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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2023.

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ☐ to ☐

Commission File Number: 000-52684

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

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

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
N/A	N/A	N/A

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 ☒	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 ☒

The number of shares of the registrant's common stock outstanding as of May 9, 2023 was 5,188,033.

PROGRESSIVE CARE INC. AND SUBSIDIARIES
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report and other documents that we file with the Securities and Exchange Commission contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management's assumptions. Statements that are not historical facts are forward-looking statements, including forward-looking information concerning pharmacy sales trends, prescription margins, number and location of new store openings, outcomes of litigation, the level of capital expenditures, industry trends, demographic trends, growth strategies, financial results, cost reduction initiatives, acquisition synergies, regulatory approvals, and competitive strengths. Words such as "expect," "outlook," "forecast," "would," "could," "should," "project," "intend," "plan," "continue," "sustain", "on track", "believe," "seek," "estimate," "anticipate," "may," "assume," and variations of such words and similar expressions are often used to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and involve risks, assumptions and uncertainties, including, but not limited to, those described in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission ("SEC") on March 30, 2023, this quarterly report on Form 10-Q for the three months ended March 31, 2023, and our other reports that we file or furnish with the SEC. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. Except to the extent required by law, we undertake no obligation to update publicly any forward-looking statements after the date they are made, whether as a result of new information, future events, changes in assumptions or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

PROGRESSIVE CARE INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets		
Current Assets		
Cash	$ 7,451,770	$ 6,742,876
Accounts receivable – trade, net	4,304,544	3,671,786
Receivables - other	2,018,480	2,004,805
Inventory, net	1,263,499	713,284
Prepaid expenses	227,035	245,983
Total Current Assets	15,265,328	13,378,734
Property and equipment, net	2,556,503	2,582,753
Other Assets		
Goodwill	1,387,860	1,387,860
Intangible assets, net	114,511	126,696
Operating right-of-use assets, net	409,910	446,180
Finance right-of-use assets, net	45,478	53,814
Deposits	39,137	38,637
Total Other Assets	1,996,896	2,053,187
Total Assets	**$ 19,818,727**	**$ 18,014,674**
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 9,260,404	$ 7,384,336
Notes payable and accrued interest, net of unamortized debt discount and debt issuance costs	185,831	226,931
Operating lease liabilities	195,791	200,314
Finance lease liabilities	29,657	33,616
Total Current Liabilities	9,671,683	7,845,197
Long-term Liabilities		
Notes payable, net of current portion	2,347,801	2,248,626
Operating lease liabilities, net of current portion	242,027	278,602
Finance lease liabilities, net of current portion	19,502	24,198
Total Liabilities	12,281,013	10,396,623
Commitments and Contingencies	—	—
Stockholders' Equity		
Preferred Stock, Series B ($0.001 par value, 100,000 shares designated; 3,000 issued and outstanding as of March 31, 2023 and December 31, 2022, respectively)	3	3
Common stock ($0.0001 par value, 100,000,000 shares authorized; 3,358,301 and 3,347,440 issued and outstanding as of March 31, 2023 and December 31, 2022, respectively)	66,948	66,947
Additional paid-in capital	22,575,215	22,525,214
Accumulated deficit	(15,104,452)	(14,974,113)
Total Stockholders' Equity	7,537,714	7,618,051
Total Liabilities and Stockholders' Equity	**$ 19,818,727**	**$ 18,014,674**

See accompanying notes to the unaudited condensed consolidated financial statements.

PROGRESSIVE CARE INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenues, net	$ 11,391,944	$ 10,050,995
Cost of revenue	8,245,259	7,670,390
Gross profit	3,146,685	2,380,605
Operating expenses		
Selling, general and administrative expenses	3,123,790	2,553,962
Bad debt expense (recovery)	9,100	(37,800)
Total operating expenses	3,132,890	2,516,162
Income (loss) from operations	13,795	(135,557)
Other loss		
Change in fair value of derivative liabilities	—	(953,100)
Gain on debt extinguishment	—	175,000
Gain on disposal of fixed assets	—	11,562
Interest income	5,666	—
Interest expense	(149,800)	(459,381)
Total other loss	(144,134)	(1,225,919)
Loss before income taxes	(130,339)	(1,361,476)
Provision for income taxes	—	—
Net loss attributable to common shareholders	$ (130,339)	$ (1,361,476)
Basic and diluted weighted average loss per common share	$ (0.04)	$ (0.50)
Weighted average number of common shares outstanding during the year – basic and diluted	3,358,180	2,727,482

See accompanying notes to the unaudited condensed consolidated financial statements.

PROGRESSIVE CARE INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
Three Months Ended March 31, 2023 and 2022
(Unaudited)

	Preferred Stock, Series B $0.001 Par Value		Common Stock $0.0001 Par Value		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	3,000	$ 3	3,347,440	$ 66,947	$ 22,525,214	$ (14,974,113)	$ 7,618,051
Stock-based compensation	—	—	10,861	1	50,001	—	50,002
Net loss	—	—	—	—	—	(130,339)	(130,339)
Balance at March 31, 2023	3,000	$ 3	3,358,301	$ 66,948	$ 22,575,215	$ (15,104,452)	$ 7,537,714

	Preferred Stock Series A $0.0001 Par Value		Common Stock $0.0001 Par Value		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2021	51	$ —	2,724,422	$ 54,487	$ 8,862,050	$ (8,528,937)	$ 387,600
Issuance of common stock for services rendered	—	—	3,094	62	20,938	—	21,000
Stock-based compensation	—	—	17,297	348	104,652	—	105,000
Net loss	—	—	—	—	—	(1,361,476)	(1,361,476)
Balance at March 31, 2022	51	$ —	2,744,813	$ 54,897	$ 8,987,640	$ (9,890,413)	$ (847,876)

See accompanying notes to the unaudited condensed consolidated financial statements.

