

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

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)

Registrant's telephone number, including area code: **(502) 442-7911**

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

Title of each class:

Trading symbol(s):

Name of each exchange on which registered:

Common Stock, par value \$0.0001 per share

LGMK

The Nasdaq Stock Market LLC

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

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 for 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the Common Stock held by non-affiliates of the registrant, as of June 30, 2023, the last business day of the second fiscal quarter, was approximately \$3,776,400 based on a closing price of \$2.92 per share on such date. Shares of Common Stock held by each director, each officer and each person who owns 10% or more of the outstanding Common Stock have been excluded from this calculation in that such persons may be deemed to be affiliates. The determination of affiliate status is not necessarily conclusive.

The registrant had 2,196,612 shares of its Common Stock outstanding as of April 12, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “predict,” “project,” “forecast,” “potential,” “continue,” negatives thereof or similar expressions. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of LogicMark, Inc.’s (“LogicMark”, the “Company”, “our”, “us” or “we”) operations; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future operations, future cash needs, business plans and future financial results; and any other statements that are not historical facts.

From time to time, forward-looking statements also are included in our other periodic reports on Forms 10-Q and 8-K, in our press releases, in our presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this Report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. These forward-looking statements represent our intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties, and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances, or assumptions underlying such statements, or otherwise.

For discussion of factors that we believe could cause our actual results to differ materially from expected and historical results, see “Item 1A - Risk Factors” below. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

PART I

Item 1. Business

LogicMark, Inc. (NASDAQ: LGMK) (“LogicMark”, the “Company”, “we”, “us” or “our”) provides personal emergency response systems (“PERS”), health communications devices, and Internet of Things (“IoT”) 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 provide life-saving technology at a customer-friendly price point aimed at everyday consumers. These 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”). The Company was awarded a contract by the U.S. General Services Administration (“GSA”) that enables the Company to distribute its products to federal, state, and local governments (the “GSA Agreement”).

Overview

LogicMark builds technology to remotely check, manage and monitor a loved one’s health and safety. The Company is focused on modernizing remote monitoring to help people stay safe and live independently longer. We believe there are five trends driving the demand for better remote monitoring systems:

- 1. The “Silver Tsunami”.** With 10,000 Baby Boomers turning 65 daily in the U.S. every day, there will be more older adults than children under 18 for the first time in the near future. With 72 million “Baby Boomers” in the United States, they are not only one of the largest generations but the wealthiest. Unlike generations before them, Baby Boomers are reliant and comfortable with technology. Most of them expect to live independently in their current home or downsize to a smaller home as they get older.
- 2. Shift to At-Home Care.** As it stands, the current healthcare system is unprepared for the resource strain and is shifting much of the care elderly patients used to receive at a hospital or medical facility to the patient’s home. The rise of digital communication to support remote care exploded during the COVID-19 pandemic. The need for connected and remote monitoring devices is more necessary and in-demand than ever before.
- 3. Rise of Data and IoT.** Doctors and clinicians are asking patients to track more and more vital signs. Whether it’s how they’re reacting to medication or tracking blood sugar, patients and their caregivers are participating in their healthcare in unprecedented ways. Consumers are using data collected from connected devices like never before. This data can be used to prevent health emergencies as technology companies use machine learning (“ML”) / artificial intelligence (“AI”) to learn patient patterns and alert the patient and their care team of potential emergencies, leading to a switch from predicting potential problems to reacting to current state of problems after they occur.
- 4. Lack of Healthcare Workers.** It’s estimated that 20% of healthcare workers quit during the COVID-19 pandemic. Many healthcare workers who were working during the COVID-19 pandemic suffered from burnout, exhaustion, and demoralization due to the COVID pandemic. There were not enough healthcare workers to support our entire population throughout the pandemic, let alone enough to support our elderly population. The responsibility of taking care of elderly family members is increasingly falling on the family, and they need help.
- 5. Rise of the Care Economy.** The term “Care Economy” refers to the money people contribute to care for people until the end of their lives; the Care Economy offsets the deficiencies within the healthcare system and the desire to age in place. There has been little innovation in the industry because the majority of PERS are operated by home security companies. It is not their main line of business, and they have little expertise in developing or launching machine-learning algorithms or artificial intelligence.

Together, we believe these trends have produced a large and growing market opportunity for LogicMark. The Company enjoys a strong base of business with the VHA and plans to expand to other government agencies after being awarded the five-year GSA Agreement in July 2021.

The PERS Opportunity

PERS, also known as a medical alert or medical alarm system, is designed to detect a threat that requires attention and then immediately contacts a trusted family member and/or the emergency medical workforce. Unlike conventional alarm systems which consist of a transmitter and are activated in the case of an emergency, PERS transmits signals to an alarm monitoring medical team, which then departs for the location where the alarm was activated. These types of medical alarms are traditionally utilized by the disabled, elderly or those living alone.

The PERS market is generally divided into direct-to-consumer and healthcare customer channels. With the advent of new technologies, demographic changes, and our five previously stated trends in healthcare, an expanded opportunity exists for LogicMark to provide at-home and on-the-go health and safety solutions to both customer channels.

For LogicMark, growing the healthcare opportunity relies on partnering with organizations such as government, Medicaid, hospitals, insurance companies, managed care organizations, affiliates, and dealers. Partners can provide leads at no cost for new and replacement customers, have significant buying power and can provide collaboration on product research and development.

Our longstanding partnership with the VHA is a good example. LogicMark has sold over 850,000 PERS devices to the U.S. government since 2012. The signing of the GSA Agreement in 2021 further strengthened our partnership with the government and expanded our ability to capture new sales. We envision a continued focus on growing the healthcare channel during 2024 given lower acquisition costs and higher customer unit economics.




In addition to the healthcare channel, LogicMark also expects to continue growth in sales volume through its direct-to-consumer channel. It is estimated that approximately 70% of PERS customers fall into the direct-to-consumer category. Family members regularly conduct research and purchase PERS devices for their loved ones through online websites. The Company expects traditionally higher customer acquisition costs to be balanced by higher sales growth and lower sales cycles with an online channel.

With the growth in IoT devices, data driven solutions using AI and ML are helping guide the growth of the PERS industry. In both the healthcare and direct-to-consumer channels, product offerings can include 24/7 emergency response, fall detection, location tracking and geo-fencing, activity monitoring, medication management, caregiver and patient portals, concierge services, telehealth, vitals monitoring, and customer dashboards. These product offerings are primarily delivered via mobile and home-base equipment. LogicMark will also continue to pursue research and development partnerships to grow our product offering.




Our PERS Products

LogicMark produces a range of products within the PERS market as a result of the Company's 2016 acquisition of LogicMark, LLC, the former wholly owned subsidiary of the Company and now a division of the Company. Historically, the Company has differentiated itself by offering "no monthly fee" products, which only require a one-time purchase expense, instead of a contract with recurring monthly charges.



The "no monthly fee" products contact family, friends or 911 directly, eliminating the recurring monthly fee from a monitoring center, making it one of the most cost-effective options on the market. LogicMark offers both traditional (i.e., landline), mPERS (i.e., cell-based), and Internet (i.e., Wi-Fi-based) solutions. Our no monthly fee products are sold primarily to the VHA.

| PRODUCT | FEATURES |
|---|--|
| <p>GUARDIAN ALERT 911 PLUS</p>  | <ul style="list-style-type: none"> • Two-way voice via pendant • 911 direct dial • 4G cellular connection; no Wi-Fi or landline necessary • Can be used on the go • 6–12 month rechargeable battery life • No monthly fee or service agreement |
| <p>FREEDOM ALERT</p>  | <ul style="list-style-type: none"> • Two-way voice via pendant • Dial friends, family, and caregivers • 911 forwarding • Landline necessary • 6–12 month battery standby • No monthly fee or service arrangement |
| <p>GUARDIAN ALERT 911</p>  | <ul style="list-style-type: none"> • Two-way voice via pendant • 911 direct dial • Landline necessary • 6–9 month battery standby • No monthly fee or service arrangement |

In the past, LogicMark has offered monitored products that were exclusively sold to consumers by monitored resellers and distributors. LogicMark sold its devices to the resellers and distributors, who in turn offered the monitoring component to their consumers as part of their product and service offerings. The resellers would own the device and then lease the PERS hardware to the consumer. The resellers would charge the consumers a monthly monitoring fee for the lease of the PERS equipment and associated monitoring service. These products were monitored by a third-party central station. During 2023, the Company began selling the LifeSentry Monitored PERS products direct-to-consumers through the Company’s website. In addition, the Company began selling the Freedom Alert Plus and Freedom Alert Mini in the last quarter of 2023 whereby the Company would lease the PERS equipment and charge the monthly monitoring fee for the monitoring services.

| PRODUCT | FEATURES |
|--|---|
| <p>LifeSentry</p>  | <ul style="list-style-type: none"> • Two-way voice via pendant • Connects to central station • Landline necessary • Water resistant • 6–12 month rechargeable battery life • Monthly monitoring fee charged |
| <p>FREEDOM ALERT PLUS</p>  | <ul style="list-style-type: none"> • Fall Detection • Caregiver Calls and Notifications • 911 Call-Forwarding • Two-Way Voice Communication • Wi-Fi Connection and location services in an emergency • FREE Care Village Mobile App on Android & iOS • 5-7 Day Battery Life • Water-Resistant (IP-67) • Splash-Resistant for the Shower and Bath • Monthly monitoring fee • 24/7 US based emergency operators • Touchscreen |
| <p>FREEDOM ALERT MINI</p>  | <ul style="list-style-type: none"> • 4G LTE • Fall Detection • GPS & Wi-Fi Location Services • 24/7 US based emergency operators • Mobile Device • Geofencing Notification • 2-4-day Battery Life with Battery Save Mode and 30-day Battery Life with Battery Save Mode Off • Two-Way Voice Communication • IP-67 Water-Resistant • Small Form Factor • Free Connected Care Mobile App for iOS & Android • Emergency Notifications for Caregivers • Device Battery Monitoring • Device Set-Up and Bluetooth Pairing • Monthly monitoring fee |

In early 2024, the Company released Aster, an on-the-go personal safety app that provides 24/7 monitoring along with a Bluetooth button in order to maximize ease of use and convenience.

| PRODUCT | FEATURES |
|--|---|
| <p style="text-align: center;">Aster</p>  | <ul style="list-style-type: none"> ● Home-Screen Slider: Contacts Emergency Services immediately ● “Hold Until Safe” Button: Connects to Emergency Services upon release ● Countdown Timer: Scheduled Timer signaling followers to check-in ● Follow Me: Schedule events to request followers to check-in after ● Bluetooth Button: Clips to keys or purse to contact Emergency Services immediately |
| <p style="text-align: center;">Bluetooth Button</p>  | <ul style="list-style-type: none"> ● Pairs with Aster app: Press the button three times to connect to Emergency Services ● Clips to your keys for immediate access to Emergency Services ● Add to a purse, backpack, or briefcase for extra peace of mind ● 200-foot Bluetooth connection range ● 5-month battery life |

Industry Competition

LogicMark is focused on expanding its market position through both the direct-to-consumer and healthcare channels. The Company enjoys a strong business relationship with the VHA, through which it serves veterans who suffer from chronic conditions that often require emergency assistance. We believe that this relationship, coupled with the GSA Agreement, gives LogicMark a solid foundation to grow its healthcare channel business.

As technology and innovation have improved, barriers to entry have been lowered in the PERS sector. This has resulted in a highly fragmented market with many competitors, mostly privately held, who are solely dedicated to providing PERS. Other competitors, many of which are divisions of large publicly traded companies, offer PERS solutions in an effort to leverage their call center operations in place for other parts of their business. Competition is also found from companies in the healthcare, telecommunications and home and commercial security sectors.

Competitors may have greater financial, technical, and personnel resources, broader distribution networks, a larger portfolio of intellectual property and customers. Success in acquiring new customers is dependent on a variety of factors, including brand and reputation, market visibility, service and product capabilities, quality, price, and the ability to identify and sell to prospective customers. Our approach is to grow our product capabilities as well as key partnerships. The Company has switched from a reactive holistic personal safety perspective approach to using data to anticipate potential problems. These steps are expected to help us benefit from the favorable trends and growing demand for PERS in the direct-to-consumer and healthcare channels. In particular, the growing demand from the aging baby boomer generation, of which 10,000 boomers turn 65 each day.

Our Care Economy and Business Strategy

2022 was a rebuilding year for the Company after the COVID-19 restrictions in 2020 and 2021 led to VHA hospital and clinic closures and their refocus away from patient long-term care to dealing with the immediacy of COVID-19 infections. In 2021, the Company also underwent a change in management and with that a change in business strategy. In 2022, we continued our plan to establish a foundation for future growth by building a durable model, with a recurring revenue base to generate significant cash flow, and by developing innovative software and services solutions to expand into the broader care economy. In 2023, we invested in a number of new verticals, which included the release of our first direct-to-consumer monitored product and our Freedom Alert Mini, which is designed for our established government business.

The number of Americans 65 and older make up more than 23% of the US population (over 80 million people) and more than 90% of those over 50 would like to age at home. We believe that our existing PERS and medical alert systems provide this “silver tsunami” of seniors seeking to continue living independently, the ability to stay safe, comfortable, and content in their own home. Our customers’ increasingly mobile and active lifestyles have created new opportunities for us in the fast-growing market for self-monitored products and mobile technology. We plan to continue to grow our unmonitored PERS business, which for those who are on low or fixed income and/or require long charge devices, is a cost effective and potentially life-saving product. However, we continue to see strong opportunities to build and expand our business into monitored services. We plan to continue expanding our cell-based (mPERS) product line to provide a multi-layer safety support using CPaaS, LogicMark’s Caring Platform as a Service, which allows us to integrate with various third-party connected and wearable devices so that we can better serve our customers whether they are at home or on-the-go.

We plan to continue to expand our business into the “aging with independence” market as well as expanding further into the Caring Economy by providing enhanced products and services that make the caring for loved ones easier. One in four millennials as well as more than half of GenX are taking care of loved ones with very little, but much needed, assistance. Further, as the in-home professional care business continues to expand, we believe this is an opportunity for LogicMark to extend its products and services to meet the increasing needs of the growing Caring Economy. We intend to do so by expanding the tools for caretakers to better manage both the care of their elderly living independent lives, and to provide mobile and personal safety to others in their care circle so they too can feel safe on the go. We want our products and services to be available for anyone with personal safety concerns, including children or students who are navigating new environments and social situations for the first time.

Our Intellectual Property

Our ability to compete effectively depends to a significant extent on our ability to protect our proprietary information. We currently rely and will continue to rely primarily on patents and trade secret laws and confidentiality procedures to protect our intellectual property rights. Since the Company’s acquisition in 2016, we have filed thirty-four new patent applications, twenty-one of which have been awarded to date.

We enter into confidentiality agreements with all our employees and consultants and maintain control over access to and distribution of our technology, software, and other proprietary information.

Government Regulations

In order to sell any products to the U.S. government, companies are required to obtain approval from the GSA and must obtain a GSA authorization number. The Company obtained GSA approval to sell its products to the federal government when it was awarded the five-year GSA Agreement in July 2021. Our U.S. government contract is subject to a large number of federal regulations and oversight requirements. Compliance with the array of government regulations requires extensive record keeping and the maintenance of complex policies and procedures relating to all aspects of our business, as well as to work performed for us by any subcontractors. In addition, government contracts are subject to audits and oversight by government inspectors at various points in the contracting process.

In addition, our devices are required to meet Federal Communications Commission (“FCC”) approval, specifically relating to FCC Part 15 requirements for Class B digital devices. FCC Part 15 covers the regulations under which a device emits radio frequency energy by radiation, and the technical specifications, administrative requirements, and other conditions relating to the marketing of FCC Part 15 devices. The FCC’s definition of a Class B Digital Device is one which is marketed for use in a residential environment, and FCC Part 15 compliance means that our devices may not cause harmful interference, must accept interference from other devices, and all device changes must be approved by the manufacturer. All of our devices are FCC Part 15 compliant Class B digital devices. All of our devices are manufactured to never exceed FCC specific absorption rate (SAR) limitations for exposure to radio frequency emissions for body worn devices.

Corporate Information

History

We were incorporated in the State of Delaware on February 8, 2012. In July 2016, we acquired LogicMark, LLC, which operated as a wholly owned subsidiary of the Company until December 30, 2021, when it was merged into the Company (formerly known as Nxt-ID, Inc.) along with the Company’s other subsidiary, 3D-ID, LLC. Effective February 28, 2022, the Company changed its name from Nxt-ID, Inc. to LogicMark, Inc. The Company has realigned its business strategy with that of its former LogicMark, LLC operating division, managing contract manufacturing and distribution of non-monitored and monitored PERS sold through the VHA, direct-to-consumers, healthcare durable medical equipment dealers and distributors, and monitored security dealers and distributors.

On June 1, 2023, the Company was incorporated in the State of Nevada by merging its predecessor entity with and into its wholly-owned subsidiary, LogicMark, Inc., a Nevada corporation, pursuant to an agreement and plan of merger, dated as of June 1, 2023. Such Nevada entity survived and succeeded to the assets, continued the business and assumed the rights and obligations of LogicMark, Inc., the Delaware corporation that existed immediately prior to the effective date of such agreement.

Our principal executive office is located at 2801 Diode Lane, Louisville, KY 40299, and our telephone number is (502) 519-2419.

Our website address is www.logicmark.com. The information contained therein or connected thereto shall not be deemed to be a part of or incorporated into this Report.

Employees

As of April 12, 2024, we had a total of 26 full-time employees, one part-time employee and three long-term contractors. None of our employees are represented by a collective bargaining agreement, nor have we experienced any work stoppage. We consider our relations with our employees to be very good. Our future success depends on our continuing ability to attract and retain highly qualified personnel. In addition, we have fractional independent contractors whose services we are using on an as-needed basis to assist us in all areas.

Available Information

We are required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the "SEC"). Our filings with the SEC are available to the public through the SEC's website at www.sec.gov.

You can find more information about us online at our investor relations website located at investors.logicmark.com. Our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and any amendments to those reports are available free of charge on our website as soon as reasonably practicable after we electronically file such material with the SEC. The information posted on or accessible through our website is not incorporated into this Annual Report on Form 10-K.

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 identified below and others that may arise from time to time. These risk factors could cause our actual results to differ materially from those suggested by forward-looking statements in this Report and elsewhere, and may adversely affect our business, financial condition, or operating results. If any of these risk factors should occur, moreover, the trading price of our securities could decline, and investors in our securities could lose all or part of their investment in our securities. These risk factors should be carefully considered in evaluating our prospects.

Risks Relating to our Business

We are uncertain of our ability to generate sufficient revenue and profitability in the future.

We continue to develop and refine our business model, but we can provide no assurance that we will be able to generate a sufficient amount of revenue, from our business in order to achieve profitability. It is not possible for us to predict at this time the potential success of our business. The revenue and income potential of our proposed business and operations are currently unknown. If we cannot continue as a viable entity, you may lose some or all your investment in our Company.

The Company generated an operating loss of \$15.3 million and a net loss of \$14.6 million for the year ended December 31, 2023, compared to an operating loss of \$6.9 million and a net loss of \$6.9 million for the year ended December 31, 2022. As of December 31, 2023, the Company had cash and cash equivalents and stockholders' equity of \$6.4 million and \$13.1 million, respectively, compared to cash and cash equivalents and stockholders' equity of \$7.0 million and \$21.0 million, respectively, as of December 31, 2022. As of December 31, 2023, the Company had working capital of \$6.0 million, compared to working capital on December 31, 2022, of \$7.1 million. We cannot provide any assurance that we will be able to raise additional cash from equity financing, secure debt financing, and/or generate revenue from the sales of our products. If we are unable to secure additional capital, we may be required to curtail our research and development initiatives and take additional measures to reduce costs in order to conserve our cash in amounts sufficient to sustain operations and meet our obligations.

The loss or material reduction of significant customer contracts, including the termination of the GSA Agreement, would have a material adverse effect on our results of operations and cash flows.

Our historical operations depend on, and a significant portion of our revenue is derived from our contract with the GSA. While we believe that our business relationship with the GSA is strong, any change in that relationship, including without limitation, the termination of the GSA Agreement, would have a significant adverse impact on our revenue, operating cash flow and financial results; and we would likely be faced with a decision to initiate cost reduction actions that would largely include reductions for personnel and assets affected by the contract loss. The loss, without replacement, of our contract with the GSA could also have a material adverse effect on our ability to win new business and our future operating results.

Our inability to win or renew government contracts during regulated procurement processes or preferences granted to certain bidders for which we would not qualify could harm our operations and significantly reduce or eliminate our profits.

U.S. government contracts are awarded through a regulated procurement process. The U.S. government has increasingly relied upon multi-year contracts with pre-established terms and conditions, such as indefinite delivery, indefinite quantity ("IDIQ") contracts, which generally require those contractors who have previously been awarded contracts to engage in an additional competitive bidding process. The increased competition may require us to make sustained efforts to reduce costs to realize revenue and profits under government contracts. If we are not successful in reducing the amount of costs we incur, our profitability on government contracts will be negatively impacted.

The U.S. government has also increased its use of contracts in which the client qualifies multiple contractors for a specific program and then awards specific task orders or projects among the qualified contractors, which have the potential to create pricing pressure and to increase our costs by requiring us to submit multiple bids and proposals. The competitive bidding process entails substantial costs and managerial time to prepare bids and proposals for contracts that may not be awarded to us or may be split among competitors. Further, the U.S. government has announced specific statutory goals regarding awarding prime and subcontracts to small businesses, women-owned small businesses, service-disabled veteran-owned businesses and small disadvantaged businesses, which may obligate us to involve such businesses as subcontractors with respect to these contracts, resulting in lower margins than when we sell direct. While we are unaware of any reason why our status as a public company would negatively impact our ability to compete for and be awarded government contracts, our inability to win or renew government contracts during regulated procurement processes or as a result of the policies pursuant to which these processes are implemented could harm our operations and significantly reduce or eliminate our profits.

Further, our U.S. government contracts are subject to termination by the U.S. government either at its convenience or upon the default of the contractor. Termination for convenience provisions provides only for the recovery of costs incurred or committed, settlement expenses, and profit on work completed prior to termination. Termination for default clauses imposes liability on the contractor for excess costs incurred by the U.S. government in re-procuring undelivered items from another source. Any decisions by the U.S. government to not exercise contract options or to terminate, cancel, delay, modify or curtail our major programs or contracts would adversely affect our revenues, revenue growth and profitability.

Our failure by us to continue to generate task orders or fulfill our obligations under an IDIQ contract with the GSA, or our inability to secure an IDIQ contract with the GSA, would have a material adverse effect on our financial condition and results of operation.

Our contract with the GSA provides for the issuance by the government of orders for our PERS products under the GSA Agreement and contains a multi-year term with unfunded ceiling amounts, which allow but do not commit the GSA to purchase from us. Additionally, although we currently do not have an IDIQ contract with the GSA, we may not be able to secure an IDIQ contract with the GSA. A failure to be awarded task orders under any contracts with the government would have a material adverse effect on our results of operations and financial conditions. Additionally, any failure by us to fulfill our contractual obligations under these government contracts, or to secure an IDIQ contract with the GSA, would result in substantially reduced revenue and profits and would have a material adverse effect on our financial condition and results of operation. Our ability to fulfill our contractual obligations may be limited by our ability to devote sufficient resources and limited by availability of material supplies. If we do not fulfill our contractual obligations in a timely manner, we may experience delays in product delivery which would postpone receipt of revenue from those delayed deliveries. Additionally, if we are consistently unable to fulfill the orders and other related obligations, this may be a disincentive to customers to award large contracts to us in the future until they are comfortable that we can effectively manage the orders, or even result a termination of an existing contract.

Significant disruptions of information technology systems or security breaches could materially adversely affect our business.

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit large amounts of confidential information (including, among other things, trade secrets or other intellectual property, proprietary business information and personal information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such confidential information. We also have outsourced elements of our operations to third parties, and as a result, we manage a number of third-party vendors who may or could have access to our confidential information. Attacks on information technology systems are increasing in their frequency, levels of persistence, sophistication, and intensity, and they are being conducted by increasingly sophisticated and organized groups and individuals with a wide range of motives and expertise. The size and complexity of our information technology systems, and those of third-party vendors with whom we contract, and the large amounts of confidential information stored on those systems, make such systems vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees, third-party vendors, and/or business partners, or from cyber-attacks by malicious third parties. Cyber-attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity and availability of information.

Significant disruptions of our information technology systems, or those of our third-party vendors, or security breaches could materially adversely affect our business operations and/or result in the loss, misappropriation and/or unauthorized access, use or disclosure of, or the prevention of access to, confidential information, including, among other things, trade secrets or other intellectual property, proprietary business information and personal information, and could result in financial, legal, business and reputational harm to us. The Company continually assesses these threats and makes investments to increase internal protection, detection, and response capabilities, as well as ensure the Company's third-party providers have required capabilities and controls, to address this risk.

