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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2022.

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: 000-52684

Progressive Care Inc.
(Exact name of registrant as specified in its charter)

Delaware	**32-0186005**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
400 Ansin Blvd., Suite A, Hallandale Beach, FL	**33009**
(Address of principal executive offices)	(Zip Code)

(305) 760-2053
(Registrant's telephone number, including area code)

N/A
(Former name or former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒
	Emerging growth company ☒

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class:	**Outstanding as of August 8, 2022**
Common Stock, $0.0001 Par Value	548,962,587

Securities registered pursuant to Section 12(b) of the Act: None

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SPECIAL NOTE ABOUT FORWARD LOOKING STATEMENTS

Statements contained herein that are not based upon current or historical fact are forward-looking in nature and constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements reflect the Company's expectations about its future operating results, performance, and opportunities that involve substantial risks and uncertainties. When used herein, the words "anticipate," "believe," "estimate," "upcoming," "plan," "target," "intend" and "expect" and similar expressions, as they relate to Progressive Care Inc., its subsidiaries, or its management, are intended to identify such forward-looking statements. These forward-looking statements are based on information currently available to the Company and are subject to a number of risks, uncertainties, and other factors that could cause the Company's actual results, performance, prospects, and opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

PART 1 FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Progressive Care Inc. and Subsidiaries
Condensed Consolidated Financial Statements

Progressive Care Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

	June 30, 2022 (unaudited)	December 31, 2021 (audited)
Assets		
Current Assets		
Cash	$ 2,226,927	$ 1,412,108
Accounts receivable – trade, net	2,248,548	2,187,848
Accounts receivable - other	291,423	382,324
Inventory, net	1,174,602	1,150,390
Prepaid expenses	809,754	813,310
Total Current Assets	6,751,254	5,945,980
Property and equipment, net	2,360,019	2,423,497
Other Assets		
Goodwill	1,387,860	1,387,860
Intangible assets, net	146,743	152,791
Right of use assets, net	592,361	682,946
Deposits	38,637	38,637
Total Other Assets	2,165,601	2,262,234
Total Assets	**$ 11,276,874**	**$ 10,631,711**
Liabilities and Stockholders' (Deficit) Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 6,876,025	$ 6,000,034
Notes payable and accrued interest	2,904,489	202,184
Derivative liability	1,395,300	-
Lease liabilities - current portion	186,893	183,720
Total Current Liabilities	11,362,707	6,385,938
Long-term Liabilities		
Notes payable and accrued interest, net of current portion and unamortized debt discount and debt issuance costs	1,194,936	3,108,794
Derivative liability	-	221,900
Lease liabilities - net of current portion	447,829	527,479
Total Liabilities	13,005,472	10,244,111
Commitments and Contingencies		
Stockholders' (Deficit) Equity		
Preferred Stock, Series A par value $0.001; 10,000,000 shares authorized, 51 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	-	-
Common stock, par value $0.0001; 1,000,000,000 shares authorized, 548,962,587 and 544,865,492 issued and outstanding as of June 30, 2022 and December 31, 2021, respectively	54,897	54,487
Additional paid-in capital	8,987,640	8,862,050
Accumulated deficit	(10,771,135)	(8,528,937)
Total Stockholders' (Deficit) Equity	(1,728,598)	387,600
Total Liabilities and Stockholders' (Deficit) Equity	$ 11,276,874	$ 10,631,711

See Accompanying Notes to Condensed Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
Three and Six Months Ended June 30,
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues, net	$ 9,973,584	$ 9,597,134	$ 20,024,580	$ 19,201,598
Cost of revenue	7,943,231	6,987,545	15,613,620	14,160,620
Gross profit	2,030,353	2,609,589	4,410,960	5,040,978
Selling, general and administrative expenses				
Bad debt expense (recovery)	19,900	107,649	(17,900)	122,049
Share-based compensation	25,000	72,346	55,000	147,346
Other selling, general and administrative expenses	2,182,723	2,615,201	4,706,687	5,600,866
Total selling, general and administrative expenses	2,227,623	2,795,196	4,743,787	5,870,261
Loss from operations	(197,270)	(185,607)	(332,827)	(829,283)
Other (expense) income				
Change in fair value of derivative liability	(220,300)	261,830	(1,173,400)	688,510
(Loss) Gain on debt extinguishment	(237,173)	64,079	(62,173)	634,825
Other finance costs	(147,204)	-	(147,204)	-
Gain on disposal of fixed assets	-	-	11,562	-
Interest expense	(77,909)	(327,624)	(537,290)	(649,413)
Total other (expense) income	(682,586)	(1,715)	(1,908,505)	673,922
Loss before provision for income taxes	(879,856)	(187,322)	(2,241,332)	(155,361)
Provision for income taxes	(866)	(3,840)	(866)	(8,949)
Net loss	$ (880,722)	$ (191,162)	$ (2,242,198)	$ (164,310)
Basic and diluted net loss per common share	$ -	$ -	$ -	$ -
Weighted average number of common shares outstanding during the period – basic and diluted	548,962,587	510,740,173	547,229,581	510,755,114

See Accompanying Notes to Condensed Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders (Deficit) Equity
Three and Six Months Ended June 30, 2022 (unaudited)

	Preferred Series A $0.001 Par Value		Common Stock $0.0001 Par Value		Additional Paid-in	Accumulated	Total Stockholders'(Equity)
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance December 31, 2021	51	$ -	544,865,492	$54,487	$8,862,050	$ (8,528,937)	$ 387,600
Issuance of common stock for services			618,672	62	20,938		21,000
Share-based compensation			3,478,423	348	104,652		105,000
Net loss for the three months ended March 31, 2022						(1,361,476)	(1,361,476)
Balance March 31, 2022	51	$ -	548,962,587	$54,897	$8,987,640	$ (9,890,413)	$ (847,876)
Net loss for the three months ended June 30, 2022						(880,722)	(880,722)
Balance June 30, 2022	51	$ -	548,962,587	$54,897	$8,987,640	$(10,771,135)	$ (1,728,598)

Progressive Care Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders (Deficit) Equity
Three and Six Months Ended June 30, 2021 (unaudited)

	Preferred Series A $0.001 Par Value		Common Stock $0.0001 Par Value		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance December 31, 2020	51	$ -	485,768,076	$48,577	$6,978,301	$ (8,746,930)	$ (1,720,052)
Issuance of common stock for settlement of debt principal and interest			32,231,321	3,223	1,038,756		1,041,979
Issuance of common stock for services			1,989,390	199	74,801		75,000
Net income for the three months ended March 31, 2021						26,852	26,852
Balance March 31, 2021	51	$ -	519,988,787	$51,999	$8,091,858	$ (8,720,078)	$ (576,221)
Issuance of common stock for services			107,142	11	5,668		5,679
Net loss for the three months ended June 30, 2021						(191,162)	(191,162)
Balance June 30, 2021	51	$ -	520,095,929	$52,010	$8,097,526	$ (8,911,240)	$ (761,704)

See Accompanying Notes to Condensed Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
Six Months Ended June 30,
(unaudited)

	2022	2021
Cash Flows from Operating Activities:		
Net loss	$ (2,242,198)	$ (164,310)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	63,478	91,349
Change in provision for doubtful accounts	(17,900)	122,049
Share-based compensation	126,000	147,346
Amortization of debt issuance costs and debt discounts	285,870	475,324
Loss (Gain) on debt extinguishment	62,173	(634,825)
Other financing costs	147,204	-
Amortization of right of use assets-Finance leases	16,672	16,672
Amortization of right of use assets-Operating leases	73,913	90,484
Change in fair value of derivative liability	1,173,400	(688,510)
Change in accrued interest on notes payable	435,330	137,999
Change in accrued interest on lease liabilities	13,078	10,473
Amortization of intangible assets	16,048	158,286
Gain on disposal of fixed assets	(11,562)	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	48,101	6,860
Inventory	(24,212)	264,687
Prepaid expenses	23,951	(4,309)
Deposits	-	(2,236)
Increase (decrease) in:		
Accounts payable and accrued liabilities	840,117	189,668
Operating lease liabilities	(70,317)	(87,975)
Net Cash Provided by Operating Activities	959,146	129,032
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(110,432)
Proceeds from disposal of property and equipment	11,562	-
Purchase of intangible assets	(10,000)	(12,659)
Net Cash Provided by (Used in) Investing Activities	1,562	(123,091)
Cash Flows from Financing Activities:		
Proceeds from issuance of notes payable	-	421,400
Payments on notes payable	(126,651)	(70,943)
Payments on lease liabilities	(19,238)	(30,753)
Net Cash (Used in) Provided by Financing Activities	(145,889)	319,704
Net increase in cash and cash equivalents	814,819	325,645
Cash and cash equivalents at beginning of period	1,412,108	2,100,695
Cash and cash equivalents at end of period	$ 2,226,927	$ 2,426,340
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 33,702	$ 36,019
Cash paid for income taxes	$ 866	$ 5,109
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Debt principal and interest repaid through conversion into common stock shares	$ -	$ 1,041,979
Debt extension fees and other financing costs added to note principal	$ 484,377	$ -
Issuance of common stock for services rendered	$ 21,000	$ 80,679

Insurance premiums financed through issuance of note payable	$ 20,395	$ 14,942
Equipment purchase financed through issuance of note payable	$ -	$ 29,657

See Accompanying Notes to Condensed Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries
Notes to the Condensed Consolidated Financial Statements
Three and Six Months Ended June 30, 2022 and 2021

Note 1 Organization & Nature of Operations

Progressive Care Inc. ("Progressive") was incorporated under the laws of the state of Delaware on October 31, 2006.

Progressive, through its wholly-owned subsidiaries, PharmCo, LLC (referred to as "PharmCo 901"), Touchpoint RX, LLC doing business as PharmCo Rx 1002, LLC (referred to as "PharmCo 1002"), Family Physicians RX, Inc. doing business as PharmCoRx 1103 and PharmCoRx 1204 (referred to as "FPRX" historically or "PharmCo 1103" and "PharmCo 1204" currently) (pharmacy subsidiaries collectively referred to as "PharmCo"), and ClearMetrX Inc. (collectively with all entities referred to as the "Company", or "we") is a personalized healthcare services and technology company that provides prescription pharmaceuticals and risk and data management services to healthcare organizations and providers.

PharmCo 901 was formed on November 29, 2005 as a Florida Limited Liability Company and is a 100% owned subsidiary of Progressive. PharmCo 901 was acquired by Progressive on October 21, 2010. We currently deliver prescriptions to Florida's diverse population and ship medications to patients in states where we hold non-resident pharmacy licenses as well. We currently hold Florida Community Pharmacy Permits at all Florida pharmacy locations and our PharmCo 901 location is licensed as a non-resident pharmacy in the following states: Arizona, Colorado, Connecticut, Georgia, Illinois, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Texas, and Utah. We are able to dispense to patients in the state of Massachusetts without a non-resident pharmacy license because Massachusetts does not require such a license for these activities.

PharmCo 1103 is a pharmacy with locations in North Miami Beach and Orlando, Florida that provides PharmCo's pharmacy services to Broward County, the Orlando/Tampa corridor, and the Treasure Coast of Florida. Progressive acquired all of the ownership interests in PharmCo 1103 in a purchase agreement entered into on June 1, 2019.

PharmCo 1002 is a pharmacy located in Palm Springs, Florida that provides PharmCo's pharmacy services to Palm Beach, St. Lucie and Martin Counties, Florida. Progressive acquired all of the ownership interests in PharmCo 1002 in a purchase agreement entered into on July 1, 2018.

ClearMetrX was formed on June 10, 2020 and provides third party administration ("TPA") services to 340B covered entities. ClearMetrX also provides data analytics and reporting services to support and improve care management for health care organizations.

RXMD Therapeutics was formed on October 1, 2019. RXMD Therapeutics had no operating activity to date.

Note 2 Basis of Presentation

The Company's fiscal year end is December 31. The Company uses the accrual method of accounting. The accompanying unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements. The December 31, 2021 balance sheet has been derived from audited consolidated financial statements.

The accompanying unaudited condensed consolidated financial statements for the three and six months ended June 30, 2022 and 2021 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements.

The unaudited financial information included in this report includes all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary to reflect a fair statement of the results for the interim periods. The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of the results of the full 2022 fiscal year.

The condensed consolidated financial statements included in this report should be read in conjunction with the financial statements and notes thereto included in the Company's financial statements for the fiscal year ended December 31, 2021.

Note 3 Summary of Significant Accounting Policies

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Progressive and its wholly-owned subsidiaries as described in Note 1. All inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such estimates and assumptions impact both assets and liabilities, including but not limited to: net realizable value of accounts receivable and inventories, estimated useful lives and potential impairment of property and equipment, estimated fair value of derivative liabilities using the Monte Carlo simulation model, fair value of assets acquired and liabilities assumed in business combinations, and estimates of current and deferred tax assets and liabilities.

Making estimates requires management to exercise significant judgment. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition, including sales, expenses, and reserves and allowances, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain it or treat COVID-19, as well as the economic impact on local, regional, and national customers and markets. We have made estimates of the impact of COVID-19 within our condensed consolidated financial statements and there may be changes to those estimates in future periods. Actual results may differ from these estimates.

Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentation to conform to that of the current period. Total equity and net income (loss) are unchanged due to these reclassifications.

