

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, 2021

or

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

For the transition period from _____ to _____

Commission file number: 001-36616

LogicMark, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-0678374

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

**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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III or this Form 10-K or any amendment to this Form 10-K.

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.

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, 2021, the last business day of the second fiscal quarter, was approximately \$45,003,895 based on 5,331,189 shares of our Common Stock outstanding on such date and a closing price of \$8.899 per share. 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 9,593,378 shares of its Common Stock outstanding as of April 12, 2022.

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) (formerly known as Nxt-ID, Inc.) (“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 consumer-friendly price point aimed at everyday consumers. The PERS technologies are sold through dealers and distributors, as well as through the United States Veterans Health Administration (the “VHA”).

The Company was awarded a contract by the U.S. General Services Administration that enables the Company to distribute its products to federal, state, and local governments (the “GSA Agreement”).

Healthcare

Overview

LogicMark builds technology to check, manage and monitor a loved one’s health and safety remotely. 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., 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 the largest generation but the wealthiest. Unlike older generations before them, they 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 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.
3. **Rise of Data and IoT.** Doctors and clinicians are asking for patients to track more and more vital signs. Whether it’s how they are reacting to medication or tracking blood sugars, 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 to prevent emergencies.
4. **Lack of Healthcare Workers.** It is estimated that 20% of healthcare workers have quit during the COVID-19 pandemic. Many healthcare workers who are currently working are suffering from burnout, exhaustion and demoralization due to this pandemic. There are not enough healthcare workers to support our entire population throughout this 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 services 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 indicate the presence of a threat that requires immediate attention and then immediately contacts a trusted family member and 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 (“DTC”) and Healthcare Partner (“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 been selling PERS devices to the U.S. government for many years. The signing of the GSA Agreement in 2021 further strengthens our partnership with the government and expands our ability to capture new sales. We envision a focus on growing the Healthcare channel during 2022 given lower acquisition costs and higher customer unit economics.





In addition to the Healthcare channel, LogicMark also expects to grow sales volume by establishing a DTC channel. It is estimated that approximately 70% of PERS customers fall into the DTC category. Family members regularly conduct research and purchase PERS devices for their loved ones through online portals. The Company expects traditionally higher customer acquisition costs to be balanced by higher sales growth and lower sales cycles with an online DTC 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 DTC channels, product offerings can include 24/7 emergency response, fall detection, 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 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, a former wholly-owned subsidiary of the Company. The Company has differentiated itself by offering “no monthly fee” products, which only require a one-time purchase expense, instead of a recurring monthly contract.

The “no monthly fee” products contact family, friends or 911 directly, eliminating the monthly fee from a monitoring center, making it one of the most innovative, 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 through the VHA.

PRODUCT	FEATURES
<p data-bbox="156 152 488 179">GUARDIAN ALERT 911 PLUS</p> 	<ul data-bbox="616 192 1024 331" style="list-style-type: none"> • Two-way voice via pendant • 911 direct-dial • No Wi-Fi or landline necessary • 6-12 month rechargeable battery life • No monthly fee or service agreement
<p data-bbox="217 371 427 398">FREEDOM ALERT</p> 	<ul data-bbox="616 389 1043 551" 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 data-bbox="191 568 453 595">GUARDIAN ALERT 911</p> 	<ul data-bbox="616 613 1043 752" 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
<p data-bbox="175 797 469 824">CONNECTED GUARDIAN</p> 	<ul data-bbox="616 801 1161 1025" style="list-style-type: none"> • Two-way voice via pendant • Dial friends, family and caregivers • 911 forwarding • No landline necessary • Wi-Fi and broadband internet connection necessary • 6-9 month battery standby • No monthly fee • Planned for launch in late second quarter of 2022

LogicMark has offered monitored products in the past that were exclusively sold to consumers by monitored product dealers and distributors. LogicMark sold its devices to the dealers and distributors, who in turn offered the monitoring component to their consumers as part of their product and service offerings. The dealer would own the device and then lease the PERS hardware to the consumer. The dealers 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. Currently, the Company is only supporting dealers that purchased LogicMark's LifeSentry Monitored PERS.

PRODUCT	FEATURES
<p data-bbox="264 1294 376 1321">LifeSentry</p> 	<ul data-bbox="625 1330 1031 1496" 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 fee charged by the dealer

Industry Competition

LogicMark is focused on expanding its market position through both the DTC 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.

Our strategic plan calls for expanding our business into the DTC channel and growing our Healthcare channels in order to better serve the expanding demand for at-home and on-the-go healthcare solutions.

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 large publicly traded, include PERS as one of several business lines. In these instances, their PERS segments grow through acquisitions or roll ups of smaller, private PERS companies. Competition is also found from companies in the healthcare, telecommunications and personal, 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 team and product capabilities as well as key partnerships. These steps are expected to help us benefit from the favorable trends and growing demand for PERS in the DTC and Healthcare channels.

Our Care Economy and Business Strategy

2022 has been 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 conducted multiple offerings to prepare us to build for the future. In 2022, we are continuing our plan to build 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 Caring Economy. We plan to invest in a number of new verticals, such as consumer, pro-care / Healthcare, corporate benefits lines of business and intend to expand further into our established government business.

The number of Americans over the age of 65 make up more than 23% of the US population (over 80 million people) and more than 90% of those over 65 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, stay safe, comfortable, and content in their own home the ability to do so. 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 potentially a life-saving product. However, we see strong opportunities to build and expand our business into monitored services. We plan to expand 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 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. We have filed the following patent applications, twenty-one of which have been awarded to date:

METHOD AND SYSTEM TO IMPROVE ACCURACY OF FALL DETECTION USING MULTI-SENSOR FUSION

Filed October 25, 2021

Application Number 17/509,795

SYSTEM AND METHOD FOR FALL DETECTION USING MULTIPLE SENSORS, INCLUDING BAROMETRIC OR ATM

Filed October 24, 2021

Application Number 63/271,194

SYSTEM AND METHOD FOR FALL DETECTION USING MULTIPLE SENSORS, INCLUDING BAROMETRIC OR ATM

Filed October 3, 2021

Application Number 63/251,672

PREFERENCE-DRIVEN ADVERTISING SYSTEMS AND METHODS

Filed May 4, 2020

Application Number 16/866,487

PREFERENCE DRIVEN ADVERTISING SYSTEM AND METHOD

Filed May 4, 2020

Application Number 16/687,487

METHOD AND SYSTEM TO REDUCE INFRASTRUCTURE COSTS WITH SIMPLIFIED INDOOR LOCATION AND RELIABLE COMMUNICATIONS

Filed November 11, 2019

Application Number 16/679,494

SYSTEM AND METHOD TO AUTHENTICATE ELECTRONICS USING ELECTRONIC-METRICS

Filed September 15, 2019

Patent Number 10,841,301

COMPONENTS FOR ENHANCING OR AUGMENTING WEARABLE ACCESSORIES BY ADDING ELECTRONICS THERETO

Filed August 22, 2019

Patent Number 11,004,066

METHOD TO LOCALLY VALIDATE IDENTITY WITHOUT PUTTING PRIVACY AT RISK

Filed May 6, 2019

Patent Number 10,970,376

METHOD AND SYSTEM TO IMPROVE ACCURACY OF FALL DETECTION USING MULTI-SENSOR FUSION

Filed December 17, 2018

Patent Number 11,158,179

AN EVENT DETECTOR FOR ISSUING A NOTIFICATION RESPONSIVE TO OCCURRENCE OF AN EVENT

Filed July 27, 2018

Patent Number 11,024,142

THE UN-PASSWORD: RISK AWARE END-TO-END MULTI-FACTOR AUTHENTICATION VIA DYNAMIC PAIRING

Filed July 2, 2018

Patent Number 10,609,014

APPARATUS AND METHOD FOR LOCATING AND UPDATING LOW-POWER WIRELESS COMMUNICATION DEVICES

Filed September 8, 2016

Patent Number 9,900,737

METHODS AND SYSTEMS RELATED TO MULTI-FACTOR, MULTIDIMENSIONAL, MATHEMATICAL, HIDDEN AND MOTION SECURITY PINS

Filed August 1, 2016

Patent Number 10,565,569

PREFERENCE DRIVEN ADVERTISING SYSTEM AND METHOD

Filed July 15, 2016

Patent Number 10,643,245

SYSTEM AND METHOD TO AUTHENTICATE ELECTRONICS USING ELECTRONIC-METRICS

Filed July 5, 2016

Patent Number 10,419,428

THE UN-PASSWORD: RISK AWARE END-TO-END MULTI-FACTOR AUTHENTICATION VIA DYNAMIC PAIRING

Filed March 14, 2016

Patent Number 10,015,154

COMPONENTS FOR ENHANCING OR AUGMENTING WEARABLE ACCESSORIES BY ADDING ELECTRONICS THERETO

Filed September 2, 2015

Patent Number 10,395,240

METHOD TO LOCALLY VALIDATE IDENTITY WITHOUT PUTTING PRIVACY AT RISK

Filed September 1, 2015

Patent Number 10,282,535

APPARATUS AND METHOD FOR LOCATING AND UPDATING LOW-POWER WIRELESS COMMUNICATION DEVICES

Canadian Patent

Filed August 11, 2015

Application Number 2,900,180

APPARATUS AND METHOD FOR LOCATING AND UPDATING LOW-POWER WIRELESS COMMUNICATION DEVICES

Filed August 24, 2014

Patent Number 9,472,088

THE UN-PASSWORD™: RISK AWARE END-TO-END MULTI-FACTOR AUTHENTICATION VIA DYNAMIC PAIRING

Filed March 17, 2014

Patent Number 9,407,619

LIST-BASED EMERGENCY CALLING DEVICE

Filed March 11, 2009
Patent Number 8,369,821

VOICE-EXTENDING EMERGENCY RESPONSE SYSTEM

Filed September 5, 2008
Patent Number 8,121,588

FALL DETECTION SYSTEM HAVING A FLOOR HEIGHT THRESHOLD AND A RESIDENT HEIGHT DETECTION DEVICE

Filed June 27, 2008
Patent Number 7,893,844

WIRELESS CENTRALIZED EMERGENCY SERVICES SYSTEM

Filed January 15, 2008
Patent Number 8,275,346

ALARM SIGNALING DEVICE AND ALARM SYSTEM

Filed February 2, 2005
Patent Number 7,312,709

ALARM SIGNALING DEVICE AND ALARM SYSTEM

Canadian patent
Filed August 1, 2003
Patent Number 2,494,166

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

Corporate Information

History

We were incorporated in the State of Delaware on February 8, 2012. In 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, healthcare durable medical equipment dealers and distributors and monitored security dealers and distributors.

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 *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, 2022, we had a total of 19 full-time employees, comprising 6 employees in product fulfillment, 1 employee in product engineering, 1 employee in technology, 1 employee in finance and administration, 8 employees in sales and customer service. 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 good. Our future success depends on our continuing ability to attract and retain highly qualified software engineers, product development managers, sales and marketing professionals and senior management personnel. In addition, we have fractional independent contractors whose services we are using on an as-needed basis to assist us in all areas.

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 of your investment in our Company.

The Company generated an operating loss of \$7,547,456 and a net loss of \$11,707,889 for the year ended December 31, 2021, compared to an operating loss and a net loss of \$586,078 and \$2,864,984 as of December 31, 2020, respectively. As of December 31, 2021, the Company had cash and stockholders' equity of \$12,044,415 and \$26,589,171, respectively, compared to cash and stockholders' equity of \$4,387,416 and \$9,159,211 as of December 31, 2020, respectively. At December 31, 2021, the Company had working capital of \$13,098,049, compared to a working capital deficit as of December 31, 2020 of \$578,795. We cannot provide any assurance that we will be able to raise additional cash from equity financings, 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.

Our business, financial condition and results of operations may be adversely affected by the COVID-19 pandemic, other pandemics, epidemics or other adverse public health developments.

The pandemic resulting from COVID-19 has caused many governments to implement quarantines and significant restrictions on travel, and to advise that people remain at home where possible and avoid crowds. This has caused much business disruption and uncertainty in the financial markets. Since the onset of the COVID-19 pandemic, our distributors and/or the VHA have, for various extended periods, significantly reduced orders for our products. Continuing effects of COVID-19, or other pandemics, epidemics or other adverse public health developments, may in all likelihood, extend these reduced product orders and continue the inability of our distributors and/or the VHA to pay us for orders for an undeterminable period of time. Delays and disruptions, such as difficulty obtaining components and temporary suspension of operations, have resulted in our existing inventory levels not being sufficient, and our business, financial condition and results of operations have been materially and adversely affected as a result of the COVID-19 pandemic. In the event that such material business disruptions continue, this will, in all likelihood, have a material adverse impact on our business and we may be forced to write-down or write-off assets, restructure our operations or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and may not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. As a result of COVID-19 or future adverse public health developments, we have been and may also continue to be impacted by shutdowns, employee illness and other community response measures meant to prevent the spread of COVID-19, all of which has and may continue to negatively impact our business, financial condition and results of operations. Further, if we are regularly unable to meet our obligations to deliver our products to distributors and/or the VHA, they may decide to terminate or reduce their distribution arrangements with us and our business could be adversely affected. Accordingly, our securityholders could suffer a reduction in the value of our securities that they hold if the trading price of our Common Stock is adversely impacted due to such market perceptions. The extent to which COVID-19 will continue to impact our results will depend on future developments, which are highly uncertain and will include emerging information concerning the severity of COVID-19 and the actions taken by governments and private businesses to attempt to contain such virus.

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.

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's legislature has adopted a national security law to substantially change the way Hong Kong has been governed since the territory was handed over by the United Kingdom to China in 1997. This law increases the power of the central government in Beijing over Hong Kong, limits 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 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.

The recent COVID-19 outbreak in Hong Kong, and China's policy of a full shutdown of the economy where COVID-9 strikes, may lead to both short-term and medium-term challenges to our supply chain, both in terms of cost and availability.

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 noncompetitive 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 securityholders 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 or 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. To date, we have not entered into any non-disclosure agreements with our employees. Although we intend to enter into non-disclosure agreements with all of our consultants, 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.

Our business, financial condition and results of operations may be adversely affected if we are unsuccessful in our current litigation with certain stockholders of Fit Pay, Inc.

On February 24, 2020, Michael J. Orlando (“Orlando”), as purported shareholder representative (the “Shareholder Representative”), and other former stockholders of Fit Pay, Inc. (collectively, the “Plaintiffs”) filed a lawsuit in the United States District Court for the Southern District of New York against the Company, CrowdOut Capital, LLC (“CrowdOut”) and Garmin International, Inc. (“Garmin”). Plaintiff’s Second Amended Complaint, dated July 30, 2020 (the “Complaint”), alleges that the Company breached certain contractual obligations under a merger agreement, dated May 23, 2017, between Fit Pay, Inc. and the Company, regarding certain future, contingent earnout payments. The Complaint sought unspecified monetary damages from the defendants. In an Amended Answer and Counterclaim filed September 9, 2020, the Company denied all liability and sought, inter alia, damages caused by Orlando’s alleged wrongdoing. On October 15, 2020, the court authorized the Company to make a motion for summary judgment and stayed all discovery pending resolution of, among other things, that motion. On March 31, 2022, the court granted the Company’s motion of summary judgment and also dismissed the Company’s counterclaims, thus concluding the litigation.

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. 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, 2021, we had identified certain matters that constituted material weaknesses in our internal controls over financial reporting. See Item 9A of this Report for further discussion on our internal controls. 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.

Due to recent disruption in the financial markets, 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 sales that we require. Current and continued disruption of 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 are experiencing a period of unprecedented turmoil characterized by the bankruptcy, failure or sale of various financial institutions. An unprecedented level of intervention from the U.S. and other governments has been seen. 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 future 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 the COVID-19 pandemic has also caused greater volatility in the financial markets. A change or disruption in the global financial markets for any reason, including the COVID-19 pandemic or other 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.

Risks Related to Our Products

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 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 recent 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.

If we are not able to comply with the applicable continued listing requirements or standards of the Nasdaq Capital Market, our Common Stock could be delisted from such exchange.

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

Until recently, we had not been in compliance with Nasdaq Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement") for the continued listing of our Common Stock on the Nasdaq Capital Market, which requires our listed Common Stock to maintain a minimum bid price of \$1.00 per share. On November 3, 2021, we received a letter from the Nasdaq Stock Market LLC acknowledging that we had regained compliance with the Minimum Bid Price Requirement, as a result of our ability to meet a set of conditions set forth by the Nasdaq Stock Market LLC after we had previously fallen out of compliance with such rule. However, there can be no assurances that we will be able to remain in compliance with the Nasdaq Stock Market LLC's listing standards or if we do later fail to comply with such standards, that we will subsequently regain compliance with such listing standards. If we are unable to maintain compliance with these Nasdaq requirements, our Common Stock will be delisted from the Nasdaq Capital Market. Further, in the event that our Common Stock is delisted from the Nasdaq Capital Market due to our failure to continue to comply with such standards, and our Common Stock is not eligible for quotation on another market or exchange, trading 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 Sheets or the OTC Bulletin Board. 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 the Nasdaq Capital Market or another national exchange.

In the event that our Common Stock is delisted from the Nasdaq Capital Market, 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 the Nasdaq Capital Market 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 in the foreseeable future; you should not expect dividends if you hold shares of our Common Stock.

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 of directors (“Board”) may consider relevant. If we do not pay dividends, our Common Stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Subject to the payment of dividends on our shares of Series C Preferred Stock and Series F 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.

Financial Industry Regulatory Authority, Inc. (“FINRA”) sales practice requirements may limit a stockholder’s ability to buy and sell our 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 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 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 office and warehouse space at the Louisville, Kentucky facility. The current monthly rent for the space is \$6,200 and this lease agreement expires in August 2025.

Item 3. Legal Proceedings

On February 24, 2020, the Plaintiffs filed a lawsuit in the United States District Court for the Southern District of New York against the Company, CrowdOut and Garmin. The Complaint alleges that the Company breached certain contractual obligations under a merger agreement, dated May 23, 2017, between Fit Pay, Inc. and the Company, regarding certain future, contingent earnout payments. The Complaint sought unspecified monetary damages from the defendants. In an Amended Answer and Counterclaim filed September 9, 2020, the Company denied all liability and sought, inter alia, damages caused by Orlando's alleged wrongdoing. On October 15, 2020, the court authorized the Company to make a motion for summary judgment and stayed all discovery pending resolution of, among other things, that motion. On March 31, 2022, the court granted the Company's motion of summary judgment and also dismissed the Company's counterclaims, thus concluding the litigation.

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

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 the Nasdaq Capital Market under the symbol “LGМК.”

As of April 12, 2022, there were approximately 85 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

None.

Item 6. [Reserved]

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

All share and price per share information in this Management’s Discussion and Analysis of Financial Condition and Results of Operations section has been adjusted to reflect our one-for-ten reverse stock split of our outstanding Common Stock and Series C Preferred Stock, which became effective on October 15, 2021.

Overview

LogicMark, Inc. (formerly known as Nxt-ID, 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 are sold through dealers and distributors, as well as through the VHA. The Company enjoys a strong base of business with the VHA and plans to expand to other government services after being awarded the five-year GSA Agreement in 2021.

Recent Developments of the Company

Name Change

Effective February 28, 2022, the Company changed its name to LogicMark, Inc. pursuant to an amendment to its Certificate of Incorporation, filed with the Secretary of State of the State of Delaware on February 28, 2022.

