



Nxt-ID Issues Shareholder Update

October 22, 2018

Update on LogicMark and proposed Spin-Off

SEBASTIAN, Florida, October 22, 2018 /PRNewswire/ --

Nxt-ID, Inc. (NASDAQ: [NXTID](#)) today released a shareholder update regarding LogicMark and the strategy and process for its proposed spin-off of its payments, authentication and credential management business.

On September 21, 2018, Nxt-ID announced that it intends to separate its payments, authentication, and credential management business into an independent company and distribute shares of the newly created company to its shareholders through the execution of a spin-off, which the Company believes will qualify as a tax-free distribution. Immediately following the transaction, Nxt-ID shareholders who owned common shares of Nxt-ID at the record date of October 17, 2018, will own shares of both companies. The record date was set for October 17, 2018 to allow shares purchased on October 15, 2018 to clear and be recorded on the shareholder ledger.

The new company, PartX, Inc., will include the assets acquired in the May 2017 business combination with Fit Pay, Inc. as well as the payment, authentication, and credential management assets that the Company developed since inception. Following the spin-off, the PartX has a provisional investment commitment for \$6.0 million to fund its operations. PartX plans to apply for listing on the NASDAQ exchange.

LogicMark

Our LogicMark subsidiary has grown substantially since we acquired the company in July 2016. Unaudited revenue for the trailing twelve months ended September 30, 2018 was approximately \$17.4 million and Non GAAP Operating income for the twelve months ended September 30, 2018, adjusted for depreciation, amortization and non-cash charges was approximately \$7.8 million, almost twice as much as when the company was acquired in 2016. LogicMark's core business is derived from sales to the Veteran's Administration and wholesale distribution channels.

"We believe that LogicMark's strong core business and expertise in patient monitoring provides an ideal base for expansion into this sector of healthcare," said Gino Pereira, CEO of NXT-ID. "We are making significant progress toward building new distribution channels for the LogicMark family of products. As a result of a shift in the age structure, it is estimated that 19 percent of the population will be aged 65 and older by 2030. In addition, we are developing new wearable monitoring products to further extend our market beyond the senior population. These devices are designed for students, children and workers in industries where personal safety is important. Furthermore, we are expanding into telemedicine where we will offer monitoring services for the chronically ill, with the objective of reducing healthcare costs by early detection of adverse symptoms allowing for more timely medical intervention."

"This spin-off transaction will free up cash flow that will allow LogicMark to fully pursue these new markets and opportunities."

Spin-off Strategy

"The fundamental reason we are pursuing this transaction is that we believe the value of both of our key lines of business is not reflected in the Company's valuation. This transaction is designed to unlock that value by providing a direct pure play investment for shareholders in each strategy. While we have a process go through to complete the transaction, the goal is to have the inherent value of both our lines of business be more fully realized. The payments and authentication business is at a different stage of development compared to the healthcare business and needs some additional runway to achieve its full potential. We believe that this is best served as a stand-alone entity. In addition, it will provide current and future investors in an opportunity to invest in both businesses with a more clearly defined strategy and more transparency into the results and progress toward achieving that strategy."

Transaction Update

"The next step in the process of completing the spin-off is the filing of an information statement, which will provide additional details about the transaction and the resulting two businesses. It appears likely that our original estimated completion date of November 15 will be pushed back towards the end of the year but we are working diligently through the process."

PartX, Inc. (Fit Pay, Inc. and Additional Assets)

"Our payments, credential management and authentication business, currently operating as our Fit Pay, Inc. subsidiary, continues to make strides in the commercialization and scaling of its business. Its flagship customer, Garmin International, now features Garmin Pay, which is powered by Fit Pay on 10 of its smartwatches. The global footprint of Garmin Pay also continues to grow. More than 200 issuers in 26 countries now enable Garmin Pay their account holders. This growing network increases the activation of the Garmin Pay feature, which is a key driver of the Fit Pay business.

"In addition, it was announced last week the Fit Pay is included among companies participating in a new tokenization program from Visa. This new program significantly increases the addressable market for Fit Pay's services, allowing it to provide tokenization services to merchants and e-commerce companies.

Conclusion

"We believe that the remaining business in NXT-ID will provide a firm foundation for continued significant growth. This transaction is a critical step toward realizing the inherent value of both our subsidiaries in the market and will strategically position both companies to be able to execute on their

full potential."

Transaction Details

For further details about the spin-off transaction, please see the Form 8-K filed by Nxt-ID with the Securities and Exchange Commission on September 21, 2018. Completion of the tax-free spin-off and the new company's subsequent listing is not assured and will be subject to final approval by the Nxt-ID Board of Directors, approval by NASDAQ and a number of factors, including market conditions, the execution of inter-company agreements, lender's consents and other matters. Nasdaq has not approved the spin-off company for listing and there are no guarantees that the company will be able to list on Nasdaq or any other exchange.

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 <http://www.nxt-id.com>. Fit Pay and the Fit Pay Payment Platform are the sole property of Fit Pay, Inc. For Nxt-ID Inc. corporate information contact: info@nxt-id.com

Statement regarding use of non-GAAP financial measures

In this press release, the Company's financial results and financial guidance are provided in accordance with accounting principles generally accepted in the United States (GAAP) and using certain non-GAAP financial measures. Management believes that presentation of operating results using non-GAAP financial measures provides useful supplemental information to investors and facilitates the analysis of the Company's core operating results and comparison of operating results across reporting periods. Management also uses non-GAAP financial measures to establish budgets and to manage the Company's business.

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.

Media Contacts:

Chris Orlando
chris.orlando@nxt-id.com
+1-760-468-7273

D. Van Zant
+1-800-665-0411
press@nxt-id.com

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