Cash

The Company maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Company had $1,070,863 in excess of FDIC insured limits at June 30, 2022. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk associated with its cash and cash equivalent balances, since our deposits are held with high quality financial institutions that are well capitalized,

Cash Equivalents: The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As of June 30, 2022 and December 31, 2021, the Company's cash equivalents consist of a money market account.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are stated at the invoiced amount. Trade accounts receivable primarily include amounts from third-party pharmacy benefit managers and insurance providers and are based on contracted prices. Trade accounts receivable are unsecured and require no collateral. The Company records an allowance for doubtful accounts for estimated differences between the expected and actual payment of accounts receivable. These reductions were made based upon reasonable and reliable estimates that were determined by reference to historical experience, contractual terms, and current conditions. Each quarter, the Company reevaluates its estimates to assess the adequacy of its allowance and adjusts the amounts as necessary. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Risks and Uncertainties

The Company's operations are subject to intense competition, risk and uncertainties including financial, operational, regulatory and other risks including the potential risk of business failure.

Billing Concentrations

The Company's trade receivables are primarily from prescription medications billed to various insurance providers. Ultimately, the insured is responsible for payment should the insurance company not reimburse the Company. The Company generated reimbursements from three significant insurance providers for the period ended June 30, 2022:

Payors	
A	25%
B	23%
C	21%

The Company generated reimbursements from three significant pharmacy benefit managers (PBMs) for the period ended June 30, 2022:

PBMs	
A	55%
B	25%
C	6%

Inventory

Inventory is valued on a lower of first-in, first-out (FIFO) cost or net realizable value basis. Inventory primarily consists of prescription medications, pharmacy and testing supplies, and retail items. The Company provides a valuation allowance for obsolescence and slow-moving items. The Company recorded an allowance for obsolescence of $40,000 as of June 30, 2022 and December 31, 2021, respectively.

Property and Equipment

Property and equipment are recorded at cost or fair value if acquired as part of a business combination. Property and equipment are depreciated or amortized using the straight-line method over their estimated useful lives. Upon the retirement or disposition of property and equipment, the related cost and accumulated depreciation or amortization are removed, and a gain or loss is recorded, when appropriate. Expenditures for maintenance and repairs are charged to expense as incurred. Estimated useful lives of property and equipment are as follows:

Description	Estimated Useful Life
Building	40 years
Leasehold improvements and fixtures	Lesser of estimated useful life or life of lease
Furniture and equipment	5 years
Computer equipment and software	3 years
Vehicles	3-5 years

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges during the periods ended June 30, 2022 and 2021, respectively.

Business acquisitions

The Company records business acquisitions using the acquisition method of accounting. All of the assets acquired, liabilities assumed, and contractual contingencies are recognized at their fair value on the acquisition date. The application of the acquisition method of accounting for business combinations requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration between assets that are depreciated and amortized and goodwill. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Acquisition-related expenses and restructuring costs are recognized separately from the business combination and are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price of FPRX and PharmCo 1002 over the value assigned to their net tangible and identifiable intangible assets. FPRX and PharmCo 1002 are considered to be the reporting units for goodwill. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. For intangible assets purchased in a business combination, the estimated fair values of the assets received are used to establish their recorded values. Valuation techniques consistent with the market approach, income approach, and/or cost approach are used to measure fair value. Goodwill and other indefinite-lived intangible assets are assessed annually for impairment in the fourth fiscal quarter and in interim periods if events or changes in circumstances indicate that the assets may be impaired.

Intangible Assets

Identifiable intangible assets subject to amortization generally represent the cost of client relationships and tradenames acquired, as well as non-compete agreements to which the Company is a party. In valuing these assets, the Company makes assumptions regarding useful lives and projected growth rates, and significant judgment is required. The Company periodically reviews its identifiable intangible assets for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of those assets exceed their respective fair values, additional impairment tests are performed to measure the amount of the impairment losses, if any.

Fair Value Measurements

Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 820 establishes a framework for measuring fair value that includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities (both common stock and preferred stock) that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Unadjusted observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government, agency mortgage-backed debt securities, non-agency structured securities, corporate debt securities and preferred stocks.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The following tables presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of:

Description	Level 1	Level 2	Level 3	Balance at June 30, 2022
Derivative Liabilities	$ -	$ -	$ 1,395,300	$ 1,395,300

Description	Level 1	Level 2	Level 3	Balance at December 31, 2021
Derivative Liabilities	$ -	$ -	$ 221,900	$ 221,900

The following table is a roll forward from December 31, 2021 to June 30, 2022 of the opening and closing balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

	Derivative Liabilities
Opening balance December 31, 2021	$ 221,900
Total losses for the period	
Included in net loss for the period	1,173,400
Closing balance June 30, 2022	**$ 1,395,300**

Change in fair value of derivative for the three and six months ended June 30, 2022 was included in net loss for the period.

Fair Value of Financial Instruments

The Company's financial instruments consisted of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, lease liabilities, and notes payable. The carrying amounts of the Company's financial instruments other than notes payable and lease liabilities generally approximate their fair values at June 30, 2022 and December 31, 2021 due to the short-term nature of these instruments. The carrying amount of notes payable approximated fair value due to variable interest rates at customary terms and rates the Company could obtain in current financing. The carrying value of lease liabilities approximate fair value due to the implicit rate in the lease in relation to the Company's borrowing rate and the duration of the leases.

Derivative Liabilities

U.S. GAAP requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and their measurement at fair value. In assessing the convertible debt instruments, management determines if the conversion feature requires bifurcation from the host instrument and recording of the bifurcated derivative instrument at fair value.

Once derivative liabilities are determined, they are adjusted to reflect fair value at the end of each reporting period. Any change in the fair value is recorded in results of operations as an adjustment to fair value of derivatives. The fair value of these derivative instruments is determined using the Monte Carlo Simulation Model.

Revenue Recognition

The Company recognizes pharmacy revenue from dispensing prescription drugs at the time the drugs are physically delivered to a customer or when a customer picks up their prescription or purchases merchandise at the store, which is the point in time when control transfers to the customer. Each prescription claim is considered an arrangement with the customer and is a separate performance obligation. Payments are received directly from the customer at the point of sale, or the customers' insurance provider is billed electronically. For third party medical insurance and other claims, authorization to ensure payment is obtained from the customer's insurance provider before the medication is dispensed to the customer. Authorization is obtained for these sales electronically and a corresponding authorization number is issued by the customers' insurance provider.

The Company recognizes testing revenue when the tests are performed, and results are delivered to the customer. Each test is considered an arrangement with the customer and is a separate performance obligation. Payment is generally received in advance from the customer.

Billings for most prescription orders are with third-party payers, including Medicare, Medicaid, and insurance carriers. Customer returns are nominal. Prescription revenues exceeded 85% of total revenue for the three and six months ended June 30, 2022 and 2021, respectively.

The Company accrues an estimate of fees, including direct and indirect remuneration fees ("DIR fees"), which are assessed or expected to be assessed by payers at some point after adjudication of a claim, as a reduction of revenue at the time revenue is recognized. Changes in the estimate of such fees are recorded as an adjustment to revenue when the change becomes known.

The following table disaggregates net revenue by categories for the three and six months ended June 30:

	For the Three Months Ended June 30,	
	2022	**2021**
Prescription revenue	$ 9,275,774	$ 8,172,840
340B contract revenue	706,102	725,323
Testing revenue	368,197	1,057,232
Other revenue	1,450	1,300
	10,351,523	9,956,695
PBM Fees	(377,939)	(356,748)
Sales returns	-	(2,813)
Revenues, net	**$ 9,973,584**	**$ 9,597,134**

	For the Six Months Ended June 30,	
	2022	**2021**
Prescription revenue	$ 17,881,657	$ 16,803,888
340B contract revenue	1,094,057	1,449,821
Testing revenue	1,659,214	1,610,506
Other revenue	1,657	1,305
	20,636,585	19,865,520
PBM Fees	(612,005)	(660,985)
Sales returns	-	(2,937)
Revenues, net	**$ 20,024,580**	**$ 19,201,598**

Cost of Revenue

Cost of pharmacy revenue is derived based upon vendor purchases relating to prescriptions sold, cost of testing supplies for tests administered to patients, and point-of-sale scanning information for non-prescription sales and is adjusted based on periodic inventories. All other costs related to revenues are expensed as incurred.

DIR Fees

The Company reports Direct and Indirect Remuneration ("DIR") fees as a reduction of revenue on the accompanying Condensed Consolidated Statements of Operations. DIR Fees are fees charged by Pharmacy Benefit Managers ("PBMs") to pharmacies for network participation as well as periodic reimbursement reconciliations. For some PBMs, DIR fees are charged at the time of the settlement of a pharmacy claim. Other PBMs do not determine DIR fees at the claim settlement date, and therefore DIR fees are collected from pharmacies after claim settlement, often as clawbacks of reimbursements based on factors that vary from plan to plan. For example, two PBMs calculate DIR fees on a trimester basis and charge the Company for these fees as reductions of reimbursements paid to the Company 2-3 months after the end of the trimester (e.g., DIR fees for January – April 2022 claims were charged by these PBMs in July

– August 2022). For DIR fees that are not collected at the time of claim settlement, the Company records an accrued liability at each reporting date for estimated DIR fees that are expected to be collected by the PBMs in a future period. The estimated liability for these fees is highly subjective and the actual amount collected may differ from the accrued liability. The uncertainty of management's estimates is due to inadequate disclosure to the Company by the PBMs as to exactly how these fees are calculated either at the time the DIR fees are actually assessed and reported to the Company. The detail level of the disclosure of assessed DIR fees varies based on the information provided by the PBM.

Vendor Concentrations

For the six months ended June 30, 2022 and 2021, the Company had significant vendor concentrations with one vendor. The purchases from this significant vendor were 97% and 95% of total vendor purchases for the six months ended June 30, 2022 and 2021, respectively.

Selling, General and Administrative Expenses

Selling expenses primarily consist of store salaries, contract labor, occupancy costs, and expenses directly related to the stores. General and administrative costs include advertising, insurance, professional fees, and depreciation and amortization.

Advertising

Costs incurred for producing and communicating advertising for the Company are charged to operations as incurred. Advertising expense was $79,471 and $57,535 for the three months ended June 30, 2022 and 2021, respectively. Advertising expense was $177,461 and $116,846 for the six months ended June 30, 2022 and 2021, respectively.

Share-Based Payment Arrangements

Generally, all forms of share-based payments, including warrants, are measured at their fair value on the awards' grant date typically using a Black-Scholes pricing model, based on the estimated number of awards that are ultimately expected to vest. The costs associated with share-based compensation awards to employees and non-employee directors are measured at the grant date based on the calculated fair value of the award and recognized as an expense ratably over the recipient's requisite service period during which that award vests or becomes unrestricted. Share-based compensation awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The shares are subsequently re-measured at their fair value at each reporting date over the service period of the awards. The expense resulting from share-based payments is recorded in selling, general and administrative expenses in the Condensed Consolidated Statements of Operations.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years 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 income in the period that includes the enactment date.

Progressive Care Inc., RXMD Therapeutics and PharmCoRx 1103 are taxed as C corporations. PharmCo 901 and PharmCo 1002 are taxed as partnerships, wherein each member is responsible for the tax liability, if any, related to its proportionate share of PharmCo 901 and PharmCo 1002's taxable income. Progressive Care Inc. has a 100% ownership interest in PharmCo 901 and PharmCo 1002; therefore, all of PharmCo 901 and PharmCo 1002's taxable income attributable to the period of ownership is included in Progressive Care Inc.'s taxable income.

The provision for income taxes for the six months ended June 30, 2022 and 2021 on the Condensed Consolidated Statements of Operations represents the minimum state corporate tax payments. There was no current tax provision for the six months ended June 30, 2022 and 2021 because the Company did not have taxable income during those periods. Total available net operating losses to be carried forward to future taxable years was approximately $12.9 million as of June 30, 2022, $6 million of which will expire in various years through 2038. The temporary differences giving rise to deferred income taxes principally relate to accelerated depreciation on property and equipment and amortization of goodwill recorded for tax purposes, reserves for estimated doubtful accounts and inventory obsolescence and net operating losses recorded for financial reporting purposes. The Company's net deferred tax asset at June 30, 2022 and December 31, 2021 was fully offset by a 100% valuation allowance as it was not more likely than not that the tax benefits of the net deferred tax asset would be realized. The change in the valuation allowance increased by approximately $270,000 for the period ended June 30, 2022.

The Company accounts for uncertainty in income taxes by recognizing a tax position in the condensed consolidated financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the condensed consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company records interest and penalties related to tax uncertainties, if any, as income tax expense. Based on management's evaluation, the Company does not believe it has any uncertain tax positions for the six months ended June 30, 2022 and 2021.

Loss per Share

Basic loss per share ("EPS") is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential of shares of common stock outstanding during the period including stock warrants, using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of stock warrants), and convertible debt, using the if converted method. Diluted EPS excludes all dilutive potential of shares of common stock if their effect is anti-dilutive.

Paycheck Protection Program Loan

The Company records Paycheck Protection Program ("PPP") loan proceeds in accordance with Accounting Standards Codification ("ASC") 470, Debt. The Company treats the PPP loan as indebtedness, which is extinguished and recorded as a gain on debt extinguishment when legally released by the primary obligor.