PROGRESSIVE CARE INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (130,339)	$ (1,361,476)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	43,739	34,120
Change in provision for doubtful accounts	9,100	(37,800)
Stock-based compensation	60,002	126,000
Amortization of debt issuance costs and debt discounts	96,158	285,870
Amortization of right-of-use assets - finance leases	8,336	8,336
Amortization of right-of-use assets - operating leases	36,270	36,738
Change in fair value of derivative liability	—	953,100
Change in accrued interest on notes payable	34,408	155,268
Change in accrued interest on lease liabilities	5,245	4,462
Amortization of intangible assets	12,185	8,185
Gain on disposal of fixed assets	—	(11,562)
Changes in operating assets and liabilities:		
Accounts receivable	(378,211)	276,317
Grant receivable	(277,322)	—
Inventory	(550,215)	(33,191)
Prepaid expenses	18,948	(19,701)
Deposits	(500)	—
Accounts payable and accrued liabilities	1,884,645	670,685
Operating lease liabilities	(45,379)	(30,260)
Net cash provided by operating activities	827,070	1,065,091
Cash flows from investing activities:		
Purchase of property and equipment	(17,489)	—
Proceeds from disposal of fixed assets	—	11,562
Purchase of intangible assets	—	(10,000)
Net cash (used in) provided by investing activities	(17,489)	1,562
Cash flows from financing activities:		
Payments of notes payable	(91,068)	(81,602)
Payments on lease liabilities	(9,619)	(9,619)
Net cash used in financing activities	(100,687)	(91,221)
Increase in cash	708,894	975,432
Cash at beginning of period	6,742,876	1,412,108
Cash at end of period	$ 7,451,770	$ 2,387,540
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 19,234	$ 18,242
Cash paid for income taxes	$ —	$ —
Supplemental schedule of non-cash investing and financing activities:		
Debt extension fees and other financing costs added to note principal	$ —	$ 100,000
Issuance of common stock for services rendered	$ —	$ 2,100

See accompanying notes to the unaudited condensed consolidated financial statements.

PROGRESSIVE CARE INC. AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
March 31, 2023
(Unaudited)

Unless the context requires otherwise, references to the "Company", "we", "us", "our", "our Company", or "our business" refer to Progressive Care Inc. and its subsidiaries.

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 ("Pharmco 901"), Touchpoint RX, LLC doing business as Pharmco Rx 1002, LLC ("Pharmco 1002"), Family Physicians RX, Inc. doing business as PharmcoRx 1103 and PharmcoRx 1204 ("FPRX" or "Pharmco 1103" and "Pharmco 1204") (pharmacy subsidiaries collectively referred to as "Pharmco"), and ClearMetrX Inc. ("ClearMetrX") 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 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 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 and Principles of Consolidation

The accompanying Unaudited Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), consistent in all material respects with those applied in the 2022 Form 10-K, for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the 2022 Form 10-K. In the opinion of management, the Unaudited Condensed Consolidated Financial Statements contain all adjustments (consisting principally of normal recurring accruals) necessary for a fair presentation of the condensed consolidated balance sheets, statements of operations, statements of stockholders' equity and statements of cash flows for such interim periods presented. Additionally, operating results for interim periods are not necessarily indicative of the results that can be expected for a full year.

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. Certain 2022 financial information has been reclassified to conform to the 2023 presentation. Such reclassifications do not impact the Company's previously reported financial position or net income (loss).

Note 3. Summary of Significant Accounting Policies

The significant accounting policies of the Company were described in Note 3 to the Audited Consolidated Financial Statements included in the Company's Form 10-K for the fiscal year ended December 31, 2022. There have been no material changes to the Company's significant accounting policies for the three months ended March 31, 2023.

Concentrations

The Company had significant concentrations with one vendor. The purchases from this significant vendor were 96% and 98% of total vendor purchases for the three months ended March 31, 2023 and 2022, respectively.

Recently Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12, "Income Taxes (Topic 740) —Simplifying the Accounting for Income Taxes" ("ASU 2019-12"), 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 with early adoption permitted. The Company adopted this guidance effective January 1, 2023 and the adoption had no material impact on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), 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. In November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses." This ASU clarifies receivables from operating leases are accounted for using the lease guidance and not as financial instruments. In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." This ASU clarifies various scoping and other issues arising from ASU 2016-13. In March 2020, the FASB issued ASU 2020-03, "Codification Improvements to Financial Instruments." This ASU improves the Codification and amends the interaction of Topic 842 and Topic 326. ASU 2016-13 and related amendments are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance effective January 1, 2023 and the adoption had no material impact on our consolidated financial statements and related disclosures. On an ongoing basis, the Company will contemplate forward-looking economic conditions in recording lifetime expected credit losses for the Company's financial assets measured at cost, such as the Company's trade receivables.

Subsequent Events

Resignation of Officer

On April 29, 2023, Mrs. Birute Norkute resigned from her position as Chief Operating Officer ("COO") of the Company, effective May 1, 2023. Mrs. Norkute remains engaged with the Company as Operations Manager ("OM"). There has been no modifications to Mrs. Norkute's compensation or benefits in connection with the change of Mrs. Norkute's position from COO to OM.

Appointment of Officer

Effective May 1, 2023, Dr. Pamela Roberts serves as COO of the Company. Prior to her appointment as COO, Dr. Roberts served as the Company's Director of Pharmacy and Pharmacist in Charge. In connection with such appointment, Dr. Roberts has entered into an employment agreement, which increased her base salary to $180,000 in addition to certain other benefits.

Securities Purchase Agreement

On May 5, 2023, the Company entered into a Securities Purchase Agreement (the "SPA") with NextPlat Corp. ("NextPlat"), pursuant to which NextPlat agreed to purchase 455,000 newly issued units of securities from the Company (the "Units") at a price per Unit of $2.20 for an aggregate purchase price of $1.0 million (the "Unit Purchase"). Each Unit consists of one share of common stock, par value $0.0001 per share, of Progressive Care ("Common Stock") and one warrant to purchase a share of Common Stock (the "PIPE Warrants"). The PIPE Warrants have a three-year term and will be immediately exercisable. Each PIPE Warrant is exercisable at $2.20 per share of Common Stock. On May 9, 2023, the Company and NextPlat closed the transactions contemplated in the SPA. The Company intends to use the net proceeds from the Unit Purchase for its working capital needs. The Company received cash proceeds of $880,000, net of placement agent commission of $70,000 and legal fees of $50,000.

Simultaneous with the closing, the Company entered into a Debt Conversion Agreement (the "DCA") with NextPlat and the other holders (the "Holders") of that certain Amended and Restated Secured Convertible Promissory Note, dated as of September 2, 2022, made by the Company in the original face amount of $2,790,886 (the "Note"). Pursuant to the DCA, NextPlat and the other Holders agreed to convert the total $2,887,229 of outstanding principal and accrued and unpaid interest to Common Stock at a conversion price of $2.20 per share (the "Debt Conversion"). Of the total 1,312,379 shares of Common Stock issued upon conversion of the Note pursuant to the DCA, NextPlat received 570,599 shares, Charles M. Fernandez, the Company's Chairman and Chief Executive Officer, received 228,240 shares, and Rodney Barreto, the Company's Vice-Chairman of the Board of Directors, received 228,240 shares. In addition, each of the Holders also received a warrant to purchase one share of Common Stock for each share of Common Stock they received upon conversion of the Note (the "Conversion Warrants"). The Conversion Warrants have a three-year term and will be immediately exercisable. Each Conversion Warrant is exercisable at $2.20 per share of Common Stock.