Appointment of Chief Financial Officer and Amendment Agreement

Effective February 15, 2022, the Board appointed Mark Archer as the Company’s Chief Financial Officer. In connection with the appointment, the Company and FLG Partners, LLC (“FLG Partners”), of which Mr. Archer is a partner, entered into an amendment, effective as of July 15, 2021 (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 \$2,000 per month, payable to Mr. Archer only and to issue 129,384 restricted shares of Common Stock to Mr. Archer and 6,810 to FLG Partners; a quarter of each issuance will vest on July 15, 2022, with subsequent vesting at 6.25% for each three-month period thereafter.

Appointment of Directors

On February 21, 2022, the Board appointed Sherice R. Torres as a director and on March 15, 2022, the Board appointed John Pettitt as a director, increasing the Board membership to seven.

Results of Operations

Year ended December 31, 2021 compared with the year ended December 31, 2020.

Revenue, Cost of Revenue, and Gross Profit

	2021	2020	\$ Change	% Change
Revenue	\$ 10,022,115	\$ 11,442,803	\$ (1,420,688)	-12%
Cost of Goods Sold	4,341,611	3,766,555	575,056	15%
Gross Profit	\$ 5,680,504	\$ 7,676,248	\$ (1,996,744)	
Profit Margin	57%	67%		

We experienced a 12% decrease in revenue for the year ended December 31, 2021, as compared to the year ended December 31, 2020. The primary driver of this decrease is related to the continued effects of the COVID-19 pandemic. The COVID-19 restrictions in 2020 and 2021 led to hospital and clinic closures and their refocus away from patient long-term care to dealing with the immediacy of COVID-19 infections. In 2022, we expect the smaller clinics from which we derive much of our revenue to shift their focus back to quality-of-life support and to continue to expand their relationship with us. In 2022, we intend 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 are investing in a number of new verticals in the consumer, pro-care/Healthcare, corporate benefits lines of business and intend to expand further into our established government line of business.

In addition to the decrease in revenue, profit margin also decreased. This change was due to the upgrade from 3G to more costly 4G technology in late 2020 and an increased cost of freight to move products from Asia to our fulfillment center in Louisville, KY resulting from our change from shipping cargo by container ship to shipping by air. The decision to change shipping methods was due to delays at U.S. ports causing products to arrive later than needed. In addition, we wrote down inventory in the third quarter totaling \$314,000. The impacts of the Company's revenue decline and additional costs, ultimately led to the decrease in profit margin.

Operating Expenses

Operating Expenses	2021	2020	\$ Change	% Change
General and administrative	\$ 6,703,106	\$ 5,280,951	\$ 1,422,155	27%
Selling and marketing	1,238,195	1,872,441	(634,246)	-34%
Research and development	765,659	1,108,934	(343,275)	-31%
Goodwill Impairment	4,521,000	-	4,521,000	-
Total Expenses	\$ 13,227,960	\$ 8,262,326	\$ 4,965,634	60%

As mentioned above, we made a series of strategic business decisions in 2021 to deal with the continued impacts of the COVID-19 pandemic. We also underwent a change in management, as well as personnel changes to support renewed efforts in product development and selling and marketing, and completed a series of financings to help prepare for the future.

General and Administrative

In 2021, we made investments to strengthen our capital and corporate structure. The changes we made to our corporate structure drove the increase in general and administrative costs for the year.

Upon the termination of our former CEO and CFO, Vincent Miceli, we hired Chia-Lin Simmons as CEO and Mark Archer as our interim CFO. We also hired regional accounting firm Armanino LLP to provide accounting and SEC reporting support. As part of our October 2021 one-for-ten stock split, we incurred legal, proxy solicitation and shareholder communication costs to ensure sufficient shareholders participated in the vote. In addition to these costs, the Company incurred \$0.3 million in severance costs for Mr. Miceli. The total increase in general and administrative expenses related to these activities was approximately \$2.4 million. These increased costs were partially offset by lower legal expenses compared to the prior year and the closure of our offices and warehouses in Connecticut and Florida.

Selling and Marketing

Given the limitations placed on the Company by the COVID-19 pandemic, and the reduction of sales opportunities with the VHA hospitals and clinic, the Company curtailed its sales and marketing activity in 2021. In addition, with the focus on corporate transactions in the last half of 2021, sales and marketing activities will not begin to ramp us again until 2022.

Research and Development

Beginning with the termination of the Company's Chief Technology Officer in the Spring of 2021 and a change in focus on new product development initiated by the Ms. Simmons in July 2021, research and development costs were down year-over-year. We expect research and development costs to exceed historical levels beginning in 2022 as the Company ramps up new product development.

Goodwill Impairment

The Company performed a goodwill impairment analysis in 2021 and determined that the carrying value of its goodwill exceeded its fair value by approximately \$4,521,000. As a result, the Company recorded a non-cash, impairment charge to write down goodwill by that amount. Management believes the Company continues to have significant strategic value after the changes and financings in 2021, despite the write-off of goodwill caused by the current economic environment.

As of December 31, 2020, 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. The Company will continue to monitor its goodwill on a quarterly basis for indicators of impairment including, but not limited to, further declines in the stock price. Accordingly, there may be further impairments.

Provision for Income Taxes

The provision for income taxes for the year ended December 31, 2021 totaled a tax expense of \$204,269, or (1.77)% of the loss before income taxes, which differed from the tax benefit at the 21% statutory rate of \$2,421,578 primarily due to the valuation allowances on the Company's deferred tax assets, as it is more likely than not that the Company's deferred tax assets will not be realized. The provision for income taxes for the year ended December 31, 2020, totaled a tax expense of \$24,886, or (0.88)% of the loss before income taxes, which differed from the tax benefit at the 21% statutory rate of \$596,421, primarily due to the valuation allowance on the Company's deferred tax assets, as it is more likely than not that the Company's deferred tax assets will not be realized.

Other Income and Expenses

Other Income & Expenses	2021	2020	\$ Change	% Change
Interest Expense	\$ (1,423,611)	\$ (2,254,020)	\$ 830,409	-37%
Forgiveness of PPP loan and accrued interest	349,176	-	349,176	-
Warrant modification expense	(2,881,729)	-	(2,881,729)	-
Total Expenses	\$ (3,956,164)	\$ (2,254,020)	\$ (1,702,144)	76%

The interest expense on our CrowdOut loan decreased for the year ended December 31, 2021 compared to 2020 due to the termination of and final payments on the loan in 2021. In 2021, we also received full forgiveness of our Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). Finally, we recorded warrant modification expense in 2021 resulting from the issuance of replacement warrants that were exercised in January and February.

Liquidity and Capital Resources

Sources of Liquidity

The Company generated an operating loss of \$7,547,456 and a net loss of \$11,707,889 for the year ended December 31, 2021. As of December 31, 2021, the Company had cash and stockholders' equity of \$12,044,415 and \$26,589,171. At December 31, 2021, the Company had working capital of \$13,098,049 compared to a working capital deficit as of December 31, 2020 of \$578,795. During the year ended December 31, 2021, the Company received net proceeds of \$26,669,788 from the issuance of Common Stock, warrants and preferred stock, and the exercise of Common Stock purchase warrants.

Given our cash position at December 31, 2021 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

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). During the year ended December 31, 2021, net cash used in operating activities was \$5,913,920. During the year ended December 31, 2020, net cash used in operating activities was \$312,959.

In the Fall of 2021, we paid down a significant amount of out-of-term accounts payable, and incurred additional one-time costs associated with corporate activities and the potential Nasdaq delisting.

Cash Used in Investing Activities

During the years ended December 31, 2021 and 2020, we did not use cash in investing activities.

Cash Provided by Financing Activities

Cash flows from Financing Activities	2021	2020
Proceeds from sale of common stock and exercise of warrants	\$ 18,669,786	\$ 3,144,387
Proceeds received in connection with issuance of preferred stock, net	8,000,002	2,000,000
Term loan repayment	(11,095,877)	(2,212,500)
Proceeds from PPP loan	-	346,390
Fees paid in connection with equity offerings	(570,492)	(65,152)
Preferred stock dividends	(300,000)	(100,000)
CrowdOut exit fee	(1,072,500)	-
Net Cash Provided by Financing Activities	\$ 13,630,919	\$ 3,113,125

In 2021, we completed a Preferred Series E offering, Preferred Series F offering, a registered public offering and received proceeds from the exercise of Common Stock warrants. Additionally, we paid back our term loan prior to its maturity date and were required to pay an exit fee of \$1.1 million that was included in the initial agreement. Finally, we received full forgiveness from the Small Business Administration ("SBA") for our PPP loan.

Financings

September 2021 Offering

On September 15, 2021, the Company closed an underwritten public offering (the “September Offering”) pursuant to which the Company issued an aggregate of (i) 2,788,750 shares of Common Stock, including 363,750 shares of Common Stock issued upon the full exercise of the underwriters’ over-allotment option and (ii) accompanying warrants to purchase up to an aggregate of 2,788,750 shares of Common Stock, at an exercise price of \$4.95 per share, subject to certain adjustments, including warrants issued upon the full exercise of the underwriter’s over-allotment option to purchase up to an additional 363,750 shares of Common Stock, at a combined public offering price of \$4.50 per share and accompanying warrant. The September Offering resulted in gross proceeds, inclusive of proceeds from the full exercise of the over-allotment option, of approximately \$12.5 million, before deducting underwriting discounts and commissions of 7% of the gross proceeds (or 3.5% of the gross proceeds in the case of certain identified investors) and estimated offering expenses.

Such warrants were not immediately exercisable, as the Company did not have a sufficient number of shares of Common Stock to reserve for issuance for the warrants until the date (the “Initial Exercise Date”) that the Company’s stockholders approved an amendment to the Certificate of Incorporation to effect a reverse stock split of the shares of Common Stock so that there were a sufficient number of authorized shares of Common Stock for issuance upon exercise of the warrants. The warrants became exercisable on the Initial Exercise Date (the effective date of the reverse stock split) and will terminate five years after the Initial Exercise Date. The exercise price of the warrants is subject to customary adjustments for stock dividends, stock splits and other subdivisions, combinations and re-classifications, and was reset on the date of the Company’s reverse stock split to \$3.956 per share. The warrants are also exercisable on a cashless basis under certain circumstances, any time after the Initial Exercise Date, pursuant to the formula set forth in the warrants. The reverse stock split and exercise price was retroactively reported in accordance with ASC 260-10-55-12, Restatement of EPS Data.

August 2021 Offering

On August 13, 2021, the Company closed a private placement offering on August 16, 2021 (the “August Offering”), which was conducted pursuant to a securities purchase agreement, dated as of August 13, 2021, whereby the Company issued (i) an aggregate of 1,333,333 shares of Series F Preferred Stock and (ii) warrants exercisable for up to 666,667 shares of Common Stock at an exercise price of \$7.80 per share, subject to customary adjustments thereunder, which are exercisable six months from the date of issuance and have terms of five and a half years. The August Offering resulted in gross proceeds to the Company of approximately \$4 million, before deducting any offering expenses. The Company used the net proceeds from this offering for working capital and liability reduction purposes. As of the year ended December 31, 2021, 1,160,000 shares of Series F preferred stock have been converted into 656,604 shares of Common Stock. On October 15, 2021, after shareholder and Board approval of the reverse stock split, the exercise price for the warrants issued in the August Offering was adjusted to \$4.95 per share, and was retroactively reported in accordance with ASC 260-10-55-12, Restatement of EPS Data.

February 2021 Offering

On February 2, 2021, the Company closed concurrent registered direct and private placement offerings (collectively, the “February Offering”) pursuant to a securities purchase agreement, dated as of January 29, 2021, in which the Company issued to certain institutional investors an aggregate of 1,476,016 shares of Series E Preferred Stock and Common Stock purchase warrants exercisable for an aggregate of 295,203 shares of Common Stock. Such warrants were exercisable at an exercise price of \$12.30 per share, subject to customary adjustments thereunder, which were exercisable immediately upon issuance and had five-year terms. The February Offering resulted in gross proceeds to the Company of approximately \$4 million, before deducting any offering expenses. The Company used the net proceeds from this offering for working capital and liability reduction purposes. In February 2021, 1,476,016 shares of Series E preferred stock were converted into 295,203 shares of Common Stock. Also, in February 2021 the Company recorded a deemed dividend of \$1,480,801 from the beneficial conversion feature associated with the issuance of the Series E convertible preferred stock and warrants.

January 2021 Warrant Exchange

On January 8, 2021, the Company entered into a warrant amendment and exercise agreement (the “Amendment Agreement”) with a warrant holder with respect to a common stock purchase warrant, dated April 4, 2019, previously issued by the Company to such holder (the “Original Warrant”). In consideration for each exercise of the Original Warrant that occurred within 45 calendar days of the date of the Amendment Agreement, in addition to the issuance of shares of Common Stock upon such exercise, the Company agreed to deliver to such holder a new warrant to purchase a number of shares of Common Stock equal to the number of shares of Common Stock issued upon such holder’s exercise of the Original Warrant, at an exercise price of \$15.25 per share (the “New Warrant”). Such holder held an Original Warrant exercisable for up to 246,914 shares of Common Stock and fully exercised such warrant, resulting in aggregate proceeds to the Company of \$3,765,432 and the issuance of New Warrants exercisable for an equivalent number of shares of Common Stock.

In 2020, we completed a Series D preferred stock offering, received proceeds from the exercise of Common Stock warrants, and made the scheduled payments on our term loan. Additionally, we received funds from the PPP loan.

COVID-19 Considerations on Our Business and Operations

Like most US-based businesses, the COVID-19 pandemic and efforts to deal with it began to impact our business in March 2020. During the period April 1, 2020 through December 31, 2021, we have experienced decreases in demand from certain key customers, primarily our VHA clinics.

Given that our products are sold through a variety of distribution channels, including VHA hospitals and clinics we expect our sales will experience continued volatility as a result of the changing focus at those locations, away from care management to COVID-19 treatment. We believe this change in focus has significantly impacted the demand for our products, and we are not certain how quickly demand may improve over time as the impacts of the COVID-19 pandemic may go through additional phases of varying severity and duration.

To date, travel restrictions and border closures have not materially impacted our ability to obtain inventory or deliver products or services to customers. Travel restrictions impacting people can restrain our ability to assist our customers and distributors as well as impact our ability to develop new distribution channels, but at present we do not expect these restrictions on personal travel to be material to our business operations or financial results. We have taken steps to restrain and monitor our operating expenses and therefore we do not expect any such impacts to materially change the relationship between costs and revenues.

Like most companies, we have taken a range of actions with respect to how we operate to assure we comply with government restrictions and guidelines as well as best practices to protect the health and well-being of our employees and our ability to continue operating our business effectively. To date, we have been able to operate our business effectively using these measures and to maintain internal controls as documented and posted. We also have not experienced challenges in maintaining business continuity and do not expect to incur material expenditures to do so. However, the impacts of COVID-19 and efforts to mitigate the same have remained unpredictable and it remains possible that challenges may arise in the future.

The actions we have taken so far during the pandemic include, but are not limited to:

- Requiring all employees who can work from home to work from home;
- Increasing our IT networking capability to best assure employees can work effectively outside the office;
- For employees who must perform essential functions in one of our offices:
 - Having employees maintain a distance of at least six feet from other employees whenever possible;
 - Requiring all employees to be fully vaccinated.
 - Having employees stay segregated from other employees in the office with whom they require no interaction; and
 - Requiring employees to wear masks while they are in the office whenever possible.

On May 6, 2020 and May 8, 2020, we received loans from Bank of America, NA totaling \$346,390, pursuant to the PPP under the CARES Act. Under the terms of the PPP, loans and accrued interest are forgivable after twenty-four weeks as long as we used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintain our payroll levels. The amount of loan forgiveness will be reduced if we terminate employees or reduce salaries during the eight-week period. As of December 31, 2021, we used the entirety of the loan proceeds for purposes consistent with the PPP.

On March 2, 2021, the Company received notification from the SBA that repayment of its loan under the PPP in the amount of \$301,390 plus accrued interest of \$2,320 had been forgiven. On May 20, 2021, the Company received notification from the SBA that repayment of its loan under the PPP in the amount of \$45,000 plus accrued interest of \$466 had been forgiven. The income resulting from the forgiveness of both PPP loans and the related accrued interest is included in other income in the Company's statement of operations for the year ended December 31, 2021.

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 years ended December 31, 2020 and December 31, 2021, 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 2022, we expect the smaller clinics from which we derive much of our revenue to shift their focus back to quality-of-life support and to continue to expand their relationship with us. In 2022, we intend 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 are investing in a number of new verticals in the consumer, pro-care/Healthcare, corporate benefits lines of business and intend to expand further into our established government line of business.

Looking forward, as the Company accelerates new product development, additional costs will be incurred in product development engineering, sales and marketing. As we fill the product pipeline, expenses will be incurred before sales of these new products are realized.

Impact of Inflation

We believe that our business has not been affected to a significant degree by inflationary trends during the past two fiscal years. However, the recent spike in the domestic inflation rate may increase our cost of fulfillment through higher labor and shipping costs, as well as our operating and overhead expenses. Should inflation become a 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 generally been able to maintain our profit margins through productivity and efficiency improvements, and cost reduction programs, avoiding the need to take price increases for many years, although it may be necessary to increase our prices in 2022.

Off Balance Sheet Arrangements

We do not have any relationships with 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 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 Net 30 days after the invoice date. 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 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. For the years ended December 31, 2020 and 2021, none of our sales were recognized over time.

Inventory. The Company performs regular reviews of inventory quantities on hand and evaluates the realizable value of its inventories. The Company will adjust the carrying value of the inventory as necessary with the estimated valuation reserves 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.

Convertible Instruments. The Company applies the accounting standards for derivatives and hedging and for distinguishing liabilities from equity when accounting for hybrid contracts that feature conversion options. The accounting standards require companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria includes circumstances in which (i) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (ii) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (iii) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. The derivative is subsequently marked to market at each reporting date based on current fair value, with the changes in fair value reported in the results of operations.

Conversion options that contain variable settlement features such as provisions to adjust the conversion price upon subsequent issuances of equity or equity linked securities at exercise prices more favorable than that featured in the hybrid contract generally result in their bifurcation from the host instrument.

The Company accounts for convertible debt instruments when the Company has determined that the embedded conversion options should not be bifurcated from their host instruments in accordance with ASC 470-20 "Debt with Conversion and Other Options". The Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying Common Stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

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 reports of the Company's independent registered accountants 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, 2021. Management has not completed such evaluation under the 2013 COSO framework, but concluded, based on the material weaknesses in our internal controls over financial reporting described below, that our disclosure controls and procedures were not effective as of December 31, 2021 to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures. Specifically, we had difficulty in accounting for complex accounting transactions due to an insufficient number of accounting personnel with experience in that area and limited segregation of duties within our accounting and financial reporting functions.

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

Additional time is required to fully document our systems, implement control procedures and test their operating effectiveness before we can conclude that we have fully remediated our material weaknesses.

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, 2021, 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 has not 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 not effective as of December 31, 2021.

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 the report.

