

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 March 31, 2024

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



LogicMark, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

46-0678374

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

2801 Diode Lane
Louisville, KY 40299

(Address of principal executive offices) (Zip Code)

(502) 442-7911

(Registrant's telephone number, including area code)

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	LGMK	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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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, a 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
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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 May 14, 2024, there were 2,196,612 shares of common stock, par value \$0.0001 per share, of the registrant issued and outstanding.

LogicMark, Inc.
Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (Unaudited)

LogicMark, Inc.
CONDENSED BALANCE SHEETS
(Unaudited)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,047,449	\$ 6,398,164
Accounts receivable, net	259,604	13,647
Inventory	886,876	1,177,456
Prepaid expenses and other current assets	588,043	460,177
Total Current Assets	<u>6,781,972</u>	<u>8,049,444</u>
Property and equipment, net	187,014	203,333
Right-of-use assets, net	98,294	113,761
Product development costs, net of amortization of \$142,295 and \$68,801, respectively	1,275,521	1,269,021
Software development costs, net of amortization of \$76,719 and \$23,354, respectively	1,505,446	1,299,901
Goodwill	3,143,662	3,143,662
Other intangible assets, net of amortization of \$5,856,958 and \$5,666,509, respectively	2,747,609	2,938,058
Total Assets	<u>\$ 15,739,518</u>	<u>\$ 17,017,180</u>
Liabilities, Series C Redeemable Preferred Stock and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 760,283	\$ 901,624
Accrued expenses	1,467,391	1,151,198
Total Current Liabilities	<u>2,227,674</u>	<u>2,052,822</u>
Other long-term liabilities	32,922	51,842
Total Liabilities	<u>2,260,596</u>	<u>2,104,664</u>
Commitments and Contingencies (Note 8)		
Series C Redeemable Preferred Stock		
Series C redeemable preferred stock, par value \$0.0001 per share: 2,000 shares designated; 10 shares issued and outstanding as of March 31, 2024 and as of December 31, 2023	1,807,300	1,807,300
Stockholders' Equity		
Preferred stock, par value \$0.0001 per share: 10,000,000 shares authorized		
Series F preferred stock, par value \$0.0001 per share: 1,333,333 shares designated; 106,333 shares issued and outstanding as of March 31, 2024 and as of December 31, 2023, aggregate liquidation preference of \$319,000 as of March 31, 2024 and as of December 31, 2023	319,000	319,000
Common stock, par value \$0.0001 per share: 100,000,000 shares authorized; 2,150,412 issued and outstanding as of March 31, 2024 and as of December 31, 2023	216	216
Additional paid-in capital	113,257,840	112,946,891
Accumulated deficit	(101,905,434)	(100,160,891)
Total Stockholders' Equity	<u>11,671,622</u>	<u>13,105,216</u>
Total Liabilities, Series C Redeemable Preferred Stock and Stockholders' Equity	<u>\$ 15,739,518</u>	<u>\$ 17,017,180</u>

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

LogicMark, Inc.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31,	
	2024	2023
Revenues	\$ 2,611,083	\$ 2,809,717
Costs of goods sold	843,865	947,169
Gross Profit	<u>1,767,218</u>	<u>1,862,548</u>
Operating Expenses		
Direct operating cost	330,920	262,800
Advertising costs	152,213	48,116
Selling and marketing	587,538	465,536
Research and development	173,902	313,887
General and administrative	1,898,963	2,413,760
Other expense	83,826	28,318
Depreciation and amortization	345,551	215,998
Total Operating Expenses	<u>3,572,913</u>	<u>3,748,415</u>
Operating Loss	(1,805,695)	(1,885,867)
Other Income		
Interest income	61,152	52,428
Total Other Income	<u>61,152</u>	<u>52,428</u>
Loss before Income Taxes	(1,744,543)	(1,833,439)
Income tax expense	-	-
Net Loss	<u>(1,744,543)</u>	<u>(1,833,439)</u>
Preferred stock dividends	(75,000)	(75,000)
Net Loss Attributable to Common Stockholders	<u>\$ (1,819,543)</u>	<u>\$ (1,908,439)</u>
Net Loss Attributable to Common Stockholders Per Share - Basic and Diluted	<u>\$ (0.85)</u>	<u>\$ (1.92)</u>
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	<u>2,150,412</u>	<u>996,080</u>

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

LogicMark, Inc.
CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Three Months Ended March 31, 2024						
	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	
Balance - January 1, 2024	106,333	\$ 319,000	2,150,412	\$ 216	\$ 112,946,891	\$ (100,160,891)	\$ 13,105,216
Stock based compensation expense	-	-	-	-	417,687	-	417,687
Fees incurred in connection with equity offerings	-	-	-	-	(31,738)	-	(31,738)
Series C Preferred stock dividends	-	-	-	-	(75,000)	-	(75,000)
Net loss	-	-	-	-	-	(1,744,543)	(1,744,543)
Balance - March 31, 2024	<u>106,333</u>	<u>\$ 319,000</u>	<u>2,150,412</u>	<u>\$ 216</u>	<u>\$ 113,257,840</u>	<u>\$ (101,905,434)</u>	<u>\$ 11,671,622</u>

	Three Months Ended March 31, 2023						
	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	
Balance - January 1, 2023	173,333	\$ 520,000	480,447	\$ 48	\$ 106,070,253	\$ (85,610,282)	\$ 20,980,019
Issuance of stock options for services	-	-	-	-	426,842	-	426,842
Shares issued as stock compensation	-	-	5,000	1	2,202	-	2,203
Sale of common stock, pre-funded warrants and warrants pursuant to a registration statement on Form S-1	-	-	701,250	70	5,211,358	-	5,211,428
Fees incurred in connection with equity offerings	-	-	-	-	(805,245)	-	(805,245)
Series F Preferred stock converted to common stock	(67,000)	(201,000)	27,089	3	200,997	-	-
Series F Preferred stock dividends to common stock	-	-	6,522	1	48,388	-	48,389
Series C Preferred stock dividends	-	-	-	-	(75,000)	-	(75,000)
Net loss	-	-	-	-	-	(1,833,439)	(1,833,439)
Balance - March 31, 2023	<u>106,333</u>	<u>\$ 319,000</u>	<u>1,220,308</u>	<u>\$ 123</u>	<u>\$ 111,079,795</u>	<u>\$ (87,443,721)</u>	<u>\$ 23,955,197</u>