At the same time, the Company and NextPlat entered into a First Amendment (the "Amendment") to that certain Securities Purchase Agreement dated November 16, 2022 (the "Debenture Purchase Agreement"). Under the Debenture Purchase Agreement, the Company agreed to issue, and NextPlat agreed to purchase, from time to time during the three-year term of the Debenture Purchase Agreement, up to an aggregate of $10.0 million of secured convertible debentures from NextPlat (the "Debentures"). Pursuant to the Amendment, NextPlat and Progressive Care agreed to amend the Debenture Purchase Agreement and the form of Debenture attached as an exhibit thereto to have a conversion price of $2.20 per share. As of May 12, 2023, the date the Unaudited Condensed Consolidated Financial Statements were available to be issued, no Debentures have been purchased by NextPlat under the Debenture Purchase Agreement.

Dawson James Securities, Inc. (the "Placement Agent") served as placement agent for the Unit Purchase. In consideration for the Placement Agent's services, the Company issued to the Placement Agent and its affiliates warrants to purchase 91,000 shares of Common Stock (the "Placement Agent Warrants"). The Placement Agent Warrants have a five-year term and will be exercisable in December 2023. Each Placement Agent Warrant is exercisable at $2.20 per share of Common Stock.

In addition, the Company issued 330,000 warrants to certain existing Progressive Care investors to induce them to approve the transaction contemplated by the SPA (the "Inducement Warrants"). Charles M. Fernandez and Rodney Barreto received Inducement Warrants to purchase 190,000 and 30,000 shares of Common Stock, respectively. The Inducement Warrants have a three-year term and will be immediately exercisable. Each Inducement Warrant is exercisable at $2.20 per share of Common Stock.

Note 4. Fair Value Measurements

Accounting standards define fair value as the price that would be received from selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value and also establishes the following three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, 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 substantially the full term of the assets or liabilities.

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.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

- *Cash, accounts receivable, and accounts payable and accrued liabilities:* The amounts reported in the accompanying Condensed Consolidated Balance Sheets approximate fair value due to their short-term nature.

- *Notes payable and lease liabilities:* 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 approximated fair value due to the implicit rate in the lease in relation to the Company's borrowing rate and the duration of the leases (Level 2 inputs).

Note 5. Revenue

The Company recognizes pharmacy revenue and 340B contract 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 is obtained to ensure payment 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 COVID-19 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 were 92% and 86% of total revenue for the three months ended March 31, 2023 and 2022, respectively.

The Company accrues an estimate of pharmacy benefit manager ("PBM") fees, including direct and indirect remuneration ("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:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Prescription revenue	$ 10,440,944	$ 8,605,882
340B contract revenue	1,576,295	387,956
COVID-19 testing revenue	45,456	1,291,017
Rent and other revenue	15	207
Sub total	12,062,710	10,285,062
PBM fees	(670,766)	(234,067)
Revenues, net	$ 11,391,944	$ 10,050,995

Note 6. Earnings (Loss) per Share

The components of basic and diluted earnings (loss) per share (“EPS”) were as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net loss attributable to common shareholders	$ (130,339)	$ (1,361,476)
Basic weighted average common shares outstanding	3,355,546	2,727,482
Potentially dilutive common shares	—	—
Diluted weighted average common shares outstanding	3,355,546	2,727,482
Basic weighted average loss per common share	$ (0.04)	$ (0.50)
Diluted weighted average loss per common share	$ (0.04)	$ (0.50)

Note 7. Accounts Receivable – Trade, net

Accounts receivable consisted of the following at:

	March 31, 2023	December 31, 2022
Gross accounts receivable – trade	$ 4,517,544	$ 3,875,686
Less: allowance for doubtful accounts	(213,000)	(203,900)
Accounts receivable – trade, net	$ 4,304,544	$ 3,671,786

For the three months ended March 31, 2023 and 2022, the Company recognized bad debt expense (recovery) in the amount of approximately $9,000 and $(38,000), respectively.

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.

Accounts receivable – trade, net as of January 1, 2022 and March 31, 2022 were approximately $2.2 million and $1.5 million, respectively.

The Company generated reimbursements from three significant PBMs:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
A	53%	57%
B	37%	35%
C	7%	5%

Note 8. Property and Equipment, net

Property and equipment, net consisted of the following:

	March 31, 2023	December 31, 2022
Building	$ 1,651,069	$ 1,651,069
Building improvements	513,075	513,075
Furniture and equipment	441,318	423,829
Leasehold improvements and fixtures	276,614	276,614
Vehicles	251,715	251,715
Land	184,000	184,000
Computer equipment	101,230	101,230
Total	3,419,021	3,401,532
Less: accumulated depreciation	(862,518)	(818,779)
Property and equipment, net	$ 2,556,503	$ 2,582,753

Depreciation expense for the three months ended March 31, 2023 and 2022 was approximately $52,000 and $42,000, respectively.

Note 9. Intangible Assets

Intangible assets consisted of the following at:

	March 31, 2023	December 31, 2022
Trade names	$ 362,000	$ 362,000
Pharmacy records	263,000	263,000
Non-compete agreements	166,000	166,000
Software	86,424	86,424
Website	67,933	67,933
Subtotal	945,357	945,357
Less accumulated amortization	(830,846)	(818,661)
Net intangible assets	$ 114,511	$ 126,696

Amortization of intangible assets amounted to approximately $12,000 and $8,000 for the three months ended March 31, 2023 and 2022, respectively. The following table represents the total estimated future amortization of intangible assets for the five succeeding years:

Year	Amount
2023 (remaining nine months)	$ 36,587
2024	30,390
2025	17,285
2026	17,285
2027	12,964
Total	$ 114,511

Note 10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at:

	March 31, 2023	December 31, 2022
Accounts payable – trade	$ 7,940,209	$ 6,517,496
Accrued payroll and payroll taxes	317,100	228,957
Accrued DIR fees	552,031	500,589
Other accrued liabilities	451,064	137,294
Total	$ 9,260,404	$ 7,384,336