Recently Adopted Accounting Standards

Debt

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which among other things, simplifies the accounting models for the allocation of proceeds attributable to the issuance of a convertible debt instrument. As a result, after adopting the ASU's guidance, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, and for convertible preferred stock wholly as preferred stock (i.e., as a single unit of account), unless (i) a convertible instrument contains features that require bifurcation as a derivative under ASC 815 or (ii) a convertible debt instrument was issued at a substantial premium. The standard became effective for the Company in the first quarter of 2022 and did not have a material effect on the Company's condensed consolidated financial statements.

Accounting Pronouncements Issued but not yet Adopted

Income Taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740)—simplifying the Accounting for Income Taxes, which removes certain exceptions to the general principles in Topic 740 and amends existing guidance to improve consistent application. ASU 2019-12 is required to be adopted for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of the adoption of this guidance on the Company's condensed consolidated financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Current Expected Credit Losses" ("ASU 2016-13"), which introduces an impairment model based on expected, rather than incurred, losses. Additionally, it requires expanded disclosures regarding (a) credit risk inherent in a portfolio and how management monitors the portfolio's credit quality; (b) management's estimate of expected credit losses; and (c) changes in estimates of expected credit losses that have taken place during the period. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Company has not yet quantified the impact of ASU 2016-13 on its condensed consolidated financial statements. However, it is not expected to have a material effect on the Company's condensed consolidated financial statements.

Management has evaluated other recently issued accounting pronouncements and does not believe that any of these pronouncements will have a significant impact on the Company's condensed consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the condensed consolidated financial statements through August 11, 2022, the date the condensed consolidated financial statements were available to be issued.

Note 4. Liquidity and Going Concern Consideration

The Company has sustained recurring operating losses and negative cash flows from operations over the past years. As of June 30, 2022, the Company had an accumulated deficit of approximately $10.8 million. For the six months ended June 30, 2022, the Company had a net loss of $2.2 million. The Company expects to continue to incur significant losses for at least the next 12 months.

On May 13, 2022, the Company extended the maturity date of the Iliad Research to May 15, 2023. As of June 30, 2022, the outstanding convertible note balance and accrued interest was $2,745,817. The note payable and accrued interest can be settled by Iliad Research either through a cash payment or conversion into shares of the Company's common stock. Although the note holder has tendered past redemptions of the Iliad note payable in the form of common stock conversions, there are no assurances that the note holder will convert the remaining balance of the note and accrued interest into shares of the Company's common stock. The Company expects that it will not generate sufficient cash flows from operations to satisfy the convertible note through cash payment. The Company is currently seeking either debt or equity funding to pay-off the note by its maturity date, but it presently has no access to outside capital.

The significant risks and uncertainties related to the Company's liquidity described above raise substantial doubt about the Company's ability to continue as a going concern over the next twelve months. The Condensed Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and other commitments in the normal course of business. The accompanying Condensed Consolidated Financial Statements do not include any adjustments to reflect the possible future effects of these uncertainties.

Note 5. Accounts Receivable – Trade, net

Accounts receivable consisted of the following at:

	June 30, 2022	December 31, 2021
Gross accounts receivable – trade	$ 2,437,848	$ 2,395,048
Less: Allowance for doubtful accounts	(189,300)	(207,200)
Accounts receivable – trade, net	**$ 2,248,548**	**$ 2,187,848**

For the six months ended June 30, 2022 and 2021, the Company recognized bad debt (recovery) expense in the amount of ($17,900) and $122,049, respectively.

Note 6. Property and Equipment, net

Property and equipment, net consisted of the following at:

	June 30, 2022	December 31, 2021
Building	$ 1,651,069	$ 1,651,069
Building improvements	507,238	507,238
Land	184,000	184,000
Leasehold improvements and fixtures	276,614	276,614
Furniture and equipment	330,291	330,291
Computer equipment and software	101,230	101,230
Vehicles	81,633	81,633
Total	**3,132,075**	**3,132,075**
Less: accumulated depreciation and amortization	(772,056)	(708,578)
Property and equipment, net	**$ 2,360,019**	**$ 2,423,497**

Depreciation expense for the six months ended June 30, 2022 and 2021 was $63,478 and $91,349, respectively.

Note 7. Intangible Assets

Intangible assets consisted of the following at:

	June 30, 2022	December 31, 2021
Trade names	$ 362,000	$ 362,000
Pharmacy records	263,000	263,000
Non-compete agreements	166,000	166,000
Website	67,933	67,933
Subtotal	858,933	858,933
Less accumulated amortization	(798,614)	(782,566)
Net intangible assets	$ 60,319	$ 76,367
Software not in service	86,424	76,424
Total Intangible Assets, net	$ 146,743	$ 152,791

Amortization of intangible assets amounted to $16,048 and $158,286 for the six months ended June 30, 2022 and 2021, respectively. The following table represents the total estimated amortization of intangible assets for the three succeeding years:

Year	Amount
2022 (six months)	15,761
2023	31,452
2024	13,106
Total	**$ 60,319**

Note 8. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at:

	June 30, 2022	December 31, 2021
Accounts payable – trade	$ 5,617,242	$ 4,677,555
Accrued payroll and payroll taxes	107,987	143,074
Accrued DIR fees	672,652	712,002
Accrued legal fees	306,588	306,588
Other accrued liabilities	171,556	160,815
Totals	**$ 6,876,025**	**$ 6,000,034**

Note 9. Notes Payable

Notes payable consisted of the following at:

	June 30, 2022	December 31, 2021
A. Convertible notes payable and accrued interest – collateralized	$ 2,745,817	$ 2,143,891
B. Mortgage note payable – commercial bank – collateralized	1,267,156	1,307,562
C. Note payable – uncollateralized	25,000	25,000
D. Notes payable – collateralized	37,829	52,231
Insurance premium financing	23,623	68,164
Subtotal	**4,099,425**	**3,596,848**
Less Unamortized debt discount	-	(198,677)
Less Unamortized debt issuance costs	-	(575)
Less Unamortized investment length premium	-	(86,618)
Total	**4,099,425**	**3,310,978**
Less: Current portion of notes payable	(2,904,489)	(202,184)
Long-term portion of notes payable	**$ 1,194,936**	**$ 3,108,794**

The corresponding notes payable above are more fully discussed below:

(A) Convertible Notes Payable – collateralized

Iliad Research and Trading, L.P.

On March 6, 2019, Progressive entered a Securities Purchase Agreement (the "Purchase Agreement") with Iliad Research and Trading, L.P. ("Iliad Research") in the amount of $3,310,000 ("the Iliad Research note"). The Iliad Research note is comprised of two tranches consisting of an initial tranche in the amount of $2,425,000 and a second tranche in the amount of $885,000. The Iliad Research note accrues interest at the rate of 10% per annum and is convertible into shares of common stock ($0.0001 par value per share) based on the average of the two lowest closing trading prices during the twenty trading days immediately preceding the applicable conversion. Through a series of extensions entered into, the maturity date has been extended to May 15, 2023, at which time all unpaid principal and accrued and unpaid interest are due.

The extension premiums charged have been added to the then principal and unpaid accrued interest, resulting in the accounting treatment for the note modification being accounted for as a debt extinguishment and issuance of a new note.

The provisions of the Iliad Research note contain a weekly volume limitation on the number of shares common stock received from note conversions that can be sold ("Volume Limitation"). In the event of Volume Limitation breach, the Outstanding Balance of the Iliad Research note is reduced by an amount equal to such Excess Sales upon delivery of written notice to Iliad Research setting forth its basis for such reduction (the "Outstanding Balance Reduction").

The volume of sales of Conversion Shares exceeded the Volume Limitation, which resulted in a $180,000 reduction in outstanding balance of the Iliad Research note, which was recorded as an extinguishment gain during the six months ended June 30, 2021.

On December 14, 2021, Progressive Care filed a demand ("the Company Demand") with Iliad Research that alleged breaches of the Volume Limitation provisions of the Iliad Research note, as well as a previous note agreement with an affiliate of Iliad Research, Chicago Venture Partners, LP ("CVP"), ("the CVP note"). The CVP Note previously had been paid off in 2020. On January 7, 2022, in response to the Company Demand, Iliad Research and CVP filed a complaint with the Third Judicial District Court of Salt Lake County, State of Utah, as well as an Arbitration Notice pursuant to the CVP and Iliad Research Purchase Agreements.

On January 20, 2022, Progressive Care entered into an agreement with Iliad Research and CVP ("the Settlement Agreement"), in which (1) the maturity date of the Iliad Research note was extended to May 15, 2022, in the amount approximately $46,000, (2) the note was not repaid by February 16, 2022 and the outstanding balance of the Iliad Research note increased in the amount of $100,000, (3) the balance of the Iliad Research note was reduced by $180,000 (recorded in 2021) as settlement of the alleged breaches of the volume limitation provisions of the Iliad Research, (4) CVP paid $175,000 to Progressive Care as settlement of the alleged breaches of the volume limitation provisions of the CVP note and (5) Iliad Research and its affiliated entities agreed not to sell any shares of Progressive Care or submit any Redemption Notices for a stated time period ("Standstill Period"). The $180,000 debt reduction and $175,000 received were accounted for as gains on debt extinguishment, the $100,000 was accounted for as interest expense and the $46,000 extension fee was recorded as other finance costs.

During the second quarter of 2022, the Company and Iliad Research entered into a series of agreements to (i) extend the Standstill Period to July 15, 2022, and (ii) extend the maturity date of the Iliad Research Note to May 15, 2023. The fees paid to extend the Standstill Period of approximately $101,000 were recorded as Other Finance Costs. The fees to modify the terms to extend the maturity date in the amount of approximately $237,000 were added to the outstanding note balance, resulting in the recognition of a Loss on Debt Extinguishment.

The outstanding balance on the Iliad Research note was approximately $2,746,000 and $2,144,000 at June 30, 2022 and December 31, 2021, respectively, inclusive of accrued interest in the amounts of approximately $36,000 and $833,000 at June 30, 2022 and December 31, 2021, respectively.

The conversion features embedded within the Iliad Research note represent an embedded derivative. Accordingly, the embedded conversion right are bifurcated from the debt host and accounted for as a derivative liability, and remeasured to fair value each reporting period. Fair value is determined using a "Monte Carlo simulation model. For the three months ended June 30, 2022 and 2021, the Company recorded in earnings a Change in Fair Value of the Derivative Liability in the amounts of approximately ($220,000) and $262,000, respectively. For the six months ended June 30, 2022 and 2021, the Company recorded in earnings a Change in Fair Value of the Derivative Liability in the amounts of approximately ($1,173,000) and $689,000, respectively. The derivative liability balance on the Iliad Research note at June 30, 2022 and December 31, 2021 was approximately $1,395,000 and $222,000, respectively.

Debt Issuance Costs, Debt Discount and Investment Length Premium:

Debt Issuance Costs consist of fees incurred through securing financing from Iliad Research on March 6, 2019. Debt Discount consists of the discount recorded upon recognition of the derivative liability upon issuance of the first and second tranches. Investment length premium is calculated at a 5% premium on the outstanding balance when the note is still outstanding at (a) eighteen months from the effective date, (b) twenty-four months from the effective date, and (c) thirty months from the effective date.

Debt issuance costs, debt discount and investment length premium are amortized to interest expense over the term of the related debt using the effective interest method. Total amortization expense for the six months ended June 30, 2022 and 2021 was approximately $286,000 and $475,000, respectively.

(B) Mortgage Note Payable – collateralized

In 2018, PharmCo 901 closed on the purchase of land and building located at 400 Ansin Boulevard, Hallandale Beach, Florida. The purchase price was financed in part through a mortgage note and security agreement entered into with a commercial lender in the amount of $1,530,000. The promissory note is collateralized by the land and building, bears interest at a fixed rate of 4.75% per annum, matures on December 14, 2028 and is subject to a prepayment penalty. Principal and interest will be repaid through 119 regular payments of $11,901 that began in January 2019, with the final payment of all principal and accrued interest not yet paid on December 14, 2028. Note repayment is guaranteed by Progressive Care Inc. The balance outstanding on the mortgage payable was $1,267,156 and $1,307,562 at June 30, 2022 and December 31, 2021, respectively.

(C) Note Payable – Uncollateralized

As of June 30, 2022 and December 31, 2021, the uncollateralized note payable represents a non-interest-bearing loan that is due on demand from an investor.

(D) Note Payable – Collateralized

In September 2019, the Company entered into a note obligation with a commercial lender, the proceeds from which were used to pay off a capital lease obligation on pharmacy equipment in the amount of $85,429. The terms of the promissory note payable require 48 monthly payments of $2,015, including interest at 6.5%. The balance outstanding on the note payable was $27,105 and $39,913 at June 30, 2022 and December 31, 2021, respectively. The promissory note is secured by equipment with a net book value of $27,093 and $39,912 at June 30, 2022 and December 31, 2021, respectively.

In April 2021, the Company entered into a note obligation with a commercial lender, the proceeds from which were used to purchase pharmacy equipment in the amount of $29,657. During September 2021, pharmacy equipment was returned since the installation was cancelled and the note was amended. The amended promissory note payable requires 46 monthly payments of $331, including interest at 6.9%. The balance outstanding at June 30, 2022 and December 31, 2021 on the note payable was $10,736 and $12,319, respectively. The remaining equipment was written off during September 2021.

