

Zacks Small-Cap Research

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Logicmark Inc

(LGMK-NASDAQ)

LGMK: Initiating Coverage- Expanding Product Suite, Shift to Recurring Revenue

LogicMark develops & sells personal emergency response systems designed to detect threats to the wearer's health or safety. Under new management, LGMK is transitioning from a hardware sales model to a SaaS recurring revenue and cash flow model as it introduces new connected products for the care economy & potentially licenses its technology to others. As the domestic & global population ages, the care economy is expected to be increasingly important in an aging society.

Current Price (10/18/23) **\$1.73**
Valuation **\$3.50**

OUTLOOK

LGMK believes it has a large market opportunity and that it is among the few companies innovating to modernize remote monitoring devices and platforms. The industry has incorporated primarily reactive technology; the company's goal is to include and enhance preventive & predictive technology. Planned new products will include the ability to detect falls, a key concern for its target demographic. LGMK is also strengthening its distribution channels, expanding its product portfolio with the introduction of new devices and services to diversify revenue and boost recurring revenue. With increased focus on online distribution channels, LogicMark expects to reduce its blended customer acquisition costs, lower its sales cycles and boost sales as the company develops its Care Village software suite.

SUMMARY DATA

52-Week High **\$19.43**
52-Week Low **\$1.55**
One-Year Return (%) **-90.39**
Beta **1.88**
Average Daily Volume (sh) **63,216**

Shares Outstanding (mil) **1**
Market Capitalization (\$mil) **\$2**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **39**
Insider Ownership (%) **4**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **-12.5**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **N/A**
P/E using 2023 Estimate **N/A**
P/E using 2024 Estimate **N/A**

Zacks Rank **N/A**

Risk Level **High,**
Type of Stock **Small-Value**
Industry **Med Tech**

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	2 A	3 A	2 A	2 A	10 A
2022	4 A	3 A	3 A	2 A	12 A
2023	3 A	2 A	2 E	2 E	10 E
2024					10 E

Loss per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021					-\$2.23 A
2022	-\$2.89 A	-\$2.50 A	-\$0.23 A	-\$0.26 A	-\$0.76 A
2023	-\$1.92 A	-\$1.83 A	-\$1.85 E	-\$1.89 E	-\$7.48 E
2024					-\$7.66 E

Quarters might not sum due to rounding & share counts

Disclosures on page 14

KEY POINTS

- LogicMark develops and sells personal emergency response systems (PERS) designed to detect a threat to the wearer's health and safety that requires immediate attention. Under a new management team in place since 2021, LogicMark is transitioning from a hardware sales business model to a SaaS – or what the company refers to as a Caring Platform as a Service (CPaaS) – recurring revenue and cash flow model.
- The company's goal is to innovate within the industry by including and enhancing preventive and predictive technology in the PERS experience. Importantly, the company's planned new products will include the ability to detect falls, which is a key concern for its target demographic. The [CDC](#) (Centers for Disease Control) notes that the risk of falls – about 25% of people aged 65 or older fall every year – and other adverse health events increases as people age and falls are, in fact, the leading cause of injury death in this group.
- The population is aging. The ability to monitor people's well-being remotely is therefore expected to grow in importance as baby boomers become seniors. Specifically, in the U.S. 10,000 baby boomers turn 65 every day. Demand for remote monitoring tools reflects the desire by many, if not most baby boomers, to live independently and also reflects a well-documented dearth of healthcare workers. Thus, responsibility for caring for aging family members is increasingly falling on seniors themselves and their families.
- According to research organization the Population Reference Bureau ([PRB](#)), the care economy "will be increasingly important in an aging society." More than 50 million people aged-65 years or older live in the U.S., according to the Administration for Community Living, with more than 25% of this group living alone.
- As the in-home professional care business continues to expand, the company believes this is an opportunity for LogicMark to extend its products and services to meet the increasing needs of the growing Care Economy. With a large and growing market opportunity ahead, LogicMark believes that it is among the few companies in the space innovating to modernize remote monitoring devices and platforms. The company is in the process of investing in a number of new verticals described in this report, as well as expanding and strengthening its distribution channels and expanding its product portfolio with the introduction of new devices and services.
- In 2021, for example, the company signed a United States General Services Agreement (GSA), which further strengthens its partnership with the government and expands its ability to capture new sales. The company also plans to expand to other government services and expects to focus on growing its sales volume through DTC (direct to consumer) and the online category. The company believes it has built a robust store on Amazon that management notes has been seeing strong growth. LogicMark expects to reduce its blended customer acquisition costs (CACs), lower its sales cycles and boost sales by increasing its focus on the DTC and online channels.
- Earlier this year the company announced an agreement with All Quality and Services (AQS), a full-service contract manufacturer in the electronics manufacturing services sector. LogicMark expects the first product under the AQS deal to launch next year. With a U.S.-based contract manufacturer, the company expects to diversify risk and minimize supply chain disruptions.
- The company is expanding its product portfolio as it develops the SaaS model. With recent and expected upcoming product launches, LGMK's product pipeline is the broadest it has been in more than two decades. In 1Q23, the company began selling the LifeSentry Monitored PERS product. In addition, pre-orders and shipments of the company's new Freedom Alert Plus PERS product, integrating proprietary Care Village software, have commenced.
- LGMK's new CEO and CFO have substantial experience within or consulting to the technology industry. The company expects its new CEO's experience in product development and launches and more than a decade of experience in subscription / recurring billing models to consumers to be critical in implementing its strategy to transition the company to a recurring revenue model with an expanding product portfolio, while the new CFO's experience with growth stage technology companies is expected to help LogicMark maintain financial flexibility to support its growth strategy.

