

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: June 30, 2021

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36616



Nxt-ID, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-0678374

(I.R.S. Employer
Identification No.)

288 Christian Street
Hangar C 2nd Floor
Oxford, CT 06478

(Address of principal executive offices)(Zip Code)

(203) 266-2103

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value \$0.0001 per share	NXTD	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 13, 2021, there were 53,311,898 shares of common stock, par value \$0.0001 per share, of the registrant issued and outstanding.

NXT-ID, INC.
FORM 10-Q
TABLE OF CONTENTS
June 30, 2021

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	1
<u>Item 1. Financial Statements (Unaudited):</u>	1
<u>Condensed Consolidated Balance Sheets at June 30, 2021 and December 31, 2020</u>	1
<u>Condensed Consolidated Statements of Operations for the Six Months Ended June 30, 2021 and 2020</u>	2
<u>Condensed Consolidated Statements of Operations for the Three Months Ended June 30, 2021 and 2020</u>	3
<u>Condensed Consolidated Statements of Changes in Equity for the Six and Three Months Ended June 30, 2021</u>	4-5
<u>Condensed Consolidated Statements of Changes in Equity for the Six and Three Months Ended June 30, 2020</u>	6-7
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2021 and 2020</u>	8
<u>Notes to Condensed Consolidated Financial Statements</u>	9
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	18
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	23
<u>Item 4. Controls and Procedures</u>	23
<u>PART II. OTHER INFORMATION</u>	25
<u>Item 1. Legal Proceedings</u>	25
<u>Item 1A. Risk Factors</u>	25
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	26
<u>Item 3. Defaults upon Senior Securities</u>	26
<u>Item 4. Mine Safety Disclosures</u>	26
<u>Item 5. Other Information</u>	26
<u>Item 6. Exhibits</u>	27
<u>Signatures</u>	28

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2021	December 31, 2020
	<u>(Unaudited)</u>	<u></u>
Assets		
Current Assets		
Cash	\$ 3,242,925	\$ 4,387,416
Restricted cash	150,130	150,130
Accounts receivable, net	124,572	133,719
Inventory, net	745,653	767,351
Prepaid expenses and other current assets	657,035	455,553
Total Current Assets	<u>4,920,315</u>	<u>5,894,169</u>
Property and equipment:		
Equipment	183,044	183,044
Furniture and fixtures	98,839	98,839
Tooling and molds	644,462	644,462
	<u>926,345</u>	<u>926,345</u>
Accumulated depreciation	(924,541)	(897,137)
Property and equipment, net	1,804	29,208
Right-of-use assets	278,399	306,786
Goodwill	15,479,662	15,479,662
Other intangible assets, net of amortization of \$3,743,882 and \$3,366,105, respectively	4,860,685	5,238,462
Total Assets	<u>\$ 25,540,865</u>	<u>\$ 26,948,287</u>
Liabilities, Series C Preferred Stock and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,697,673	\$ 2,748,814
Accrued expenses	2,460,611	1,315,262
Term loan facility, net of debt discount of \$26,616 and \$0, respectively, and deferred debt issuance costs of \$118,205 and \$0, respectively	919,806	2,062,500
Other short-term debt	-	346,390
Other current liabilities	1,072,500	-
Total Current Liabilities	<u>6,150,590</u>	<u>6,472,966</u>
Term loan facility, net of debt discount of \$0 and \$137,855, respectively and deferred debt issuance costs \$0 and \$713,119, respectively	-	8,182,403
Other long-term liabilities	223,145	1,326,409
Total Liabilities	<u>6,373,735</u>	<u>15,981,778</u>
Commitments and Contingencies		
Series C Preferred Stock		
Series C Preferred Stock, par value \$0.0001 per share: 2,000 shares designated; 2,000 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	1,807,300	1,807,300
Stockholders' Equity		
Preferred Stock, par value \$0.0001 per share: 10,000,000 shares authorized		
Series A Preferred Stock, par value \$0.0001 per share: 3,125,000 shares designated; 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	-	-
Series B Preferred Stock, par value \$0.0001 per share: 4,500,000 shares designated; 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	-	-
Series D Preferred Stock, par value \$0.0001 per share: 1,515,151 shares designated; 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	-	-
Series E Preferred Stock, par value \$0.0001 per share: 1,476,016 shares designated; 0 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	-	-
Common Stock, par value \$0.0001 per share: 100,000,000 shares authorized; 53,311,898 and 40,619,974 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	5,331	4,062
Additional paid-in capital	89,041,202	74,583,144
Accumulated deficit	(71,686,703)	(65,427,997)
Total Stockholders' Equity	<u>17,359,830</u>	<u>9,159,209</u>
Total Liabilities, Series C Preferred Stock and Stockholders' Equity	<u>\$ 25,540,865</u>	<u>\$ 26,948,287</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Six Months Ended	
	June 30,	
	2021	2020
Revenues	\$ 5,221,257	\$ 6,227,012
Cost of goods sold	1,850,607	1,617,183
Gross Profit	<u>3,370,650</u>	<u>4,609,829</u>
Operating Expenses		
General and administrative	2,669,869	1,885,819
Selling and marketing	1,178,777	1,288,541
Research and development	516,566	499,389
Total Operating Expenses	<u>4,365,212</u>	<u>3,673,749</u>
Operating (Loss) Income	<u>(994,562)</u>	<u>936,080</u>
Other Income and (Expense)		
Interest expense	(1,250,790)	(1,165,645)
Warrant modification expense	(2,881,729)	-
Forgiveness of PPP loan and accrued interest	349,176	-
Total Other Expense, Net	<u>(3,783,343)</u>	<u>(1,165,645)</u>
Loss before Income Taxes	(4,777,905)	(229,565)
Provision for Income Taxes	-	-
Net Loss	<u>(4,777,905)</u>	<u>(229,565)</u>
Preferred stock dividends, including deemed dividend on redeemable Series E convertible preferred stock	<u>(2,170,801)</u>	<u>(50,000)</u>
Net Loss applicable to Common Stockholders	<u>\$ (6,948,706)</u>	<u>\$ (279,565)</u>
Net Loss Per Share – Basic and Diluted	<u>\$ (0.14)</u>	<u>\$ (0.01)</u>
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	<u>50,766,364</u>	<u>30,245,297</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended	
	June 30,	
	2021	2020
Revenues	\$ 2,782,575	\$ 2,482,983
Cost of goods sold	962,514	669,059
Gross Profit	<u>1,820,061</u>	<u>1,813,924</u>
Operating Expenses		
General and administrative	1,171,746	1,041,613
Selling and marketing	618,336	562,860
Research and development	241,651	312,777
Total Operating Expenses	<u>2,031,733</u>	<u>1,917,250</u>
Operating Loss	<u>(211,672)</u>	<u>(103,326)</u>
Other Income and (Expense)		
Interest expense	(389,542)	(564,303)
Forgiveness of PPP loan and accrued interest	45,466	-
Total Other Expense, Net	<u>(344,076)</u>	<u>(564,303)</u>
Loss before Income Taxes	(555,748)	(667,629)
Provision for Income Taxes	-	-
Net Loss	<u>(555,748)</u>	<u>(667,629)</u>
Preferred stock dividends	<u>(615,000)</u>	<u>(25,000)</u>
Net Loss applicable to Common Stockholders	<u>\$ (1,170,748)</u>	<u>\$ (692,629)</u>
Net Loss Per Share – Basic and Diluted	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	<u>53,311,898</u>	<u>30,337,390</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance – January 1, 2021	-	\$ -	40,619,974	\$ 4,062	\$74,583,144	\$ (65,427,997)	\$ 9,159,209
Issuance of stock options for services			-	-	80,000	-	80,000
Issuance of Series E preferred stock, net	1,476,016	4,000,003	-	-	-	-	4,000,003
Conversion of Series E preferred stock to common stock	(1,476,016)	(4,000,003)	2,952,032	295	3,999,708	-	-
Deemed dividend related to beneficial conversion feature of Series E preferred stock			-	-	1,480,801	(1,480,801)	-
Exercise of common stock purchase warrants for cash			5,367,737	537	6,669,957	-	6,670,494
Exercise of common stock purchase warrants on a cashless basis			4,239,329	424	(424)	-	-
Warrant modification expense recorded in connection with the issuance of replacement warrants			-	-	2,881,729	-	2,881,729
Shares issued in connection with the management incentive plan for 2018 and 2019			132,826	13	80,443	-	80,456
Fees incurred in connection with equity offerings			-	-	(44,156)	-	(44,156)
Net loss			-	-	-	(4,777,905)	(4,777,905)
Preferred stock dividends					(690,000)		(690,000)
Balance – June 30, 2021	<u>-</u>	<u>\$ -</u>	<u>53,311,898</u>	<u>\$ 5,331</u>	<u>\$89,041,202</u>	<u>\$ (71,686,703)</u>	<u>\$17,359,830</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2021
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance – April 1, 2021	-	\$ -	53,311,898	\$ 5,331	\$ 89,616,202	\$ (71,130,955)	\$ 18,490,578
Issuance of stock options for services			-	-	40,000	-	40,000
Net loss			-	-	-	(555,748)	(555,748)
Preferred stock dividends					(615,000)		(615,000)
Balance – June 30, 2021	<u>-</u>	<u>\$ -</u>	<u>53,311,898</u>	<u>\$ 5,331</u>	<u>\$ 89,041,202</u>	<u>\$ (71,686,703)</u>	<u>\$ 17,359,830</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance – January 1, 2020	-	\$ -	30,048,854	\$ 3,005	\$ 68,515,674	\$ (61,804,091)	\$ 6,714,588
Issuance of stock options for services			-	-	80,000	-	80,000
Shares issued in connection with the management incentive plan for 2017 and 2018			447,620	45	200,749	-	200,794
Fees incurred in connection with equity offerings			-	-	(24,404)	-	(24,404)
Net loss			-	-	-	(229,565)	(229,565)
Preferred stock dividends					(50,000)		(50,000)
Balance – June 30, 2020	<u>-</u>	<u>\$ -</u>	<u>30,496,474</u>	<u>\$ 3,050</u>	<u>\$ 68,722,019</u>	<u>\$ (62,033,656)</u>	<u>\$ 6,691,413</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2020
(Unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Balance – April 1, 2020	-	\$ -	30,328,141	\$ 3,033	\$ 68,647,274	\$ (61,366,027)	\$ 7,284,280
Issuance of stock options for services			-	-	40,000	-	40,000
Shares issued in connection with the management incentive plan for 2017 and 2018			168,333	17	84,149	-	84,166
Fees incurred in connection with equity offerings			-	-	(24,404)	-	(24,404)
Net loss			-	-	-	(667,629)	(667,629)
Preferred stock dividends					(25,000)		(25,000)
Balance – June 30, 2020	<u>-</u>	<u>\$ -</u>	<u>30,496,474</u>	<u>\$ 3,050</u>	<u>\$ 68,722,019</u>	<u>\$ (62,033,656)</u>	<u>\$ 6,691,413</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2021	2020
Cash Flows from Operating Activities		
Net Loss	(4,777,905)	(229,565)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	27,404	33,214
Stock based compensation	688,000	80,000
Amortization of debt discount	111,239	54,519
Amortization of intangible assets	377,777	377,777
Amortization of deferred debt issuance costs	594,914	282,027
Non-cash charge for modification of warrant terms	2,881,729	-
Forgiveness of PPP loans and accrued interest	(349,176)	-
Changes in operating assets and liabilities:		
Accounts receivable	9,147	27,419
Inventory	21,698	495,237
Prepaid expenses and other current assets	(201,482)	(60,389)
Accounts payable	(1,085,267)	(283,534)
Accrued expenses	(13,456)	(166,711)
Total Adjustments	<u>3,062,527</u>	<u>839,559</u>
Net Cash (Used in) Provided by Operating Activities	<u>(1,715,378)</u>	<u>609,994</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
Cash Flows from Financing Activities		
Term loan repayment	(10,031,250)	(1,181,250)
Proceeds received in connection with issuance of Series E preferred stock, net	4,000,003	-
Proceeds from exercise of common stock warrants	6,670,494	-
Payment of closing related fees	(68,360)	-
Proceeds from PPP loan	-	346,390
Net Cash Provided by (Used in) Financing Activities	<u>570,887</u>	<u>(834,860)</u>
Net Decrease in Cash and Restricted Cash	(1,144,491)	(224,866)
Cash and Restricted Cash – Beginning of Period	4,537,546	1,737,380
Cash and Restricted Cash – End of Period	<u>\$ 3,393,055</u>	<u>\$ 1,512,514</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the periods for:		
Interest	\$ 592,237	\$ 845,528
Taxes	\$ 47,874	\$ 10,014
Non-cash financing activities:		
Accrued fees incurred in connection with equity offerings	\$ 34,126	\$ 24,404
Common Stock issued in connection with management incentive plans	\$ 80,456	\$ 200,794
Accrued Series C Preferred Stock dividends	\$ 690,000	\$ 50,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

ORGANIZATION AND PRINCIPAL BUSINESS ACTIVITIES

Nxt-ID, Inc. (“Nxt-ID” or the “Company”) was incorporated in the State of Delaware on February 8, 2012. The Company provides technology products and services for healthcare applications. The Company evaluates the performance of its business on, among other things, profit and loss from operations. The Company has extensive experience in access control, biometric and behavior-metric identity verification, security and privacy, encryption and data protection, payments, miniaturization, sensor technologies, and healthcare applications.