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

LogicMark, Inc.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (1,744,543)	\$ (1,833,439)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	28,243	25,549
Stock based compensation	417,687	429,045
Amortization of intangible assets	190,449	190,449
Amortization of product development costs	73,494	-
Amortization of software development costs	53,365	-
Loss on disposal of fixed assets	1,652	-
Changes in operating assets and liabilities:		
Accounts receivable	(245,957)	351,916
Inventory	290,580	610,714
Prepaid expenses and other current assets	(127,866)	56,778
Accounts payable	(268,777)	(229,741)
Accrued expenses	240,497	(984,157)
Net Cash Used in Operating Activities	<u>(1,091,176)</u>	<u>(1,382,886)</u>
Cash flows from Investing Activities		
Purchase of equipment and website development	(13,578)	(5,732)
Product development costs	(22,625)	(137,880)
Software development costs	(131,755)	-
Net Cash Used in Investing Activities	<u>(167,958)</u>	<u>(143,612)</u>
Cash flows from Financing Activities		
Proceeds from the sale of common stock and warrants	-	5,211,428
Fees paid in connection with equity offerings	(16,581)	(805,245)
Series C redeemable preferred stock dividends	(75,000)	(75,000)
Net Cash (Used in) Provided by Financing Activities	<u>(91,581)</u>	<u>4,331,183</u>
Net (Decrease) Increase in Cash, Cash Equivalents and Restricted Cash	<u>(1,350,715)</u>	<u>2,804,685</u>
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	<u>6,398,164</u>	<u>7,037,102</u>
Cash, Cash Equivalents and Restricted Cash - End of Period	<u>\$ 5,047,449</u>	<u>\$ 9,841,787</u>
Supplemental Disclosures of Cash Flow Information:		
Non-cash investing and financing activities:		
Conversion of Series F preferred stock to common stock	\$ -	\$ 201,000
Common stock issued to settle Series F Preferred stock dividends	-	48,389
Equipment purchases and website development costs included in accounts payable and accrued expenses	-	17,094
Fees in connection with equity offering included in accounts payable and accrued expenses	15,157	-
Product development costs included in accounts payable and accrued expenses	57,369	105,207
Software development costs included in accounts payable and accrued expenses	127,155	-

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

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - ORGANIZATION AND PRINCIPAL BUSINESS ACTIVITIES

LogicMark, Inc. (“LogicMark” or the “Company”) was incorporated in the State of Delaware on February 8, 2012 and was reincorporated in the State of Nevada on June 1, 2023. LogicMark operates its business in one segment and provides personal emergency response systems (“PERS”), health communications devices, and Internet of Things technology that creates a connected care platform. The Company’s devices give people the ability to receive care at home and confidence to age independently. LogicMark revolutionized the PERS industry by incorporating two-way voice communication technology directly in the medical alert pendant and providing life-saving technology at a price point everyday consumers could afford. The PERS technologies as well as other personal safety devices are sold direct-to-consumer through the Company’s eCommerce website and Amazon.com, through dealers and distributors, as well as directly to the United States Veterans Health Administration (“VHA”).

NOTE 2 - LIQUIDITY AND MANAGEMENT PLANS

The Company generated an operating loss of \$1.8 million and a net loss of \$1.7 million for the three months ended March 31, 2024. As of March 31, 2024, the Company had cash and cash equivalents of \$5.0 million. As of March 31, 2024, the Company had working capital of \$4.5 million and accumulated deficit of \$101.9 million, compared to working capital and accumulated deficit as of December 31, 2023 of \$6.0 million and \$100.2 million, respectively.

Given the Company’s cash position as of March 31, 2024, and its projected cash flow from operations, the Company believes that it will have sufficient capital to sustain operations for a period of one year following the date of this filing. The Company may also raise funds through equity or debt offerings to accelerate the execution of its long-term strategic plan to develop and commercialize its core products and to fulfill its product development efforts.

NOTE 3 - BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. In the opinion of management, the information herein reflects all adjustments, consisting only of normal recurring adjustments, except as otherwise noted, considered necessary for a fair statement of results of operations, financial position, stockholders’ equity, and cash flows. The results for the interim periods presented are not necessarily indicative of the results expected for any future period. The following information should be read in conjunction with the audited financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 which was filed with the SEC on April 16, 2024.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE CONDENSED FINANCIAL STATEMENTS

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 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, income taxes, allowance for doubtful accounts, long-lived assets, and inventories, and other matters that affect the condensed financial statements and disclosures. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid securities with an original maturity date of three months or less when purchased to be cash equivalents. Due to their short-term nature, cash equivalents are carried at cost, which approximates fair value. The Company had cash equivalents of \$4.3 million and \$4.7 million as of March 31, 2024 and December 31, 2023, respectively.

RESTRICTED CASH

Restricted cash includes amounts held as collateral for company credit cards. During the year ended December 31, 2023, the Company closed the company credit card and changed to a vendor that did not require cash collateral. As of March 31, 2024 and December 31, 2023, the Company did not have restricted cash.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company maintains its cash and cash equivalents balances in large well-established financial institutions located in the United States. At times, the Company's cash balances may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Company's revenues consist of product sales to either end customers, to distributors or direct bulk sales to the VHA. The Company's revenues are derived from contracts with customers, which are in most cases customer purchase orders. For each contract, the promise to transfer the title of the products, each of which is individually distinct, is considered to be the identified performance obligation. As part of the consideration promised in each contract, the Company evaluates the customer's credit risk. Our contracts do not have any financing components, as payments are mostly prepaid, or in limited cases, due net 30 days after the invoice date. The majority of prepaid contracts are with the VHA, which consists of the majority of the Company's revenues. The Company's products are almost always sold at fixed prices. In determining the transaction price, we evaluate whether the price is subject to any refunds, due to product returns or adjustments due to volume discounts, rebates, or price concessions to determine the net consideration we expect to be entitled to. The Company's sales are recognized at a point-in-time under the core principle of recognizing revenue when title transfers to the customer, which generally occurs when the Company ships or delivers the product from its fulfillment center to our customers, when our customer accepts and has legal title of the goods, and the Company has a present right to payment for such goods. Based on the respective contract terms, most of our contract revenues are recognized either (i) upon shipment based on free on board ("FOB") shipping point, or (ii) when the product arrives at its destination.