Note 11. Notes Payable

Notes payable consisted of the following at:

	March 31, 2023	December 31, 2022
A. Convertible note payable and accrued interest - collateralized	$ 2,872,318	$ 2,837,910
B. Mortgage note payable - commercial bank - collateralized	1,204,689	1,225,913
C. Note payable - uncollateralized	25,000	25,000
D. Notes payable - collateralized	123,596	137,017
Insurance premiums financing	32,456	70,302
Subtotal	4,258,059	4,296,142
Less: unamortized debt discount	(1,724,427)	(1,820,585)
Total	2,533,632	2,475,557
Less: current portion of notes payable	(185,831)	(226,931)
Long-term portion of notes payable	$ 2,347,801	$ 2,248,626

The corresponding notes payable above are more fully discussed below:

(A) Convertible Note Payable – collateralized

NextPlat Investors

In August 2022, the Company entered into the Modification Agreement with the NextPlat investors wherein the terms were modified for an existing Secured Convertible Promissory Note originally held by Iliad Research ("the Note") and sold to the NextPlat investors ("the NextPlat Investors Note"). The NextPlat investors purchased the Note as part of a Confidential Note Purchase and Release Agreement between Iliad Research and the NextPlat investors. As of the date of the SPA, the aggregate amount of principal and interest outstanding on the NextPlat Investors Note was approximately $2.8 million. As part of the Modification Agreement, the NextPlat investors agreed to modify the following terms of the NextPlat Investors Note:

1. The Maturity Date was extended to August 31, 2027.
2. The Outstanding Balance shall bear interest at the simple annual rate of five percent (5%) per annum.
3. The Company is prohibited from prepaying the Note.
4. The Conversion Price for the Note was modified to a fixed price of $4.00 per share of common Stock.
5. The Note shall provide for mandatory conversion upon the later to occur of (a) the completion of the Company's reverse stock split, and (b) the listing of the Company's common stock on a national exchange, including the Nasdaq Capital Market, the Nasdaq Global Market, or the New York Stock Exchange.

The outstanding balance on the NextPlat Investors Note was approximately $2.9 million as of March 31, 2023, inclusive of accrued interest in the amount of approximately $81,000. The Note is reported net of a debt discount of approximately $1.7 million on the Condensed Consolidated Balance Sheets as of March 31, 2023.

Debt Issuance Costs and Debt Discount Associated with the NextPlat Investors Note

Debt issuance costs consist of fees incurred from the Placement Agent and Investment Advisor associated with the NextPlat Investors Debt Modification Agreement. Debt discount consists of the discount recorded from the issuance of approximately 105,000 shares of common stock to the NextPlat Investors as consideration for the Debt Modification Agreement.

Debt issuance costs and debt discount are amortized to interest expense over the term of the related debt using the straight-line method. Total amortization expense for the three months ended March 31, 2023 was approximately $96,000.

(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.

(C) Note Payable – Uncollateralized

As of March 31, 2023 and December 31, 2022, the uncollateralized note payable represents a non-interest-bearing loan that is due on demand from an investor.

(D) Notes 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 approximately $10,000 and $16,000 as of March 31, 2023 and December 31, 2022, respectively. The promissory note is secured by equipment with a net book value of approximately $11,000 and $16,000 as of March 31, 2023 and December 31, 2022, 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 as of March 31, 2023 and December 31, 2022 on the note payable was approximately $8,300 and $9,000, respectively.

In July 2022, the Company entered into a note obligation with a commercial lender, the proceeds from which were used to purchase pharmacy equipment in the amount approximately of $90,000. The terms of the promissory note payable require 60 monthly payments of $1,859, including interest at 8.78% starting January 2023. The balance outstanding on the note payable was approximately $86,000 and $90,000 as of March 31, 2023 and December 31, 2022, respectively.

In September 2022, the Company entered into a note obligation with a commercial lender, the proceeds from which were used to purchase a vehicle in the amount approximately of $25,000. The terms of the promissory note payable require 24 monthly payments of $1,143, including interest at 8.29% starting October 2022. The balance outstanding on the note payable was approximately $19,000 and $22,000 as of March 31, 2023 and December 31, 2022, respectively.

Principal outstanding as of March 31, 2023, is expected to be repayable as follows:

Year		Amount
2023 (remaining nine months)	$	154,440
2024		121,126
2025		114,419
2026		118,630
2027		123,597
Thereafter		3,625,847
Total	$	4,258,059

Interest expense on these notes payable, exclusive of debt discount and debt issue cost amortization, was approximately $51,000 and $173,000 for the three months ended March 31, 2023 and 2022, respectively.

Note 12. Stockholders' Equity

On December 29, 2022, we effected a 1-for-200 reverse stock split of our common stock and the number of shares of common stock that we are authorized to issue was reduced to 100 million. All fiscal year 2022 common stock share information has been retrospectively adjusted to reflect the reverse stock split.

Preferred Stock

The Company has 10,000,000 shares of preferred stock authorized.

On August 30, 2022, pursuant to a SPA with NextPlat, the Company sold 3,000 units wherein each unit is made up of one share of Series B Convertible Preferred Stock, $0.001 par value, and Investor Warrants. Each warrant entitles the holder to purchase one share of Series B Convertible Preferred Stock at an exercise price of $2,000. The Investor Warrants may also be exercised, in whole or in part, by means of a cashless exercise. The Series B Convertible Preferred Stock has a stated value of $2,000 per share and each Preferred Stock share has the equivalent voting rights of 500 common stock shares. Each share of Series B Convertible Preferred Stock is convertible at any time at the option of the holder into shares of the Company's common stock determined by dividing the stated value by the conversion price which is $4.00.

As of March 31, 2023 and December 31, 2022, 100,000 shares are designated as Series B Preferred Stock, par value $0.001 per share and 9,900,000 shares of undesignated preferred shares, par value $0.001 per share.

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 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.

Note 13. Stock-Based Compensation

For the three months ended March 31, 2023 and 2022, the Company recorded total stock-based compensation expense of approximately $60,000 and $126,000, respectively. There were no income tax benefits recognized from stock-based compensation during the three months ended March 31, 2023 and 2022 due to cumulative losses and valuation allowances.

Note 14. 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. 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 13 installment payments. The complaint was dismissed with prejudice on July 8, 2022. The balance outstanding was approximately $190,000 and $280,000 as March 31, 2023 and December 31, 2022, respectively (recorded in Accounts Payable and Accrued Liabilities).