Limitations of the Effectiveness of Internal Control

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

Changes in Internal Control over Financial Reporting

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, 2021, 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 (2)	49	Chief Executive Officer and Director	June 14, 2021
Mark Archer	65	Chief Financial Officer	February 15, 2022 <i>(July 15, 2021 as Interim CFO)</i>
Major General David R. Gust, USA, Ret	78	Director	June 25, 2012
Michael J. D'Almada-Remedios, PhD	58	Director	September 26, 2013
Daniel P. Sharkey	65	Director and Chairmen of the Board	June 23, 2014 <i>(November 14, 2021 as the Chairman of the Board)</i>
Robert A. Curtis, Pharm.D.	67	Director	July 25, 2018
Sherice. R Torres	48	Director	February 21, 2022
John Pettitt	59	Director	March 18, 2022

Chia-Lin Simmons, Chief Executive Officer and Director

Chia-Lin Simmons has served as Chief Executive Officer 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 currently also serves 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, and for New Energy Nexus, an international organization that supports clean energy entrepreneurs with funds, accelerators and networks. 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. 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 Chief Executive Officer give her the qualifications and skills to serve as a member of the Board.

Mark Archer, Chief Financial Officer

Mark Archer has served as Interim Chief Financial Officer of the Company since July 15, 2021, and as our permanent Chief Financial Officer since February 15, 2022. Mr. Archer also serves as a partner at FLG Partners, a Silicon Valley chief financial officer services 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 April 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 Internet of Things architecture, to the agricultural industry. 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.

Major General David R. Gust, USA, Director

Major General David R. Gust, USA, Ret., has served as a director of the Company since June 25, 2012. General Gust presently does consulting work for his own company, David R. Gust & Associates, LLC. Between April 2007 and May 2009, General Gust was the President of USfalcon, a privately held company working with the U.S. Defense sector, primarily in information technology. Previously, General Gust had served as the Manager for Federal Telecommunications for Bechtel National, Inc. from November 2004 to March 2007. Prior to that, he was the President and Chief Executive Officer of Technical and Management Services Corporation from 2000 to 2004. General Gust retired from the United States Army in 2000 after completing a career of 34 years of service.

His General Officer assignments included the Program Executive Officer, Communications Systems (PEO-Comm Systems), Program Executive Officer, Intelligence, Electronic Warfare and Sensors (PEO-I EW&S) and at Army Materiel Command, as Deputy Chief of Staff for Research, Development and Acquisition (DCSRDA).

His final assignment at the Army Materiel Command included serving as the Chairman of the Source Selection Advisory Council for the Tactical Unmanned Aerial Vehicle procurement and supervising preparation of the acquisition procurement package for the Stryker combat vehicle. General Gust received his B.S. in Electrical Engineering from the University of Denver and Master's Degrees in Systems Management and National Security and Strategy from the University of Southern California and the United States Naval War College, respectively.

General Gust brings to our Board of directors valuable business expertise, particularly expertise in defense and homeland security market segments, due to his significant experience as a director of publicly held companies and his substantial experience gained as a member of the US Armed Services.

Michael J. D'Almada-Remedios, PhD, Director

Michael J. D'Almada-Remedios, PhD, has served as a director of the Company since September 26, 2013. Dr. D'Almada-Remedios' background includes a successful track record for product innovation and development, outsourcing, global platform integration, massive-scale/hyper-growth operations, and building/developing teams from 50 to over 500 people. His key accomplishments at each company consistently show impressive gains in sales, profitability and global expansion into new markets.

Dr. D'Almada-Remedios has served as the President of On Demand iCars, Inc, and Limos.com, a leading global professional transportation network company, since 2018. From 2014 to 2018 he was the Chief Executive Officer of Flye Inc., a Fin Tech and IoT subsidiary of World Ventures Holdings, LLC, where he was also the Chief Technology Officer. In 2014, Dr. D'Almada-Remedios was the Chief Technology Officer of Swarm-Mobile, a software company. Between January 2011 and September 2013, Dr. D'Almada-Remedios was the Chief Information Officer for Arbonne International, a billion-dollar global cosmetics company. From February 2009 to December 2010, he was a Vice-President at Expedia, Inc. and was responsible for all technologies, product development and technical operations for hotels.com. Prior to February 2009, Dr. D'Almada-Remedios was the Chief Technology Officer for Realtor.com and Shopping.com, a subsidiary of eBay, Inc. At eBay he was a member of the eBay Inc. Technology Board for eBay, PayPal and Skype.

Earlier in his career, he was Global Chief Information Officer for the Travelocity group of companies and President and Chief Operating Officer of Bluelight.com, a subsidiary of Kmart. Dr. D'Almada-Remedios began his career as Vice President and Manager, Systems Integration & Development at Wells Fargo Bank, Consumer Banking Group.

Dr. D'Almada-Remedios has a PhD in Computer Control and Fluid Dynamics from the University of Nottingham in England and a B.Sc. in Physics and Computer Science from Kings College, University of London in England.

Dr. D'Almada-Remedios brings to our Board valuable business experience, particularly expertise in eCommerce technology and hyper growth companies.

Daniel P. Sharkey, Director and Chairman of the Board

Daniel P. Sharkey has served as a director of the Company since June 23, 2014, and as Chairman of the Board since November 14, 2021. Mr. Sharkey's background includes 37 years of broad experience with finance and business development for technology companies. His key accomplishments in his prior engagements focused on expanding technology companies into new marketplaces and plotting and implementing successful, long-term growth strategies. Between 2007 and 2014, Mr. Sharkey was Executive Vice President of Business Development for ATMI, a publicly traded semiconductor company. Mr. Sharkey originally joined ATMI as Chief Financial Officer in 1990. ATMI was sold to Entegris in 2014 for \$1.15 billion.

From 1987 to 1990, before joining ATMI, Mr. Sharkey was Vice President of Finance for Adage, a publicly traded computer graphics manufacturer. From 1983 to 1987, Mr. Sharkey served as Corporate Controller for CGX Corporation, a venture capital backed, privately held, computer graphics manufacturer that merged with Adage in 1987. Mr. Sharkey was a Certified Public Accountant for KPMG from 1978 to 1983.

Mr. Sharkey earned a Bachelor of Arts degree in Economics and Accounting from the College of the Holy Cross in Worcester, Massachusetts. Mr. Sharkey brings valuable experience in finance and administration to our Board and serves as our audit committee financial expert.

Robert A. Curtis, Pharm.D., Director

Robert A. Curtis, Pharm.D., has served as a director of the Company since July 25, 2018. Dr. Curtis is a 35-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 Pharmacoepia, 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.

Sherice R. Torres, Director

Sherice R. Torres has served as a director of the Company since February 21, 2022. Since January 24, 2022, Ms. Torres has served as Chief Marketing Officer for Circle Internet Financial, LLC ("Circle"). Prior to her executive leadership role with Circle, from November 2020 to January 2022, Ms. Torres served as the Chief Marketing Officer for Novi, a fintech division of Meta (formerly Facebook). In addition, Ms. Torres held several senior marketing roles at Google from August 2014 to October 2020, focusing on social responsibility, child and family products, Google Pay and Google Shopping. From July 2000 to July 2014, Ms. Torres led teams at Nickelodeon focusing on consumer products, strategic planning, digital video and paid apps. Ms. Torres also has served as a director of Advance Auto Parts since September 2021. Ms. Torres started her career in change management with Deloitte Consulting. Ms. Torres has nearly 30 years of marketing, brand management, strategic planning and change management for companies like Google and Meta. Ms. Torres is also a member of several non-profit organizations focusing on advancing professional opportunities for women and people of color. Ms. Torres has been recognized for her leadership and community service by several organizations, including the National Diversity Council, Black Enterprise Magazine and Crain's Business. Ms. Torres received an undergraduate degree from Harvard University and an MBA in Marketing & Strategic Planning from Stanford University. The Company believes that Ms. Torres is qualified to serve on the Board based on her experience serving on the Advance Auto Parts board and her deep experience in marketing and strategic planning at some of Silicon Valley's premier technology companies.

John Pettitt, Director

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’ 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.

Board Committees

Our Board has an Audit Committee, a Compensation Committee and a 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, 2022, the members of such committees are:

Audit Committee – Daniel Sharkey⁽¹⁾, David Gust, Robert Curtis and John Pettitt

Compensation Committee – David Gust*, Daniel Sharkey, Robert Curtis, Sherice Torres and John Pettitt

Corporate Governance and Nomination Committee – Robert Curtis*, David Gust, Daniel Sharkey and Sherice Torres

* — 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 Daniel Sharkey, David Gust, Robert Curtis and John Pettitt. Messrs. Sharkey and Pettitt, General Gust and Dr. Curtis are each “independent” within the meaning of Rule 10A-3 under the Exchange Act and the Marketplace Rules of Nasdaq (the “Nasdaq Rules”). Our Board has determined that Mr. Sharkey shall serve as the “audit committee financial expert”, as such term is defined in Item 407(d)(5) of Regulation S-K. In addition, Mr. Sharkey serves as Chairman 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; and
- Overseeing our compliance with legal and regulatory requirements.

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 David Gust, Daniel Sharkey, Robert Curtis, Sherice Torres, and John Pettitt. General Gust, Messrs. Sharkey and Pettitt, Dr. Curtis and Ms. Torres are “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. General Gust serves as Chairman 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 Chief Executive Officer;
- 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.

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, David Gust, Daniel Sharkey and Sherice Torres. Dr. Curtis, General Gust, Mr. Sharkey and Ms. Torres are “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.

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 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 “Certain Relationships and Related Transactions,” 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 Chief Executive Officer, Chief Financial Officer 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. During the fiscal year ended December 31, 2021, we believe the following reports listed in the table below were required to be filed by such persons pursuant to Section 16(a) and were not filed on a timely basis:

Name	Form	Description
Daniel P. Sharkey	4	Four (4) transactions were not reported on a timely basis (upon the acquisition of stock options that were received as compensation for the reporting person’s service as a member of the Board).
	4	One (1) transaction was not reported on a timely basis (upon the acquisition of stock options that were received as compensation for the reporting person’s service as a member of the Board).
Robert A. Curtis	4	Four (4) transactions were not reported on a timely basis (upon the acquisition of stock options that were received as compensation for the reporting person’s service as a member of the Board).
	4	One (1) transaction was not reported on a timely basis (upon the acquisition of stock options that were received as compensation for the reporting person’s service as a member of the Board).
David R. Gust	4	Four (4) transactions were not reported on a timely basis (upon the acquisition of stock options that were received as compensation for the reporting person’s service as a member of the Board).
	4	One (1) transaction was not reported on a timely basis (upon the acquisition of stock options that were received as compensation for the reporting person’s service as a member of the Board).
Michael J. D’Almada-Remedios	4	Ten (10) transactions were not reported on a timely basis (upon the acquisition of shares of common stock and stock options that were received as compensation for the reporting person’s service as a member of the Board)
Chia-Lin Simmons	4	One (1) transaction was not reported on a timely basis (upon the acquisition of shares of common stock issued as an inducement grant in accordance with Nasdaq Rules).

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 October 15, 2021.

Summary Compensation Table for Fiscal Years 2021 and 2020

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 and the Company’s two other most highly compensated executive officers serving as executive officers at the end of the last completed fiscal year, 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 (\$)(4)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(5)	Total (\$)
Vincent S. Miceli <i>Former Chief Executive Officer, Former Chief Financial Officer (1)</i>	2021	374,028	50,000	375,000	-	-	-	27,290	826,318
	2020	365,000	50,000	75,000	-	-	-	33,767	523,767
Chia-Lin Simmons <i>Chief Executive Officer (2)</i>	2021	243,308	50,000	3,571,897	-	-	-	-	3,865,205
	2020	-	-	-	-	-	-	-	-
Mark Archer <i>Chief Financial Officer (3)</i>	2021	360,465	-	-	-	-	-	-	360,465
	2020	-	-	-	-	-	-	-	-

- (1) Reflects all compensation received by Mr. Miceli between January 1, 2021 and July 10, 2021 when Mr. Miceli ceased serving as the Company’s Chief Executive Officer and Chief Financial Officer, as well as all compensation received by Mr. Miceli in connection with the Letter Agreement (as defined below). Additional details regarding Mr. Miceli’s compensation and departure from the Company are summarized below under “Employment Agreements.”
- (2) Ms. Simmons was appointed the Company’s Chief Executive Officer and member of the Board on June 14, 2021. Ms. Simmons was granted 266,560 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.
- (3) Mr. Archer served as the Company’s interim Chief Financial Officer from July 15, 2021 until February 15, 2022 when he was appointed the Company’s permanent Chief Financial Officer. Salary reflects all compensation received by FLG Partners between July 15, 2021 through December 31, 2021 for Mr. Archer’s services as Interim Chief Financial Officer pursuant to the FLG Agreement (as defined below) from which Mr. Archer’s compensation for such services is derived. Additional details regarding Mr. Archer’s compensation are summarized below under “Employment Agreements.”
- (4) Amounts reported in this column reflect the grant date fair value of the restricted stock award granted during the fiscal years ended December 31, 2021 and 2020, as computed in accordance with Financial Accounting Standards Board (“FASB”) ASC 718.
- (5) Other compensation includes primarily employee-paid health insurance.

Employment Agreements

Chia-Lin Simmons

On June 14, 2021, the Company entered into an employment agreement with Chia-Lin Simmons (the “Simmons Agreement”), pursuant to which she was appointed our Chief Executive Officer and a member of the Board, effective June 14, 2021, in consideration for an annual cash salary of \$450,000 (“Base Salary”). The Simmons Agreement provides 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 Simmons Agreement and as a material inducement to her acceptance of employment with the Company, the Company offered Ms. Simmons a stock award of 266,560 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 (“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.

Pursuant to the Simmons Agreement, if Ms. Simmons is terminated for any reason, she is entitled to receive standard company benefits which include (i) a lump sum payment equal to the sum of her earned but unpaid base salary through the date of termination, (ii) her accrued but unused vacation days at the Base Salary in effect on the date of her termination, and (iii) any other benefits or rights she will have accrued or earned through the date of termination in accordance with the terms of the Company employee benefit plans (the “Accrued Benefits”). Additionally, if Ms. Simmons is terminated due to a change in control (as defined in such agreement), she will be entitled to twelve months of her then-current Base Salary, payable in twelve equal monthly installments, and coverage under any health insurance plan covering her and her spouse, or reimbursement for the cost of any comparable plan, for the lesser of twelve months after such termination, or the remainder of the term of such agreement, as applicable. Alternatively, if Ms. Simmons is terminated as a result of non-extension of the Simmons Agreement, she is be entitled, in addition to the Accrued Benefits, to six months of her then-current Base Salary payable in six equal monthly installments, and coverage under any health insurance plan covering her and her spouse, or reimbursement for the cost of any comparable plan, for six months after such termination.

Mark Archer

Effective July 15, 2021, the Board appointed Mr. Archer as Interim Chief Financial Officer 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 Chief Financial Officer. 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 Chief Financial Officer. 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 129,384 restricted shares of Common Stock to Mr. Archer and 6,810 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.

Vincent S. Miceli

On January 8, 2021, we entered into an employment agreement with Mr. Miceli (the “Miceli Agreement”), then serving as our Chief Executive Officer and Chief Financial Officer, which became effective January 1, 2021, and which continued until December 31, 2021 (the “Initial Term”).

Pursuant to the Miceli Agreement, Mr. Miceli was to receive an annual base salary of \$365,000, and in the event that the Initial Term was extended, Mr. Miceli was eligible to receive a cash bonus in an amount and on such terms as determined by the Board in its sole discretion. The Miceli Agreement also provided that Mr. Miceli would be granted 400,000 shares of Common Stock under the LTIP or the 2017 SIP.

On August 9, 2021, Mr. Miceli notified the Company of his decision to resign from the Board and as Chairman of the Board, effective immediately. In connection with his resignation, on August 9, 2021, the Company and Mr. Miceli entered into a letter agreement, effective August 1, 2021 (the “Letter Agreement”), pursuant to which Mr. Miceli agreed to provide consulting services to the Company for nine months in consideration for, among other things, (i) semi-monthly cash payments of approximately \$19,000, (ii) a payout of his accrued but unused vacation pay, (iii) full acceleration of the vesting terms of 50,000 shares of his previously unvested Common Stock and (iv) payment of all medical and dental premiums for him and his wife for six months. Pursuant to the Letter Agreement, the Company and Mr. Miceli agreed that the rights of both under the Miceli Agreement would terminate, except for the confidentiality and non-competition provisions, which will remain in full force and effect, provided that the non-competition provisions will expire on April 30, 2022.

A brief description of the LTIP and the 2017 SIP is contained in Note 10 of the Notes to the Financial Statements.

Other Compensation

We provide standard health insurance benefits to our executive officers, on the same terms and conditions as provided to 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, 2021 and 2020. We do not have any retirement, 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.

Outstanding Equity Awards at 2021 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, 2021. 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 Option (# Unexercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (4)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (5)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units Or Other Rights That Have Not Vested (\$)
Chia-Lin Simmons	-	-	-	-	-	266,560	3,571,897	-	-
Mark Archer	-	-	-	-	-	-	-	-	-
Vincent S. Miceli (1) (2) (3)	-	-	-	-	-	-	-	-	-

- (1) On September 3, 2021, Mr. Miceli received 50,000 shares of fully vested Common Stock.
- (2) On August 9, 2021, Mr. Miceli resigned from the Board and as the chairman of the Board. In connection with the Letter Agreement, the Company agreed to fully accelerate the vesting terms of 50,000 shares of previously unvested Common Stock held by Mr. Miceli.
- (3) On February 4, 2021, Mr. Miceli was granted 11,291 shares of fully vested shares of Common Stock.
- (4) Ms. Simmons was granted 266,560 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.
- (5) 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.

A brief description of the LTIP and the 2017 SIP, pursuant to which such awards were granted to Mr. Miceli, is contained in Note 10 of the Notes to the Financial Statements.

Director Compensation for Fiscal Year 2021

During the year ended December 31, 2021, each of our non-employee directors earned \$40,000 paid or to be paid in cash and \$40,000 in 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, 2021.

Name	Fees Earned or Paid In Cash (\$)	Stock Awards (\$)	Stock Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(2)	Total (\$)
Major General David R. Gust, USA, Ret.	40,000	-	40,000	-	-	1,127	81,127
Michael J. D'Almada- Remedios, PhD	40,000	-	40,000	-	-	-	80,000
Daniel P. Sharkey	40,000	-	40,000	-	-	899	80,899
Robert A. Curtis, Pharm.D.	40,000	-	40,000	-	-	1,611	81,611

- (1) General Gust, Dr. D'Almada-Remedios, Mr. Sharkey and Dr. Curtis each received \$40,000 in stock options, which are each exercisable for up to 9,117 shares of Common Stock at an average price of approximately \$4.39 per share.
- (2) The Company reimbursed General Gust, Mr. Sharkey and Dr. Curtis for travel-related expenses.

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

The following table sets forth certain information regarding the beneficial ownership of our capital stock as of April 12, 2022 by (a) each person, or group of affiliated persons, who is known to us to own beneficially 5% or more of our outstanding equity securities; (b) each of our directors; (c) each of our named executive officers; and (d) all of our named executive officers and directors as a group. Except as otherwise indicated in the footnotes below, we believe, based on the information provided to us, that all persons listed below have sole voting power and investment power with respect to their shares of Common Stock or other equity securities that they beneficially own, subject to community property laws where applicable.

For purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares of Common Stock or other equity securities of the Company that such person has the right to acquire within sixty (60) days of April 12, 2022. For purposes of computing the percentage of outstanding shares of our Common Stock or other equity securities of the Company held by each person or group of persons named above, any shares that such person or persons has the right to acquire within sixty (60) days of April 12, 2022 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares of Common Stock or other equity securities of the Company listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise identified, the address of our directors and executive officers is c/o LogicMark, Inc., 2801 Diode Lane, Louisville, KY, 40299.

Name and Address of Beneficial Owner	Shares Beneficially Owned						% Total Voting Power (2)
	Common Stock		Series C Preferred Stock		Series F Preferred Stock		
	Shares	% (1)	Shares	%	Shares	%	
Non-Director or Officer 5% Stockholders:							
Anson Investments Master Fund LP (3)	1,064,746	9.99%	-	-	-	-	9.99%
Alpha Capital Anstalt (4)	988,200	9.34%	-	-	173,333	100%	8.92%
Giesecke+Devrient Mobile Security America, Inc. (5)	-	*	200	100%	-	-	*
Directors and Executive Officers:							
Chia-Lin Simmons (6)							
Chief Executive Officer	470,705	4.91%	-	-	-	-	4.91%
Mark Archer (7)							
Chief Financial Officer	129,384	1.34%	-	-	-	-	1.34%
Vincent S. Miceli							
Former Chief Executive Officer							
Former Chief Financial Officer							
Former Director	107,725	1.12%	-	-	-	-	1.12%
Major General David R. Gust, USA, Ret							
Director (8)	44,160	*	-	-	-	-	*
Michael J. D’Almada-Remedios, PhD							
Director (8)	44,699	*	-	-	-	-	*
Daniel P. Sharkey							
Director (8)	43,660	*	-	-	-	-	*
Robert A. Curtis, Pharm.D.							
Director (8)	35,144	*	-	-	-	-	*
Sherice R. Torres							
Director	-	-	-	-	-	-	-
John Pettitt							
Director	-	-	-	-	-	-	-
Directors and Executive Officers as a Group (9 persons)	875,477	9.06%	-	-	-	-	9.06%

* Less than 1%

(1) Based on 9,593,378 shares of Common Stock issued and outstanding as of April 12, 2022. Shares of Common Stock subject to options, preferred stock or warrants currently exercisable or exercisable within sixty days are considered outstanding for purposes of computing the percentage 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.

- (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 as as-converted to Common Stock basis.
- (3) Beneficial ownership includes warrants exercisable for up to an aggregate of 1,064,746 shares of Common Stock. The warrants are subject to certain beneficial ownership limitations, which provide that a holder of the warrants will not have the right to exercise any portion thereof if the holder, together with its affiliates, would beneficially own in excess of 4.99% or 9.99%, as applicable, of the Common Stock outstanding, provided that upon at least 61 days' prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the shares of Common Stock outstanding. Beneficial ownership excludes warrants exercisable into 676,233 shares of Common stock that are subject to the limitations in such warrants. 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 warrants exercisable for up to an aggregate of 988,200 shares of Common Stock and 173,333 shares of Series F Preferred Stock convertible into 115,556 shares of Common Stock. The warrants are subject to certain beneficial ownership limitations, which provide that a holder of the warrants will not have the right to exercise any portion thereof if the holder, together with its affiliates, would beneficially own in excess of 4.99% or 9.99%, as applicable, of the Common Stock outstanding, provided that upon at least 61 days' prior notice to us, the holder may increase or decrease such limitation up to a maximum of 9.99% of the number of shares of Common Stock outstanding. Konrad Ackermann has voting and investment control over the securities held by Capital Anstalt. The principal business address of Alpha Capital Anstalt is c/o Lettstrasse 32, FL-9490 Vaduz, Furstentums, 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 G&D is 45925 Horseshoe Drive, Dulles, VA 20166.
- (6) Represents (i) 266,560 shares of restricted stock granted outside the LTIP and the 2017 SIP, which vest over a period of 48 months, with one quarter on the anniversary of the grant and 1/36 each subsequent month until all shares have vested, so long as Ms. Simmons remains in the service of the Company and (ii) 204,145 shares of restricted stock granted under the LTIP, which shares vest over a period of 3 years commencing on January 3, 2022, with 34,045 shares to vest on July 3, 2022, and thereafter, 17,010 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.
- (7) Represents shares of restricted stock granted outside the LTIP and the 2017 SIP, which vest over a period of 48 months, with one quarter on the anniversary of the grant and 1/36 each subsequent month until all shares have vested, so long as Mr. Archer remains in the service of the Company. In addition, FLG Partners, of which Mr. Archer is a partner, was granted 6,810 restricted shares of Common Stock. This grant will vest one quarter on July 15, 2022, with subsequent vesting at 6.25% for each three-month period thereafter. Mr. Archer disclaims beneficial ownership of such shares of Common Stock granted to FLG Partners.
- (8) Includes stock options to purchase up to 17,499 shares of Common Stock at an average exercise price of \$7.07 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)) (3)
	(a)	(b)	(c)
Equity compensation plans approved by security holders (1)	-	-	406,199
Equity compensation plans approved by security holders (2)	-	-	406,199
Equity compensation plans not approved by security holders	-	-	-
Total			<u><u>812,398</u></u>

- (1) Represents the shares of Common Stock authorized for issuance under the LTIP, which was approved by the Company's stockholders on January 4, 2013. The maximum aggregate number of shares of Common Stock that may be issued under the LTIP, 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 10% of the shares of Common Stock outstanding on the first trading day of any fiscal year, or 1,201,715 shares of Common Stock for the fiscal year ending December 31, 2021.
- (2) Represents the shares of Common Stock authorized for issuance under the 2017 SIP, which was approved by the Company's stockholders on August 24, 2017. The maximum aggregate number of shares of Common Stock that may be issued under the 2017 SIP (including shares underlying options) is limited to 10% of the shares of Common Stock outstanding on the first trading day of any fiscal year, or 4,061,997 shares of Common Stock for the fiscal year ending December 31, 2021.
- (3) As of January 1, 2021.

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 December 18, 2020, the Company closed concurrent registered direct and private placement offerings (collectively, the "December Offering") whereby the Company issued to Anson Investments Master Fund LP ("Anson") and Alpha Capital Anstalt ("Alpha") in a registered direct offering (i) an aggregate of 1,515,151 shares of Series D Convertible Preferred Stock, par value \$0.0001 per share, of the Company (the "Series D Preferred Stock"), convertible into an aggregate of up to 303,030 shares of Common Stock, and (ii) warrants exercisable for up to 100,000 shares of Common Stock (the "December Registered Direct Warrants") at an exercise price of \$4.90 per share, subject to customary adjustments thereunder, which were exercisable immediately upon issuance and have five year terms. Such registered direct offering closed concurrently with the closing of a private placement transaction, pursuant to which the Company issued to such investors warrants to purchase up to an aggregate of 505,060 shares of Common Stock at an exercise price of \$4.90 per share, subject to customary adjustments thereunder, which were initially exercisable for five and one-half years commencing six months after their issuance date and which were subsequently modified to be immediately exercisable for five years commencing on their issuance date. The holders of such shares of Series D Preferred Stock had the right to vote with shares of Common Stock, on an as-converted to Common Stock basis, with respect to all matters on which the holders of Common Stock are entitled to vote, subject to any applicable beneficial ownership limitations. On February 1, 2021, the Company filed a certificate with the Secretary of State of the State of Delaware eliminating and canceling all designations, rights, preferences and limitations of the Series D Preferred Stock, and all shares of Series D Preferred Stock resumed the status of authorized but unissued shares of preferred stock of the Company. The December Offering resulted in gross proceeds of \$2 million, before deducting any offering expenses, and such investors participated equally with respect to the consideration paid and the number of securities received pursuant to the December Offering.

On January 8, 2021, the Company entered into a warrant amendment and exercise agreement (the “Amendment Agreement”) with Anson with respect to a Common Stock purchase warrant, dated April 4, 2019, previously issued by the Company to Anson (the “Original Warrant”). In consideration for each exercise of the Original Warrant that occurred within 45 calendar days of the date of the Amendment Agreement, in addition to the issuance of shares of Common Stock upon such exercise, the Company agreed to deliver to Anson a new warrant to purchase a number of shares of Common Stock equal to the number of shares of Common Stock issued upon Anson’s exercise of the Original Warrant, at an exercise price of \$15.25 per share (the “New Warrant”). Anson held an Original Warrant exercisable for up to 246,914 shares of Common Stock and fully exercised such warrant, resulting in aggregate proceeds to the Company of \$3,765,432 the issuance of New Warrants exercisable for an equivalent number of shares of Common Stock.

On February 2, 2021, the Company closed concurrent registered direct and private placement offerings (collectively, the “February Offering”) pursuant to a securities purchase agreement, dated as of January 29, 2021, in which the Company issued to Anson and Alpha an aggregate of 1,476,016 shares of Series E Preferred Stock and Common Stock purchase warrants exercisable for an aggregate of 295,203 shares of Common Stock. Such warrants were exercisable at an exercise price of \$12.30 per share, subject to customary adjustments thereunder, which were exercisable immediately upon issuance and had five-year terms. The holders of such shares of Series E Preferred Stock had the right to vote with shares of Common Stock, on an as-converted to Common Stock basis, with respect to all matters on which the holders of Common Stock are entitled to vote, subject to any applicable beneficial ownership limitations. On August 16, 2021, the Company filed a certificate with the Secretary of State of the State of Delaware eliminating and canceling all designations, rights, preferences and limitations of the Series E Preferred Stock, and all shares of Series E Preferred Stock resumed the status of authorized but unissued shares of preferred stock of the Company. The February Offering resulted in gross proceeds to the Company of approximately \$4 million, before deducting any offering expenses, and such investors participated equally with respect to the consideration paid and the number of securities received pursuant to the February Offering.

Effective August 11, 2021, the Company entered into a settlement agreement (the “Settlement Agreement”) with GDMSAI, the holder of all outstanding shares of Series C Preferred Stock, to settle an ongoing dispute between the parties (the “Dispute”) with regard to the payment of dividends under the Company’s Series C Certificate of Designations. Pursuant to the Settlement Agreement, the Company agreed to pay \$540,000 of dividends plus \$55,000 of pre-judgement interest, but no post-judgement interest. The settlement was payable in tranches and the final payment was made by the Company to such holder in November 2021.

On August 16, 2021, the Company closed a private placement offering on August 16, 2021 (the “August Offering”), which was conducted pursuant to a securities purchase agreement, dated as of August 13, 2021, whereby the Company issued to Anson, Alpha and 3i, LP in a private placement offering (i) an aggregate of 1,333,333 shares of Series F Preferred Stock and (ii) warrants exercisable for up to 666,667 shares of Common Stock at an exercise price of \$0.78 per share, subject to customary adjustments thereunder, which are exercisable six months from the date of issuance and have terms of five and a half years. In connection with the August Offering, Anson received 666,666 shares of Series F Preferred Stock and warrants exercisable for up to 333,333 shares of Common Stock in consideration for approximately \$2 million, each of Alpha and 3i, LP received approximately equivalent allocations of the remaining shares of Series F Preferred Stock and warrants issuable pursuant to such offering in consideration for approximately \$1 million each. The holders of such shares of Series F Preferred Stock had the right to vote with shares of Common Stock, on an as-converted to Common Stock basis, with respect to all matters on which the holders of Common Stock are entitled to vote, subject to any applicable beneficial ownership limitations. The August Offering resulted in gross proceeds to the Company of approximately \$4 million, before deducting any offering expenses.

On September 15, 2021, the Company closed an underwritten public offering (the “September Offering”) pursuant to which the Company issued an aggregate of (i) 2,788,750 shares of Common Stock, including 363,750 shares of Common Stock issued upon the full exercise of the underwriters’ over-allotment option and (ii) accompanying warrants to purchase up to an aggregate of 2,788,750 shares of Common Stock, at an exercise price of \$4.95 per share, subject to certain adjustments, including warrants issued upon the full exercise of the underwriter’s over-allotment option to purchase up to an additional 363,750 shares of Common Stock, at a combined public offering price of \$4.50 per share and accompanying warrant. The September Offering resulted in gross proceeds, inclusive of proceeds from the full exercise of the over-allotment option, of approximately \$12.5 million, before deducting underwriting discounts and commissions of 7% of the gross proceeds (or 3.5% of the gross proceeds in the case of certain identified investors) and estimated offering expenses. The investors in the September Offering included, among others, Anson, Alpha, 3i, LP and Armistice Capital Master Fund, Ltd., which had interests in such offering equal to approximately 30%, 17%, 8% and 16% respectively.

Director Independence

As the Company's Common Stock is listed on the Nasdaq Capital Market, 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 General Gust, Mr. Sharkey, Dr. Curtis, Mr. Pettitt and Ms. Torres 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 engaged Marcum LLP as the Company's independent registered public accounting firm. The aggregate audit fees to be billed for professional services rendered for the review of our financial statements for the three quarters and the audit for the year ended December 31, 2021, are expected to be approximately \$146,000. The aggregate audit fees billed for professional services rendered for the review of our financial statements for the three quarters reviews and the audit for the year ended December 31, 2020 were approximately \$165,000.

Audit Related Fees

The Company incurred additional fees of \$67,800 rendered by our principal financial accountant for the S-1, S-3 and comfort letter for the year ended December 31, 2021. There were no fees for audit related services for the year ended December 31, 2020.

Tax Fees

For the Company's fiscal years ended December 31, 2021 and 2020, Marcum LLP did not provide 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 our principal accountants for the fiscal years ended December 31, 2021 and 2020.

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 chairman 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 chairman 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, 2021 and December 31, 2020, the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, the footnotes thereto, and the report of Marcum LLP, an 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 (7)
3.1(i)(a)	Certificate of Incorporation, as amended (1)
3.1(i)(b)	Certificate of Amendment to Certificate of Incorporation (6)
3.1(i)(c)	Certificate of Amendment to Certificate of Incorporation (26)
3.1(i)(d)	Certificate of Amendment to Certificate of Incorporation (27)
3.1(i)(e)	Certificate of Designations of Series A Convertible Preferred Stock (3)
3.1(i)(f)	Amendment of Certificate of Designations of Series A Convertible Preferred Stock (4)
3.1(i)(g)	Second Certificate of Amendment of Designations of Series A Convertible Preferred Stock (5)
3.1(i)(h)	Certificate of Designations for Series B Convertible Preferred Stock (5)
3.1(i)(i)	Certificate of Designations for Series C Non-Convertible Preferred Stock (7)
3.1(i)(j)	Certificate of Amendment to the Certificate of Designations of Series C Non-Convertible Voting Preferred Stock (26)
3.1(i)(k)	Certificate of Designations for Series D Convertible Preferred Stock (14)
3.1(i)(l)	Amended and Restated Certificate of Designations for Series D Convertible Preferred Stock (14)
3.1(i)(m)	Form of Elimination of Amended and Restated Certificate of Designations for Series D Convertible Preferred Stock (15)
3.1(i)(n)	Certificate of Designations for Series E Convertible Preferred Stock (15)
3.1(i)(o)	Elimination of Certificate of Designations for Series E Convertible Preferred Stock (24)
3.1(i)(p)	Form of Certificate of Designations, Preferences and Rights of Series F Convertible Preferred Stock (23)
3.1(ii)	By-laws (1)
4.1*	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.2	Form of Pre-Funded Warrant for July 2017 Public Offering (8)
4.3	Form of Purchase Warrant for July 2017 Private Placement (8)
4.4	Form of July 2017 Exchange Note (9)
4.5	Form of Warrant for July 2017 Exchange (9)
4.6	Form of Warrant for November 2017 Private Placement (10)
4.7	Form of Warrant to Sagard Credit Partners, LP (11)
4.8	Form of September 2018 New Warrant (13)
4.9	Form of Warrant Amendment and Exercise Agreement (13)
4.10	Form of Pre-Funded Warrant for July 2020 Private Placement (16)
4.11	Form of Registered Warrant for July 2020 Private Placement (16)

4.12	Form of Unregistered Warrant for July 2020 Private Placement (16)
4.13	Form of Registered Warrant for December 2020 Private Placement (14)
4.14	Form of Unregistered Warrant for December 2020 Private Placement (14)
4.15	Form of New Warrant (17)
4.16*	Form of Series F Convertible Preferred Stock Certificate
4.17	Form of Registered Warrant for February 2021 Private Placement (15)
4.18	Form of Unregistered Warrant for February 2021 Private Placement (15)
4.19	Form of Unregistered Warrant for August 2021 Private Placement (23)
4.20	Form of Warrant for September 2021 Public Offering (25)
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 (12)
10.4	Form of Securities Purchase Agreement for July 2020 Offering (16)
10.5	Form of Securities Purchase Agreement for December 2020 Offering (14)
10.6	Form of Warrant Amendment and Exercise Agreement, dated January 8, 2021 (17)
10.7	Form of Securities Purchase Agreement for February 2021 Offering (15)
10.8	Form of Securities Purchase Agreement for August 2021 Private Placement (23)
10.9	Form of Voting Agreement by and between the Company and certain investors in the September 2021 Public Offering (25)
10.10	Lease Agreement, dated June 2, 2020, by and between LogicMark LLC and Moorman Properties, LLC (19)
10.11	Settlement Agreement, dated August 11, 2021, by and between the Company and Giesecke+Devrient Mobile Security America, Inc. (21)
10.12†	Employment Agreement, dated as of January 8, 2021, by and between the Company and Vincent S. Miceli (18)
10.13	Letter Agreement, effective as of August 1, 2021, by and between the Company and Vincent S. Miceli (22)
10.14†	Employment Agreement, dated as of June 8, 2021, by and between the Company and Chai-Lin Simmons (20)
10.15	Agreement, dated as of July 15, 2021, by and between the Company and FLG Partners, LLC (22)
10.16*	First Amendment to Agreement, dated as of February 15, 2022, by and between the Company and FLG Partners, LLC
14.1	Code of Ethics (2)
23.1*	Consent of Marcum 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.
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 Annual Report on Form 10-K with the SEC on February 25, 2014.
- (3) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on April 12, 2016.
- (4) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on July 7, 2016.
- (5) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on July 27, 2016.
- (6) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on September 12, 2016.
- (7) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on May 30, 2017.
- (8) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on July 10, 2017.
- (9) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on July 20, 2017.
- (10) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on November 9, 2017.
- (11) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on May 30, 2018.
- (12) 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.
- (13) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on September 20, 2018.
- (14) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on December 18, 2020.
- (15) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on February 1, 2021.
- (16) Filed as an Exhibit to the Company's Current Report on Form 8-K/A with the SEC on July 13, 2020.
- (17) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on January 8, 2021.
- (18) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on January 14, 2021.
- (19) Filed as an Exhibit to the Company's Annual Report on Form 10-K with the SEC on April 15, 2021.
- (20) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on June 17, 2021.
- (21) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on August 13, 2021.
- (22) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q with the SEC on August 16, 2021.
- (23) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on August 17, 2021.
- (24) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on August 20, 2021.
- (25) 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.
- (26) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on October 15, 2021.
- (27) Filed as an Exhibit to the Company's Current Report on Form 8-K with the SEC on March 2, 2022.