FOCUSING ON NEEDS OF AGING BABY BOOMERS

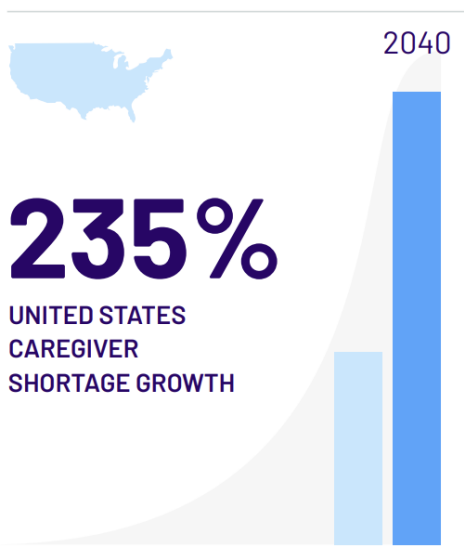
Ageing of the population among factors expected to drive growth....

LogicMark, Inc. (NASDAQ: LGMK) provides personal emergency response systems (PERS), health communications devices, and Internet of Things (IoT) technology to form a connected care platform to help seniors continue living independently by enabling their caregivers and family to monitor their health and safety remotely. Personal emergency response systems, or PERS, are medical alert systems designed to detect a threat to the wearer's health or safety that requires immediate attention. In some cases, the user signals an adverse event and in other cases, the device sensors detect a fall or inactivity that could be cause for alarm. Then, using two-way communications technology, the device contacts designated family members and/or 911 or a 24/7 on call monitored service emergency medical resource that then dispatches an emergency response team to the wearer's location.

... the Silver Tsunami; aging adults want to remain independent....

The ability to monitor seniors' well-being remotely is expected to grow in importance as baby boomers become seniors. The population of adults aged 65 and older is expected to jump dramatically over the next few years in what has been broadly described by [Forbes](#) and other publications as the *Silver Tsunami*. The aging of the population is expected to drive demand for technology services that can help people remain independent, improve their quality of life and live at home. The latter is critical, as growing numbers of older adults report their desire to remain independent. For example, in March 2023, U.S. News & World Report surveyed 2,000 U.S. adults 55 and older and found that more than 90% of people 55+ and older want to age at home and remain in their communities.

In the U.S., 10,000 baby boomers turn 65 every day. Baby boomers represent a large and wealthy component of the U.S. population, comprising roughly 72 million adults. As they age, the implication is that there soon will be more older adults in the U.S. than people under the age of 18. Most baby boomers are expected to live independently, in turn driving demand for connected and remote monitoring devices. The need for monitoring tools is also expected to be driven by the dearth of healthcare workers, an issue that has been exacerbated by the pandemic. The Global Coalition on Aging forecasts that a national shortage of 151,000 care workers will exist in the U.S. by 2030 and a 355,000-caregiver shortfall is expected by 2040.



Source: [Global Coalition on Aging](#)

Thus, responsibility for caring for aging family members is increasingly falling on seniors themselves and their families, as more people become part of the *Sandwich generation*, which refers to adults who are "sandwiched" between aging parents and dependent or somewhat dependent offspring. According to [Pew Research](#), some 47% of people in their 40s and 50s have a parent who is 65 or older and are simultaneously either raising a young child or financially supporting a child 18 or older. A more recent study entitled *Gen X & Millennials Take on the Role of Caregiver* notes that roughly one in 3 millennials and more than half of Gen Xers care for their elderly family members and simultaneously care for their children.

LogicMark believes these and other trends imply that it has a large and growing market opportunity. Moreover, the company believes there has been little innovation in the home monitoring space reflecting several factors, including that the PERS sector is highly fragmented, with a number of privately-held small competitors and other companies are subsidiaries of larger corporations that do not prioritize this business. Conversely, LogicMark believes it is among the few companies in the space innovating to modernize remote monitoring devices and platforms under new management (see below). The company's goal is to innovate within the industry by including and enhancing preventive and predictive technology in the PERS experience.

Measures to reposition company, establish SaaS recurring revenue model

In order to benefit from the market opportunity and its position as an innovator, the company has implemented several measures, including introducing a new senior executive team in 2021. Under new management, LogicMark is now transitioning to establish a SaaS model and developing software and services solutions spanning a broad range of needs for its target market of older adults. The company believes its new CEO, who has substantial technology industry experience in product development and launches, has the know-how to oversee this transition.

The company has also filed a number of patents in this space that include environmental sensing, fall detection, and AI/ML, among others. Specifically, since 2016, the company has filed 32 patent applications, of which 21 had been awarded as of March 2023. LogicMark believes this patent portfolio can help it ensure that it is creating products that are defensible from competitors as it innovates and also creating technology that it can license to others.