Any failure or perceived failure by us or any third-party collaborators, service providers, contractors or consultants to comply with our privacy, confidentiality, data security or similar obligations to third parties, or any data security incidents or other security breaches that result in the unauthorized access, release or transfer of sensitive information, including personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation or public statements against us, could cause third parties to lose trust in us or could result in claims by third parties asserting that we have breached our privacy, confidentiality, data security or similar obligations, any of which could have a material adverse effect on our reputation, business, financial condition or results of operations. Moreover, data security incidents and other security breaches can be difficult to detect, and any delay in identifying them may lead to increased harm. To date, the Company has not experienced any material impact to the business or operations resulting from information or cybersecurity attacks; however, because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. While we have implemented data security measures intended to protect our information technology systems and infrastructure, there can be no assurance that such measures will successfully prevent service interruptions or data security incidents. The Company maintains cybersecurity insurance in the event of an information security or cyber incident; however, the coverage may not be sufficient to cover all financial losses.

We Are Exposed to Risks Related to Cybersecurity.

Although we maintain systems and processes that are designed to protect the security of our computer systems, software, networks and other technology, there is no assurance that all of our security measures will provide absolute security. Any material incidents could cause us to experience financial losses that are either not insured against or not fully covered through any insurance maintained by us and increased expenses related to addressing or mitigating the risks associated with any such material incidents. Cyber threats are rapidly evolving and are becoming increasingly sophisticated. Despite our efforts to ensure the integrity of our systems, as cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the measures that we or our vendors take to anticipate, detect, avoid or mitigate such threats. Certain techniques used to obtain unauthorized access, introduce malicious software, disable or degrade service, or sabotage systems may be designed to remain dormant until a triggering event and we may be unable to anticipate these techniques or implement adequate preventative measures since techniques change frequently or are not recognized until discovered, and because cyberattacks can originate from a wide variety of sources. If our information security systems or data are compromised in a material way, our ability to conduct our business may be impaired, we may incur financial losses and we may incur costs to remediate possible harm and/or to pay fines or take other action which could have a material adverse impact on our business.

The Company employs a multi-layered approach to security and recovery in the event of a cybersecurity attack. There exists the possibility that our third-party data backup and recovery service provider may also be impaired during a targeted cybersecurity attack, which would prevent us from rapidly recovering access to the data required to process orders and continue regular operations. A localized attack affecting the physical data centers used by the Company's cloud computing platform would affect our ability to continue operations until data can be shifted to a parallel data center. There also exists the remote possibility that our data backup and recovery provider would be affected by the same localized event, further impairing our ability to rapidly restore operations.

Defects or disruptions in our products or services could diminish demand for such products or services and subject us to substantial liability.

As our products and services are complex and incorporate a variety of hardware, proprietary software and third-party software, such products or services may have errors or defects that could result in unanticipated downtime for our subscribers and harm to our reputation and our business. Cloud services frequently contain undetected errors when first introduced or when new versions or enhancements are released. We have from time to time found defects in, and experienced disruptions to, our products and services and new defects or disruptions may occur in the future. Such defects could also create vulnerabilities that could inadvertently permit access to protected customer data. However, any defect or disruption in our products or services in the future could materially affect our business, reputation, or financial results.

Our supply chains in Hong Kong subject us to risks and uncertainties relating to the laws and regulations of China and the changes in relations between the United States and China.

Under its current leadership, the government of China has been pursuing economic reform policies, including by encouraging foreign trade and investment. However, there is no assurance that the Chinese government will continue to pursue such policies, that such policies will be successfully implemented, that such policies will not be significantly altered, or that such policies will be beneficial to our supply chains in China. China's system of laws can be unpredictable, especially with respect to foreign investment and foreign trade. The United States government has called for substantial changes to foreign trade policy with China and has raised (as well as has proposed to further raise in the future), tariffs on several Chinese goods. China has retaliated with increased tariffs on United States goods. Moreover, China and Hong Kong's legislatures have adopted national security laws to substantially change the way Hong Kong has been governed since the territory was handed over by the United Kingdom to China in 1997. The laws increase the power of the central government in Beijing over Hong Kong, limit the civil liberties of residents of Hong Kong and could restrict the ability of businesses in Hong Kong to continue to conduct business or to continue to conduct business as previously conducted. The U.S. State Department has indicated that the United States no longer considers Hong Kong to have significant autonomy from China and the former presidential administration implemented an executive order revoking Hong Kong's preferential trade status. The United States currently imposes the same tariffs and other trade restrictions on exports from Hong Kong that it places on goods from mainland China. Any further changes in United States trade policy could trigger retaliatory actions by affected countries, including China, resulting in trade wars. Any changes in United States and China relations may have a material adverse effect on our supply chains in China which could materially harm our business and financial condition.

If we fail to keep pace with changing industry technology and consumer preferences, we will be at a competitive disadvantage.

The industry segments in which we are operating evolve rapidly and are characterized by continuous change, including rapid product evolution and rapidly changing industry standards and end-user/consumer preferences. In order to continue to compete effectively in these markets, we need to respond quickly to technological changes and to understand their impact on our customers' preferences. It may take significant time and resources to respond to these technological changes. If we are unable to do so on a timely basis or within reasonable cost parameters, or if we are unable to appropriately and timely train our employees to operate any of these new systems, our business may suffer. Moreover, developments by others may render our technologies and intended products non-competitive or obsolete, or we may be unable to keep pace with technological developments or other market factors. If any of our competitors implement new technologies before we are able to implement them, those competitors may be able to provide more effective products than ours. Any delay or failure in the introduction of new or enhanced products could have a material adverse effect on our business, results of operations and financial condition. Furthermore, our inability to keep pace with changing industry technology and consumer preferences may cause our inventory to become obsolete at a rate faster than anticipated, which may result in our taking goodwill impairment charges in past or future acquisitions that negatively impact our results of operations. We also may not achieve the benefits that we anticipate from any new system or technology and a failure to do so could result in higher than anticipated costs or could impair our operating results.

If we cannot obtain additional capital required to finance our research and development efforts and sales and marketing efforts, our business may suffer, and our security holders may lose the value of their investment in the Company.

We may require additional funds to further execute our business plan and expand our business. If we are unable to obtain additional capital when needed, we may have to restructure our business or delay or abandon our development and expansion plans. We will have ongoing capital needs as we expand our business. If we raise additional funds through the sale of equity or convertible securities, our securityholders' ownership percentage of our Common Stock will be reduced. In addition, these transactions may dilute the value of our Common Stock. We may have to issue securities that have rights, preferences, and privileges senior to our Common Stock. The terms of any additional indebtedness may include restrictive financial and operating covenants that would limit our ability to compete and expand. There can be no assurance that we will be able to obtain the additional financing we may need to fund our business, or that such financing will be available on terms acceptable to us.

We face intense competition in our market, especially from larger, well-established companies, and we may lack sufficient financial or other resources to maintain or improve our competitive position.

A number of other companies engage in the business of developing applications for PERS. The market for such products is intensely competitive, and we expect competition to increase in the future from established competitors and new market entrants. Our current competitors include both emerging and developmental stage companies as well as larger companies. Many of our existing competitors have, and some of our potential competitors could have, substantial competitive advantages such as:

- greater name recognition and longer operating histories;
- larger sales and marketing budgets and resources;
- broader distribution and established relationships with distribution partners and end-customers;
- greater customer support resources;
- greater resources to make acquisitions;
- larger and more mature intellectual property portfolios; and
- substantially greater financial, technical, and other resources.

In addition, some of our larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages users from purchasing our products, including through selling at zero or negative margins, product bundling, or closed technology platforms. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering by our competitors or continuing market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with our products and technology. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources.

Our markets are subject to technological change and our success depends on our ability to develop and introduce new products.

Each of the governmental and commercial markets for our products is characterized by:

- changing technologies;
- changing customer needs;
- frequent new product introductions and enhancements;
- increased integration with other functions; and
- product obsolescence.

Our success will be dependent in part on the design and development of new products. To develop new products and designs for our target markets, we must develop, gain access to, and use leading technologies in a cost-effective and timely manner and continue to expand our technical and design expertise. The product development process is time-consuming and costly, and there can be no assurance that product development will be successfully completed, that necessary regulatory clearances or approvals will be granted on a timely basis, or at all, or that the potential products will achieve market acceptance. Our failure to develop, obtain necessary regulatory clearances or approvals for, or successfully market, potential new products could have a material adverse effect on our business, financial condition, and results of operations.

Claims by others that we infringe on their intellectual property rights could increase our expenses and delay the development of our business. As a result, our business and financial condition could be materially harmed.

Our industries are characterized by the existence of a large number of patents as well as frequent claims and related litigation regarding patent and other intellectual property rights. We cannot be certain that our products do not and will not infringe on issued patents, patents that may be issued in the future, or other intellectual property rights of others.

We do not have the resources to conduct exhaustive patent searches to determine whether the technology used in our products infringe on patents held by third parties. In addition, product development is inherently uncertain in a rapidly evolving technological environment in which there may be numerous patent applications pending, many of which are confidential when filed.

We may face claims by third parties that our products or technology infringe on their patents or other intellectual property rights. Any claim of infringement could cause us to incur substantial costs defending against the claim, even if the claim is invalid, and could distract our management. If any of our products are found to violate third-party proprietary rights, we may be required to pay substantial damages. In addition, we may be required to re-engineer our products or obtain licenses from third parties to continue to offer our products. Any efforts to re-engineer our products or obtain licenses on commercially reasonable terms may not be successful, which would prevent us from selling our products, and, in any case, could substantially increase our costs and have a material adverse effect on our business, financial condition and results of operations.

We may not be able to protect our intellectual property rights adequately.

Our ability to compete for government contracts is affected, in part, by our ability to protect our intellectual property rights. We rely on a combination of patents, trademarks, copyrights, trade secrets, confidentiality procedures and non-disclosure and licensing arrangements to protect our intellectual property rights. Despite these efforts, we cannot be certain that the steps we take to protect our proprietary information will be adequate to prevent misappropriation of our technology or protect that proprietary information. The validity and breadth of claims in technology patents involve complex legal and factual questions and, therefore, may be highly uncertain. Nor can we assure you that, if challenged, our patents will be found to be valid or enforceable, or that the patents of others will not have an adverse effect on our ability to do business. In addition, the enforcement of laws protecting intellectual property may be inadequate to protect our technology and proprietary information.

We may not have the resources to assert or protect our rights to our patents and other intellectual property. Any litigation or proceedings relating to our intellectual property, whether or not meritorious, will be costly and may divert the efforts and attention of our management and technical personnel.

We also rely on other unpatented proprietary technology, trade secrets and know-how and no assurance can be given that others will not independently develop substantially equivalent proprietary technology, techniques or processes, that such technology or know-how will not be disclosed or that we can meaningfully protect our rights to such unpatented proprietary technology, trade secrets, or know-how. We require members of the Company's board of directors (the "Board"), employees and contractors to sign non-disclosure agreements. There can be no assurance that such non-disclosure agreements will provide adequate protection for our trade secrets or other proprietary know-how.

Our success will depend, in part, on our ability to obtain new patents.

Our success will depend, in part, on our ability to obtain patent and trade secret protection for proprietary technology that we currently possess or that we may develop in the future. No assurance can be given that any pending or future patent applications will be issued to us as patents, that the scope of any patent protection obtained will be sufficient to exclude competitors or provide competitive advantages to us, that any of our patents will be held valid if subsequently challenged or that others will not claim rights in or ownership of the patents and other proprietary rights held by us.

Furthermore, there can be no assurance that our competitors have not or will not independently develop technology, processes or products that are substantially similar or superior to ours, or that they will not duplicate any of our products or design around any patents issued or that may be issued in the future to us. In addition, whether or not patents are issued to us, others may hold or receive patents which contain claims having a scope that covers products or processes developed by us.

We may not have the resources to adequately defend any patent infringement litigation or proceedings. Any such litigation or proceedings, whether or not determined in our favor or settled by us, is costly and may divert the efforts and attention of our management and technical personnel. In addition, we may be required to obtain licenses to patents or proprietary rights from third parties. There can be no assurance that such licenses will be available on acceptable terms if at all. If we do not obtain required licenses, we could encounter delays in product development or find that the development, manufacture, or sale of products requiring such licenses could be foreclosed. Accordingly, challenges to our intellectual property, whether or not ultimately successful, could have a material adverse effect on our business and results of operations.

Our future success depends on the continued service of management, engineering and sales and marketing personnel and our ability to identify, hire and retain additional personnel.

Our success depends, to a significant extent, upon the efforts and abilities of members of senior management. We have not entered into employment agreements with most of our key employees, which we believe presents a greater risk of losing some of these key employees than if we had employment agreements with them. The loss of the services of one or more of our senior management or other key employees could adversely affect our business. There is intense competition for qualified employees in our industry, particularly for highly skilled design, applications, engineering, and salespeople. We may not be able to continue to attract and retain developers, managers, or other qualified personnel necessary for the development of our business or to replace qualified individuals who may leave us at any time in the future. Our anticipated growth is expected to place increased demands on our resources and will likely require the addition of new management and engineering staff as well as the development of additional expertise by existing management employees. If we lose the services of or fail to recruit engineers or other technical and management personnel, our business could be materially harmed.

The requirements of being a public company may strain our resources and divert management's attention.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act and other applicable securities rules and regulations. The Exchange Act requires, among other things, that we file annual and current reports with the SEC with respect to our business and operating results. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming, or costly, and increases demand on our systems and resources.

As a result of disclosure of information in this Report and in filings required of a public company, our business and financial condition is more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert resources of our management and harm our business and operating results.

Periods of rapid growth and expansion could place a significant strain on our resources, including our employee base, which could negatively impact our operating results.

We may experience periods of rapid growth and expansion, which may place a significant strain and demands on our management, our operational and financial resources, customer operations, research and development, sales and marketing, administrative, and other resources. To manage our possible future growth effectively, we will be required to continue to improve our management, operational and financial systems. Future growth would also require us to successfully hire, train, motivate and manage our employees. In addition, our continued growth and the evolution of our business plan will require significant additional management, technical and administrative resources. If we are unable to manage our growth successfully, we may not be able to effectively manage the growth and evolution of our current business and our operating results could suffer.

We depend on contract manufacturers, and our production and products could be harmed if they are unable to meet our volume and quality requirements and alternative sources are not available.

We rely on contract manufacturers to provide manufacturing services for our products. If such services by any contract manufacturer become unavailable, we would be required to identify and enter into an agreement with a new contract manufacturer or take such manufacturing in-house. The loss of any of our contract manufacturers could significantly disrupt production as well as increase the cost of production, thereby increasing the prices of our products. These changes could have a material adverse effect on our business and results of operations.

We are presently a small company with too limited resources and personnel to establish a comprehensive system of internal controls. If we fail to maintain an effective system of internal controls, we would not be able to accurately report our financial results on a timely basis or prevent fraud. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our Common Stock.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our brand and operating results would be harmed. We may in the future discover areas of our internal controls that need improvement. For example, because of size and limited resources, our external auditors have determined that we lack the personnel and infrastructure necessary to properly carry out an independent audit function. Although we believe that we have adequate internal controls for a company with our size and resources, we are not certain that the measures that we have in place will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, would harm our operating results, or cause us to fail to meet our reporting obligations. Inferior internal controls would also cause investors to lose confidence in our reported financial information, which would have a negative effect on our company and the trading price of our Common Stock.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

As of December 31, 2023, we remediated certain matters that constituted material weaknesses in our internal controls over financial reporting. See Item 9A “Controls and Procedures” of this Report for further discussion on our internal controls.

Due to recent disruption in the financial markets and global economic conditions, our business, liquidity and financial results could be materially adversely affected.

Recent disruption in the financial markets, particularly the volatility of the stock market and the scarcity of capital available to smaller businesses, could adversely affect us, primarily through limiting our access to capital and disrupting our clients' businesses. In addition, continuation or worsening of general market conditions in economies important to our businesses may adversely affect our clients' level of spending and ability to obtain financing, leading to us being unable to generate the levels of funding and sales that we require. Current and continued disruption of global economic conditions, including to the financial markets, could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We may seek or need to raise additional funds. Our ability to obtain financing for general corporate and commercial purposes or acquisitions depends on operating and financial performance and is also subject to prevailing economic conditions and to financial, business, and other factors beyond our control. We face the risk that we may not be able to access various capital sources, including investors, lenders, or suppliers. The global credit markets and the financial services industry continue to experience turmoil characterized by the bankruptcy, failure or sale of various businesses and institutions. As a result of such disruption, our ability to raise capital may be severely restricted and the cost of raising capital through such markets or privately may increase significantly at a time when we would like, or need, to do so. Failure to access the equity or credit markets from any of these sources could have a material adverse effect on our business, financial condition, results of operations, and prospects. Any of these events could have an impact on our flexibility to fund our business operations, make capital expenditures, pursue additional expansion, or acquisition opportunities, or make another discretionary use of cash and could adversely impact our financial results.

The uncertainty caused by inflation, conflict, loss of life and disaster connected to ongoing armed conflicts between Ukraine and Russia in Europe and Israel and Hamas in the Middle East, and the foreign and domestic government sanctions imposed on Russia as a result of its invasion of Ukraine, and global supply chain disruptions have also caused greater volatility in the financial markets as well as the events involving the Federal Deposit Insurance Corporation's ("FDIC") decision to place Silicon Valley Bank ("SVB") and Signature Bank into receivership. A change or disruption in the global financial markets for any reason, including adverse public health developments, may cause consumers, businesses, and governments to defer purchases in response to tighter credit, decreased cash availability and declining consumer confidence. Accordingly, demand for our products could decrease and differ materially from current expectations. Further, some of our customers may require substantial financing in order to fund their operations and make purchases from us. The inability of these customers to obtain sufficient credit to finance purchases of our products and meet their payment obligations to us or possible insolvencies of our customers could result in decreased customer demand, an impaired ability for us to collect on outstanding accounts receivable, significant delays in accounts receivable payments, and significant write-offs of accounts receivable, each of which could adversely impact our financial results.

We maintain our cash at financial institutions, often in balances that exceed federally insured limits.

The majority of our cash is held in accounts at U.S. banking institutions that we believe are of high quality. Cash held in non-interest-bearing and interest-bearing operating accounts may exceed FDIC insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. While the FDIC took control of SVB on March 10, 2023 and Signature Bank on March 12, 2023, our cash was not held at such banks at such times and therefore we did not experience any specific risk of loss. The Federal Reserve also announced that affected account holders at such banks would be made whole. However, as the FDIC continues to address the situation with SVB, Signature Bank and other similarly situated banking institutions, the risk of loss in excess of insurance limitations has generally increased. Any material loss that we may experience in the future could have an adverse effect on our ability to pay our operational expenses or make other payments and may require us to move our accounts to other banks, which could cause a temporary delay in making payments to our vendors and employees and cause other operational inconveniences.

Risks Related to Our Products

The steps that we have taken to protect our technology may be inadequate to prevent others from using what we regard as our technology to compete with us.

We do not generally conduct exhaustive patent searches to determine whether the technology used in our products infringes on the patents that are held by third parties. In addition, product development is inherently uncertain in a rapidly evolving technological environment in which there may be numerous patent applications pending, many of which are confidential when filed, with regard to similar technologies.

We may face claims by third parties that our products or technology infringe their patents or other intellectual property rights in the future. Any claim of infringement could cause us to incur substantial costs defending against the claim, even if the claim is invalid, and could distract the attention of our management. If any of our products are found to violate third-party proprietary rights, we may be required to pay damages. In addition, we may be required to re-engineer our products or seek to obtain licenses from third parties to continue to offer our products. Any efforts to re-engineer our products or obtain licenses on commercially reasonable terms may not be successful, which would prevent us from selling our products, and in any case, could substantially increase our costs and have a material adverse effect on our business, financial condition, and results of operations.

Our products and technologies may not be accepted by the intended commercial consumers of our products, which could harm our future financial performance.

There can be no assurance that our PERS will achieve wide acceptance by commercial consumers of such healthcare products, and/or market acceptance generally. The degree of market acceptance for products and services based on our technology will also depend upon a number of factors, including the receipt and timing of regulatory approvals, if any, and the establishment and demonstration of the ability of our proposed device to provide the level of confidence and independence in an efficient manner and at a reasonable cost. Our failure to develop a commercial product to compete successfully with existing medical technologies could delay, limit, or prevent market acceptance. Moreover, the market for new PERS is largely undeveloped, and we believe that the overall demand for such response systems technology will depend significantly upon public perception of the need for such a level of assistance. There can be no assurance that the public will believe that our products are necessary or that the medical industry will actively pursue our technology as a means to solve such issues. Long-term market acceptance of our products and services will depend, in part, on the capabilities, operating features and price of our products and technologies as compared to those of other available products and services. As a result, there can be no assurance that currently available products, or products under development for commercialization, will be able to achieve market penetration, revenue growth or profitability.

Our PERS devices may become obsolete if we do not effectively respond to rapid technological change on a timely basis.

The medical and two-way voice communication industries are characterized by rapid technological change, frequent new product innovations, changes in customer requirements and expectations and evolving industry standards. If we are unable to keep pace with these changes, our business may be harmed. Products using new technologies, or emerging industry standards, could make our technologies less attractive. In addition, we may face unforeseen problems when developing our products, which could harm our business. Furthermore, our competitors may have access to technologies not available to us, which may enable them to produce products of greater interest to consumers or at a more competitive cost.

Our business model is evolving. Because of the evolving nature of healthcare technology, it is difficult to predict the size of this specialized market, the rate at which the market for our PERS will grow or be accepted, if at all, or whether other healthcare technologies will render our applications less competitive or obsolete. If the market for our healthcare products fails to develop or grows slower than anticipated, we would be significantly and materially adversely affected.

If our products and services do not achieve market acceptance, we may never have significant revenues or any profits.

If we are unable to operate our business as contemplated by our business model or if the assumptions underlying our business model prove to be unfounded, we could fail to achieve our revenue and earnings goals within the time we have projected, or at all, which would have a detrimental effect on our business. As a result, the value of any investment in our Company could be significantly reduced or completely lost.

We may fail to create new products, provide new services, and enter new markets, which would have an adverse effect on our operations, financial condition, and prospects.

Our future success depends in part on our ability to develop and market our technology other than those currently intended. If we fail in these goals, our business strategy and ability to generate revenues and cash flow would be significantly impaired. We intend to expend significant resources to develop new technology, but the successful development of new technology cannot be predicted, and we cannot guarantee we will succeed in these goals.

Our products may have defects, which could damage our reputation, decrease market acceptance of our products, cause us to lose customers and revenue and result in costly litigation or liability.

Our products may contain defects for many reasons, including defective design or manufacture, defective material, or software interoperability issues. Products as complex as those we offer, frequently develop, or contain undetected defects or errors. Despite testing defects or errors may arise in our existing or new products, which could result in loss of revenue, market share, failure to achieve market acceptance, diversion of development resources, injury to our reputation and increased service and maintenance cost. Defects or errors in our products and solutions might discourage customers from purchasing future products. Often, these defects are not detected until after the products have been shipped. If any of our products contain defects or perceived defects or have reliability, quality or compatibility problems or perceived problems, our reputation might be damaged significantly, we could lose or experience a delay in market acceptance of the affected product or products and we may be unable to retain existing customers or attract new customers. In addition, these defects could interrupt or delay sales. In the event of an actual or perceived defect or other problem, we may need to invest significant capital, technical, managerial, and other resources to investigate and correct the potential defect or problem and potentially divert these resources from other development efforts. If we are unable to provide a solution to the potential defect or problem that is acceptable to our customers, we may be required to incur substantial product recall, repair, and replacement and even litigation costs. These costs could have a material adverse effect on our business and operating results.

We provide warranties on certain product sales and allowances for estimated warranty costs are recorded during the period of sale. The determination of such allowances requires us to make estimates of product return rates and expected costs to repair or to replace the products under warranty. We will establish warranty reserves based on our best estimates of warranty costs for each product line combined with liability estimates based on the prior twelve months' sales activities. If actual return rates and/or repair and replacement costs differ significantly from our estimates, adjustments to recognize additional cost of sales may be required in future periods. In addition, because our customers rely on secure authentication and identification of cardholders to prevent unauthorized access to programs, PCs, networks, or facilities, a malfunction of or design defect in its products (or even a perceived defect) could result in legal or warranty claims against us for damages resulting from security breaches. If such claims are adversely decided against us, the potential liability could be substantial and have a material adverse effect on our business and operating results. Furthermore, the possible publicity associated with any such claim, whether or not decided against us, could adversely affect our reputation. In addition, a well-publicized security breach involving smart card-based or other security systems could adversely affect the market's perception of products like ours in general, or our products in particular, regardless of whether the breach is attributable to our products. Any of the foregoing events could cause demand for our products to decline, which would cause its business and operating results to suffer.