(E) U.S. CARES Act PPP Loans – Uncollateralized

In April 2020, the Company applied for forgiveness of a loan received from the Paycheck Protection Program ("PPP") by PharmCo 1103 in the amount of $421,400. On January 7, 2021, the Company received notification from the lender that the U.S. Small Business Administration approved the forgiveness of the PPP Loan for PharmCo 1103. The debt forgiveness in the amount of $421,400 is recorded as a Gain on Debt Extinguishment in the Company's Condensed Consolidated Statements of Operations for the six months ended June 30, 2021.

Future principal maturities of notes payable are as follows:

Year	Amount
2022 (six months)	$ 91,475
2023	2,862,011
2024	93,408
2025	96,228
Thereafter	956,303
Total	**$ 4,099,425**

Interest expense on these notes payable exclusive of debt discount and debt issue cost amortization, was $249,744 and $170,293 for the six months ended June 30, 2022 and 2021, respectively.

Note 10. Lease Obligations

The Company has entered into a number of lease arrangements under which the Company is the lessee. Three of the leases are classified as finance leases and three of the leases are classified as operating leases. In addition, the Company has elected the short-term lease practical expedient in ASC Topic 842 related to real estate leases with terms of one year or less and short-term leases of equipment used in our pharmacy locations. The following is a summary of the Company's lease arrangements.

Finance Leases

In May 2018, the Company entered into a finance lease obligation to purchase pharmacy equipment with a cost of $114,897. The terms of the lease agreement require monthly payments of $1,678 plus applicable tax over 84 months ending March 2025 including interest at the rate of 6%. The finance lease obligation is secured by equipment with a net book value of $46,500 and $54,706 at June 30, 2022 and December 31, 2021, respectively.

The Company assumed an equipment finance lease obligation for medication dispensing equipment from the acquisition of PharmCo 1002 in July 2018. The lease expired in March 2022. The finance lease obligation was secured by equipment with a net book value of $0 at June 30, 2022 and December 31, 2021, respectively.

In December 2020, the Company entered into an interest-free finance lease obligation to purchase computer servers with a cost of $50,793. The terms of the lease agreement require monthly payments of $1,411 plus applicable tax over 36 months ending November 2023. The finance lease obligation is secured by equipment with a net book value of $23,986 and $32,451 at June 30, 2022 and December 31, 2021, respectively.

Operating Leases

The Company entered into a lease agreement for its Orlando pharmacy on August 1, 2020 (the lease commencement date). The term of the lease is 66 months with a termination date of February 1, 2026. The lease agreement calls for monthly payments that began on February 1, 2021, of $4,310, with an escalating payment schedule each year thereafter.

The Company leases its North Miami Beach pharmacy location under an operating lease agreement with a lease commencement date on September 1, 2021. The term of the lease is 60 months with a termination date of August 31, 2026. The lease calls for monthly payments of $5,237, with an escalating payment schedule each year thereafter.

The Company also leases its Palm Beach County pharmacy locations under operating lease agreements expiring in March 2024.

The Company recognized lease costs associated with all leases as follows:

	For the Six Months Ended June 30,	
	2022	**2021**
Operating lease cost:		
Fixed rent expense	$ 93,956	$ 305,050
Finance lease cost:		
Amortization of right of use assets	16,672	16,672
Interest expense	1,676	3,796
Total Lease Costs	**$ 112,304**	**$ 325,518**

Supplemental cash flow information related to leases was as follows:

	For the Six Months Ended June 30,	
	2022	**2021**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 70,317	$ 87,975
Financing cash flows from finance leases	19,238	30,753
Total cash paid for lease liabilities	**$ 89,555**	**$ 118,728**

Supplemental balance sheet information related to leases was as follows:

	June 30, 2022	**December 31, 2021**
Operating leases:		
Operating lease right-of-use assets, net	$ 521,879	$ 595,790
Operating lease liabilities:		
Current portion	152,399	149,744
Long-term portion	407,394	469,665
Finance leases:		
Finance lease right-of-use assets, net	70,482	87,156
Finance lease liabilities:		
Current portion	34,494	33,976
Long-term portion	40,435	57,814

Maturities of lease liabilities were as follows:

Year	Finance Lease	Operating Lease	Total Future Lease Commitments
2022 (six months)	$ 18,535	$ 92,968	$ 111,503
2023	35,662	181,787	217,449
2024	20,142	144,583	164,725
2025	5,035	134,933	139,968
2026	-	53,459	53,459
Total lease payments to be paid	79,374	607,730	687,104
Less: Future interest expense	(4,445)	(47,937)	(52,382)
Lease liabilities	74,929	559,793	634,722
Less: current maturities	(34,494)	(152,399)	(186,893)
Long-term portion of lease liabilities	**$ 40,435**	**$ 407,394**	**$ 447,829**

Note 11. Stockholders' (Deficit) Equity

Preferred Stock

The Series A preferred stock is a non-dividend producing instrument that ranks superior to the Company's common stock. Each one (1) share of the Series A Preferred Stock shall have voting rights equal to (x) 0.019607 *multiplied by* the total issued and outstanding common stock and Preferred Stock eligible to vote at the time of the respective vote (the "**Numerator**"), *divided by* (y) 0.49, *minus* (z) the Numerator.

With respect to all matters upon which stockholders are entitled to vote or to which shareholders are entitled to give consent, the holders of the outstanding shares of Series A Preferred Stock shall vote together with the holders of common stock without regard to class, except as to those matters on which separate class voting is required by applicable law or the Certificate of Incorporation or By-laws.

On July 11, 2014, the board of directors approved the issuance of 51 shares of the Company's Series A Preferred Stock to a certain employee of the Company, which is equal to 50.99% of the total voting power of all issued and outstanding voting capital of the Company in satisfaction of $20,000 in past due debt. On October 15, 2020, the preferred shares were transferred to a trust whose beneficiary is related to the employee. These issued shares of preferred stock are outstanding as of June 30, 2022 and December 31, 2021.

Note 12. Commitments and Contingencies

Legal Matters

On May 3, 2022, a complaint was filed by the Plaintiff Positive Health Alliance, Inc. ("PHA") against PharmCo LLC, a wholly owned subsidiary of the Company, in the U.S. Circuit Court of Miami Dade, Florida, alleging that defendant failed to pay amounts due and owing to PHA under the parties' contract for discounted prescription drugs. PHA is seeking judgment against PharmCo for compensatory damages in the amount of $407,504, plus attorneys' fees and costs. The $407,504 was recorded in Accounts Payable and Accrued Liabilities in the Company's Condensed Consolidated Balance Sheets at June 30, 2022 and December 31, 2021. PHA and Pharmco entered into a settlement agreement on July 1, 2022, pursuant to which Pharmco paid to PHA the total amount of $407,504 in installment payments. The complaint was dismissed with prejudice on July 8, 2022.

On June 8, 2022, a complaint was filed by the Company against KeyCentrix, LLC ("KCL"), in the U.S. District Court for the Southern District of Florida, alleging fraudulent inducement, breach of express warranty and breach of implied warranty. The complaint stems from an agreement by KCL to license to the Company certain pharmacy management software known as "Newleaf " for use in the operations of pharmacies operated by the Company.

Note 13. Related Party Transactions

During the year ended December 31, 2021, the Company had a consulting arrangement with Spark Financial Consulting ("Spark"), which is a consulting company owned by an employee and beneficial shareholder of the Company. Spark provides business development services including but not limited to recruiting, targeting and evaluation of potential mergers and acquisitions, finding third party contractors and assisting with related negotiations in exchange for a monthly fee of $16,000 in 2021. Additionally, Spark may be entitled to additional fees for additional consulting services. During the six months ended June 30, 2021, the Company paid Spark $96,000. The agreement was terminated during the third quarter of 2021.

The Company had an employment agreement (the "Agreement") with a certain pharmacist, Head of the Compounding Department, who is the first paternal cousin to the beneficial shareholder and employee of the Company. In consideration for duties performed including

but not limited to marketing, patient consultation, formulary development, patient and physician education, training, recruitment, sales management, as well as pharmacist responsibilities, the Company agreed to provide monthly compensation of $15,000 or $10,000 per month plus 5% commission on monthly gross profits generated by the Compounding Department, whichever is greater. During the six months ended June 30 2021, payments to the pharmacist was $63,495. The agreement was terminated during the third quarter of 2021.

Note 14. Retirement Plan

The Company sponsors a 401(k) retirement plan ("the Plan") covering qualified employees of PharmCo 901, PharmCo 1002 and FPRX, as defined. Employees who have been employed more than one year are eligible to participate in the Plan. Through June 30, 2021, the Company matched the employee's contribution up to a maximum of 3% of the eligible employee's compensation. The Company contributed approximately $0 and $2,200 in matching contributions for the six months ended June 30, 2022 and 2021, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the attached unaudited Condensed Consolidated Financial Statements and notes thereto. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Where possible, we have tried to identify these forward-looking statements by using words such as "anticipate," "believe," "intends" or similar expressions. We strongly encourage investors to carefully read the section entitled "Risk Factors" in our Form 10-12G filed April 7, 2022 for a description of certain risks that could, among other things, cause actual results to differ from these forward-looking statements. We assume no responsibility to update the forward-looking statements contained in this quarterly report on Form 10-Q. The following should also be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto that appear elsewhere in this report.

Overview

Progressive Care Inc. was incorporated under the laws of the state of Delaware on October 31, 2006 under the name Progressive Training, Inc. We changed our name to Progressive Care Inc. in connection with a merger with Progressive Care Inc. on November 23, 2010. Progressive, through its wholly-owned subsidiaries, PharmCo, LLC (referred to as "PharmCo 901"), Touchpoint RX, LLC doing business as PharmCo Rx 1002, LLC (referred to as "PharmCo 1002"), Family Physicians RX, Inc. doing business as PharmCoRx 1103 and PharmCoRx 1204 (referred to as "FPRX" historically or "PharmCo 1103" and "PharmCo 1204" currently) (pharmacy subsidiaries collectively referred to as "PharmCo"), ClearMetrX Inc., and RXMD Therapeutics, Inc (collectively with all entities referred to as the "Company" or "we") is a personalized healthcare services and technology company which provides prescription pharmaceutical and risk and data management services to healthcare organizations and providers.

We provide Third Party Administration ("TPA"), data management, COVID-19 related diagnostics and vaccinations, prescription pharmaceuticals, compounded medications, tele-pharmacy services, anti-retroviral medications, medication therapy management, the supply of prescription medications to long term care facilities, medication adherence packaging, contracted pharmacy services for 340B Covered Entities under the 340B Drug Discount Pricing Program, and health practice risk management. We are focused on improving lives of patients with complex chronic diseases through a patient and provider engagement and our partnerships with payors, pharmaceutical manufacturers and distributors. We offer a broad range of innovative solutions to address the dispensing, delivery, dosing, and reimbursement of clinically intensive, high-cost drugs.

PharmCo provides contracted pharmacy services for 340B Covered Entities under the 340B Drug Discount Pricing Program. Under the terms of these agreements, we act as a pass through for reimbursements on prescription claims adjudicated on behalf of the 340B Covered Entities in exchange for a dispensing fee per prescription. These fees vary by the covered entity and the level of service provided by us.

We currently own and operate four pharmacies, which generate most of our revenues. Our prescriptions revenues were 93% and 85% of total revenues for the three months ended June 30, 2022 and 2021, respectively. Our prescriptions revenues were 89% and 88% of total revenues for the six months ended June 30, 2022 and 2021, respectively.

Our revenue is derived from customized care management programs, Medication Therapy Management ("MTM") services we deliver to our patients, including the dispensing of their medications. We also provide patient health risk reviews and free same-day delivery.

Our focus is on complex chronic diseases that generally require multiyear or lifelong therapy, which drives recurring revenue and sustainable growth. Our pharmacy services revenue growth is from our expanding breadth of services, new drugs coming to market, new indications for existing drugs, volume growth with current clients, and addition of new customers due to our focus on higher patient engagement, benefit of free delivery to the patient, and clinical expertise. We also expect expanded revenue growth through the signing of new contract pharmacy service and data management contracts with 340B Covered Entities and expansion of data management and analytics services to healthcare organizations.

We formed ClearMetrX in June 2020, the Company's first wholly-owned data management company with services designed to support health care organizations across the country. We believe Artificial Intelligence ("AI") will improve preventive healthcare by helping physicians make informed decisions in the medication therapy management process. Through ClearMetrX, third party administrative and data management fees for the three months ended June 30, 2022 and 2021, was approximately $0.2 million for both periods. Third party administrative and data management fees for the six months ended June 30, 2022 and 2021, was approximately $0.3 million and $0.4 million, respectively. These fees have gross margins significantly greater than those generated from our pharmacy operations.

According to data provided to Drug Channels by HRSA, discounted 340B purchases were at least $38.8 billion in 2020 with an overall growth rate of 217% over the past five years. ClearMetrX includes data management and TPA services for 340B Covered Entities, pharmacy analytics, and programs to manage HEDIS Quality Measures including Medication Adherence. These offerings cater to the glaring need for frontline providers to understand best practices, patient behaviors, care management processes, and the financial mechanisms behind these decisions. We provide data access, and also deliver actionable insights that providers and support organizations can use to improve their practice and patient care. The Company's TPA services include management of wholesale accounts and contract pharmacies, patient eligibility with regard to the 340B drug program, development and review of 340B policies and procedures, and management of receivables.

