PROGRESSIVE CARE, INC.
2016 ANNUAL REPORT
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 (Audited) AND 2015 (Unaudited)

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TABLE OF CONTENTS

PROGRESSIVE CARE, INC.
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2016 (Audited) AND 2015 (Unaudited)

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto for the years ended December 31, 2016 (Audited) and 2015 (Unaudited) found in this report along with the published unaudited financial statements and notes thereto for the years ended December 31, 2014 and 2013.

FORWARD LOOKING STATEMENTS

Included in this Annual Report are "forward-looking" statements, as well as historical information. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the expectations reflected in these forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in forward-looking statements because of certain factors, including matters described in the section titled "Risk Factors." Forward-looking statements include those that use forward-looking terminology, such as the words "anticipate," "believe," "estimate," "expect," "intend," "may," "project," "plan," "will," "shall," "should," and similar expressions, including when used in the negative. Although we believe that the expectations reflected in these forward-looking statements are reasonable and achievable, these statements involve risks and uncertainties and we cannot assure you that actual results will be consistent with these forward-looking statements. We undertake no obligation to update or revise these forward- looking statements, whether to reflect events or circumstances after the date initially filed or published, to reflect the occurrence of unanticipated events or otherwise.

BUSINESS OVERVIEW

Progressive Care, Inc., through its wholly-owned subsidiaries, PharmCo, LLC ("PharmCo") and Smart Medical Alliance, Inc. ("Smart Medical Alliance") (collectively, "the Company"), is a South Florida health services organization and provider of prescription pharmaceuticals specializing in health practice risk management, compounded medications, the sale of anti-retroviral medications and related medication therapy management, and the supply of prescription medications to long term care facilities. The Company is focused on developing the PharmCo brand and adding business elements that cater to specific under-served markets and demographics. This effort includes community and network based marketing strategies, the introduction of new locations, acquisitions and the strategic collaboration(s) with community, government and charitable organizations.

Geographic Operations

PharmCo currently delivers prescriptions to South Florida's diverse population as its customers reside in Miami-Dade, Broward, and Palm Beach Counties. PharmCo currently ships compounded medications to Florida and Texas residents. The Company is located in the city of North Miami Beach, Florida. The Company currently offers services in a variety of languages, including English, Spanish, French, Creole, Portuguese, and Russian.

Description of the Business

Products and Services

PharmCo, LLC

PharmCo provides prescription pharmaceuticals, specializing in health practice risk management, compounded medications, the sale of anti-retroviral medications and related medication therapy management, and the supply of prescription medications to long term care facilities. The Company also provides 340B services to community

organizations, patient health risk reviews, free same-day delivery and serves as a case management access point.

As a specialty pharmacy catering to the needs of patients in need of anti-retroviral medications, and to increase the quality and credibility of the services we provide to these patients, the Company has a staff that is well trained in acute illnesses. Further, the Company provides confidential prescription packaging that suits the individual patient's needs and lifestyle.

Pharmco's compounding department specializes in formularies such as non-narcotic topical pain creams, wound care creams, scar gels and hormone replacement therapies. The company also offers EnovaRx, which are FDA approved manufactured pain creams that are readily available with a prescription. In addition to these medications, PharmCo prepares psoriasis creams, wellness vitamins, weight loss formulations and holistic capsules which are 100% Kosher and Halal certified. Compounded medications require strict compliance procedures and are highly labor intensive. As such, these medications can carry significantly higher gross margins than traditional mass manufactured prescriptions. The Company believes that diversifying into this area of the pharmaceutical industry will be greatly beneficial to both its short term financial position as well as its long-term viability in the market.

For its long-term care customers, PharmCo provides purchasing, repackaging and dispensing of both prescription and non-prescription pharmaceutical products. PharmCo utilizes a unit-of-dose packaging system as opposed to the traditional vials used for its retail customers. This method of distribution improves control and patient compliance with recommended drug therapy by increasing the timeliness and accuracy of medication dispensing. PharmCo also provides computerized maintenance of patient prescription histories, third party billing and consultant pharmacist services. Its consulting services consist primarily of evaluation of monthly patient drug therapy and monitoring the institution's drug distribution system.

The Company has begun receiving revenue from its work in Medication Therapy Management (MTM). MTM involves review and adjustment of prescribed drug therapies to improve patient health outcomes. This process includes several activities such as performing patient assessments, creating medication treatment plans, monitoring the effectiveness of and adherence to prescribed therapies and delivering documentation of these services to the patient's physician to coordinate comprehensive care.