The Company’s wholly-owned subsidiary, LogicMark LLC (“LogicMark”), manufactures and distributes non-monitored and monitored personal emergency response systems sold through the United States Department of Veterans Affairs, healthcare durable medical equipment dealers and distributors and monitored security dealers and distributors.

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements as of June 30, 2021, and for the six and three months ended June 30, 2021 and 2020 have been prepared in accordance with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the SEC and on the same basis as the Company prepares its annual audited consolidated financial statements. The unaudited condensed consolidated balance sheet as of June 30, 2021 and the condensed consolidated statements of operations and changes in equity for the six and three months ended June 30, 2021 and June 30, 2020 and the condensed consolidated statements of cash flows for the six months ended June 30, 2021 and June 30, 2020 are unaudited, but include all adjustments, consisting only of normal recurring adjustments, which the Company considers necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented. The results for the six and three months ended June 30, 2021 are not necessarily indicative of results to be expected for the year ending December 31, 2021, or for any future interim period. The condensed consolidated balance sheet at December 31, 2020 has been derived from audited consolidated financial statements. However, it does not include all of the information and notes required by U.S. GAAP for complete consolidated financial statements. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020 and the notes thereto included in the Company’s Annual Report on Form 10-K, which was filed with the SEC on April 15, 2021.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2 – LIQUIDITY

The Company generated an operating loss of \$994,562 and a net loss of \$4,777,905 during the six months ended June 30, 2021. As of June 30, 2021, the Company had cash and stockholders' equity of \$3,242,925 and \$17,359,830, respectively. At June 30, 2021, the Company had a working capital deficiency of \$1,230,275.

The Company used cash of \$1,715,378 in operations in the first six months of 2021, which includes a one-time \$1.1 million payout of old AP. Adjusting for that, the Company believes the cash balance of \$3.2 million is sufficient to sustain operations for the next 12 months. The Company expects to close on \$4.0 million of additional working capital before the end of August 2021.

As described in Note 6, the coronavirus could continue to significantly impact the Company's business, which would require the Company to raise funds to assist with its working capital needs.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management evaluates these significant estimates and assumptions including those related to the fair value of acquired assets and liabilities, stock based compensation, derivative instruments, income taxes, accounts receivable, inventories, right-of-use assets and other matters that affect the condensed consolidated financial statements and disclosures. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of Nxt-ID and its wholly-owned subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

REVENUE RECOGNITION

The Company's revenues consist of product sales to either end customers or to distributors and its sales are recognized at a point-in-time under the core principle of recognizing revenue when control of the product transfers to the customer. The Company recognizes revenue when it ships or delivers the product from its fulfillment center to its customer, when the customer accepts and has legal title of the product, and the Company has a present right to payment for the product. For the three and six months ended June 30, 2021 and 2020, the Company had no sales recognized over time. The Company invoices its customers at the same time that the Company's performance obligation is satisfied. The Company generally receives customer orders with a specified delivery date and orders typically fluctuate from month-to-month based on customer demand and general business conditions.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company offers standard product warranty coverage which provides assurance that the Company's products will conform to the contractually agreed-upon specifications for a limited period from the date of shipment. The Company's warranty liabilities and related expense have not been material and were not material in the accompanying condensed consolidated financial statements as of June 30, 2021 and December 31, 2020, and for the three and six months ended June 30, 2021 and 2020.

ACCOUNTS RECEIVABLE

Accounts receivable is stated at net realizable value. The Company regularly reviews accounts receivable balances and adjusts the receivable reserves as necessary whenever events or circumstances indicate the carrying value may not be recoverable. At June 30, 2021 and December 31, 2020, the Company had an allowance for doubtful accounts of \$52,111 and \$126,733, respectively.

INVENTORY

The Company performs regular reviews of inventory quantities on hand and evaluates the realizable value of its inventories. The Company adjusts the carrying value of the inventory as necessary with estimated valuation reserves for excess, obsolete, and slow-moving inventory by comparing the individual inventory parts to forecasted product demand or production requirements. As of June 30, 2021, inventory was comprised of \$204,695 in raw materials and \$540,958 in finished goods on hand. Inventory at December 31, 2020 was comprised of \$199,523 in raw materials and \$567,828 in finished goods on hand. The Company is required to prepay for certain inventory with certain vendors until credit terms can be established. As of June 30, 2021 and December 31, 2020, the Company had prepaid inventory of \$561,730 and \$332,475, respectively. These prepayments were made primarily for finished goods inventory, and prepaid inventory is included in prepaid expenses and other current assets on the condensed consolidated balance sheets.

OTHER INTANGIBLE ASSETS

At June 30, 2021, the other intangible assets relating to the acquisition of LogicMark are comprised of patents of \$2,260,878; trademarks of \$947,314; and customer relationships of \$1,652,493. At December 31, 2020, the other intangible assets relating to the acquisition of LogicMark are comprised of patents of \$2,445,709; trademarks of \$978,494; and customer relationships of \$1,814,259. The Company will continue amortizing these intangible assets using the straight-line method over their estimated useful lives which for the patents, trademarks and customer relationships are 11 years; 20 years; and 10 years, respectively. During the six and three months ended June 30, 2021, the Company had amortization expense of \$377,777 and \$189,932, respectively, related to the LogicMark intangible assets. During the six and three months ended June 30, 2020, the Company had amortization expense of \$377,777 and \$189,932, respectively, related to the LogicMark intangible assets.

As of June 30, 2021, total amortization expense estimated for the remainder of fiscal year 2021 is approximately \$384,000, and for each of the next five fiscal years, 2022 through 2026, the total amortization expense is estimated to be as follows: 2022 - \$762,000; 2023 - \$762,000; 2024 - \$762,000; 2025 - \$762,000; and 2026 - \$619,000.

STOCK-BASED COMPENSATION

The Company accounts for share-based awards exchanged for employee services at the estimated grant date fair value of the award. The Company accounts for equity instruments issued to non-employees at their fair value on the measurement date. The measurement of stock-based compensation is subject to periodic adjustment as the underlying equity instrument vests or becomes non-forfeitable. Non-employee stock-based compensation charges are amortized over the vesting period or as earned. Stock-based compensation is recorded in the same component of operating expenses as if it were paid in cash. The Company generally issues new shares of common stock to satisfy conversion and warrant exercises.

NET LOSS PER SHARE

Basic loss per share was computed using the weighted average number of shares of common stock outstanding. Diluted loss per share includes the effect of diluted common stock equivalents. Potentially dilutive securities from the exercise of stock options to purchase 408,584 shares of common stock and warrants to purchase 9,378,133 shares of common stock as of June 30, 2021 were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive. As of June 30, 2020, potentially dilutive securities from the exercise of stock options to purchase 193,652 shares of common stock and warrants to purchase 6,973,221 shares of common stock were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 – DEBT REFINANCINGS

On May 3, 2019, LogicMark, completed the closing of a \$16,500,000 senior secured term loan with the lenders thereto and CrowdOut Capital, LLC, as administrative agent. The Company used the proceeds from the term loan to repay LogicMark’s existing term loan facility with Sagard Holdings Manager LP and to pay other costs related to the refinancing. The original maturity date of the term loan was May 3, 2022 and required the Company to make minimum principal payments over the three-year term amortized over 96 months. During the six months ended June 30, 2021, the Company has made scheduled principal repayments totaling \$1,031,250. On February 8, 2021, LogicMark entered into a second amendment to the senior secured term loan with CrowdOut Capital LLC. Pursuant to the second amendment, LogicMark made a \$5,000,000 voluntary prepayment on the principal amount of the term loan and paid a prepayment premium of \$125,000, which was equivalent to 2.5% of the prepayment, rather than 5% of the prepayment as required by the Credit Agreement. The prepayment premium is included in interest expense for the six months ended June 30, 2021 in the condensed consolidated statement of operations. In addition, the maturity date of the term loan was extended to March 22, 2023. In addition, the Company also made voluntary prepayments of the term loan with CrowdOut Capital LLC in both May and June 2021 of \$3,000,000 and \$1,000,000, respectively with cash primarily provided by the issuance of equity securities and warrant exercises. The outstanding principal amount of the term loan bears interest at a rate of LIBOR, adjusted monthly, plus 11.0% per annum (approximately 13.0% as of June 30, 2021). The Company incurred \$412,500 in original issue discount for closing related fees charged by the Lender. During the six and three months ended June 30, 2021, the Company amortized \$111,239 and \$33,439, respectively of the original issue discount which is included in interest expense in the condensed consolidated statement of operations. At June 30, 2021 the unamortized balance of the original issue discount was \$26,616. The Company also incurred \$1,831,989 in deferred debt issue costs related to the term loan. The deferred debt issue costs include an exit fee of \$1,072,500 due to CrowdOut Capital by December 1, 2021. The liability for the exit fee is included as part of other current liabilities in the Company’s condensed consolidated balance sheet. During the six and three months ended June 30, 2021, the Company amortized \$594,914 and \$192,460, respectively of the deferred debt issue costs which is included in interest expense in the condensed consolidated statement of operations. At June 30, 2021 the unamortized balance of deferred debt issuance costs was \$118,205.

Debt Maturity

The maturity of the Company’s term debt is as follows:

2021 (remainder)	\$ 1,064,627
Total term debt	\$ 1,064,627

On November 16, 2020, the Company and CrowdOut Capital LLC, as administrative agent, entered into the first amendment to the senior secured term loan. In connection with the first amendment, CrowdOut Capital LLC, as administrative agent, agreed to modify the financial ratios contained in the senior secured term retroactively and prospectively. Based on the senior secured term loan, as amended, the Company was in compliance with such covenants at June 30, 2021.

On July 1, 2021, the Company, made a \$1,064,627 voluntary prepayment (the “Prepayment”) on its term loan. The Company did not incur a prepayment premium as it relates to this voluntary prepayment. After this prepayment, the Company’s term loan balance was \$0.

Paycheck Protection Program

On each of May 6 and May 8, 2020, Nxt-ID Inc. and LogicMark, LLC, a wholly owned subsidiary of the Company (the “Borrowers”), respectively, received loans (the “Loans”) from Bank of America, NA in the aggregate amount of \$346,390, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted on March 27, 2020.

The Loans, which were in the form of PPP promissory notes and agreements, dated May 1, 2020 (the “Note Agreements”), were to mature on May 6 and May 8, 2022, respectively, and bear interest at a rate of 1.00% fixed per annum, payable monthly commencing on November 6 and November 8, 2020, respectively. The Loans may be prepaid by the Borrowers at any time prior to maturity with no prepayment penalties. The Borrowers used the proceeds from the Loans for payroll, payroll taxes, and group healthcare benefits. Under the terms of the Note Agreements, certain amounts of the Loans may be forgiven if they are used for qualifying expenses, as described in the Note Agreements.

On March 2, 2021, the Company’s wholly-owned subsidiary, LogicMark, LLC received notification from the Small Business Administration that repayment of its loan under the Paycheck Protection Program in the amount of \$301,390 plus accrued interest of \$2,320 has been forgiven. On May 20, 2021, the Company received notification from the Small Business Administration that repayment of its loan under the Paycheck Protection Program in the amount of \$45,000 plus accrued interest of \$466 has been forgiven. The income resulting from the forgiveness of both of the PPP loans and the related accrued interest is included in other income in the Company’s condensed consolidated statement of operations for the six months ended June 30, 2021.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 5 – STOCKHOLDERS’ EQUITY

February 2021 Offering

On February 2, 2021, the Company closed a registered direct offering pursuant to which the Company issued (i) an aggregate of 1,476,016 shares of Series E preferred stock, convertible into an aggregate of up to 2,952,032 shares of common stock, (ii) common stock purchase warrants to purchase up to an aggregate of 1,000,000 shares of common stock at an exercise price of \$1.23 per share, subject to customary adjustments thereunder, which were exercisable immediately upon issuance and have a term of five years, and (iii) common stock purchase warrants to purchase up to an aggregate of 1,952,032 shares of common stock at an exercise price of \$1.23 per share with a term of five and one-half (5.5) years first exercisable six (6) months after issuance, subject to customary adjustments thereunder, for gross proceeds of \$4,000,003, before deducting any offering expenses. The Company used the net proceeds from this offering for working capital and liability reduction purposes including additional term debt repayment. In February 2021, 1,476,016 shares of Series E preferred stock were converted into 2,952,032 shares of common stock. Also in February 2021 the Company recorded a deemed dividend of \$1,480,801 from the beneficial conversion feature associated with the issuance of the Series E convertible preferred stock and warrants.