The company expects new products and services to both diversify and augment its revenue streams. Its traditional model has primarily been the sale of its hardware – PERS devices incorporating two-way voice communication technology in a medical alert pendant – and the company has been successful in selling these products that allowed fixed and low income seniors to have safety and security without having to incur monthly billing. LogicMark has sold its products to the dealers and distributors who then sold the LogicMark PERS hardware to the consumer for a one-time purchase cost with no subsequent monthly fees.

As the company innovates and creates new products, LogicMark intends to retain its non-monitored hardware products, which carry a roughly 60% margin, and also introduce new hardware and recurring services and software products into the mix. If successful, the SaaS model is designed to lead to growing recurring revenue.

Moreover, the company also expects to expand its target market demographic over time. In addition to its goal to shift from being primarily a hardware company to one operating a SaaS model generating ongoing recurring revenue and cash flow, the company is also investing in new verticals such as consumer, pro-care / healthcare and corporate benefits, among others. While LogicMark's PERS products traditionally have been used by disabled and / or elderly adults, including those who are living alone, the company believes its technology solutions potentially could be expanded to additional demographics in the future. The company envisions making its products and services available to other groups with personal safety concerns, including children or students. LogicMark also intends to further expand its established government business, as it has done recently with a new GSA contract (see below).

To fund its growth initiatives and transition to a SaaS business model, LGMK also conducted several financings to strengthen its balance sheet and implemented two reverse splits since 2021, including a recent 1-for-20 reverse stock split of outstanding LGMK common shares and series C preferred shares. As a result of the reverse share splits, the company also regained compliance with the Nasdaq listing rule requiring that listed shares maintain a minimum price of \$1.00 per share.

Expanding into new distribution channels; DTC, online expected to lower customer acquisition costs...

The company's PERS technologies are sold through retailers and distributors, the LogicMark website as well as through the United States Veterans Health Administration (VHA). The VHA serves veterans, many of whom suffer from chronic conditions that often require emergency assistance. LogicMark has been selling PERS devices to the U.S. government for many years and has a more than 10 year history selling to the Veteran's Administration since 2013. The VHA is the largest hospital network in the United States and over the last decade, LogicMark has sold over 800,000 appliances to the VA.

Under new management, LogicMark expects to expand its sales volume through both the DTC and healthcare channels. In late 2022, the company appointed a new Vice President of Sales. Brady Farrell joined LogicMark to oversee its expansion into new channels and drive sales growth. He has substantial sales experience, including at MedTech firms. The company intends to expand its DTC (direct-to-consumer) channel, which industrywide

accounts for an estimated roughly 70% of PERS customers, healthcare and other customer channels for its growing technology solutions portfolio. LogicMark expects to reduce its blended customer acquisition costs (CACs), lower its sales cycles and boost sales by increasing its focus on the DTC and online channels. For example, earlier this year, LogicMark began selling its products via Amazon's U.S. store to expand online distribution. The company's new Freedom Alert Plus (see below) product is available there, as well as through other channels.



 **AT-HOME DEVICE**

IMMEDIATE CONNECTION

The **Freedom Alert Plus** connects automatically with caregivers, or 911.

 **Touch screen**

 **Accelerometer, detects falls**

 **Wi-Fi based**

Source; Company reports

The company already works with the government through its above-noted relationship with the VHA. The company also signed a five-year United States General Services Agreement (GSA) in 2021 that is expected to expand the company's ability to capture new sales, enabling LogicMark to extend its GSA (government negotiated pricing) to states and municipalities. This agreement could be renewed up to five times with no reapplication, which means it might be possible for LogicMark to have a 25 year relationship through the GSA, according to the company. LogicMark also intends to partner with organizations such as government entities, Medicaid, hospitals, insurance companies, managed care organizations, affiliates, and dealers that can provide customer leads or even collaborate on product R&D.

... Diversifying supply sources, manufacturing in the U.S.

Earlier this year the company announced an agreement with All Quality and Services, Inc. (AQS) to engineer and manufacture new hardware devices, which the company expects will enable it to diversity its manufacturing footprint. AQS has more than 30 years of experience as a full-service contract manufacturer in the electronics manufacturing services sector. In addition to operating factories in California and Texas, AQS also has

manufacturing capabilities in China and South Korea. LogicMark expects the first product under the AQS deal to launch next year.

With a U.S.-based contract manufacturer, the company expects to diversify risk and minimize supply chain disruptions. The significant global supply chain challenges that many industries faced during the pandemic underscores the company's interest in diversifying manufacturing to mitigate the risk of not being able to supply products to its customers consistently. Moreover, given that the majority of the company's products historically have been manufactured in China and reflecting tariffs on imported products, LogicMark expects that U.S. manufacturing can make its products more competitive. Reflecting the company's efforts to optimize its supply chain and manufacturing capabilities and improvements in supply chain management, LGMK's 2Q23 gross profit margin was 69%, up from 59% in 2Q22.