Smart Medical Alliance, Inc.

On September 1, 2016, Progressive Care opened Smart Medical Alliance Inc. to assist healthcare providers with navigating the complex risk management environment of their insurance network contracts. The Company believes that the need for outsourced support for providers is increasing and estimates the market in the state of Florida to be over $1 billion annually.

Smart Medical Alliance provides management and support services to doctors and administrators under both capitated and fee-for-services insurance contracts. It has created a set of service options for providers as well as a-la-carte pricing to meet the specific needs of healthcare practices. These services will include billing & coding, data management and evaluation, compliance & adherence monitoring, recruiting, staffing, training, best practices and supervisory procedures. The annual cost for the services based on the needs of the provider could be up to 20% of the providers' annual net revenues.

Distribution Method of Products and Services

PharmCo sales and marketing efforts are focused primarily on patients with special pharmaceutical needs. Though there is great competition in this market and the landscape of the industry is complicated, the Company believes it can capitalize on providing for unmet needs within this market base. The Company is working with influential members of the community to reach out to this sensitive demographic through event sponsorship and participation, one-on-one meetings, and charitable outreach. Also, the Company has assembled an experienced and dedicated sales team to

promote PharmCo's specialty services and establish a loyal customer base. The addition of contracts with healthcare payors like Medicare, Medicaid and other managed care organizations has become an integral component for sales success.

Smart Medical Alliance sales and marketing efforts are focused on clinics, independent physician practices and doctors' groups. The Company, contracts with these healthcare entities to provide data analysis, billing and coding, consulting and other services as needed by the healthcare institution to monitor and manage performance metrics as tracked by insurance carriers. The Company faces competition from Management Services Organizations (MSOs) who contract directly with insurance carriers to provide these services. However, the Company can become subcontractors of MSOs to provide end product deliverables. The Company is in the process of evaluating contractual relationships with certain insurance carriers to acquire MSO credentialing.

Competitive Business Conditions, Competitive Position and Methods of Competition

The Company competes with national and independent retail drug stores, supermarkets, convenience stores, mail order prescription providers, discount merchandisers, membership clubs, health clinics, provider dispensaries, and internet pharmacies. Competition is based on several factors including store location and convenience, customer service and satisfaction, product selection and variety, and price. The Company's competitive advantage lies in providing superior personalized service to the patients and facility operators, selectively adding labor saving and compliance enhancing technologies and carrying inventory to provide rapid delivery of all pharmaceutical needs.

We face substantial competition within the pharmaceutical healthcare services industry and in the past year have seen even more consolidation. We expect to see this trend continue in the coming year and it is uncertain what effect, if any, these consolidations will have on us or the industry. The industry also includes several large, well- capitalized companies with nationwide operations and capabilities in the specialty services and PBM services arenas, such as CVS Caremark, Express Scripts, Humana, Walgreens, MedImpact Healthcare Systems and many smaller organizations that typically operate on a local or regional basis. In the Specialty Pharmacy Services segment, we compete with several national and regional specialties pharmaceutical distribution companies that have substantial financial resources and which also provide products and services to the chronically ill such as CVS Caremark, Express Scripts, Humana, and Walgreens.

Some of our Specialty Pharmacy Services competitors are under common control with, or are owned by, pharmaceutical wholesalers and distributors or retail pharmacy chains and may be better positioned with respect to the cost-effective distribution of pharmaceuticals. Some of our primary competitors, such as Omnicare and Walgreens, have a substantially larger market share than our existing market share. Moreover, some of our competitors may have secured long-term supply or distribution arrangements for prescription pharmaceuticals necessary to treat certain chronic disease states on price terms substantially more favorable than the terms currently available to us. Because of such advantageous pricing, we may be less price competitive than some of these competitors with respect to certain pharmaceutical products. However, we do not believe that we compete strictly on the selling price of products or services in either business segment; rather, we offer customers the opportunity to receive high quality care.

Suppliers

We obtain pharmaceutical and other products from manufacturers. We maintained relationships with a primary supplier which accounted for 78% and 86% of pharmaceutical purchases in 2016 and 2015, respectively and several supplementary suppliers. The loss of a supplier could adversely affect our business if alternate sources of supply are unavailable. We believe that our relationships with our suppliers, overall, are good.