During the year ended December 31, 2023, the Company released new product and service offerings by leasing hardware coupled with monthly subscription services. The Company accounts for the revenue from its lease contracts by utilizing the single component accounting policy. This policy requires the Company to account for, by class of underlying asset, the lease component and non-lease component(s) associated with each lease as a single component if two criteria are met: (1) the timing and pattern of the lease component and the non-lease component are the same and (2) the lease component would be classified as an operating lease, if accounted for separately. The Company has determined that its leased hardware meets the criteria to be operating leases and has the same timing and pattern of transfer as its monthly subscription services. The Company has elected the lessor practical expedient within ASC 842, *Leases* ("ASC 842") and recognizes, measures, presents, and discloses the revenue for the new offering based upon the predominant component, either the lease or non-lease component. The Company recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers* ("ASC 606") for its leased product for which it has estimated that the non-lease components of the new offering is the predominant component of the contract. For the three months ended March 31, 2024, the Company's sales recognized over time were immaterial. For the three months ended March 31, 2023, none of the Company's sales were recognized over time.

SALES TO DISTRIBUTORS AND RESELLERS

The Company maintains a reserve for unprocessed and estimated future price adjustments, claims and returns as a refund liability. The reserve is recorded as a reduction to revenue in the same period that the related revenue is recorded and is calculated based on an analysis of historical claims and returns over a period of time to appropriately account for current pricing and business trends. Similarly, sales returns and allowances are recorded based on historical return rates, as a reduction to revenue with a corresponding reduction to cost of goods sold for the estimated cost of inventory that is expected to be returned. These reserves were not material as of March 31, 2024 and December 31, 2023.

SHIPPING AND HANDLING

Amounts billed to customers for shipping and handling are included in revenues. The related freight charges incurred by the Company are included in cost of goods sold and were \$66.5 thousand for the three months ended March 31, 2024, and \$0.1 million for the three months ended March 31, 2023.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE - NET

For the three months ended March 31, 2024 and 2023, the Company's revenues were primarily the result of shipments to VHA hospitals and clinics, which are made in most cases on a prepaid basis. The Company also sells its products to distributors and resellers, typically providing customers with modest trade credit terms. Sales made to distributors and resellers are done with limited rights of return and are subject to the normal warranties offered to the ultimate consumer for product defects.

Accounts receivable is stated at net realizable value. The Company regularly reviews accounts receivable balances and adjusts the accounts receivable allowance for credit losses, as necessary whenever events or circumstances indicate the carrying value may not be recoverable. As of March 31, 2024 and December 31, 2023, the allowance for credit losses was immaterial.

INVENTORY

The Company measures inventory at the lower of cost or net realizable value, defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is determined using the first-in, first-out method.

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 for excess, obsolete, and slow-moving inventory by comparing the individual inventory parts to forecasted product demand or production requirements. As of March 31, 2024, inventory was composed of \$0.7 million and \$0.2 million, in finished goods on hand and inventory in-transit from vendors, respectively. As of December 31, 2023, inventory was composed of \$1.1 million in finished goods on hand.

The Company is required to partially prepay for inventory with certain vendors. As of March 31, 2024 and December 31, 2023, \$0.3 million of prepayments were made for inventory in both periods and are included in prepaid expenses and other current assets on the balance sheet.

LONG-LIVED ASSETS

Long-lived assets, such as property and equipment, and other intangible assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. When indicators exist, the Company tests for the impairment of the definite-lived assets based on the undiscounted future cash flow the assets are expected to generate over their remaining useful lives, compared to the carrying value of the assets. If the carrying amount of the assets is determined not to be recoverable, a write-down to fair value is recorded. Management estimates future cash flows using assumptions about expected future operating performance. Management's estimates of future cash flows may differ from actual cash flow due to, among other things, technological changes, economic conditions, or changes to the Company's business operations.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment consisting of equipment, furniture, fixtures, website and other is stated at cost. The costs of additions and improvements are generally capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful life of the respective asset as follows:

Equipment	5 years
Furniture and fixtures	3 to 5 years
Website and other	3 years

GOODWILL

Goodwill is reviewed annually in the fourth quarter, or when circumstances indicate that an impairment may have occurred. The Company first performs a qualitative assessment of goodwill impairment, which considers factors such as market conditions, performance compared to forecast, business outlook and unusual events. If the qualitative assessment indicates a possible goodwill impairment, goodwill is then quantitatively tested for impairment. The Company may elect to bypass the qualitative assessment and proceed directly to the quantitative test. If a quantitative goodwill impairment test is required, the fair value is determined using a variety of assumptions including estimated future cash flows using applicable discount rates (income approach), comparisons to other similar companies (market approach), and an adjusted balance sheet approach. As of March 31, 2024, no indicators of impairment were noted.

OTHER INTANGIBLE ASSETS

The Company's intangible assets are related to the acquisition of LogicMark LLC in 2016, the former subsidiary that was merged with and into the Company and are included in other intangible assets in the Company's Condensed Balance Sheets as of March 31, 2024 and December 31, 2023.

As of March 31, 2024, the other intangible assets are composed of patents of \$1.2 million; trademarks of \$0.8 million; and customer relationships of \$0.7 million. As of December 31, 2023, the other intangible assets are composed of patents of \$1.3 million; trademarks of \$0.8 million; and customer relationships of \$0.8 million. The Company amortizes 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 three months ended March 31, 2024 and 2023, the Company had amortization expense of \$0.2 million, respectively.

