



NXT-ID, Inc. Reports Financial Results for the Six Months and Quarter Ended June 30, 2017

August 16, 2017

MELBOURNE, Florida, August 16, 2017 /PRNewswire/ --

NXT-ID, Inc. ([NASDAQ:NXTID](https://www.nasdaq.com/symbol/nxtid)) ("NXT-ID" or the "Company"), a security technology company, is pleased to report its financial and operating results for the six months and quarter ended June 30, 2017.

Gino Pereira, Chief Executive Officer of NXT-ID said, "Our second quarter results for 2017 show continued growth following the significant progress we reported in Q1 2017. Revenue for the first six months of 2017 was more than \$14 million compared to just over \$80,000 for the same period last year, so we're making real progress in terms of revenue.

LogicMark continues to perform strongly. It posted its second straight quarter of record revenue. Our deliveries of the flye card to WorldVentures also continued at a strong pace as WorldVentures has increased its distribution activities.

Our new addition, Fit Pay, is also already adding momentum. We announced Fit Pay is providing payment capabilities to Token, a new connected ring developed by Tokenize, Inc. Fit Pay also announced business milestones with both Visa and Mastercard in the last two months.

After a successful first half of 2017, we are looking forward to the rest of the year with continued growth from our existing business and new capabilities from Fit Pay coming to market."

Second Quarter and Six Month Highlights:

- Revenue for the first six months of 2017 was approximately \$14.3 million compared to \$80,795 for the same period in previous year.
- Revenue for Q2 2017 was approximately \$7.7 million compared to \$38,493 for the same period in previous year and approximately \$6.7 million for Q1 2017.
- Gross profit for the first six months of 2017 was approximately \$7.3 million compared to a gross loss of \$(58,374) for the same period in previous year.
- Gross profit for Q2 2017 was approximately \$3.8 million compared to a gross loss of \$(25,521) in Q2 2017 and a gross profit of \$3.5 million for Q1 2017.
- Operating expenses were approximately \$5.6 million for the first six months of 2017 compared to \$4.6 million for the same period in previous year.
- Operating expenses were approximately \$3.1 million in Q2 2017 compared to \$2.3 million in Q2 2016. Operating expenses were approximately \$2.4 million in Q1 2017.
- Operating income for the first six months of 2017 was approximately \$1.7 million compared to an operating loss of \$(4.6) million for the same period in previous year.
- Operating income for Q2 2017 was approximately \$0.7 million compared to an operating loss of \$(2.3) million in Q2 2016. The operating income in Q1 2017 was approximately \$1.1 million.

Results of Operations

Comparison of six and three months ended June 30, 2017 and June 30, 2016

Revenue. Our revenues for the six and three months ended June 30, 2017 were \$14,337,476 and \$7,656,179, respectively, compared to \$80,795 and \$38,493, respectively, for the six and three months ended June 30, 2016. The increase in our revenues for the six and three months ended June 30, 2017 versus the six and three months ended June 30, 2016 is directly related to shipments of the Flye card for WVH and LogicMark product sales which was acquired on July 25, 2016.

Cost of Revenue and Gross Profit. Our gross profit for the six and three months ended June 30, 2017 was \$7,302,704 and \$3,793,414, respectively, compared to a gross loss of \$58,374 and \$25,521, respectively, for the six and three months ended June 30, 2016. The increase in gross profit resulted from the shipments of the Flye smartcard and strong gross margin contributed by LogicMark, both of which were not part of our operating results in the six and three months ended June 30, 2016.

Operating Expenses. Operating expenses for the six months ended June 30, 2017 totaled \$5,569,401 and consisted of research and development expenses of \$262,622, selling and marketing expenses of \$2,084,421 and general and administrative expenses of \$3,222,358. Our operating expenses for the six months ended June 30, 2017 were higher by \$993,758 as compared to the six months ended June 30, 2016. The primary reason for the increase is the inclusion of the operating expenses of LogicMark and Fit Pay both of which were not part of our consolidated operating results for the comparable 2016 period. The research and development expenses relate primarily to salaries and consulting services of \$128,136. Selling and marketing expenses consisted primarily of salaries and consulting services of \$550,426, amortization of intangibles of \$457,152, merchant processing fees of \$210,306, and sales commissions of \$165,158. General and administrative expenses consisted of salaries and consulting services of \$994,241, accrued management and employee incentives of \$300,000, legal, audit and accounting fees of \$480,191, and fees incurred of \$122,817 related to the acquisition of Fit Pay. Also included in general and administrative expenses is \$204,555 in non-cash stock compensation to consultants and board members.

Operating expenses for the six months ended June 30, 2016 totaled \$4,575,643 and consisted of research and development expenses of \$744,680, selling and marketing expenses of \$1,117,549 and general and administrative expenses of \$2,713,414. The research and development expenses relate primarily to salaries and consulting services of \$391,276, as well as expenses of \$185,297 related to the design, development and manufacturing of the Wocket® and the product for WVH. Selling and marketing expenses consisted primarily of salaries and consulting services of \$313,269 and advertising and promotional expenses, including trade shows, of \$394,297. General and administrative expenses for the six months ended June 30, 2016 consisted of salaries and consulting services of \$459,193, accrued management and employee incentives of \$300,000, legal, audit and accounting fees of \$820,487 and fees incurred of \$333,518 related to the acquisition of LogicMark. Also included in general and administrative expenses is \$195,272 in non-cash stock compensation to consultants and board members.