We have isolated and prioritized key marketing methods which have yielded the lowest cost of customer acquisition and the most opportunity for growth. Social media, website maintenance, and thought leadership are being optimized to promote brand awareness and recognition, which increases the likelihood of securing physician referrals and customer loyalty.

For the three months ended June 30, 2022 and 2021, we recognized overall revenue from operations of approximately $10.0 million and $9.6 million, respectively. Prescription revenue for the three months ended June 30, 2022 was approximately $9.3 million when compared to $8.2 million the same period in 2021, a 13% period over period increase. We have filled approximately 118,000 and 107,000 prescriptions during the three months ended June 30, 2022, and 2021, respectively, a 10% period over period increase in the number of prescriptions filled. Revenue from COVID-19 testing was approximately $0.4 million and $1.1 million for the three months ended June 30, 2022, and 2021, respectively. The decrease was primarily due to lower COVID-19 testing sales. As the COVID-19 pandemic faded worldwide, the need for testing has decreased as it relates to travel and business continuity. However, despite the downturn in COVID-19 testing needs, we have generated approximately $0.4 million in COVID-19 testing revenue for the three months ended June 30, 2022. It is difficult to predict whether these conditions will be recurring given recent COVID-19 pandemic conditions in Florida. We are well positioned to react if another COVID-19 outbreak occurs as we have built a reputation of being a reliable partner for COVID-19 testing solutions. We have built reputable relationships with well-known media productions companies and these relationships provide us with recurring COVID-19 testing revenue.

For the six months ended June 30, 2022 and 2021, we recognized overall revenue from operations of approximately $20.0 million and $19.2 million, respectively, a 4% year over year increase. Prescription revenue for the six months ended June 30, 2022 was approximately $17.9 million when compared to $16.8 million the same period in 2021, a 6% period over period increase. We have filled approximately 229,000 and 223,000 prescriptions during the six months ended June 30, 2022, and 2021, respectively, a 3% period over period increase in the number of prescriptions filled. We believe this trend will continue through the remainder of the year as the medication adherence measures begin to impact providers performance and their future potential monetary incentives, which are tied to their patient's adherence measures. Revenue from COVID-19 testing was approximately $1.7 million and $1.6 million for the six months ended June 30, 2022, and 2021, respectively. We have recognized record COVID-19 testing revenue in January 2022 as the country was dealing with the Delta and Omicron outbreak during that period. Since January 2022 the demand for COVID-19 testing has slowed down as the need for testing has decreased as it relates to travel and business continuity. It is difficult to predict whether these conditions will be recurring given recent COVID-19 pandemic conditions in Florida. We are well positioned to react if another COVID-19 outbreak occurs as we have built a reputation of being a reliable partner for COVID-19 testing solutions. We have built reputable relationships with well-known media production companies and these relationships provide us with recurring COVID-19 testing revenue.

During 2022 we have experienced significant decreases in the reimbursement rates for uninsured patients enrolled in the Gilead PREP program that became effective beginning the first quarter of 2022 that had an overall unfavorable impact on our 340B contract revenue. Dispensing fee and third-party administration revenue earned on our 340B contracts for the three months ended June 30, 2022 and 2021 were approximately $0.7 million for both periods. Dispensing fee and third-party administration revenue earned on our 340B contracts for the six months ended June 30, 2022, and 2021 were approximately $1.1 million and $1.4 million, respectively. As a result of the decrease in reimbursement rates from Gilead PREP program, we experienced an unfavorable impact on our 340B contract revenue in the amount of approximately $0.1 million for the three months ended June 30, 2022, and an unfavorable impact of approximately $0.3 million for the six months ended June 30, 2022. Since the beginning of the year, 340B covered entities significantly increased patient enrollment in alternative programs and insurance plans that provide greater reimbursements. For the three months ended March 31, 2022 we recorded approximately $0.4 million from our 340B contracts, compared to approximately $0.7 million during the three months ended June 30, 2022, an 82% increase from the first quarter of 2022 when compared to the second quarter of 2022. We believe the increase is a direct result of the patient enrollment effort and believe this trend will continue for the remainder of the year. We are continuing to strengthen our knowledge and expertise in the 340B arena and working towards diversifying our 340B business as well as expanding it nationwide through the offering of our ClearMetrX software, when completed.

We continue to experience an overall reduction in the gross profit per drug prescribed predominantly in high cost brand drugs where in many cases reimbursements are at or below dispensed drug costs. Our gross profit per prescription continued to be eroded through increases in contractual rate adjustments such as generic and brand effective rates. We continue to promote the health and well-being of the community through ensuring necessary medications are received by the patient regardless of cost to us, and we are working with physicians and patients alike to optimize medication practices to dispense drugs that do not result in losses. Our pharmacy staff is trained to recognize all opportunities to recommend and dispense less expensive generic drug alternatives to minimize the risk of loss and potentially decrease profit erosion. We believe this approach will benefit our pharmacy operations and attract new business from value-based providers and health care organizations with a focus on minimizing drug spending.

Management expects that future growth will be driven by new data management and virtual healthcare service lines; expansion of 340B Covered Entities Third Party Administrative services; market penetration in existing geographies; development of enhanced healthcare B2B services; development of cash based products and services; and continued implementation of MTM protocols.

Additionally, profitability and cash flow might be positively impacted by the elimination of non-recurring expenses and diversification to revenue streams outside of the third-party insurance payor model.

In February 2021, we entered into a service agreement with EagleForce Health, LLC to integrate its proprietary telehealth platform, called “myVax”, and develop a platform for the Company’s Digital Passport for COVID-19 testing and vaccination results. The platform was launched on July 20, 2021 and is capable of managing an individual’s COVID-19 vaccine and test records. The Company has been able to build an Ecosystem that allows a patient, employer, or coordinator in-charge to chat with the company’s support team, schedule a test, pay for the test, and at the point of arrival to the site by scanning a QR code from a mobile devise create a profile and access test results. Using the same Ecosystem, the companies support staff is able to manage the entire patients journey and provide automated reporting of the results to regulatory authorities, supervisors and coordinators in-charge. Once a PharmcoRx myVax profile has been created, patients have a secure way to store health records, including testing records, vaccination records, medications, vitals, and passport data. It is also capable of tracking vital health data from smart watches and other smart devices. The myVax Passport serves as an easy and secure way to store and manage verifiable COVID-19 related records for traveling or work purposes.

COVID-19 Pandemic

Global health concerns relating to the outbreak of COVID-19 continue to have an impact on the economies of the U.S. and around the world. We believe COVID-19's impact on our business, financial condition and operating results primarily will be driven by the geographies impacted and the severity and duration of the pandemic, as well as the pandemic's impact on the U.S. and global economies, consumer behavior and health care utilization patterns. In addition, the outbreak has resulted in authorities implementing numerous measures to reduce the transmission of the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders, and business shutdowns. These measures may not effectively combat the severity and/or duration of the COVID-19 pandemic. The ultimate extent of the impact of any epidemic, pandemic, outbreak, or other public health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic, outbreak, or other public health crisis and actions taken to contain or prevent further spread, among others. Accordingly, we cannot predict the extent to which our business, financial condition and results of operations will be affected. We will continue to work diligently with our partners and stakeholders to continue supporting patient access to their prescribed medications to the extent safe to do so for patients, caregivers and healthcare practitioners, as well as ensuring the continuity of our supply chain. Specific COVID-19 related impacts on the Company for the six months ended June 30, 2022 and 2021, are further described below.

During the third quarter of 2020, the Company launched an aggressive expansion of its COVID-19 testing service registered through the FDA under its Emergency Use Authorization ("EUA") guidelines, featuring Polymerase Chain Reaction ("PCR") and Antigen testing systems that produces rapid detection of the SARS-CoV-2 virus, and Antibody testing to detect the presence of IGG and IGM antibodies in the blood with market-leading accuracy in 15 to 45 minutes. The systems we use for Rapid Detection of the SARS-CoV-2 virus is a molecular test using a lab technique called PCR, an antigen-based testing system designed to detect proteins from the virus that causes COVID-19, and COVID-19 IgG/IgM Rapid Test Cassette authorized for the detection of antibodies to SARS-CoV-2 in human venous whole blood. The Company provides these new testing systems to patients at its North Miami Beach, Hallandale Beach, Palm Springs and Orlando locations. Our testing sites are equipped with analyzers capable of detecting positive or negative COVID-19 results within minutes. Each site is operated by clinically trained Pharmacy staff and administering tests on and off site. The Company has established a reputation of a reliable testing partner and currently provides testing services to international travelers and international airlines, chain restaurants, US and international production and entertainment companies, and local healthcare communities. The Company has been able to build an Ecosystem that allows a patient, employer, or coordinator in-charge to chat with the company's support team, schedule a test, pay for the test, and at the point of arrival to the site by scanning a QR code from a mobile devise create a profile and access test results. Using the same Ecosystem, the companies support staff is able to manage the entire patients journey and provide automated reporting of the results to regulatory authorities, supervisors and coordinators in-charge.

For the six months ended June 30, 2022 and 2021, we have earned approximately $1.7 million and $1.6 million, respectively from COVID-19 testing. We have recognized record COVID-19 testing revenue in January 2022 as the country was dealing with the Delta and Omicron outbreak during that period. Since January 2022 the cases of COVID-19 infections and demand for COVID-19 testing have slowed down. It is difficult to predict whether these conditions will be recurring given recent COVID-19 pandemic conditions in Florida. We are well positioned to react if another COVID-19 outbreak occurs as we have built a reputation of being a highly reliable partner for COVID-19 testing solutions. We have built reputable relationships with well-known media productions companies and these relationships provide us with recurring COVID-19 testing revenue.

With the FDA's recent revision of the drug's emergency use authorization, as of July 7, 2022 our Pharmacists here at PharmCo, with some limitations, can now prescribe Paxlovid, COVID-19 antiviral pill, directly to patients who face high risks for severe COVID-19. Pharmco has Paxlovid and Molnupiravir (COVID positive therapies) in stock and are able to dispense immediately to patients when prescribed to treat and minimize or reduce the symptoms of COVID. Paxlovid is authorized to treat mild to moderate COVID-19 in adults and in kids ages 12 and older who weigh at least 88 pounds. Patients who report a positive test are eligible for Paxlovid under the FDA authorization.

Products and Services and their Markets

Pharmacy operations

We provide prescription pharmaceuticals, compounded medications, tele-pharmacy services, anti-retroviral medications, medication therapy management, the supply of prescription medications to long term care facilities, contracted pharmacy services for 340B Covered Entities under the 340B Drug Discount Pricing Program, and health practice risk management. We improve the lives of patients with complex chronic diseases through our partnerships with patients, payors, pharmaceutical manufacturers and distributors, and physicians. We offer a broad range of innovative solutions to address the dispensing, delivery, dosing, and reimbursement of clinically intensive, high-cost drugs. We also provide patient health risk reviews and free same-day delivery. On a trailing twelve months basis, we fill on average approximately 37,000 prescriptions per month. We believe we are well positioned to continue expanding our market share in the pharmacy industry.

We offer a variety of value-added services for no additional charge that further encourage satisfaction across all medication stake holders and enhance loyalty and key performance metrics. These services include language support for broad demographics, prior authorization assistance, same-day home-medication delivery, on site provider consultation services, reporting and analytics, customized

medication adherence packaging solutions, and patient advocacy. Our pharmacies accept most major insurance plans and provide access to co-pay assistance programs, discount and manufacturer coupons, and competitive cash payment options. We sell common blood pressure, statin and other common drugs, and dispense either brand name or generic drugs according to the doctor's prescription. We also offer e-commerce of over-the-counter products, certain disease testing, and vaccinations.

We enhance patient adherence to complex drug regimens, collect and report data, and ensure effective dispensing of medications to support the needs of patients, providers, and payors. Our patient and provider support services ensure appropriate drug initiation, facilitate patient compliance and persistence, and capture important information regarding safety and effectiveness of the medications that we dispense.

We provide contracted pharmacy services for 340B Covered Entities under the 340B Drug Discount Pricing Program. The drugs are owned by the 340B Covered Entity up until sale, so we do not incur out of pocket costs for this drug inventory. Under the terms of these agreements, we act as a pass through for reimbursements on prescription claims adjudicated on behalf of the 340B Covered Entities and receive a dispensing fee per prescription. These fees vary by the covered entity and the level of service we provide.

For our Long-Term Care customers, we provide purchasing, custom packaging and dispensing of both prescription and non-prescription pharmaceutical products. We utilize a best practice unit-of-dose packaging system as opposed to the traditional vials, using the same robotic packaging systems currently used by chain, mail order, and large-scale pharmacies. We also provide computerized maintenance of patient prescription histories, third party billing and consultant pharmacist services. Our consultant pharmacy services consist primarily of evaluation of monthly patient drug therapy, as well as monitoring the institution's drug distribution system.