Risks Related to our Securities

The market price for our Common Stock is particularly volatile given our status as a relatively unknown company with a small and thinly traded public float, and lack of profits, which could lead to wide fluctuations in the price of our Common Stock.

The market for our Common Stock is characterized by significant price volatility when compared to the securities of larger, more established companies that have large public floats, and we expect that the price of our Common Stock will continue to be more volatile than the securities of such larger, more established companies for the indefinite future. The volatility in the price of our Common Stock is attributable to a number of factors. First, as noted above, our Common Stock is, compared to the securities of such larger, more established companies, sporadically and thinly traded. The price of our Common Stock could, for example, decline precipitously in the event that a large number of shares of our Common Stock is sold on the market without commensurate demand. Secondly, we are a speculative or "risky" investment due to our lack of profits to date. As a consequence of this enhanced risk, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares of Common Stock on the market more quickly and at greater discounts than would be the case with the securities of a larger, more established company that has a large public float. Many of these factors are beyond our control and may decrease the market price of our Common Stock regardless of our operating performance.

Because of volatility in the stock market in general, the market price of our Common Stock will also likely be volatile.

The stock market in general, and the market for stocks of healthcare technology companies in particular, has been highly volatile. As a result, the market price of our Common Stock is likely to be volatile, and investors in our Common Stock may experience a decrease, which could be substantial, in the value of their shares of Common Stock or the loss of their entire investment for a number of reasons, including reasons unrelated to our operating performance or prospects. The market price of our Common Stock could be subject to wide fluctuations in response to a broad and diverse range of factors, including those described elsewhere in this Report, including this “Risk Factors” section, and the following:

- recent price volatility and any known risks of investing in our Common Stock under these circumstances;
- the market price of our Common Stock prior to the recent price volatility;
- any recent change in financial condition or results of operations, such as in earnings, revenues or other measure of company value that is consistent with the recent change in the prices of our Common Stock; and
- risk factors addressing the recent extreme volatility in stock price, the effects of a potential “short squeeze” due to a sudden increase in demand for our Common Stock as a result of current investor exuberance associated with healthcare or technology-related stocks, to the extent that the Company expects to conduct additional offerings in the future to fund its operations or provide liquidity, the dilutive impact of those offerings on investors that receive shares of our Common Stock in connection with those offerings at a significantly higher price.

If and when a larger trading market for our Common Stock develops, the market price of our Common Stock is still likely to be highly volatile and subject to wide fluctuations, and you may be unable to resell your shares of Common Stock at or above the price at which you acquired them.

The market price of our Common Stock may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond our control, including, but not limited to:

- variations in our revenues and operating expenses;
- actual or anticipated changes in the estimates of our operating results or changes in stock market analyst recommendations regarding our Common Stock, other comparable companies, or our industry generally;
- market conditions in our industry, the industries of our customers and the economy as a whole;
- actual or expected changes in our growth rates or our competitors’ growth rates;
- developments in the financial markets and worldwide or regional economies;
- announcements of innovations or new products or services by us or our competitors;
- announcements by the government relating to regulations that govern our industry;
- sales of our Common Stock or other securities by us or in the open market;
- changes in the market valuations of other comparable companies; and
- other events or factors, many of which are beyond our control, including those resulting from such events, or the prospect of such events, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics, such as the outbreak of COVID-19, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere, could disrupt our operations, disrupt the operations of our suppliers or result in political or economic instability.

In addition, if the market for technology and/or healthcare stocks or the stock market in general experiences loss of investor confidence, the trading price of our Common Stock could decline for reasons unrelated to our business, financial condition, or operating results. The trading price of our Common Stock might also decline in reaction to events that affect other companies in our industry, even if these events do not directly affect us. Each of these factors, among others, could harm the value of your investment in our Common Stock. In the past, following periods of volatility in the market, securities class-action litigation has often been instituted against companies. Such litigation, if instituted against us, could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, operating results, and financial condition.

Our Common Stock is currently listed on the Nasdaq Capital Market. If we are unable to maintain listing of our Common Stock on Nasdaq or any stock exchange, our stock price could be adversely affected and the liquidity of our stock and our ability to obtain financing could be impaired and it may be more difficult for our stockholders to sell shares of Common Stock that they hold.

Our Common Stock is currently listed on the Nasdaq Capital Market ("Nasdaq"). 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.

In the event that our Common Stock is delisted from Nasdaq due to our failure to continue to comply with any requirement for continued listing on Nasdaq, and is not eligible for listing on another exchange, trading in the shares of our Common Stock could be conducted in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as the Pink Open Market or the other markets 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.

In the event that our Common Stock is delisted from Nasdaq, U.S. broker-dealers may be discouraged from effecting transactions in shares of our Common Stock because they may be considered penny stocks and thus be subject to the penny stock rules.

The SEC has adopted a number of rules to regulate "penny stock" that restricts transactions involving stock which is deemed to be penny stock. Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Exchange Act. These rules may have the effect of reducing the liquidity of penny stocks. "Penny stocks" generally are equity securities with a price of less than \$5.00 per share (other than securities registered on certain national securities exchanges or quoted on Nasdaq if current price and volume information with respect to transactions in such securities is provided by the exchange or system). Our shares of Common Stock have in the past constituted, and may again in the future constitute, "penny stock" within the meaning of the rules. The additional sales practice and disclosure requirements imposed upon U.S. broker-dealers may discourage such broker-dealers from effecting transactions in shares of our Common Stock, which could severely limit the market liquidity of such shares of Common Stock and impede their sale in the secondary market.

A U.S. broker-dealer selling a penny stock to anyone other than an established customer or “accredited investor” (generally, an individual with a net worth in excess of \$1,000,000 or an annual income exceeding \$200,000, or \$300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser’s written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt. In addition, the “penny stock” regulations require the U.S. broker-dealer to deliver, prior to any transaction involving a “penny stock”, a disclosure schedule prepared in accordance with SEC standards relating to the “penny stock” market, unless the broker-dealer or the transaction is otherwise exempt. A U.S. broker-dealer is also required to disclose commissions payable to the U.S. broker-dealer and the registered representative and current quotations for the securities. Finally, a U.S. broker-dealer is required to submit monthly statements disclosing recent price information with respect to the “penny stock” held in a customer’s account and information with respect to the limited market in “penny stocks”.

Stockholders should be aware that, according to the SEC, the market for “penny stocks” has suffered in recent years from patterns of fraud and abuse. Such patterns include: (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) “boiler room” practices involving high-pressure sales tactics and unrealistic price projections by inexperienced salespersons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, resulting in investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

Substantial future sales of shares of our Common Stock could cause the market price of our Common Stock to decline.

We expect that significant additional capital will be needed in the near future to continue our planned operations. Sales of a substantial number of shares of our Common Stock in the public market, or the perception that these sales might occur, could depress the market price of our Common Stock, and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our Common Stock.

We may seek to raise additional funds, finance acquisitions, or develop strategic relationships by issuing securities that would dilute the ownership of the Common Stock. Depending on the terms available to us, if these activities result in significant dilution, it may negatively impact the trading price of our shares of Common Stock.

The issuance of material amounts of Common Stock by us would cause our existing stockholders to experience significant dilution in their investment in us. We have financed our operations, and we expect to continue to finance our operations, acquisitions, if any, and the development of strategic relationships by issuing equity and/or convertible securities, which could significantly reduce the percentage ownership of our existing stockholders. Further, any additional financing that we secure may require the granting of rights, preferences, or privileges senior to, or pari passu with, those of our Common Stock. Additionally, we may acquire other technologies or finance strategic alliances by issuing our equity or equity-linked securities, which may result in additional dilution. Any issuances by us of equity securities may be at or below the prevailing market price of our Common Stock and in any event may have a dilutive impact on the ownership interest of existing stockholders, which could cause the market price of our Common Stock to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our shares of Common Stock. The holders of any securities or instruments that we may issue may have rights superior to the rights of our existing stockholders. If we experience dilution from issuance of additional securities and we grant superior rights to new securities over such stockholders, it may negatively impact the trading price of our shares of Common Stock. In addition, if we obtain additional financing involving the issuance of equity securities or securities convertible into equity securities, our existing stockholders’ investment would be further diluted. Such dilution could cause the market price of our Common Stock to decline, which could impair our ability to raise additional financing.

We do not anticipate paying dividends on our Common Stock in the foreseeable future; you should not invest in our shares of Common Stock if you expect dividends.

The payment of dividends on our Common Stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our Board may consider relevant. If we do not pay dividends, our shares of Common Stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Additionally, the holder of our shares of Series C Non-Convertible Voting Preferred Stock, par value \$0.001 per share (the “Series C Preferred Stock”), is entitled to receive dividends pursuant to the Certificate of Designations, Preferences and Rights of the Series C Preferred Stock (the “Series C Certificate of Designations”). The Series C Certificate of Designations requires us to pay cash dividends on such shares on a quarterly and cumulative basis at a rate of five percent (5%) per annum commencing on the date of issuance of such shares, which rate increases to fifteen percent (15%) per annum in the event that the Company’s market capitalization is \$50 million or greater for thirty consecutive days. We are currently obligated to declare and pay \$75,000 in quarterly dividends on our shares of Series C Preferred Stock. The Certificate of Designation of Preferences, Rights and Limitations of Series F Convertible Preferred Stock (the “Series F Certificate of Designation”) required us to pay dividends to the holder of our shares of Series F Preferred Stock at a rate of ten percent (10%) per annum commencing on the date of issuance of such shares, which were payable until the earlier of the date on which such shares were converted or twelve months from such date of issuance, as applicable. As of the date of this Report, we are no longer obligated to declare and pay dividends on outstanding shares of Series F Preferred Stock, as such shares were issued over twelve months prior to such date, and an aggregate of 541,779 shares of Common Stock were paid as dividends to the holder of such shares.

Subject to the payment of dividends on our shares of Series C Preferred Stock, we currently intend to retain our future earnings to support operations and to finance expansion and, therefore, we do not anticipate paying any cash dividends on our capital stock in the foreseeable future.

We could issue “blank check” preferred stock without stockholder approval with the effect of diluting then current stockholder interests and impairing their voting rights; and provisions in our charter documents could discourage a takeover that stockholders may consider favorable.

Our Certificate of Incorporation authorizes the issuance of up to 10,000,000 shares of “blank check” preferred stock with designations, rights and preferences as may be determined from time to time by our Board. Our Board is empowered, without stockholder approval, to issue a series of preferred stock with dividend, liquidation, conversion, voting or other rights which could dilute the interest of, or impair the voting power of, our common stockholders. The issuance of a series of preferred stock could be used as a method of discouraging, delaying, or preventing a change in control of the Company. For example, it would be possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of the Company. The Series C Preferred Stock currently ranks senior to the Common Stock and our Series F Preferred Stock, and any class or series of capital stock created after the Series C Preferred Stock and has a special preference upon the liquidation of the Company. The Series F Preferred Stock currently ranks senior to the Common Stock and any class or series of capital stock created after the Series F Preferred Stock and has a special preference upon the liquidation of the Company. For further information regarding our shares of (i) Series C Preferred Stock, please refer to the Certificate of Designation filed as an exhibit to, and the disclosure contained in, the Series C Certificate of Designations filed as an exhibit to, and the disclosure contained in, our Current Report on Form 8-K filed with the SEC on May 30, 2017 and (ii) Series F Preferred Stock, please refer to the Form of Series F Certificate of Designation filed as an exhibit to, and the disclosure contained in, our Current Report on Form 8-K filed with the SEC on August 17, 2021.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

The trading market for our Common Stock may depend in part on the research and reports that securities or industry analysts may publish about us or our business, our market, and our competitors. We do not have any control over such analysts. If one or more such analysts downgrade or publish a negative opinion of our Common Stock, our share price would likely decline. If analysts do not cover our Company or do not regularly publish reports on us, we may not be able to attain visibility in the financial markets, which could have a negative impact on our share price or trading volume.

Financial Industry Regulatory Authority, Inc. (“FINRA”) sales practice requirements may limit a stockholder’s ability to buy and sell our shares of Common Stock.

FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for certain customers. FINRA requirements will likely make it more difficult for broker-dealers to recommend that their customers buy our shares of Common Stock, which may have the effect of reducing the level of trading activity in our Common Stock. As a result, fewer broker-dealers may be willing to make a market in our Common Stock, reducing a stockholder’s ability to resell shares of our Common Stock.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

We have developed and continue to enhance our cybersecurity governance program to help protect the security of our computer systems, software, networks, and other technology assets against material risks from cybersecurity threats, including unauthorized attempts to access confidential information or to disrupt or degrade our business operations. Our cybersecurity governance program is strategically integrated into our broader risk management framework and aims to (1) proactively manage cyber and information security risks at the Company, (2) implement the internal controls required by cybersecurity regulatory requirements as well as the Company’s information security control objective documents and information security standards, and (3) improve the efficiency, maturity, and effectiveness of technology functions and processes.

To date, risks from cybersecurity threats have not materially affected us, and we currently do not expect that the risks from cybersecurity threats are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. Despite our efforts to ensure the integrity of our computer systems, software, networks, and other technology assets, we may not be able to anticipate, detect, or recognize threats to our systems and assets, or to implement effective preventative measures against all cyber threats, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until discovered.

Governance

Our Board of Directors is acutely aware of the critical nature of managing risks associated with cybersecurity threats and oversees risks associated with cybersecurity threats. The Board's Audit Committee is central to the Board's oversight of cybersecurity risks and has primary responsibility for this area. The Audit Committee is composed of independent directors with diverse expertise including, risk management, technology, and finance, equipping them to oversee cybersecurity risks effectively.

Our Chief Financial Officer ("CFO") with the assistance of IT support plays a pivotal role in informing the Audit Committee on cybersecurity risks. He provides comprehensive briefings to the Audit Committee as needed. These briefings encompass a broad range of topics, including any emerging threats, the status of ongoing cybersecurity initiatives, and incident reports and learnings from any cybersecurity events that may occur. The Audit Committee actively participates and offers guidance in strategic decisions related to cybersecurity. This involvement helps ensure that cybersecurity considerations are integrated into our broader strategic objectives.

Our CFO works closely with our IT support to assess, monitor, and manage our cybersecurity risks. Our IT support regularly informs our Chief Executive Officer ("CEO") and CFO of all aspects related to cybersecurity risks and incidents. This helps ensure that the highest levels of management are kept abreast of the cybersecurity potential risks facing the Company. Furthermore, significant cybersecurity matters and strategic risk management decisions, if any, are escalated to our Board of Directors, ensuring that they have comprehensive oversight and can provide guidance on critical cybersecurity issues.

Item 2. Properties.

Our principal executive offices are located at 2801 Diode Lane, Louisville, Kentucky 40299. On June 15, 2020, we entered into a new five-year and two-month lease agreement for warehouse space at the Louisville, Kentucky facility. The current monthly rent for the space is \$6,600 and this lease agreement expires in August 2025.

Item 3. 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 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, threatened against or affecting the Company, 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 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our Common Stock trades on Nasdaq under the symbol “LGMK.”

As of April 12, 2024, there were approximately 90 holders of record of our Common Stock. This number does not include shares of Common Stock held by brokerage clearing houses, depositories, or others in unregistered form.

Dividends

We have never declared or paid dividends on our Common Stock, and our Board does not intend to declare or pay any dividends on our Common Stock in the foreseeable future. Our earnings are expected to be retained for use in expanding our business. The declaration and payment in the future of any cash or stock dividends on our Common Stock will be at the discretion of our Board and will depend upon a variety of factors, including our future earnings, capital requirements, financial condition and such other factors as our Board may consider to be relevant from time to time.

Securities Authorized for Issuance under Equity Compensation Plans

Reference is made to “Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Securities Authorized for Issuance under Equity Compensation Plans” for the information required by this item.

Recent Sales of Unregistered Securities

On August 7, 2023, the Company granted Ms. Simmons 62,000 shares of restricted Common Stock under the Company’s 2023 Stock Incentive Plan, in accordance with the terms of her employment agreement with the Company. Such shares vest over four years commencing July 3, 2023, with a quarter to vest on the anniversary of the grant, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company. Also on August 7, 2023, the Company granted Mr. Archer and FLG Partners, of which Mr. Archer is a partner, an aggregate of 22,000 shares of restricted Common Stock under the Company’s 2023 Stock Incentive Plan. Such shares vest over which vest commencing on July 3, 2023, with 1/4 of such shares to vest on July 3, 2024, and thereafter, 1/16 of such shares to vest on the first day of each subsequent three-month period until the entire award has vested, so long as such grantee’s provide their applicable services to the Company for each such quarter.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

LogicMark, Inc. provides PERS, health communications devices, and “IoT” technology that creates a connected care platform. The Company’s devices provide people with the ability to receive care at home and age independently and to check, manage and monitor a loved one’s health and safety remotely. 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. The Company is focused on modernizing remote monitoring to help people stay safe and live independently longer. The PERS technologies, as well as other personal safety devices, are sold through dealers and distributors, the Company’s eCommerce website (logicmark.com) and Amazon.com, as well as directly to the VHA. The Company enjoys a strong base of business with the VHA and plans to expand to other government agencies after being awarded the five-year GSA Agreement in 2021.

Fiscal Year 2023 Highlights

November 2023 Warrant Inducement Transactions

On November 21, 2023, the Company entered into inducement agreements with certain of its warrant holders (the “Inducement Agreements”), pursuant to which the Company induced such warrant holders to exercise for cash their 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 common stock purchase warrants issued pursuant to a public offering by the Company that closed on September 15, 2021 (the “Existing September 2021 Warrants”)) and (y) \$2.00 per one and one-half share (for the common stock purchase warrants issued pursuant to a public offering by the Company that closed on January 25, 2023 (the “Existing January 2023 Warrants” and together with the Existing September 2021 Warrants, the “Existing Warrants”)), during the period from the date of the Inducement Agreements until December 20, 2023. In consideration therefore and upon exercise by such holders of their respective Existing Warrants, the Company agreed to issue such holders new common stock purchase warrants as follows: (A) 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), at an exercise price of \$2.00 per Series A Warrant Share; and (B) 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), at an exercise price of \$2.00 per one and one-half Series B Warrant Share. Of the Series A Warrants issued, 50% consisted of Series A-1 Warrants, which are immediately exercisable and expire on the Termination Date (as defined in the Existing September 2021 Warrants) and 50% consisted of Series A-2 Warrants, which will be 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 Inducement Agreement transactions. Of the Series B Warrants issued, 50% consisted of Series B-1 Warrants, which are immediately exercisable and expire on the Termination Date (as defined in the Existing January 2023 Warrants) and 50% consist of Series B-2 Warrants, which will be 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.

Appointment of Directors

On October 27, 2023, the Board appointed both Thomas W. Wilkinson and Carine Schneider as members of the Board. The appointments of Mr. Wilkinson and Ms. Schneider were approved by the Company’s stockholders at the December 20, 2023 Annual Meeting.

On April 1, 2023, Sherice R. Torres notified the Board of her resignation from the Board, effective April 7, 2023. On January 22, 2024, Mr. Wilkinson notified the Board of his resignation from the Board, effective January 22, 2024. The resignations of Ms. Torres and Mr. Wilkinson as directors were not related to any disagreement with the Company on any matter relating to the Company’s operations, policies or practices.

Reincorporation

On June 1, 2023 (“Effective Date”), LogicMark, Inc., a Delaware corporation (the “Predecessor”), merged with and into its wholly-owned subsidiary, LogicMark, Inc., a Nevada corporation (the “Reincorporation”), pursuant to an agreement and plan of merger, dated as of June 1, 2023 (the “Agreement”). At the Effective Date and pursuant to the Agreement, the Company succeeded to the assets, continued the business and assumed the rights and obligations of the Predecessor existing immediately prior to the Reincorporation. The Agreement and transactions contemplated thereby were approved by the affirmative vote of a majority of the outstanding shares of the Predecessor’s common stock, par value \$0.0001 per share (the “Predecessor Common Stock”), and Series C Non-Convertible Voting Preferred Stock, par value \$0.0001 per share (the “Predecessor Series C Preferred Stock”), as well as the Predecessor’s Series F Convertible Preferred Stock, par value \$0.0001 per share (the “Predecessor Series F Preferred Stock”) on an as-converted to Predecessor Common Stock basis, in the aggregate, and entitled to vote on the matter, at the Predecessor’s special meeting of stockholders held on March 7, 2023 (the “Special Meeting”).

Reverse Stock Split

Prior to the Reincorporation, on April 21, 2023, the Predecessor effected 1-for-20 reverse stock splits of the outstanding shares of Predecessor Common Stock and Predecessor Series C Preferred Stock, whereby every 20 shares of Predecessor Common Stock and Predecessor Series C Preferred Stock was consolidated into 1 share of each such class following such split, with fractional shares rounded up to the nearest whole share. All applicable information in this Management's Discussion and Analysis of Financial Condition and Results of Operations section has been retroactively adjusted to reflect such reverse stock splits.

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.

Results of Operations

Year ended December 31, 2023, compared with the year ended December 31, 2022.

Revenue, Cost of Goods Sold, and Gross Profit

| | Twelve Months Ended | | \$ Change | % Change |
|--------------------|---------------------|---------------|----------------|----------|
| | December 31, | | | |
| | 2023 | 2022 | | |
| Revenue | \$ 9,929,629 | \$ 11,916,482 | \$ (1,986,853) | -17% |
| Cost of Goods Sold | 3,269,967 | 4,685,639 | (1,415,672) | -30% |
| Gross Profit | \$ 6,659,662 | \$ 7,230,843 | \$ (571,181) | |
| Profit Margin | 67% | 61% | | |

We experienced a 17% decrease in revenue for the year ended December 31, 2023, as compared to the year ended December 31, 2022. Results in the prior year period included sales of Freedom Alert 911+ 4G units replacing older 3G units no longer supported by national cellular network carriers, a one-time sales opportunity.

Gross profit margin for the year ended December 31, 2023, was 67%, up from 61% in the year ended December 31, 2022, 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 fulfillment costs to our customers.

Operating Expenses

| Operating Expenses | Twelve Months Ended December 31, | | \$ Change | % Change |
|-------------------------------|---|----------------------|---------------------|-----------------|
| | 2023 | 2022 | | |
| Direct operating cost | \$ 1,142,596 | \$ 1,455,450 | \$ (312,854) | -21% |
| Advertising cost | 270,709 | 105,672 | \$ 165,037 | 156% |
| Selling and marketing | 2,206,091 | 1,094,628 | 1,111,463 | 102% |
| Research and development | 982,684 | 1,241,265 | (258,581) | -21% |
| General and administrative | 8,478,947 | 9,037,794 | (558,847) | -6% |
| Other expense | 147,506 | 374,389 | (226,883) | -61% |
| Goodwill impairment | 7,815,000 | - | 7,815,000 | 100% |
| Depreciation and amortization | 944,596 | 828,137 | 116,459 | 14% |
| Total Expenses | \$ 21,988,129 | \$ 14,137,335 | \$ 7,850,794 | |

Direct Operating Cost

The \$0.3 million decrease in direct operating cost for the year ended December 31, 2023, compared to December 31, 2022, was primarily driven by a reduction in warranty claims accepted by the Company related to the sunsetting of 3G cellular support by the national cellular network carriers.

Advertising Costs

The \$0.2 million increase in advertising costs for the year ended December 31, 2023, compared to December 31, 2022, was driven by the initiation and continuation in 2023 of social media advertising and web-based advertising to support our eCommerce platform and Amazon.com business.

Selling and Marketing

The \$1.1 million increase in selling and marketing expense for the year ended December 31, 2023, compared to December 31, 2022, was driven by hiring additional sales personnel and their related expenses.

Research and Development

The Company entered calendar year 2023 with new products in the product pipeline and ended the year with the release of two of those new products. The nature of development work completed in 2023 resulted in more costs being capitalized versus 2022. As a result, \$1.6 million of development work was capitalized in 2023 versus \$1.0 million of development work was capitalized in 2022.

General and Administrative

General and administrative costs decreased \$0.6 million for the year ended December 31, 2023, compared to the December 31, 2022 period. This was mostly driven by lower consulting costs as we were able to hire additional full-time employees.

Goodwill Impairment

The Company performed a quantitative assessment of goodwill and assessed trends of market capitalization for the year ended December 31, 2023, which showed declines throughout the year compared to prior year levels and determined that the carrying value of its goodwill exceeded its fair value. As a result, the Company recorded a non-cash, impairment charge to write down goodwill by \$7.8 million.

As of December 31, 2022, the Company determined that there were no indicators present to suggest that it was more likely than not that the fair value of goodwill was less than the carrying amount.