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 15. Related Party Transactions

On February 1, 2023, the Company entered into a Management Services Agreement with NextPlat Corp to provide certain management and administrative services to the Company for $25,000 per month fee. During the three months ended March 31, 2023, the Company paid $50,000 to NextPlat as management fees.

On August 30, 2022, NextPlat, Charles M. Fernandez, Rodney Barreto, and certain other purchasers purchased from Iliad Research a Secured Convertible Promissory Note, dated March 6, 2019, made by the Company to Iliad (the "Note"). The accrued and unpaid principal and interest under the note at the time of the purchase was approximately $2.8 million. In connection with the Note Purchase, NextPlat, Messrs. Fernandez and Barreto and the other purchasers of the Note entered into a Debt Modification Agreement with the Company. In consideration of the concessions in the Debt Modification Agreement, the Company issued 105,000 shares of its common stock to the purchasers of the Note, of which NextPlat, Messrs. Fernandez and Barreto, received 45,653, 18,261, and 18,261 shares, 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 unaudited Condensed Consolidated Financial Statements and notes thereto included under Part I, Item I of this Quarterly Report on Form 10-Q. In addition, reference should be made to our audited Consolidated Financial Statements and notes thereto and related "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 Form 10-K. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs, including potential impacts on our business, results of operations and financial condition. Our actual results may differ materially from those contained in or implied by any forward-looking statements. The financial information included in this discussion and in our consolidated financial statements may not be indicative of our consolidated financial position, operating results, changes in equity and cash flows in the future. See "Special Note Regarding Forward-Looking Statements" included earlier 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. We are a personalized healthcare services and technology company which provides prescription pharmaceutical and risk and data management services to healthcare organizations and providers.

We currently own and operate five pharmacies, which generate most of our pharmacy revenues, which is derived from dispensing medications to our patients. We also provide patient health risk reviews and free same-day delivery.

We provide TPA, data management, COVID-19 related diagnostics and vaccinations, prescription pharmaceuticals, compounded medications, telepharmacy 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 the 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 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.

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 expanding our 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 expanded revenue growth through the signing of new contract pharmacy service and data management contracts with 340B covered entities.

ClearMetrX

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. 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 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 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, patient eligibility with regard to the 340B drug program, development and review of 340B policies and procedures, and management of receivables.

During September 2022, we launched our 340Metrx platform to help 340B covered entities manage their 340B program. 340MetrX platform is software developed by the Company's wholly owned subsidiary ClearMetrX that provides 340B covered entities with data insights to effectively operate and maximize the benefits of the 340B program. The platform allows program administrators to manage, in real time, data related to revenue, virtual inventory, drug replenishment and reconciliation, detailed prescription history analysis, customized ordering data with major wholesalers, patient information, drug prescribing trends, and customized financial breakdowns. The 340MetrX software enhances the existing TPA services ClearMetrX is currently providing to entities by complementing in-house 340B experts with a reporting platform aiming to maximize the limited resources in the 340B space through identification and validation of missing claims, increasing the covered entity's revenue. 340MetrX allows our data analytics processes to be more efficient, giving our team the ability to seamlessly manage data for a much greater number of 340B covered entities in Florida, with potential to be scaled nationwide.

Through ClearMetrX, TPA and data management fees for the three months ended March 31, 2023 and 2022, were approximately $0.5 million and $0.1 million, respectively. These fees have gross margins significantly greater than those generated from our pharmacy operations.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation included in our 2022 Form 10-K.

Results of Operations

Three months ended March 31, 2023 compared to the three months ended March 31, 2022

The following table summarizes our results of operations:

	Three Months Ended March 31,			
	2023	2022	$ Change	% Change
Total revenues, net	$ 11,391,944	$ 10,050,995	$ 1,340,949	13%
Total cost of revenue	8,245,259	7,670,390	574,869	7%
Total gross profit	3,146,685	2,380,605	766,080	32%
Operating expenses	3,132,890	2,516,162	616,728	25%
Income (loss) from operations	13,795	(135,557)	149,352	110%
Other loss	(144,134)	(1,225,919)	1,081,785	88%
Loss before income taxes	(130,339)	(1,361,476)	1,231,137	90%
Income taxes	—	—	—	-%
Net loss attributable to common shareholders	$ (130,339)	$ (1,361,476)	$ 1,231,137	90%

For the three months ended March 31, 2023 and 2022, we recognized overall revenue from operations of approximately $11.4 million and $10.1 million, respectively. Net pharmacy revenues increased by approximately $1.3 million during the three months ended March 31, 2023 when compared to the same period in 2022. The increase in revenue was primarily attributable to an increase in pharmacy revenue of approximately $1.8 million and an increase in 340B contract revenue of approximately $1.2 million, which was offset by an increase in PBM fees of approximately $0.4 million and a decrease in COVID-19 testing revenue of approximately $1.2 million, when compared to the prior year period.

Gross profit margins increased from 24% for the three months ended March 31, 2022, to 28% for the three months ended March 31, 2023. The increase in gross profit margins during the first quarter of 2023 compared to the same period in 2022, was primarily attributable to the increase in 340B contract revenue, which has higher margins than revenue generated from pharmacy operations.

Income from operations increased by approximately $0.1 million for the three months ended March 31, 2023, when compared to the three months ended March 31, 2022, as a result of the increase in gross profit of approximately $0.7 million, partially offset by the increase in operating expenses of approximately $0.6 million.

Revenue

Our revenues were as follows:

	Three Months Ended March 31,					
	2023		2022			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Prescription revenue	$ 10,440,944	92%	$ 8,605,882	86%	$ 1,835,062	21%
340B contract revenue	1,576,295	14%	387,956	4%	1,188,339	306%
COVID-19 testing revenue	45,456	0%	1,291,017	13%	(1,245,561)	-96%
Rent and other revenue	15	0%	207	0%	(192)	-93%
	12,062,710	106%	10,285,062	102%	1,777,648	17%
PBM fees	(670,766)	-6%	(234,067)	-2%	(436,699)	187%
Revenues, net	$ 11,391,944	100%	$ 10,050,995	100%	$ 1,340,949	13%

Prescription revenues represented 92% and 86% of all revenue for the three months ended March 31, 2023 and 2022, respectively. Revenue from 340B contracts was 14% and 4%, respectively, as a percentage of total net revenues for the three months ended March 31, 2023 and 2022.

We have filled approximately 120,000 and 111,000 prescriptions during the three months ended March 31, 2023 and 2022, respectively, an 8% year-over-year increase in the number of prescriptions filled.