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 15, 2022

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

Date: April 15, 2022

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 15, 2022

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

Date: April 15, 2022

By: /s/ Major General David. R. Gust. USA, Ret
Major General David. R. Gust. USA, Ret
Director

Date: April 15, 2022

By: /s/ Michael J. D'Almada-Remedios, PhD
Michael J. D'Almada-Remedios, PhD
Director

Date: April 15, 2022

By: /s/ Daniel P. Sharkey
Daniel P. Sharkey
Director

Date: April 15, 2022

By: /s/ Robert A. Curtis, Pharm D.
Robert A. Curtis, Pharm D.
Director

Date: April 15, 2022

By: /s/ Sherice R. Torres
Sherice R. Torres
Director

Date: April 15, 2022

By: /s/ John Pettitt
John Pettitt
Director

LogicMark, Inc.
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of

LogicMark, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of LogicMark, Inc. (the “Company”) as of December 31, 2021 and 2020, the related statements of operations, changes in stockholders’ equity and cash flows for each of the two years in the period ended December 31, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, 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 audits. 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 audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits 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 audits 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 audits 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 audits 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 audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2016.

Costa Mesa, CA

April 15, 2022

LogicMark, Inc.
BALANCE SHEETS

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Assets		
Current Assets		
Cash	\$ 12,044,415	\$ 4,387,416
Restricted cash	210,131	150,130
Accounts receivable, net	98,749	133,719
Inventory, net	1,237,280	767,351
Prepaid expenses and other current assets	849,190	455,553
Total Current Assets	<u>14,439,765</u>	<u>5,894,169</u>
Property and equipment:		
Equipment	410,444	554,130
Furniture and fixtures	35,761	68,126
Tooling and molds	9,427	304,089
	<u>455,632</u>	<u>926,345</u>
Accumulated depreciation	(455,632)	(897,137)
Property and equipment, net	-	29,208
Right-of-use assets	248,309	306,786
Goodwill	10,958,662	15,479,662
Other intangible assets, net of accumulated amortization of \$3,366,105 and \$2,604,290, respectively	4,476,647	5,238,462
Total Assets	<u><u>\$ 30,123,383</u></u>	<u><u>\$ 26,948,287</u></u>
Liabilities, Series C Preferred Stock and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 492,431	\$ 2,748,814
Accrued expenses	849,285	1,315,260
Short-term debt	-	346,390
Term loan facility - current	-	2,062,500
Total Current Liabilities	<u>1,341,716</u>	<u>6,472,964</u>
Term loan facility, net of debt discount of \$137,855 and deferred debt issuance costs of \$713,119	-	8,182,403
Other long-term liabilities	385,196	1,326,409
Total Liabilities	<u>1,726,912</u>	<u>15,981,776</u>
Commitments and Contingencies		
Series C Preferred Stock		
Series C Preferred Stock, par value \$0.0001 per share: 2,000 shares designated; 200 shares issued and outstanding as of December 31, 2021 and 2020	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; 173,333 shares issued and outstanding as of December 31, 2021, aggregate liquidation preference of \$520,000 as of December 31, 2021	520,000	-
Common Stock, par value \$0.0001 per share: 100,000,000 shares authorized; 9,163,039 and 4,061,997 issued and outstanding as of December 31, 2021 and 2020	917	407
Additional paid-in capital	104,725,115	74,586,801
Accumulated deficit	(78,656,861)	(65,427,997)
Total Stockholders' Equity	<u>26,589,171</u>	<u>9,159,211</u>
Total Liabilities, Series C Preferred Stock and Stockholders' Equity	<u><u>\$ 30,123,383</u></u>	<u><u>\$ 26,948,287</u></u>

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

LogicMark, Inc.
STATEMENTS OF OPERATIONS

	For the Years Ended December 31,	
	2021	2020
Revenues	\$ 10,022,115	\$ 11,442,803
Costs of goods sold	4,341,611	3,766,555
Gross Profit	<u>5,680,504</u>	<u>7,676,248</u>
Operating Expenses		
General and administrative	6,703,106	5,280,951
Selling and marketing	1,238,195	1,872,441
Research and development	765,659	1,108,934
Goodwill impairment	4,521,000	-
Total Operating Expenses	<u>13,227,960</u>	<u>8,262,326</u>
Operating Loss	(7,547,456)	(586,078)
Other Income and (Expense)		
Interest expense	(1,423,611)	(2,254,020)
Forgiveness of PPP loan and accrued interest	349,176	-
Warrant modification expense	(2,881,729)	-
Total Other Expense, Net	<u>(3,956,164)</u>	<u>(2,254,020)</u>
Loss before Income Taxes	(11,503,620)	(2,840,098)
Income tax (expense) benefit	(204,269)	(24,886)
Net Loss	(11,707,889)	(2,864,984)
Preferred stock dividends, including deemed dividend on Series E convertible preferred stock in 2021 and Series D convertible preferred stock in 2020	(2,341,391)	(858,922)
Net Loss Applicable to Common Stockholders	<u>(14,049,280)</u>	<u>(3,723,906)</u>
Net Loss Per Share - Basic and Diluted	(2.23)	(1.14)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	6,307,907	3,258,953

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

LogicMark, Inc.
CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	
Balance - January 1, 2020	-	-	3,004,885	\$ 301	\$ 68,518,379	\$ (61,804,091)	\$ 6,714,589
Issuance of stock options for services					160,000		160,000
Issuance of Series D preferred stock, net	1,515,152	2,000,000					2,000,000
Conversion of Series D preferred stock to common stock	(1,515,152)	(2,000,000)	303,030	30	1,999,970		-
Deemed dividend related to beneficial conversion feature of Series D preferred stock					758,922	(758,922)	-
Issuance of common stock and warrants for cash			451,348	45	1,864,483		1,864,528
Exercise of common stock purchase warrants for cash			257,972	26	1,279,833		1,279,859
Shares issued in connection with the management incentive plan for 2017, 2018 and 2019			44,762	5	200,790		200,795
Fees incurred in connection with equity offerings					(95,576)		(95,576)
Series C preferred stock dividend					(100,000)		(100,000)
Net loss						(2,864,984)	(2,864,984)
Balance - December 31, 2020	-	-	4,061,997	407	74,586,801	(65,427,997)	9,159,211
Issuance of stock and stock options for services			266,560	27	648,930		648,957
Issuance of Series E preferred stock, net	1,476,016	4,000,003					4,000,003
Conversion of Series E preferred stock to common stock	(1,476,016)	(4,000,003)	295,203	29	3,999,974		-
Deemed dividend related to beneficial conversion feature of Series E preferred stock					1,480,801	(1,480,801)	-
Issuance of Series F preferred stock, net	1,333,333	3,999,999					3,999,999
Conversion of Series F preferred stock to common stock	(1,160,000)	(3,479,999)	656,604	66	3,479,933		-
Exercise of common stock purchase warrants for cash			578,374	58	6,835,007		6,835,065
Exercise of common stock purchase warrants on a cashless basis			423,933	42	(42)		-
Warrant modification expense recorded in connection with the issuance of replacement warrants					2,881,729		2,881,729
Shares issued in connection with the management incentive plan for 2018 and 2019			13,283	1	80,455		80,456
Sale of common stock and warrants pursuant to a registration statement on Form S-1			2,788,750	279	11,834,443		11,834,722
Fees incurred in connection with equity offerings					(570,492)		(570,492)
Fractional shares issued in the 1-for-10 stock split			24,640	3	(3)		-
Shares issued as stock compensation			50,000	5	287,995		288,000
Common stock issued for dividends			3,695	0	19,584	(19,584)	-
Series F preferred stock dividends						(20,590)	(20,590)
Series C preferred stock dividends					(840,000)		(840,000)
Net loss						(11,707,889)	(11,707,889)
Balance - December 31, 2021	<u>173,333</u>	<u>\$ 520,000</u>	<u>9,163,039</u>	<u>\$ 917</u>	<u>\$ 104,725,115</u>	<u>\$ (78,656,861)</u>	<u>\$ 26,589,171</u>

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

LogicMark, Inc.
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	2021	2020
Cash Flows from Operating Activities		
Net loss	\$ (11,707,889)	\$ (2,864,984)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	29,208	65,847
Stock based compensation	936,957	160,000
Amortization of debt discount	137,855	106,215
Amortization of intangible assets	761,815	761,815
Amortization of deferred debt issuance costs	713,119	549,446
Non-cash charge for modification of warrant terms	2,881,729	-
Goodwill impairment	4,521,000	-
Forgiveness of PPP loans and accrued interest	(349,176)	-
Deferred taxes	195,576	-
Changes in operating assets and liabilities:		
Accounts receivable	34,970	(95,193)
Inventory	(469,929)	535,928
Prepaid expenses and other current assets	(393,638)	(170,058)
Accounts payable	(2,256,383)	658,245
Accrued expenses	(949,135)	(20,220)
Total Adjustments	<u>5,793,969</u>	<u>2,552,025</u>
Net Cash Used in Operating Activities	<u>(5,913,920)</u>	<u>(312,959)</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>
Cash flows from Financing Activities		
Proceeds from sale of common stock and warrants	11,834,722	1,279,859
Proceeds from exercise of common stock warrants	6,835,065	1,864,528
Proceeds received in connection with issuance of Series D preferred stock, net	-	2,000,000
Proceeds received in connection with issuance of Series E preferred stock, net	4,000,003	-
Proceeds received in connection with issuance of Series F preferred stock, net	3,999,999	-
Term loan repayment	(11,095,877)	(2,212,500)
Proceeds from PPP loan	-	346,390
Fees paid in connection with equity offerings	(570,492)	(65,152)
Preferred stock dividends	(300,000)	(100,000)
Termination fee upon early payment of term loan	(1,072,500)	-
Net Cash Provided by Financing Activities	<u>13,630,920</u>	<u>3,113,125</u>
Net Increase in Cash and Restricted Cash	<u>7,717,000</u>	<u>2,800,166</u>
Cash and Restricted Cash - Beginning of Year	<u>4,537,546</u>	<u>1,737,380</u>
Cash and Restricted Cash - End of Year	<u>\$ 12,254,546</u>	<u>\$ 4,537,546</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the periods for:		
Interest	\$ 617,336	\$ 1,619,151
Taxes	\$ 93,313	\$ 10,014
Non-cash investing and financing activities:		
Accrued fees incurred in connection with equity offerings	\$ -	\$ 30,424
Accrued preferred stock dividends	\$ 94,933	\$ 25,000
Common stock issued in connection with management incentive plans	\$ 80,456	\$ 200,794
Common stock issued for dividends	\$ 19,584	-
Issuance of common stock in connection with conversion of Series D preferred stock	-	\$ 2,000,000
Conversion of Series E preferred stock to common stock	\$ 4,000,003	-
Conversion of Series F preferred stock to common stock	\$ 3,479,999	-

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”), formerly called Nxt-ID, Inc., was incorporated in the State of Delaware on February 8, 2012. LogicMark operates its business in one segment and provides personal emergency response systems (PERS), health communications devices, and IoT 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 through dealers and distributors, as well as to the United States Veterans Health Administration.

The Company manufactures and distributes non-monitored and monitored personal emergency response systems sold through the United States Department of Veterans Affairs, healthcare durable medical equipment dealers and distributors and monitored security dealers and distributors.

On December 30, 2021, the Company’s two operating subsidiaries, LogicMark LLC and 3D-ID LLC, were merged into Nxt-ID, Inc. and the separate legal existences of LogicMark LLC and 3D-ID LLC ceased. On February 28, 2022, the name of the Company was changed to LogicMark, Inc.

NOTE 2 - LIQUIDITY AND MANAGEMENT PLANS

The Company generated an operating loss of \$7,547,456 and a net loss of \$11,707,889 for the year ended December 31, 2021. As of December 31, 2021, the Company had cash and stockholders’ equity of \$12,044,415 and \$26,589,171, respectively. At December 31, 2021, the Company had a working capital of \$13,098,049 compared to a working capital deficiency as of December 31, 2020 of \$578,795. During the year ended December 31, 2021, the Company received proceeds of \$26,669,788 from the issuance of common stock and warrants, and the exercise of common stock purchase warrants.

Given the Company’s cash position at December 31, 2021 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 commitments.

NOTE 3 – BASIS OF PRESENTATION

Net loss per share and all share data for the year December 31, 2020 have been retroactively adjusted to reflect the reverse stock split that occurred in October 2021, in accordance with ASC 260-10-55-12, Restatement of EPS Data. See Note 9.

Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (“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

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. At December 31, 2021 and 2020, the Company had no cash equivalents.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED CASH

At December 31, 2021 and 2020, the Company had restricted cash of \$210,131 and \$150,130, respectively. Restricted cash includes amounts held back by the Company's third-party credit card processor for potential customer refunds, claims and disputes and held as collateral for company credit cards. Cash and restricted cash, as presented on the statements of cash flows, consists of \$12,044,415 and \$210,131 as of December 31, 2021, respectively, and \$4,387,416 and \$150,130 as of December 31, 2020.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains its cash 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 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 net 30 days after the invoice date. 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 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 contracts revenues are recognized either (i) upon shipment based on free on board ("FOB") shipping point, or (ii) when the product arrives at its destination. For the years ended December 31, 2021 and 2020, none of our sales were recognized over time.

SALES TO DISTRIBUTORS AND RESELLERS

Sales to certain distributors and resellers are made under terms allowing limited rights of return of the Company's products held in their inventory or upon sale to their end customers. 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 sales for the estimated cost of inventory that is expected to be returned. These reserves were not material upon the adoption of Topic 606 on January 1, 2018, nor were they material in the balance sheet at December 31, 2021 and 2020.

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 \$492,566 and \$524,481, respectively, for the years ended December 31, 2021 and 2020.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

For the years ended December 31, 2021 and 2020, the Company's revenues primarily included shipments of the LogicMark products. The terms and conditions of these sales provide certain customers with trade credit terms. In addition, these sales were made to the retailers with no 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 receivable reserves as necessary whenever events or circumstances indicate the carrying value may not be recoverable. At December 31, 2021 and 2020, the Company had an allowance for doubtful accounts of \$5,411 and \$126,733, respectively.

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.

The Company performs regular reviews of inventory quantities on hand and evaluates the realizable value of its inventories. The Company adjusts the carrying value of the inventory as necessary with estimated valuation reserves for excess, obsolete, and slow-moving inventory by comparing the individual inventory parts to forecasted product demand or production requirements. The inventory is valued at the lower of cost or net realizable value with cost determined using the first-in, first-out method. As of December 31, 2021, inventory was comprised of \$1,237,280 in finished goods on hand. In addition, during 2021 we wrote down inventory totaling \$314,000. As of December 31, 2020 inventory was comprised of \$199,523 in raw materials and \$567,828 in finished goods on hand. The Company is required to prepay for certain inventory with certain vendors until credit terms can be established. As of December 31, 2021 and 2020, \$559,938 and \$332,475 respectively, of prepayments made for inventory is 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 intangibles 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 furniture, fixtures 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
Tooling and molds	2 to 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) and comparisons to other similar companies (market approach).

As part of the annual evaluation of goodwill in 2021, 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, 2021, the Company wrote down the carrying value of goodwill by \$4,521,000. See Note 5.

OTHER INTANGIBLE ASSETS

The Company's intangible assets are related to the acquisition of LogicMark and are included in other intangible assets in the Company's balance sheet at December 31, 2021 and 2020.

At December 31, 2021, the other intangible assets are comprised of patents of \$2,072,984; trademarks of \$915,619; and customer relationships of \$1,488,044. At December 31, 2020, the other intangible assets are comprised of patents of \$2,445,709; trademarks of \$978,494; and customer relationships of \$1,814,259. 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, 2021 and 2020, the Company had amortization expense of \$761,815 each year.

Amortization expense estimated for each of the next five fiscal years, 2022 through 2026, is expected to be approximately \$762,000 per year for the first four years, \$619,000 for the fifth year, and fully amortized in 2036.

CONVERTIBLE INSTRUMENTS

The Company applies the accounting standards for derivatives and hedging and for distinguishing liabilities from equity when accounting for hybrid contracts that feature conversion options. The accounting standards require companies to separate conversion options from their host instruments and account for them as free-standing derivatives according to certain criteria. The criteria include circumstances in which (i) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, (ii) the hybrid instrument that embodies both the embedded derivative and the host contract is not re-measured at fair value under generally accepted accounting principles with changes in fair value reported in earnings as they occur and (iii) a separate instrument with the same terms as the embedded derivative would be considered a derivative. The derivative is subsequently marked to market at each reporting date based on current fair value, with the changes in fair value reported in the results of operations.

Conversion options with variable settlement features such as provisions to adjust the conversion price upon subsequent issuances of at exercise prices more favorable than that in the hybrid contract generally result in their separation from the host instrument.

The Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. The debt discounts under these arrangements are amortized over the earlier of (i) the term of the related debt using the straight-line method which approximates the interest rate method or (ii) conversion of the debt. The amortization of debt discount is included as interest expense included in other income and expenses in the statements of operations.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not use derivatives to hedge exposures to cash flow, market or foreign currency risks. The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. Derivative financial instruments accounted for as liabilities are initially recorded at fair value and then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivatives, the Company uses the Black-Scholes or binomial option valuation model to value the derivatives at inception and on subsequent valuation dates. The Company accounts for conversion features that are embedded within the Company's convertible notes payable that do not have fixed settlement provisions as a separate derivative. In addition, warrants issued by the Company that do not have fixed settlement provisions are also treated as derivatives. The classification of derivatives, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative could be required within 12 months of the balance sheet date.

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 of its tax returns for all prior periods through December 31, 2020.

STOCK-BASED COMPENSATION

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

NET LOSS PER SHARE

Basic loss per share was computed using the weighted average number of common shares outstanding. Diluted loss per share includes the effect of diluted common stock equivalents. Potentially dilutive securities from the exercise of stock options to purchase 36,467 shares of common stock and warrants to purchase 4,295,380 shares of common stock as of December 31, 2021 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 33,527 shares of common stock and warrants to purchase 1,569,007 shares of common stock as of December 31, 2020 were excluded from the computation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive.

RESEARCH AND DEVELOPMENT

Research and development costs consist of expenditures incurred during the course of planned research and investigation aimed at the discovery of new knowledge, which will be useful in developing new products or processes. The Company expenses all research and development costs as incurred.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS

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

NOTE 5 – GOODWILL IMPAIRMENT

The Company performed a goodwill impairment analysis in 2021 and determined that the carrying value of its goodwill exceeded its fair value by approximately \$4,521,000. As a result, the Company recorded a non-cash impairment charge to write down goodwill by that amount. The fair value was determined using the income approach. The Company believes the income approach is the most reliable indicator of fair value since it incorporates future estimated revenue and expense for the company that the market approach does not directly incorporate. In addition to future estimated revenue and expenses, the determination of fair value includes a discount rate assumption.

As of December 31, 2020, 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.

The Company's goodwill relates entirely to the acquisition of LogicMark LLC in 2016. The Company will continue to monitor its goodwill on a quarterly basis for indicators of impairment including, but not limited to, further declines in the stock price. Accordingly, there may be further impairments.

NOTE 6 - ACCRUED EXPENSES

Accrued expenses consist of the following:

	December 31,	
	2021	2020
Salaries, payroll taxes and vacation	\$ 54,229	\$ 130,093
Consulting fees	-	-
Merchant bank fees	17,853	19,754
State income taxes	0	38,672
Professional fees	104,500	226,794
Management incentives	285,000	500,419
Interest expense	-	128,187
Lease liability	64,346	54,476
Dividends – Series C and F Preferred Stock	94,933	25,000
Other	228,424	191,865
Totals	\$ 849,285	\$ 1,315,260

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.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

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's other financial instruments, at December 31, 2020, include its convertible notes payable. The carrying value of these instruments approximate fair value, as they bear terms comparable to market, for obligations with similar terms and 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.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - DEBT

On May 3, 2019, the Company completed the closing of a \$16,500,000 senior secured term loan with the lenders and CrowdOut Capital LLC, as administrative agent. The Company used the proceeds from the term loan to repay its existing term loan facility with Sagard Holdings Manager LP and to pay other costs related to the refinancing. The original maturity date of the term loan was May 3, 2022, later extended to March 22, 2023, and required the Company to make minimum principal payments amortized over 96 months.