As of March 31, 2024, total amortization expense estimated for the remainder of fiscal year 2024 is \$0.6 million. Amortization expense estimated for 2025 is expected to be approximately \$0.8 million, \$0.6 million for 2026, \$0.3 million for 2027, \$0.1 million for 2028, and approximately \$0.5 million thereafter.

STOCK BASED COMPENSATION

The Company accounts for stock 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. 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.

NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS PER SHARE

Basic net loss attributable to common stockholders per share ("Basic net loss per share") was computed using the weighted average number of common shares outstanding. Diluted net loss applicable to common stockholders per share ("Diluted net loss per share") includes the effect of diluted common stock equivalents. Potentially dilutive securities from the exercise of stock options to purchase 129,845 shares of common stock and warrants to purchase 9,531,242 shares of common stock as of March 31, 2024, were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive. Potentially dilutive securities from the exercise of stock options to purchase 36,053 shares of common stock and warrants to purchase 1,327,784 shares of common stock as of March 31, 2023, were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESEARCH AND DEVELOPMENT AND PRODUCT AND SOFTWARE DEVELOPMENT COSTS

Research and development costs are expenditures on new market development and related engineering costs. In addition to internal resources, the Company utilizes functional consulting resources, third-party software, and hardware development firms. The Company expenses all research and development costs as incurred until technological feasibility has been established for the product. Once technological feasibility is established, development costs including software and hardware design are capitalized until the product is available for general release to customers. Judgment is required in determining when technological feasibility of a product is established. For the three months ended March 31, 2024, the Company capitalized \$0.1 million and \$0.3 million in product development costs and software development costs, respectively. For the three months ended March 31, 2023, the Company capitalized \$0.2 million of such product development costs. Amortization of these costs was on a straight-line basis over three years and amounted to approximately \$73.5 thousand and \$53.4 thousand for product development and software development, respectively, for the three months ended March 31, 2024. There was no amortization of product development costs during the three months ended March 31, 2023. Cumulatively, as of March 31, 2023, approximately \$0.4 million of capitalized product development costs arose from expenditures to a company considered to be a related party since it is controlled by the Company's Vice-President of Engineering.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), which requires disclosure of incremental income tax information within the rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company's management does not believe the adoption of ASU 2023-09 will have a material impact on its financial statements and disclosures.

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which provides an update to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company's management does not believe the adoption of ASU 2023-07 will have a material impact on its financial statements and disclosures.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 5 - ACCRUED EXPENSES

Accrued expenses consist of the following:

	March 31,	December 31,
	2024	2023
Salaries, payroll taxes and vacation	\$ 248,212	\$ 167,930
Merchant card fees	17,782	14,983
Professional fees	108,629	83,532
Management incentives	628,800	503,800
Lease liability	71,172	68,321
Development costs	72,088	109,000
Inventory in transit	187,500	-
Other	133,208	203,632
Total	\$ 1,467,391	\$ 1,151,198

NOTE 6 - STOCKHOLDERS' EQUITY AND REDEEMABLE PREFERRED STOCK

November 2023 Warrant Inducement Transactions

On November 21, 2023, the Company entered into inducement agreements (together, the “Inducement Agreements”) with certain of its warrant holders, pursuant to which the Company induced such warrant holders to exercise for cash their common stock purchase warrants issued pursuant to firm commitment public offerings by the Company that closed on September 15, 2021 (the “Existing September 2021 Warrants”) and January 25, 2023 (the “Existing January 2023 Warrants” and together with the Existing September 2021 Warrants, the “Existing Warrants”) to purchase up to approximately 909,059 shares of Common Stock, at a lower exercise price of (x) \$2.00 per share for the Existing September 2021 Warrants and (y) \$2.00 per one and one-half share for the Existing January 2023 Warrants, during the period from the date of the Inducement Agreements until December 20, 2023 (the “Inducement Deadline”). In consideration for the warrant holders’ agreement to exercise the Existing Warrants in accordance with the Inducement Agreements, the Company agreed to issue such warrant holders the Warrants as follows: (A) Series A Common Stock purchase warrants (the “Series A Warrants”) to purchase up to a number of shares of Common Stock equal to 200% of the number of shares of Common Stock issued upon exercise of the Existing September 2021 Warrants (up to 80,732 shares) (the “Series A Warrant Shares”), at an exercise price of \$2.00 per Series A Warrant Share; and (B) Series B Common Stock purchase warrants (the “Series B Warrants”) to purchase up to a number of shares of Common Stock equal to 200% of the number of shares of Common Stock issued upon exercise of the Existing January 2023 Warrants (up to 1,382,058 shares) (the “Series B Warrant Shares”), at an exercise price of \$2.00 per one and one-half Series B Warrant Share. Of the Series A Warrants, 50% are immediately exercisable and expire on the Termination Date (as defined in the Existing September 2021 Warrants) and 50% are exercisable at any time on or after the Stockholder Approval Date (as defined in the Inducement Agreements), and have a term of exercise of five and a half years from the date of the initial closing of the transactions contemplated by the Inducement Agreements. Of the Series B Warrants, 50% are immediately exercisable and expire on the Termination Date (as defined in the Existing January 2023 Warrants) and 50% are exercisable at any time on or after the Stockholder Approval Date, and have a term of exercise of five years and a half years from the date of the initial closing of the transactions contemplated by the Inducement Agreements. The Company used the proceeds from the exercise of the Existing Warrants for working capital purposes and other general corporate purposes.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 6 - STOCKHOLDERS' EQUITY AND REDEEMABLE PREFERRED STOCK (CONTINUED)

January 2023 Offering

On January 25, 2023, the Company closed a firm commitment registered public offering (the "January Offering") pursuant to which the Company issued (i) 529,250 shares of Common Stock and 10,585,000 common stock purchase warrants (exercisable for 793,875 shares of Common Stock at a purchase price of \$2.52 per share), subject to certain adjustments and (ii) 3,440,000 pre-funded common stock purchase warrants that were exercised for 172,000 shares of Common Stock at a purchase price of \$0.02 per share, subject to certain adjustments and 3,440,000 warrants to purchase up to an aggregate of 258,000 shares of Common Stock at a purchase price of \$2.52 per share and (iii) 815,198 additional warrants to purchase up to 61,140 shares of Common Stock at a purchase price of \$2.52 per share, which additional warrants were issued upon the partial exercise by the underwriters of their over-allotment option, pursuant to an underwriting agreement, dated as of January 23, 2023 between the Company and Maxim Group LLC, as representative of the underwriters. The January Offering resulted in gross proceeds to the Company of approximately \$5.2 million, before deducting underwriting discounts and commissions of 7% of the gross proceeds (3.5% of the gross proceeds in the case of certain identified investors) and estimated January Offering expenses.

