerings and we have bolstered our infrastructure with upgrades to our waveguide optics facilities and by bringing up China based manufacturing; both major milestones for the Company," said Vuzix CEO and President Paul J. Travers. "On the software front, we are also excited with the release of the OS 2.0 software for the M100 which brings many advanced features and allows compatibility with all Apple and Android mobile devices. Application support for our M100 has also been gaining momentum with examples from SAP's recent release of two augmented reality apps for the enterprise markets as well as applications from our partners Ubimax, Ittizimo, Evloar and many more. These applications are opening the doors to new untapped markets for wearable technology in the Enterprise markets.

Mr. Travers continued, "Sales of our M100 Smart Glasses are growing. Looking forward, our V-720 next generation entertainment video headphones, while not yet released, are already turning heads with 4 Innovation awards being awarded by the International CES for its upcoming 2015 Consumer Electronics Show. With our current and planned activities, we are looking at continued increases in our corporate visibility and positioning as one of the market leaders in the wearable display markets. Vuzix is in good position to

capitalize on the hard work we have invested and feel that 2015 should be an exciting year."

### **Nine Months ended September 30, 2014**

- For the nine months ended September 30, 2014, Vuzix reported revenues of \$2,186,262, a 23% increase compared to \$1,778,195 for the same period in 2013. The increase was attributable to growing sales of the Company's M100 Smart Glass products.
- For the nine months ended September 30, 2014, we incurred a Loss from Operations of \$3,187,301 versus \$3,009,564 for the same period in 2013.
- For the nine month period ended September 30, 2014, we reported a mark-to-market derivative liability revaluation gain of \$2,124,878 versus a revaluation loss of \$35,122 for the same period in 2013.
- Net loss for the first nine months of 2014 was \$1,550,305 or \$0.15 per share versus a net loss of \$4,449,734 or \$0.93 loss per share for the same period in 2013.

### **About Vuzix Corporation**

Vuzix is a leading supplier of Video Eyewear and Smart Glasses products in the consumer, commercial and entertainment 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 39 patents and 10 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 2014 and several wireless technology innovation awards among others. Founded in 1997, Vuzix is a public company (VUZI.QB) 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 potential outcome of product sales around the M100 Smart Glasses, waveguide development and new products utilizing the technology, the success of unreleased the V-720 video headphones, impact of development partner programs and the success of the Lenovo sales agreement in China, new features and capabilities of the M100 OS 2.0, the impact of recent cash warrant exercises, future business, and the value of the IP portfolio, among other things, and the Company's leadership in the Video Eyewear 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) or [www.sec.gov](http://www.sec.gov) ). 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.

**For further investor information contact:**

**Investor Relations Contact:**

Andrew Haag  
Managing Partner  
IRTH Communications  
[vuzi@irthcommunications.com](mailto:vuzi@irthcommunications.com)  
877-368-3566

Vuzix Corporation  
2166 Brighton Henrietta Townline Road  
Rochester, NY 14623 USA  
Investor Information – Grant Russell  
[IR@Vuzix.com](mailto:IR@Vuzix.com)  
Tel: +1 (585) 359-7562  
[www.vuzix.com](http://www.vuzix.com)

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