We currently deliver prescriptions to Florida's diverse population and ship compounded medications to patients in states where we hold non-resident pharmacy licenses as well. We currently hold Florida Community Pharmacy Permits at all Florida pharmacy locations and our PharmCo 901 location is licensed as a non-resident pharmacy in the following states: Arizona, Colorado, Connecticut, Georgia, Illinois, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Texas, and Utah. We are able to dispense to patients in the state of Massachusetts without a non-resident pharmacy license because Massachusetts does not require such a license for these activities.

Data Management Services

Global healthcare systems have been taxed in recent years with aging populations seeking care in greater numbers. Big data and analytics have seen large increases in the market as healthcare stakeholders seek to use information to increase efficiency, lower costs, improve patient outcomes, and innovate. Frontline and independent providers have benefitted from improvements to their digital systems, but data insights are a rare commodity. Regardless of size, digitization of healthcare as global trend will encourage the usage of data analytics to improve care and allow us to compete in an intense healthcare market. Per Fortune Business Insights Report on the Healthcare Analytics Market, the healthcare analytics market size is projected to reach $80.2 billion by 2026, exhibiting a compound annual growth rate of 27.5%.

Through our wholly owned subsidiary, ClearMetrX, we offer data management and reporting services to support health care organizations. Our 340MetrX offering includes data management and TPA services for 340B Covered Entities, pharmacy analytics, and programs to manage HEDIS Quality Measures including medication adherence. These offerings address the glaring need for frontline providers to understand best practices, patient behaviors, care management processes, and the financial mechanisms driving decisions. We deliver data access and actionable insights that providers and support organizations can use to improve their practice and patient care.

Industry Overview and Market Opportunities

Pharmacy operations

The retail pharmacy and pharmaceutical wholesale industries are highly competitive and dynamic and have experienced consolidation and an evolving competitive landscape in recent years. Prescription drugs play a significant role in healthcare, constituting a first line of treatment for many medical conditions. New and innovative drugs will improve quality of life and control healthcare costs.

The U.S. retail pharmacy industry relies significantly on private and governmental third-party payors. Many private organizations throughout the healthcare industry, including PBM companies and health insurance companies, have consolidated in recent years to create larger healthcare enterprises with greater bargaining power. Third-party payors, including the Medicare Part D plans and the state-sponsored Medicaid and related managed care Medicaid agencies in the United States, can change eligibility requirements or reduce certain reimbursement rates.

Changes in law or regulation can also impact reimbursement rates and terms. The Patient Protection and Affordable Care Act was enacted to help control federal healthcare spending, including for prescription drugs. These changes at the federal and state level are generally expected to reduce Medicaid reimbursements in the U.S. When third-party payors or governmental authorities take actions that restrict eligibility or reduce prices or reimbursement rates, sales and margins in the retail pharmacy industry could be reduced. In some cases, these possible adverse effects may be partially or entirely offset by controlling inventory costs and other expenses, dispensing higher margin generics, finding new revenue streams through pharmacy services or other offerings, dispensing a greater volume of prescriptions or any combination of these actions.

Generic prescription drugs have continued to help lower overall costs for customers and third-party payors. In the U.S. in general, generic versions of drugs generate lower sales dollars per prescription, but higher gross profit percentages, as compared with patent-protected brand name drugs. In general, in the U.S., specialty prescription business is also growing and generates higher sales dollars per prescription, but lower gross margin, as compared to generic prescription drugs.

Pharmacists are on the frontlines of the healthcare delivery system, and we believe rising healthcare costs and the limited supply of primary care physicians present opportunities for pharmacists and retail pharmacies to play an even greater role in driving positive outcomes for patients and payors through expanded service offerings such as immunizations and other preventive care, healthcare clinics, pharmacist-led medication therapy management and chronic condition management.

Pharmaceuticals represent a significant and growing total addressable healthcare market. The pharmaceutical market experienced significant growth in recent years as complex chronic conditions, care coordination, technology-enabled patient care, biotechnology research and outcomes-based healthcare have increased in focus.

In light of accelerating usage of mail order and delivery-based services, both before and after the global COVID-19 pandemic, we believe the market for personalized and convenient care access is increasing. We have provided same-day and next-day home delivery services over the past 15 years of our operations. We are uniquely positioned in Florida to gain an increasing market share among a broad demography of patients due to our high-performance scores and value-added services. Additionally, we see value in the opportunity to create strategic partnerships, acquire synergistic operations and expand current operations to round out pharmacy capabilities which could include specialty medications, sterile compounding, and mail-order.

Virtual healthcare services and healthcare technologies

Virtual healthcare services, or Telehealth, is a growing segment of the healthcare sector. It involves remotely exchanging patient data between locations for purposes of obtaining assistance in monitoring and diagnosing. Telehealth allows the healthcare practitioner to easily offer their services on consultation, care management, diagnosis, and self-management services using information and communication technologies. These services are being offered through various modes of delivery, such as on-premise, web-based, and cloud-based delivery. A growing population over the age of 65, the increase in the number of chronic diseases, and a rise in demand for home monitoring devices are the major drivers which are likely to aid the growth of the telehealth market.

In the U.S. and globally there has been a surge in interest in digital health services as the COVID-19 pandemic upended the traditional practice of medicine. The pandemic has encouraged accelerating adoption of digital and remote health technologies by providers, and patients have seen the value in using virtual care services for routine care and consultation. Increased usage of these services has shown new methodologies for reducing healthcare spending and increasing access to patients in both rural and urban settings. CMS has recently adopted CPT codes to allow physicians to bill for virtual healthcare encounters. While those codes are initially expected to be temporarily tied to the pandemic, industry experts anticipate broader adoption of insurance acceptance of virtual healthcare claims as the broader market seeks to use the services to perform triage, lower backlogs, and increase access at lower costs than traditional healthcare encounters.

Virtual healthcare today centers on singular health encounters on an as-needed basis with limited integration into the overall care management plan of the practice or the patient. We see a widening gulf between the intent of virtual care services and actual application. Market opportunities exist for us to leverage existing core competencies in remote patient monitoring and home-based care management to enhance the quality of health services provided virtually, increase connectivity and integration, and focus on the intrinsic value of the relationship between physician and patient.

A growing trend involves the capturing of personal health data by smartphone apps and wearable technology. A patient can easily mislead a care provider on a questionnaire regarding what they ate or how much they exercised, but a wearable device can track and transmit healthcare data in real time without being manipulated. Getting access to personal health and fitness data could favorably impact follow-up care, too, as medical professionals are better able to monitor and communicate with patients after they are discharged from care. Patients may be able to address follow-up care without having to go back to the doctor’s office or hospital, saving them time and saving the clinic or hospital money. Better follow-up care is key to lowering hospital readmission rates.

In the current environment, healthcare information is increasingly fragmented with numerous electronic healthcare record platforms, virtual care systems, pharmacy software, and data silos and transmitters which lack fundamental integration. Healthcare stakeholders are often at odds about proper care techniques and this lack of alignment increases burdens on providers and patients alike and is associated with decreasing satisfaction with healthcare services and negative health outcomes. We believe our unique vision of pharmacy enabled health technology will lead the way to independent and integrated health systems.

Data Management Services

The latest trend in healthcare is to use data to improve patient outcomes and quality of life – a practice known as "Applied Health Analytics". "Data analytics" refers to the practice of aggregating large data sets and analyzing them to draw important insights and recommendations. This process is increasingly aided by new software and technology that facilitates the examination of large volumes of data to detect hidden information.

In the context of the increasingly data-reliant health care system, data management services can help derive insights on systemic wastes of resources, track individual practitioner performance, and identify people within the population that are most at risk for chronic diseases. With this information, the healthcare system can more efficiently allocate resources to deliver individualized patient care at lower costs, improve the health of the population and maximize revenues and margin in the healthcare system.

Insurance companies and healthcare providers are also working to use medical data to identify and better manage high-risk, high-cost patients. Insurance companies and self-funded organizations want to identify these patients to provide early interventions that could keep patients in better health and reduce medical costs later. Another sophisticated use of this kind of healthcare data could be to use algorithms with ICU patients to foresee who is more at risk for readmission. Medical staff can then take different, proactive measures as necessary to try to lower that risk of readmission, such as precise discharge instructions, different prescriptions, or a specific follow-up visit schedule.

We have a different approach to data and how to incorporate it into business and professional practice. The goal of all businesses with access to large data collections should be to harness the most relevant data and use it for optimized decision making. ClearMetrX focuses on using data-driven analytic tools to identify insights targeting three key areas where we see the potential to improve patient outcome and maximize revenue and margin for our clients:

1. Improving medication adherence. Increasing patients' adherence to medication treatment plans means they will be healthier, reducing costly advanced treatment claims for those patients. Third party payors will see lower claim payments, and the physicians are rewarded with higher reimbursement under managed care contracts with third party payors.

2. Improving patient engagement with their physicians. Reducing abandonment while nurturing patients to comply with their therapy through education, reminder, and medication synchronization will improve refill rates, resulting in healthier outcomes.

3. Optimizing operational efficiency and costs.

As a result, the data provided to our physicians' practices will help doctors to meet third party payor performance goals which will improve reimbursement payments from third party payors.

RESULTS OF OPERATIONS

Results of Operations for three months ended June 30, 2022 and 2021.

The following table summarizes our results of operations:

	For the Three Months Ended June 30,			
	2022	**2021**	**$ Change**	**% Change**
Total revenues, net	$ 9,973,584	$ 9,597,134	$ 376,450	4%
Total cost of revenue	7,943,231	6,987,545	955,686	14%
Total gross profit	2,030,353	2,609,589	(579,236)	-22%
Operating expenses	2,227,623	2,795,196	(567,573)	-20%
Loss from operations	(197,270)	(185,607)	(11,663)	-6%
Other expenses	(682,586)	(1,715)	(680,871)	-39701%
Loss before provision for income taxes	(879,856)	(187,322)	(692,534)	-370%
Provision for income taxes	(866)	(3,840)	2,974	77%
Net loss	$ (880,722)	$ (191,162)	$ (689,560)	-361%

For the three months ended June 30, 2022 and 2021, we recognized overall revenue from operations of approximately $10.0 million and $9.6 million, respectively. Net pharmacy revenues increased by approximately $0.4 million for the three months ended June 30, 2022 when compared to the same period in 2021. For the three months ended June 30, 2022, the increase in revenue was mainly attributable to an increase in pharmacy revenue of approximately $1.1 million, which was offset by a decrease in COVID-19 testing revenue of approximately $0.7 million when compared to the same period in 2021. 340B contract revenue for the three months ended June 30, 2022 was flat as compared to the same period in 2021.

Gross profit margins decreased from 27% for the three months ended June 30, 2021, to 20% when compared to the same period in 2022. The 7% period over period decrease is due to the decrease in COVID-19 testing revenues, which have significantly higher margins than pharmacy operations.

The loss from operations increased by approximately $12,000 for the three months ended June 30, 2022, when compared to the same period in 2021, due to the decrease in COVOD-19 testing revenues, which was offset by an increase in prescription revenue and a decrease in overall operating expenses.

Results of Operations for six months ended June 30, 2022 and 2021.

The following table summarizes our results of operations:

	For the Six Months Ended June 31,			
	2022	**2021**	**$ Change**	**% Change**
Total revenues, net	$ 20,024,580	$ 19,201,598	$ 822,982	4%
Total cost of revenue	15,613,620	14,160,620	1,453,000	10%
Total gross profit	4,410,960	5,040,978	(630,018)	-12%
Operating expenses	4,743,787	5,870,261	(1,126,474)	-19%
Loss from operations	(332,827)	(829,283)	496,456	60%
Other (expenses) income	(1,908,505)	673,922	(2,582,427)	-383%
Loss before provision for income taxes	(2,241,332)	(155,361)	(2,085,971)	-1343%
Provision for income taxes	(866)	(8,949)	8,083	90%
Net loss	$ (2,242,198)	$ (164,310)	$ (2,077,888)	-1265%

For the six months ended June 30, 2022 and 2021, we recognized overall revenue from operations of approximately $20.0 million and $19.2 million, respectively. Net pharmacy revenues increased by approximately $0.8 million for the six months ended June 30, 2022 when compared to the same period in 2021. For the six months ended June 30, 2022, the increase in revenue was mainly attributable to an increase in pharmacy revenue of approximately $1.1 million, an increase in COVID-19 testing revenue of approximately $48,000, a decrease in PBM fees of approximately $49,000, which was offset by a decrease in 340B contract revenue of approximately $0.4 million, when compared to the same period in 2021.

Gross profit margins decreased from 26% for the six months ended June 30, 2021, to 22% when compared to the same period in 2022. The 4% period over period decrease is due to the decrease in COVID-19 testing revenues. which have significantly higher margins than pharmacy operations.

The loss from operations decreased by approximately $0.5 million for the six months ended June 30, 2022, when compared to the same period in 2021, due to the increase in pharmacy revenue, decrease in overall operating expenses, which was offset by a decrease in 340B contract revenue.