Operating expenses for the three months ended June 30, 2017 totaled \$3,127,013 and consisted of research and development expenses of \$177,678, selling and marketing expenses of \$1,087,663 and general and administrative expenses of \$1,861,672. Our operating expenses for the three months ended June 30, 2017 were higher by \$845,800 as compared to the three months ended June 30, 2016. The primary reason for the increase is the inclusion of the operating expenses of LogicMark and Fit Pay both of which were not part of our consolidated operating results for the comparable 2016 period. The research and development expenses relate primarily to salaries and consulting services of \$110,311. Selling and marketing expenses consisted primarily of salaries and consulting services of \$288,259, amortization of intangibles of \$269,307, merchant processing fees of \$102,179, and sales commissions of \$92,927. General and administrative expenses for the three months ended June 30, 2017 consisted of salaries and consulting services of \$542,158, accrued management and employee incentives of \$150,000, legal, audit and accounting fees of \$279,484, and fees incurred of \$122,817 related to the acquisition of Fit Pay. Also included in general and administrative expenses is \$118,415 in non-cash stock compensation to consultants and board members.

Operating expenses for the three months ended June 30, 2016 totaled \$2,281,213 and consisted of research and development expenses of \$383,356, selling and marketing expenses of \$311,031 and general and administrative expenses of \$1,586,826. The research and development expenses relate primarily to salaries and consulting services of \$189,456, as well as expenses of \$114,321 related to the design, development and manufacturing of the Wocket® and the product for WVH. Selling and marketing expenses consisted primarily of salaries and consulting services of \$160,400. General and administrative expenses for the three months ended June 30, 2016 consisted of salaries and consulting services of \$183,740, accrued management and employee incentives of \$150,000, legal, audit and accounting fees of \$482,254 and fees incurred of \$333,518 related to the acquisition of LogicMark. Also included in general and administrative expenses is \$104,672 in non-cash stock compensation to consultants and board members.

Operating Income. The operating income for the six and three months ended June 30, 2017 was \$1,733,303 and \$666,401, respectively, compared with an operating loss of \$4,643,017 and \$2,306,734, respectively, for the six and three months ended June 30, 2016. The significant favorable change in operating income for the six and three months ended June 30, 2017 is attributable to the enhanced gross margin discussed above as well as certain cost containment efforts related to advertising and trade show expenses and professional fees included in operating expenses.

Net Loss. The net loss for the six months ended June 30, 2017, was \$1,929,532. The net loss for the six months ended June 30, 2017 was primarily attributable to the interest expense incurred of \$3,423,012 and an income tax provision of \$186,375 offset in part by operating income of \$1,733,303. The net loss for the three months ended June 30, 2017 was \$1,199,317 and was primarily attributable to an income tax provision of \$93,188 and interest expense of \$1,719,082 both of which were offset in part by operating income of \$666,401. The net loss for the six and three months ended June 30, 2016, was \$7,921,272 and \$2,509,576, respectively, and resulted in part from the operational expenses incurred during the six and three months ended June 30, 2016. In addition, the net loss was attributable to interest expense incurred of \$715,509 and \$202,842, respectively, unfavorable changes in fair value of derivative liabilities of \$2,299,020 and a loss on extinguishment of debt of \$272,749 resulting from the accelerated installment payments made during the six months ended June 30, 2016.

Full financial results and Management's Discussion and Analysis can be found in the Company's Form 10-Q for the quarterly period ended June 30, 2017 filed with the Securities and Exchange Commission ("SEC") on August 14, 2017.

About NXT- ID, Inc.

[NXT-ID, Inc.](#) (NASDAQ: NXTD) provides a comprehensive platform of technology products and services that enable the Internet of Things (IoT). With extensive experience in access control, biometric and behavior-metric identity verification, security and privacy, encryption and data protection, payments, miniaturization and sensor technologies, NXT-ID develops and markets groundbreaking solutions for payment and IoT applications. Its industry-leading technology products and solutions include MobileBio®, a suite of biometric solutions that secure consumers' mobile platforms, the [Wocket™](#) a next-generation smart wallet and the [Flye](#), a digital credit card developed in collaboration with WorldVentures.

NXT-ID includes three mobile and IoT-related subsidiaries: [LogicMark, LLC](#), a manufacturer and distributor of non-monitored and monitored personal emergency response systems ("PERS") sold through dealers/distributors and the United States Department of Veterans Affairs; [Fit Pay, Inc.](#), a proprietary technology platform that delivers end-to-end solutions to device manufacturers for contactless payment capabilities, credential management, authentication and other secure services within the IoT ecosystem, and [3D-ID LLC](#), which is engaged in biometric identification and authentication. Learn more about NXT-ID at www.nxt-id.com.

Forward-Looking Statements for NXT-ID: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect management's current expectations, as of the date of this press release, and involve certain risks and uncertainties. Forward-looking statements include statements herein with respect to the successful execution of the Company's business strategy. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Such risks and uncertainties include, among other things, our ability to establish and maintain the proprietary nature of our technology through the patent process, as well as our ability to possibly license from others patents and patent applications necessary to develop products; the availability of financing; the Company's ability to implement its long range business plan for various applications of its technology; the Company's ability to enter into agreements with any necessary marketing and/or distribution partners; the impact of competition, the obtaining and maintenance of any necessary regulatory clearances applicable to applications of the Company's technology; and management of growth and other risks and uncertainties that may be detailed from time to time in the Company's reports filed with the Securities and Exchange Commission.

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