Series C Redeemable Preferred Stock

In May 2017, the Company authorized Series C Redeemable Preferred Stock. Holders of Series C Redeemable Preferred Stock are entitled to receive dividends of 15% per year, payable in cash. For each of the three months ended March 31, 2024 and March 31, 2023, the Company recorded Series C Redeemable Preferred Stock dividends of \$75 thousand.

The Series C Redeemable Preferred Stock may be redeemed by the Company at the Company's option in cash at any time, in whole or in part, upon payment of the stated value of the Series C Redeemable Preferred Stock and unpaid dividends. If a "fundamental change" occurs, the Series C Redeemable Preferred Stock shall be immediately redeemed in cash equal to the stated value of the Series C Redeemable Preferred Stock, and unpaid dividends. A fundamental change includes but is not limited to any change in the ownership of at least fifty percent of the voting stock; liquidation or dissolution; or the common stock ceases to be listed on the market upon which it currently trades.

The holders of the Series C Redeemable Preferred Stock are entitled to vote on any matter submitted to the stockholders of the Company for a vote. One share of Series C Redeemable Preferred Stock carries the same voting rights as one share of common stock.

A redeemable equity security is to be classified as temporary equity if it is conditionally redeemable upon the occurrence of an event that is not solely within the control of the issuer. Upon the determination that such events are probable, the equity security would be classified as a liability. Given the Series C Redeemable Preferred Stock contains a fundamental change provision, the security is considered conditionally redeemable. Therefore, the Company has classified the Series C Redeemable Preferred Stock as temporary equity in the balance sheets as of March 31, 2024 and December 31, 2023 until such time that events occur that indicate otherwise.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 6 - STOCKHOLDERS' EQUITY AND REDEEMABLE PREFERRED STOCK (CONTINUED)

Warrants

The following table summarizes the Company's warrants outstanding and exercisable as of March 31, 2024 and December 31, 2023:

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Life In Years</u>	<u>Aggregate Intrinsic Value</u>
Outstanding and Exercisable at December 31, 2023	9,531,242	\$ 39.44	3.72	\$ -
Outstanding and Exercisable at March 31, 2024	<u>9,531,242</u>	\$ 39.44	3.47	\$ -

NOTE 7 - STOCK INCENTIVE PLANS

2023 Stock Incentive Plan

On March 7, 2023, the Company's stockholders approved the 2023 Stock Incentive Plan ("2023 Plan"). The aggregate maximum number of shares of common stock that may be issued under the 2023 Plan is 68,723 shares for the 2023 fiscal year; thereafter, the maximum number is limited to 15% of the outstanding shares of common stock, calculated on the first business day of each fiscal quarter. As of March 31, 2024, the maximum number of shares of common stock that may be issued under the 2023 Plan is 322,562. Under the 2023 Plan, options which are forfeited or terminated, settled in cash in lieu of shares of common stock, or settled in a manner such that shares are not issued, will again immediately become available to be issued. 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 2023 Plan and will not again be available for issuance.

During the three months ended March 31, 2024, the Company issued 1,375 stock options vesting over a period of four years to employees with an exercise price of \$1.06 per share. In addition, 42,138 fully vested stock options were granted to five non-employee directors at an exercise price of \$1.06 per share and 16,854 fully vested stock options were granted to three non-employee directors at an exercise price of \$1.73 per share. The aggregate fair value of the shares issued to the directors was \$51.9 thousand. As of March 31, 2024, the unrecognized compensation cost related to non-vested stock options was \$28.1 thousand.

During the three months ended March 31, 2024, 1,125 stock options were forfeited by participants under the 2023 Plan.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7 - STOCK INCENTIVE PLANS (CONTINUED)

2017 Stock Incentive Plan

On August 24, 2017, the Company's stockholders approved the 2017 Stock Incentive Plan ("2017 SIP"). The aggregate maximum number of shares of common stock that may be issued under the 2017 SIP is limited to 10% of the outstanding shares of common stock, calculated on the first business day of each fiscal year. Under the 2017 SIP, options which are forfeited or terminated, settled in cash in lieu of shares of common stock, or settled in a manner such that shares are not issued, will again immediately become available to be issued. 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. On March 7, 2023, the Company's 2017 SIP was terminated upon the approval of the 2023 Plan at the Company's special meeting of stockholders.

During the three months ended March 31, 2024, the Company did not issue any stock options under the 2017 SIP. As of March 31, 2024, the unrecognized compensation cost related to non-vested stock options was \$19.8 thousand.

During the three months ended March 31, 2023, the Company issued 3,125 stock options vesting over four years to employees with an exercise price of \$3.80 and a total aggregate fair value of \$11 thousand. In addition, 10,528 fully vested stock options were granted to four non-employee directors at an exercise price of \$3.80. The aggregate fair value of the shares issued to the directors was \$35 thousand.

During the three months ended March 31, 2024, 1,000 stock options were forfeited by participants under the 2017 SIP. During the three months ended March 31, 2023, 625 stock options were forfeited by participants under the 2017 SIP.

2013 Long-Term Stock Incentive Plan

On January 4, 2013, the Company's stockholders approved the Company's Long-Term Stock Incentive Plan ("2013 LTIP"). The maximum number of shares of common stock that may be issued under the 2013 LTIP, including stock awards, stock issued to the Company's Board, and stock appreciation rights, is limited to 10% of the common shares outstanding on the first business day of any fiscal year. The Company's 2013 LTIP expired in accordance with its terms on January 3, 2023.