Revenue

Our revenues were as follows:

	Three Months Ended June 30,					
	2022		2021			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Prescription revenue	$ 9,275,774	93%	$8,172,840	85%	$1,102,934	13%
340B contract revenue	706,102	7	725,323	8	(19,221)	-3
Testing revenue	368,197	4	1,057,232	11	(689,035)	-65
Other revenue	1,450	-	1,300	-	150	12
	10,351,523	104	9,956,695	104	394,828	4
PBM Fees	(377,939)	-4	(356,748)	-4	(21,191)	-6
Sales returns	-	-	(2,813)	-	2,813	100
Revenues, net	$ 9,973,584	100%	$9,597,134	100%	$ 376,450	4%

For the three months ended June 30, 2022 and 2021, we recognized overall revenue from operations of approximately $10.0 million and $9.6 million, respectively. Net pharmacy revenues increased by approximately $0.4 million for the three months ended June 30, 2022 when compared to the same period in 2021. For the three months ended June 30, 2022, the increase in revenue was mainly attributable to an increase in pharmacy revenue of approximately $1.1 million, which was offset by a decrease in COVID-19 testing revenue of approximately $0.7 million. 340B contract revenue for the three months ended June 30, 2022 was flat as compared to the same period in 2021.

Prescription revenues represented 93% and 85% of all revenue for the three months ended June 30, 2022 and 2021, respectively. Prescriptions revenues as a percentage of total net revenues for the three months ended June 30, 2022, have increased when compared to 2021 due to the increase in prescription revenue of approximately $1.1 million and a decrease in revenue from COVID-19 testing of approximately $0.7 million when compared to the same period in 2021. Revenue from 340B contracts is 7% and 8% as a percentage of total net revenues for the three months ended June 30, 2022 and 2021, respectively. Dispensing fee and third-party administration revenue earned on our 340B contracts for the three months ended June 30, 2022, and 2021 were flat.

We have filled approximately 118,000 and 107,000 prescriptions during the three months ended June 30, 2022 and 2021, respectively, a 10% period over period increase in the number of prescriptions filled.

During 2022 we have experienced significant decreases in the reimbursement rates for uninsured patients enrolled in the Gilead PREP program that became effective beginning the first quarter of 2022 that had an overall unfavorable impact on our 340B contract revenue. Dispensing fee and third-party administration revenue earned on our 340B contracts for the three months ended June 30, 2022, and 2021 were approximately $0.7 million for both periods. As a result of the decrease in reimbursement rates from Gilead PREP program, we experienced an unfavorable impact on our 340B contract revenue in the amount of approximately $0.1 million for the three months ended June 30, 2022. Since the beginning of the year, 340B covered entities significantly increased patient enrollment in alternative programs and insurance plans that provide greater reimbursements.

For the three months ended June 30, 2022 and 2021, we have earned approximately $0.4 million and $1.1 million, respectively from COVID-19 testing. The decrease was primarily due to lower COVID-19 testing sales. As the COVID-19 pandemic fading worldwide, the need for testing has decreased as it relates to travel and business continuity. However, despite the downturn in COVID-19 testing needs, we have generated approximately $0.4 million in COVID-19 testing revenue for the three months ended June 30, 2022. It is difficult to predict whether these conditions will be recurring given recent COVID-19 pandemic conditions in Florida. We are well positioned to react if another COVID-19 outbreak occurs as we have built a reputation of being a reliable partner for COVID-19 testing solutions. We have built reputable relationships with well-known media production companies and these relationships provide us with recurring COVID-19 testing revenue.

	Six Months Ended June 30,					
	2022		2021			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Prescription revenue	$17,881,657	89%	$16,803,888	88%	$1,077,769	6%
340B contract revenue	1,094,057	5	1,449,821	8	(355,764)	-25
Testing revenue	1,659,214	8	1,610,506	8	48,708	3
Rent and other revenue	1,657	-	1,305	-	352	27
	20,636,585	103	19,865,520	103	771,065	4
PBM Fees	(612,005)	-53	(660,985)	-3	48,980	7
Sales returns	-	-	(2,937)	-	2,937	100
Revenues, net		%		%		%

$20,024,580	100	$19,201,598	100	$ 822,982	4

For the six months ended June 30, 2022 and 2021, we recognized overall revenue from operations of approximately $20.0 million and $19.2 million, respectively. Net pharmacy revenues increased by approximately $0.8 million for the six months ended June 30, 2022 when compared to the same period in 2021. For the six months ended June 30, 2022, the increase in revenue was mainly attributable to an increase in pharmacy revenue of approximately $1.1 million, an increase in COVID-19 testing revenue of approximately $48,000, a decrease in PBM fees of approximately $49,000, which was offset by a decrease in 340B contract revenue of $0.4 million, when compared to the same period in 2021.

Prescription revenues represented 89% and 88% of all revenue for the six months ended June 30, 2022 and 2021, respectively. Prescriptions revenues as a percentage of total net revenues for the six months ended June 30, 2022, have increased when compared to 2021 due to the increase in prescription revenue of approximately $1.1 million and a decrease in 340B contract revenue approximately $0.4 million when compared to 2021. COVID-19 testing revenue is 8% as a percentage of total net revenues for both six month periods ended June 30, 2022 and 2021.

We have filled approximately 229,000 and 223,000 prescriptions during the six months ended June 30, 2022 and 2021, respectively, a 3% period over period increase in the number of prescriptions filled.

During 2022 we have experienced significant decreases in the reimbursement rates for uninsured patients enrolled in the Gilead PREP program that became effective beginning the first quarter of 2022 that had an overall unfavorable impact on our 340B contract revenue. Dispensing fee and third-party administration revenue earned on our 340B contracts for the six months ended June 30, 2022, and 2021 were approximately $1.1 million and $1.4 million, respectively. As a result of the decrease in reimbursement rates from Gilead PREP program, we experienced an unfavorable impact on our 340B contract revenue in the amount of approximately $0.3 million for the six months ended June 30, 2022. Since the beginning of the year, 340B covered entities significantly increased patient enrollment in alternative programs and insurance plans that provide greater reimbursements. For the three months ended March 31, 2022 we recorded approximately $0.4 million from our 340B contracts, compared to approximately $0.7 million during the three months ended June 30, 2022, an 82% increase from the first quarter of 2022 when compared to the second quarter of 2022. We believe the increase is a direct result of the patient enrollment effort and believe this trend will continue for the remainder of the year.

For the six months ended June 30, 2022, and 2021, we have earned approximately $1.7 million and $1.6 million, respectively from COVID-19 testing. We have recorded record COVID-19 testing revenue in January 2022 as the country was dealing with the Delta and Omicron outbreak during that period. Since January 2022 the demand for COVID-19 testing have slowed down as the need for testing has decreased as it relates to travel and business continuity. It is difficult to predict whether these conditions will be recurring given recent COVID-19 pandemic conditions in Florida. We are well positioned to react if another COVID-19 outbreak occurs as we have built a reputation of being a reliable partner for COVID-19 testing solutions. We have built reputable relationships with well-known media productions companies and these relationships may provide us with recurring COVID-19 testing revenue.

Operating Expenses

Our operating expenses decreased by approximately $1.1 million, or 19%, for the six months ended June 30, 2022 when compared to the same period in 2021. The decrease was mainly attributable to the following:

- Decrease in salaries, wages and employee related expenses due to period over period decrease in headcount, and less time invested in training on pharmacy software when compared to 2021 in the amount of approximately $0.4 million;
- Decrease in consulting fees in the amount of approximately $0.2 million;
- Decrease in rent expense due to non-recurring leasehold improvement related expenses in the amount of approximately $0.2 million;
- Decrease in amortization expense due to intangible assets being fully amortized in the amount of approximately $0.2 million;
- Decrease in other operating expenses in the amount of approximately $0.1 million.

Other (Expense) Income

Other (expense) income decreased by approximately $2.6 million for the six months ended June 30, 2022 when compared to the same period in 2021. The decrease was mainly attributable to the following:

- An adverse change in the fair value of derivative liability of approximately $1.9 million;
- Decrease in (loss) gain from debt extinguishment of approximately $0.7 million due to the decrease from the forgiveness of the Paycheck Protection Program (“PPP”) loans in the amount of approximately $0.4 million in 2021 and non-recurring in 2022, a reduction in the Iliad Research and Chicago Venture Partners notes from the excess sales of converted common stock in the amount of approximately $0.1. million, and an increase in fees associated with the extension of the maturity date of the Iliad Research note in the amount of approximately $0.2 million;
- Increase in other finance cost associated with the Iliad Research note in the amount of approximately $0.1 million;
- Decrease in interest expense in the amount of approximately $0.1 million.

Net Loss

We sustained a net loss of approximately $2.2 million for the six months ended June 30, 2022, compared to a net loss of approximately $0.2 million for the same period in 2021. As discussed above, the increase in net loss is mainly attributable to non-operating items such as (loss) gain on debt settlement, other financing costs, and loss from the adverse change in the fair value of the derivative liability.

Non-GAAP Financial Measures

We define Adjusted EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization, share-based compensation, and certain other items that we do not consider indicative of our ongoing operating performance (which items are itemized below). Adjusted EBITDA is a non-GAAP financial measure.

We consider Adjusted EBITDA to be a supplemental measure of our operating performance. We present Adjusted EBITDA because it is used by our Board and management to evaluate our operating performance. It is also used as a factor in determining incentive compensation, for budgetary planning and forecasting overall financial and operational expectations, for identifying underlying trends and for evaluating the effectiveness of our business strategies. Further, we believe it assists us, as well as investors, in comparing performance from period to period on a consistent basis. Adjusted EBITDA is not in accordance with, or an alternative to, measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP measure is not based on any comprehensive set of accounting rules or principles.

As a non-GAAP measure, Adjusted EBITDA has limitations in that it does not reflect all of the amounts associated with our results of operations as determined in accordance with U.S. GAAP and therefore you should not consider Adjusted EBITDA in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP. You should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in the presentation, and we do not infer that our future results will be unaffected by unusual or non-recurring items. Adjusted EBITDA does not include:

- depreciation expense from property and equipment or amortization expense from acquired intangible assets (and although they are non-cash charges, the assets being depreciated/amortized will often have to be replaced in the future);
- interest expense on our debt and capital leases or interest income we earn on cash and cash equivalents;
- the amounts we paid in taxes or other components of our tax provision (which reduces cash available to us);
- change in fair value of derivatives;
- certain expenses associated with our acquisition activities; or
- the impact of share-based compensation or other matters we do not consider to be indicative of our ongoing operations.

Further, other companies in our industry may calculate Adjusted EBITDA differently than we do and these calculations may not be comparable to our Adjusted EBITDA metric. Because of these limitations, you should consider Adjusted EBITDA alongside other financial performance measures, including net (loss) income attributable to us and our financial results presented in accordance with U.S. GAAP.

The table below presents a reconciliation of the most directly comparable U.S. GAAP measure, net (loss) income attributable to us, to Adjusted EBITDA for the periods indicated below:

	For the Three Months Ended June 30,	
	2022	**2021**
Net loss	$ (880,722)	$ (191,162)
Interest expense	77,909	327,624
Change in fair value of derivative liability	220,300	(261,830)
Income tax expense	866	3,840
Depreciation and amortization expense	45,557	127,028
Consolidated Adjusted EBITDA	$ (536,090)	$ 5,500

	For the Six Months Ended June 30,	
	2022	**2021**
Net loss	$ (2,242,198)	$ (164,310)
Interest expense	537,290	649,413
Change in fair value of derivative liability	1,173,400	(688,510)
Income tax expense	866	8,949
Depreciation and amortization expense	96,198	266,307

Consolidated Adjusted EBITDA	$ (434,444)	$ 71,849

Cash Flows

The following table summarizes our cash flows:

	For the Six Months Ended June 30, (unaudited)	
	2022	**2021**
Net change in cash from:		
Operating activities	$ 959,146	$ 129,032
Investing activities	1,562	(123,091)
Financing activities	(145,889)	319,704
Change in cash	$ 814,819	$ 325,645
Cash at end of the period	$ 2,226,927	$ 2,426,340

Net cash provided by in operating activities totaled approximately $1.0 million and $0.1 million during the six months ended June 30, 2022 and 2021, respectively. The operational cash flows were positively impacted by the overall change in working capital for the six months ended June 30, 2022 when compared to the same period in 2021, and the increase was mainly attributable to the increase in pharmacy revenues during the first six months of 2022 when compared to the same period in 2021, and an increase in accounts payable due to timing of vendor payments towards the end of 2021 compared to the end of June 30, 2022.

Net cash provided by investing activities was $1,562 for the six months ended June 30, 2022, compared to a use of cash of approximately $0.1 million for the same period in 2021. The cash inflow in 2022 was attributable to the proceeds from disposal of fixed assets, offset by payments made in developing internal use software. The cash outflow in 2021 was attributable to the completion of the construction at 400 Ansin Blvd.

Net cash used in financing activities was approximately $0.1 million for the six months ended June 30, 2022, compared to cash provided by financial activities of approximately $0.3 million for the same period in 2021. During 2021, approximately $0.4 million in loan proceeds were received from the U.S. CARES Act compared to $0.0 million loan proceeds received during the same period in 2022.

Liquidity and Capital Resources

Current and Future Financing Needs

We have an accumulated deficit of approximately $10.8 million through June 30, 2022. We have spent, and expect to continue to spend, additional amounts in connection with implementing our business strategy.

The Company has sustained recurring operating losses and negative cash flows from operations over the past years. For the six months ended June 30, 2022, the Company had a net loss of approximately $2.2 million, a loss from operations of approximately $0.3 million, and net cash provided by operating activities of approximately $1.0 million. The Company's cash and cash equivalent position was approximately $2.2 million as of June 30, 2022. The Company expects to continue to incur net losses for at least the next 12 months.