December 2020 Offering

On December 18, 2020, the Company closed a registered direct offering pursuant to which the Company issued (i) an aggregate of 1,515,151 shares of Series D preferred stock, convertible into an aggregate of up to 3,030,304 shares of common stock, (ii) common stock purchase warrants to purchase up to an aggregate of 1,000,000 shares of common stock at an exercise price of \$0.49 per share, subject to customary adjustments thereunder, which were exercisable immediately upon issuance and have a term of five years, and (iii) common stock purchase warrants to purchase up to an aggregate of 5,060,606 shares of common stock at an exercise price of \$0.49 per share with a term of five and one-half (5.5) years first exercisable six (6) months after issuance, subject to customary adjustments thereunder, for gross proceeds of \$2,000,000, before deducting any offering expenses. The Company used the net proceeds from this offering for working capital, new product initiatives and other general corporate purposes. On December 21, 2020, 1,515,151 shares of Series D preferred stock were converted into 3,030,304 shares of common stock. During the year ended December 31, 2020, the Company recorded a deemed dividend of \$758,922 from the beneficial conversion feature associated with the issuance of the Series D convertible preferred stock and warrants.

July 2020 Offering

On July 14, 2020, the Company closed a registered direct offering of (i) an aggregate of 3,778,513 shares of the Company’s common stock, par value \$0.0001 per share; (ii) pre-funded warrants to purchase up to an aggregate of 734,965 shares of Common Stock at an exercise price of \$0.01 per share, subject to customary adjustments thereunder; (iii) registered warrants, with a term of five (5) years exercisable immediately upon issuance, to purchase an aggregate of up to 1,579,718 shares of Common Stock (at an exercise price of \$0.50 per share, subject to customary adjustments thereunder; and (iv) unregistered warrants, with a term of five and one-half (5.5) years first exercisable six (6) months after issuance, to purchase an aggregate of up to 3,750,000 shares of Common Stock at an exercise price of \$0.65 per share, subject to customary adjustments thereunder, for gross proceeds of \$1,864,528, before deducting any offering expenses. The Company used the net proceeds from this Offering for working capital, new product initiatives and other general corporate purposes.

On July 28, 2020, the Company received proceeds of \$7,350 in connection with the exercise of 734,965 pre-funded warrants to purchase common stock at an exercise price of \$0.01.

2013 Long-Term Stock Incentive Plan

On January 4, 2013, a majority of the Company’s stockholders approved by written consent the Company’s 2013 Long-Term Stock Incentive Plan (“LTIP”). The maximum aggregate number of shares of common stock that may be issued under the LTIP, including stock awards, stock issued to directors for serving on the Company’s board of directors, and stock appreciation rights, is limited to 10% of the shares of common stock outstanding on the first business or trading day of any fiscal year, which is 1,201,715 shares of common stock at January 1, 2021.

During the six months ended June 30, 2021, the Company issued an aggregate of 408,584 stock options to purchase shares of common stock under the LTIP to four (4) non-employee directors for serving on the Company’s board. The weighted average exercise price of these stock options is approximately \$0.59 and stock options were fully vested at the issuance date. The aggregate fair value of the stock options issued to the directors was \$80,000.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2017 Stock Incentive Plan

On August 24, 2017, a majority of the Company's stockholders approved at the 2017 Annual Stockholders' Meeting the 2017 Stock Incentive Plan ("2017 SIP"). The aggregate maximum number of shares of common stock (including shares underlying options) that may be issued under the 2017 SIP pursuant to awards of restricted shares or options will be limited to 10% of the outstanding shares of common stock, which calculation shall be made on the first (1st) business day of each new fiscal year; provided that for fiscal year 2017, 1,500,000 shares of common stock may be delivered to participants under the 2017 SIP. Thereafter, the 10% provision shall govern the 2017 SIP. The number of shares of common stock that are the subject of awards under the 2017 SIP which are forfeited or terminated, are settled in cash in lieu of shares of common stock or are settled in a manner such that all or some of such shares covered by an award are not issued to a participant or are exchanged for awards that do not involve shares of common stock will again immediately become available to be issued pursuant to awards granted under the 2017 SIP. If shares of common stock are withheld from payment of an award to satisfy tax obligations with respect to the award, those shares of common stock will be treated as shares that have been issued under the 2017 SIP and will not again be available for issuance under the 2017 SIP.

In addition, during the six months ended June 30, 2021, the Company issued 132,826 shares of common stock with an aggregate fair value of \$80,456 to certain employees related to the Company's 2018 and 2019 management incentive plans.

During the six months ended June 30, 2021, the Company accrued \$100,000 of management and employee bonus expense. The Company has typically paid a substantial portion of the bonus accrual with shares of common stock.

Warrants

On January 8, 2021, the Company entered into a Warrant Amendment and Exercise Agreement (the "Amendment Agreement") with holders (the "Holder") of a common stock purchase warrant, dated April 4, 2019, previously issued by the Company to the Holder (the "Original Warrant").

In consideration for each exercise of the Original Warrant that occurs within 45 calendar days of the date of the Amendment Agreement, in addition to the issuance of the Warrant Shares (as defined in the Original Warrant) on or prior to the Warrant Share Delivery Date (as defined in the Original Warrant), the Company has agreed to deliver to the Investor a new warrant to purchase a number of shares of the Company's common stock, par value \$0.0001 per share (the "Common Stock"), equal to the number of Original Warrants that the Holder has exercised pursuant to the terms of the Original Warrant, at an exercise price of \$1.525 per share, which represents the average Nasdaq Official Closing Price of the Common Stock (as reflected on Nasdaq.com) for the five trading days immediately preceding the date of the Amendment Agreement (the "New Warrants"). The Investor originally held Original Warrants exercisable for up to 2,469,136 shares of Common Stock, and, therefore, could receive up to an equivalent number of New Warrants. Under the terms and conditions of the Warrant Amendment and Exercise Agreement, the Investor could continue to exercise the Original Warrants after 45 calendar days of the date of the Amendment Agreement, but the Investor would not receive any New Warrants in consideration for the exercise of any Original Warrants exercised thereafter.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Amendment Agreement contains customary representations, warranties and covenants by each of the Company and the Investor.

On January 29, 2021 and February 8, 2021, the Investor exercised 500,000 and 1,969,136, respectively of the Original Warrants. The New Warrants issued, are exercisable for up to the original expiration dates of the Original Warrants, which is April 4, 2024. The exercise price and number of shares issuable upon exercise of the New Warrants are subject to traditional adjustment for stock splits, combinations, recapitalization events and certain dilutive issuances. The New Warrants are required to be exercised for cash; however, if during the term of the New Warrants there is not an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering the resale of the shares of Common Stock issuable upon exercise of the New Warrants, then the New Warrants may be exercised on a cashless (net exercise) basis pursuant to the formula provided in the New Warrants.

The Company used the proceeds from the exercise of the Original Warrants for working capital purposes, new product development efforts and to reduce its term debt outstanding.

The Company recorded a warrant modification expense of \$2,881,729 for the six months ended June 30, 2021 resulting from the issuance of 2,469,136 replacement warrants with an exercise price of \$1.525 for warrants that were exercised in January and February 2021.

As of June 30, 2021, the Company had outstanding warrants to purchase an aggregate of 9,378,133 shares of common stock with a weighted average exercise price and remaining life of \$1.70 and 3.46 years, respectively. During the six months ended June 30, 2021, 86,072 warrants expired. At June 30, 2021, the warrants had an aggregate intrinsic value of \$1,012,361.

During the six months ended June 30, 2021, 3,749,000 warrants were exercised on a cashless basis and were converted into 2,073,687 shares of common stock.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

On February 24, 2020, Michael J. Orlando, as shareholder representative (the "Shareholder Representative"), and the other stockholders of Fit Pay, Inc. (collectively, the "Fit Pay Shareholders"), filed a lawsuit in the United States District Court for the Southern District of New York against the Company, CrowdOut Capital, LLC, and Garmin International, Inc. (the "Complaint"). See Orlando v. Nxt-ID, Inc. No. 20-cv-1604 (S.D.N.Y.). The Complaint alleges that the Company has breached certain contractual obligations under a merger agreement, dated May 23, 2017, between Fit Pay, Inc. and the Company, regarding certain future, contingent earnout payments allegedly that could be owed to the Fit Pay Shareholders from future revenues. The Complaint seeks unspecified monetary damages from the defendants. The Company believes that these claims are without merit and is vigorously defending the action. On May 12, 2020, the Company filed an answer and counterclaims alleging, among other things, fraud and breach of fiduciary duty of the Shareholder Representative as well as arguing that the Shareholder Representative should be estopped from pursuing these claims. The Company has moved for summary judgment to have the lawsuit dismissed. The Company has been able to successfully stay discovery pending the court's ruling on motions to dismiss by Garmin International, Inc. and CrowdOut Capital, LLC. In March 2021, following our successful application to stay all discovery, the court granted CrowdOut's and Garmin's separate motions to dismiss. Orlando's claim against the Company still remains and the Company's motion for summary judgment is still pending.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

In connection with the sale of Fit-Pay, Inc., Giesecke+Devrient Mobile Security America, Inc. (“GDMSAI”) has identified a disagreement with the Company over calculation of dividends with respect to GDMSAI’s Series C Non-Convertible Voting Preferred Stock (the “Series C”) of the Company. On August 13, 2020, GDMSAI sued the Company in Delaware Chancery Court seeking, among other things, \$540,000 of dividends that it believes are owed to it pursuant to the terms of the Series C. In March 2021, a Delaware Chancery granted GDMSAI summary judgment on the merits, holding that relevant dividend language required a perpetually paid dividend once the \$50 million threshold had been achieved. The Company has filed a notice of appeal. On August 11, 2021, the Company entered into a settlement agreement whereby the Company would pay \$540,000 of dividends plus \$55,000 of pre-judgement interest, but no post-judgement interest. The settlement is payable in tranches ending in November 2021. This amount has been accrued on the accompanying balance sheet at June 30, 2021.

From time to time, the Company may be involved in various claims and legal actions arising in the ordinary course of our business. Other than the above, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of our subsidiaries, threatened against or affecting our company, or any of our subsidiaries in which an adverse decision could have a material adverse effect upon our business, operating results, or financial condition.

COMMITMENTS

The Company leases office space and a fulfillment center in the U.S., which are classified as operating leases expiring at various dates. The Company determines if an arrangement qualifies as a lease at the lease inception. The Company adopted Topic 842 effective January 1, 2019. Operating lease liabilities are recorded based on the present value of the future lease payments over the lease term, assessed as of the commencement date. The Company’s real estate leases, which are for office space and a fulfillment center, generally have a lease term between 3 and 5 years. The Company also leases a copier with a lease term of 5 years. The Company’s leases are comprised of fixed lease payments and also include executory costs such as common area maintenance, as well as property insurance and property taxes. As a practical expedient under Topic 842, the Company has elected to account for the lease and non-lease components as a single lease component for its real estate leases. Lease payments, which may include lease components, non-lease components and non-components, are included in the measurement of the Company’s lease liabilities to the extent that such payments are either fixed amounts or variable amounts based on a rate or index (fixed in substance) as stipulated in the lease contract. Any actual costs in excess of such amounts are expensed as incurred as variable lease cost.

The Company’s lease agreements generally do not specify an implicit borrowing rate, and as such, the Company utilizes its incremental borrowing rate by lease term, in order to calculate the present value of the future lease payments. The discount rate represents a risk-adjusted rate on a secured basis, and is the rate at which the Company would borrow funds to satisfy the scheduled lease liability payment streams commensurate with the lease term. On January 1, 2019, the discount rate used on existing leases at adoption was determined based on the remaining lease term using available data as of that date. The Company’s current lease agreement for its warehouse space located in Louisville, Kentucky expired on August 31, 2020. As a result, the Company entered into a new five-year lease agreement in June 2020 for new warehouse space also located in Louisville, Kentucky. The monthly rent which commenced in September 2020 is \$6,000 per month and increases approximately 3% annually thereafter. The ROU asset value added as a result of this new lease agreement was \$279,024. The Company’s ROU asset and lease liability accounts reflect the inclusion of this new lease agreement on the Company’s condensed consolidated balance sheet as of June 30, 2021.