Other Income and Expense

| Other Income | Twelve Months Ended December 31, | | \$ Change | % Change |
|---------------------------|-------------------------------------|-------------------|-------------------|-------------|
| | 2023 | 2022 | | |
| Interest income | \$ 221,871 | \$ 119,483 | \$ 102,388 | 86% |
| Other income | 246,138 | - | 246,138 | 100% |
| Total Other Income | \$ 468,009 | \$ 119,483 | \$ 348,526 | 292% |

During the fiscal year ended 2023, the Company recorded \$0.2 million of interest income generated from its cash balances and the receipt of a \$0.2 million refund from the Internal Revenue Service in connection with our application of an employee retention credit for businesses that had employees who were affected during the COVID-19 pandemic.

Benefit (Provision) for Income Taxes

For the year ended December 31, 2023, the Company recorded a tax benefit of \$0.3 million, or 2.09% of the loss before income taxes, which differed from the tax benefit at the 21% statutory rate, primarily due to changes in the valuation allowance. For the year ended December 31, 2022, the Company recorded a tax expense of \$0.1 million, or (2.02)% of the loss before income taxes, which differed from the tax benefit at the 21% statutory rate primarily due to changes in the valuation allowance.

Liquidity and Capital Resources

Sources of Liquidity

The Company generated an operating loss of \$15.3 million and a net loss of \$14.6 million for the year ended December 31, 2023. As of December 31, 2023, the Company had cash and cash equivalents of \$6.4 million. At December 31, 2023, the Company had working capital of \$6.0 million, compared to working capital as of December 31, 2022 of \$7.1 million. During the year ended December 31, 2023, the Company received gross proceeds of \$6.4 million from the issuance of Common Stock, warrants, as well as from the exercise of Common Stock purchase warrants in connection with a warrant inducement transaction.

Given our cash position as of December 31, 2023 and our projected cash flow from operations, we believe we will have sufficient capital to sustain operations for the next year. 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 year ended December 31, 2023, net cash used in operating activities was \$4.3 million. During the year ended December 31, 2022, net cash used in operating activities was \$3.6 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 year ended December 31, 2023, we invested \$0.1 million in equipment and website development and invested \$1.3 million in product and software development. During the year ended December 31, 2022, we purchased \$0.3 million in equipment and website development and invested \$1.0 million in product and software development.

Cash Provided by (Used in) Financing Activities

| Cash flows from Financing Activities | Twelve Months Ended December 31, | |
|---|-------------------------------------|---------------------|
| | 2023 | 2022 |
| Proceeds from sale of Common Stock and exercise of warrants | \$ 5,211,428 | \$ - |
| Fees paid in connection with equity offerings | (1,026,607) | - |
| Warrants exercised for Common Stock | 1,165,156 | - |
| Series C Redeemable Preferred Stock dividends | (300,000) | (300,000) |
| Net Cash Provided by (Used in) Financing Activities | \$ 5,049,977 | \$ (300,000) |

During the fiscal years ended 2023 and 2022, we paid Series C Redeemable Preferred Stock dividends amounting to \$0.3 million. During the fiscal year ended 2023, we completed a registered public offering of Common Stock and warrants, whereby we received proceeds of \$5.2 million and paid fees of \$0.8 million. In addition, we received proceeds of \$1.2 million and paid fees of \$0.2 million for the inducement transaction whereby holders exercised their warrants into Common Stock.

Business Outlook

Our future financial performance depends, in large part, on conditions in the markets that we serve and on conditions in the U.S. in general. During the year ended December 31, 2022, the impact of the COVID-19 pandemic significantly affected our results of operations as we experienced meaningful reductions in customer demand for our products and services. During this period, the Company continued to identify and assess risks and modify operating plans following guidance from national, state, and local governmental and health authorities. Although we continued to experience minimal supply chain disruption, customer demand was noticeably weaker. During this time period, we took several proactive measures to protect the Company's balance sheet and strengthen its liquidity position, including making additional cost reductions through selected headcount reductions, discretionary spending reductions, corporate travel suspension, and service provider and other expense reductions.

In both the first and second quarter of 2022, we had to deal with cellular carriers sunsetting their support of 3G, making some of our products unusable. For affected customers whose 3G PERS units were still under warranty, the Company chose to provide a 4G replacement unit at no cost to the customer. Customers whose 3G PERS units were outside of warranty were sold a 4G replacement unit or in the case of veterans, obtained their replacement unit through the VHA.

In 2023, we began to build a durable business model, a recurring revenue base to generate significant cash flow, to invest in efficient growth and to develop innovative software and services solutions to expand into the broader Caring Economy. We invested in a number of new verticals in the consumer, pro-care/healthcare and corporate benefits lines of business and expanded further into our established government line of business. Although we have made strides in expanding, the Company did face a drop in revenue mainly due to the sunsetting of the 3G PERS units to a 4G replacement unit in 2022 that did not occur in 2023.

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 fulfillment in fiscal year 2024 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 higher productivity, better 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 Estimates

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from these estimates. Items subject to such estimates and assumptions could include: the carrying amount and estimated useful lives of long-lived assets; assumptions used in the preparation of the goodwill impairment test; the valuation allowance for credit losses; the fair value of financial instruments; contingent considerations arising from business combinations; income tax recoverability of deferred tax assets, and provisions, among others.

Valuation and Goodwill Impairment

Goodwill represents the excess of consideration paid over the net assets acquired. The Company conducts an annual impairment test of goodwill in the fourth quarter, and in between evaluates if events or circumstances indicate whether fair value may be less than its carrying value. If an initial assessment indicates it is more likely than not goodwill may be impaired, it is evaluated by comparing estimated fair value to carrying value. An impairment charge would be recorded for the amount by which the carrying value exceeds estimated fair value. Estimated fair values are developed primarily under an income approach that discounts estimated future cash flows using risk-adjusted interest rates, as well as earnings multiples or other techniques as warranted. Estimating short-term revenue growth and the discount rates used to determine the fair value requires management judgement and estimation of uncertainties.

Critical Accounting Policies

The following discussion and analysis of financial condition and results of operations is based upon our financial statements, which have been prepared in conformity with accounting principles generally accepted in the U.S. Certain accounting policies and estimates are particularly important to the understanding of our financial position and results of operations and require the application of significant judgment by our management or can be materially affected by changes from period to period in economic factors or conditions that are outside of our control. As a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management uses their judgment to determine the appropriate assumptions to be used in the determination of certain estimates. Those estimates are based on our historical operations, our future business plans and projected financial results, our observance of trends in the industry and information available from other outside sources, as appropriate. Please see Note 4 to our financial statements for a more complete description of our significant accounting policies.

Revenue Recognition

The Company's revenues primarily consist of product sales to either end customers or to distributors. 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 control 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 payment terms are generally due upfront. 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 control transfers to the customer, which generally occurs when the Company ships or delivers the product from its fulfilment 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 offerings which include leasing hardware coupled with monthly subscription services. We account 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 the leased hardware meets the criteria to be an operating lease and has the same timing and pattern of transfer as the 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 hardware for which it has estimated that the non-lease components of the new offering is the predominant component of the contract.

Inventory

The Company performs regular reviews of inventory quantities on hand through periodic cycle counts and a comprehensive year-end inventory count and evaluates the realizable value of its inventories. The Company will adjust the carrying value of the inventory as necessary with the write-down for excess, obsolete, and slow-moving inventory by comparing the individual inventory parts to forecasted product demand or production requirements. The inventory is valued at the lower of cost or net realizable value with cost determined using the first-in, first-out method.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are not required to provide the information required by this Item 7A as we are a smaller reporting company.

Item 8. Financial Statements and Supplementary Data.

The Company's financial statements, notes to the financial statements, and the report of the Company's independent registered public accounting firm required to be filed in response to this Item 8 begin on page F-1 of this Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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 December 31, 2023.

The Company completed the following procedures in order to remediate the material weaknesses identified and as reported in our Annual Report on Form 10-K for the period ended December 31, 2022:

- Management completed an assessment of the Company's internal controls over financial reporting based on the criteria set forth in the report entitled Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (2013), known as "COSO".
- Management finalized the design and implementation of internal controls and disclosure controls and procedures, including hiring additional accounting personnel, implementing controls related to accounting for complex transactions and ensuring appropriate segregation of duties are in place.

Management has concluded that our disclosure controls and procedures were effective as of December 31, 2023 to provide reasonable assurance that information required to be disclosed by us in reports that 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.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we are required to conduct an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the criteria set forth in the report entitled Internal Control-Integrated Framework published by COSO. Management has completed an evaluation under the criteria set forth in Internal Control-Integrated Framework, and as such our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

This Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm, as we are neither an accelerated filer nor a large accelerated filer and are not required to provide such a report.

Limitations of the Effectiveness of Internal Control

Our management, including our CEO and CFO, 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 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.

Changes in Internal Control over Financial Reporting

Other than the remediation procedures described above, there were no changes in the Company's internal control over financial reporting in the Company's fourth quarter of the fiscal year ended December 31, 2023, covered by this Report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Our executive officers and directors and their ages and positions are as follows:

| Name | Age | Position | Date First Elected or Appointed |
|-------------------|------------|--------------------------------------|--|
| Chia-Lin Simmons | 51 | Chief Executive Officer and Director | June 14, 2021 |
| Mark Archer | 67 | Chief Financial Officer | July 15, 2021 |
| Robert Curtis | 69 | Director | July 25, 2018 |
| John Pettitt | 61 | Chairman of the Board and Director | March 15, 2022 |
| Barbara Gutierrez | 61 | Director | May 17, 2022 |
| Carine Schneider | 60 | Director | October 27, 2023 |

Chia-Lin Simmons, Chief Executive Officer, and Director

Chia-Lin Simmons has served as CEO and a director of the Company since June 14, 2021. From 2016 to June 2021, Ms. Simmons served as the CEO and co-founder of LookyLoo, Inc., an artificial intelligence social commerce company. Ms. Simmons served as a member of the Board of Directors for Servco Pacific Inc., a global automotive and consumer goods company with businesses in mobility, automotive distribution and sales, and entertainment from 2017 to 2022 and currently serves as a member of its Investment board. She is also a member of the Board of Directors of New Energy Nexus, an international organization that supports clean energy entrepreneurs with funds, accelerators and networks as well as a member of the Board of Directors for Chromocell, a biotech company developing treatments for chronic pain. From 2014 to 2016, Ms. Simmons served as Head of Global Partner Marketing at Google Play, prior to which, between 2010 and 2014, she served as VP of Marketing & Content for Harman International. She has served as a senior executive or VP at a number of companies, including VP of Strategic Alliances at Audible / Amazon as well as Director of Business Development at AOL / Time Warner. Ms. Simmons received her B.A. in Communications, Magna cum Laude and Phi Beta Kappa, from the University of California, San Diego in 1995. She also received her M.B.A. from Cornell University in 2002, where she was a Park Leadership Fellow, and her J.D. from George Mason University in 2005, and is currently a licensed attorney in the State of New York. The Company believes that Ms. Simmons' broad technology industry expertise, her experience in product development and launch, and her role as CEO give her the qualifications and skills to serve as a member of the Board.

Mark Archer, Chief Financial Officer

Mark Archer has served as the permanent CFO of the Company since February 15, 2022, and previously served as our Interim CFO from July 15, 2021, to February 15, 2022. Mr. Archer also serves as a partner at FLG Partners, a Silicon Valley CFO and board advisory consultancy firm. Mr. Archer has over 40 years of financial and operational experience, including assignments in high growth technology and consumer products companies. Prior to joining FLG Partners in 2021, from 2017 to 2020, Mr. Archer served as Executive Vice President and Chief Financial Officer of Saxco International LLC, a private equity owned middle market distributor of glass and other rigid packaging solutions to the wine, beer and spirits industries. From 2016 to 2018, Mr. Archer served as President and Chief Executive Officer of Swarm Technology LLC, a growth stage technology company selling hardware and software services based on IoT architecture. He has served as either Chief Financial Officer or Chief Executive Officer at a number of other public and privately held companies. Mr. Archer received both his B.S. degree in Business Administration and an M.B.A. in Finance, from the University of Southern California, where he was a Presidential Scholar.

Robert Curtis, Director

Robert Curtis has served as a director of the Company since July 25, 2018. Dr. Curtis is a 36-year veteran in the biosciences industry. Since 2012, Dr. Curtis has served as a consultant to emerging technology companies in his role at Curtis Consulting & Communications, LLC. From 2014 to 2016, he served as the Executive Chairman and Director of the Trudeau Institute in Saranac Lake, New York and prior to that position, he was Chief Executive Officer (CEO) of the Regional Technology Development Corporation from 2007 to 2012, a non-profit organization in Woods Hole, Massachusetts, where he was responsible for identifying and commercializing technology from the Marine Biological Laboratory and the Woods Hole Oceanographic Institute. Prior to such roles, Dr. Curtis has been a founder and CEO of several companies, including HistoRx, Inc., a tissue proteomics company, Cape Aquaculture Technologies, Inc., which developed enhanced non-genetically modified fish, and Lion Pharmaceuticals/Phoenix Drug Discovery LLC, which developed and commercialized university-based technology from some of the leading biomedical institutions in the world. He assisted in the founding of Environmental Operating Solutions, Inc., which applied denitrification technology to wastewater, and which was sold in 2017. He was a co-founder of and CEO of CombiChem, Inc., which was sold to Dupont Pharmaceuticals, and served as founding President and CEO of MetaMorphix, Inc., a joint venture between Genetics Institute, Inc., and The Johns Hopkins School of Medicine. Prior to these entrepreneurial endeavors, Dr. Curtis held senior management positions at Pharmacoceia, Inc., Cambridge Neuroscience, Inc., and Pfizer, Inc. He also served as Assistant Professor of Pharmacy Practice at the University of Illinois Medical Center in Chicago. He currently serves on the Board or as an advisor to a number of private entrepreneurial companies and has served as judge for the annual MIT \$100K Business Plan Entrepreneurial Award. He is Chairman of Fundraising for the Falmouth Commodores of the Cape Cod Baseball League. Dr. Curtis holds a BS in Pharmacy from the Massachusetts College of Pharmacy, a Pharm.D. from the University of Missouri, and an MBA from Columbia University. Dr. Curtis' significant experience in the biosciences, healthcare, and technology sector as well as his operational background gives him the qualifications and skills necessary to serve as a director of our Company.

John Pettitt, Chairman of the Board

John Pettitt has served as a director of the Company since March 15, 2022. Since October 2017, Mr. Pettitt has served as senior staff software engineer at Google LLC ("Google"), focusing on software development and software engineering management. Prior to his role at Google, Mr. Pettitt served as Chief Technology Officer at Relay Media Inc., a mobile content optimization company, where he focused on software development for digital media, from 2015 until it was acquired by Google in October 2017. Mr. Pettitt has 39 years of experience in communication and e-commerce. An internet pioneer since 1983, Mr. Pettitt has been a founder and Chief Technology Officer of multiple successful companies, including: Specialix PLC, a manufacturer of communications and networking hardware, which was acquired by Pearl Systems; software.net, the first internet app store and an e-commerce pioneer, currently known as Beyond.com, which became a publicly traded company and was later acquired by Digital River; CyberSource, a world-leading payments and fraud detection company, which became a publicly traded company and was later acquired by Visa; and Relay Media Inc. In addition, Mr. Pettitt has been awarded multiple foundational patents relating to e-commerce, fraud detection and content distribution and management. We believe that Mr. Pettitt brings a deep technical understanding of hardware and software, combined with a strong entrepreneurial track record, which background gives him the qualifications and skills necessary to serve as a director.

Barbara Gutierrez, Director

Barbara Gutierrez has served as a director of the Company since May 17, 2022. Ms. Gutierrez began her career in public accounting and has directed and improved the financial operations of public, private equity, and privately held companies, with extensive experience with capital transactions like initial public offerings, capital raises, and merger and acquisition transactions. She currently serves as Chief Financial Officer of Modivcare, Inc (Nasdaq: MODV) and previously served as CFO of InnovAge Holding Corp. (Nasdaq: INNV) from 2017 to 2023. She has served as Chief Financial Officer and Chief People Services Officer for Hero DVO, LLC and in senior leadership roles at Strad Energy Services, Jones Knowledge Group, PhyCor, and HealthOne. She has also served as a board member of Jones International University, Camp Fire Girls of Colorado (where she served as treasurer of the Board), and corporate secretary for Strad Energy Services, a TSX-traded company. Ms. Gutierrez is a graduate, magna cum laude, of the University of Denver, and is a certified public accountant and chartered global management accountant. Ms. Gutierrez is qualified to serve on the Board because she is an accomplished leader with more than 30 years of experience in executive and financial leadership roles with high growth, entrepreneurial companies in a range of industries.

Carine Schneider, Director

Carine Schneider has served as director of the Company since October 27, 2023. She is an experienced and well-connected leader and author in the private market and global compensation industry with deep experience working in consulting, technology & financial services. Ms. Schneider is a co-founder of Compass Equity Strategic Advisors, a strategic advisory firm, based in Menlo Park, California. She was named one of the 100 Influential Women in Silicon Valley by the Silicon Valley Business Journal (2017), one of “17 Women to Watch” in 2017 by Brown Brothers Harriman Center on Women and Wealth and received the 2019 ProShare Award for Services to Employee Share Ownership. In March 2022 she was named one of the 20 Most Inspiring Women Leaders by Women Leaders Magazine. In 2021, she published her first book, “The Democratization of the Private Market”. Ms. Schneider was formerly the President, Nasdaq Private Market (NPM), CEO of Certent, founder and CEO of Global Shares, Partner at PwC, Director of Strategic Planning with Morgan Stanley, President of AST Private Company Solutions, Inc. and was the Leader of the Global Stock Plan Services at Towers Watson. Ms. Schneider served on the Board of Directors of Certent, Global Shares and The Professional Business Women of California (PBWC). In 1992, Ms. Schneider was the founding Executive Director of the National Association of Stock Plan Professionals (NASPP). In 1999, Ms. Schneider founded the Global Equity Organization (GEO). Ms. Schneider has served as Chair Emeritus in for GEO since July 2017. Ms. Schneider was also a founding Board Member of the Santa Clara University CEP Program, having served as its Chair twice. Ms. Schneider started her career in 1985 and worked as a Manager of Shareholder Relations at Oracle Corporation from September 1985 to May 1988, where she assisted in the initial public offering and managed all aspects of the company’s various stock plans. Ms. Schneider speaks Dutch and English. She received her degree in Psychology & Sociology from the University of California in 1985. She served as president and a member of the board of directors of AST Private Company Solutions, Inc. from June 2, 2019 to June 15, 2023. Ms. Schneider was a partner at Nua Group, LLC from July 1, 2017 to December 13, 2018. She is a frequent speaker at conferences around the world, including President Obama’s 2016 Global Entrepreneurial Summit. She was invited to join the inaugural class of Fellow Global Equity (FGE) in 2019. We believe that Ms. Schneider is qualified to serve on the Board because she has significant financial expertise, consulting, global compensation, entrepreneurial, and technological expertise.

Board Committees

Our Board has an audit committee (“Audit Committee”), a compensation committee (“Compensation Committee”) and a corporate governance and nomination committee (“Corporate Governance and Nomination Committee”). Each committee has a charter, which is available on our website at www.logicmark.com. Information contained on our website is not incorporated herein by reference. Each of the Board committees has the composition and responsibilities described below. As of April 12, 2024, the members of such committees are:

Audit Committee – Barbara Gutierrez^{*(1)}, Robert Curtis and John Pettitt

Compensation Committee – Carine Schneider*, Robert Curtis and John Pettitt

Corporate Governance and Nomination Committee – Robert Curtis*, Barbara Gutierrez, and Carine Schneider

* Indicates Committee Chair

(1) Indicates Audit Committee Financial Expert

Audit Committee

We have an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The members of our Audit Committee are Barbara Gutierrez, Robert Curtis, and John Pettitt. Mr. Pettitt, Dr. Curtis, and Ms. Gutierrez are each “independent” within the meaning of Rule 10A-3 under the Exchange Act and the Listing Rules of The Nasdaq Stock Market LLC (the “Nasdaq Rules”). Our Board has determined that Ms. Gutierrez shall serve as the “audit committee financial expert”, as such term is defined in Item 407(d)(5) of Regulation S-K. In addition, Ms. Gutierrez serves as Chairperson of the Audit Committee.

The Audit Committee oversees our corporate accounting and financial reporting process and oversees the audit of our financial statements and the effectiveness of our internal control over financial reporting. The responsibilities of the Audit Committee include, among other matters:

- Selecting and recommending to our Board the appointment of an independent registered public accounting firm and overseeing the engagement of such firm;
- Approving the fees to be paid to the independent registered public accounting firm;
- Helping to ensure the independence of our independent registered public accounting firm;
- Overseeing the integrity of our financial statements;
- Preparing an audit committee report as required by the SEC to be included in our annual proxy statement;
- Reviewing major changes to our auditing and accounting principles and practices as suggested by our Company’s independent registered public accounting firm, internal auditors (if any) or management;
- Reviewing and approving all related party transactions;
- Reviewing our significant risks or exposures, including the policies to govern the process by which risk assessment and risk management is implemented including, without limitation, policies relating to cybersecurity; and
- Overseeing our compliance with legal and regulatory requirements.

In 2023, the Audit Committee held four (4) electronic or virtual meetings, at which all of the members of the then current Audit Committee were present.

The Audit Committee operates under a written charter adopted by our Board that satisfies the applicable standards of Nasdaq.

Compensation Committee

The members of our Compensation Committee are Robert Curtis, John Pettitt and Carine Schneider. Mr. Pettitt, Dr. Curtis, and Ms. Schneider are each “independent” within the meaning of the Nasdaq Rules. In addition, each member of the Compensation Committee qualifies as a “non-employee director” under Rule 16b-3 of the Exchange Act. The Compensation Committee assists the Board in the discharge of its responsibilities relating to the compensation of the members of the Board and our executive officers. Ms. Schneider serves as Chairperson of the Compensation Committee.

The Compensation Committee's compensation-related responsibilities include:

- Assisting our Board in developing and evaluating potential candidates for executive positions and overseeing the development of executive succession plans;
- Reviewing and approving on an annual basis the corporate goals and objectives with respect to compensation for our CEO;
- Reviewing, approving, and recommending to our Board on an annual basis the evaluation process and compensation structure for our other executive officers;
- Providing oversight of management's decisions concerning the performance and compensation of other Company officers, employees, consultants, and advisors;
- Reviewing our incentive compensation and other stock-based plans and recommending changes in such plans to our Board as needed, and exercising all the authority of our Board with respect to the administration of such plans;
- Reviewing and recommending to our Board the compensation of independent directors, including incentive and equity-based compensation; and
- Selecting, retaining, and terminating such compensation consultants, outside counsel and other advisors as it deems necessary or appropriate.

In 2023, the Compensation Committee held six (6) electronic or virtual meetings, at which all of the members of the then current Compensation Committee were present.

The Compensation Committee operates under a written charter adopted by our Board that satisfies the applicable standards of Nasdaq.

Corporate Governance and Nomination Committee

The members of the Corporate Governance and Nomination Committee are Robert Curtis, Barbara Gutierrez, and Carine Schneider. Dr. Curtis, and Ms. Gutierrez and Schneider are each "independent" within the meaning of the Nasdaq Rules. In addition, each member of the Corporate Governance and Nomination Committee qualifies as a "non-employee director" under Rule 16b-3 of the Exchange Act. One of the main purposes of the Corporate Governance and Nomination Committee is to recommend to the Board nominees for election as directors and persons to be elected to fill any vacancies on the Board, develop and recommend a set of corporate governance principles and oversee the performance of the Board. Dr. Curtis serves as Chairman of the Corporate Governance and Nomination Committee.

The Corporate Governance and Nomination Committee is responsible for, among other objectives, making recommendations to the Board regarding candidates for directorships; overseeing the evaluation of the Board; reviewing developments in corporate governance practices; developing a set of corporate governance guidelines; and reviewing and recommending changes to the charters of other Board committees. In addition, the Corporate Governance and Nomination Committee is responsible for overseeing our corporate governance guidelines and reporting and making recommendations to the Board concerning corporate governance matters. The Corporate Governance and Nomination Committee operates under a written charter adopted by our Board that satisfies the applicable standards of Nasdaq.

In 2023, the Corporate Governance and Nomination Committee held one (1) telephonic meeting, at which all of the members of the then current Corporate Governance and Nomination Committee were present.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our current directors or executive officers has, during the past ten years:

- Been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- Had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation, or business association of which he or she was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- Been subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- Been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- Been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- Been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Except as may be set forth in our discussion below in Item 13 “Certain Relationships and Related Transactions, and Director Independence” none of our directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates, or associates which are required to be disclosed pursuant to the rules and regulations of the SEC.

Family Relationships

There are no relationships between any of the officers or directors of the Company.