During the three months ended March 31, 2024 and 2023, the Company did not issue any stock options under the 2013 LTIP. As of March 31, 2024, the unrecognized compensation cost related to non-vested stock options was \$0.2 million.

During the three months ended March 31, 2024, no stock options were forfeited by participants under the 2013 LTIP. During the three months ended March 31, 2023, 1,250 stock options were forfeited by participants under the 2013 LTIP.

Stock based Compensation Expense

Total stock based compensation expense during the three months ended March 31, 2024 pertaining to awards under the 2023 Plan, the 2017 SIP and the 2013 LTIP amounted to \$0.4 million. Total stock based compensation expense during the three months ended March 31, 2023, pertaining to awards under the 2017 SIP and 2013 LTIP amounted to \$0.4 million.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 8 - COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

From time to time, the Company may be involved in various claims and legal actions arising in the ordinary course of our business. 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 warehouse space and equipment, in the U.S., which is classified as operating leases expiring at various dates. The Company determines if an arrangement qualifies as a lease at the lease inception. 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 lease is for a fulfillment center, with a lease term of 5 years expiring in August 2025. The Company has elected to account for the lease and non-lease components (insurance and property taxes) as a single lease component for its real estate leases. Lease payments, which includes lease components and non-lease 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 uses its incremental borrowing rate 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. The Company entered into a new five-year lease agreement in June 2020 for new warehouse space located in Louisville, Kentucky. The Right of Use ("ROU") asset value added as a result of this new lease agreement was \$0.3 million. The Company's ROU asset and lease liability accounts reflect the inclusion of this lease in the Company's balance sheets as of March 31, 2024 and December 31, 2023. The current monthly rent of \$6.6 thousand increased from the commencement amount of \$6.4 thousand in September 2023 in accordance with the lease agreement, which requires that the rent increase 3% annually.

The Company's lease agreements include options for the Company to either renew or early terminate the lease. 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 significance of leasehold improvements on the property, whether the asset is difficult to replace, or specific characteristics unique to the lease that would make it reasonably certain that the Company would exercise the 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.

LogicMark, Inc.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

For the three months ended March 31, 2024, total operating lease cost was \$19.2 thousand and was recorded in direct operating costs. Operating leases cost for the three months ended March 31, 2023 amounted to \$25.4 thousand and was recorded in direct operating costs. 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 the non-cancelable lease for each of the next three 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 lease, (ii) a reconciliation of the undiscounted lease payments to the present value of the lease liabilities, and (iii) the lease-related account balances on the Company's balance sheet as of March 31, 2024:

Year Ending December 31,	
2024 (for the remainder of 2024)	60,200
2025	54,400
Total future minimum lease payments	\$ 114,600
Less imputed interest	(10,506)
Total present value of future minimum lease payments	<u>\$ 104,094</u>
As of March 31, 2024	
Operating lease right-of-use assets	<u>\$ 98,294</u>
Accrued expenses	\$ 71,172
Other long-term liabilities	32,922
	<u>\$ 104,094</u>

As of March 31, 2024

Weighted Average Remaining Lease Term	1.42
Weighted Average Discount Rate	13.00%

NOTE 9 – SUBSEQUENT EVENTS

On May 6, 2024, the Company filed an initial Registration Statement on Form S-1 with the SEC to register a best efforts offering and sale of units and pre-funded units, consisting of shares of common stock, pre-funded common stock purchase and common stock purchase warrants through a placement agent. The material terms of such offering, including the price and amount of securities sold, security type and placement agent information, will be disclosed by amendment(s) to such registration statement.

On May 8, 2024, the Company received a written notification from The Nasdaq Stock Market LLC indicating that the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"), as the Company's closing bid price for its common stock was below \$1.00 per share for the prior thirty (30) consecutive business days. The Company has been granted a 180-calendar day compliance period, or until November 4, 2024, to regain compliance with the Minimum Bid Price Requirement. If the Company is not in compliance by November 4, 2024, the Company may be afforded a second 180-calendar day compliance period. If the Company does not regain compliance within such compliance period, including any granted extensions, its common stock may be subject to delisting, which delisting may be appealed to a Nasdaq hearings panel.

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 three months ended March 31, 2024, should be read together with our condensed financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q for the three months ended March 31, 2024 (this “Form 10-Q”). This discussion and other disclosure in this Form 10-Q contain forward-looking statements and information relating to our business, including without limitation those related to current and future compliance with the listing requirements of The Nasdaq Stock Market LLC, that reflect our current views and assumptions concerning future events and is 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 Form 10-Q. 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 to these statements to actual results.

Overview

LogicMark, Inc. provides PERS, health communications devices, and Internet of Things technology that creates a connected care platform. The Company’s devices provide people with the ability to receive care at home and age independently. The Company’s PERS devices incorporate two-way voice communication technology directly in the medical alert pendant and providing life-saving technology at a consumer-friendly price point aimed at everyday consumers. These PERS technologies, as well as other personal safety devices, are sold direct-to-consumer through Company’s eCommerce website and Amazon.com, through dealers and distributors, as well as directly to the United States Veterans Health Administration. The Company was awarded a contract by the U.S. General Services Administration that enables the Company to distribute its products to federal, state, and local governments.

Recent Developments

Best Efforts Public Offering

On May 6, 2024, the Company filed an initial Registration Statement on Form S-1 with the SEC to register a best efforts offering and sale of units and pre-funded units, consisting of shares of common stock, pre-funded common stock purchase and common stock purchase warrants through a placement agent. The material terms of such offering, including the price and amount of securities sold, security type and placement agent information, will be disclosed by amendment(s) to such registration statement.