Certain of the Company’s lease agreements, primarily related to real estate, include options for the Company to either renew (extend) or early terminate the lease. Leases with renewal options allow the Company to extend the lease term typically between 1 and 3 years. Renewal options are reviewed at lease commencement to determine if such options are reasonably certain of being exercised, which could impact the lease term. When determining if a renewal option is reasonably certain of being exercised, the Company considers several factors, including but not limited to, significance of leasehold improvements incurred on the property, whether the asset is difficult to replace, or specific characteristics unique to the particular lease that would make it reasonably certain that the Company would exercise such option. In most cases, the Company has concluded that renewal and early termination options are not reasonably certain of being exercised by the Company (and thus not included in the Company’s ROU asset and lease liability) unless there is an economic, financial or business reason to do so.

Nxt-ID, Inc. and Subsidiaries
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the six months ended June 30, 2021, total operating lease cost was \$63,869 and is recorded in cost of sales and selling, general and administrative expenses, dependent on the nature of the leased asset. The operating lease cost is recognized on a straight-line basis over the lease term. The following summarizes (i) the future minimum undiscounted lease payments under non-cancelable lease for the remainder of 2021 as well as each of the next five years and thereafter, incorporating the practical expedient to account for lease and non-lease components as a single lease component for our existing real estate leases, (ii) a reconciliation of the undiscounted lease payments to the present value of the lease liabilities recognized, and (iii) the lease-related account balances on the Company's condensed consolidated balance sheet, as of June 30, 2021:

Year Ended December 31,

2021 (excluding the six months ended June 30, 2021)	\$ 45,893
2022	93,385
2023	89,724
2024	80,000
2025	54,400
Total future minimum lease payments	<u>\$ 363,402</u>
Less imputed interest	<u>(81,003)</u>
Total present value of future minimum lease payments	<u>\$ 282,399</u>

As of June 30, 2021

Operating lease right-of-use assets	<u>\$ 278,399</u>
Other accrued expenses	\$ 59,254
Other long-term liabilities	\$ 223,145
	<u>\$ 282,399</u>

As of June 30, 2021

Weighted Average Remaining Lease Term	3.78 years
Weighted Average Discount Rate	12.80%

Coronavirus – COVID-19

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. Sales volumes and the related revenues for most of the Company's products and services were significantly impacted during the latter portion of the first quarter and throughout the balance of 2020 as a result of the healthcare industry's focus on COVID prevention and treatment, which impacted the markets we serve, in particular the VA hospitals and clinics. Sales of the Company's products and services have continued to be impacted as various policies were implemented by federal, state and local governments in response to the COVID-19 pandemic, the public remains wary of real or perceived opportunities for exposure to the virus. The Company believes the extent of the COVID-19 pandemic's impact on its operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Company's control and ability to forecast. Although the Company has experienced some positive trends during the first four months of 2021, because of these uncertainties, the Company cannot estimate how long or to what extent the pandemic will impact its operations.

NOTE 7 – SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued.

On August 13, 2021, the Company entered into a securities purchase agreement with several institutional investors (the "Investors") providing for an aggregate investment of \$4,000,000 by the Investors for the issuance by the Company to them of (i) 1,333,333 shares of Series F Convertible Preferred Stock, par value \$0.0001 per share, of the Company; and (ii) warrants, with a term of five (5) years exercisable immediately upon issuance, to purchase an aggregate of up to 6,666,667 shares of Common Stock at an exercise price of \$0.78 per share, subject to customary adjustments thereunder. Holders of the Warrants may exercise them by paying the applicable cash exercise price or, if there is not an effective registration statement for the sale of the Warrant Shares at the time of exercise, by exercising on a cashless basis pursuant to the formula provided in the Warrants. The closing of the offering is subject to certain conditions precedent, including the filing of the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2021.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations for the six and three months ended June 30, 2021 should be read together with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report. This discussion contains forward-looking statements and information relating to our business that reflect our current views and assumptions with respect to future events and are subject to risks and uncertainties that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These forward-looking statements speak only as of the date of this report. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, or achievements. Except as required by applicable law, including the securities laws of the United States, we expressly disclaim any obligation or undertaking to disseminate any update or revisions of any of the forward-looking statements to reflect any change in our expectations with regard thereto or to conform these statements to actual results.

Overview

We were incorporated in the State of Delaware on February 8, 2012. We provide technology products and services for healthcare applications. We evaluate the performance of our business on, among other things, profit and loss from operations. We have extensive experience in access control, biometric and behavior-metric identity verification, security and privacy, encryption and data protection, payments, miniaturization, sensor technologies, and healthcare applications.

Our wholly-owned subsidiary, LogicMark, manufactures and distributes non-monitored and monitored personal emergency response systems sold through the United States Department of Veterans Affairs (the “VA”), healthcare durable medical equipment dealers and distributors and monitored security dealers and distributors.

Healthcare

With respect to the healthcare market, our business initiatives are driven by LogicMark, which serves a market that enables two-way communication, medical device connectivity and patient data tracking of key vitals through sensors, biometrics, and security to make home health care a reality. There are four (4) major trends driving this market: (1) an increased desire for connectivity; specifically, a greater desire for connected devices by people over 60 years of age who now represent the fastest growing demographic for social media; (2) the growth of “TeleHealth”, which is the means by which telecommunications technologies are meeting the increased need for health systems to better distribute doctor care across a wider range of health facilities, making it easier to treat and diagnose patients; (3) rising healthcare costs – as healthcare spending continues to outpace the economy, the need to reduce hospital readmissions, increase staffing efficiency and improve patient engagement remain the highest priorities; and (4) the critical shortage of labor in the home healthcare industry, creating an increased need for technology to improve communication to home healthcare agencies by their clients. Together, these trends have produced a large and growing market for us to serve. LogicMark has built a successful business on emergency communications in healthcare. We have a strong business relationship with the VA today, serving veterans who suffer from chronic conditions that often require emergency assistance. Our strategic plan calls for expanding LogicMark’s business into other healthcare verticals as well as retail and enterprise channels in order to better serve the expanding demand for connected and remote healthcare solutions.

Home healthcare, is an emerging area for LogicMark. The long-term trend toward more home-based healthcare is a massive shift that is being driven by demographics (an aging population) and basic economics. People also value autonomy and privacy which are important factors in determining which solutions will suit the market. Consumers are beginning to enjoy the benefits of smart home technologies and online digital assistants.

Personal emergency response system devices are used to call for help and medical care during an emergency. These devices are also used by a wide patient pool, as well as the general population, to ensure safety and security when living or traveling alone. The global medical alert systems market caters to different end-users across the healthcare industry, including individual users, hospitals and clinics, assisted living facilities and senior living facilities. The growing demand for home healthcare devices is mainly driven by an aging population, rising healthcare costs and a severe shortage of workers in the home healthcare market worldwide. It is very beneficial for seniors who have a history of falling or have been identified as having a high fall risk, older individuals who live alone and people who have mobility issues. We believe that the aging population will spur the usage of medical alert systems across the globe, as they offer safety and medical security while being affordable and accessible.

Results of Operations

Comparison of six and three months ended June 30, 2021 and June 30, 2020

Revenue. Our revenues for the six and three months ended June 30, 2021 were \$5,221,257 and \$2,782,575, respectively, compared to \$6,227,012 and \$2,482,983, respectively for the six and three months ended June 30, 2020. The decrease in our revenues for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020 is primarily attributable to LogicMark's decreased sales volume resulting from the COVID-19 pandemic. The increase in our revenue for the three months ended June 30, 2021 compared to 2020 is primarily attributable to the beginning of a slight resurgence in the overall general economy and the VA hospitals and clinics coming back online.

Cost of Revenue and Gross Profit. Our gross profit for the six and three months ended June 30, 2021 was \$3,370,650 and \$1,820,061, respectively, compared to a gross profit of \$4,609,829 and \$1,813,924, respectively for the six and three months ended June 30, 2020. The decrease in gross profit for the six months ended June 30, 2021 as compared to the six months ended June 30, 2020 is primarily attributable to LogicMark's decreased sales volume resulting from the COVID-19 pandemic as well as to the higher product cost of inventory purchased for resale. The gross profit in the three months ended June 30, 2021 as compared to the three months ended June 30, 2020 was relatively flat in spite of the higher sales volume for the three months ended June 30, 2021 as compared to the same period for 2020. The increase in gross profit resulting from the higher sales volume for the three months ended June 30, 2021 was essentially offset by the higher product cost of inventory purchased for resale.

Operating Expenses. Operating expenses for the six months ended June 30, 2021 totaled \$4,365,212 and consisted of research and development expenses of \$516,566, selling and marketing expenses of \$1,178,777 and general and administrative expenses of \$2,669,869. The research and development expenses related primarily to salaries and consulting services of \$461,113. Selling and marketing expenses consisted primarily of salaries and consulting services of \$282,823, amortization of intangibles of \$377,777, freight charges of \$224,561, merchant processing fees of \$109,131, and sales commissions of \$113,373. General and administrative expenses consisted of salaries and consulting services of \$417,178, accrued management and employee incentives of \$100,000, legal, audit and accounting fees of \$530,080 and insurance of \$277,817. Also included in general and administrative expenses is \$688,000 in non-cash stock compensation expense to management and board members.

Operating expenses for the six months ended June 30, 2020 totaled \$3,673,749 and consisted of research and development expenses of \$499,389, selling and marketing expenses of \$1,288,541 and general and administrative expenses of \$1,885,819. The research and development expenses related primarily to salaries and consulting services of \$436,405. Selling and marketing expenses consisted primarily of salaries and consulting services of \$289,516, amortization of intangibles of \$377,777, freight charges of \$271,361, merchant processing fees of \$135,342, and sales commissions of \$124,266. General and administrative expenses consisted of salaries and consulting services of \$455,957, accrued management and employee incentives of \$80,000, legal, audit and accounting fees of \$565,389 and insurance of \$225,915.

Operating expenses for the three months ended June 30, 2021 totaled \$2,031,733 and consisted of research and development expenses of \$241,651, selling and marketing expenses of \$618,336 and general and administrative expenses of \$1,171,746. The research and development expenses related primarily to salaries and consulting services of \$218,530. Selling and marketing expenses consisted primarily of salaries and consulting services of \$156,652, amortization of intangibles of \$189,932, freight charges of \$118,136, merchant processing fees of \$57,630, and sales commissions of \$58,312. General and administrative expenses consisted of salaries and consulting services of \$233,009, accrued management and employee incentives of \$50,000, legal, audit and accounting fees of \$277,259 and insurance of \$137,792.

Operating expenses for the three months ended June 30, 2020 totaled \$1,917,250 and consisted of research and development expenses of \$312,777, selling and marketing expenses of \$562,860 and general and administrative expenses of \$1,041,613. The research and development expenses related primarily to salaries and consulting services of \$286,960. Selling and marketing expenses consisted primarily of salaries and consulting services of \$121,699, amortization of intangibles of \$189,932, freight charges of \$101,234, merchant processing fees of \$53,999, and sales commissions of \$56,410. General and administrative expenses consisted of salaries and consulting services of \$218,564, accrued management and employee incentives of \$40,000, legal, audit and accounting fees of \$277,259 and insurance of \$112,678.

Operating (Loss) Income. The operating loss for the six and three months ended June 30, 2021 was \$(994,562) and \$(211,672), respectively, compared with operating income of \$936,080 and an operating loss of \$(103,326), respectively for the six and three months ended June 30, 2020. The decrease in operating income or increase in operating loss, as applicable, for the six and three months ended June 30, 2021 as compared to the six and three months ended June 30, 2020 is primarily attributable to the lower gross profit discussed above and higher operating expenses incurred in the six and three months ended June 30, 2021 as compared to the six and three months ended June 30, 2020.

Net Loss. The net loss for the six months ended June 30, 2021 was \$4,777,905 compared to a net loss of \$229,565 for the six months ended June 30, 2020. The net loss for the six months ended June 30, 2021 was primarily attributable to the operating loss discussed above of \$994,562, interest expense of \$1,250,790 and warrant modification expense of \$2,881,729 which was partially offset by PPP loan forgiveness of \$349,176. The net loss for the six months ended June 30, 2020 was \$229,565 and was primarily attributable to the operating profit discussed above of \$936,080 which was offset by interest expense incurred of \$1,165,645.

