

May 12, 2016



Vuzix Provides Business Update and Reports First Quarter 2016 Financial Results

ROCHESTER, N.Y., May 12, 2016 /PRNewswire/ -- Vuzix® Corporation (NASDAQ: VUZI) ("Vuzix" or, the "Company"), a leading supplier of video eyewear and smart glasses products in the consumer, commercial and entertainment markets, today reported first quarter 2016 financial results for the period ended March 31, 2016.

Vuzix reported \$363,839 in revenues for the three months ended March 31, 2016 as compared to \$809,155 for the same period in 2015. The Company reported a net loss of (\$3,775,739) for the three months ended March 31, 2016 versus a net loss of (\$5,090,852) for the same period in 2015.

In summary, monocular smart glasses product sales were 86% of revenues for the three months ended March 31, 2016 versus 72% in the prior 2015 period, and total consumer focused video eyewear products sales were 12% of revenues for Q1-2016 versus 14% in the prior year quarter. Total product sales decreased for the three months ended March 31, 2016 versus the same 2015 period due to lower M100 Smart Glasses revenues caused by many existing and new customers choosing to defer further purchases until the new M300 Smart Glasses which will begin shipping in the second half of 2016. Sales were further impacted by reductions in video eyewear revenues due to production difficulties with our new iWear Video Headphones and the fact we were still selling our prior Wrap series products during the first quarter of 2015, which was discontinued in 2015. All customer pre-orders and deposits for the new M300 Smart Glasses are not recognized as revenue in the 2016 quarter and won't be until those units' ship to customers. Sales from the Company's engineering programs for the three months ending March 31, 2016 were Nil, as compared to \$113,581 or 14% of total sales in the same period in 2015 when we completed the last of our allowed defense related engineering programs.

Balance Sheet Highlights

	<u>March 31, 2016</u>	<u>Dec 31, 2015</u>
Cash	\$ 8,213,855	\$ 11,877,058
Inventory	\$3,406,124	\$3,349,098

Working Capital (Deficit)	\$ 11,009,683	\$ 14,782,089
Total Assets	\$ 15,686,027	\$ 19,562,629
Net Cash Flows Used in Operating Activities	\$ 3,212,575	\$ 2,747,955

2016 Outlook

In the latter half of our second 2016 quarter we expect to achieve growing revenues from our iWear Video Headphones, continuing sales of our M100s and in June, the deliveries of our first engineering units of our new M300s and we are expecting that in early Q3 we will see first volume production. We anticipate that by fall 2016, Vuzix should have as many as three new products in the market as compared to the same period in 2015: the iWear Video Headphones, the M300 and waveguide based M3000 Smart Glasses.

"We are focused on execution of milestones to see the timely release of our new products over the next quarters. The customer feedback we have received about our next-generation offerings has been extremely positive and we have seen significant stated interest by them to convert their current and new pilot programs to volume commercial deployments within the coming 12 months. We are therefore feeling very confident about the sales demand that should be upon us shortly," said Vuzix CEO and President Paul J. Travers.

Conference call information:

Date: Friday, May 13, 2016

Time: 8:30 AM 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 2016.

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 13, 2016 at approximately 7:00 PM (ET). To access the replay, please dial 877-660-6853 in the U.S. and 201-612-7415 for international callers. The conference ID# is 13637194.

About Vuzix Corporation

Vuzix is a leading supplier of Video Eyewear and Smart Glasses products in the consumer, enterprise 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 40 patents and 23 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, 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" and MD&A sections of the Company's Annual Report and other filings with the United States Securities and Exchange Commission and applicable Canadian securities regulators (copies of which may be obtained at www.sedar.com or 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.

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