Director Nomination Procedures

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

Code of Ethics

The Board has adopted a Code of Business Ethics and Conduct (the “Code of Conduct”) which constitutes a “code of ethics,” as defined by applicable SEC rules and a “code of conduct,” as defined by applicable rules of Nasdaq. We require all employees, directors, and officers, including our principal executive officer and principal financial officer to adhere to the Code of Conduct in addressing legal and ethical issues encountered in conducting their work. The Code of Conduct requires that these individuals avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in our best interest. The Code of Conduct contains additional provisions that apply specifically to our CEO, CFO, and other finance department personnel with respect to full and accurate reporting. The Code of Conduct is available on our website at www.logicmark.com. The Company will post any amendments to the Code of Conduct, as well as any waivers that are required to be disclosed by the rules of the SEC on such website. Information contained on or that may be obtained from our website is not and shall not be deemed to be a part of this Report.

Delinquent Section 16(a) Reports

Under the securities laws of the United States, our directors, executive (and certain other) officers, and any persons holding ten percent or more of our Common Stock must report on their ownership of the Common Stock and any changes in that ownership to the SEC. Specific due dates for these reports have been established. Based solely upon a review of these reports filed electronically with the SEC and certain written representations provided to us by such persons, we believe that all reports required to be filed by our directors, executive officers and holders of more than 10% of our Common Stock pursuant to Section 16(a) of the Exchange Act during the fiscal year ended December 31, 2023 were filed on a timely basis except for one Form 3 filed by Thomas Wilkinson.

Item 11. Executive Compensation.

The disclosure relating to the shares of Common Stock under this “Executive Compensation” section reflects the reverse stock split of the Common Stock that was effected by the Company on April 21, 2023.

Summary Compensation Table for Fiscal Years 2023 and 2022

The following table sets forth all plan and non-plan compensation for the last two fiscal years paid to individuals who served as the Company’s principal executive officers, as required by Item 402(m)(2) of Regulation S-K of the Securities Act. We refer to these individuals collectively as our “named executive officers.”

| Name and Principal Position | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$)(3) | Option Awards (\$) | Nonequity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$)(4) | Total (\$) |
|--------------------------------|------|-------------|------------|----------------------|--------------------|--|--|--------------------------------|------------|
| Chia-Lin Simmons | 2023 | 500,000 | 375,000 | 181,040 | - | - | - | 29,669 | 1,085,709 |
| Chief Executive Officer (1) | 2022 | 475,472 | 247,800 | 685,978 | - | - | - | 31,251 | 1,440,501 |
| Mark Archer | 2023 | 572,617 | - | 64,240 | - | - | - | 28,979 | 665,836 |
| Chief Financial Officer (2) | 2022 | 530,628 | - | 396,944 | - | - | - | 16,952 | 944,524 |

(1) Ms. Simmons was appointed the Company’s CEO and member of the Board on June 14, 2021. Ms. Simmons was granted 13,328 shares of restricted Common Stock that vest over four years commencing October 15, 2021, with a quarter to vest on the anniversary of the grant, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company. Ms. Simmons was granted 10,208 shares of restricted Common Stock that vest over four years commencing January 3, 2022, with a quarter to vest on the anniversary of the grant, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company. Ms. Simmons was granted 62,000 shares of restricted Common Stock that vest over four years commencing July 3, 2023, with a quarter to vest on the anniversary of the grant, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company.

- (2) Mr. Archer was appointed the Company's Interim CFO on July 15, 2021, and was appointed the Company's permanent CFO on February 15, 2022. Salary reflects compensation received by FLG Partners for Mr. Archer's services along with his salary from the Company. Additional details regarding Mr. Archer's compensation are summarized below under "Employment Agreements." Mr. Archer was granted 6,470 shares of restricted Common Stock that vest over three years commencing on February 15, 2022, with a quarter to vest on July 15, 2022, with the remaining number of such shares to vest at the rate of 6.25% for each three-month period thereafter until the entire award has vested, provided, however, that if Mr. Archer terminates or ceases to provide services during such three-month period, the portion of the shares that would otherwise vest at the end thereof will vest as of Mr. Archer's termination or cessation of services. Mr. Archer and FLG were granted 20,900 and 1,100 shares of restricted Common Stock, respectively, that vest over three years commencing on July 3, 2023, with a quarter to vest on July 3, 2024, with the remaining number of such shares to vest at the rate of 6.25% for each three-month period thereafter until the entire award has vested, provided, however, that if Mr. Archer or FLG terminates or ceases to provide services during such three-month period, the portion of the shares that would otherwise vest at the end thereof will vest as of Mr. Archer's and FLG's termination or cessation of services.
- (3) Amounts reported in this column reflect the grant date fair value of the restricted stock award granted during the fiscal years ended December 31, 2023, and 2022, as computed in accordance with Financial Accounting Standards Board ("FASB") ASC 718.
- (4) Other compensation includes primarily employer-paid health insurance.

Employment Agreements

Chia-Lin Simmons

On June 14, 2021, the Company entered into an employment agreement with Chia-Lin Simmons (the "Prior Agreement"), pursuant to which she was appointed our CEO and a member of the Board, effective June 14, 2021, in consideration for an annual cash salary of \$450,000. The Prior Agreement provided for incentive bonuses as determined by the Board, a one-time sign-on bonus of \$50,000, and employee benefits, including health and disability insurance, in accordance with the Company's policies, and remains in effect until her employment with the Company is terminated.

Additionally, pursuant to the Prior Agreement and as a material inducement to her acceptance of employment with the Company, the Company offered Ms. Simmons a stock award of 13,328 shares of restricted Common Stock. Such stock award was approved by the Board's compensation committee and the shares were issued in accordance with Nasdaq Listing Rule 5635(c)(4) outside of our 2013 Long-Term Stock Incentive Plan ("2013 LTIP") and our 2017 Stock Incentive Plan ("2017 SIP"), vesting over a four-year period commencing on October 15, 2021, with a quarter to vest on the anniversary of that date, and thereafter in quarterly amounts until such award has fully vested, so long as Ms. Simmons remains in the service of the Company.

On November 2, 2022, the Company executed an executive employment agreement (the "Simmons Agreement") with Ms. Simmons, effective as of June 14, 2022, and which supersedes the Prior Agreement. The term of the Simmons Agreement commenced on June 14, 2022, and continues through and until August 31, 2025 (the "Term"), unless terminated on an earlier date pursuant to the terms set forth in the Simmons Agreement. Pursuant to the Simmons Agreement, Ms. Simmons will receive an annual base salary of \$500,000 (the "Base Salary") and will be eligible to receive an annual bonus as of such effective date (the "Annual Bonus"). The Annual Bonus will have a maximum amount of 100% of Ms. Simmons' base salary and is contingent upon Ms. Simmons meeting certain annual goals (the "Annual Bonus Goals") as approved by the Board. Following the close of each fiscal year, the Board's compensation committee will determine the Annual Bonus within the guidance under the Annual Bonus Goals. The Simmons Agreement also provides that subject to the approval of the Board, Ms. Simmons will be granted restricted shares of Common Stock from time to time during the Term so that the aggregate number of such restricted shares of Common Stock held of record by Ms. Simmons at all times during the Term equals six percent (6%) of the Company's aggregate issued and outstanding stock as of the applicable date of grant. The Simmons Agreement also provides for certain employee benefits.

Pursuant to the Simmons Agreement, if the Board terminates Ms. Simmons' employment with Cause (as defined in the Simmons Agreement), or she resigns from the Company without Good Reason (as defined in the Simmons Agreement), then the Company shall pay the Base Salary prorated through the date of termination, at the rate in effect at the time notice of termination is given, together with accrued but unused vacation pay. In addition, Ms. Simmons will retain all of the restricted shares of Common Stock granted pursuant to the Simmons Agreement that have vested as of the date of termination. The Board also may terminate Ms. Simmons without Cause upon sixty (60) days' written notice. If Ms. Simmons terminates such employment with Good Reason, or such employment is terminated without Cause or due to Ms. Simmons's death or disability, Ms. Simmons would be entitled to receive the greater of (i) the balance of Base Salary and benefits still owed, and (ii) salary continuation and COBRA coverage for twelve (12) months, and would also be entitled to the target Bonus (irrespective of Annual Bonus Goals) prorated up until the date of termination and accrued but unused vacation pay, payment of both of which will be made at the time of termination, and all unvested restricted shares of Common Stock granted pursuant to the Simmons Agreement will vest in full as of such date of termination.

Effective July 15, 2021, the Board appointed Mr. Archer as Interim CFO of the Company. In connection with the appointment, the Company entered into an agreement, effective July 15, 2021, with FLG Partners (the “FLG Agreement”), of which Mr. Archer is a partner, pursuant to which the Company agreed to pay FLG Partners \$500 per hour for its engagement of Mr. Archer’s services as Interim CFO. The FLG Agreement also requires the Company to indemnify Mr. Archer and FLG Partners in connection with Mr. Archer’s services to the Company. The FLG Agreement has an indefinite term and is terminable by the Company or FLG Partners upon 60 days’ prior written notice.

Effective February 15, 2022, the Board appointed Mr. Archer as our permanent CFO. In connection with the appointment, the Company and FLG Partners entered into an amendment to the FLG Agreement, dated February 15, 2022 (the “Amendment”), pursuant to which the Company agreed to amend the fee payable to FLG Partners to \$10,000 per week, to permit Mr. Archer to separately invoice the Company for administrative charges of \$2,000 per month, payable to Mr. Archer only, and to the issuance of 6,470 restricted shares of Common Stock to Mr. Archer and 341 restricted shares of Common Stock to FLG Partners, a quarter of each such issuance to vest on July 15, 2022, with subsequent vesting at 6.25% for each three-month period thereafter. Mr. Archer did not receive any securities of the Company in connection with the FLG Agreement or the Amendment during the fiscal year ended December 31, 2021.

A brief description of the 2013 LTIP and the 2017 SIP is contained in Note 9 of the Notes to the Financial Statements.

Other Compensation

We provide standard health insurance benefits to our executive officers, as we do with all other eligible employees. We believe these benefits are consistent with the broad-based employee benefits provided at the companies with whom we compete for talent and therefore are important to attracting and retaining qualified employees. Other than as described above, there were no post-employment compensation, pension or nonqualified deferred compensation benefits earned by our named executive officers during the years ended December 31, 2023, and 2022. We do not have any pension, or profit-sharing programs for the benefit of our directors, officers, or other employees. The Board may recommend adoption of one or more such programs in the future.

We do sponsor a retirement plan intended to qualify for favorable tax treatment under Section 401(a) of the Internal Revenue Code, containing a cash or deferred feature that is intended to meet the requirements of Section 401(k) of the Internal Revenue Code. Employees working 20 hours or more on a consistent weekly basis, and who are on our payroll and who have attained at least 18 years of age are generally eligible to participate in the plan on the first day of employment, contingent upon completion of certain onboarding tasks. Participants may make pre-tax contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit on pre-tax contributions under the Internal Revenue Code. Pre-tax contributions by participants and the income earned on those contributions are generally not taxable to participants until withdrawn. Participant contributions are held in trust as required by law. No minimum benefit is provided under the plan. An employee’s interest in his or her pre-tax deferrals is 100% vested when contributed. The plan provides for a discretionary employer matching contribution and a discretionary employer profit sharing contribution.

Outstanding Equity Awards at 2023 Fiscal Year End

The following table provides information relating to the vested and unvested option and stock awards held by our named executive officers as of December 31, 2023. Each award to each named executive officer is shown separately, with a footnote describing the award’s vesting schedule.

| Name | Option Awards | | | | | Stock Awards | | | |
|---------------------------------|---|---|--|----------------------------|------------------------|---|--|--|---|
| | Number of Securities Underlying Unexercised Options (# Exercisable) | Number of Securities Underlying Unexercised Options (# Unexercisable) | Equity Incentive Plan Awards: Number of Securities Unexercised (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Shares, Units or Other Rights That Have Not Vested (\$) |
| Chia-Lin Simmons (1) (2) (3) | - | - | - | - | - | 70,400 | 1,787,081 | - | - |
| Mark Archer (4) (5) (6) | - | - | - | - | - | 24,696 | 208,365 | - | - |

(1) Ms. Simmons was granted 13,328 shares of restricted Common Stock that vest over four years commencing on October 15, 2021, with a quarter to vest on the anniversary of the grant date, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company for such quarter.

- (2) Ms. Simmons was granted 10,208 shares of restricted Common Stock that vest over four years commencing on January 3, 2022, with a quarter to vest on the anniversary of the grant date, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company for such quarter.
- (3) Ms. Simmons was granted 62,000 shares of restricted Common Stock that vest over four years commencing on July 3, 2023, with a quarter to vest on the anniversary of the grant date, and thereafter in quarterly amounts until the entire award has vested, so long as Ms. Simmons remains in the service of the Company for such quarter.
- (4) Mr. Archer and FLG were granted 6,470 and 341 shares of restricted Common Stock, respectively, that vest over three years commencing on February 15, 2022, with a quarter to vest on July 15, 2022, with the remaining number of such shares to vest at the rate of 6.25% for each three-month period thereafter until the entire award has vested, provided, however, that if Mr. Archer or FLG terminates or ceases to provide services during such three-month period, the portion of the shares that would otherwise vest at the end thereof will vest as of Mr. Archer's or FLG's termination or cessation of services.
- (5) Mr. Archer and FLG were granted 20,900 and 1,100 shares of restricted Common Stock, respectively, that vest over three years commencing on July 3, 2023, with a quarter to vest on July 3, 2024, with the remaining number of such shares to vest at the rate of 6.25% for each three-month period thereafter until the entire award has vested, provided, however, that if Mr. Archer or FLG terminates or ceases to provide services during such three-month period, the portion of the shares that would otherwise vest at the end thereof will vest as of Mr. Archer's or FLG's termination or cessation of services.
- (6) Amounts reflect the grant date fair value of such award granted, as computed in accordance with FASB ASC 718. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions.

Director Compensation for Fiscal Year 2023

During the year ended December 31, 2023, each of our non-employee directors earned fees paid or to be paid in cash and stock options for serving on our Board. Such compensation was paid to each director in quarterly installments. The following table reflects all compensation awarded to and earned by the Company's directors for the fiscal year ended December 31, 2023.

Director Compensation for Fiscal Year 2023

| Name | Fees Earned (\$) | Stock Awards (\$) | Stock Option Awards \$(1) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation \$(2) | Total (\$) |
|-------------------------------------|------------------------|-------------------------|------------------------------------|--|--|------------------------------------|---------------|
| Barbara Gutierrez | 65,000 | - | 30,002 | - | - | 1,707 | 96,709 |
| Carine M. Schneider | 11,550 | - | - | - | - | 2,289 | 13,839 |
| John Pettitt | 85,750 | - | 30,002 | - | - | - | 115,752 |
| Major General David Gust, USA, Ret. | 20,000 | - | - | - | - | 841 | 20,841 |
| Michael D'Almada-Remedios, PhD | 6,222 | - | - | - | - | - | 6,222 |
| Robert Curtis | 63,000 | - | 30,002 | - | - | 5,837 | 98,839 |
| Sherice Torres | 15,750 | - | 10,002 | - | - | - | 25,752 |
| Thomas W Wilkinson | 11,000 | - | - | - | - | - | 11,000 |

- (1) The board directors each received stock options, which were exercisable for shares of Common Stock at an average price of approximately \$3.26 per share.
- (2) The Company reimbursed board directors for travel-related expenses.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth, as of April 12, 2024, information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding voting securities;
- each of our named executive officers;
- each of our directors; and
- all of our named executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including securities that are exercisable for shares of Common Stock, Series C Preferred Stock or Series F Preferred Stock within sixty (60) days of April 12, 2024. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the holders named in the table below have sole voting and investment power with respect to all shares of Common Stock, Series C Preferred Stock or Series F Preferred Stock shown that they beneficially own, subject to community property laws where applicable.

For purposes of computing the percentage of outstanding shares of our Common Stock, Series C Preferred Stock and Series F Preferred Stock held by each holder or group of holders named above, any shares of Common Stock, Series C Preferred Stock or Series F Preferred Stock that such holder or holders has the right to acquire within sixty (60) days of April 12, 2024 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other holder. The presentation of the shares of Common Stock and Series C Preferred Stock on the following table reflects the Company's reverse stock splits of its Common Stock and Series C Preferred Stock that were effected on April 21, 2023. The inclusion herein of any shares of Common Stock, Series C Preferred Stock or Series F Preferred Stock listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise identified, the address of each beneficial owner listed in the table below is c/o LogicMark, Inc., 2801 Diode Lane, Louisville, KY 40299.

| Name of Beneficial Owner | Shares Beneficially Owned | | | | | | % Total Voting Power (1) (2) |
|--|---------------------------|---------------|--------------------------|----------|--------------------------|----------|---------------------------------|
| | Common Stock | | Series C Preferred Stock | | Series F Preferred Stock | | |
| | Shares (1) | % (1) | Shares | % | Shares | % | |
| Non-Director or Officer 5% Stockholders: | | | | | | | |
| Anson Investments Master Fund LP (3) | 162,047 | 6.87% | - | - | - | - | 6.86% |
| Alpha Capital Anstalt (4) | 191,356 | 8.34% | - | - | 106,333 | 100% | 8.33% |
| Giesecke+Devrient Mobile Security America, Inc. (5) | - | - | 10 | 100% | - | - | * |
| Directors and Executive Officers: | | | | | | | |
| Chia-Lin Simmons, Chief Executive Officer and Director (6) | 131,736 | 6.00% | - | - | - | - | 6.00% |
| Mark Archer, Chief Financial Officer (7) | 28,811 | 1.31% | - | - | - | - | 1.31% |
| Robert Curtis, Director (8) | 38,012 | 1.70% | - | - | - | - | 1.70% |
| John Pettitt, Director (9) | 35,755 | 1.60% | - | - | - | - | 1.60% |
| Barbara Gutierrez, Director (10) | 35,528 | 1.59% | - | - | - | - | 1.59% |
| Carine Schneider, Director (11) | 17,418 | * | - | - | - | - | * |
| Directors and Executive Officers as a Group (6 persons) | 287,260 | 12.37% | - | - | - | - | 12.36% |

* Less than 1%

- (1) The number of shares owned and the beneficial ownership percentages set forth in these columns are based on 2,196,612 shares of Common Stock issued and outstanding as of April 12, 2024. Shares of Common Stock issuable pursuant to options, preferred stock or warrants currently exercisable or exercisable within sixty (60) days are considered outstanding for purposes of computing the percentage beneficial ownership of the holder of such options, preferred stock, or warrants; they are not considered outstanding for purposes of computing the percentage of any other stockholder. Exercises of certain warrants and conversions of certain shares of preferred stock held by certain stockholders listed above are subject to certain beneficial ownership limitations, which provide that a holder of such securities will not have the right to exercise or convert any portion of such securities, as applicable, if such holder, together with such holder's affiliates, would beneficially own in excess of 4.99% or 9.99%, as applicable, of the number of shares of Common Stock outstanding immediately after giving effect to such exercise, provided that upon at least 61 days' prior notice to the Company, such holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of Common Stock outstanding (each such limitation, a "Beneficial Ownership Limitation"). As a result, the number of shares of Common Stock reflected in these columns as beneficially owned by the applicable stockholders includes (a) any outstanding shares of Common Stock held by such stockholder, and (b) if any, the securities convertible into or exercisable for shares of Common Stock that may be held by such stockholder, in each case which such stockholder has the right to acquire as of April 12, 2024 and without such holder or any of such holder's affiliates beneficially owning more than 4.99% or 9.99%, as applicable, of the number of outstanding shares of Common Stock as of April 12, 2024.

- (2) Percentage of total voting power represents voting power with respect to all shares of Common Stock, Series C Preferred Stock and Series F Preferred Stock. The holders of our Common Stock and Series C Preferred Stock are entitled to one vote per share. The holders of our Series F Preferred Stock vote on an as-converted to Common Stock basis.
- (3) Beneficial ownership includes (i) the Company's Series B-1 common stock purchase warrants exercisable for up to an aggregate of 75,000 shares of Common Stock, which are subject to a 4.99% Beneficial Ownership Limitation, (ii) warrants exercisable for up to an aggregate of 33,896 shares of Common Stock, which are subject to a 4.99% Beneficial Ownership Limitation and (iii) warrants exercisable for up to an aggregate of 53,151 shares of Common Stock, which are subject to a 9.99% Beneficial Ownership Limitation, assuming such warrants are exercised subsequent to the exercise of the warrants for shares of Common Stock described in (i) and (ii) above and such shares remain held. Shares of Common Stock beneficially owned exclude the Company's Series B-2 common stock purchase warrants exercisable for up to 75,000 shares of Common Stock, which remains contingent on the Company's stockholders approving the issuance of such Series B-2 common stock purchase warrants pursuant to the inducement agreement entered into between the Company and such holder in November 2023. See Item 13 "Certain Relationships and Related Transactions, and Director Independence – Transactions with Related Parties". Anson Advisors Inc. ("AAI") and Anson Funds Management LP ("AFM", and together with AAI, "Anson") are the co-investment advisers of Anson Investments Master Fund LP ("AIMF"). Anson holds voting and dispositive power over the securities held by AIMF. Bruce Winson is the managing member of Anson Management GP LLC, which is the general partner of AFM. Moez Kassam and Amin Nathoo are directors of AAI. Mr. Winson, Mr. Kassam and Mr. Nathoo each disclaim beneficial ownership of these securities except to the extent of their pecuniary interest therein. The principal business address of the AIMF is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands
- (4) Beneficial ownership includes an aggregate of 92,816 shares of Common Stock as well as an aggregate of (i) 17,677 shares of Common Stock issuable in any combination upon exercise of all such holder's warrants and shares of Series F Preferred Stock, as a result of the 4.99% Beneficial Ownership Limitation in such warrants and shares of Series F Preferred Stock and (ii) an aggregate of 80,862 shares of Common Stock issuable in upon exercise of such holder's warrants subject to a 9.99% Beneficial Ownership Limitation. Beneficial ownership excludes an aggregate of 2,414 shares of Common Stock issuable in any combination upon the exercise of such holder's warrants and shares of Series F Preferred Stock as a result of the triggering of such 4.99% Beneficial Ownership Limitations. Konrad Ackermann has voting and investment control over the securities held by Capital Anstalt. The principal business address of Alpha Capital Anstalt is Altenbach 8 -9490 Vaduz, Principality of Liechtenstein.
- (5) Giesecke+Devrient Mobile Security America, Inc. ("G&D") is the sole holder of our Series C Preferred Stock and thus has 100% of the voting power of our outstanding shares of Series C Preferred Stock, which have the same voting rights as our shares of Common Stock (one vote per share). The address for G&D is 45925 Horseshoe Drive, Dulles, VA 20166.
- (6) Represents (i) 13,328 shares of restricted stock granted outside the 2013 LTIP and the 2017 SIP, which vest over a period of 48 months, with one quarter on the anniversary of the grant and 1/16 each subsequent quarter until all shares have vested, so long as Ms. Simmons remains in the service of the Company, (ii) 10,208 shares of restricted stock granted under the 2013 LTIP, which shares vest over a period of three (3) years commencing on January 3, 2022, with 1,702 shares having vested on July 3, 2022, and thereafter, 850 shares to vest on the first day of each subsequent quarter until the entire award has vested, so long as Ms. Simmons remains in the service of the Company for each such quarter, (iii) 62,000 shares of restricted stock granted pursuant to the Company's 2023 Stock Incentive Plan ("2023 SIP"), which shares vest over a period commencing on July 3, 2023, with 1/4 of such shares to vest on July 3, 2024, and thereafter, 1/16 of such shares to vest on the first day of each subsequent three-month period until the entire award has vested, so long as Ms. Simmons remains in the service of the Company for each such quarter, and (iv) 46,200 shares of restricted stock granted pursuant to the Company's 2023 Stock Incentive Plan ("2023 SIP"), which shares vest over a period commencing on April 3, 2024, with 1/4 of such shares to vest on April 3, 2025, and thereafter, 1/16 of such shares to vest on the first day of each subsequent three-month period until the entire award has vested, so long as Ms. Simmons remains in the service of the Company for each such quarter.