Dispensing fee and TPA revenue earned on our 340B contracts for the three months ended March 31, 2023 and 2022 were approximately $1.6 million and $0.4 million, respectively. 340B contract revenue increased by approximately $1.2 million for the three months ended March 31, 2023 when compared to the prior year period. The increase in 340B contract revenue was primarily attributable to an increase in our existing 340B contracts of approximately $0.9 million and an increase in new 340B contract revenue of approximately $0.3 million.

COVID-19 testing revenue decreased by approximately $1.2 million for the three months ended March 31, 2023 when compared to the prior year period due to the Company recording record COVID-19 testing revenue in the first quarter of 2022 as the country was dealing with the Delta and Omicron outbreak during that period. Since the first quarter of 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 productions companies and these relationships may provide us with recurring COVID-19 testing revenue.

Operating Expenses

Our operating expenses increased by approximately $0.6 million, or 25%, for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022. The increase was mainly attributable to a settlement of a pharmacy claims audit in the ordinary course of business in the amount of approximately $0.3 million, as well as an increase in salaries and wages of approximately $0.1 million and an increase in non-recurring consulting fees of approximately $0.2 million.

Other Loss

Other loss decreased by approximately $1.1 million for the three months ended March 31, 2023, as compared to the same period in 2022. The decrease was primarily attributable to the decrease in interest expense of approximately $0.3 million, as well as the adverse change in the fair value of derivative liability recorded in the prior year period of approximately $1.0 million, which was partially offset by a gain on debt extinguishment of approximately $0.2 million.

Net Loss

We had a net loss of approximately $0.1 million and $1.4 million for the three months ended March 31, 2023 and 2022, respectively. The decrease in net loss is attributable to non-operating items primarily recorded in the prior year period such as the adverse change in the fair value of derivative liabilities, as well as the decrease in interest expense period-over-period.

Non-GAAP Financial Measures

We define Adjusted EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization, stock-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 of Directors 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 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 stock-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:

	Three Months Ended March 31,	
	2023	2022
Net loss	$ (130,339)	$ (1,361,476)
Interest expense	149,800	459,381
Change in fair value of derivative liability	—	953,100
Income tax expense	—	—
Depreciation and amortization expense	64,260	50,641
Consolidated Adjusted EBITDA	$ 83,721	$ 101,646

Liquidity and Capital Resources

Cash Flows

The following table summarizes our cash flows:

	Three Months Ended March 31,	
	2023	2022
Net change in cash from:		
Operating activities	$ 827,070	$ 1,065,091
Investing activities	(17,489)	1,562
Financing activities	(100,687)	(91,221)
Change in cash	708,894	975,432
Cash at end of period	$ 7,451,770	$ 2,387,540

Net cash provided by operating activities totaled approximately $0.8 million and $1.1 million for the three months ended March 31, 2023 and 2022, respectively. The decrease in operational cash flows was mainly attributable to the $1.0 million change in fair value of derivative liability recognized in the prior year period, partially offset by the $1.2 million increase in the timing of payables.

Net cash used in investing activities was approximately $17,000 for the three months ended March 31, 2023, compared to net cash provided by investing activities of approximately $1,600 for the same period in 2022. The cash outflow in 2023 was attributable to the purchase of fixed assets. The cash inflow in 2022 was attributable to the proceeds from disposal of fixed assets, offset by payments made in developing internal use software.

Net cash used in financing activities was approximately $0.1 million for the three months ended March 31, 2023 and 2022.

Liquidity and Capital Resources

We have an accumulated deficit of approximately $15.1 million and $15.0 million as of March 31, 2023 and December 31, 2022, respectively. We have spent, and expect to continue to spend, additional amounts in connection with implementing our business strategy.

For the three months ended March 31, 2023, we had a net loss of approximately $0.1 million, income from operations of approximately $13,800, and net cash provided by operating activities of approximately $0.8 million. The Company's cash position was approximately $7.5 million as of March 31, 2023.

On May 5, 2023 we entered into a Securities Purchase Agreement (the "SPA") with NextPlat Corp ("NextPlat"), pursuant to which NextPlat agreed to purchase 455,000 newly issued units of securities from Progressive Care (the "Units") at a price per Unit of $2.20 for an aggregate purchase price of $1.0 million (the "Unit Purchase"). Each Unit consists of one share of common stock, par value $0.0001 per share, of Progressive Care ("Common Stock") and one warrant to purchase a share of Common Stock (the "PIPE Warrants"). The PIPE Warrants have a three-year term and will be immediately exercisable. Each PIPE Warrant is exercisable at $2.20 per share of Common Stock. On May 9, 2023, the Company and NextPlat closed the transactions contemplated in the SPA. We intend to use the net proceeds from the Unit Purchase for our working capital needs. We received cash proceeds of $880,000, net of placement agent commission of $70,000 and legal fees of $50,000.

Simultaneous with the closing, we entered into a Debt Conversion Agreement (the "DCA") with NextPlat and the other holders (the "Holders") of that certain Amended and Restated Secured Convertible Promissory Note, dated as of September 2, 2022, made by the Company in the original face amount of $2,790,885.63 (the "Note"). Pursuant to the DCA, NextPlat and the other Holders agreed to convert the total $2,887,229 of outstanding principal and accrued and unpaid interest to Common Stock at a conversion price of $2.20 per share (the "Debt Conversion"). Of the total 1,312,379 shares of Common Stock issued upon conversion of the Note pursuant to the DCA, NextPlat received 570,599 shares, Charles M. Fernandez, the Company's Chairman and Chief Executive Officer, received 228,240 shares, and Rodney Barreto, the Company's Vice-Chairman of the Board of Directors, received 228,240 shares. In addition, each of the Holders also received a warrant to purchase one share of Common Stock for each share of Common Stock they received upon conversion of the Note (the "Conversion Warrants"). The Conversion Warrants have a three-year term and will be immediately exercisable. Each Conversion Warrant is exercisable at $2.20 per share of Common Stock.

At the same time, the Company and NextPlat entered into a First Amendment (the "Amendment") to that certain Securities Purchase Agreement dated November 16, 2022 (the "Debenture Purchase Agreement"). Under the Debenture Purchase Agreement, we agreed to issue, and NextPlat agreed to purchase, from time to time during the three-year term of the Debenture Purchase Agreement, up to an aggregate of $10 million of secured convertible debentures from NextPlat (the "Debentures"). Pursuant to the Amendment, NextPlat and the Company agreed to amend the Debenture Purchase Agreement and the form of Debenture attached as an exhibit thereto to have a conversion price of $2.20 per share. As of May 12, 2023, the date the Unaudited Condensed Consolidated Financial Statements were available to be issued, no Debentures have been purchased by NextPlat under the Debenture Purchase Agreement.