Non-Compliance with Minimum Bid Price Requirement

On May 8, 2024, the Company received a written notification from The Nasdaq Stock Market LLC indicating that the Company was not in compliance with Nasdaq Listing Rule 5550(a)(2) (the “Minimum Bid Price Requirement”), as the Company’s closing bid price for its common stock, par value \$0.0001 per share (“Common Stock”), was below \$1.00 per share for the prior thirty (30) consecutive business days. The Company has been granted a 180-calendar day compliance period, or until November 4, 2024, to regain compliance with the Minimum Bid Price Requirement. If the Company is not in compliance by November 4, 2024, the Company may be afforded a second 180-calendar day compliance period. If the Company does not regain compliance within such compliance period, including any extensions granted, the Common Stock may be subject to delisting, which delisting may be appealed to a Nasdaq hearings panel. For further information, see “Risk Factors” in Part II, Item 1A of this Form 10-Q.

Results of Operations

Three months ended March 31, 2024, compared with the three months ended March 31, 2023.

Revenue, Cost of Goods Sold, and Gross Profit

	Three Months Ended		\$ Change	% Change
	March 31,			
	2024	2023		
Revenue	\$ 2,611,083	\$ 2,809,717	\$ (198,634)	(7)%
Cost of Goods Sold	843,865	947,169	(103,304)	(11)%
Gross Profit	\$ 1,767,218	\$ 1,862,548	\$ (95,330)	
Gross Margin	68%	66%		

We experienced a 7% decrease in revenue for the three months ended March 31, 2024 as compared to the same period ended March 31, 2023. The primary decrease in revenue was due to lower sales of our Freedom Alert and Guardian Alert hardware.

Gross profit margin was 68% for the three months ended March 31, 2024, up from 66% for the three months ended March 31, 2023, as a result of improvements in the Company's supply chain management, including a return to transpacific shipping (versus air freight) from our Asia based contract manufacturers and lower fulfilment costs to our customers.

Operating Expenses

Operating Expenses	Three Months Ended March 31,		\$ Change	% Change
	2024	2023		
Direct operating cost	\$ 330,920	\$ 262,800	\$ 68,120	26%
Advertising costs	152,213	48,116	104,097	216%
Selling and Marketing	587,538	465,536	122,002	26%
Research and development	173,902	313,887	(139,985)	(45)%
General and administrative	1,898,963	2,413,760	(514,797)	(21)%
Other expense	83,826	28,318	55,508	196%
Depreciation and amortization	345,551	215,998	129,553	60%
Total Expenses	\$ 3,572,913	\$ 3,748,415	\$ (175,502)	

Direct Operating Cost

The \$0.1 million increase in direct operating cost for the three months ended March 31, 2024, compared to the same period ended March 31, 2023, was primarily driven by the direct operating fees incurred from sales through Amazon.com.

Advertising Costs

The \$0.1 million increase in advertising costs for the three months ended March 31, 2024, compared to the same period ended March 31, 2023, was primarily driven by the cost of advertising related to the sale of our hardware through Amazon.com and an expansion in social media advertising.

Selling and Marketing

The \$0.1 million increase in selling and marketing expenses for the three months ended March 31, 2024, compared to the same period ended March 31, 2023, was driven by the additional sales personnel and consultants and their related expenses.

Research and Development

The \$0.1 million decrease in research and development expenses for the three months ended March 31, 2024, compared to the same period ended March 31, 2023, was driven by the decrease in personnel and consultants.

General and Administrative

General and administrative costs decreased \$0.5 million for the three months ended March 31, 2024, compared to the same period ended March 31, 2023, which was driven by lower recruiting, accounting costs, consulting costs and legal fees.

Other Income

	Three Months Ended		\$ Change	% Change
	March 31,			
Other Income	2024	2023		
Interest income	\$ 61,152	\$ 52,428	\$ 8,724	17%
Total Other Income	\$ 61,152	\$ 52,428	\$ 8,724	

During each of the three months ended March 31, 2024 and 2023, the Company recorded other income, which was driven by the generation of interest income from its cash balances.

Liquidity and Capital Resources

Sources of Liquidity

The Company generated an operating loss of \$1.8 million and a net loss of \$1.7 million for the three months ended March 31, 2024. As of March 31, 2024, the Company had cash and cash equivalents of \$5.0 million. At March 31, 2024, the Company had working capital of \$4.5 million.

Given our cash position as of March 31, 2024 and our projected cash flow from operations, we believe we will have sufficient capital to sustain operations for the twelve months from the date of the filing of our condensed financial statements. We may also raise funds through equity or debt offerings to accelerate the execution of our long-term strategic plan to develop and commercialize our new products.

Cash Flows

Cash Used in Operating Activities

During the three months ended March 31, 2024, net cash used in operating activities was \$1.1 million. During the three months ended March 31, 2023, net cash used in operating activities was \$1.4 million. Our primary ongoing uses of operating cash relate to payments to vendors, salaries and related expenses for our employees and consulting and professional fees. Our vendors and consultants generally provide us with normal trade payment terms (net 30).

Cash Used in Investing Activities

During the three months ended March 31, 2024, we purchased \$13.6 thousand in equipment and website development costs and invested \$0.2 million in product development and software development. During the three months ended March 31, 2023, we purchased \$5.7 thousand in equipment and invested \$0.1 million in product development.

Cash (Used in) Provided by Financing Activities

Cash flows from Financing Activities	Three Months Ended March 31,	
	2024	2023
Proceeds from the sale of common stock and warrants	\$ -	\$ 5,211,428
Fees paid in connection with equity offerings	(16,581)	(805,245)
Series C redeemable preferred stock dividends	(75,000)	(75,000)
Net Cash (Used in) Provided by Financing Activities	\$ (91,581)	\$ 4,331,183

During the three months ended March 31, 2024, we incurred \$16.6 thousand in fees for the warrant inducement transaction that occurred in November 2023. During the three months ended March 31, 2023, we completed a registered public offering of units and pre-funded units, consisting of common stock, warrants and pre-funded warrants, whereby we received proceeds of \$5.2 million and paid fees of \$0.8 million. During the three months ended March 31, 2024 and 2023, we paid Series C Redeemable Preferred Stock dividends amounting to \$0.1 million each period.