Dependence on One or Few Major Customers

The Company sells to numerous customers including various managed care organizations within both the private and public sectors. Certain healthcare payors account for more than ten percent or more of the Company's consolidated net

sales in fiscal 2016 and 2015, the concentrations of which are presented under NOTE 3 "Billing Concentrations". Medicare Part D and the State of Florida Medicaid public assistance program are major customers of the Company. However, both government programs function under several different healthcare payors, the concentration of which varies throughout the course of the year. The Company does depend on these health care payors and a loss of one or more would have a major impact on the business.

Patents and Trademarks

The Company does not currently own, either legally or beneficially, any patents or trademarks.

Need for Governmental Approval of Principal Products or Services

Government approval is necessary to open any new pharmacy or other health services location.

Government contracts

The Company fills prescriptions for Medicare Part D and the State of Florida Medicaid public assistance program. Both government programs function under several different healthcare payors, the concentration of which varies throughout the course of the year. However, the Company does rely on maintaining active contracts with government entities and a loss of one or more would have a major impact on our business.

Effect of Existing or Probable Governmental Regulation

As a participant in the healthcare industry, our operations and relationships are subject to Federal and state laws and regulations and enforcement by Federal and state governmental agencies. Various Federal and state laws and regulations govern the purchase, dispensing or distribution, and management of prescription drugs and related services we provide and may affect us. We believe that we are in substantial compliance with all legal requirements material to our operations.

We conduct ongoing educational programs to inform employees regarding compliance with relevant laws and regulations and maintain a formal reporting procedure to disclose possible violations of these laws and regulations to the Office of Inspector General ("OIG") of the U.S. Department of Health and Human Services.

Professional Licensure. Pharmacists, pharmacy technicians and certain other health care professionals employed by us are required to be individually licensed or certified under applicable state law. We perform criminal and other background checks on employees and are required under state licensure to ensure that our employees possess all necessary licenses and certifications. We believe that our employees comply in all material respects with applicable licensure laws.

State laws require that each pharmacy location be licensed as an in-state pharmacy to dispense pharmaceuticals in that state. State controlled substance laws require registration and compliance with state pharmacy licensure, registration or permit standards promulgated by the state's pharmacy licensing authority. Such standards often address the qualification of an applicant's personnel, the adequacy of its prescription fulfillment and inventory control practices and the adequacy of its facilities. In general, pharmacy licenses are renewed annually. We believe that our pharmacy's present and future locations comply with all state licensing laws applicable to these businesses. If our pharmacy location becomes subject to additional licensure requirements, are unable to maintain their required licenses or if states place burdensome restrictions or limitations on pharmacies, our ability to operate in the state would be limited, which could have an adverse impact on our business.

Other Laws Affecting Pharmacy Operations. We are subject to Federal and state statutes and regulations governing the operation of pharmacies, repackaging of drug products, wholesale distribution, dispensing of controlled substances,

medical waste disposal, and clinical trials. Federal statutes and regulations govern the labeling, packaging, advertising and adulteration of prescription drugs and the dispensing of controlled substances. Federal controlled substance laws require us to register our pharmacy with the DEA and to comply with security, record keeping, inventory control and labeling standards to dispense controlled substances.

Food, Drug and Cosmetic Act. Certain provisions of the Federal Food, Drug and Cosmetic Act govern the handling and distribution of pharmaceutical products. This law exempts many pharmaceuticals and medical devices from federal labeling and packaging requirements if they are not adulterated or misbranded and are dispensed in accordance with, and pursuant to, a valid prescription. We believe that we comply in all material respects with all applicable requirements.

Anti-Kickback Laws. Subject to certain statutory and regulatory exceptions (including exceptions relating to certain managed care, discount, bona fide employment arrangements, group purchasing and personal services arrangements), the Federal "anti-kickback" law prohibits the knowing and willful offer or payment of any remuneration to induce the referral of an individual or the purchase, lease or order (or the arranging for or recommending of the purchase, lease or order) of healthcare items or services paid for in whole or in part by Medicare, Medicaid or other government-funded healthcare programs (including both traditional Medicaid fee-for-service programs as well as Medicaid managed care programs). Violation of the Federal anti-kickback statute could subject us to criminal and/or civil penalties including suspension or exclusion from Medicare and Medicaid programs and other government-funded healthcare programs. A number of states also have enacted anti-kickback laws that sometimes apply not only to state-sponsored healthcare programs but also to items or services that are paid for by private insurance and self-pay patients. State anti-kickback laws can vary considerably in their applicability and scope and sometimes have fewer statutory and regulatory exceptions than federal law. Management carefully considers the importance of such anti-kickback laws when structuring our operations, and believes that we are complying therewith.