EXPANDING PRODUCT PORTFOLIO

Growing product pipeline, connected products to support Caring Platform as a Service (CPaaS) initiatives

The company produces a range of products within the PERS market. In-home monitoring systems typically fall into one of three categories:

- Wellness devices - monitor health data (steps, heart rate, sleep)
- PERS devices – medical alert systems
- Remote patient monitoring – generally offered by healthcare providers or medical professionals

Regarding wellness devices, LogicMark is collaborating with other companies so that third-party hardware manufacturers can partner with the company to use its software and software services. This strategy is expected to enable the company to enhance customer flexibility on the hardware side and provide strong service. The company expects to license its software, much in the way that Google – where CEO spent much of her career – does.

The company historically has sold PERS devices that use two-way voice communication technology integrated right into the wearable medical alert pendant that allow the wearer to call for help. However, as the company moves forward in developing its connected platform, it can incorporate additional technologies to monitor health data and provide additional services. For example, the company has indicated that one of the new services it expects to launch is a medicine reminder.

New Product Introductions...

With a Google/Android ecosystem as an example, the company is developing its CPaaS software platform to include a proprietary device operating system, cloud-based services, and *Care Village app* that users can access on iOS or Android devices and which offer automatic online updates that will allow the company to upgrade software and add new features throughout its installed base of connected devices. The company expects other hardware companies to work with its platform as well. The company believes this will also enable LogicMark to make inroads into the predictive safety space. Within the PERS space overall, rising adoption of IoT devices, AI and machine learning can enable service offerings such as medication management, monitoring of vital signs and other preventive care tools. LogicMark's Freedom Alert Plus device, for instance, is designed to enable integration of other solutions and connection to other devices on a common platform as the company continues its R&D efforts. Management has noted that the company is testing and fine-tuning additional new products in the product pipeline and LGMK expects additional product launches in 2H23.

Freedom Alert Plus

Most PERS products enable reactive communication in a medical crisis. Conversely, the company is developing a technology platform can be both reactive and preventive. LogicMark recently introduced the Freedom Alert Plus PERS product, which is a wearable device that includes fall detection technology, as well as instant connection to caregivers. Management believes the Freedom touchscreen design represents one of the first for the PERS industry. This product and the company's developing Caring Platform as a Service (CPaaS) model are expected to enable LogicMark to capture data to monitor customers' well-being in real-time and leverage AI and machine learning to optimize their care.

The company is developing AI technology to detect pattern changes that might indicate potential for falls (predictive technology), as well as health communications services such as medicine reminder (preventative technology). Most PERS products are focused on reactive technology, but the company's focus is to improve reactive technology compared to technology from competitors, to try to upgrade continuously and provide fewer false positive triggers. The company believes the latter frequently makes people not want to wear the devices.

Management believes that the quality of its fall detection solutions is better than technology in competing products. By incorporating enhanced sensors, algorithms, and machine learning technology to analyze movement patterns and other relevant data, the company expects to report and even predict the likelihood of a fall occurring more accurately than competitive devices that rely on legacy technologies.

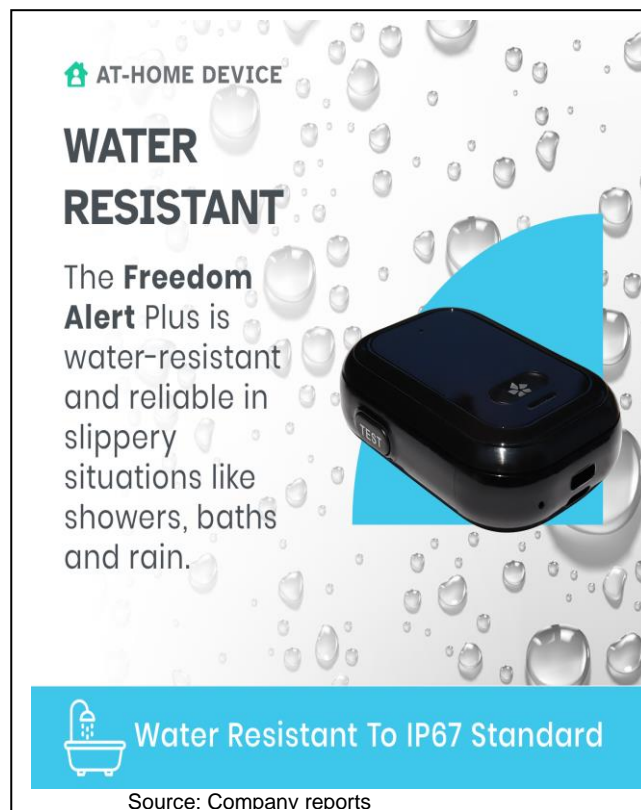
Strong IP protection ...

LogicMark believes that its ability to compete effectively depends to a significant extent on its ability to protect its proprietary information. The company currently relies and will continue to rely primarily on patents and trade secret laws and confidentiality procedures to protect its IP rights. Since the acquisition in 2016, the company has filed thirty-two patent applications, twenty-one of which have been awarded to-date. The company enters into confidentiality agreements with all its employees and consultants and maintains control over access to and distribution of its technology, software, and other proprietary information.

Changing economic model...

In the past LogicMark has differentiated itself by offering “no monthly fee” products that require only a one-time purchase expense, instead of a contract with recurring monthly charges. The no monthly fee products are sold primarily through the VHA. As noted, the company expects to continue marketing these products and also launch monthly service cost products at price ranges in-line with those of competitive products. For example, according to the [National Council on Aging](#), the typical cost of basic medical alert systems is \$19.95 per month or \$239.40 per year. In addition, some products have one-time equipment fees ranging from \$50–\$349.99, and other upfront activation and programming fees can cost up to \$100 depending on the product. Fall detection generally adds an incremental cost.