- (7) Represents (i) 6,470 shares of restricted stock granted outside the 2013 LTIP and the 2017 SIP, which vest over a period of 48 months, with one quarter on the anniversary of the grant and 1/16 each subsequent quarter until all shares have vested, so long as Mr. Archer remains in the service of the Company; and (ii) 20,900 shares of restricted stock granted pursuant to the 2023 SIP, which vest commencing on July 3, 2023, with 1/4 of such shares to vest on July 3, 2024, and thereafter, 1/16 of such shares to vest on the first day of each subsequent three-month period until the entire award has vested, so long as Mr. Archer remains in the service of the Company for each such quarter. In addition, FLG Partners, LLC (“FLG Partners”), of which Mr. Archer is a partner, was granted (i) 341 restricted shares of Common Stock outside the 2013 LTIP and the 2017 SIP, which vested one quarter on July 15, 2022, with subsequent vesting at 6.25% for each three-month period thereafter, and (ii) 1,100 restricted shares of Common Stock, pursuant to the 2023 SIP, which vest commencing on July 3, 2023, with 1/4 of such shares to vest on July 3, 2024, and thereafter, 1/16 of such shares to vest on the first day of each subsequent three-month period until the entire award has vested. Mr. Archer disclaims beneficial ownership of such shares of Common Stock granted to FLG Partners.
- (8) Includes stock options exercisable for 36,630 shares of Common Stock at a weighted exercise price of \$4.79 per share.
- (9) Consists of stock options exercisable for 35,755 shares of Common Stock at a weighted average exercise price of \$2.54 per share.
- (10) Consists of stock options exercisable for 35,528 shares of Common Stock at a weighted average exercise price of \$2.28 per share.
- (11) Includes stock options exercisable for 16,918 shares of Common Stock at a weighted average exercise price of \$1.02 per share.

Securities Authorized for Issuance under Equity Compensation Plans

| Plan Category | Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights | Weighted Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance under the Plan (excluding securities reflected in column (a)) (2) |
|--|--|--|---|
| | (a) | (b) | (c) |
| Equity compensation plans approved by security holders (1) | - | - | 212,853 |
| Equity compensation plans approved by security holders | - | - | - |
| Total | | | 212,853 |

(1) Represents the shares of Common Stock authorized for issuance under the 2023 SIP, which was approved by the Company’s stockholders on March 7, 2023. The maximum aggregate number of shares of Common Stock that may be issued under the 2023 SIP, including stock options, stock awards, such as stock issued to our Board of directors for serving on our Board of directors, and stock appreciation rights, is limited to 15% of the shares of Common Stock outstanding on the first business day of each fiscal quarter, or 212,853 shares of Common Stock for the fiscal year ended December 31, 2023.

(2) As of December 31, 2023.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Transactions with Related Parties

Other than as described below, except compensation arrangements, since the past two fiscal years, there have been no transactions, whether directly or indirectly, between us and any of the Company's officers, directors, beneficial owners of more than 5% of outstanding shares of Common Stock or outstanding shares of a class of voting preferred stock, or their family members, that exceeded the lesser of (i) \$120,000 or (ii) one percent (1%) of the average of the Company's total assets at year-end for the last two fiscal years.

On November 21, 2023, the Company entered into each of the inducement agreements with certain of its warrant holders (the "Inducement Agreements"), including each of Anson and Alpha, pursuant to which the Company induced such warrant holders to exercise for cash their 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 common stock purchase warrants issued pursuant to a firm commitment public offering by the Company that closed on September 15, 2021 (the "Existing September 2021 Warrants")) and (y) \$2.00 per one and one-half share (for the common stock purchase warrants issued pursuant to a firm commitment public offering by the Company that closed on January 25, 2023 (the "Existing January 2023 Warrants" and together with the Existing September 2021 Warrants, the "Existing Warrants")), during the period from the date of the Inducement Agreements until December 20, 2023. In consideration therefore and upon exercise by such holders of their respective Existing Warrants, the Company agreed to issue such holders new common stock purchase warrants as follows: (A) 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), at an exercise price of \$2.00 per Series A Warrant Share; and (B) 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), at an exercise price of \$2.00 per one and one-half Series B Warrant Share. Of the Series A Warrants issued, 50% consisted of Series A-1 Warrants, which are immediately exercisable and expire on the Termination Date (as defined in the Existing September 2021 Warrants) and 50% consisted of Series A-2 Warrants, which will be 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 Inducement Agreement transactions. Of the Series B Warrants issued until December 20, 2023, 50% consisted of Series B-1 Warrants, which are immediately exercisable and expire on the Termination Date (as defined in the Existing January 2023 Warrants) and 50% consist of Series B-2 Warrants, which will be exercisable at any time on or after the Stockholder Approval Date and have a term of exercise of five and a half years from the date of the Initial Closing. Anson exercised an aggregate of 50,000 Existing Warrants pursuant to the Inducement Agreements and received an aggregate of 75,000 Series B-1 Warrants and 75,000 Series B-2 Warrants, and Alpha signed the Inducement Agreements, but did not exercise any Existing Warrants.

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. The investors in the January Offering included, among others, Anson and Alpha, which had interests in such offering equal to approximately 17% and 18%, respectively.

Director Independence

As the Company's Common Stock is listed on Nasdaq, the Company's determination of independence of its directors is made using the definition of "independent director" contained in Rule 5605(a)(2) of the Nasdaq Rules. The Board determines whether directors have a direct or indirect material relationship with us. In making independence determinations for the Company's directors, the Board observes criteria set forth by the Nasdaq Rules and reviews whether a director has a relationship with the Company that would impair such director's independence. Based on this review, our Board has determined that Dr. Curtis, Mr. Pettitt, Ms. Gutierrez, and Ms. Schneider currently qualify as independent directors under the Nasdaq Rules. Our Board has concluded that none of these directors possessed or currently possesses any relationship that could impair his, her or their judgment in connection with his, her or their duties and responsibilities as a director or that could otherwise be a direct or indirect material relationship under applicable Nasdaq Rules.

Item 14. Principal Accountant Fees and Services.

Audit Fees

The Company has engaged BPM LLP as the Company's independent registered public accounting firm for the years ended December 31, 2023 and 2022. The aggregate audit fees billed by BPM LLP for professional services rendered for the review of our financial statements for the three quarters and the audit for the year ended December 31, 2023 were approximately \$266 thousand. The aggregate audit fees billed by BPM LLP for professional services rendered for the review of our financial statements for the two quarters and the audit for the year ended December 31, 2022 were approximately \$208.3 thousand. The aggregate audit fees billed by Marcum LLP, the Company's previous independent registered public accounting firm, for professional services rendered for the review of our financial statements for one quarter for the three months ended March 31, 2022, was approximately \$23 thousand.

Audit Related Fees

The Company incurred additional audit related fees of \$18.3 thousand and \$25.2 thousand rendered by BPM LLP and Marcum LLP, respectively, for the Form S-3 and Form S-1 filed by the Company for the year ended December 31, 2023. The Company incurred additional audit related fees of \$39.9 thousand and \$72.1 thousand rendered by BPM LLP and Marcum LLP, respectively, for the Form S-1 filed by the Company and the related comfort letter for the year ended December 31, 2022.

Tax Fees

For the Company's fiscal years ended December 31, 2023 and 2022, neither BPM LLP nor Marcum LLP provided any professional services for tax compliance, tax advice, and tax planning.

All Other Fees

The Company did not incur any other fees related to services rendered by BPM LLP or Marcum LLP for the fiscal years ended December 31, 2023 and 2022.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Our Audit Committee pre-approves all audit and non-audit services provided by the independent auditors prior to the engagement of the independent auditors with respect to such services. The chairperson of our Audit Committee has been delegated the authority by such committee to pre-approve interim services by the independent auditors other than the annual audit. The chairperson of our Audit Committee must report all such pre-approvals to the entire Audit Committee at the next committee meeting.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

(1) *Financial Statements:*

The audited balance sheets of the Company as of December 31, 2023, and December 31, 2022, the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, the footnotes thereto, and the report of BPM LLP, the Company's independent registered public accounting firm, are filed herewith.

(2) *Financial Schedules:*

None. Financial statement schedules have been omitted because they are either not applicable or the required information is included in the financial statements or notes thereto.

(3) *Exhibits:*

The exhibits listed in the accompanying index to exhibits are filed with this Report or incorporated by reference into this Item 15(a)(3) as part of this Report.

(b) The following are exhibits to this Report and, if incorporated by reference, we have indicated the document previously filed with the SEC in which the exhibit was included.

Certain of the agreements filed as exhibits to this Report contain representations and warranties by the parties to the agreements that have been made solely for the benefit of such parties. These representations and warranties:

- May have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;
- May apply standards of materiality that differ from those of a reasonable investor; and
- Were made only as of specified dates contained in the agreements and are subject to subsequent developments and changed circumstances.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

| Exhibit No. | Description of Exhibit |
|--------------------|--|
| 2.1 | Agreement and Plan of Merger, dated as of May 19, 2017, by and among the Company, Fit Merger Sub, Inc., Fit Pay, Inc. and Michael Orlando (3) |
| 2.2 | Agreement and Plan of Merger, dated as of June 1, 2023, by and between the Company and LogicMark, Inc., a Delaware corporation (25) |
| 3.1(i)(a) | Certificate of Incorporation, as amended (1) |
| 3.1(i)(b) | Certificate of Amendment to Certificate of Incorporation (2) |
| 3.1(i)(c) | Certificate of Amendment to Certificate of Incorporation (19) |
| 3.1(i)(d) | Certificate of Amendment to Certificate of Incorporation (20) |
| 3.1(i)(e) | Certificate of Designations for Series C Non-Convertible Preferred Stock (3) |
| 3.1(i)(f) | Certificate of Amendment to the Certificate of Designations of Series C Non-Convertible Voting Preferred Stock (19) |
| 3.1(i)(g) | Form of Certificate of Designations, Preferences and Rights of Series F Convertible Preferred Stock (17) |
| 3.1(i)(h) | Certificate of Amendment to Certificate of Incorporation of LogicMark, Inc. (24) |
| 3.1(i)(i) | Series C Certificate of Amendment to the Series C Certificate of Designations of LogicMark, Inc. (24) |
| 3.1(i)(j) | Articles of Incorporation, filed with the Secretary of State of the State of Nevada on June 1, 2023 (25) |
| 3.1(i)(k) | Certificate of Designations, Preferences and Rights of Series C Non-Convertible Voting Preferred Stock, filed with the Secretary of State of the State of Nevada on June 1, 2023 (25) |
| 3.1(i)(l) | Certificate of Designation of Preferences, Rights and Limitations of Series F Convertible Preferred Stock, filed with the Secretary of State of the State of Nevada on June 1, 2023 (25) |
| 3.1(ii) | Bylaws (1) |
| 4.1 | Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (22) |
| 4.2 | Form of Warrant for November 2017 Private Placement (4) |
| 4.3 | Form of Warrant to Sagard Credit Partners, LP (5) |
| 4.4 | Form of September 2018 New Warrant (7) |
| 4.5 | Form of Warrant Amendment and Exercise Agreement (7) |
| 4.6 | Form of Pre-Funded Warrant for July 2020 Private Placement (10) |
| 4.7 | Form of Registered Warrant for July 2020 Private Placement (10) |
| 4.8 | Form of Unregistered Warrant for July 2020 Private Placement (10) |
| 4.9 | Form of Registered Warrant for December 2020 Private Placement (8) |
| 4.10 | Form of Unregistered Warrant for December 2020 Private Placement (8) |
| 4.11 | Form of New Warrant (11) |
| 4.12 | Form of Series F Convertible Preferred Stock Certificate (22) |
| 4.13 | Form of Registered Warrant for February 2021 Private Placement (9) |
| 4.14 | Form of Unregistered Warrant for February 2021 Private Placement (9) |
| 4.15 | Form of Unregistered Warrant for August 2021 Private Placement (17) |
| 4.16 | Form of Warrant for September 2021 Public Offering (18) |
| 4.17 | Form of Warrant for January 2023 Public Offering (23) |
| 4.18 | Form of Pre-Funded Warrant for January 2023 Public Offering (23) |
| 4.19 | Form of Series A-1 Warrant for January 2024 Inducement Transaction (27) |
| 4.20 | Form of Series A-2 Warrant for January 2024 Inducement Transaction (27) |
| 4.21 | Form of Series B-1 Warrant for January 2024 Inducement Transaction (27) |
| 4.22 | Form of Series B-2 Warrant for January 2024 Inducement Transaction (27) |
| 10.1† | 2013 Long Term Incentive Plan (1) |
| 10.2† | Forms of Agreement Under 2013 Long Term Incentive Plan (1) |
| 10.3† | 2017 Stock Incentive Plan (6) |
| 10.4 | Form of Securities Purchase Agreement for July 2020 Offering (10) |
| 10.5 | Form of Securities Purchase Agreement for December 2020 Offering (8) |
| 10.6 | Form of Warrant Amendment and Exercise Agreement, dated January 8, 2021 (11) |
| 10.7 | Form of Securities Purchase Agreement for February 2021 Offering (9) |
| 10.8 | Form of Securities Purchase Agreement for August 2021 Private Placement (17) |
| 10.9 | Form of Voting Agreement by and between the Company and certain investors in the September 2021 Public Offering (18) |
| 10.10 | Lease Agreement, dated June 2, 2020, by and between LogicMark LLC and Moorman Properties, LLC (13) |
| 10.11 | Settlement Agreement, dated August 11, 2021, by and between the Company and Giesecke+Devrient Mobile Security America, Inc. (15) |
| 10.12† | Employment Agreement, entered into on January 8, 2021, by and between the Company and Vincent S. Miceli (12) |
| 10.13 | Letter Agreement, effective as of August 1, 2021, by and between the Company and Vincent S. Miceli (16) |
| 10.14† | Employment Agreement, dated as of June 8, 2021, by and between the Company and Chia-Lin Simmons (14) |
| 10.15† | Executive Employment Agreement, dated as of November 2, 2022, by and between the Company and Chia-Lin Simmons (21) |
| 10.16† | Agreement, dated as of July 15, 2021, by and between the Company and FLG Partners, LLC (16) |

| | |
|---------|--|
| 10.17† | First Amendment to Agreement, dated as of February 15, 2022, by and between the Company and FLG Partners, LLC (22) |
| 10.18 | Form of Voting Agreement, dated January 25, 2023, by and between the Company and certain investors in the January 2023 Public Offering (23) |
| 10.19 | Form of Warrant Agency Agreement, dated January 25, 2023, by and between the Company and Nevada Agency and Transfer Company (23) |
| 10.20† | Form of Indemnification Agreement (25) |
| 10.21† | LogicMark, Inc. 2023 Stock Incentive Plan (26) |
| 10.22† | Form of Restricted Stock Award Agreement for LogicMark, Inc. 2023 Stock Incentive Plan (26) |
| 10.23† | Form of Stock Option Agreement for LogicMark, Inc. 2023 Stock Incentive Plan (26) |
| 10.24 | Form of 2021 Inducement Agreement by and between the Company and each holder (28) |
| 10.25 | Form of 2023 Inducement Agreement by and between the Company and each holder (28) |
| 14.1 | Code of Business Conduct and Ethics (29) |
| 19.1* | Insider Trading Policy |
| 23.1* | Consent of BPM LLP |
| 31.1* | 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. |
| 31.2* | 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. |
| 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. |
| 97.1* | Clawback Policy |
| 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 or furnished herewith, as applicable.

† Management contract or compensatory plan or arrangement.

- (1) Filed as an Exhibit to the Company's Registration Statement on Form S-1 (File No. 333-186331) with the SEC on January 31, 2013.
- (2) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on September 12, 2016.
- (3) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on May 30, 2017.
- (4) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on November 9, 2017.
- (5) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on May 30, 2018.
- (6) Filed as an Exhibit to the Company's Registration Statement on Form S-1 (File No. 333-226116) with the SEC on July 10, 2018.
- (7) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on September 20, 2018.
- (8) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on December 18, 2020.
- (9) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on February 1, 2021.
- (10) Filed as an Exhibit to the Company's Current Report on Form 8-K/A with the SEC on July 13, 2020.
- (11) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on January 8, 2021.
- (12) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on January 14, 2021.
- (13) Filed as an Exhibit to the Company's Annual Report on Form 10-K with the SEC on April 15, 2021.
- (14) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on June 17, 2021.
- (15) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on August 13, 2021.
- (16) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q with the SEC on August 16, 2021.
- (17) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on August 17, 2021.
- (18) Filed as an Exhibit to the Company's Registration Statement on Form S-1/A (File No. 333-259105) with the SEC on September 14, 2021.
- (19) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on October 15, 2021.
- (20) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on March 2, 2022.
- (21) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on November 4, 2022.
- (22) Filed as an Exhibit to the Company's Annual Report on Form 10-K with the SEC on April 15, 2022.
- (23) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on January 26, 2023.
- (24) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on April 27, 2023.
- (25) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on June 2, 2023.
- (26) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q with the SEC on August 11, 2023.
- (27) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on November 21, 2023.
- (28) Filed as an Exhibit to the Company's Current Report on Form 8-K/A with the SEC on November 21, 2023.
- (29) Filed as an Exhibit to the Company's Annual Report on Form 10-K with the SEC on March 30, 2023.

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.

LogicMark, Inc.

Date: April 16, 2024

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

Date: April 16, 2024

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: April 16, 2024

By: /s/ Chia-Lin Simmons
Chia-Lin Simmons
Director

Date: April 16, 2024

By: /s/ Robert Curtis
Robert Curtis
Director

Date: April 16, 2024

By: /s/ Carine Schneider
Carine Schneider
Director

Date: April 16, 2024

By: /s/ John Pettitt
John Pettitt
Director

Date: April 16, 2024

By: /s/ Barbara Gutierrez
Barbara Gutierrez
Director

LogicMark, Inc.
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
LogicMark, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of LogicMark, Inc. (the “Company”) as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholders’ equity, and cash flows for each of the two years in the periods ended December 31, 2023 and 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the periods ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment

As discussed in Notes 4 and 5 to the financial statements, goodwill is reviewed annually in the fourth quarter or when the 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 the consideration of the Company's market capitalization, estimated future cash flows using applicable discount rates (income approach), comparisons to other similar companies (market approach), and an adjusted book value. As part of the annual evaluation of goodwill during 2023, the Company determined that it is more likely than not that the carrying value of goodwill exceeds its fair value using a combined market, income and adjusted book value-based approach. During the year ended December 31, 2023, the Company wrote down the carrying value of goodwill by \$7.8 million.

The principal considerations for our determination that the evaluation of the Company's impairment testing of goodwill is a critical audit matter are the significant amount of judgments made by management in estimating the fair value of the Company. These judgments include developing the assumptions used to estimate discounted future cash flows of the Company including revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions which in turn led to significant auditor judgment, subjectivity, and effort in performing audit procedures and evaluating audit evidence relating to these factors.

The primary procedures we performed to address the critical audit matter included the following:

- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation models, methodology, and significant assumptions used by the Company, specifically the weighted average cost of capital, growth rates, and market multiples including:
 - o Testing the mathematical accuracy of the Company's calculation of the weighted average cost of capital and market multiples.
 - o Developing a range of independent estimates and comparing to the weighted average cost of capital and market multiples selected by management.

We evaluated management's ability to accurately forecast future revenue and operating margin by comparing actual results to management's historical forecasts. Do to the limited historical information for new product offerings, we evaluate the reasonableness of management's revenue and operating margins by comparing the forecasts to (1) the limited operating results to date of such new products and (2) internal communications to management and the board of directors.

/s/ BPM LLP

We have served as the Company's auditor since 2022.

Walnut Creek, California

April 16, 2024

LogicMark, Inc.
BALANCE SHEETS
AS OF DECEMBER 31, 2023 AND 2022

| | <u>As of</u> <u>December 31,</u> <u>2023</u> | <u>As of</u> <u>December 31,</u> <u>2022</u> |
|---|--|--|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 6,398,164 | \$ 6,977,114 |
| Restricted cash | - | 59,988 |
| Accounts receivable, net | 13,647 | 402,595 |
| Inventory | 1,177,456 | 1,745,211 |
| Prepaid expenses and other current assets | 460,177 | 349,097 |
| Total Current Assets | <u>8,049,444</u> | <u>9,534,005</u> |
| Property and equipment, net | 203,333 | 255,578 |
| Right-of-use assets, net | 113,761 | 182,363 |
| Product development costs, net of amortization of \$68,801 and \$15,029, respectively | 1,269,021 | 646,644 |
| Software development costs, net of amortization of \$23,354 and \$0, respectively | 1,299,901 | 364,018 |
| Goodwill | 3,143,662 | 10,958,662 |
| Other intangible assets, net of amortization of \$5,666,509 and \$4,904,713, respectively | 2,938,058 | 3,699,854 |
| Total Assets | <u>\$ 17,017,180</u> | <u>\$ 25,641,124</u> |
| Liabilities, Series C Redeemable Preferred Stock and Stockholders' Equity | | |
| Current Liabilities | | |
| Accounts payable | \$ 901,624 | \$ 673,052 |
| Accrued expenses | 1,151,198 | 1,740,490 |
| Total Current Liabilities | <u>2,052,822</u> | <u>2,413,542</u> |
| Other long-term liabilities | 51,842 | 440,263 |
| Total Liabilities | <u>2,104,664</u> | <u>2,853,805</u> |
| Commitments and Contingencies (Note 11) | | |
| 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 December 31, 2023 and December 31, 2022 | 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 and 173,333 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively, aggregate liquidation preference of \$319,000 as of December 31, 2023 and \$520,000 as of December 31, 2022 | 319,000 | 520,000 |
| Common stock, par value \$0.0001 per share: 100,000,000 shares authorized; 2,150,412 and 480,447 issued and outstanding as of December 31, 2023 and December 31, 2022, respectively | 216 | 48 |
| Additional paid-in capital | 112,946,891 | 106,070,253 |
| Accumulated deficit | (100,160,891) | (85,610,282) |
| Total Stockholders' Equity | <u>13,105,216</u> | <u>20,980,019</u> |
| Total Liabilities, Series C Redeemable Preferred Stock and Stockholders' Equity | <u>\$ 17,017,180</u> | <u>\$ 25,641,124</u> |

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

LogicMark, Inc.
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | For the Years Ended December 31, | |
|--|-------------------------------------|-----------------------|
| | 2023 | 2022 |
| Revenues | \$ 9,929,629 | \$ 11,916,482 |
| Costs of goods sold | 3,269,967 | 4,685,639 |
| Gross Profit | <u>6,659,662</u> | <u>7,230,843</u> |
| Operating Expenses | | |
| Direct operating cost | 1,142,596 | 1,455,450 |
| Advertising cost | 270,709 | 105,672 |
| Selling and marketing | 2,206,091 | 1,094,628 |
| Research and development | 982,684 | 1,241,265 |
| General and administrative | 8,478,947 | 9,037,794 |
| Other expense | 147,506 | 374,389 |
| Goodwill impairment | 7,815,000 | - |
| Depreciation and amortization | 944,596 | 828,137 |
| Total Operating Expenses | <u>21,988,129</u> | <u>14,137,335</u> |
| Operating Loss | (15,328,467) | (6,906,492) |
| Other Income | | |
| Interest income | 221,871 | 119,483 |
| Other income | 246,138 | - |
| Total Other Income | <u>468,009</u> | <u>119,483</u> |
| Loss before Income Taxes | (14,860,458) | (6,787,009) |
| Income tax (benefit) expense | (309,849) | 137,956 |
| Net Loss | <u>\$ (14,550,609)</u> | <u>\$ (6,924,965)</u> |
| Preferred stock dividends | (300,000) | (328,456) |
| Deemed dividend | (930,122) | - |
| Net Loss Attributable to Common Stockholders | <u>\$ (15,780,731)</u> | <u>\$ (7,253,421)</u> |
| Net Loss Attributable to Common Stockholders Per Share - Basic and Diluted | <u>\$ (11.66)</u> | <u>\$ (15.15)</u> |
| Weighted Average Number of Common Shares Outstanding - Basic and Diluted | <u>1,353,333</u> | <u>478,705</u> |

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

LogicMark, Inc.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total |
|--|-----------------|-------------------|------------------|---------------|----------------------------------|-------------------------|----------------------|
| | Shares | Amount | Shares | Amount | | | |
| Balance - January 1, 2023 | 173,333 | \$ 520,000 | 480,447 | \$ 48 | \$ 106,070,253 | \$ (85,610,282) | \$ 20,980,019 |
| Stock based compensation expense | - | - | - | - | 1,563,558 | - | 1,563,558 |
| Shares issued as stock based compensation | - | - | 99,000 | 10 | 13,872 | - | 13,882 |
| Sale of common stock 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 | - | - | - | - | (1,026,607) | - | (1,026,607) |
| Fractional shares issued in the 1-for-20 stock split | - | - | 40,228 | 4 | (4) | - | - |
| Warrants exercised for common stock | - | - | 795,876 | 80 | 1,165,076 | - | 1,165,156 |
| Series F Preferred stock converted to common stock | (67,000) | (201,000) | 27,089 | 3 | 200,997 | - | - |
| Common stock issued to settle Series F Preferred stock dividends | - | - | 6,522 | 1 | 48,388 | - | 48,389 |
| Series C Preferred stock dividends | - | - | - | - | (300,000) | - | (300,000) |
| Net loss | - | - | - | - | - | (14,550,609) | (14,550,609) |
| Balance - December 31, 2023 | 106,333 | \$ 319,000 | 2,150,412 | \$ 216 | \$ 112,946,891 | \$ (100,160,891) | \$ 13,105,216 |
| | | | | | | | |
| | Preferred Stock | | Common Stock | | Additional Paid-in Capital | Accumulated Deficit | Total |
| | Shares | Amount | Shares | Amount | | | |
| Balance - January 1, 2022 | 173,333 | \$ 520,000 | 458,152 | \$ 46 | \$ 104,725,986 | \$ (78,656,861) | \$ 26,589,171 |
| Stock based compensation expense | - | - | - | - | 1,509,232 | - | 1,509,232 |
| Shares issued as stock based compensation | - | - | 22,295 | 2 | 135,035 | - | 135,037 |
| Series C Preferred stock dividends | - | - | - | - | (300,000) | - | (300,000) |
| Series F Preferred stock dividends | - | - | - | - | - | (28,456) | (28,456) |
| Net loss | - | - | - | - | - | (6,924,965) | (6,924,965) |
| Balance - December 31, 2022 | 173,333 | \$ 520,000 | 480,447 | \$ 48 | \$ 106,070,253 | \$ (85,610,282) | \$ 20,980,019 |

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

LogicMark, Inc.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | For the Years Ended December 31, | |
|--|---|---------------------|
| | 2023 | 2022 |
| Cash Flows from Operating Activities | | |
| Net loss | \$ (14,550,609) | \$ (6,924,965) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 105,674 | 26,888 |
| Stock based compensation | 1,577,440 | 1,644,269 |
| Amortization of intangible assets | 761,796 | 776,793 |
| Amortization of product development costs | 53,771 | 15,029 |
| Amortization of software development costs | 23,354 | - |
| Goodwill impairment | 7,815,000 | - |
| Deferred taxes (benefit) expense | (320,102) | 124,468 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 388,948 | (303,846) |
| Inventory | 567,755 | (507,931) |
| Prepaid expenses and other current assets | (111,080) | 500,093 |
| Accounts payable | 22,193 | 180,621 |
| Accrued expenses | (649,620) | 859,294 |
| Net Cash Used in Operating Activities | (4,315,480) | (3,609,287) |
| Cash flows from Investing Activities | | |
| Purchase of equipment and website development | (53,429) | (282,466) |
| Product development costs | (562,610) | (661,673) |
| Software development costs | (757,396) | (364,018) |
| Net Cash Used in Investing Activities | (1,373,435) | (1,308,157) |
| Cash flows from Financing Activities | | |
| Proceeds from sale of common stock and warrants | 5,211,428 | - |
| Fees paid in connection with equity offerings | (1,026,607) | - |
| Warrants exercised for common stock | 1,165,156 | - |
| Series C redeemable preferred stock dividends | (300,000) | (300,000) |
| Net Cash Provided by (Used in) Financing Activities | 5,049,977 | (300,000) |
| Net Decrease in Cash, Cash Equivalents and Restricted Cash | (638,938) | (5,217,444) |
| Cash, Cash Equivalents and Restricted Cash - Beginning of Year | 7,037,102 | 12,254,546 |
| Cash, Cash Equivalents and Restricted Cash - End of Year | \$ 6,398,164 | \$ 7,037,102 |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash paid during the years for: | | |
| Taxes | \$ 3,152 | \$ - |
| Non-cash investing and financing activities: | | |
| Accrued preferred stock dividends | \$ - | \$ 48,389 |
| Conversion of Series F preferred stock to common stock | 201,000 | - |
| Common stock issued for to settle Series F preferred stock dividend | 48,389 | - |
| Product development costs included in accounts payable and accrued expenses | 113,538 | - |
| Software development costs included in accounts payable and accrued expenses | 201,841 | - |
| Website development included in accounts payable | - | 18,494 |

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

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

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 are sold direct-to-consumer through the Company’s eCommerce platform, to retailers and distributors, and to the United States Veterans Health Administration (“VHA”).