On May 13, 2022, the Company extended the maturity date of the Iliad Research to May 15, 2023. As of June 30, 2022, the outstanding convertible note balance and accrued interest was $2,745,817. The note payable and accrued interest can be settled by Iliad Research either through a cash payment or conversion into shares of the Company's common stock. Although the note holder has tendered past redemptions of the Iliad note payable in the form of common stock conversions, there are no assurances that the note holder will convert the remaining balance of the note and accrued interest into shares of the Company's common stock. The Company expects that it will not generate sufficient cash flows from operations to satisfy the convertible note through cash payment. The Company is currently seeking either debt or equity funding to pay-off the note by its maturity date, but it presently has no access to outside capital.

The significant risks and uncertainties related to the Company's liquidity described above raise substantial doubt about the Company's ability to continue as a going concern over the next twelve months. The Consolidated Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and other commitments in the normal course of business. The accompanying Consolidated Financial Statements do not include any adjustments to reflect the possible future effects of these uncertainties.

Critical Accounting Policies

Revenue Recognition

We recognize pharmacy revenue from dispensing prescription drugs at the time the drugs are physically delivered to a customer or when a customer picks up their prescription or purchases merchandise at the store, which is the point in time when control transfers to the customer. Each prescription claim is considered an arrangement with the customer and is a separate performance obligation. Payments are received directly from the customer at the point of sale, or the customers' insurance provider is billed electronically. For third-party medical insurance and other claims, authorization to ensure payment is obtained from the customer's insurance provider before the medication is dispensed to the customer. Authorization is obtained for these sales electronically and a corresponding authorization number is issued by the customers' insurance provider.

The Company recognizes testing revenue when the tests are performed, and results are delivered to the customer. Each test is considered an arrangement with the customer and is a separate performance obligation. Payment is generally received in advance from the customer.

We record unearned revenue for prescriptions that are filled but not yet delivered at period-end. Billings for most prescription orders are with third-party payers, including Medicare, Medicaid and insurance carriers. Customer returns are nominal. Pharmacy revenues exceeded 86% of total revenue for all periods presented.

We accrue an estimate of fees, including DIR fees, which are assessed or expected to be assessed by payers at some point after adjudication of a claim, as a reduction of revenue at the time revenue is recognized. Changes in the estimate of such fees are recorded as an adjustment to revenue when the change becomes known.

Lease Accounting

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842), to provide a new comprehensive model for lease accounting. Under this guidance, lessees and lessors should apply a "right-of-use" model in accounting for all leases (including subleases) and eliminate the concept of operating leases as off-balance sheet lease arrangements. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. Topic 842 establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the Condensed Consolidated Balance Sheets for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the recognition, measurement, and presentation of expenses in the income statement. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements.

Accounts Receivable and Allowances

Accounts receivable consist of amounts due from third party medical insurance carriers, pharmacy benefit management companies, patients and credit card processors. Management periodically reviews the accounts receivable to assess collectability and estimates potential uncollectible accounts. Accounts receivables are written off after collection efforts have been completed in accordance with our policies. The uncollectible accounts allowance reduces the carrying value of the account receivable.

Inventories

Inventories are located at our four pharmacy locations. Inventory consists solely of finished products (primarily prescription drugs) and is valued at the lower of first-in, first-out cost (FIFO) or market. Our inventories are maintained on a periodic basis through the performance of physical inventory counts. Our cost of sales is recorded based upon the quantity of prescription drugs dispensed for each prescription filled by our pharmacies and the corresponding unit cost of each drug.

Inventories are comprised of brand and generic pharmaceutical drugs. Our pharmacies maintain a wide variety of different drug classes, known as Schedule II, Schedule III, and Schedule IV drugs, which vary in degrees of addictiveness. Schedule II drugs, considered narcotics by the DEA, are the most addictive; hence, they are highly regulated by the DEA and are required to be segregated and secured in a separate cabinet. Schedule III and Schedule IV drugs are less addictive and are not regulated. The cost in acquiring Schedule II drugs is higher than Schedule III and IV drugs.

Deferred Taxes

In assessing the need for a valuation allowance, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carry-forwards. Valuation allowances related to deferred tax assets can be affected by changes to tax laws, changes to statutory tax rates and future taxable income levels. Based on current estimates of future taxable income, we believe that we will not be able to realize the full value of deferred tax assets and has increased its valuation allowance to offset completely its deferred tax assets resulting from our net operating losses.

Off-Balance Sheet Arrangements

We do not have any unconsolidated special purpose entities and, we do not have significant exposure to any off-balance sheet arrangements. The term “off-balance sheet arrangement” generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with us is a party, under which we have: (i) any obligation arising under a guarantee contract, derivative instrument or variable interest; or (ii) a retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period and are not required to provide the information required under this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this quarterly report, an evaluation was carried out by the Company’s management, with the participation of the principal executive officer and the principal financial officer, of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act (“Exchange Act”) as of June 30, 2022. Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission’s rules and forms, and that such information is accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company’s management concluded, as of the end of the period covered by this report, that the Company’s disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission’s rules and forms, and that such information was accumulated and communicated to management, including the principal executive officer and the principal financial officer, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15 (f) under the Exchange Act, during our most recently completed fiscal quarter which is the subject of this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On May 3, 2022, a complaint was filed by the Plaintiff Positive Health Alliance, Inc. ("PHA") against PharmCo LLC, a wholly owned subsidiary of the Company, in the U.S. Circuit Court of Miami Dade, Florida, alleging that defendant failed to pay amounts due and owing to PHA under the parties' contract for discounted prescription drugs. PHA is seeking judgment against PharmCo for compensatory damages in the amount of $407,504, plus attorneys' fees and costs. The Company has accrued certain amounts, as further described in Note 12 in the Notes to the Condensed Consolidated Financial Statements for the Three and Six Months Ended June 30, 2022 and 2021. PHA and Pharmco entered into a settlement agreement on July 1, 2022, pursuant to which Pharmco paid to PHA the total amount of $407,504 in installment payments. The complaint was dismissed with prejudice on July 8, 2022.

On June 8, 2022, a complaint was filed by the Company against KeyCentrix, LLC ("KCL"), in the U.S. District Court for the Southern District of Florida, alleging fraudulent inducement, breach of express warranty and breach of implied warranty. The complaint stems from an agreement by KCL to license to the Company certain pharmacy management software known as "Newleaf " for use in the operations of pharmacies operated by the Company.

ITEM 1A. RISK FACTORS

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide information required by this Item. There were no material changes to the risks described in the section entitled "*Risk Factors*" in our Form 10-12G filed on April 7, 2022, or our Form 10-Q filed on May 16, 2022.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Standstill Agreement with Iliad Research

Effective May 13, 2022, we entered into an agreement (the "Standstill Agreement") with Iliad Research and Trading, L.P., a Utah limited partnership ("Iliad Research") with respect to certain matters as described below which primarily relate to the Iliad Research Note (the "Note") entered into on March 6, 2019. Capitalized terms have the meanings given to them in the Note. Pursuant to the Standstill Agreement, among other things:

- During the period beginning May 13, 2022 and ending on June 15, 2022 ("Standstill Period 1"), Iliad Research agreed not to (i) redeem, whether in cash or Conversion Shares, any portion of the Note through the submission of Redemption Notices or otherwise; or (ii) sell any shares of the Company's common stock (collectively, the "Standstill").
- The Company and Iliad Research agreed to extend the Maturity Date of the Note to May 15, 2023 ("Extension").
- Provided there was not an Event of Default under the Note, the Company may elect to extend the Standstill until July 15, 2022 ("Standstill Period 2"). There was not an Event of Default, and the Company elected to extend the Standstill until July 15, 2022.
- In consideration of the foregoing, the Company agreed to increase the balance of the Note by $237,173, pay $47,435 for Standstill Period 1, and, if elected, pay $53,607 for Standstill Period 2. As a result, the outstanding balance of the Iliad Research note, inclusive of Extension and Standstill Period 1 fees, is $2,656,336 at May 13, 2022. In addition, the Company made customary representations, warranties and agreements.

The foregoing description is a summary of the material terms of the Standstill Agreement and is qualified in its entirety by the full text of the Standstill Agreement, which was filed as Exhibit 3.9 to our Form 10-Q filed on May 16, 2022.

ITEM 6. EXHIBITS

3.1	Progressive Training Inc, Certificate of Incorporation, dated October 31, 2006
3.2	Progressive Care Inc., Certificate of Ownership and Merger of Progressive Care Inc. into Progressive Training, Inc. dated November 23, 2010
3.3	Certificate of Amendment of Certificate of Incorporation dated July 3, 2014
3.4	Certificate of Designations, Preferences and Rights of Series A Preferred Stock dated December 18, 2014
3.5	Certificate of Amendment to the Certificate of Incorporation dated February 26, 2015
3.6	Certificate of Amendment to Certificate of Incorporation dated September 23, 2019
3.7	Certificate of Correction dated September 26, 2019
3.8	Progressive Care Inc., Amended and Restated Bylaws
3.9	Standstill Agreement by and among the Company, Iliad Research and Trading, L.P., dated May 13, 2022
4.1	Promissory Note between Regions Bank and PharmCo, LLC, 400 Ansin Blvd., Hallandale Beach, FL, dated as of December 14, 2018
4.2	Promissory Note between 400 Ansin LLC and Company, 400 Ansin Blvd., Hallandale Beach, FL, dated as of December 14, 2018
4.3	Secured Convertible Promissory Note between Chicago Venture Partners, L.P. and the Company, dated as of January 2, 2019
4.4	Secured Convertible Promissory Note between Iliad Research and Trading, L.P. and Company dated as of March 6, 2019
10.1+	Director Agreement between Jervis Hough and Progressive Care Inc., dated as of August 1, 2017
10.2 +	Director Agreement between Oleg Firer and Progressive Care Inc., dated as of September 20, 2017
10.3+	Executive Employment Agreement by and between Alan Jay Weisberg and the Company, dated as of October 15, 2020
10.4+	Executive Employment Agreement by and between Cecile Munnik and the Company, dated as of October 15, 2020
10.5+	Executive Employment Agreement by and between by and between Birute Norkute and the Company, dated as of January 3, 2020
10.6	Membership Interest Purchase Agreement – Touchpoint RX, LLC dated as of March 30, 2018
10.7	Consulting Agreement by and between the Company and Spark Financial Consulting, Inc. dated July 1, 2019
10.8	Membership Interest Exchange Agreement, dated January 5, 2015 (filed as Exhibit 10.1 to Form 8-K filed on January 9, 2015)

10.9+	Incentive Stock Plan
10.10+	Amended and Restated Executive Employment Agreement by and between Alan Jay Weisberg and the Company, dated as of November 22, 2021
10.11+	Amended and Restated Executive Employment Agreement by and between Cecile Munnik and the Company, dated as of November 22, 2021
10.12+	Amended and Restated Executive Employment Agreement by and between Birute Norkute and the Company, dated as of November 22, 2021
10.13+	Amended and Restated Employment Agreement by and between Armen Karapetyan and the Company, dated as of November 22, 2021
10.14+	Employment Agreement by and between Carlos Rangel and the Company, dated as of November 22, 2021
10.15+	Director Agreement between Alan Jay Weisberg and Progressive Care Inc., dated as of July 21, 2021
10.16	Share Exchange Agreement between the Company and Yelena Braslavskaya 2020 Gift Trust dated November 22, 2021
10.17	Settlement Agreement by and among the Company, Iliad Research and Chicago Ventures Partners, L.P. dated January 20, 2022
10.18+	Director Agreement between Birute Norkute and the Company dated as of December 9, 2021
10.19+	Director Agreement between Joseph Ziegler and the Company dated as of December 9, 2021
10.20	Stock Purchase Agreement by and among certain sellers and Company dates as of March 8, 2019
10.21	Amendment to Stock Purchase Agreement by and among certain sellers and Company dated as of November 1, 2019
31.1	Certification of Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Chairman and Chief 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 Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File. The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

*Filed herewith
+ Management contract or compensatory plan or arrangement

SIGNATURES

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

Progressive Care Inc.

Date: August 11, 2022

By: */s/ Alan Jay Weisberg*

Alan Jay Weisberg
Chief Executive Officer
(Principal Executive Officer)

Date: August 11, 2022

By: */s/ Cecile Munnik*

Cecile Munnik
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

PROGRESSIVE CARE INC.
CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alan Jay Weisberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2022, of Progressive Care Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including the registrant's consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    A) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2022

/s/ Alan Jay Weisberg

Alan Jay Weisberg
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

PROGRESSIVE CARE INC.
CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cecile Munnik, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2022, of Progressive Care Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including the registrant's consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2022

/s/ Cecile Munnik

Cecile Munnik
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

PROGRESSIVE CARE INC.
CERTIFICATION OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Progressive Care Inc. ("Progressive Care") on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan Jay Weisberg, Chairman and Chief Executive Officer of Progressive Care Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2022

/s/ Alan Jay Weisberg

Alan Jay Weisberg
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

PROGRESSIVE CARE INC.
CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Progressive Care Inc. ("Progressive Care") on Form 10-Q for the period ended June 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cecile Munnik, Chief Financial Officer of Progressive Care Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 11, 2022

/s/ Cecile Munnik

Cecile Munnik
Chief Financial Officer
(Principal Financial and Accounting Officer)