



NXT-ID (NXTD) Research Note Update from SoundView; New Funding Keeps Wocket Rolling

September 26, 2014

BOSTON, Sept. 26, 2014 /PRNewswire/ -- SoundView Technology Group issues a new research note following recent industry developments, recent uplisting to NASDAQ and funding for NXT-ID Wocket smart wallet. NXT-ID, Inc. (NASDAQ:NXTD) is a biometric authentication company focused on the growing mobile commerce market.

We have adjusted our IV model to account for meaningful revenues coming in 2015 rather than late 2014. The impact is to take our 2015 IV from \$11.70 to \$8.18. If NXT-ID can meet or exceed our 40K unit/\$6.9M revenue projection for 2015 then the stock will converge on our 2016 IV estimate of \$17.42.

NEW FUNDING KEEPS WOCKET ROLLING

KRIS TUTTLE, SEPTEMBER 26, 2014

Company Update

NXT-ID (NXTD) recently completed a financing which has enabled them to begin trading on the NASDAQ and provides funding for the upcoming launch of their smart wallet solution called the Wocket™. We've been covering NXT-ID and the developing Wocket franchise for a while now (original research note attached) and the commercial launch of the Wocket is coming at a time when consumer interest in secure smart wallets is reaching a fevered pitch. The biggest recent catalyst in the space is the Apple announcement of Apple Pay. Apple Pay will usher in real adoption of digital payments by consumers just as the iPod did for digital music.

But Apple Pay is only for digital payments and doesn't cover other aspects of wallets (prepaid cards, loyalty cards, etc.) plus it's limited to iPhone and Apple iTunes users. A large part of the market, perhaps the largest, will be found among consumers who either can't or won't soon use their smart phone as their hub for payments and finance. Simple factors like limited acceptance, privacy, security, and battery life are the most obvious reasons not to rely on a phone-based solution.

We know that the NXT-ID Wocket is the best smart wallet we have seen so far and they are now on course to penetrate this market and grow volumes in 2015. It's easy to find sexy alternatives with slick videos like Coin but after the hype fades the company fails to ship and soon disappears. There are a million miles between a video demo and a shipping product at scale that consumers love.

What we don't know yet is how steep the adoption curve of the Wocket will be and how well NXT-ID will be able to meet demand. What we do know is that the recent financing has enabled NXT-ID to order the key components needed for the commercial launch later this year. They will also be ramping up their visibility and gathering more pre-orders over the next few months. This will culminate with a combination of the first large batch of shipments and reviews closely followed by a company debut at the big CES event in early January.

Conclusion

With several positive catalysts ahead and a notable stock drop on fears that the financing would not be done give investors an opportunity here. We have adjusted our IV model to account for meaningful revenues coming in 2015 rather than late 2014. The impact is to take our 2015 IV from \$11.70 to \$8.18. If NXT-ID can meet or exceed our 40K unit/\$6.9M revenue projection for 2015 then the stock will converge on our 2016 IV estimate of \$17.42.

Our full update is available for download here: http://s3.amazonaws.com/PUBLISHED/NXT-ID_NXTD_SV_Update_Report_Sept_2014_PUB.pdf

About SoundView Technology Group

We are an independent advisory and research firm specializing in emerging technologies as they reach commercialization. Our proprietary research and modeling work provides valuable information for company management teams and investors in these emerging opportunities. We regularly publish our findings across a variety of channels including all the major retail and institutional information outlets. SoundView is based in Boston, Massachusetts with locations in New York and Connecticut.

Disclosures

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SOURCE NXT-ID, Inc.