The net loss for the three months ended June 30, 2021 was \$555,748 compared to a net loss of \$667,629 for the three months ended June 30, 2020. The net loss for the three months ended June 30, 2021 was primarily attributable to the operating loss discussed above of \$211,672 and interest expense incurred of \$389,542 which was partially offset by PPP loan forgiveness of \$45,466. The net loss for the three months ended June 30, 2020 was primarily attributable to the operating loss discussed above of \$103,326 and interest expense incurred of \$564,303.

Liquidity and Capital Resources

Sources of Liquidity

We generated an operating loss of \$994,562 and incurred a net loss of \$4,777,905 for the six months ended June 30, 2021. As of June 30, 2021, we had cash and stockholders' equity of \$3,242,925 and \$17,359,830, respectively. At June 30, 2021, we had a working capital deficiency of \$1,230,275.

The Company used cash of \$1,715,378 in operations in the first six months of 2021, which includes a one-time \$1.0 million payout of old accounts payable. Adjusting for that, the Company believes the cash balance of \$3.2 million is sufficient to sustain operations for the next 12 months. The Company expects to close on \$4.0 million of additional working capital before the end of August 2021.

On August 13, 2021, the Company entered into a securities purchase agreement with several institutional investors (the "Investors") providing for an aggregate investment of \$4,000,000 by the Investors for the issuance by the Company to them of (i) 1,333,333 shares of Series F Convertible Preferred Stock, par value \$0.0001 per share, of the Company; and (ii) warrants, with a term of five (5) years exercisable immediately upon issuance, to purchase an aggregate of up to 6,666,667 shares of Common Stock at an exercise price of \$0.78 per share, subject to customary adjustments thereunder. Holders of the Warrants may exercise them by paying the applicable cash exercise price or, if there is not an effective registration statement for the sale of the Warrant Shares at the time of exercise, by exercising on a cashless basis pursuant to the formula provided in the Warrants. The closing of the offering is subject to certain conditions precedent, including the filing of the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2021.

Cash Generated by Operating Activities. Our primary ongoing uses of operating cash relate to payments to subcontractors and vendors for product, research and development, salaries and related expenses and professional fees. Our vendors and subcontractors generally provide us with normal trade payment terms. During the six months ended June 30, 2021, net cash used in operating activities totaled \$1,715,378, which was comprised of a net loss of \$4,777,905, positive non-cash adjustments to reconcile net loss to net cash used in operating activities of \$4,331,887, and changes in operating assets and liabilities of negative \$1,269,360, as compared to net cash provided by operating activities of \$609,994 for the six months ended June 30, 2020, which was comprised of a net loss of \$229,565, positive non-cash adjustments to reconcile net loss to net cash used in operating activities of \$827,537, and changes in operating assets and liabilities of positive \$12,022.

Cash Used in Investing Activities. During the six months ended June 30, 2021 and June 30, 2020, we did not have any net cash used in investing activities.

Cash Provided by Financing Activities. During the six months ended June 30, 2021, net cash provided by financing activities totaled \$570,887 and was primarily related to the proceeds received from the exercising of warrants into common stock of \$6,670,494 and from the issuance of Series E preferred stock of \$4,000,003, all of which was partially offset by term loan repayments totaling \$10,031,250 and fees paid in connection with equity offerings of \$68,360. During the six months ended June 30, 2020, net cash used in financing activities totaled \$834,860 and was related to our term loan repayments of \$1,181,250 which was partially offset by \$346,390 in loan proceeds received under the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act.

Potential Impacts of COVID-19 on Our Business and Operations

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. Sales volumes and the related revenues for most of our products and services were significantly impacted during the latter portion of the first quarter and throughout the balance of 2020 and now well into 2021 as a result of the healthcare industry's focus on COVID prevention and treatment, which impacted the markets we serve, in particular the VA hospital and clinics. Sales of our products and services have continued to be impacted as various policies were implemented by federal, state and local governments in response to the COVID-19 pandemic, the public remains wary of real or perceived opportunities for exposure to the virus. We believe the extent of the COVID-19 pandemic's impact on our operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond our control and ability to forecast. Because of the current nationwide prevalence of the new COVID-19 Delta variant, we cannot estimate how long or to what extent the pandemic will impact our operations.

In light of broader macro-economic risks and already known impacts on certain industries that use our products and services, during 2020 we took targeted steps to lower our operating expenses because of the COVID-19 pandemic. We continue to monitor the impacts of COVID-19 on our operations closely and this situation could change based on a significant number of factors that are not entirely within our control and are discussed in this and other sections of this report on Form 10-Q. We do not expect there to be material changes to our assets on our balance sheet or our ability to timely account for those assets.

To date, travel restrictions and border closures have not materially impacted our ability to obtain inventory or manufacture or deliver products or services to customers; however, they have impacted our ability to develop new markets and visit certain facilities, particularly VA hospital. We have taken steps to restrain and monitor our operating expenses and continue to monitor the trends in our business and broader economy to ensure that we properly track any material changes to the relationship between costs and revenues.

Impact of Inflation

We believe that our business has not been affected to a significant degree by inflationary trends during the past three years. However, inflation is still a factor in the worldwide economy and may increase the cost of purchasing products from our contract manufacturers in Asia, as well as the cost of certain raw materials, component parts and labor used in the production of our products. It also may increase our operating expenses, manufacturing overhead expenses and the cost to acquire or replace fixed assets. We have generally been able to maintain or improve our profit margins through productivity and efficiency improvements, cost reduction programs and to a lesser extent, price increases, and we expect to be able to do the same during the remainder of fiscal year 2021. As such, we do not believe that inflation will have a significant impact on our business during the remainder of fiscal year 2021.

Off Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not have any undisclosed borrowings or debt, and we have not entered into any synthetic leases. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Recent Accounting Pronouncements

See Note 3 to our condensed consolidated financial statements for the six months ended June 30, 2021, included elsewhere in this document.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are not required to provide the information required by this Item since we are a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we are required to perform an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act, as of June 30, 2021. Management has not completed such evaluation but has concluded, based on the material weaknesses in our internal controls over financial reporting described below, that our disclosure controls and procedures were not effective as of June 30, 2021 to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

As reported in our annual report on Form 10-K for the period ended December 31, 2020, during the closing procedures associated with our 2020 audit, management identified an employee theft event involving a non-material amount of money for the fiscal year ended December 31, 2020. Management determined that the incident was due to a material weakness in its controls and procedures, specifically as a result of the lack of segregation of duties due to the limited number of employees performing certain administrative functions. In order to remediate the material weakness and further strengthen the controls, management initiated or enhanced certain receivables handling procedures by strictly controlling access to incoming mail and physical checks received by the Company. During the first quarter of 2021, we hired a forensic auditor who evaluated our transactions and determined that the incident was isolated. The Company was made whole during the first quarter of 2021. In July 2021, we retained Mark Archer as our Interim Chief Financial Officer, who has over 40 years of financial and operational experience, including assignments in technology and consumer products companies.

As of June 30, 2021, our management concluded that certain previously disclosed material weaknesses in our internal controls over financial reporting continue to exist. Specifically, we have difficulty in accounting for complex accounting transactions due to an insufficient number of accounting personnel with experience in that area and limited segregation of duties within our accounting and financial reporting functions. Management has recently hired an assistant controller with significant experience to help address this situation. Additional time is required to expand our staff, fully document our systems, implement control procedures and test their operating effectiveness before we can conclude that we have remediated our material weaknesses.

Changes in Internal Controls

There were no changes in the Company's internal control over financial reporting that occurred during the six months ended June 30, 2021 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting, except that, in July 2021, we retained Mark Archer as our Interim Chief Financial Officer. Mr. Archer succeeded Vincent S. Miceli, who departed his role as the Chief Executive Officer and Chief Financial Officer of the Company.

Limitations of the Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple errors. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On February 24, 2020, Michael J. Orlando, as shareholder representative (the “Shareholder Representative”), and the other stockholders of Fit Pay, Inc. (collectively, the “Fit Pay Shareholders”), filed a lawsuit in the United States District Court for the Southern District of New York against the Company, CrowdOut Capital, LLC, and Garmin International, Inc. (the “Complaint”). See *Orlando v. Nxt-ID, Inc.* No. 20-cv-1604 (S.D.N.Y.). The Complaint alleges that the Company has breached certain contractual obligations under a merger agreement, dated May 23, 2017, between Fit Pay, Inc. and the Company, regarding certain future, contingent earnout payments allegedly that could be owed to the Fit Pay Shareholders from future revenues. The Complaint seeks unspecified monetary damages from the defendants. The Company believes that these claims are without merit and is vigorously defending the action. On May 12, 2020, the Company filed an answer and counterclaims alleging, among other things, fraud and breach of fiduciary duty of the Shareholder Representative as well as arguing that the Shareholder Representative should be estopped from pursuing these claims. The Company has moved for summary judgment to have the lawsuit dismissed. The Company has been able to successfully stay discovery pending the court’s ruling on motions to dismiss by Garmin International, Inc. and CrowdOut Capital, LLC. In March 2021, following our successful application to stay all discovery, the court granted CrowdOut’s and Garmin’s separate motions to dismiss. Orlando’s claim against the Company still remains and the Company’s motion for summary judgment is still pending.

In connection with the sale of Fit-Pay, Inc., Giesecke+Devrient Mobile Security America, Inc. (“GDMSAI”) has identified a disagreement with the Company over calculation of dividends with respect to GDMSAI’s Series C Non-Convertible Voting Preferred Stock (the “Series C”) of the Company. On August 13, 2020 GDMSAI sued the Company in Delaware Chancery Court seeking, among other things, \$440,000 of dividends that it believes are owed to it pursuant to the terms of the Series C. In March 2021, a Delaware Chancery granted GDMSAI summary judgment on the merits, holding that relevant dividend language required a perpetually paid dividend once the \$50 million threshold had been achieved. The Company has filed a notice of appeal. On August 11, 2021, the Company entered into a settlement agreement whereby the Company would pay \$540,000 of dividends plus \$55,000 of pre-judgement interest, but no post-judgement interest. The settlement is payable in tranches ending in November 2021. This amount has been accrued on the accompanying balance sheet at June 30, 2021

From time to time, the Company may be involved in various claims and legal actions arising in the ordinary course of our business. Other than the above, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of the Company or any of our subsidiaries, threatened against or affecting our company, or any of our subsidiaries in which an adverse decision could have a material adverse effect upon our business, operating results, or financial condition.

Item 1A. Risk Factors

Part II, Item 1A (Risk Factors) of our most recently filed Annual Report on Form 10-K with the SEC, filed on April 15, 2021, sets forth information relating to important risks and uncertainties that could materially adversely affect our business, financial condition and operating results. Except as to the risk factors set forth below and to the extent that information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters described in Part I, Item 2 (Management’s Discussion and Analysis of Financial Condition and Results of Operations), there have been no material changes to our risk factors disclosed in our most recently filed Annual Report on Form 10-K. Those risk factors continue to be relevant to an understanding of our business, financial condition and operating results, however, and, accordingly, you should review and consider such risk factors in making any investment decision with respect to our securities.

Non-Compliance with Nasdaq Listing Requirements and Monitoring Period

We have a history of non-compliance with certain Nasdaq listing requirements. Since 2019, we have struggled to maintain compliance with Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”). On January 5, 2021, as a result of the closing bid price of our Common Stock having closed above \$1.00 per share for at least ten consecutive trading days, we received a letter from The Nasdaq Stock Market LLC, dated January 4, 2021, confirming that we had, at that time, regained compliance with the Minimum Bid Price Requirement, but remained subject to a monitoring period until July 5, 2021 (the “Monitor Period”), pursuant to which (i) we were required to notify the Nasdaq Stock Market LLC’s Hearing’s Panel (the “Panel”) in writing in the event that the closing bid price of our Common Stock fell below \$1.00 on any trading day and in the event we are not in compliance with any other applicable listing requirement and (ii) if the closing bid price of the Common Stock remained under \$1.00 for thirty (30) consecutive trading days at any point during the Monitor Period, the Panel (or a newly convened Panel if the initial Panel was unavailable) was required to provide written notice to us that it would promptly conduct a hearing with regards to such deficiency.