As the company expands its product portfolio, its goal is to develop a fully connected ecosystem that can create the above-noted CPaaS model. The platform is being designed to host all LogicMark hardware on a common operating system that is accessible on both iOS and Android mobile devices. For example, the recently launched Freedom Alert Plus PERS can connect to other LGMK devices operating on its platform and can leverage AI to better monitor the wearer's safety and health for a monthly service fee. With these initiatives, LGMK expects to grow its monthly fee revenue base and, in turn, boost recurring revenue and cash flow model.



AT-HOME DEVICE

WATER RESISTANT

The **Freedom Alert Plus** is water-resistant and reliable in slippery situations like showers, baths and rain.

Water Resistant To IP67 Standard

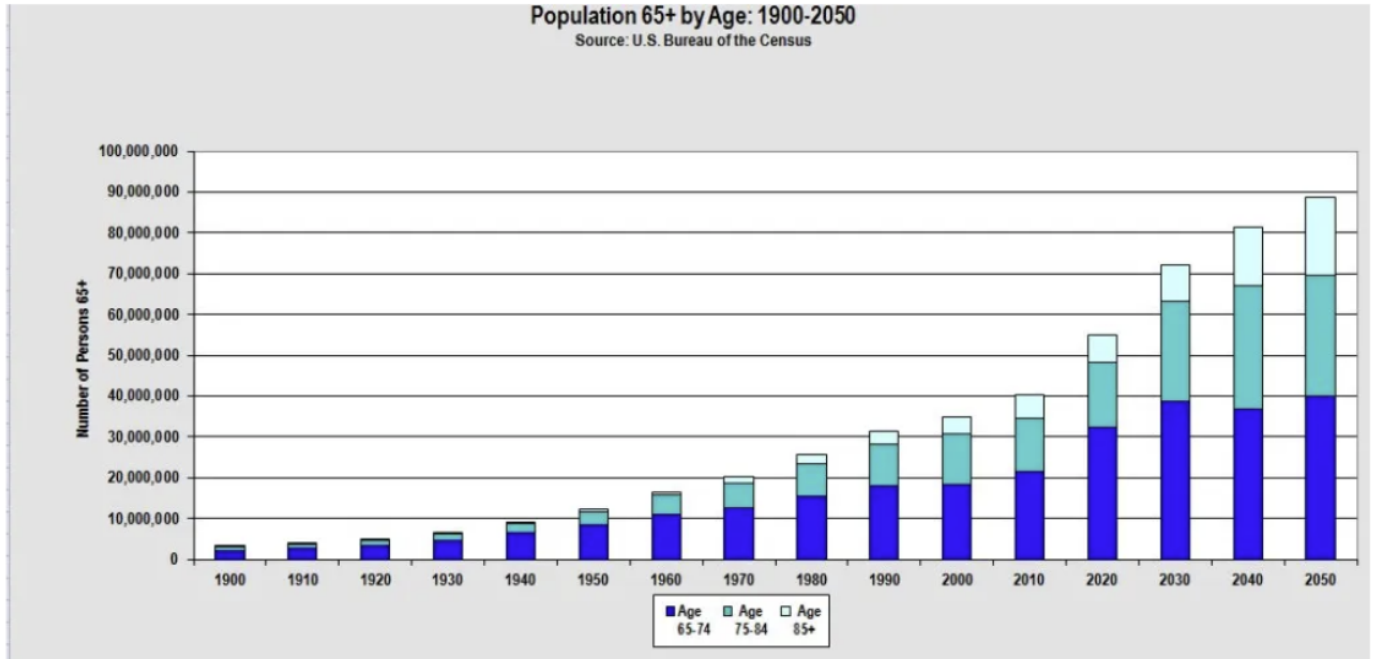
Source: Company reports

INDUSTRY EXPECTED TO GROW AS DEMOGRAPHICS SHIFT

The care economy – increasingly important in an aging society

The ‘graying’ of the population is occurring not only in the U.S., but in most other industrialized nations, as well. According to the World Health Organization (WHO), the global population is aging at a faster pace than in the past. In 2020, there were more 60+ people than children under the age of 5-years. Moreover, the proportion of the world's population 60+ is expected to nearly double from 2015 to 2050 to 22% from 12%. In the U.S. alone, about 20% of