NOTE 2 - LIQUIDITY AND MANAGEMENT PLANS

The Company generated an operating loss of \$15.3 million and a net loss of \$14.6 million for the year ended December 31, 2023. As of December 31, 2023, the Company had cash and cash equivalents of \$6.4 million. As of December 31, 2023, the Company had working capital of \$6.0 million compared to working capital as of December 31, 2022, of \$7.1 million.

Given the Company’s cash position as of December 31, 2023, 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 financial statements are prepared in conformity with generally accepted accounting principles in the United States (“U.S. GAAP”). Certain prior year amounts have been reclassified for consistency with the current year’s presentation. These reclassifications had no effect on the reported results of operations.

On June 1, 2023 (“Effective Date”), LogicMark, Inc., a Delaware corporation (the “Predecessor”), merged with and into its wholly-owned subsidiary, LogicMark, Inc., a Nevada corporation (the “Reincorporation”), pursuant to an agreement and plan of merger, dated as of June 1, 2023 (the “Agreement”). At the Effective Date and pursuant to the Agreement, the Company succeeded to the assets, continued the business and assumed the rights and obligations of the Predecessor existing immediately prior to the Reincorporation.

Net loss per share and all share data for the year ended December 31, 2022 have been retroactively adjusted to reflect the 1-for-20 reverse stock split that occurred on April 21, 2023. See Note 8.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE 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 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 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. As of December 31, 2023, the Company had cash equivalents of \$4.7 million and \$6.6 million in cash equivalents as of December 31, 2022.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH

Restricted cash included amounts held as collateral for company credit cards. During the year ended December 31, 2023, the Company closed the company credit card. Restricted cash included in Cash, Cash Equivalents and Restricted Cash, as presented on the Statements of Cash Flows, amounted to \$60 thousand as of December 31, 2022.

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.

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 offerings by leasing hardware coupled with monthly subscription services. We account 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 nonlease 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 nonlease 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 nonlease 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 nonlease components of the new offering is the predominant component of the contract. For the year ended December 31, 2023, the Company's sales recognized over time were immaterial. For the year ended December 31, 2022, 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 December 31, 2023, and 2022.

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 \$0.3 million and \$0.6 million, respectively, for the years ended December 31, 2023, and 2022.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE - NET

For the years ended December 31, 2023, and 2022, 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 December 31, 2023, and 2022, 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 December 31, 2023, inventory was comprised of \$1.2 million in finished goods on hand. As of December 31, 2022, inventory consisted of \$0.6 million and \$1.2 million in finished goods on hand and inventory in-transit from vendors, respectively.

The Company is required to partially prepay for inventory with certain vendors. As of December 31, 2023, and 2022, \$0.3 million and \$10 thousand, respectively, of prepayments made for inventory 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.

PROPERTY AND EQUIPMENT

Property and equipment consisting of equipment, furniture, fixtures, website and tooling 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 |

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 part of the annual evaluation of goodwill in 2023, the Company determined that it is more likely than not that the carrying value of goodwill exceeded its fair value, and therefore an impairment write-down was required. During the year ended December 31, 2023, the Company wrote down the carrying value of goodwill by \$7.8 million. See Note 5.

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 balance sheet as of December 31, 2023, and 2022.

As of December 31, 2023, the other intangible assets are comprised of patents of \$1.3 million; trademarks of \$0.8 million; and customer relationships of \$0.8 million. As of December 31, 2022, the other intangible assets are comprised of patents of \$1.7 million; trademarks of \$0.9 million; and customer relationships of \$1.2 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 years ended December 31, 2023, and 2022, the Company had an amortization expense of \$0.8 million for both years.

Amortization expense estimated for fiscal years 2024 and 2025 is expected to be approximately \$0.8 million per year, \$0.6 million for fiscal year 2026, \$0.3 million for fiscal year 2027, \$63 thousand for fiscal year 2028 and approximately \$0.5 million thereafter.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes. Income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740-10-30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740-10-40 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company will classify as income tax expense any interest and penalties. The Company has no material uncertain tax positions for any of the reporting periods presented. Generally, the tax authorities may examine tax returns for three years from the date of filing. The Company has filed all its tax returns for all prior periods through December 31, 2022.

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 59,228 shares of common stock and warrants to purchase 9,531,242 shares of common stock as of December 31, 2023, 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 26,250 shares of common stock and warrants to purchase 214,769 shares of common stock as of December 31, 2022, were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive. Net loss attributable to Common Stockholders per share as of December 31, 2023, was impacted by the payment of dividends for Series C Redeemable Preferred Stock of \$0.3 million and a deemed dividend of \$0.9 million resulting from the modification of certain warrant terms. Net loss attributable to Common Stockholders per share as of December 31, 2022 was impacted by the payment of dividends for Series C Redeemable Preferred Stock of \$0.3 million. Refer to Note 8.

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 year ended December 31, 2023, the Company capitalized \$0.7 million of such product development costs and \$1.0 million of such software development costs. For the year ended December 31, 2022, the Company capitalized \$0.7 million and \$0.4 million of such product and software development costs, respectively. Amortization of these costs is on a straight-line basis over three years and amounted to approximately \$53.8 thousand and \$23.4 thousand for product development and software development, respectively, for the year ended December 31, 2023. Amortization for the year ended December 31, 2022 was \$15 thousand for product development costs. Cumulatively, as of December 31, 2023 and 2022, approximately \$1.0 million and \$0.3 million, respectively, of capitalized product and software 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. As of December 31, 2023, a total of \$0.3 million of expenditures to the Company considered to be a related party were included in accounts payable and accrued expenses.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued 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 consolidated financial statements and disclosures.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 requires the measurement and recognition of expected credit losses for financial assets held based on historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. The new standard also requires the measurement and recognition of expected credit losses for financial assets held at amortized cost, including trade receivables. ASU 2016-13 was effective for SEC filers qualifying as small reporting companies, for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Effective January 1, 2023, the Company adopted ASU 2016-13, which resulted in no effects on the Company’s financial position, results of operations, or cash flows.

NOTE 5 - GOODWILL IMPAIRMENT

The Company’s goodwill relates entirely to the acquisition of LogicMark, LLC in 2016, the former subsidiary that was merged with and into the Company. As of December 31, 2023, the Company completed an impairment test of goodwill. The fair value was determined by using a market-based approach (weighted 70%), an income approach (weighted 20%) and adjusted book value method (weighted 10%), as this combination was deemed to be the most indicative of the Company’s fair value. The Company also included the current market value of the Company’s equity in the overall analysis. Under the market-based approach, the Company utilized information regarding the Company, the Company’s industry as well as publicly available industry information to determine earnings multiples and sales multiples that are used to value the Company. Under the income approach, the Company determined fair value based on estimated future cash flows of the Company, discounted by an estimated weighted-average cost of capital, which reflects the overall level of inherent risk and the rate of return an outside investor would expect to earn, which are unobservable Level 3 inputs. The discounted estimates of future cash flows include significant management assumptions such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions. The Company further compared the estimated fair value to the Company’s market capitalization. As of December 31, 2023, the Company concluded that the carrying value of its goodwill was partially impaired and recorded an impairment charge of \$7.8 million.

As of December 31, 2022, the Company determined that there were no indicators present to suggest that it was more likely than not that the fair value of goodwill was less than the carrying amount.

NOTE 6 - ACCRUED EXPENSES

Accrued expenses consist of the following:

| | December 31, 2023 | December 31, 2022 |
|--|------------------------------|------------------------------|
| Salaries, payroll taxes and vacation | \$ 167,930 | \$ 114,030 |
| Merchant card fees | 14,983 | 15,062 |
| Professional fees | 83,532 | 25,000 |
| Management incentives | 503,800 | 519,800 |
| Lease liability | 68,321 | 69,402 |
| Development costs | 109,000 | - |
| Dividends – Series C and F Preferred Stock | - | 48,389 |
| Inventory in transit | - | 812,970 |
| Other | 203,632 | 135,837 |
| Totals | \$ 1,151,198 | \$ 1,740,490 |

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE MEASUREMENTS

The fair value of financial instruments is defined as an exit price, which is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants. The degree of judgment used in measuring the fair value of assets and liabilities generally correlates to the level of pricing observability. Financial assets and liabilities with readily available, actively quoted prices or for which fair value can be measured from quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial assets and liabilities that are rarely traded or not quoted have less price observability and are generally measured at fair value using valuation models that require more judgment. These valuation techniques involve some level of management estimation and judgment, the degree to which depends on the price transparency of the asset, liability or market and the nature of the asset or liability. The Company has categorized its financial assets and liabilities measured at fair value into a three-level hierarchy.

Valuation Hierarchy

ASC 820, *Fair Value Measurements and Disclosures*, establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value.

The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Cash and accounts payable approximate their fair values due to their short maturities. The Company measures the fair value of financial assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The Company's cash equivalents as of December 31, 2023 and 2022 were held in money market funds and are measured utilizing Level 1 valuation inputs.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - STOCKHOLDERS' EQUITY

November 2023 Warrant Inducement Transactions

On November 21, 2023, the Company entered into each of the 2021 Inducement Agreements and the 2023 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.

The Company determined that the decrease in exercise price of the Existing Warrants discussed above resulted in a deemed dividend. The Company determined the deemed dividend was the difference between the fair value of the Existing Warrants immediately prior to the modification of terms and the fair value of the new Series A and Series B Warrants at the time of the modification. The difference between the fair value of the warrants immediately prior to modification of terms and immediately after the modification was calculated as \$0.9 million, using a Black Scholes model. This deemed dividend has been added to the net loss to arrive at net loss attributable to common stockholders on the statements of operations.

Reincorporation

On the Effective Date, the Predecessor merged with and into its wholly-owned subsidiary pursuant to the Agreement. At the Effective Date and pursuant to the Agreement, the Company succeeded to the assets, continued the business and assumed the rights and obligations of the Predecessor existing immediately prior to the Reincorporation.

At the Effective Time, pursuant to the Agreement, (i) each outstanding share of the Predecessor's common stock, par value \$0.0001 per share (the "Predecessor Common Stock"), automatically converted into one share of common stock, par value \$0.0001 per share, of the Company ("Registrant Common Stock"), (ii) each outstanding share of the Predecessor Series C preferred stock automatically converted into one share of Series C Non-Convertible Voting Preferred Stock, par value \$0.0001 per share, of the Company, (iii) each outstanding share of the Predecessor Series F preferred stock automatically converted into one share of Series F Convertible Preferred Stock, par value \$0.0001 per share, of the Company, and (iv) each outstanding option, right or warrant to acquire shares of Predecessor Common Stock converted into an option, right or warrant, as applicable, to acquire an equal number of shares of Registrant Common Stock under the same terms and conditions as the original options, rights or warrants, as applicable. In addition, by operation of law, the Company assumed all of the Predecessor's obligations under its equity incentive plans. The shares of Predecessor Common Stock remaining available for awards under such plans were automatically adjusted upon the Reincorporation into an identical number of shares of Registrant Common Stock, and all awards previously granted under such plans that were outstanding as of the Effective Time were automatically adjusted into awards for the identical number of shares of Registrant Common Stock, without any other change to the form, terms or conditions of such awards.

April 2023 Reverse stock split

On April 21, 2023, the Company effected a 1-for-20 reverse split of its outstanding common stock and Series C Redeemable Preferred Stock. As a result of the reverse splits, each 20 pre-split shares of common stock outstanding and each 20 pre-split shares of Series C Redeemable Preferred Stock outstanding were automatically exchanged for one new share of each without any action on the part of the holders. The number of outstanding shares of common stock was reduced from approximately 24,406,155 shares to approximately 1,220,308 shares, and the number of outstanding shares of Series C Redeemable Preferred Stock was reduced from 200 shares to 10 shares. 40,228 shares of Common Stock were issued as a result of the treatment of fractional shares in connection with this reverse stock split, which rounded up outstanding post-split shares to the nearest whole number. The reverse stock split did not affect the total number of shares of capital stock, including Series C Redeemable Preferred Stock, that the Company is authorized to issue.

Net loss per share and all share data as of and for the year ended December 31, 2022 have been retroactively adjusted to reflect the reverse stock splits in accordance with ASC 260-10-55-12, "Restatement of EPS Data".

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - STOCKHOLDERS' EQUITY (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. Due to the Company effecting the reverse stock split on April 21, 2023, the exercise prices and shares issuable upon exercise of such warrants and pre-funded warrants have been retroactively reported in accordance with ASC 260-10-55-12, "Restatement of EPS Data", and to reflect the adjustment to the number of shares underlying such warrants and pre-funded warrants and the exercise price of such warrants in accordance with the terms thereof.

Series C Redeemable Preferred Stock

In May 2017, the Company authorized Series C Redeemable Preferred Stock. Holders of Series C Preferred Stock are entitled to receive dividends of 15% per year, payable in cash. For each of the years ended December 31, 2023 and 2022, the Company recorded Series C Redeemable Preferred Stock dividends of \$0.3 million.

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 December 31, 2023 and 2022 until such time that events occur that indicate otherwise.

Warrants

The following table summarizes the Company's warrants outstanding and exercisable as of December 31, 2023 and 2022:

| | Number of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Aggregate Intrinsic Value |
|---|-------------------------------|--|---|--|
| Outstanding and Exercisable at December 31, 2022 | 4,295,380 | \$ 120.39 | 3.60 | \$ - |
| Outstanding and Exercisable at January 1, 2023 | 4,295,380 | \$ 120.39 | 3.60 | \$ - |
| Issued - January 2023 Offering | 14,840,198 | 2.52 | 4.07 | - |
| Issued prefunded warrants | 3,440,000 | 0.00 | - | - |
| Issued - November 2023 Warrant Inducement | 1,462,790 | 2.00 | 4.70 | - |
| Exercise of prefunded warrants | (3,440,000) | 0.00 | - | - |
| Exercise of warrants - January 2023 Offering | (859,770) | 2.52 | - | - |
| Exercise of warrants - November 2023 Warrant Inducement | (10,021,040) | 2.00 | - | - |
| Expiration of warrants | (186,316) | 459.49 | - | - |
| Outstanding and Exercisable at December 31, 2023 | 9,531,242 | \$ 39.44 | 3.72 | \$ - |

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - 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 fiscal 2023; 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 December 31, 2023, the maximum number of shares of common stock that may be issued under the 2023 Plan is 212,853. 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 year ended December 31, 2023, the Company issued 2,000 stock options vesting over a period of four years to employees with an exercise price of \$3.03 per share and 3,125 stock options vesting over a period of four years to employees with an exercise price of \$2.92 per share. In addition, 9,900 fully vested stock options were granted to three non-employee Board directors at an exercise price of \$3.03 per share and 10,275 fully vested stock options were granted to three non-employee Board directors at an exercise price of \$2.92 per share. The aggregate fair value of the shares issued to the directors was \$46 thousand. As of December 31, 2023, the unrecognized compensation cost related to non-vested stock options was \$7 thousand.

During the year ended December 31, 2023, 1,750 of the Company's stock options were forfeited by participants under the 2023 Plan.

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 year ended December 31, 2023, the Company issued 3,125 stock options vesting over four years to employees with an exercise price of \$3.80 per share and a total aggregate fair value of \$11 thousand. In addition, 10,528 fully vested stock options were granted to four non-employee Board directors at an exercise price of \$3.80 per share. The aggregate fair value of the shares issued to the directors was \$35 thousand. As of December 31, 2023, the unrecognized compensation cost related to non-vested stock options was \$42 thousand.

During the year ended December 31, 2023, 750 of the Company's stock options were forfeited by participants under the 2017 SIP.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - STOCK INCENTIVE PLANS (CONTINUED)

During the year ended December 31, 2022, the Company issued 21,517 shares of common stock vesting over periods ranging from 30 to 48 months with an aggregate fair value of \$1,331,870 to certain employees as inducement and incentive grants. During the year ended December 31, 2022, the Company also issued 778 shares of common stock that fully vested on September 30, 2022, with an aggregate fair value of \$17,582 to certain non-employees in lieu of cash payment for services

During the year ended December 31, 2022, a total of 1,106 stock options were granted to two Advisory Board members at strike prices ranging from \$36.00 to \$36.40 vesting over periods up to one year and a total aggregate fair value of \$34,203. The Company issued 2,375 stock options (1,250 of which were forfeited) vesting over four years to employees with an exercise price of \$21.80 and 545 stock options with 100% cliff vesting in one year to non-employees with a strike price of \$21.80 and a total aggregate fair value of \$54,233. In addition, 2,294 fully vested stock options were granted to five non-employee Board directors at an exercise price of \$21.80. The aggregate fair value of the shares issued to the directors was \$72,815. The Company issued 1,625 stock options (1,000 of which were forfeited) vesting over four years to employees with an exercise price of \$15.20 for a total aggregate fair value of \$25,462. In addition, 2,642 fully vested stock options were granted to four non-employee Board directors at an exercise price of \$15.20. The aggregate fair value of the shares issued to the directors was \$40,023.

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 year ended December 31, 2023, the Company did not issue stock options under the 2013 LTIP. During the year ended December 31, 2023, the Company had 1,250 stock options forfeited under the 2013 LTIP. As of December 31, 2023, the unrecognized compensation cost related to non-vested stock options was \$0.3 million.

During the year ended December 31, 2022, the Company issued 11,875 stock options (4,000 of which were forfeited) vesting over four years to employees with an exercise price of \$67.20 and an option for 625 shares to a non-employee with a strike price of \$44.00 and a total aggregate fair value of \$743,310. In addition, 1,364 fully vested stock options were granted to six non-employee Board directors at an exercise price of \$44.00. The aggregate fair value of the shares issued to the directors was \$51,187.

Stock-based Compensation Expense

Total stock-based compensation expense during 2023 and 2022 pertaining to awards under the 2023 Plan, 2017 SIP and 2013 LTIP amounted to \$1.6 million for both periods.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - INCOME TAXES

For financial reporting purposes, income before income taxes includes the following components:

| | Year Ended December 31, | |
|---------------------------|--------------------------------|----------------|
| | 2023 | 2022 |
| Loss before income taxes: | | |
| United States | \$ (14,860,458) | \$ (6,787,009) |
| Foreign | - | - |
| Loss before income taxes: | \$ (14,860,458) | \$ (6,787,009) |

The expense for income taxes consists of:

| | Year Ended December 31, | |
|--------------------------------------|--------------------------------|-------------|
| | 2023 | 2022 |
| Current income tax provision | | |
| Federal | \$ - | \$ - |
| State | 10,253 | 13,859 |
| Foreign | - | - |
| | 10,253 | 13,859 |
| Deferred income tax | | |
| Federal | (106,387) | 36,527 |
| State | (213,715) | 87,570 |
| Foreign | - | - |
| | (320,102) | 124,097 |
| Total income tax (benefit) provision | \$ (309,849) | \$ 137,956 |

Reconciliation between the effective tax rate on income from continuing operations and the statutory tax rate is as follows:

| | Year Ended December 31, | |
|--|--------------------------------|-------------|
| | 2023 | 2022 |
| Provision at Federal statutory rate | 21.00% | 21.00% |
| State income taxes | 1.07% | (1.22)% |
| Other permanent tax adjustments | (0.37)% | (0.59)% |
| Change in valuation allowance | (18.93)% | (16.74)% |
| Shortfalls on Stock Based Compensation | (0.68)% | (4.49)% |
| Prior period adjustments | 0.00% | 0.02% |
| Benefit (provision) for income taxes | 2.09% | (2.02)% |

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. After consideration of all of the information available, Management believes that significant uncertainty exists with respect to future realization of all of the deferred tax assets and has therefore established a full valuation allowance. The valuation allowance increased by \$3.5 million for the year ended December 31, 2023, compared to the increase of \$3.1 million for the year ended December 31, 2022.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - INCOME TAXES (CONTINUED)

The significant components of the Company's deferred tax assets and liabilities are as follows:

| | Year Ended December 31, | |
|--|--------------------------------|---------------------|
| | 2023 | 2022 |
| Deferred tax assets: | | |
| Net operating loss carryforward | \$ 15,302,761 | \$ 13,716,239 |
| Tax credits | 205,028 | 205,028 |
| Lease liabilities | 33,397 | 54,558 |
| Accruals and reserves | 168,603 | 173,247 |
| Capital loss carryforwards | 2,678,907 | 2,678,907 |
| Capitalized research costs | 383,233 | 587,202 |
| Taxable goodwill | 1,140,134 | - |
| Intangible assets | 523,899 | 508,057 |
| Stock compensation | 397,275 | 179,105 |
| Federal effect of state taxes | - | 44,880 |
| Fixed assets | 17,451 | - |
| Other | 849 | 4,533 |
| Total deferred tax assets before valuation allowance: | 20,851,537 | 18,151,756 |
| Valuation allowance | (20,819,919) | (17,343,925) |
| Deferred tax assets, net of valuation allowance | 31,618 | 807,831 |
| Deferred tax liabilities: | | |
| Right-of-use assets | (31,618) | (52,485) |
| Taxable goodwill | - | (790,527) |
| Fixed assets | - | (284,921) |
| Total deferred tax liabilities | (31,618) | (1,127,933) |
| Net deferred tax liability | \$ - | \$ (320,102) |

The net deferred tax liability as of December 31, 2022 principally relates to our goodwill deferred tax liability, which has an indefinite reversal pattern. This deferred tax liability only partially serves as source of income for the realization of deferred tax assets with an indefinite loss carryforward period. As of December 31, 2023, the deferred tax liability was reduced to zero as a result of the write-off of the goodwill balance.