Subsequently, on June 18, 2021, we received a determination letter (the “June Letter”) from Nasdaq stating that we had failed to maintain compliance with the Minimum Bid Price Requirement. As of May 27, 2021, the closing bid price of the Common Stock had not been at least \$1.00 for thirty (30) consecutive trading days during the Monitor Period, resulting in the issuance of the June Letter to us, which advised us that our Common Stock was subject to delisting from Nasdaq, but providing us an opportunity to appeal such delisting determination by requesting a hearing with the Panel. We subsequently requested a hearing before the Panel to appeal the June Letter, which hearing was held on July 29, 2021 (the “July Hearing”). The Panel has not yet ruled on our requests for additional time to effect a reverse stock split in order to regain compliance with the Minimum Bid Price Requirement. There can be no assurance that the Panel will provide us with any such additional time and, even if they do, that we will be able to comply with all of the obligations placed on us by the Panel or the Nasdaq Stock Market LLC, and, assuming that we are able to comply with such obligations, that we will be able to continue to comply with the listing standards of The Nasdaq Stock Market LLC in the future, including the Minimum Bid Price Requirement, and if we fail to achieve compliance with all applicable listing requirements, our Common Stock may be delisted from Nasdaq. In the event that the Panel does not grant us any additional time to regain compliance with the Minimum Bid Price Requirement, our Common Stock will be delisted immediately.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On July 21, 2021, the Company filed a Current Report on Form 8-K (the “July 21st Form 8-K”) reporting that Mark Archer had been formally appointed as the Interim Chief Financial Officer of the Company, effective as of July 15, 2021. The Company entered into a consulting agreement with FLG Partners, LLC, a limited liability company of which Mr. Archer serves as a Partner, also effective as of July 15, 2021 (the “Consulting Agreement”), the terms of which were described in the July 21st Form 8-K. A copy of the Consulting Agreement is included as Exhibit 10.1 to this report on Form 10-Q.

On August 13, 2021, the Company filed a Current Report on Form 8-K (the “August 13th Form 8-K”) reporting that Vincent S. Miceli had notified the Company, on August 9, 2021, that he was resigning from the Company’s Board of Directors and as Chairman of the Board, effective immediately. In connection with his resignation, on August 9, 2021, the Company and Mr. Miceli also entered into a letter agreement (the “Letter Agreement”), the terms of which were described in the August 13th Form 8-K. A copy of the Letter Agreement is included as Exhibit 10.2 to this report on Form 10-Q.

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

Item 6. Exhibits

Exhibit Number	Description
10.1*	Consulting Agreement, dated as of July 15, 2021, by and between the Company and FLG Partners
10.2*	Letter Agreement, dated signed on August 9, 2021, and effective as of August 1, 2021, by and between the Company and Vincent S. Miceli
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

In accordance with SEC Release 33-8238, Exhibits 32.1 and 32.2 are being furnished and not filed.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Nxt-ID, Inc.

Date: August 16, 2021

By: /s/ Chia-Lin Simmons
Chia-Lin Simmons
Chief Executive Officer
(Duly Authorized Officer and
Principal Executive Officer)

Date: August 16, 2021

By: /s/ Mark Archer
Mark Archer
Interim Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)



CONFIDENTIAL CONSULTING AGREEMENT

This Confidential Consulting Agreement (the "Agreement") is executed as of the date shown on the signature page (the "Effective Date"), by and between FLG Partners, LLC, a California limited liability company ("FLG"), and the entity identified on the signature page ("Client").

RECITALS

WHEREAS, FLG is in the business of providing certain financial services;

WHEREAS, Client wishes to retain FLG to provide and FLG wishes to provide such services to Client on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

1. Services.

- A. Commencing on the Effective Date, FLG will perform those services (the "Services") described in one or more exhibits attached hereto. Such services shall be performed by the member or members of FLG identified in Exhibit A (collectively, the "FLG Member").
- B. Client acknowledges and agrees that FLG's success in performing the Services hereunder will depend upon the participation, cooperation and support of Client's most senior management.
- C. Notwithstanding anything in Exhibit A or elsewhere in this Agreement to the contrary, neither FLG nor any of its members shall serve as an employee, an appointed officer, or an elected director of Client. Consistent with the preceding: (i) Client shall not appoint FLG Member as a corporate officer in Client's corporate minutes; (ii) Client shall not elect FLG Member to its board of directors or equivalent governing body; and (iii) the FLG Member shall have no authority to sign any documents on behalf of Client, including, but not limited to, federal or state securities filings, tax filings, or representations and warranties on behalf of Client except as pursuant to a specific resolution(s) of Client's board of directors or equivalent governing body granting such authority to FLG Member as a non-employee consultant to Client.
- D. The Services provided by FLG and FLG Member hereunder shall not constitute an audit, attestation, review, compilation, or any other type of financial statement reporting engagement (historical or prospective) that is subject to the rules of the California Board of Accountancy, the AICPA, or other similar state or national licensing or professional bodies. Client agrees that any such services, if required, will be performed separately by its independent public accountants or other qualified consultants.
- E. During the term of this Agreement, Client shall not hire or retain the FLG Member as an employee, consultant or independent contractor except pursuant to this Agreement.

2. Compensation; Payment; Deposit; Expenses.

- A. As compensation for Services rendered by FLG hereunder, Client shall pay FLG the amounts set forth in Exhibit A for Services performed by FLG hereunder (the "Fees"). The Fees shall be net of any and all taxes, withholdings, duties, customs, social contributions or other reductions imposed by any and all authorities which are required to be withheld or collected by Client or FLG, including ad valorem, sales, gross receipts or similar taxes, but excluding US income taxes based upon FLG's or FLG Member's net taxable income.
- B. As additional compensation to FLG, Client will pay FLG the incentive bonus or warrants or options, if any, set forth in Exhibit A.

Initial: Client CS FLG [Signature]



CONFIDENTIAL CONSULTING AGREEMENT

- C. Client shall pay FLG all amounts owed to FLG under this Agreement upon Client's receipt of invoice, with no purchase order required. Any invoices more than thirty (30) days overdue will accrue a late payment fee at the rate of one and 50/100 percent (1.5%) per month. FLG shall be entitled to recover all costs and expenses (including, without limitation, attorneys' fees) incurred by it in collecting any amounts overdue under this Agreement.
- D. Client hereby agrees to pay FLG a deposit as set forth on Exhibit A (the "Deposit") to be held in its entirety as security for Client's future payment obligations to FLG under this Agreement. Upon termination of this Agreement, all amounts then owing to FLG under this Agreement shall be charged against the Deposit and the balance thereof, if any, shall be refunded to Client.
- E. Within ten (10) days of Client's receipt of an expense report from FLG's personnel performing Services hereunder, Client shall immediately reimburse FLG personnel directly for reasonable travel and out-of-pocket business expenses detailed in such expense report. Any required air travel, overnight accommodation and resulting per diem expenses shall be consistent with Client's travel & expense policies for Client's employed executive staff.

3. Relationship of the Parties.

- A. FLG's relationship with Client will be that of an independent contractor and nothing in this Agreement shall be construed to create a partnership, joint venture, or employer-employee relationship. FLG is not the agent of Client and is not authorized to make any presentation, contract, or commitment on behalf of Client unless specifically requested or authorized to do so by Client in writing. FLG agrees that all taxes payable as a result of compensation payable to FLG hereunder shall be FLG's sole liability. FLG shall defend, indemnify and hold harmless Client, Client's officers, directors, employees and agents, and the administrators of Client's benefit plans from and against any claims, liabilities or expenses relating to such taxes or compensation.

4. Term and Termination.

- A. The term of this Agreement shall be for the period set forth in Exhibit A.
- B. Either party may terminate this Agreement upon thirty (30) calendar days advance written notice to the other party.
- C. Either party may terminate this Agreement immediately upon a material breach of this Agreement by the other party and a failure by the other party to cure such breach within ten (10) days of written notice thereof by the non-breaching party to the breaching party.
- D. FLG shall have the right to terminate this Agreement immediately without advance written notice (i) if Client is engaged in, or requests that FLG or the FLG Member undertake or ignore any illegal or unethical activity, or (ii) upon the death or disability of the FLG Member.
- E. This Agreement shall be deemed terminated if during any six month period no billable hours occur, with the termination date effective on the date of the last billable hour therein.

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

F. If at any time during the one (1) year period following termination of this Agreement Client shall hire or retain the FLG Member as an employee, consultant or independent contractor, **AND in so doing induce, compel or cause FLG Member to leave FLG as a precondition to commencing or continuing employment or consultancy with Client**, Client shall immediately pay to FLG in readily available funds a recruiting fee equal to the annualized amount of Fees payable hereunder, which shall equal either (i) 260 multiplied by the daily rate, if this Agreement provides for Fees payable by daily rate, or (ii) 2,100 multiplied by the hourly rate, if this Agreement provides for Fees payable by hourly rate, multiplied by thirty percent (30%).

5. Disclosures

A. IRS Circular 230. To ensure compliance with requirements imposed by the IRS effective June 20, 2005, FLG hereby informs Client that any tax advice offered during the course of providing, or arising out of, the Services rendered pursuant to this Agreement, unless expressly stated otherwise, is not intended or written to be used, and cannot be used, for the purpose of: (i) avoiding tax-related penalties under the Internal Revenue Code, or (ii) promoting, marketing or recommending to another party any tax-related matter(s) said tax advice address(es).

B. Attorney-Client Privilege. Privileged communication disclosed to FLG or FLG Member may waive the privilege through no fault of FLG. FLG strongly recommends that Client consult with legal counsel before disclosing privileged information to FLG or FLG Member. Pursuant to Paragraph 6, neither FLG nor FLG Member will be responsible for damages caused through Client's waiver of privilege, whether deliberate or inadvertent, by disclosing such information to FLG or FLG Member.

6. DISCLAIMERS AND LIMITATION OF LIABILITY.

EXCEPT AS EXPRESSLY SET FORTH HEREIN, ALL SERVICES TO BE PROVIDED BY FLG AND FLG MEMBER (FOR PURPOSES OF THIS PARAGRAPH 6, COLLECTIVELY "FLG") HEREUNDER ARE PROVIDED "AS IS" WITHOUT ANY WARRANTY WHATSOEVER. CLIENT RECOGNIZES THAT THE "AS IS" CLAUSE OF THIS AGREEMENT IS AN IMPORTANT PART OF THE BASIS OF THIS AGREEMENT, WITHOUT WHICH FLG WOULD NOT HAVE AGREED TO ENTER INTO THIS AGREEMENT. FLG EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, TERMS OR CONDITIONS, WHETHER EXPRESS, IMPLIED, OR STATUTORY, REGARDING THE PROFESSIONAL SERVICES, INCLUDING ANY, WARRANTIES OF MERCHANTABILITY, TITLE, FITNESS FOR A PARTICULAR PURPOSE AND INFRINGEMENT. NO REPRESENTATION OR OTHER AFFIRMATION OF FACT REGARDING THE SERVICES PROVIDED HEREUNDER SHALL BE DEEMED A WARRANTY FOR ANY PURPOSE OR GIVE RISE TO ANY LIABILITY OF FLG WHATSOEVER.

IN NO EVENT SHALL FLG BE LIABLE FOR ANY INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, UNDER ANY CIRCUMSTANCES, INCLUDING, BUT NOT LIMITED TO: LOST PROFITS; REVENUE OR SAVINGS; WAIVER BY CLIENT, WHETHER INADVERTENT OR INTENTIONAL, OF CLIENT'S ATTORNEY-CLIENT PRIVILEGE THROUGH CLIENT'S DISCLOSURE OF LEGALLY PRIVILEGED INFORMATION TO FLG; OR THE LOSS, THEFT, TRANSMISSION OR USE, AUTHORIZED OR OTHERWISE, OF ANY DATA, EVEN IF CLIENT OR FLG HAVE BEEN ADVISED OF, KNEW, OR SHOULD HAVE KNOWN, OF THE POSSIBILITY THEREOF. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, FLG'S AGGREGATE CUMULATIVE LIABILITY HEREUNDER, WHETHER IN CONTRACT, TORT, NEGLIGENCE, MISREPRESENTATION, STRICT LIABILITY OR OTHERWISE, SHALL NOT EXCEED AN AMOUNT EQUAL TO THE LAST TWO (2) MONTHS OF FEES PAYABLE BY CLIENT UNDER PARAGRAPH 2(A) OF THIS AGREEMENT. CLIENT ACKNOWLEDGES THAT THE COMPENSATION PAID BY IT UNDER THIS AGREEMENT REFLECTS THE ALLOCATION OF RISK SET FORTH IN THIS AGREEMENT AND THAT FLG WOULD NOT ENTER INTO THIS AGREEMENT WITHOUT THESE LIMITATIONS ON ITS LIABILITY. THIS PARAGRAPH SHALL NOT APPLY TO EITHER PARTY WITH RESPECT TO A BREACH OF ITS CONFIDENTIALITY OBLIGATIONS.

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

- A. As a condition for recovery of any amount by Client against FLG, Client shall give FLG written notice of the alleged basis for liability within ninety (90) days of discovering the circumstances giving rise thereto, in order that FLG will have the opportunity to investigate in a timely manner and, where possible, correct or rectify the alleged basis for liability; provided that the failure of Client to give such notice will only affect the rights of Client to the extent that FLG is actually prejudiced by such failure. Notwithstanding anything herein to the contrary, Client must assert any claim against FLG by the sooner of: (i) ninety (90) days after discovery; (ii) ninety (90) days after the termination of this Agreement; (iii) ninety (90) days after the last date on which the Services were performed; or, (iv) sixty (60) days after completion of a financial or accounting audit for the period(s) to which a claim pertains.