The Federal anti-kickback law has been interpreted broadly by courts, the OIG and other administrative bodies. Because of the broad scope of those statutes, Federal regulations establish certain safe harbors from liability. Safe harbors exist for certain properly reported discounts received from vendors, certain investment interests held by a person or entity, and certain properly disclosed payments made by vendors to group purchasing organizations, as well as for other transactions or relationships. Nonetheless, a practice that does not fall within a safe harbor is not necessarily unlawful, but may be subject to scrutiny and challenge. In the absence of an applicable exception or safe harbor, a violation of the statute may occur even if only one purpose of a payment arrangement is to induce patient referrals or purchases. Among the practices that have been identified by the OIG as potentially improper under the statute are certain "product conversion" or "switching" programs in which benefits are given by drug manufacturers to pharmacists or physicians for changing a prescription (or recommending or requesting such a change) from one drug to another. Anti-kickback laws have been cited as a partial basis, along with state consumer protection laws discussed below, for investigations and multi-state settlements relating to financial incentives provided by drug manufacturers to retail pharmacies about such programs.

The Stark Laws. The Federal self-referral law, commonly known as the "Stark Law", prohibits physicians from referring Medicare patients for "designated health services" (which include, among other things, outpatient prescription drugs, durable medical equipment and supplies and home health services) to an entity with which the physician, or an immediate family member of the physician, has a direct or indirect financial relationship, unless the financial relationship is structured to meet an applicable exception. Possible penalties for violation of the Stark Law include denial of payment, refund of amounts collected in violation of the statute, civil monetary penalties and program exclusion. Management carefully considers the Stark Law and its accompanying regulations in structuring our relationships with physicians and believes that we are complying therewith.

State Self-Referral Laws. We are subject to state statutes and regulations that prohibit payments for the referral of patients and referrals by physicians to healthcare providers with whom the physicians have a financial relationship. Some state statutes and regulations apply to services reimbursed by governmental as well as private payors. Violation of

these laws may result in prohibition of payment for services rendered, loss of pharmacy or health provider licenses, fines and criminal penalties. The laws and exceptions or safe harbors may vary from the Federal Stark Law and vary significantly from state to state. Certain of these state statutes mirror the Federal Stark Law while others may be more restrictive. The laws are often vague, and in many cases, have not been widely interpreted by courts or regulatory agencies; however, we believe we are following such laws.

Statutes Prohibiting False Claims and Fraudulent Billing Activities. A range of Federal civil and criminal laws target false claims and fraudulent billing activities. One of the most significant is the Federal False Claims Act (the "False Claims Act"), which imposes civil penalties for knowingly making or causing to be made false claims to secure a reimbursement from government-sponsored programs, such as Medicare and Medicaid. Investigations or actions commenced under the False Claims Act may be brought either by the government or by private individuals on behalf of the government, through a "whistleblower" or "qui tam" action. The False Claims Act authorizes the payment of a portion of any recovery to the individual bringing suit. Such actions are initially required to be filed under seal pending their review by the Department of Justice. If the government intervenes in the lawsuit and prevails, the whistleblower (or plaintiff filing the initial complaint) may share with the Federal government in any settlement or judgment. If the government does not intervene in the lawsuit, the whistleblower plaintiff may pursue the action independently. The False Claims Act generally provides for the imposition of civil penalties and for treble damages, resulting in the possibility of substantial financial penalties for small billing errors that are replicated in many claims, as each individual claim could be deemed to be a separate violation of the False Claims Act.

Some states also have enacted statutes like the False Claims Act which may include criminal penalties, substantial fines, and treble damages. In recent years, Federal and state governments have launched several initiatives aimed at uncovering practices that violate false claims or fraudulent billing laws. Under Section 1909 of the Social Security Act, if a state false claim act meets certain requirements as determined by the OIG in consultation with the U.S. Attorney General, the state is entitled to an increase of ten percentage points in the state medical assistance percentage with respect to any amounts recovered under a state action brought under such a law. Some of the larger states in terms of population that have had the OIG review such laws include: California, Florida, Illinois, Indiana, Massachusetts, Michigan, Nevada, Tennessee and Texas. We operate in one of these states and submit claims for Medicaid reimbursement to the respective state Medicaid agency. This legislation has led to increased auditing activities by state healthcare regulators. As such, we have been the subject of an increased number of audits. While we believe that we are following Medicaid and Medicare billing rules and requirements, there can be no assurance that regulators would agree with the methodology employed by us in billing for our products and services and a material disagreement between us and these governmental agencies on the way we provide products or services could have a material adverse effect on our business and operations, our financial position and our results of operations.