During the year ended December 31, 2021, the Company made scheduled principal repayments totaling \$1,031,250, a \$5,000,000 voluntary principal prepayment, a prepayment premium of \$125,000, further voluntary prepayments of \$4,000,000 in 2021, and fully repaid the loan in July 2021 with a voluntary payment of \$1,064,627 with cash primarily provided by the issuance of equity securities and warrant exercises. The prepayment premium is included in interest expense in the statement of operations.

The Company incurred \$412,500 in original issue discount for closing related fees charged by the lender. During the year ended December 31, 2021 and 2020, the Company amortized \$137,855 and \$106,215, respectively, of the original issue discount into interest expense in the statement of operations. At December 31, 2021 the original issue discount was fully written off. The Company also incurred \$1,831,989 in deferred debt issue costs related to the term loan. During the year ended December 31, 2021 and 2020, the Company amortized \$713,119 and \$549,446, respectively, of the deferred debt issue costs into interest expense in the statement of operations. At December 31, 2021 deferred debt issuance costs was fully written off.

The Company was also obligated to pay an exit fee of \$1,072,500 to CrowdOut Capital by December 1, 2021. On November 1, 2021, the Company paid the exit fee in its entirety, which is reflected as interest expense in the Statement of Operations.

As of December 31, 2021, the Company had no senior debt obligations.

Paycheck Protection Program

In May 2020, of the Company received loans from Bank of America, NA totaling \$346,390, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted on March 27, 2020.

The loans were to mature in May 2022, and bear interest at 1.00% per year, payable monthly commencing in November 2020. The Company used the proceeds for payroll, payroll taxes, and group healthcare benefits. Under the terms of the loan agreements, certain amounts of the loans may be forgiven if they are used for qualifying expenses, as described in the loan agreements.

The Company applied for forgiveness of the loans and was notified in March and May 2021 by the Small Business Administration that the repayment of the loans of \$346,390 plus accrued interest of \$2,786 had been forgiven. The income from forgiveness of both the loans and accrued interest is included in other income in the Company's statement of operations for the year ended December 31, 2021.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – STOCKHOLDERS’ EQUITY

October 2021 Reverse stock split

On October 15, 2021, the Company announced that the shareholders had approved a reverse split of its common stock and Series C Preferred at a ratio of 1 for 10. As a result of the reverse split, each 10 pre-split shares of common stock outstanding and each 10 pre-split shares of Series C 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 common shares was reduced from approximately 88.3 million shares to approximately 8.8 million shares, and the number of outstanding Series C preferred shares was reduced from 2,000 shares to 200 shares. The reverse stock split did not affect the total number of shares of capital stock, including Series C Preferred Stock, that the company is authorized to issue.

Earnings per share and all share data for the year ended December 31, 2020 has been retroactively adjusted to reflect the reverse stock split in accordance with ASC 260-10-55-12, Restatement of EPS Data.

September 2021 Offering

On September 15, 2021, the Company sold an aggregate of (i) 2,788,750 shares of common stock, par value \$0.0001 per share, and (ii) accompanying warrants to purchase up to an aggregate of 2,788,750 shares of Common Stock, at an exercise price of \$4.95 per share, both of which include the underwriter’s full over-allotment option to purchase an additional 363,750 shares of common stock.

The shares and the warrants were offered and sold to the public pursuant to the Company’s registration statement on Form S-1, as amended (File No. 333-259105), filed by the Company with the Securities and Exchange Commission (the “SEC”) under the Securities Act of 1933, as amended (the “Securities Act”), which became effective on September 14, 2021.

The Warrants were not immediately exercisable, as the Company did not have a sufficient number of shares of Common Stock to reserve for issuance for the Warrants until the date (the “Initial Exercise Date”) that the Company’s stockholders approved an amendment to the Company’s certificate of incorporation to affect a reverse stock split of the shares of Common Stock so that there were a sufficient number of shares of Common Stock for issuance upon exercise of the Warrants. The Warrants became exercisable on the Initial Exercise Date (the effective date of the reverse stock split) and will terminate five years after the Initial Exercise Date. The exercise price of the Warrants is subject to customary adjustments for stock dividends, stock splits and other subdivisions, combinations and re-classifications, and was reset on the date of the Company’s reverse stock split to the lower of (i) the closing price per share of the Common Stock immediately prior to the reverse stock split, giving effect to the reverse stock split and (ii) the exercise price then in effect. The Warrants are also exercisable on a cashless basis under certain circumstances, any time after the Initial Exercise Date, pursuant to the formula set forth in the Warrants. On October 15, 2021, after shareholder and Board approval of the reverse stock split, the exercise price for the Warrants was adjusted to \$3.956 per share. The reverse stock split and exercise price was retroactively reported in accordance with ASC 260-10-55-12, Restatement of EPS Data.

On the Closing Date, the Company received gross proceeds of approximately \$12.5 million, before deducting underwriting discounts and commissions and estimated Offering expenses. The Company intends to use the net proceeds from the Offering primarily for new product development, marketing, working capital and liability reduction purposes.

August 2021 Offering

On August 13, 2021, the Company entered into a securities purchase agreement with institutional accredited investors providing for an aggregate investment of \$3,999,999 for the issuance by the Company of (i) 1,333,333 shares of Series F Convertible Preferred Stock, par value \$0.0001 per share, of the Company (the “Series F Preferred Stock”) convertible into shares of common stock, par value \$0.0001 per share, of the Company that are issuable upon conversion of shares of Series F Preferred Stock; (ii) warrants, with a term of five and a half years exercisable after February 16, 2022, to purchase an aggregate of up to 666,667 shares of Common Stock at an exercise price of \$7.80 per share. The securities issued to the investors were exempt from registration under the Securities Act of 1933, as amended, or the Securities Act, in reliance on Section 4(a)(2) thereof and Rule 506 of Regulation D thereunder, based on representations made by the investors, their prior relationship with the Company, and the absence of any general solicitation. The Company used the net proceeds from this offering for working capital and liability reduction purposes. In the quarter ended September 30, 2021, 1,160,000 shares of Series F preferred stock were converted into 656,604 shares of common stock. On October 15, 2021, after shareholder and Board approval of the reverse stock split, the exercise price for the Warrants was adjusted to \$4.95 per share, and was retroactively reported in accordance with ASC 260-10-55-12, Restatement of EPS Data.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – STOCKHOLDERS’ EQUITY (CONTINUED)

February 2021 Offering

On February 2, 2021, the Company closed a registered direct offering and concurrent private placement pursuant to which the Company issued (i) an aggregate of 1,476,016 shares of Series E preferred stock, convertible into up to 295,203 shares of common stock, (ii) common stock purchase warrants to purchase up to 100,000 shares of common stock at an exercise price of \$12.30 per share, which were exercisable immediately and had a term of five years, and (iii) common stock purchase warrants to purchase up to 195,203 shares of common stock at an exercise price of \$12.30 per share with a term of five and one-half years first exercisable nine months after issuance, for gross proceeds of \$4,000,003, before deducting any offering expenses. The Company used the net proceeds from this offering for working capital and liability reduction purposes. In February 2021, 1,476,016 shares of Series E preferred stock were converted into 295,203 shares of common stock. Also in February 2021 the Company recorded a deemed dividend of \$1,480,801 from the beneficial conversion feature associated with the issuance of the Series E convertible preferred stock and warrants.

January 2021 Warrant exchange

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

In consideration for each exercise of the Original Warrant within 45 calendar days of the Amendment, in addition to the issuance of the Warrant Shares, the Company agreed to deliver a new warrant to purchase shares of the Company’s common stock equal to the number of Original Warrants that the Holder exercised, at an exercise price of \$15.25 per share, which represents the average Nasdaq Official Closing Price of the common stock for the five trading days immediately preceding the date of the Amendment (the “New Warrants”). The Investor held Original Warrants exercisable for up to 246,913 shares of common stock. In the first quarter of 2021, the Investor subsequently exercised all 246,913 Original Warrants within the 45 day period, and received 246,913 New Warrants in addition to the Warrant shares. The Company recorded a warrant modification expense of \$2,881,729 for the three months ended March 31, 2021 resulting from the issuance of 246,913 replacement warrants with an exercise price of \$1.525 for warrants that were exercised during the quarter.

December 2020 Offering

On December 18, 2020, the Company closed a registered direct offering and concurrent private placement pursuant to which the Company issued (i) an aggregate of 1,515,151 shares of Series D preferred stock, convertible into 303,030 shares of common stock, (ii) common stock purchase warrants to purchase up to 100,000 shares of common stock at an exercise price of \$4.90 per share, which were exercisable immediately and had a term of five years, and (iii) common stock purchase warrants to purchase up to 505,060 shares of common stock at an exercise price of \$4.90 per share with a term of five years and immediately exercisable, for gross proceeds of \$2,000,000, before deducting offering expenses. The Company used the net proceeds from this offering for working capital, new product initiatives and other general corporate purposes. On December 21, 2020, all 1,515,151 shares of Series D preferred stock were converted into 303,030 shares of common stock. During the year ended December 31, 2020, the Company recorded a deemed dividend of \$758,922 from the beneficial conversion feature associated with the issuance of the Series D convertible preferred stock and warrants.

July 2020 Offering

On July 14, 2020, the Company closed a registered direct offering and concurrent private placement of (i) an aggregate of 377,851 shares of the Company’s common stock, par value \$0.0001 per share; (ii) pre-funded warrants to purchase up to 73,497 shares of Common Stock at an exercise price of \$0.10 per share; (iii) registered warrants, with a term of five years exercisable immediately, to purchase up to 157,972 shares of Common Stock at an exercise price of \$5.00 per share; and (iv) unregistered warrants, with a term of five and one-half years first exercisable six months after issuance, to purchase up to 375,000 shares of Common Stock at an exercise price of \$6.50 per share, for gross proceeds of \$1,864,528, before deducting offering expenses. The Company used the net proceeds from this Offering for working capital, new product initiatives and other general corporate purposes.

On July 28, 2020, the Company received proceeds of \$7,350 in connection with the exercise of 73,497 pre-funded warrants to purchase common stock at an exercise price of \$0.10 per share.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - STOCKHOLDERS' EQUITY (CONTINUED)

Series C Preferred Stock

In May 2017, the Company authorized Series C Preferred Stock. Holders of Series C Preferred Stock are entitled to receive dividends of 15% per year, payable in cash. For the years ended December 31, 2021 and 2020, the Company recorded Series C Preferred Stock dividends of \$300,000 and \$100,000 respectively. In addition, in 2021 the Company entered into a settlement agreement and paid \$540,000 of dividends to settle a lawsuit filed by Giesecke+Devrient Mobile Security America, Inc over the calculation of prior dividends.

The Series C 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 Preferred Stock and unpaid dividends. If a "fundamental change" occurs, the Series C Preferred Stock shall be immediately redeemed in cash equal to the stated value of the Series C 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 Preferred Stock are entitled to vote on any matter submitted to the stockholders of the Company for a vote. One share of Series C 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 Preferred Stock contains a fundamental change provision, the security is considered conditionally redeemable. Therefore, the Company has classified the Series C Preferred Stock as temporary equity in the balance sheets at December 31, 2021 and 2020 until such time that events occur that indicate otherwise.

Warrants

The following table summarizes the Company's warrants outstanding and exercisable at December 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life In Years	Aggregate Intrinsic Value
Outstanding at January 1, 2020	697,322	\$ 28.30	3.53	-
Issued	1,139,032	5.40	5.00	-
Exercised	(257,972)	5.00	-	-
Cancelled	(9,375)	401.00	-	-
Outstanding and Exercisable at December 31, 2020	<u>1,569,007</u>	<u>\$ 13.30</u>	<u>4.10</u>	<u>\$ 10,850,158</u>
Issued	3,897,534	\$ 5.26	4.77	-
Exercised	(1,002,307)	9.07	-	-
Cancelled	(168,854)	38.32	-	-
Outstanding and Exercisable at December 31, 2021	<u>4,295,380</u>	<u>\$ 6.02</u>	<u>4.59</u>	<u>-</u>

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – STOCK INCENTIVE PLANS

2013 Long-Term Stock Incentive Plan

On January 4, 2013, the Company's stockholders approved the Company's Long-Term Stock Incentive Plan ("LTIP"). The maximum number of shares of common stock that may be issued under the 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.

During the year ended December 31, 2021, the Company issued a total of 36,467 stock options to four non-employee Board directors. The weighted average exercise price of these stock options was approximately \$4.39 per share and the stock options were fully vested at the issuance date. The aggregate fair value of the shares issued to the directors was \$160,000. During the year ended December 31, 2020, the Company issued a total of 33,527 options to four non-employee Board directors. The weighted average exercise price of these stock options was approximately \$4.80 per share and the stock options were fully vested at the issuance date. The aggregate fair value of the shares issued to the directors was \$160,000.

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.

During the year ended December 31, 2021, the Company issued 13,283 shares of common stock with an aggregate fair value of \$80,456 to certain employees related to the Company's 2019 and 2018 management incentive plan. During the year ended December 31, 2020, the Company issued 44,762 shares of common stock with an aggregate fair value of \$200,794 to certain employees related to the Company's 2019, 2018, and 2017 management incentive plan.

During the years ended December 31, 2021 and 2020, the Company accrued \$285,000 and \$200,000, respectively of management and employee bonus expense.

NOTE 11– INCOME TAXES

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

	Years Ended December 31,	
	2021	2020
Loss before income taxes:		
United States	\$ (11,503,620)	\$ (2,840,098)
Foreign	-	-
Loss before income taxes:	<u>\$ (11,503,620)</u>	<u>\$ (2,840,098)</u>

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES (CONTINUED)

The expense (benefit) for income taxes consists of:

	December 31,	
	2021	2020
Current income tax provision		
Federal	-	-
State	9,007	24,886
Foreign	-	-
	9,007	24,886
Deferred income tax (benefit)		
Federal	69,117	-
State	126,145	-
Foreign	-	-
	195,262	-
Total income tax provision (benefit)	\$ 204,269	\$ 24,886

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

	December 31,	
	2021	2020
Provision at Federal statutory rate	21.00%	21.00%
State income taxes, net of state valuation allowance	-0.94%	-2.63%
Warrant modification expense	-5.26%	0.00%
Other permanent tax adjustments	.63%	2.39%
Change in Federal valuation allowance	-14.34%	-21.64%
Prior period adjustments	-2.86%	0.00%
Provision for income taxes	(1.77)%	(0.88)%

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 \$2.9 million for the year ended December 31, 2021, compared to the increase of \$0.6 million for the year ended December 31, 2020.

LogicMark, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - INCOME TAXES (CONTINUED)

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

	December 31,	
	2021	2020
Deferred tax assets:		
Net operating loss carryforward	\$ 12,268,170	\$ 10,290,985
Tax credits	205,028	205,028
Lease liabilities	71,309	68,596
Accruals and reserves	105,394	213,627
Capital loss carryforwards	2,678,907	2,619,921
Intangible assets	457,935	336,067
Stock compensation	227,190	-
Federal effect of state taxes	26,490	-
Other	9,145	2,836
Total deferred tax assets before valuation allowance:	16,049,568	13,737,060
Valuation allowance	(15,675,392)	(12,744,883)
Deferred tax assets, net of valuation allowance	374,176	992,177
Deferred tax liabilities:		
Right-of-use assets	(69,736)	(68,240)
Taxable goodwill	(500,073)	(923,937)
Total deferred tax liabilities	(569,809)	(992,177)
Net deferred tax liability	\$ (195,633)	-

The net deferred tax liability as of December 31, 2021 and 2020 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, 2021, the Company had US federal and state net operating loss ("NOLs") carryovers of \$48,180,504 and \$47,200,800 respectively before tax effect. Federal and state NOL's generated through December 31, 2017 are available to offset future taxable income, which expire beginning in 2032. Federal NOL's generated for years starting after December 31, 2017 are available to offset future taxable income indefinitely. State NOL's 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 \$11,779,190 at December 31, 2021, which expire in 2024. The Company also has state capital loss carryovers of \$3,966,439 at December 31, 2021, which begin to expire in 2024, and have no carryback period. In addition, the Company had tax credit carryforwards of \$205,028 at December 31, 2021 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, 2021 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, 2021 or 2020. 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, 2020 and intends to timely file the income tax returns for the period ending December 31, 2021.

The Company is subject to taxation in the United States and various states. As of December 31, 2021, 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 12 - COMMITMENTS AND CONTINGENCIES

LEGAL MATTERS

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

As previously disclosed, on February 24, 2020, Michael J. Orlando (“Orlando”), as purported shareholder representative (the “Shareholder Representative”), and other former stockholders of Fit Pay, Inc. (collectively, the “Plaintiffs”) filed a lawsuit in the United States District Court for the Southern District of New York against the Company, CrowdOut Capital, LLC (“CrowdOut”), and Garmin International, Inc. (“Garmin”). Plaintiff’s Second Amended Complaint, dated July 30, 2020 (the “Complaint”), alleges that the Company breached certain contractual obligations under a merger agreement, dated May 23, 2017, between Fit Pay, Inc. and the Company, regarding certain future, contingent earnout payments. The Complaint sought unspecified monetary damages from the defendants. In an Amended Answer and Counterclaim filed September 9, 2020, the Company denied all liability and sought, inter alia, damages caused by Orlando’s alleged wrongdoing. On October 15, 2020, the court authorized the Company to make a motion for summary judgment and stayed all discovery pending resolution of, among other things, that motion. On March 31, 2022, the court granted the Company’s motion of summary judgment and also dismissed the Company’s counterclaims, thus concluding the litigation.

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

COMMITMENTS

The Company leases office space and 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, which is for office space and 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 monthly rent which commenced in September 2020 is \$6,000 per month and increases approximately 3% annually thereafter. The ROU asset value added as a result of this new lease agreement was \$279,024. The Company’s ROU asset and lease liability accounts reflect the inclusion of this lease in the Company’s balance sheet as of December 31, 2021.

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 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

For the year ended December 31, 2021, total operating lease cost was \$90,986 and is recorded in cost of sales and selling, general and administrative expenses, dependent on the nature of the leased asset. The operating lease cost is recognized on a straight-line basis over the lease term. The following summarizes (i) the future minimum undiscounted lease payments under the non-cancelable lease for each of the next four 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, 2021:

Year Ending December 31,

2022	\$ 93,385
2023	89,724
2024	80,000
2025	54,400
Total future minimum lease payments	<u>\$ 317,509</u>
Less imputed interest	(63,600)
Total present value of future minimum lease payments	<u>\$ 253,909</u>

As of December 31, 2021

Operating lease right-of-use assets	\$ 253,909
Other accrued expenses	\$ 64,346
Other long-term liabilities	\$ 189,563
	<u>\$ 253,909</u>

As of December 31, 2021

Weighted Average Remaining Lease Term	3.3 years
Weighted Average Discount Rate	12.80%

Coronavirus – COVID-19

The COVID-19 coronavirus has caused governments to implement quarantines and restrictions on travel and has caused business interruptions and a worldwide pandemic. The Company's primary supply chain is located in Hong Kong and other Asian-based locations. To date, the Company's supply chain has not experienced significant disruptions, as the Company has been able to manage supply chain issues. However, the pandemic has impacted the Company's primary customers, large hospitals and smaller clinics. The smaller clinics in particular have been focused on saving lives rather than quality of life during the pandemic, therefore needing less of the Company's products. While the Company expects this matter to negatively impact the Company's financial condition, results of operations, or cash flows, the extent of the financial impact and duration cannot be reasonably estimated at this time.