7. Indemnification.

- A. FLG and FLG Member acting in relation to any of the affairs of Client shall, to the fullest extent permitted by law, as now or hereafter in effect, be indemnified and held harmless, and such right to indemnification shall continue to apply to FLG and FLG Member following the term of this Agreement out of the assets and profits of the Client from and against all actions, costs, charges, losses, damages, liabilities and expenses which FLG or FLG Member, or FLG's or FLG Member's heirs, executors or administrators, shall or may incur or sustain by or by reason for any act done, concurred in or omitted in or about the execution of FLG's or FLG Member's duty or services performed on behalf of Client; and Client shall advance the reasonable attorney's fees, costs and expenses incurred by FLG or FLG's Member in connection with litigation related to the foregoing on the same basis as such advancement would be available to the Client's officers and directors, PROVIDED THAT Client shall not be obligated to make payments to or on behalf of any person (i) in connection with services provided by such person outside the scope of Services contemplated by this Agreement, and not authorized or consented to by Client's CEO or Board of Directors, or (ii) in respect of any (a) gross negligence or willful misconduct of such person, or (b) negligence of such person, but only to the extent that FLG's errors and omissions liability insurance would cover such person for such negligence without regard to Client's obligation to indemnify FLG hereunder.
- B. FLG and FLG Member shall have no liability to Client relating to the performance of its duties under this Agreement except in the event of FLG's or FLG Member's gross negligence or willful misconduct.
- C. FLG and FLG Member agree to waive any claim or right of action FLG or FLG Member might have whether individually or by or in the right of Client, against any director, secretary and other officers of Client and the liquidator or trustees (if any) acting in relation to any of the affairs of Client and every one of them on account of any action taken by such director, officer, liquidator or trustee or the failure of such director, officer, liquidator or trustee to take any action in the performance of his duties with or for Client; PROVIDED THAT such waiver shall not extend to any matter in respect of any gross negligence or willful misconduct which may attach to any such persons.

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

8. Representations and Warranties.

- A. Each party represents and warrants to the other that it is authorized to enter into this Agreement and can fulfill all of its obligations hereunder.
- B. FLG and FLG Member warrant that they shall perform the Services diligently, with due care, and in accordance with prevailing industry standards for comparable engagements and the requirements of this Agreement. FLG and FLG Member warrant that FLG Member has sufficient professional experience to perform the Services in a timely and competent manner.
- C. Each party represents and warrants that it has and will maintain a policy or policies of insurance with reputable insurance companies providing the members, officers and directors, as the case may be, of itself with coverage for losses from wrongful acts. FLG covenants that it has an error and omissions insurance policy in place in the form provided to Client prior to or contemporaneously with the date of execution of this Agreement and will continue to maintain such policy or equivalent policy provided that such policy or equivalent policy shall be available at commercially reasonable rates.

9. Work Product License. The parties do not anticipate that FLG or FLG Member will create any intellectual property for Client in performing the Services pursuant to this Agreement. However, FLG and FLG Member grant to Client a world-wide, perpetual, exclusive, royalty-free, irrevocable license to use and create derivative works from all tangible and electronic documents, spreadsheets, and financial models (collectively, "Work Product") produced or authored by FLG Member in the course of performing the Services pursuant to this Agreement. Any patent rights arising out of the Services will be assigned to and owned by Client and not FLG or FLG Member. All other rights, including, but not limited to, the residual memory of any methods, discoveries, developments, improvements, know-how, ideas, insights, analytical concepts and skills directly inherent to, or reasonably required for, the competent execution of FLG Member's profession as a chief financial officer are reserved in their entirety by FLG and FLG Member.

10. Miscellaneous.

- A. Any notice required or permitted to be given by either party hereto under this Agreement shall be in writing and shall be personally delivered or sent by a reputable courier mail service (e.g., Federal Express) or by facsimile confirmed by reputable courier mail service, to the other party as set forth in this Paragraph 10(A). Notices will be deemed effective two (2) days after deposit with a reputable courier service or upon confirmation of receipt by the recipient from such courier service or the same day if sent by facsimile and confirmed as set forth above.

If to FLG:

Jeffrey S. Kuhn
FLG Partners, LLC
P.O. Box 556
7 East Road
Ross, CA 94957-0556
Tel: 415-454-5506
Fax: 415-456-1191
E-mail: jeff@flgpartners.com

If to Client: the address, telephone numbers and email address shown below Client's signature on the signature page.

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

- B. This Agreement will be governed by and construed in accordance with the laws of California without giving effect to any choice of law principles that would require the application of the laws of a different jurisdiction.
- C. Any claim, dispute, or controversy of whatever nature arising out of or relating to this Agreement (including any other agreement(s) contemplated hereunder), including, without limitation, any action or claim based on tort, contract, or statute (including any claims of breach or violation of statutory or common law protections from discrimination, harassment and hostile working environment), or concerning the interpretation, effect, termination, validity, performance and/or breach of this Agreement (“Claim”), shall be resolved by final and binding arbitration before a single arbitrator (“Arbitrator”) selected from and administered by the San Francisco office of JAMS (the “Administrator”) in accordance with its then existing commercial arbitration rules and procedures. The arbitration shall be held in San Francisco, California. The Arbitrator shall, within fifteen (15) calendar days after the conclusion of the Arbitration hearing, issue a written award and statement of decision describing the essential findings and conclusions on which the award is based, including the calculation of any damages awarded. The Arbitrator also shall be authorized to grant any temporary, preliminary or permanent equitable remedy or relief he or she deems just and equitable and within the scope of this Agreement, including, without limitation, an injunction or order for specific performance. Each party shall bear its own attorneys’ fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the Administrator and the Arbitrator; provided, however, the Arbitrator shall be authorized to determine whether a party is the prevailing party, and if so, to award to that prevailing party reimbursement for its reasonable attorneys’ fees, costs and disbursements, and/or the fees and costs of the Administrator and the Arbitrator. The Arbitrator’s award may be enforced in any court of competent jurisdiction. Notwithstanding the foregoing, nothing in this Paragraph 10(C) will restrict either party from applying to any court of competent jurisdiction for injunctive relief.
- D. Neither party may assign its rights or delegate its obligations hereunder, either in whole or in part, whether by operation of law or otherwise, without the prior written consent of the other party; provided, however, that FLG may assign its rights and delegate its obligations hereunder to any affiliate of FLG. The rights and liabilities of the parties under this Agreement will bind and inure to the benefit of the parties’ respective successors and permitted assigns.
- E. If any provision of this Agreement, or the application thereof, shall for any reason and to any extent be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances shall be interpreted so as best to reasonably effect the intent of the parties. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision.
- F. This Agreement, the Exhibits, and any executed Non-Disclosure Agreements specified herein and thus incorporated by reference constitute the entire understanding and agreement of the parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements or understandings, express or implied, written or oral, between the parties with respect hereto. The express terms hereof control and supersede any course of performance or usage of the trade inconsistent with any of the terms hereof.
- G. Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the parties. The waiver by a party of any breach hereof for default in payment of any amount due hereunder or default in the performance hereof shall not be deemed to constitute a waiver of any other default or succeeding breach or default.

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

- H. Upon completion of the engagement hereunder FLG may place customary “tombstone” advertisements using Client’s logo and name in publications of FLG’s choice at its own expense, and/or cite the engagement in similar fashion on FLG’s website.
- I. If Client discloses FLG Member’s name on Client’s website (such as in an executive biography, for example), press releases, SEC filings and other public documents and media, then Client shall include in the description of FLG Member a sentence substantially the same as “[FLG Member] is also a partner at FLG Partners, a leading CFO services firm in Silicon Valley.”
- J. If and to the extent that a party’s performance of any of its obligations pursuant to this Agreement is prevented, hindered or delayed by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, or any other similar cause beyond the reasonable control of such party (each, a “Force Majeure Event”), and such non-performance, hindrance or delay could not have been prevented by reasonable precautions of the non-performing party, then the non-performing, hindered or delayed party shall be excused for such non-performance, hindrance or delay, as applicable, of those obligations affected by the Force Majeure Event for as long as such Force Majeure Event continues and such party continues to use its best efforts to recommence performance whenever and to whatever extent possible without delay, including through the use of alternate sources, workaround plans or other means.
- K. This Agreement may be executed in any number of counterparts and by the parties on separate counterparts, each of which when executed and delivered shall constitute an original, but all the counterparts together constitute one and the same instrument.
- L. This Agreement may be executed by facsimile signatures (including electronic versions of this document in Adobe Acrobat Portable Document Format form which contain scanned or secure, digitally signed signatures) by any party hereto and such signatures shall be deemed binding for all purposes hereof, without delivery of an original signature being thereafter required.
- M. Survivability. The following Paragraphs shall survive the termination of this Agreement: 6 (“Disclaimers and Limitation of Liability”); 7 (“Indemnification”); 8 (“Representations and Warranties”); 9 (“Work Product License”); and 10 (“Miscellaneous”).

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

CLIENT:
Nxt-ID Inc.,
a Delaware corporation.

By: Chia-Lin Simmons
Signed: /s/ Chia-Lin Simmons
Title: CEO

Address: 88 Christian Street, Hangar C, 2nd Floor, Oxford,
Connecticut 06478

Tel: 973-951-8911
Fax:

Email: Chia-Lin@nxt-id.com

FLG:
FLG Partners, LLC,
a California limited liability company.

By: Jeffrey S. Kuhn
Signed: /s/ Jeffrey S. Kuhn
Title: Administrative Partner

Effective Date: July 15, 2021

REMAINDER OF THIS PAGE LEFT BLANK

Initial: Client  FLG 



CONFIDENTIAL CONSULTING AGREEMENT

EXHIBIT A

1. Description of Services: CFO level services typical for a publicly held corporation.
2. FLG Member: Mark Archer.
3. Fees: \$500 per hour, subject to any hourly maximums that Client may establish from time to time.
4. Additional Compensation: None.
5. Deposit: \$10,000.
6. Term: Indefinite, and terminable pursuant to Paragraph 4 of the Agreement.
7. Non-Disclosure Agreement: FLG-Client Mutual Non-Disclosure Agreement dated July 8, 2021 (the "NDA"). FLG hereby expressly consents to the public disclosure of the existence of FLG's relationship with Client, by Client, provided that the terms and conditions herein shall remain confidential pursuant to the terms of the NDA.

REMAINDER OF THIS PAGE LEFT BLANK

Initial: Client DS CS FLG DS [Signature]

Certificate Of Completion

Envelope Id: 38BBF43F5B244D328550D4F2F5015385	Status: Completed
Subject: Please DocuSign: 210713 FLG-Nxt-ID Confidential Consulting Agreement.pdf	
Source Envelope:	
Document Pages: 5	Signatures: 2
Certificate Pages: 5	Initials: 8
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Jeffrey S. Kuhn
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	PO Box 556
	Ross, CA 94957
	jeff@flgpartners.com
	IP Address: 73.202.86.107

Record Tracking

Status: Original	Holder: Jeffrey S. Kuhn	Location: DocuSign
7/13/2021 9:22:40 AM	jeff@flgpartners.com	

Signer Events

Jeffrey Kuhn
 jeff@flgpartners.com
 Administrative Partner
 FLG Partners, LLC
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

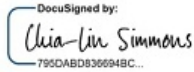
 A7759A8A864F44E...
 Signature Adoption: Uploaded Signature Image
 Using IP Address: 73.202.86.107

Timestamp

Sent: 7/13/2021 9:25:05 AM
 Viewed: 7/13/2021 9:25:13 AM
 Signed: 7/13/2021 9:25:23 AM

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Chia-Lin Simmons
 chialin@nxt-id.com
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 7950ABD836694BC...
 Signature Adoption: Pre-selected Style
 Using IP Address: 67.169.151.248

Sent: 7/13/2021 9:25:24 AM
 Resent: 7/13/2021 4:28:45 PM
 Resent: 7/14/2021 9:35:30 AM
 Viewed: 7/14/2021 9:38:42 AM
 Signed: 7/14/2021 9:39:01 AM

Electronic Record and Signature Disclosure:
 Accepted: 7/14/2021 9:38:42 AM
 ID: dbcc172c-18d2-4f9e-93ea-83fa2d612d25

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp

Mark Archer
 marcher@flgpartners.com
 Security Level: Email, Account Authentication (None)

COPIED

Sent: 7/14/2021 9:39:03 AM

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Carbon Copy Events	Status	Timestamp
Wendy Whitworth wendy@flgpartners.com Security Level: Email, Account Authentication (None) Electronic Record and Signature Disclosure: Accepted: 4/9/2019 1:05:51 PM ID: 08373404-e9ee-47f9-a859-1cea7717e439	COPIED	Sent: 7/14/2021 9:39:03 AM

Witness Events	Signature	Timestamp
----------------	-----------	-----------

Notary Events	Signature	Timestamp
---------------	-----------	-----------

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	7/13/2021 9:25:05 AM
Certified Delivered	Security Checked	7/14/2021 9:38:42 AM
Signing Complete	Security Checked	7/14/2021 9:39:01 AM
Completed	Security Checked	7/14/2021 9:39:03 AM

Payment Events	Status	Timestamps
----------------	--------	------------

Electronic Record and Signature Disclosure
--

CONSUMER DISCLOSURE

From time to time, FLG Partners (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through the DocuSign, Inc. (DocuSign) electronic signing system. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the "I agree"™ button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. You will have the ability to download and print documents we send to you through the DocuSign system during and immediately after signing session and, if you elect to create a DocuSign signer account, you may access them for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign "Withdraw Consent"™ form on the signing page of a DocuSign envelope instead of signing it. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact FLG Partners:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: jeff@flgpartners.com

To advise FLG Partners of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at jeff@flgpartners.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc. to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in the DocuSign system.