Dawson James Securities, Inc. (the "Placement Agent") served as placement agent for the Unit Purchase. In consideration for the Placement Agent's services, we issued to the Placement Agent and its affiliates warrants to purchase 91,000 shares of Common Stock (the "Placement Agent Warrants"). The Placement Agent Warrants have a five-year term and will be exercisable in December 2023. Each Placement Agent Warrant is exercisable at $2.20 per share of Common Stock.

In addition, we issued 330,000 warrants to certain existing Progressive Care investors to induce them to approve the transaction contemplated by the SPA (the "Inducement Warrants"). Charles M. Fernandez and Rodney Barreto received Inducement Warrants to purchase 190,000 and 30,000 shares of Common Stock, respectively. The Inducement Warrants have a three-year term and will be immediately exercisable. Each Inducement Warrant is exercisable at $2.20 per share of Common Stock.

Management believes that the above transactions, along with the cash we expect to generate from pharmacy sales, will allow us to operate and meet our obligations over the next 12 months.

Off-Balance Sheet Arrangements

As of March 31, 2023, we had no material off-balance sheet arrangements or obligations that have or are reasonably likely to have a current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that are material to investors.

Recent Accounting Pronouncements

The most recently adopted accounting pronouncements and accounting pronouncements to be adopted by the Company are described in Note 3 in the Notes to our Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

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

(a) Evaluation of disclosure controls and procedures. In accordance with Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended ("Exchange Act") we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness and design of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our CEO and CFO have concluded that as of March 31, 2023 our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

(b) Inherent Limitations on Controls. Management, including the CEO and CFO, does not expect that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

(c) Changes in internal controls over financial reporting. There has been no change in our internal control over financial reporting during our fiscal quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See "Note 14. Commitments and Contingencies – Legal Matters" included in the Notes to the Condensed Consolidated Financial Statements included in Part I., Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Investors should carefully consider the risks in the "Risk Factors" in Part 1: Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 30, 2023, and our other filings with the SEC. These risks are not the only ones facing the Company. Additional risks not currently known to us or that we currently believe are immaterial may also impair our business operations. Any of these risks could adversely affect our business, cash flows, financial condition, and results of operations. The trading price of our common stock could fluctuate due to any of these risks, and investors may lose all or part of their investment. In assessing these risks, investors should also refer to the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q. There have been no material changes in our risk factors from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2022.

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

On January 1, 2023, the Company issued 8,197 shares of common stock valued at $50,002, or $6.10 per share, to Joseph Ziegler pursuant to a Directors Agreement dated December 9, 2021.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

10.1	Management Services Agreement, dated February 1, 2023, by and between the Company and NextPlat Corp.
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.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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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: May 12, 2023	By: */s/ Charles M. Fernandez* Charles M. Fernandez Chief Executive Officer (Principal Executive Officer)
Date: May 12, 2023	By: */s/ Cecile Munnik* Cecile Munnik Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 10.1

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (this "Agreement") is made and entered into as of February 1, 2023 (the "Effective Date"), by and between NextPlat Corp, a Nevada corporation (the "Service Provider"), and Progressive Care, inc., a Delaware corporation (together with its subsidiaries, the "Company"). Service Provider and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, the Company desires to retain Service Provider to provide certain management and administrative services to the Company, and Service Provider is willing to provide such management and administrative services to the Company, upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. Retention of Service Provider; Services. The Company hereby retains Service Provider, and Service Provider hereby agrees, to provide to the Company certain management and administrative support services (the "Services") which include, without limitation, the following: (i) general management oversight and administration of the Company's business, (ii) services of the Service Provider's corporate accounting and internal controls personnel and (iii) such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the employees of Service Provider listed on Exhibit A hereto or their replacements (the "Employees"), or third party providers hired by Service Provider.

2. Relationship of the Parties. Service Provider shall be responsible for complying with all federal, state and local labor and tax laws and regulations with respect to Employees. This Agreement is not one of agency between Service Provider and the Company, but one in which Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.

3. Duties of Service Provider.

3.1 Service Provider will perform, or cause to be performed, the Services hereunder with not less than the degree of care, skill, and diligence with which it performs or would perform similar services for itself consistent with past practices (including, without limitation, with respect to the type, quantity, quality and timeliness of such services). If the Service Provider is required to engage third parties to perform one or more of the Services required hereunder, Service Provider shall use all commercially reasonable efforts to cause such third parties to deliver such Services in a competent and timely fashion.

3.2 Service Provider shall maintain books, records, documents and other written evidence, consistent with its normal accounting procedures and practices, sufficient to accurately, completely and properly reflect the performance of the Services hereunder and the amounts due in accordance with any provision of this Agreement (collectively, the "Services Evidence").

4. Term.

4.1 The term of this Agreement shall commence as of the Effective Date and shall continue in effect for one month (the "Initial Term"), and thereafter shall be automatically renewed upon the same terms and conditions set forth herein for subsequent one month terms (each, a "Renewal Term") unless Service Provider or the Company gives notice in writing within 90 days before the expiration of the Initial Term or any Renewal Term of its desire to terminate this Agreement; provided, however, that either the Company or Service Provider will have the right to terminate this Agreement following a breach of a material term of this Agreement by the other party hereto and a failure to cure such breach within 30 days following written notice thereof. The Initial Term and any Renewal Terms are referred to herein collectively as the "Term."

4.2 Notwithstanding Section 4.1, the Parties agree that this Agreement will terminate upon (i) the liquidation or dissolution of the Company, (ii) the sale of all or substantially all of the assets of the Company to a third party or (iii) the sale of control of the Company, whether by sale of membership interests, merger, reorganization, consolidation or otherwise, to a third party.

5. Compensation.

5.1. As consideration for the performance of the Services, the Company shall pay to the Service Provider $25,000 per month.

5.2 Payment. Service Provider will deliver a monthly invoice (the "Invoice") to the Company as soon as practicable at the beginning of each monthly term. The Company shall pay the Invoice within five days of receipt of such Invoice. Interest at the rate of 12% per annum, compounded monthly, will accrue and will be payable with respect to any amounts due and not paid by the Company until such amounts, and any interest thereon, have been paid.