NOTE 13 - SUBSEQUENT EVENTS

On December 30, 2021, the Company's two operating subsidiaries, LogicMark LLC and 3D-ID LLC, were merged into Nxt-ID, Inc. and the separate legal existences of LogicMark LLC and 3D-ID LLC ceased. On February 28, 2022, the name of the Company was changed to LogicMark, Inc.

Effective February 15, 2022, the Company's board of directors appointed Mark Archer as the Company's Chief Financial Officer. In connection with the appointment, the Company and FLG Partners, LLC ("FLG Partners"), of which Mr. Archer is a partner, entered into an amendment, effective as of July 15, 2021 (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 \$2,000 per month, payable to Mr. Archer only and to issue 129,384 restricted shares of Common Stock to Mr. Archer and 6,810 to FLG Partners; a quarter of each issuance will vest on July 15, 2022, with subsequent vesting at 6.25% for each three-month period thereafter.

On February 21, 2022, the Company's board of directors appointed Sherice R. Torres as a director and on March 15, 2022, the Company's board of directors appointed John Pettitt as a director, increasing board membership to seven.

**DESCRIPTION OF SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2021, LogicMark, Inc. (the “Company,” “we,” “us” or “our”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock, par value \$0.0001 per share (the “Common Stock”).

General

The following description of our capital stock and certain provisions of our certificate of incorporation, as amended (“Certificate of Incorporation”), and our by-laws (“Bylaws”) are summaries and are qualified by reference to our Certificate of Incorporation and Bylaws. Copies of these documents can be accessed through hyperlinks to those documents in the list of exhibits in our Annual Report on Form 10-K for the fiscal year ending December 31, 2021.

We are authorized to issue 110,000,000 shares of its capital stock consisting of (a) 100,000,000 shares of Common Stock and (b) 10,000,000 shares of “blank check” preferred stock, par value \$0.0001 per share, of which 2,000 shares of preferred stock were designated as the Series C Non-Convertible Preferred Stock, par value \$0.0001 per share, and 1,333,333 shares of preferred stock were designated as the Series F Convertible Preferred Stock, par value \$0.0001 per share.

Common Stock

Each share of Common Stock entitles the holder to one vote, either in person or by proxy, at meetings of stockholders. Our stockholders are not permitted to vote their shares cumulatively. Accordingly, the holders of our Common Stock who hold, in the aggregate, more than 50% of the total voting rights can elect all of our directors and, in such event, the holders of the remaining minority shares will not be able to elect any of such directors. The vote of the holders of a majority of the issued and outstanding shares of Common Stock entitled to vote thereon is sufficient to authorize, affirm, ratify or consent to such act or action, except as otherwise provided by law.

Holders of Common Stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available. We have not paid any dividends since our inception, and we presently anticipate that all earnings, if any, will be retained for development of our business. Any future disposition of dividends will be at the discretion of our board of directors and will depend upon, among other things, our future earnings, operating and financial condition, capital requirements, and other factors.

Holders of our Common Stock have no preemptive rights or other subscription rights, conversion rights, registration rights, redemption or sinking fund provisions by virtue of only holding such shares. Upon our liquidation, dissolution or winding up, the holders of our Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities.

Anti-Takeover Provisions

Provisions of the Delaware General Corporation Law (the “DGCL”) and our Certificate of Incorporation and Bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in improved terms for our stockholders.

Section 203 of the DGCL. We are subject to Section 203 of the DGCL, which generally prohibits a publicly held Delaware corporation from engaging in any “business combination” with any interested stockholder for a period of three (3) years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 of the DGCL defines a “business combination” to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 of the DGCL defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three (3) years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Anti-Takeover Effects of Certain Provisions of our Bylaws

Our Bylaws provide that directors may be removed by the stockholders with or without cause upon the vote of a majority of the holders of Common Stock then entitled to vote. Furthermore, the authorized number of directors may be changed only by resolution of our board of directors or of our stockholders, and vacancies may only be filled by a majority vote of the directors, including those who may have resigned. Except as otherwise provided in the Bylaws and the Certificate of Incorporation any vacancies or newly created directorships on our board of directors resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

Our Bylaws also provide that only our chairman of the board of directors, chief executive officer, president or one or more stockholders holding shares in the aggregate entitled to cast not less than ten percent of the votes at that meeting may call a special meeting of stockholders.

The combination of these provisions makes it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our Common Stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure the Company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Listing

Our Common Stock is listed on the Nasdaq Capital Market under the symbol "LGMK".

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Nevada Agency and Transfer Company. The transfer agent's address is 50 West Liberty Street, Suite 880, Reno NV 89501 and its telephone number is (775) 322-0626.

SERIES F
PREFERRED STOCK

SERIES F
PREFERRED STOCK

Number _____

Shares * _____ *

NXT-ID, INC.
Incorporated Under the Laws of the State of Delaware

Series F Convertible Preferred Stock, \$0.0001 Par Value Per Share

See Reverse Sides on Restrictions on Transfer

This certifies that _____ is the owner of _____ fully paid and non-assessable shares of the Series F Convertible Preferred Stock of Nxt-ID, Inc., a Delaware corporation (the "Corporation"), transferable in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are subject to the provisions of the Certificate of Incorporation, as amended and as may be further amended, from time to time, the Certificate of Designation of Preferences, Rights and Limitations of Series F Convertible Preferred Stock, as may be amended, from time to time, and the By-laws of the Corporation, as may be amended, from time to time, and to the rights, preferences and voting powers of the Series F Convertible Preferred Stock of the Corporation now or hereinafter outstanding, the terms of all such provisions, rights, preferences and voting powers being incorporated herein by reference.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by its duly authorized officer and its seal to be hereunder affixed this 16th day of August, 2021.

(SEAL)

Chia-Lin Simmons, President and Chief Executive Officer

Chia-Lin Simmons, Secretary

NXT-ID, INC.

NXT-ID, INC.'S AUTHORIZED CAPITAL STOCK INCLUDES PREFERRED STOCK, INCLUDING SERIES F PREFERRED STOCK, WHICH, WHEN ISSUED, SHALL HAVE CERTAIN PREFERENCES OR SPECIAL RIGHTS IN THE PAYMENT OF DIVIDENDS, IN VOTING, UPON LIQUIDATION, OR OTHERWISE. THE CORPORATION, UPON REQUEST, WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS AND A COPY OF THE PORTIONS OF THE CERTIFICATE OF INCORPORATION, AS AMENDED, OF THE CORPORATION OR CERTIFICATE OF DESIGNATION CONTAINING THE DESIGNATIONS, PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS OF ALL SHARES AND ANY CLASS OR SERIES THEREOF.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN OR DESTROYED, THE CORPORATION WILL REQUIRE EVIDENCE OF SUCH LOSS, THEFT OR DESTRUCTION OF SUCH CERTIFICATE, AND OF THE OWNERSHIP HEREOF REASONABLY SATISFACTORY TO THE CORPORATION AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

SET FORTH ON THE FOLLOWING PAGES IS THE CERTIFICATE OF DESIGNATION OF PREFERENCES, RIGHTS AND LIMITATIONS OF SERIES F CONVERTIBLE PREFERRED STOCK.

TERMS OF PREFERRED STOCK

Section 1. Definitions. For the purposes hereof, the following terms shall have the following meanings:

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the Securities Act.

“Alternate Consideration” shall have the meaning set forth in Section 7(d).

“Beneficial Ownership Limitation” shall have the meaning set forth in Section 6(e).

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided that banks shall not be deemed to be authorized or obligated to be closed due to a “shelter in place,” “non-essential employee” or similar closure of physical branch locations at the direction of any governmental authority if such banks’ electronic funds transfer systems (including for wire transfers) are open for use by customers on such day.

“Buy-In” shall have the meaning set forth in Section 6(d)(iv).

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the Corporation’s common stock, par value \$0.0001 per share, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Corporation or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Conversion Amount” means the sum of the Stated Value at issue.

“Conversion Date” shall have the meaning set forth in Section 6(a).

“Conversion Price” shall have the meaning set forth in Section 6(c).

“Conversion Shares” means, collectively, the shares of Common Stock issuable upon conversion of the shares of Preferred Stock in accordance with the terms hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fundamental Transaction” shall have the meaning set forth in Section 7(d).

“GAAP” means United States generally accepted accounting principles.

“Holder” shall have the meaning given such term in Section 2.

“Junior Stock” shall have the meaning set forth in Section 9.

“Liquidation” shall have the meaning set forth in Section 5.

“New York Courts” shall have the meaning set forth in Section 10(d).

“Notice of Conversion” shall have the meaning set forth in Section 6(a).

“Original Issue Date” means the date of the first issuance of any shares of the Preferred Stock regardless of the number of transfers of any particular shares of Preferred Stock and regardless of the number of certificates which may be issued to evidence such Preferred Stock.

“Parity Stock” shall have the meaning set forth in Section 9.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Stock” shall have the meaning set forth in Section 2.

“Required Holders” shall have the meaning set forth in Section 9.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Senior Preferred Stock” shall have the meaning set forth in Section 9.

“Share Delivery Date” shall have the meaning set forth in Section 6(d).

“Stated Value” shall have the meaning set forth in Section 2.

“Subsidiary” means any direct or indirect subsidiary of the Corporation as set and shall, where applicable, also include any direct or indirect subsidiary of the Corporation formed or acquired after the date Original Issue Date.

“Successor Entity” shall have the meaning set forth in Section 7(d).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means VStock Transfer, LLC, with an address at 18 Lafayette Place, Woodmere, NY 11598, telephone number is (212) 828-8436, and any successor transfer agent of the Corporation.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Preferred Stock then outstanding and reasonably acceptable to the Corporation, the fees and expenses of which shall be paid by the Corporation.

Section 2. Designation, Amount and Par Value. The series of preferred stock shall be designated as its Series F Convertible Preferred Stock (the “Preferred Stock”) and the number of shares so designated shall be 1,333,333 (which shall not be subject to increase without the written consent of all of the holders of the Preferred Stock (each, a “Holder” and collectively, the “Holders”). Each share of Preferred Stock shall have a par value of \$0.0001 per share and a stated value equal to \$3.00 (the “Stated Value”). The Preferred Stock will initially be issued in a physical Preferred Stock certificate.

Section 3. Dividends. Holders shall be entitled to receive, and the Corporation shall pay, by issuing shares of Common Stock to Holders, dividends on shares of Preferred Stock, based on the Stated Value, at a rate of ten percent (10%) per annum, commencing on the Original Issue Date until the earlier of (i) the date that the Preferred Stock is converted to Common Stock or (ii) twelve (12) months after the Original Issue Date (the “Dividend Termination Date”). Such dividends shall accrue and be compounded daily on the basis of a 360-day day year and twelve (12) 30-day months and shall be paid either promptly after conversion of the Preferred Stock or on the Dividend Termination Date, if the Preferred Stock has not been converted prior to the Dividend Termination Date. No other dividends shall be paid on shares of Preferred Stock.

Section 4. Voting Rights. The Preferred Shares will vote with the shares of Common Stock, on an as-converted to Common Stock basis, with respect to all matters on which the holders of Common Stock are entitled to vote, subject to any applicable Beneficial Ownership Limitations. In addition, as long as any shares of Preferred Stock are outstanding, the Corporation shall not, without the affirmative vote of the Holders of a majority of the then outstanding shares of the Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Preferred Stock or alter or amend this Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the Holders, (c) increase the number of authorized shares of Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Section 5. Liquidation. Upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary (a “Liquidation”), the Holders shall be entitled to receive out of the assets, whether capital or surplus, of the Corporation the greater of the following amounts:

(a) the aggregate Stated Value of the Preferred Shares; or

(b) the amount the Holder would be entitled to receive if the Preferred Stock were fully converted (disregarding for such purposes any conversion limitations hereunder) to Common Stock which amounts shall be paid pari passu with all holders of Common Stock.

In addition, in the case of either (a) or (b) above, the Holders will be entitled to the payment of all accrued and unpaid dividends on the Preferred Stock and, in the event any of such dividends are payable in shares of Common Stock, the cash value of such shares of Common Stock upon Liquidation. The Corporation shall mail written notice of any such Liquidation, not less than forty-five (45) days prior to the payment date stated therein, to each Holder.

Section 6. Conversion.

a) Conversions at Option of Holder. Each share of Preferred Stock shall be convertible, at any time and from time to time on or after the Original Issue Date, at the option of the Holder thereof, into that number of shares of Common Stock (subject to the limitations set forth in Section 6(e)) determined by dividing the Stated Value of such share of Preferred Stock by the Conversion Price. Holders shall also be paid any accrued and unpaid cash dividends and/or issued shares of Common Stock, if dividends are payable in shares of Common Stock, based on the applicable rate of conversion, at the same time the Conversion Shares are issued to the Holders. Holders shall effect conversions by providing the Corporation with the form of conversion notice attached hereto as Annex A (a “Notice of Conversion”). Each Notice of Conversion shall specify the number of shares of Preferred Stock to be converted, the number of shares of Preferred Stock owned prior to the conversion at issue, the number of shares of Preferred Stock owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date the applicable Holder delivers by facsimile or email such Notice of Conversion to the Corporation (such date, the “Conversion Date”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Corporation is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. To effect conversions of shares of Preferred Stock, a Holder shall not be required to surrender the certificate(s) representing the shares of Preferred Stock to the Corporation unless all of the shares of Preferred Stock represented thereby are so converted, in which case such Holder shall deliver the certificate representing such shares of Preferred Stock promptly following the Conversion Date at issue. Shares of Preferred Stock converted into Common Stock or redeemed in accordance with the terms hereof shall be canceled, shall resume the status of authorized but unissued shares of preferred stock and shall not be reissued as Series F Convertible Preferred Stock.

b) Reserved.

c) Conversion Price. The conversion price for the Preferred Stock shall equal \$0.60 (the “Conversion Price”), subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the Original Issue Date as set forth in Section 7 hereof. In addition to any other adjustments described in this Section 6(c), the Conversion Price shall be subject to adjustment (individually, a “Conversion Price Reset” and the “Conversion Price Resets”) as follows: (i) upon the Commission declaring effective the Resale Registration Statement (the “Resale Registration Statement”) referred to in that certain Securities Purchase Agreement, dated at or about the date hereof between the Corporation and the initial Holders of the Preferred Stock, the Conversion Price shall be equal to 90% of the average VWAPs reported on the Nasdaq Stock Market LLC for the five consecutive Trading Dates after the effective date of the Resale Registration Statement (the “Conversion Price Reset Calculation Period”) if 90% of the average VWAPs for the Conversion Price Reset Calculation Period is lower than the Conversion Price in effect at the time of the effective date of the Resale Registration Statement; and (ii) upon the closing of the Company’s next follow on public offering (the “Public Offering”) the Conversion Price shall be reset to be the public offering price of the Common Stock in the Public Offering if such public offering price is lower than the Conversion Price in effect at the time of the closing of the Public Offering. If any Holder converts shares of the Preferred Stock during the Conversion Price Reset Calculation Period and there is a Conversion Price Reset then the number of shares of Common Stock to be issued to such Holder for any conversions during the Conversion Price Reset Calculation Period and thereafter shall be based upon the newly reset price and the Holders will be promptly issued additional shares of Common Stock for Conversions made during the Conversion Price Reset Calculation Period and prior to a Conversion Price Reset as if such Conversions were made at such lower Conversion Price. The Conversion Price shall be rounded down to the nearest \$0.01, and the Conversion Price shall in no event lower than \$0.375.

d) Mechanics of Conversion.

i. Delivery of Conversion Shares Upon Conversion. Not later than the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined below) after each Conversion Date (the "Share Delivery Date"), the Corporation shall deliver, or cause to be delivered, to the converting Holder (A) Conversion Shares which shall be free of restrictive legends and trading restrictions representing the number of Conversion Shares being acquired upon the conversion of the Preferred Stock, and (B) a bank check in the amount of accrued and unpaid cash dividends, if any, or additional shares of Common Stock if any accrued and unpaid dividends are payable in shares of Common Stock. On any date of delivery of Conversion Shares, the Corporation shall use its best efforts to deliver the Conversion Shares required to be delivered by the Corporation and any additional shares of Common Stock in payment of accrued and unpaid dividends, as applicable under this Section 6 electronically through the Depository Trust Company or another established clearing corporation performing similar functions. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Corporation's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Conversion or on the date of a mandatory conversion, as applicable. Notwithstanding the foregoing, with respect to any Notice(s) of Conversion delivered by 9:00 a.m. (New York City time) on the Original Issue Date, the Corporation agrees to deliver the Conversion Shares subject to such notice(s) by 4:00 p.m. (New York City time) on the Original Issue Date, and the Original Issue Date being deemed the "Share Delivery Date" with respect to any such Notice(s) of Conversion. Notwithstanding the foregoing, if the Company receives a Notice of Conversion during any Conversion Price Reset Calculation Period, the Company shall deliver the number of shares of Common Stock based on the Conversion Price set forth in the applicable Notice of Conversion. Upon the completion of the Conversion Price Reset Calculation Period, the Corporation, if and as applicable, shall true up the number of shares of Common Stock due the Holder based on the determination of the Conversion Price Reset and promptly deliver such additional shares of Common Stock to the Holder.

ii. Failure to Deliver Conversion Shares. If, in the case of any Notice of Conversion, such Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Corporation at any time on or before its receipt of such Conversion Shares, to rescind such Conversion, in which event the Corporation shall promptly return to the Holder any original Preferred Stock certificate delivered to the Corporation and the Holder shall promptly return to the Corporation the Conversion Shares issued to such Holder pursuant to the rescinded Notice of Conversion.