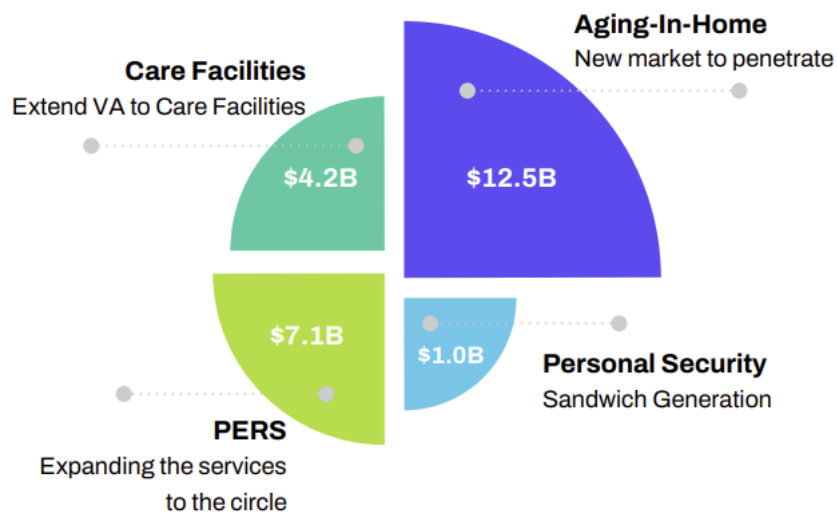
the population will be 65 or older by 2040. This also means that the sandwich generation – those adults taking care of both young families and aging parents – is expected to grow.



According to research organization the Population Reference Bureau ([PRB](#)), the care economy “will be increasingly important in an aging society.” More than 50 million people aged-65 years or older live in the U.S., according the Administration for Community Living, with more than 25% of this group living alone. Moreover, the [CDC](#) (Centers for Disease Control) notes that the risk of falls – about 25% of people aged 65 or older fall every year – and other adverse health events increases as people age and falls are, in fact, the leading cause of injury death in this group.

At the same time, more older adults expect to continue living independently and there is a dearth of care workers to support this growing population. Many [studies](#) of older people’s perceptions of smart home technology suggest that more active baby boomers would adopt monitoring technologies and devices if they were more suitable to their more active lifestyles. The aging of the baby boomer generation is also expected to be bifurcated, with a growing number of so-called young old initially who will require mobile monitoring solutions that enable them to remain active. LogicMark expects to respond to these evolving needs by further expanding into the Caring Economy by developing additional and enhanced products and services and offering new mobile and personal safety solutions connected to its platform.

LogicMark's Target Addressable Market (TAM)



Source: [Company presentation](#)

The company believes that its expanding PERS and medical alerts product portfolio and developing connected platform can provide solutions to seniors whose needs range from those who require remote monitoring in order to remain at home to more active seniors who could benefit from mobile solutions in order to maintain their lifestyles. LogicMark intends to expand its mobile PERS (mPERS) product line to expand its target demographic. Management believes the PERS opportunity alone exceeds \$7 billion, as illustrated in the chart above.

MANAGEMENT

Chief Executive Officer

The company's CEO, Chia-Lin Simmons, has served in this role and as a director since June 14, 2021. She has a strong background in technology. Specifically, she served as the CEO and co-founder of LookyLoo, Inc., an artificial intelligence social commerce company, from 2016 to June 2021. Prior to that from 2014 to 2016, she was Head of Global Partner Marketing at Google Play and VP of Marketing & Content for Harman International before that from 2010 to 2014. In addition to her role as LogicMark CEO, Ms. Simmons was also a member of the board of directors of Servco Pacific Inc., a global automotive and consumer goods company, and is a board member of New Energy Nexus, which supports clean energy entrepreneurs globally with funds, accelerators, and networks.

Chief Financial Officer

LogicMark CFO, Mark Archer, has served in that role since February 15, 2022. Before that, he was the company's interim CFO from July 15, 2021, to February 15, 2022. Mr. Archer, who also is a partner at Silicon Valley financial services and board advisory consultancy firm FLG Partners, has more than 40 years of financial and operational experience, including within the high-growth technology and consumer products spaces. From 2017 to 2020, was EVP and CFO 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. Mr. Archer was president and CEO of Swarm Technology LLC, a growth stage technology company selling hardware and software services based on Internet of Things architecture, from 2016 to 2018.

RECENT RESULTS

LogicMark reported 2Q23 revenue of \$2.3 million, compared with \$3.4 million for 2Q22. The lower revenue primarily reflects one-time replacement sales of Freedom Alert 911 Plus 4G PERS units to replace older 3G units in 2Q22. National cellular network carriers had announced earlier that they planned to discontinue supporting 3G network products. The company expects new product launches and growing monthly service fee revenue as it advances its strategy and introduces new solutions for the care economy to lead to revenue growth over time, although the company anticipates some further near-term impact of phasing out older legacy products.

The company's gross profit margin increased to 69%, compared with 59% in 2Q22, primarily reflecting improvements in supply chain management. LogicMark recorded 2Q23 gross profit of \$1.6 million, compared to \$2.0 million. Operating expenses were \$3.9 million, compared to \$3.2 million, with the increase related to the build-out of the sales team, introduction of a social media effort and web-based advertising to support the company's growing DTC sales efforts. One-time legal and administrative costs associated with several initiatives, including the reverse stock split, also contributed to the higher OpEx. LGMK reported a net loss attributable to common shareholders of (\$2.3) million or (\$1.83) per share compared with (\$1.2) million and (\$2.50) per share in 2Q22.

LogicMark ended 2Q23 with a cash balance of \$7.6 million to advance its strategy and initiatives.