As of December 31, 2023, the Company had US federal and state net operating loss ("NOLs") carryovers of \$59.0 million and \$64.7 million respectively. Federal and state NOLs generated through December 31, 2017 are available to offset future taxable income, which expire beginning in 2032. Federal NOLs generated for years starting after December 31, 2017 are available to offset future taxable income indefinitely. State NOLs generated for years starting after December 31, 2017 that are available to offset future taxable income indefinitely vary by state. The Company has Federal Capital loss carryovers of \$11.8 million at December 31, 2023, which expire in 2024. The Company also has state Capital loss carryovers of \$0.2 million at December 31, 2023, which begin to expire in 2024, and have no carryback period. In addition, the Company had tax credit carryforwards of \$0.2 million at December 31, 2023, that will be available to reduce future tax liabilities. The tax credit carryforwards will begin to expire beginning in 2032.

In accordance with Section 382 of the Internal Revenue Code, deductibility of the Company's NOLs may be subject to an annual limitation in the event of a change of control. The Company has not determined whether a change of control has occurred as of December 31, 2023 with respect to the LogicMark NOLs and therefore no limitation under Section 382 has been computed. Management will review for such limitations before any of the LogicMark NOLs are utilized against future taxable income.

The Company has no material uncertain tax positions for any of the reporting periods presented. No interest or penalty expense was recorded during the year or has been accrued as of December 31, 2023 or 2022. The Company does not expect any material changes to any uncertain tax positions in the next twelve months. The Company has filed all of its tax returns for all prior periods through December 31, 2022, and intends to timely file the income tax returns for the period ending December 31, 2023.

The Company is subject to taxation in the United States and various states. As of December 31, 2023, the Company is not under examination by any taxing authority, however, all of the Company's U.S. and state income tax returns remain open to examination.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - 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 sheet as of 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 3% annual increase.

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 FINANCIAL STATEMENTS

NOTE 11 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

For the year ended December 31, 2023, total operating lease cost was \$78.5 thousand and is 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 December 31, 2023:

| | |
|--|--------------------------|
| Year Ending December 31, | |
| 2024 | \$ 80,000 |
| 2025 | 54,400 |
| Total future minimum lease payments | <u>\$ 134,400</u> |
| Less imputed interest | (14,238) |
| Total present value of future minimum lease payments | <u><u>\$ 120,162</u></u> |
| As of December 31, 2023 | |
| Operating lease right-of-use assets | <u>\$ 113,761</u> |
| Other accrued expenses | \$ 68,321 |
| Other long-term liabilities | 51,841 |
| | <u><u>\$ 120,162</u></u> |
| As of December 31, 2023 | |
| Weighted Average Remaining Lease Term | 1.67 |
| Weighted Average Discount Rate | 13.00% |

LogicMark, Inc. Insider Trading Policy

For Company Employees, Officers, Directors, Contractors and Consultants

1. Introduction, Scope and Purpose of Policy

In an effort to protect against prohibited “insider trading” by LogicMark, Inc. and its subsidiaries (whether existing now or in the future) (collectively, the “Company”) personnel, the Company’s Board of Directors has adopted this insider trading policy (this “Policy”) applicable to directors, officers, employees, contractors and consultants of the Company (collectively, “Associates”) as well as certain additional persons enumerated herein. The purpose of this Policy is to state the Company’s requirement that all Associates (and other persons subject to this Policy) comply fully with all applicable laws prohibiting insider trading and tipping and to promote compliance with such laws. Questions regarding this Policy should be directed to the Company’s Chief Financial Officer (the “CFO”). Violation of the laws prohibiting insider trading and tipping could result in substantial criminal and civil penalties, including (1) imprisonment for up to 20 years, (2) criminal fines of up to \$5 million, and (3) civil penalties of up to three times the profit gained or loss avoided. Accordingly, all Associates subject to this Policy must certify their understanding of, and intent to comply with, this Policy. Please refer to the certification attached as Exhibit A.

This Policy applies to your Related Persons (as defined below) to the same extent that it applies to you. Therefore, you should make them aware of their need to comply with this Policy and to confer with you before they trade in Company securities, and you should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for your own account. This Policy does not, however, apply to personal securities transactions of persons or entities who would otherwise fall within the definition of Related Person where the purchase or sale decision is made by a third party not controlled by, influenced by, or related to you or your Related Persons.

2. Definitions

(A) Company Insider. For purposes of this Policy, the term “Company Insider” refers all Company directors, officers (as such term is defined under Rule 16a-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), employees, and any other Associates designated from time to time by the CFO as being a “Company Insider,” as well as any Related Person of any of the foregoing.

(B) Material information. Information is generally deemed material if a reasonable investor would consider such information important in making the decision to buy, sell, or hold a security to which the information relates; information reasonably likely to affect the price of a security will generally be material. Material information can be positive or negative and can relate to any aspect of the Company’s business or any type of Company security, whether debt, equity, or hybrid. It is not possible to define all categories of material information. While materiality is always a facts and circumstances determination, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. Please refer

to Attachment A of this Policy for a non-exhaustive list of examples of what may constitute material information.

(C) Nonpublic information. Information is “nonpublic” if it has not been previously disclosed to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors, including in a report or other document filed with the U.S. Securities and Exchange Commission (“SEC”) through its EDGAR website or through an established media outlet such as Dow Jones, Returns Economic Services, The Wall Street Journal, or The Associated Press; disclosure even to large groups of investors or analysts would not constitute public disclosure, and disclosure solely on the Company’s website may not constitute public disclosure. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public disclosure. In addition, even after a public announcement of material information, information will not be considered public until a sufficient time period has elapsed for the disclosed information to be absorbed by the market. **Generally, information should not be considered public until at least two (2) full trading days following the publication or release of such information.**

(D) Related Person. For purposes of this Policy, a “Related Person” includes: (1) your spouse, children, and anyone else living in your household and persons or other third-parties who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control, such as parents or adult children who consult with you before they trade in Company securities; (2) partnerships of which you are a general partner or corporations in which you are a controlling shareholder; (3) trusts of which you are a trustee; (4) estates of which you are an executor; and (5) any other entities that you control.

(E) Securities Transactions. “Securities transactions” subject to this Policy include, among other things, open-market purchases and sales, gifts (other than gifts to Related Persons, as such persons are subject to the restrictions of this Policy), placing a purchase or sell order, transactions in a 401(k) account or changes in 401(k) account allocation elections or contributions, and the sale of securities acquired upon the exercise of options or similar instruments. “Securities” refers not only to common stock but to all securities of the Company or other applicable entity, including but not limited to, bonds, debentures, options, warrants, and partnership or limited liability company interests.

3. Guidelines

(A) Non-disclosure of Material Non-Public Information. You must maintain the confidentiality of any material non-public information (“MNPI”) about the Company or about other entities (including information about transactions being considered by the Company that involve other entities) obtained while carrying out your duties to the Company. You may not disclose such information to anyone, except the persons within the Company or third-party agents of the Company (such as investment banking advisors, outside legal counsel, or outside accountants) whose positions require them to know it, until such information has been publicly disclosed. If any MNPI is inadvertently disclosed, the facts of such disclosure should be immediately reported to the CFO.

(B) Prohibited Trading in Company Securities. You may not engage in transactions in Company securities (nor recommend that others do so), either directly or through a Related Person or any other person or entity, while in possession of MNPI about the Company.

(C) Quarterly Trading Restrictions (“Blackout” Periods). Company Insiders may not engage in securities transactions in Company securities (either directly or indirectly) or recommend that others do so during the period beginning five (5) business days before the end of the Company’s fiscal quarter and ending two (2) full business days after the public release of the Company’s quarterly (or in the case of the fourth fiscal quarter, quarterly and annual) earnings results.

(D) Additional Blackout Periods. In addition to the quarterly blackout period set forth in Section 3(C) above, the Company may also impose from time to time additional temporary Blackout periods prohibiting all transactions in Company securities by you, including in instances when items of significant importance have been communicated to you prior to their public disclosure. These temporary Blackout periods can extend into, and remain in place beyond, the Company’s normal recurring quarterly Blackout period. The Company will notify you if you are subject to a temporary Blackout period. You must not communicate the imposition of a temporary Blackout to any other person or other third-party. For further information regarding the timing of recurring or additional temporary Blackout periods, you may contact the CFO.

(E) Pre-Clearance. Company Insiders may not trade in the securities of the Company or any such other companies, as applicable, without the prior permission of the CFO. Company Insiders may seek such permission by submitting a “Request for Prior Approval of Stock Trading” (see Exhibit B attached to this Policy). If the CFO refuses permission, the CFO is not obligated to specify the reason for denying the requested permission. Company Insiders must not communicate the imposition of pre-clearance requirements to any other person or other third-party. In addition, in accordance with Section 3(H) below, all Associates, whether or not a Company Insider, may not trade in the securities of any company in the Company’s industry segment without the pre-clearance or pre-approval of the CFO.

(F) Tipping. You may be liable for, and are prohibited from, communicating or “tipping” MNPI to any third party (a “tippee”). A person may qualify as a tippee even if such person is not a Related Person. Insider trading violations are not limited to the disclosure of MNPI or the use of such information by you. Persons other than you, including tippees, may be liable for insider trading if they trade or take other action based on MNPI that has been misappropriated.

(G) Certain Transactions. To avoid the appearance of impropriety or inadvertent violations of insider trading restrictions, you may not engage in the types of transactions set forth below:

- *Short Sales*. Short sales of Company securities (*i.e.*, the sale of shares of Company common stock that the seller does not own) may evidence an expectation on the part of the seller that such securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to seek to improve the Company’s performance. For these reasons, short sales of Company securities by directors, officers, and all other Associates are prohibited.
- *Publicly-Traded Options*. Given the relatively short term of publicly-traded options, transactions in options may create the appearance that an Associate is trading based on MNPI and focus such Associate’s attention on short-term performance at the expense of the Company’s long-term objectives. Accordingly,

transactions in put options, call options, or other derivative securities, on an exchange or in any other organized market, by directors, officers, and all other Associates are prohibited.

- *Hedging Transactions.* Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars, and exchange funds. Such transactions may permit an Associate to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, such Associate may no longer have the same objectives as the Company's other shareholders. Therefore, directors, officers, and all other Associates are prohibited from engaging in any such transactions.
- *Margin Accounts and Pledges.* Securities held in margin accounts or pledged as collateral may be sold by a broker or lender without an account holder or debtor's consent if such holder or debtor fails to meet a margin call or defaults on the loan. Because a margin or foreclosure sale could occur at a time when such a holder or debtor is aware of MNPI or otherwise is not permitted to trade in Company securities, you are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.
- *Standing and Limit Orders.* Standing and limit orders create heightened risks for insider trading violations due to the lack of control over the timing of purchases or sales that result from standing instructions to a broker because the broker could execute a transaction when you are in possession of MNPI about the Company. Therefore, you are prohibited from placing standing or limit orders on Company securities.

(H) Trading in Other Securities. You may not engage in transactions in the securities of another company (nor recommend that others do so), either directly or through a Related Person or any other person or entity, while in possession of MNPI about such other company obtained through your position at or the carrying out of your duties to the Company. Regulatory authorities may view such transactions as "shadow trading" (as defined below) of the MNPI and therefore may hold you liable for insider trading based on that action. For the avoidance of doubt, this prohibition includes both trading in the securities of another company while in possession of MNPI about that company, as well as trading in the securities of another company while in possession of MNPI that could affect the price of the securities of that company.

"Shadow trading" is an emerging theory under the federal securities laws. The SEC has recently alleged that an employee of one company misappropriated MNPI concerning its employer and then committed insider trading by purchasing options in a close competitor of the employer. Although the MNPI did not relate to the close competitor, the employee anticipated that the competitor's stock price would materially increase on the news of its employer's acquisition and that the MNPI was material to the competitor. To that end, the Company forbids any Associate from trading in the securities of any company in the Company's industry segment without the pre-clearance or pre-approval of the CFO. Absent such approval, Associates are not permitted to trade in securities of companies that operate in the Company's industry segment. This is because confidential information about one company can be material to other companies, and insider

trading liability might attach even when the information at issue is not directly related to the Company.

(I) Exceptions. The restrictions set forth in subsections (B)-(H) of this Section 3 do not apply to the exercise of stock options for cash under any Company equity compensation plan, as the other party to the transaction is the Company itself and the price is fixed by the terms of the option agreement or the plan (but note that such requirements do apply to any sale of stock acquired by exercising any such option, including any such sale as part of a broker-assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option). Similarly, such limitations do not apply to the sale of shares of Company common stock to the Company pursuant to any stock repurchase program approved by the Company's Board of Directors. Such restrictions also do not apply to transactions pursuant to an approved Rule 10b5-1 trading plan.¹

4. Individual Responsibility

You have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company securities while in possession of MNPI. Those subject to this Policy must not engage in illegal trading and must avoid the appearance of improper trading. Each person or entity subject to this Policy is responsible for making sure that such person or entity complies with this Policy and that any Related Person also complies with this Policy. In all cases, the responsibility for determining whether an individual is in possession of MNPI rests with that individual, and any action on the part of the Company or any Associate pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate any individual or entity from liability under applicable securities laws.

In addition, directors and executive officers of the Company should keep in mind other requirements applicable to the sale of Company securities by them, in particular, compliance with Rule 144² promulgated under, or Section 4(a)(7) of, the Securities Act of 1933, as amended (the "Securities Act"), and should be prepared to comply with such requirements in connection with any transactions in Company securities.

¹ Rule 10b5-1(c) under the Exchange Act, provides an affirmative defense to a charge of insider trading where it is evident that inside information known to the trader did not play a role in trading decisions for trades made in compliance with the provisions of the rule, including pursuant to a written plan that complies with the requirements set forth therein. Such a Rule 10b5-1 plan may only be implemented by a person subject to this Policy while he or she is not aware of MNPI regarding the Company and would otherwise be permitted to engage in transactions in Company securities under this Policy. Prior to entering into a trading plan under Rule 10b5-1, the individual adopting the trading plan must provide a copy of the proposed trading plan to the CFO and receive notification from the CFO that the Company has approved the trading plan for purposes of the individual's implementation of such trading plan. The Company does not undertake any obligation to approve any Rule 105b-1 trading plan or ensure that a trading plan submitted to the Company complies with Rule 105b-1 of the Exchange Act.

² Holders of Company securities may utilize the non-exclusive "safe harbor" provided by Rule 144 under the Securities Act ("Rule 144") to dispose of such securities in the public marketplace. Rule 144 permits the public resale of Company securities considered to be "restricted" and/or "control" securities under Rule 144 so long as certain conditions are met, which include, but are not limited to, holding such securities for at least six months or one year, as applicable, that the Company remains current with its public filings required under the Exchange Act, and the filing of a Form 144 with the SEC, if applicable. Section 4(a)(7) of the Securities Act permits an individual who holds Company securities issued in a private placement, whose resale is restricted, to resell that security in a subsequent private sale.

If you have any questions regarding this Policy or whether you possess MNPI, it is always advisable to consult with the CFO prior to engaging in any securities transaction.

5. Post-Termination Transactions

This Policy continues to apply to transactions in Company securities (or the securities of another company to the extent prohibited pursuant to Section 3(H) above) even after termination of service to the Company. If an individual is in possession of MNPI when his or her service terminates, that individual may not trade in such securities until that information has become public or is no longer material. The pre-clearance procedures specified in Section 3(E) above, however, will cease to apply to transactions in Company securities upon the expiration of any blackout period or other Company-imposed trading restrictions applicable at the time of the termination of service.

Last revised on June 1, 2022

ATTACHMENT A

Examples of Material Information

- Financial results or projections;
- Major events regarding the Company's securities, including the declaration of stock splits or stock dividends, calls, redemptions, repurchases, dividends, changes in dividend policy, or the possibility of a public or private offering of securities;
- The possibility of mergers, acquisitions, joint ventures, tender offers, or takeovers, the possible initiation of a proxy fight, and similar business developments;
- Significant changes in corporate objectives, operations, business plans, or strategy, or a restructuring;
- A significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach, or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure;
- Development of a significant new product or service;
- Execution or termination of significant agreements with suppliers, customers, and other business partners;
- Significant related party transactions;
- Defaults under agreements or actions by creditors, customers, or suppliers relating to a company's credit standing;
- Major changes in previously-disclosed financial information;
- Changes in debt ratings;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- The disposition of a subsidiary or of material assets;
- Significant developments in legal proceedings or regulatory actions;
- Significant changes in management or relations among major shareholders (including a change in control), customers, or suppliers; and
- Impending bankruptcy or financial liquidity problems.

The above list is only illustrative; many other types of information may be considered "material," depending on the circumstances, and questions concerning the materiality of particular information should be resolved in favor of materiality, meaning securities transactions should be avoided.

EXHIBIT A

Certification

I certify that:

1. I have read and understand the LogicMark, Inc. Insider Trading Policy (the “Policy”). I understand that LogicMark, Inc.’s Chief Financial Officer is available to answer any questions I have regarding the Policy and this signed certification will be retained as part of LogicMark, Inc.’s records.
2. Since June 1, 2022 or such shorter period of time that I have been an Associate (as defined in the Policy), I have complied with the Policy.
3. I will continue to comply with the Policy for as long as I am subject to the Policy.

Print name: _____

Signature: _____

Date: _____

If the undersigned is an entity:

Name of Entity

Signature of Authorized Signatory

Name of Authorized Signatory (Print)

Title of Authorized Signatory (Print)

Date

EXHIBIT B
LOGICMARK, INC.

To: Chief Financial Officer
From:
Date:
Subject: Request for Prior Approval of Securities Trading

The undersigned proposes to engage in a transaction involving the following (please place an "X" by the appropriate information):

LogicMark, Inc. Common Stock
 Other: _____
[Name of Issuer and Security]

The transaction proposed is an:
 Open-market purchase
 Open-market sale
 Other [please explain]: _____

The transaction is proposed to be effective on _____
[Date]

Copies of broker's confirmations of effected transactions must be forwarded to LogicMark, Inc.'s Chief Financial Officer for record keeping purposes.

[Signature]

[Print name, title, and department or position]

If the undersigned is an entity:

Name of Entity

Name of Authorized Signatory (Print)

Signature of Authorized Signatory

Title of Authorized Signatory (Print)

FOR INTERNAL USE ONLY

_____ Transaction may be effected
_____ Transaction may not be effected

This authorization extends to _____

Date _____

Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-1 (File Nos. 333-259105, 333-226116, and 333-268688) and on Form S-3 (File Nos. 333-276263, 333-259145, and 333-228624) of our report dated April 16, 2024, relating to the financial statements of LogicMark, Inc. as of December 31, 2023, which appears in this Annual Report on Form 10-K.

/s/ BPM LLP

Walnut Creek, California
April 16, 2024

**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, certify that:

1. I have reviewed this annual report on Form 10-K 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, 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: April 16, 2024

By: /s/ Chia-Lin Simmons
Chia-Lin Simmons
Chief Executive Officer
(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, certify that:

1. I have reviewed this annual report on Form 10-K 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, 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: April 16, 2024

By: /s/ Mark Archer
Mark Archer
Chief Financial Officer
(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 Annual Report of LogicMark, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023, 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), as applicable, 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: April 16, 2024

By: /s/ Chia-Lin Simmons
Chia-Lin Simmons
Chief Executive Officer
(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 Annual Report of LogicMark, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023, 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), as applicable, 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: April 16, 2024

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

LOGICMARK, INC. (the “Company”)

CLAWBACK POLICY

Effective as of November 27, 2023

Background

The Board of Directors of the Company (the “**Board**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. The Compensation Committee of the Board (the “**Compensation Committee**”) and the Board have therefore adopted this policy, which provides for the recoupment (or clawback) of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws of the United States (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and the listing standards of The Nasdaq Stock Market LLC (“**Nasdaq**”) under Nasdaq Listing Rule 5608.

Administration

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. Subject to any limitation under applicable law, the Compensation Committee may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (the “**Authorized Officers**”) (other than with respect to any recovery under this Policy involving such officer or employee).

Covered Executives

This Policy applies to the Company’s current and former executive officers, as determined by the Board in accordance with Section 10D of the Exchange Act and the listing standards of the Nasdaq (“**Covered Executives**”).

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee will require prompt reimbursement or forfeiture of any excess Incentive Compensation (as defined below) received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. For the sake of clarity, recoupment is required in the event of any restatement that either: (a) corrects an error in previously issued financial statements that is material to the previously issued financial statements; or (b) corrects an error not material to previously issued financial statements, but that would result in a material misstatement if (i) the error was left uncorrected in the then current period; or (ii) the error correction was recognized in the then current period. The Company’s obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed. For purposes of determining the relevant recovery period, the date that the Company is required to prepare an accounting restatement as described above is the earlier to occur of: (A) the date the Board, a committee of the Board, the Authorized Officers, or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described above; or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described above. In accordance with Nasdaq Rule 5608(e), this Policy is applicable to Incentive Compensation (as described below) received on or after October 2, 2023.

Incentive Compensation

For purposes of this Policy, “Incentive Compensation” means any of the following, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of a financial reporting measure affected by the restated financial statements:

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.
- Restricted stock.
- Restricted stock units.
- Performance shares.

Financial reporting measures are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total stockholder return are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the Securities and Exchange Commission. The Company’s financial reporting measures may include, but are not limited to, the following:

- Company stock price.
- Total stockholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital, operating cash flow or Free Cash Flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

This Policy applies to all Incentive Compensation received by a Covered Executive:

- After beginning service as an executive officer;
- Who served as an executive officer at any time during the performance period for that Incentive Compensation;
- While the Company has a class of securities listed on a national securities exchange or a national securities association; and
- During the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in this Policy. In addition to these last three completed fiscal years, this Policy applies to any transition period (that results from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Incentive Compensation is deemed received in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the erroneous data over the Incentive Compensation that would have been paid to the Covered Executive had it been based on the restated results, as determined by the Compensation Committee, and without regard to any taxes paid by or withheld from the Covered Executive. If the Compensation Committee cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. For Incentive Compensation based on stock price or total stockholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total stockholder return upon which the Incentive Compensation was received. In such case, the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

Method of Recoupment

The Compensation Committee will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive Compensation previously paid;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive in accordance with applicable law;
- Cancelling outstanding vested or unvested equity awards; and/or
- Taking any other remedial and recovery action permitted by law, as determined by the Compensation Committee.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any Incentive Compensation recovered under this Policy or from any consequence arising therefrom.

Interpretation

The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, Rule 10D-1 and any applicable rules or standards adopted by the Securities and Exchange Commission or Nasdaq.

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the “**Effective Date**”) and, in accordance with Nasdaq Rule 5608(e), shall apply to Incentive Compensation that is received by Covered Executives on or after October 2, 2023.

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with any rules or standards adopted by Nasdaq. The Board may terminate this Policy at any time.

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of applicable law. The Board and/or Compensation Committee may require that any employment agreement, equity award agreement, or similar agreement entered into or amended on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of: (a) any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company, including termination of employment or institution of legal proceedings; and (b) any statutory recoupment requirement, including Section 304 of the Sarbanes-Oxley Act of 2002. For the avoidance of doubt, any amounts paid to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 shall be considered (and may be credited) in determining any amounts recovered under this Policy.

Impracticability

The Compensation Committee shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impracticable, as determined in accordance with Rule 10D-1(b)(1)(iv) under the Exchange Act and the listing standards of Nasdaq. In order for the Company to determine that recovery would be impracticable, the Company’s Compensation Committee must conclude the following:

- a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered after making a reasonable attempt to recover such Incentive Compensation. Note that the attempt(s) to recover must be documented by the Company and such documentation provided to Nasdaq; or
- b) Recovery would likely cause an otherwise tax-qualified retirement plan under which benefits are broadly available to Company employees to fail to meet the requirements for qualified pension, profit-sharing and stock bonus plans under Section 401(a)(13) of the U.S. Internal Revenue Code or the minimum vesting standards under Section 411(a) of the U.S. Internal Revenue Code.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit Filing

A copy of this Policy shall be filed as an exhibit to the Company’s annual report on Form 10-K.

**ATTESTATION AND ACKNOWLEDGEMENT OF CLAWBACK POLICY FOR
LOGICMARK, INC. (the “Company”)**

By my signature below, I acknowledge and agree that:

- I have received and read the attached Clawback Policy (this “Policy”) of the Company.
- I hereby agree to abide by all of the terms of the Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any incorrectly awarded Incentive Compensation to the Company as determined in accordance with the Policy.
- I hereby waive any claim against the Company, its Authorized Officers and the Board in connection with the implementation of the Policy.

Signature: _____

Printed Name: _____

Date: _____