To request paper copies from FLG Partners

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to jeff@flgpartners.com and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with FLG Partners

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to jeff@flgpartners.com and in the body of such request you must state your e-mail, full name, US Postal Address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows® 2000, Windows® XP, Windows Vista®; Mac OS® X
Browsers:	Final release versions of Internet Explorer® 6.0 or above (Windows only); Mozilla Firefox 2.0 or above (Windows and Mac); Safari®, [©] 3.0 or above (Mac only)
PDF Reader:	Acrobat® or similar software may be required to view and print PDF files
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

** These minimum requirements are subject to change. If these requirements change, you will be asked to re-accept the disclosure. Pre-release (e.g. beta) versions of operating systems and browsers are not supported.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the "I agree" button below.

By checking the "I agree" box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC CONSUMER DISCLOSURES document; and
 - I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
 - Until or unless I notify FLG Partners as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by FLG Partners during the course of my relationship with you.
-

August 1, 2021

Dear Vin,

I wanted to take this opportunity to memorialize my various discussions with you regarding transition and compensation for services to be rendered by you to Nxt-ID, Inc. ("NXTD" or the "Company"). Mark Archer and I are looking forward to working with you and are eager to get this document finalized and the past behind us all. Mark and I are very appreciative of all the help you've provided these last few weeks.

We've agreed that you will work with Mark and his accounting consultants to assist NXTD in its SEC reporting obligations. We have a 10-Q that is due two weeks from now and we need your help to get it done on time and correctly. We anticipate that we will need your assistance on the 10-Q for the third quarter as well as the 10-K for 2021 that will be due in March 2022. We also will need your input and assistance on a registration statement that I've asked our attorneys to begin working on that we will need in order to complete a raise that will help NXTD stay on Nasdaq. And then there is just the day-to-day issues that might come up with cash management, financial reporting, accounts payable and payroll.

Some of these activities may require you to go into the corporate office, and this list is not meant to be exhaustive. Long term, we may decide it makes sense to close the Oxford office; if we do so, we will need your help to determine what we do with all the administrative files currently stored there.

To that end, I'm proposing a nine-month term for this Consulting Agreement. Since I am writing this on August 1, 2021, let's assume that this agreement and the obligations on each of our sides will become effective on August 1, 2021 and run until April 30, 2022. Of course, there may be circumstances under which we may propose to extend, modify, or even cut short certain of the obligations outlined here but I think for your and our planning purposes, nine months is a good time horizon. While we might modify the length of your obligation to help us, we will not modify the economics of this Agreement. In other words, you will receive all of the monetary and other consideration under this Agreement regardless of whether the Company requires your services for the entire nine months.

During the period of this letter agreement, NXTD will provide you with the following:

1. Once we sign this Agreement, we will begin paying you a consulting fee (see below for further details), which will be paid semi-monthly from the payroll system, subject to customary withholding of payroll taxes. While you will be paid through ADP and payroll withholdings will be made, you will not be an employee of the Company.
 2. Upon signing this agreement, we will pay out your 108 hours of accrued vacation pay that we show on the ADP ledger for a gross payment of \$19,990, subject to customary withholding. This payment will be made in the first 72 hours after you have signed this Agreement.
 3. We will pay you \$10,000, grossed up to account for all payroll tax withholdings, to cover your time investment in helping us during the period between your release from the Company and the execution of this Agreement. This will also be paid within 72 hours after you have signed this Agreement.
 4. We have also agreed that we will pay you six (6) months of consulting fees (\$192,500) and the balance of the vacation time that you have advised us that you have earned (21 weeks less 108 hours for a total of \$155,481), both totaling \$347,981. That total of \$347,981 will be paid off over a period of nine months at a rate of \$19,332.28 per semi-monthly period, again subject to customary withholding of payroll taxes. As I noted above, this timeline will keep you engaged through the end of April 2022 in case your assistance is required with the 2021 10-K.
-

5. Furthermore, in addition to the 400,000 shares of NXTD common stock that we have agreed that have fully vested in you and which are not subject to any corporate restrictions, we agree to the vesting of a total of 100,000 shares of NXTD common stock from your award of 150,000 shares, which shall also be fully vested in you and will not be subject to any restrictions. We will request the Transfer Agent issue a total of 500,000 shares of NXTD common stock within the first 72 hours after you have signed this Agreement. You will forfeit the 50,000-share balance.
6. The Company will pay all of your medical and dental premiums for you and your wife for a period of six months.

In consideration of the above, we ask you for to do the following for us, in addition to providing your help and assistance as outlined above:

1. Resign from the Nxt-ID, Inc. Board, effective with the execution of this Agreement.
2. Sign a standard release and a mutual non-disparagement agreement, attached to this Agreement as Exhibit A.
3. Agree to waive any right to a refund of monies you deposited with the Company at the end of March 2021.
4. Agree to vote all your shares for the proposed reverse stock split next month.

Once we both sign this agreement, your rights and obligations, as well as NXTD's rights and obligations under your Employment Agreement — the one that was executed effective January 1, 2021, will terminate except for the confidentiality and non-competition provisions of Section 4 of that Employment Agreement, which will continue in force as stated in that Employment Agreement, except the term of the non-competition will expire when this consulting agreement expires on April 30, 2022.

Vin, let's also agree that this letter agreement constitutes the entire understanding between you and NXTD going forward. If we agree to change the undertakings, we'll amend it in writing, and we can each sign it. If we have any dispute that we cannot resolve, either on our own or through JAMS mediation, we agree that Connecticut law will govern the interpretation of this Agreement and any dispute arising out of it or related to it. Also, we agree that any lawsuit must be brought in the state or federal courts of Connecticut, and we both consent to those courts having exclusive personal jurisdiction over us. Also, the prevailing party in any lawsuit will be entitled to recover from the other party(ies) its reasonable attorney's fees and costs. I don't expect that we will have to go down that road but I'm putting it in this letter in order to memorialize it for both of our purposes.

Again, Mark and I are looking forward to working with you in order to keep NXTD moving in the right direction. We both are amazed at what you were able to accomplish by yourself and we know that the three of us will build on that foundation. If you are in agreement with this letter's terms, please execute where provided below.

Very truly yours,

NXT-ID, INC.

By: /s/ Chia-Lin Simmons

Chia-Lin Simmons

Its: Chief Executive Officer

Agreed and Accepted:

/s/ Vincent S. Miceli

Vincent S. Miceli

EXHIBIT A

RELEASE OF CLAIMS

In exchange for the benefits to be provided under this Agreement to which Executive would not be otherwise entitled, for and on behalf of Executive, his heirs, executors, administrators, personal representatives, successors and assigns, Executive hereby waives and releases the Company, its parents, subsidiaries, predecessors, successors and affiliates and each of such entities' officers, directors, employees, shareholders, managers, members, employees, agents, representatives and assigns from any and all claims, liabilities, demands, causes of action, attorneys' fees, damages, or obligations of every kind and nature, whether known or unknown, arising at any time prior to and including the Effective Date (the "Release"). This Release includes, but is not limited to: (a) all claims directly or indirectly arising out of or in any way connected with Executive's employment with the Company, the Employment Agreement, or the termination of that employment relationship; (b) all claims or demands related to salary, bonuses, fees, retirement contributions, profit-sharing rights, profit distributions, management fee income, commissions, carried interest, stock, stock options, membership interests, units, or any other ownership or equity interests in the Company or any of its affiliated entities, vacation pay, fringe benefits, expense reimbursements or any other form of compensation or benefit; (c) all claims arising out of Executive's ownership of securities of the Company and (d) all claims pursuant to any federal, any state or any local law, statute, common law or cause of action including, but not limited to, Title VII of the Civil Rights Act of 1964 and as amended by the Civil Rights Act of 1991, 42 U.S.C. §§ 2000e, et seq.; the Americans with Disabilities Act, 42 U.S.C. §§ 12101, et seq., as amended; the Age Discrimination in Employment Act (including, without limitation, the Older Workers' Benefit Protection Act), 29 U.S.C. §§ 623, et seq.; the National Labor Relations Act, as amended, 29 U.S.C., § 151 et seq.; the Occupational Safety and Health Act, as amended; the Immigration Reform Control Act, as amended; § 503 of the Rehabilitation Act of 1973, 29 U.S.C. §§ 701, et seq.; the Civil Rights Act of 1966, 42 U.S.C. § 1981; the Consolidated Omnibus Budget Reconciliation Act of 1985, 42 U.S.C. § 1395(c); Executive Order 11246; the Employee Retirement Income Security Act, 29 U.S.C. §§ 1132 (a)(1)(B), et seq.; the federal Workers Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101 et seq.; the Family and Medical Leave Act, 29 U.S.C. §§ 2601 et seq.; and, any other applicable federal, state or local statute, regulation, ordinance or common law. Notwithstanding the foregoing, nothing in this paragraph shall release: (i) any rights to indemnification that Executive may have pursuant to any written indemnification agreement to which Executive is a party or third party beneficiary; (ii) any vested interest Executive may have in any 401(k) plan by virtue of his employment with the Company; (iii) any claim by Executive to enforce the provisions of this Agreement; or (iv) any rights which cannot be waived as a matter of law. In addition, Executive understands that nothing in this release prevents him from filing, cooperating with, or participating in any proceeding before the Equal Employment Opportunity Commission, the Department of Labor, any state department of employment or other analogous state or federal agency, except that he acknowledges and agree that he shall not recover any monetary benefits in connection with any such claim, charge or proceeding with regard to any claim released herein.

The Company, its parents, subsidiaries, predecessors, successors and affiliates and each of such entities' officers and directors, hereby waives and releases the Executive from any and all claims, liabilities, demands, causes of action, attorneys' fees, damages, or obligations of every kind and nature, legal or equitable, whether known or unknown, arising at any time prior to and including the Effective Date. Notwithstanding the foregoing, nothing in this paragraph shall release: (i) any claim by the Company to enforce the provisions of this Agreement; or (ii) any rights which cannot be waived as a matter of law.

NON-DISPARAGEMENT

The Parties undertake that neither of them shall, directly or indirectly, make, publish or issue, or cause to be made, published or issued, any untrue, disparaging or derogatory written or oral statements whatsoever concerning the Executive and/or the Company and/or any officer, employee or stockholder that would adversely affect the reputation of the Executive and/or the Company or its officers, employees or stockholders; provided, however, the foregoing shall not prevent either Party from complying with any legal or reporting obligations, including, without limitation, as a result of the Company's status as a publicly reporting company.

**CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Chia-Lin Simmons, as the principal executive officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2021 of Nxt-ID, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: /s/ Chia-Linn Simmons
Chia-Lin Simmons
Chief Executive Officer
(Duly Authorized Officer and
Principal Executive Officer)

**CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Mark Archer, as the principal financial officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2021 of Nxt-ID, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: /s/ Mark Archer

Mark Archer
Interim Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

**CERTIFICATION
OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nxt-ID, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chia-Lin Simmons, Chief Executive Officer of Nxt-ID, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

By: /s/ Chia-Lin Simmons
Chia-Lin Simmons
Chief Executive Officer
(Duly Authorized Officer and
Principal Executive Officer)

**CERTIFICATION
OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nxt-ID, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Archer, Interim Chief Financial Officer of Nxt-ID, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 16, 2021

By: /s/ Mark Archer

Mark Archer
Interim Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)