VALUATION

LogicMark is optimistic about its growth plans and strategy as it expands its product line, distribution channels and marketing presence. The shares have been under pressure reflecting, we believe, concerns about the impact of inflation and interest rates and potentially cannibalization, as well. They have remained under pressure and it would not surprise us to see investors wait in the near-term for upcoming milestones. Nevertheless, if the company can deliver on its growth initiatives, in success we would anticipate share price appreciation over time.

We value LGMK shares on a price -to-sales (P/S) basis, as we believe other traditional valuation metrics such as P/E or EV/EBITDA are not appropriate at this stage of the company's strategy. Moreover, it is difficult to compare LGMK shares to those of other companies, as competitors are generally privately-held or subsidiaries of large conglomerates. Although not directly comparable to LogicMark, medical device companies could provide some benchmark. Their shares trade at a wide range of multiples of forward revenue, averaging from under 1x to about 4x forward revenue.

We forecast a roughly 18% decrease in 2023 revenue as legacy units are phased out and 1% improvement in 2024, but note that these forecasts might prove conservative or too high, depending on how rapidly the company's new products gain traction, among other factors. We assign a 50% confidence multiple to our 2024 revenue forecast at this point. Depending on traction and trends, we might increase / lower our confidence multiple in the future. We apply a P/S multiple at the lower end of the range and the confidence metric in part reflecting the higher risk LGMK faces and derive a valuation of about \$3.50 per LGMK share.

Any delay or failure in successful execution of the strategy could represent a potential risk to our valuation and cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RISKS

We believe risks to LogicMark achieving its goals, and to our valuation, include the following, among others.

- LGMK might not gain market share in new areas as quickly as the company expects, which could lead to slower than anticipated revenue ramp.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- Government initiatives aimed at constraining property price inflation could last longer than management anticipates.
- The inflation and interest rate environments might have a greater impact on LogicMark revenue than the company expects.
- The company manufactures most of its products offshore and, even with the new AQS contract manufacturing relationship in place, LogicMark could experience delays in receiving shipments that could, in turn, lead to challenges supplying end customers.

RECENT NEWS

- LogicMark signed a manufacturing agreement with U.S.-based AQS on August 29, 2023 to provide new PERS devices to the Care Economy.
- LogicMark reported 2Q23 results on August 10, 2023.
- LogicMark launched sales of its medical alert devices in Amazon's U.S. store on April 24, 2023.
- On April 21, 2023, LogicMark announced reverse stock splits.
- LogicMark closed a \$5.2 million offering priced above market on January 25, 2023.

