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Vuzix Announces First Quarter 2014 Financial Results

Company Reporting First Quarter with Growing Sales from Award Winning M100 Products

ROCHESTER, N.Y., May 16, 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 first quarter ended March 31, 2014.



For the three-month period ended March 31, 2014, gross sales were \$798,418, up 8% as compared to \$739,184 during the corresponding period in 2013. Sales for Q1 2014 represented a shift in products from the Company's older standard definition solutions offered in 2013 to new all-digital video eyewear, the M100 Smart Glasses and the introduction of its waveguide based augmented reality glasses. Sales from the M100 comprised of over 50% of total product revenues.

Net income was \$1,511,906 or \$0.15 basic per share in the first quarter ending March 31, 2014, compared to a net loss of \$(936,298) or \$0.26 loss per share for the same period in 2013.

Operating expenses for the first quarter 2014 rose to \$1,341,319 versus \$1,107,472 during the same period in 2013. Increased spending on R&D and sales and marketing costs were the prime drivers of these increased expenses.

For the three months ending March 31, 2014, the Company reported a \$2,575,262 gain on the mark-to-market revaluation of derivative liability related to outstanding warrants. The Company reported a loss of \$14,287 for the same period in 2013. Interest expenses

decreased to \$38,487 for the three months ending March 31, 2014 versus \$179,842 for the same period of 2013 as a result to reduced debt levels at the Company.

"This quarter better defines our position in the smart glasses and wearable device space," said Vuzix CEO and President Paul J. Travers. "We have proven leadership in both product design as well as core technologies with the release of both our smart glasses and new waveguide optics that have been developed through decades of R&D and innovation. We began 2014 by winning two 2014 CES Innovations Awards, the Company's 10th consecutive year bringing the total to 16 awards received on our products at the annual Consumer Electronics Show. We started the first quarter of 2014 with steadily growing sales from our award winning M100 Smart Glasses products."

"For the M100, we have announced enhancements including Nuance's voice recognition for menu commands and application navigation, and new gesture sensor capabilities. We have also been expanding our base of developers with a concentration on the enterprise customers, a market that is projected to reach US\$18 billion by 2019 according to [ABI Research](#). With our development partners, we are paving the way to incorporate our advanced see-through waveguide optics technology to a broader market audience. As the growth trend and interest in wearable displays and computers continue, we expect our new line of products to drive increases in our revenues in 2014."

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 36 patents and 12 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, success of development partner programs, 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 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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