5.3 Form of Payment. Each cash payment made pursuant to this Agreement will be paid by wire transfer of immediately available federal funds to such account as Service Provider may specify to the Company in writing prior to such payment.

6. Indemnification.

6.1 Rights of Indemnification; Survival. The rights of indemnification provided in this Section 6 shall be in addition to any rights to which a party entitled to indemnification may otherwise be entitled by contract or as a matter of law, and shall extend to each of such party's heirs, successors and assigns. The provisions of this Section 6 shall survive the termination of this Agreement.

7. Assignment. Neither Party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Party.

8. Choice of Law. Except as set forth below, this Agreement shall be construed and interpreted, and the rights of the Parties shall be governed by, the internal laws of the State of Florida, without giving effect to conflicts of laws rules and principles that require the application of the laws of any other jurisdiction.

9. Entire Agreement; Amendments and Waivers. This Agreement, together with all Schedules hereto, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no other warranties, representations or other agreements between the parties in connection with the subject matter hereof. No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless expressly agreed to in writing by the affected Party.

10. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

11. Notices. Unless otherwise provided herein, any notice, request, consent, instruction or other document to be given hereunder by any Party hereto to another Party hereto shall be in writing and will be deemed given: (a) when received, if delivered personally or by courier; or (b) on the date receipt is acknowledged, if delivered by certified mail, postage prepaid, return receipt requested; or (c) one day after transmission, if sent by facsimile or electronic mail transmission with confirmation of transmission, as follows:

If to the Company:

Progressive Care, Inc.
400 Ansin Blvd., Suite A
Hallandale Beach, FL 33009
Attention: Cecile Munnik, Chief Financial Officer

If to Service Provider:

NextPlat Corp
3250 Mary St., Suite 410 Coconut Grove, FL 33133
Attn: Charles Fernandez, Chief Executive Officer

12. Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.

13. Invalidity. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.

14. Additional Documents. Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.

15. Successors and Assigns. Except as herein otherwise specifically provided, this Agreement shall be binding and inure to the benefit of the Parties and their successors and permitted assigns.

16. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein.

17. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

18. Specific Performance. The Parties acknowledge and agree that any Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, the Parties agree that any Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof as set forth in Section 19.

19. Arbitration.

19.1 Any dispute, controversy or claim arising out of, connected with, or relating to this Agreement, including without limitation any dispute as to the existence, validity, construction, interpretation, negotiation, performance, breach, termination or enforceability of this Agreement (a "Dispute") shall be resolved by final and binding arbitration before a single independent and impartial arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association ("AAA") then in effect. The AAA Optional Rules for Emergency Measures of Protection shall also apply. If the Parties are unable to agree on a mutually acceptable arbitrator within 15 days of the submission of the Dispute to arbitration, the arbitrator shall be appointed by the AAA. The Parties acknowledge that arbitration is intended to be a more expeditious and less expensive method of dispute resolution than court litigation. The award of the arbitrator shall be in writing and provide reasons for the award. The arbitrator must certify in the award that such award conforms to the terms and conditions set forth in this Agreement, including that such award has been rendered in accordance with the applicable governing law. The arbitrator shall have the authority to assess the costs and expenses of the arbitration proceeding (including the fees and expenses of the arbitrator and the AAA) against any or all of the Parties. The arbitrator shall also have the authority to award reasonable attorneys' fees and expenses to the prevailing Party. The place of arbitration shall be Miami, Florida unless another location is mutually agreed upon by the Parties to such arbitration. The award of the arbitrator shall be binding on the Parties, and the award may, but need not, be entered as judgment in a court of competent jurisdiction. This agreement to arbitrate shall not preclude the Parties from engaging in parallel voluntary, non-binding settlement efforts including mediation.

19.2 The Parties undertake to keep confidential all awards in their arbitration, together will all materials in the proceedings created for the purpose of the arbitration and all other documents produced by another party in the proceedings not otherwise in the public domain, save and to the extent that disclosure may be required of a Party by legal duty, to protect or pursue a legal right or to enforce or challenge an award in legal proceedings before a court or other judicial authority.

19.3 Arbitration shall be the exclusive dispute resolution mechanism hereunder; provided that nothing contained in this Section 19 shall limit any party's right to bring (i) an application to enforce this agreement to arbitrate, (ii) actions seeking to enforce an arbitration award or (iii) actions seeking injunctive or other similar relief in the event of a breach or threatened breach of any of the provisions of this Agreement (or any other agreement contemplated hereby). The specifically enumerated judicial proceedings shall not be deemed incompatible with the agreement to arbitrate or a waiver of the right to arbitrate and, each party irrevocably and unconditionally (and without limitation): (i) submits to and accepts, for itself and in respect of its assets, generally and unconditionally the non exclusive jurisdiction of the courts located in Miami-Dade County of the United States and the State of Florida, (ii) waives any objection it may have now or in the future that such action or proceeding has been brought in an inconvenient forum, (iii) agrees that in any such action or proceeding it will not raise, rely on or claim any immunity (including, without limitation, from suit, judgment, attachment before judgment or otherwise, execution or other enforcement), (iv) waives any right of immunity which it has or its assets may have at any time, and (v) consents generally to the giving of any relief or the issue of any process in connection with any such action or proceeding including, without limitation, the making, enforcement or execution of any order or judgment against any of its property. IN ENTERING INTO THE ARBITRATION PROVISION OF THIS SECTION 19, EACH PARTY TO THIS AGREEMENT KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHTS TO A JURY TRIAL, INCLUDING ANY RIGHTS TO A TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT REFERENCED HEREIN OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first written above.

COMPANY:

Progressive Care, Inc.

By: ______________________________
Name: ______________________________
Title: ______________________________

SERVICE PROVIDER:

NextPlat Corp

By: ______________________________
Name: ______________________________
Title: ______________________________

Signature Page to Management Services Agreement

EXHIBIT A

LIST OF SERVICE PROVIDER EMPLOYEES

Charles Fernandez, Chief Executive Officer
Cecile Munnik, Chief Financial Officer
Robert Bedwell, Chief Compliance Officer
Lauren Sturges, Chief of Staff

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, Charles M. Fernandez, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2023, 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: May 12, 2023

/s/ Charles M. Fernandez
Charles M. Fernandez
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 March 31, 2023, 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: May 12, 2023

/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 March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Fernandez, 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: May 12, 2023

/s/ Charles M. Fernandez
Charles M. Fernandez
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 March 31, 2023, 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: May 12, 2023

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