FINANCIAL MODEL

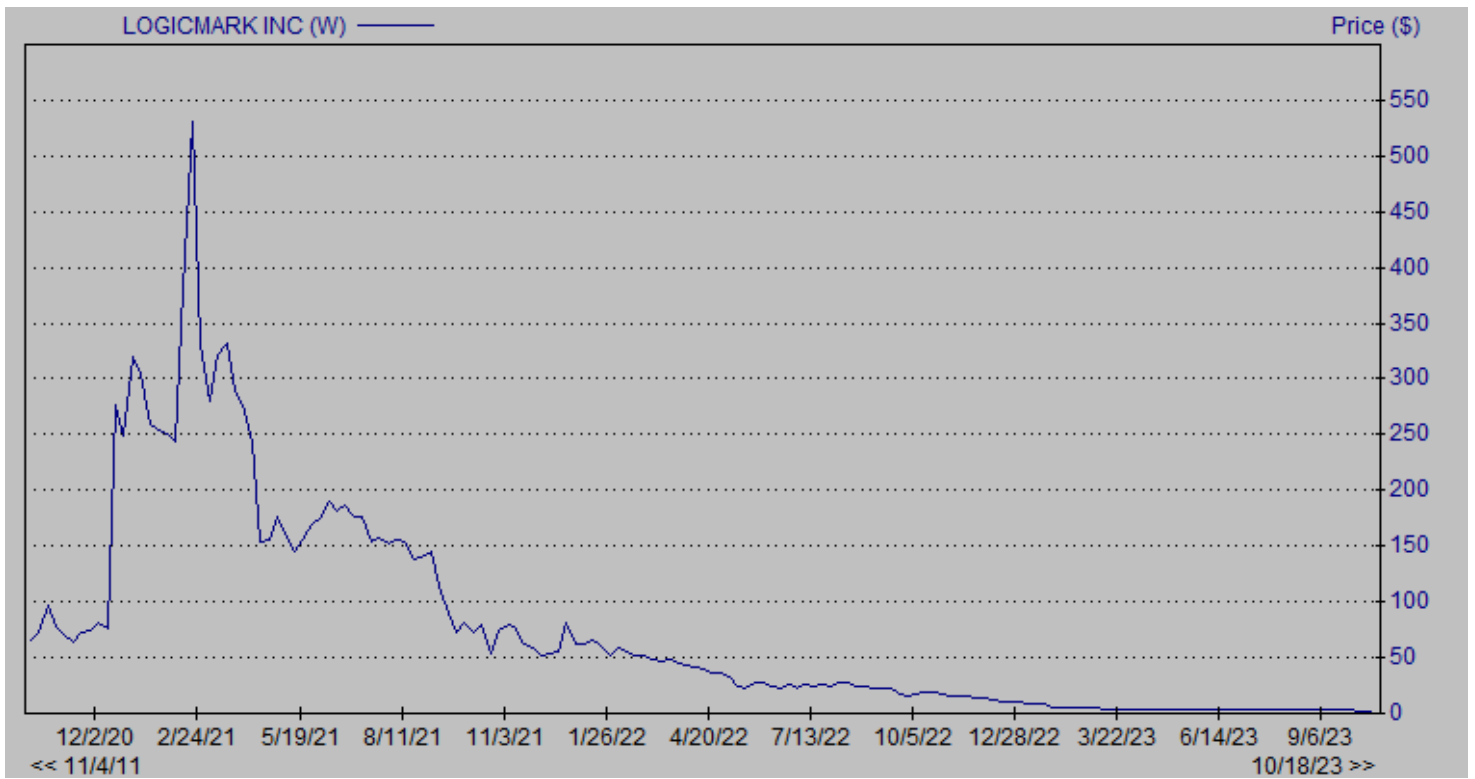
LogicMark

LogicMark Income Statement & Projections (\$)

	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23A	3Q23E	4Q23E	2023E	2024E
Revenues	10,022,115	3,650,688	3,367,692	2,751,570	2,146,532	11,916,482	2,809,718	2,326,995	2,350,265	2,279,757	9,766,735	9,864,402
Costs of goods sold	4,236,921	1,447,305	1,364,586	1,047,204	826,544	4,685,639	947,169	727,276	822,593	797,915	3,294,953	3,353,897
Gross Profit	5,785,194	2,203,383	2,003,106	1,704,366	1,319,988	7,230,843	1,862,549	1,599,719	1,527,672	1,481,842	6,471,782	6,510,506
<i>Operating Expenses:</i>												
Direct operating cost	970,003	474,443	336,544	345,972	298,491	1,455,450	262,802	312,426	313,988	315,558	1,204,774	1,214,412
Advertising costs					-		48,116	85,277	85,703	86,132	305,228	307,670
Selling and marketing	321,577	189,205	275,011	332,698	403,386	1,200,300	465,535	517,931	520,521	523,123	2,027,110	2,043,327
Research and development	932,602	262,485	204,592	374,842	399,346	1,241,265	313,888	250,266	235,250	236,426	1,035,830	1,044,117
General and administrative	5,817,079	2,335,947	2,115,700	2,575,105	2,011,042	9,037,794	2,413,759	2,443,860	2,456,079	2,468,360	9,782,058	9,860,314
Other expense	(20,634)	30,084	2,000	3,222	339,083	374,389	28,318	50,646	25,323	25,450	129,737	130,775
Goodwill impairment	4,521,000				-				-	-	-	-
Depreciation and amortization	791,023	194,363	194,691	210,632	228,451	828,137	215,998	215,703	216,782	217,865	866,348	873,279
Total Operating Expenses	13,332,650	3,486,527	3,128,538	3,842,471	3,679,799	14,137,335	3,748,416	3,876,109	3,853,646	3,872,914	15,351,085	15,473,894
Operating Loss	(7,547,456)	(1,283,144)	(1,125,432)	(2,138,105)	(2,359,811)	(6,906,492)	(1,885,867)	(2,276,390)	(2,325,974)	(2,391,072)	(8,879,303)	(8,963,388)
<i>Other Income</i>												
Interest income / (expense)	(1,423,611)	-	13,159	44,587	61,737	119,483	52,428	8,510	8,510	8,510	77,958	78,738
Forgiveness PPP loan	349,176				-							
Warrant modification expense	(2,881,729)	-	-	-	-	-	-	-	-	-	-	-
Total Other Income	(3,956,164)	-	13,159	44,587	61,737	119,483	52,428	8,510	8,510	8,510	77,958	78,738
Loss before Income Taxes	(11,503,620)	(1,283,144)	(1,112,273)	(2,093,518)	(2,298,074)	(6,787,009)	(1,833,439)	(2,267,880)	(2,317,464)	(2,382,562)	(8,801,345)	(8,884,651)
Income tax expense	(204,269)			-	(137,956)	(137,956)	-	-	-	-	-	-
Net Loss	(11,707,889)	(1,283,144)	(1,112,273)	(2,093,518)	(2,436,030)	(6,924,965)	(1,833,439)	(2,267,880)	(2,317,464)	(2,382,562)	(8,801,345)	(8,884,651)
Preferred stock dividends	(2,341,391)	(88,000)	(88,144)	(81,790)	(70,522)	(328,456)	(75,000)	(75,000)	(75,000)	(75,000)	(300,000)	(525,000)
Net Loss Attributable to Commor	(14,049,280)	(1,371,144)	(1,200,417)	(2,175,308)	(2,506,552)	(7,253,421)	(1,908,439)	(2,342,880)	(2,392,464)	(2,457,562)	(9,101,345)	(9,409,651)
Net Loss Attributable to Commor	(\$2.23)	(\$2.89)	(\$2.50)	(\$0.23)	(\$0.26)	(\$0.76)	(\$1.92)	(\$1.83)	(\$1.85)	(\$1.89)	(\$7.48)	(\$7.66)
Avg shares out	6,307,907	474,099	479,738	9,608,937	9,591,514	9,574,090	996,080	1,282,794	1,292,794	1,302,794	1,218,616	1,228,616

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE



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