iii. Obligation Absolute; Partial Liquidated Damages. The Corporation's obligation to issue and deliver the Conversion Shares upon conversion of Preferred Stock in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by a Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by such Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by such Holder or any other person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to such Holder in connection with the issuance of such Conversion Shares; provided, however, that such delivery shall not operate as a waiver by the Corporation of any such action that the Corporation may have against such Holder. In the event a Holder shall elect to convert any or all of the Stated Value of its Preferred Stock, the Corporation may not refuse conversion based on any claim that such Holder or any one associated or affiliated with such Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and/or enjoining conversion of all or part of the Preferred Stock of such Holder shall have been sought and obtained, and the Corporation posts a surety bond for the benefit of such Holder in the amount of 150% of the Stated Value of Preferred Stock which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to such Holder to the extent it obtains judgment. In the absence of such injunction, the Corporation shall issue Conversion Shares and, if applicable, cash, upon a properly noticed conversion. If the Corporation fails to deliver to a Holder such Conversion Shares pursuant to Section 6(c)(i) by the Share Delivery Date applicable to such conversion, the Corporation shall pay to such Holder, in cash, as liquidated damages and not as a penalty, for each \$5,000 of Stated Value of Preferred Stock being converted, \$50 per Trading Day (increasing to \$100 per Trading Day on the third Trading Day and increasing to \$200 per Trading Day on the sixth Trading Day after such damages begin to accrue) for each Trading Day after the Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion. Nothing herein shall limit a Holder's right to pursue actual damages for the Corporation's failure to deliver Conversion Shares within the period specified herein and such Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit a Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

iv. Compensation for Buy-In on Failure to Timely Deliver Conversion Shares Upon Conversion. In addition to any other rights available to the Holder, if the Corporation fails for any reason to deliver to a Holder the applicable Conversion Shares by the Share Delivery Date pursuant to Section 6(c)(i), and if after such Share Delivery Date such Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by such Holder of the Conversion Shares which such Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Corporation shall (A) pay in cash to such Holder (in addition to any other remedies available to or elected by such Holder) the amount, if any, by which (x) such Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that such Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of such Holder, either reissue (if surrendered) the shares of Preferred Stock equal to the number of shares of Preferred Stock submitted for conversion (in which case, such conversion shall be deemed rescinded) or deliver to such Holder the number of shares of Common Stock that would have been issued if the Corporation had timely complied with its delivery requirements under Section 6(c)(i). For example, if a Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion of shares of Preferred Stock with respect to which the actual sale price of the Conversion Shares (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, the Corporation shall be required to pay such Holder \$1,000. The Holder shall provide the Corporation written notice indicating the amounts payable to such Holder in respect of the Buy-In and, upon request of the Corporation, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Corporation's failure to timely deliver Conversion Shares upon conversion of the shares of Preferred Stock as required pursuant to the terms hereof.

v. Reservation of Shares Issuable Upon Conversion and Payment of Dividends in Shares of Common Stock. The Corporation covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon conversion of the Preferred Stock as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Preferred Stock), not less than such aggregate number of shares of the Common Stock as shall be issuable (taking into account the adjustments and restrictions of Section 7) upon the conversion of the then outstanding shares of Preferred Stock and the payment of any and all dividends payable to the Holders in shares of Common Stock. The Corporation covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

vi. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the Preferred Stock or the payment of dividends in Common Stock. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion or any shares of Common Stock issuable upon the payment of dividends in shares of Common Stock, the Corporation shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share. Notwithstanding anything to the contrary contained herein, but consistent with the provisions of this subsection with respect to fractional Conversion Shares, nothing shall prevent any Holder from converting fractional shares of Preferred Stock.

vii. Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Preferred Stock and the issuance of Dividend Shares, shall be made without charge to any Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares or Dividend Shares, provided that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares or Dividend Shares upon conversion in a name other than that of the Holders of such shares of Preferred Stock and the Corporation shall not be required to issue or deliver such Conversion Shares or Dividend Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid. The Corporation shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares and/or any Dividend Shares.

e) Beneficial Ownership Limitation. The Corporation shall not effect any conversion of the Preferred Stock, and a Holder shall not have the right to convert any portion of the Preferred Stock, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such Holder (together with such Holder's Affiliates, and any Persons acting as a group together with such Holder or any of such Holder's Affiliates (such Persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by such Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of the Preferred Stock with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted Stated Value of Preferred Stock beneficially owned by such Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, the Preferred Stock) beneficially owned by such Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 6(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 6(e) applies, the determination of whether the Preferred Stock is convertible (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and of how many shares of Preferred Stock are convertible shall be in the sole discretion of such Holder, and the submission of a Notice of Conversion shall be deemed to be such Holder's determination of whether the shares of Preferred Stock may be converted (in relation to other securities owned by such Holder together with any Affiliates and Attribution Parties) and how many shares of the Preferred Stock are convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, each Holder will be deemed to represent to the Corporation each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and the Corporation shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 6(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) the Corporation's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by the Corporation or (iii) a more recent written notice by the Corporation or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request (which may be via email) of a Holder, the Corporation shall within two Trading Days confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including the Preferred Stock, by such Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any shares of Preferred Stock, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of Preferred Stock held by the applicable Holder. A Holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 6(e) applicable to its Preferred Stock provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Preferred Stock held by the Holder and the provisions of this Section 6(e) shall continue to apply. Any such increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation and shall only apply to such Holder and no other Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 6(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Preferred Stock.

Section 7. Certain Adjustments.

a) Stock Dividends and Stock Splits. If the Corporation, at any time while this Preferred Stock is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any other Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Corporation upon conversion of, or payment of a dividend on, this Preferred Stock), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Corporation, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Corporation) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 7(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 7(a) above, if at any time the Corporation grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of such Holder's Preferred Stock (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Preferred Stock is outstanding, if the Corporation declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Preferred Stock, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Preferred Stock (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Preferred Stock is outstanding, (i) the Corporation, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Corporation with or into another Person, (ii) the Corporation, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Corporation or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Corporation, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Corporation, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a “Fundamental Transaction”), then, upon any subsequent conversion of this Preferred Stock, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 6(e) on the conversion of this Preferred Stock), the number of shares of Common Stock of the successor or acquiring corporation or of the Corporation, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Preferred Stock is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 6(e) on the conversion of this Preferred Stock). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Corporation shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Preferred Stock following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Corporation or surviving entity in such Fundamental Transaction shall file a new Certificate of Designation with the same terms and conditions and issue to the Holders new preferred stock consistent with the foregoing provisions and evidencing the Holders’ right to convert such preferred stock into Alternate Consideration. The Corporation shall cause any successor entity in a Fundamental Transaction in which the Corporation is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Corporation under this Certificate of Designation in accordance with the provisions of this Section 7(d) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Preferred Stock, deliver to the Holder in exchange for this Preferred Stock a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Preferred Stock which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Preferred Stock (without regard to any limitations on the conversion of this Preferred Stock) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Preferred Stock immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designation referring to the “Corporation” shall refer instead to the Successor Entity), and may exercise every right and power of the Corporation and shall assume all of the obligations of the Corporation under this Certificate of Designation with the same effect as if such Successor Entity had been named as the Corporation herein.

e) Calculations. All calculations under this Section 7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 7, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Corporation) issued and outstanding.

f) Notice to the Holders.

i. Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 7, the Corporation shall promptly deliver to each record Holder by facsimile or email a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Holder. If (A) the Corporation shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Corporation shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Corporation shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Corporation is a party, any sale or transfer of all or substantially all of the assets of the Corporation, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property or (E) the Corporation shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Corporation, then, in each case, the Corporation shall cause to be filed at each office or agency maintained for the purpose of conversion of this Preferred Stock, and shall cause to be delivered by facsimile or email to each record Holder at its last facsimile number or email address as it shall appear upon the stock books of the Corporation, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Corporation or any of the Subsidiaries, the Corporation shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to convert the Conversion Amount of this Preferred Stock (or any part hereof) during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 8. Redemption.

a) Generally. The Preferred Stock is perpetual and has no maturity date. Provided that no shares of the Corporation's Series C Preferred Stock are outstanding, the Corporation may, at its option, at any time on or after the fifth anniversary of the Original Issue Date (the "Redemption Date"), if all of the shares of Preferred Stock have not been converted to shares of Common Stock prior to the Redemption Date, redeem the outstanding shares of Preferred Stock, in whole or in part, at any time after the Redemption Date, at a cash redemption price per share of Preferred Stock equal to the Stated Value (the "Redemption Price"). In the event that the Common Stock ceases to trade on a national exchange for twenty consecutive Trading Days, if at least a majority of the Holders so elect, they may present the Corporation with a notice of Redemption. The Redemption Price for any shares of Preferred Stock shall be payable to the Holder of such shares of Preferred Stock against surrender of the certificate(s) evidencing such shares, if any, to the Corporation or its agent, if the shares of the Preferred are issued in certificated form.

b) No Sinking Fund. The Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. In the event of a request for a Redemption by the Holders for which the Corporation is unable to fund, the Corporation and the Holders agree to negotiate in good faith toward a mutually satisfactory, acceptable resolution.

c) Notice of Redemption. Notice of every redemption of shares of Preferred Stock shall be given to the Holders in the manner provided for notices in Section 10(a) hereafter. Such mailing shall be at least thirty (30) days and not more than sixty (60) days before the date fixed for redemption. Any notice sent as provided in this subsection shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any Holder of shares of Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Preferred Stock. Notwithstanding the foregoing, if the Preferred Stock are issued in book-entry form through DTC or any other similar facility, DTC or such other facility will provide notice of redemption by any authorized method to Holders of record of the applicable shares of Preferred Stock not less than thirty (30), nor more than sixty (60) days prior to the date fixed for redemption of the shares of Preferred Stock. Each notice of redemption given to a Holder shall state: (1) the redemption date; (2) the number of shares of Preferred Stock to be redeemed and, if less than all the shares held by such Holder are to be redeemed, the number of such shares of Preferred Stock to be redeemed from such Holder; (3) the Redemption Price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price. Any Notice of Redemption provided by the Holders shall provide the Corporation with no less than thirty (30) days' notice of their Redemption request.

d) Partial Redemption. In case of any redemption of only part of the shares of Preferred Stock at the time outstanding, the shares of Preferred Stock to be redeemed shall be redeemed, by the Corporation, pro rata from the Holders of record of the shares of Preferred Stock in proportion to the number of shares of Preferred Stock held by such Holders. Subject to the provisions hereof, the Board of Directors shall have full power and authority to prescribe the terms and conditions on which shares of Preferred Stock shall be redeemed from time to time. If the Corporation shall have issued certificates for the Preferred Stock and fewer than all shares represented by any certificates are redeemed, new certificates shall be issued representing the unredeemed shares of Preferred Stock without charge to the Holders thereof.

e) Effectiveness of Redemption. If notice of redemption has been duly given, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation in the case that the shares of Preferred Stock are issued in certificated form, on and after the redemption date all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the Holders thereof to receive the amount payable on such redemption, without interest.

f) Other. The Corporation's obligations under this Section 8 and the Holders rights herein are in all cases subject to the rights of the holders of any senior class of equity.

Section 9. Ranking. Except to the extent that the holders of at least a majority of the outstanding Preferred Stock (the "Required Holders") expressly consent to the creation of Parity Stock (as defined below) or Senior Preferred Stock (as defined below), all shares of Common Stock and all shares of capital stock of the Corporation authorized or designated after the date of the designation of the Preferred Stock shall be junior in rank to the Preferred Stock with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (such junior stock is referred to herein collectively as "Junior Stock"). Without limiting any other provision of this Certificate of Designation, without the prior express consent of the Required Holders, voting separate as a single class, the Corporation shall not hereafter authorize or issue any additional or other shares of capital stock that is (i) of senior rank to the Preferred Stock in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (collectively, the "Senior Preferred Stock") or (ii) of pari passu rank to the Preferred Stock in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Corporation (collectively, the "Parity Stock").

Section 10. Miscellaneous.

a) Notices. Any and all notices or other communications or deliveries to be provided by the Holders or the Corporation hereunder including, without limitation, any Notice of Conversion, shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service, addressed to (i) the Corporation at the address set forth above Attention: Chia-Lin Simmons , Chief Executive Officer, email address chialin@nxt-id.com or such other email address or address as the Corporation may specify for such purposes by notice to the Holders delivered in accordance with this Section 8 or (ii) the applicable Holder at the most current address for such Holder, in the Corporation's records, or such other email address or address as such Holder may specify for such purposes by notice to the Corporation delivered in accordance with this Section 8. Any and all notices or other communications or deliveries to be provided by the Corporation or the Holders hereunder shall be in writing and delivered personally, by email, or sent by a nationally recognized overnight courier service addressed to each record Holder or at the email address or address of such Holder appearing on the books of the Corporation or to the Corporation at the address set forth above. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email at the email address set forth in this Section 8 prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email at the email address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given

b) Absolute Obligation. Except as expressly provided herein, no provision of this Certificate of Designation shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay liquidated damages and accrued dividends, as applicable, on the shares of Preferred Stock at the time, place, and rate, and in the coin or currency, herein prescribed

c) Lost or Mutilated Preferred Stock Certificate. If a Holder's Preferred Stock certificate shall be mutilated, lost, stolen or destroyed, the Corporation shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated certificate, or in lieu of or in substitution for a lost, stolen or destroyed certificate, a new certificate for the shares of Preferred Stock so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such certificate, and of the ownership hereof reasonably satisfactory to the Corporation.

d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Certificate of Designation shall be governed by and construed and enforced in accordance with the internal laws of the State of Delaware, without regard to the principles of conflict of laws thereof. All legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by this Certificate of Designation (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "New York Courts"). The Corporation and each Holder hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. The Corporation and each Holder hereby irrevocably waive personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Certificate of Designation and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. The Corporation and each Holder hereto hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Certificate of Designation or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Certificate of Designation, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

e) Waiver. Any waiver by the Corporation or a Holder of a breach of any provision of this Certificate of Designation shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Certificate of Designation or a waiver by any other Holders. The failure of the Corporation or a Holder to insist upon strict adherence to any term of this Certificate of Designation on one or more occasions shall not be considered a waiver or deprive that party (or any other Holder) of the right thereafter to insist upon strict adherence to that term or any other term of this Certificate of Designation on any other occasion. Any waiver by the Corporation or a Holder must be in writing.

f) Severability. If any provision of this Certificate of Designation is invalid, illegal or unenforceable, the balance of this Certificate of Designation shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law

g) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

h) Headings. The headings contained herein are for convenience only, do not constitute a part of this Certificate of Designation and shall not be deemed to limit or affect any of the provisions hereof.

i) Status of Converted or Redeemed Preferred Stock. If any shares of Preferred Stock shall be converted, redeemed or reacquired by the Corporation, such shares shall resume the status of authorized but unissued shares of preferred stock and shall no longer be designated as Series F Convertible Preferred Stock.

ASSIGNMENT

FOR VALUE RECEIVED, _____ HEREBY SELLS, ASSIGNS AND TRANSFERS UNTO

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

_____ (_____) shares of the Series F Convertible Preferred Stock, \$0.0001 par value per share, of the Corporation represented by this Certificate and does hereby irrevocably constitute and appoint _____ attorney to transfer the said shares on the books of the Corporation, with full power of substitution in the premises.

Dated _____

Signature _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.



FIRST AMENDMENT TO CONFIDENTIAL CONSULTING AGREEMENT

This first amendment (the “First Amendment”) to the Confidential Consulting Agreement dated July 15, 2021 (the “Agreement”) by and between the parties hereto, is executed as of the date shown on the signature page (the “Effective Date”), by and between FLG Partners, LLC, a California limited liability company (“FLG”), and Nxt-ID Inc., a Delaware corporation. (“Client” or “Company”). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Agreement

RECITALS

WHEREAS, the parties hereto wish to amend the Agreement;

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

WHEREAS, FLG has been continuously retained by Client since July 15, 2021; and

WHEREAS, the parties hereto wish to amend the terms of the Agreement;

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

1. **Description of Services.** Exhibit A, paragraph 1, is appended to include “FLG Member will not be described in public filings, Client press releases, or Client’s website as ‘interim’, ‘temporary’, or in similar language.”
 2. **Term.** The term of the Agreement is hereby made annual with one year renewals if mutually agreed upon and terminable by either party upon 60 days’ written notice to the other.
 3. **Fee.** \$10,000 per week without regard to actual hours worked, invoiced biweekly; provided, however, that it is anticipated that the FLG Member shall ordinarily provide services to Client of no less than 20 hours per week. In addition, FLG Member may separately invoice Client for a \$2,000 monthly administrative charge, payable to FLG Member directly.
 4. **Other Compensation.** 136,194 shares of Restricted Stock in Client (the “RS Award”). Twenty-five per cent (25%) of the RS Award shall vest on July 15, 2022, with subsequent vesting at the rate of 6.25% of the RS Award for each three- month period thereafter. (Fractional shares at vesting shall be rounded to the nearest whole share.) Upon termination of the Agreement, any unvested RS Award for the quarter in which termination occurs shall vest. Subject to compliance with applicable federal and state securities laws and regulations, 129,384 of the RS Award (95%) shall be issued in the name of FLG Member and 6,810 (5%) in the name of FLG. Prior to the termination of this Agreement and in the case of a Change in Control of Client, as defined below, the unvested portion of the RS Award will fully vest; provided, however, that FLG’s equity shall not be issued from the 2017 Stock Incentive Plan, but from the Company’s authorized and unissued or treasury shares.
 5. **Change of Control.** As used in this Agreement, a “Change in Control” shall mean any of the following events: (1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a “Person”)) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of the then-outstanding Shares of Common Stock plus any other outstanding shares of stock of the Company entitled to vote in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the Company and any employee benefit plan (or related trust) sponsored by it shall not be deemed to be a Person; or (2) a change in the composition of the Board such that the individuals who constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board within any 365 day period (and for this purpose, any individual whose election or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board); or (3) the consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries or a sale or other disposition of substantially all of the assets of the Company or a material acquisition of assets or stock of another entity by the Company or any of its subsidiaries, (each, a “Business Combination”) if: (i) the individuals and entities that were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination do not beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of stock and the combined voting power of the then-outstanding voting securities of the company resulting from such Business Combination; or (ii) a Person beneficially owns, directly or indirectly, 35% or more of the then-outstanding shares of stock of the company resulting from such Business Combination; or (iii) members of the Incumbent Board do not comprise at least a majority of the members of the board of directors of the company resulting from such Business Combination; or (4) the approval by the shareholders (or in the case of (4)(i) the Bord) of the Company of: (i) a complete liquidation or dissolution of the Company; (ii) any merger/consolidation/recap in which Company not survivor; or (iii) upon the Company’s insolvency, general assignment for the benefit of creditors or the commencement by or against the Company of any action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of the Company’s debts under any law relating to bankruptcy, insolvency or reorganization, or relief of debtors, or seeking appointment of a receiver other similar official for the Company or for all or any substantial part of the Company’s assets.
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FIRST AMENDMENT TO CONFIDENTIAL CONSULTING AGREEMENT

6. Miscellaneous. All other terms and conditions of the Agreement remain unchanged. This First Amendment shall be incorporated in the Agreement as Exhibit B.

REMAINDER OF THIS PAGE LEFT BLANK

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

CLIENT:

Nxt-ID Inc.,

a Delaware corporation.

By: Chia-Lin Simmons

Signed: /s/ Chia-Lin Simmons

Title: CEO

Address: 2801 Diode Lane,
Louisville, KY 40299

Tel: 973-951-8911

Email: Chia-Lin@nxt-id.com

FLG:

FLG Partners, LLC,

a California limited liability company.

By: Jeffrey S. Kuhn

Signed: /s/ Jeffrey S. Kuhn

Title: Administrative Partner

Effective Date: February 15, 2022

Initial: Client _____ FLG _____

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the incorporation by reference in the Registration Statements of LogicMark, Inc. on Form S-1 (File Nos. 333-259105 and 333-226116), and Form S-3 (File Nos. 333-259145, 333-222452 and 333-228624) of our report dated April 15, 2022, with respect to our audits of the financial statements of LogicMark, Inc. as of December 31, 2021 and 2020 and for the years ended December 31, 2021 and 2020, which report is included in this Annual Report on Form 10-K of LogicMark, Inc. for the year ended December 31, 2021.

/s/ Marcum LLP

Marcum LLP

Costa Mesa, CA

April 15, 2022

**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 15, 2022

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 15, 2022

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, 2021, 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 15, 2022

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, 2021, 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 15, 2022

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