Impact of Inflation

We believe that our business has been modestly impacted by inflationary trends during the past three fiscal years. However, continued domestic inflation may increase our cost of fulfilment in the 2024 fiscal year through higher labor and shipping costs, as well as our operating and overhead expenses. Should inflation become a continuing factor in the worldwide economy, it 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. We have been able to maintain our profit margins through high productivity, stable supply chain management, efficiency improvements, and cost reduction programs.

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.

Critical Accounting Policies

There were no significant changes to our critical accounting policies and estimates during the three months ended March 31, 2024, from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are not required to provide the information required by this Item 3 as we are a smaller reporting company.

Item 4. Controls and Procedures**Evaluation of 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 March 31, 2024. Management has concluded that our disclosure controls and procedures were effective as of March 31, 2024 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.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Limitations of the Effectiveness of Internal Control

Our management, including our Chief Executive Officer and Chief Financial Officer, do 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 a person, 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

From time to time, we may become subject to legal proceedings, claims, or litigation arising in the ordinary course of business. We are not presently a party to any other legal proceedings that in the opinion of our management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows.

Item 1A. Risk Factors

Our business, financial condition and operating results are subject to a number of risk factors, both those that are known to us and others that may arise from time to time. In addition to the other information set forth in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (this "Quarterly Report"), you should carefully consider the risks discussed in the section entitled "Risk Factors" in the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Annual Report"), and the risk factor described below, which could materially affect our business, financial condition or future results. The risks described in the Annual Report and below are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, results of operations, cash flows and financial position. If any of these risk factors should occur, moreover, the trading price of our Common Stock, par value \$0.0001 per share ("Common Stock"), could decline, and investors in our common stock could lose all or part of their investment. These risk factors, along with other information contained in this Quarterly Report, should be carefully considered in evaluating our prospects.

We have been notified by The Nasdaq Stock Market LLC ("Nasdaq") of our failure to comply with certain continued listing requirements and, if we are unable to regain compliance with all applicable continued listing requirements and standards of Nasdaq, our Common Stock could be delisted from the Nasdaq Capital Market.

Our Common Stock is currently listed on the Nasdaq Capital Market. In order to maintain that listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements.

As disclosed in our Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on May 10, 2024, on May 8, 2024, we received a written notification from Nasdaq's Listing Qualifications Department notifying us that we were not in compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market, as set forth under Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"), because the closing bid price of our Common Stock was below \$1.00 per share for the previous thirty (30) consecutive business days. We were granted 180 calendar days, or until November 4, 2024, to regain compliance with the Minimum Bid Price Requirement. In the event we do not regain compliance with the Minimum Bid Price Requirement by November 4, 2024, we may be eligible for an additional 180-calendar day grace period. To qualify, we will be required to meet the continued listing requirement for market value of publicly held shares and all other listing standards for the Nasdaq Capital Market, with the exception of the Minimum Bid Price Requirement, and will need to provide written notice to Nasdaq of our intent to regain compliance with such requirement during such second compliance period. If we do not regain compliance within the allotted compliance period(s), including any extensions that may be granted, Nasdaq will provide notice that our Common Stock will be subject to delisting from the Nasdaq Capital Market. At that time, we may appeal Nasdaq's determination to a hearings panel.

The Company intends to continuously monitor the closing bid price for its Common Stock, and is in the process of considering various measures to resolve the deficiency and regain compliance with the Minimum Bid Price Requirement. However, there can be no assurance that we will be able to regain or maintain compliance with the Minimum Bid Price Requirement or any other Nasdaq listing standards, that Nasdaq will grant the Company any extension of time to regain compliance with the Minimum Bid Price Requirement or any other Nasdaq listing requirements, or that any such appeal to the Nasdaq hearings panel will be successful, as applicable. If we are unable to maintain compliance with such Nasdaq requirements, our Common Stock will be delisted from the Nasdaq Capital Market.

In the event that our Common Stock is delisted from the Nasdaq Capital Market, as a result of our failure to comply with the Minimum Bid Price Requirement, or due to our failure to continue to comply with any other requirement for continued listing on the Nasdaq Capital Market, and is not eligible for listing on another exchange, trading in the shares of our Common Stock could be conducted on the Pink Market or other over-the-counter markets for unlisted securities operated by the OTC Markets Group Inc. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our Common Stock, and it would likely be more difficult to obtain coverage by securities analysts and the news media, which could cause the price of our Common Stock to decline further. Also, it may be difficult for us to raise additional capital if we are not listed on a national exchange.

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

During the three months ended March 31, 2024, the Company issued an aggregate of 1,375 stock options under the Company's 2023 Stock Incentive Plan (the "2023 Plan"), vesting over a period of four years to employees with an exercise price of \$1.06 per share in consideration for services provided to the Company. In addition, an aggregate of 42,138 fully vested stock options were granted under the 2023 Plan to five non-employee directors at an exercise price of \$1.06 per share and an aggregate of 16,854 fully vested stock options were granted under the 2023 Plan to three non-employee directors at an exercise price of \$1.73 per share, in each case in consideration for services provided to the Company.

The sale and the issuance of the foregoing securities were offered and sold in reliance upon the exemption from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, for transactions not involving any public offering. No underwriter participated in the offer and sale of these securities, no commission or other remuneration was paid or given directly or indirectly in connection therewith, and there was no general solicitation or advertising for securities issued in reliance upon such exemption.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
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 Section 13 or 15(d) 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.

Date: May 15, 2024

LogicMark, Inc.

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

Date: May 15, 2024

By: /s/ Mark Archer
Mark Archer
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

**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 March 31, 2024, of LogicMark, 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: May 15, 2024

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 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 March 31, 2024, of LogicMark, 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: May 15, 2024

/s/ Mark Archer

Mark Archer
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial and Accounting 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 LogicMark, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chia-Lin Simmons, Chief Executive Officer of LogicMark, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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: May 15, 2024

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 LogicMark, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Archer, Chief Financial Officer of LogicMark, Inc., certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (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: May 15, 2024

By: /s/ Mark Archer

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