The False Claims Act also has been used by the Federal government and private whistleblowers to bring enforcement actions under so-called "fraud and abuse" laws like the Federal anti-kickback statute and the Stark Law. Such actions are not based on a contention that an entity has submitted claims that are facially invalid. Instead, such actions are based on the theory that when an entity submits a claim, it either expressly or impliedly certifies that it has provided the underlying services in compliance with applicable laws, and therefore that services provided and billed for during an anti-kickback statute or Stark Law violation result in false claims, even if such claims are billed accurately for appropriate and medically necessary services. The availability of the False Claims Act to enforce alleged fraud and abuse violations has increased the potential for such actions to be brought, and which often are costly and time-consuming to defend.

Confidentiality, Privacy and HIPAA. Most of our activities involve the receipt, use and disclosure of confidential medical, pharmacy or other health-related information concerning individual members, including the disclosure of the confidential information to the member's health benefit plan.

On April 14, 2003, the final regulations issued by United States Department of Health and Human Services ("HHS"), regarding the privacy of individually identifiable health information (the "Privacy Regulations") pursuant to the Health

Insurance Portability and Accountability Act of 1996 ("HIPAA") took effect. The Privacy Regulations are designed to protect the medical information of a healthcare patient or health plan enrollee that could be used to identify the individual.

The requirements imposed by the Privacy Regulations, the Transactions Standards, and the Security Standards are extensive and can require substantial cost and effort to assess and implement. We have taken and will continue to take steps that we believe are reasonable to ensure that our policies and procedures are following the Privacy Regulations, the Transactions Standards and the Security Standards. The requirements imposed by HIPAA have increased our burden and costs of regulatory compliance, altered our reporting to Plan Sponsors and reduced the amount of information we can use or disclose if members do not authorize such uses or disclosures.

The healthcare industry is one of the fastest growing industries. In the United States, the provision of healthcare services of any kind is highly competitive. The Company's ability to recruit qualified personnel, attract new institutional and retail clients, expand the reach of its pharmacy operations relies on its ability to quickly adapt to changing societal attitudes, market pressure and government regulation. The Company's business model incorporates leveraging current revenue streams towards aggressive growth strategies.

Estimate of the Amount Spent on Research and Development

Research and development expenses were $0 for each of the years 2016 and 2015, respectively.

Costs and effects of environmental compliance

The costs of environmental compliance for the Company are minimal. The Company engages a recycling company for the disposal of all paper products amounting to approximately $500 per month.

Employees

The Company currently employs 53 persons.

RISKS RELATING TO OUR BUSINESS

Our business is subject to various industry, economic, regulatory and other risks and uncertainties. In addition to the other information in this report and our other filings with the SEC and OTC Markets, you should carefully consider the risks described below, which could materially and adversely affect our business, financial condition and results of operations. *The following risk factors are not an exhaustive list of the risks* ***associated with our business.*** **Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations.**

We have a history of losses and may not be able to sustain profitability.

We may incur operating losses for the foreseeable future. For the years ended December 31, 2016 and December 31, 2015 we had net sales of $18,318,567 and $13,642,704, respectively. For the years ended December 31, 2016 and December 31, 2015, we had net income (loss) of $209,319 and ($1,219,359), respectively. Our ability to become profitable depends on our ability to have successful operations and generate and sustain sales, while maintaining reasonable expense levels, all of which are uncertain considering our limited operating history in our current line of business.

We derive a significant portion of our sales from prescription drug sales reimbursed by pharmacy benefit management companies.

We derive a significant portion of our sales from prescription drug sales reimbursed through prescription drug plans administered by pharmacy benefit management ("PBM") companies. PBM companies typically administer multiple prescription drug plans that expire at various times and provide for varying reimbursement rates. There can be no assurance that we will continue to participate in any pharmacy benefit manager network in any future time. If our participation in the prescription drug programs administered by one or more of the large PBM companies is restricted or terminated, we expect that our sales would be adversely affected, at least in the short-term. If we are unable to replace any such lost sales, either through an increase in other sales or through a resumption of participation in those plans, our operating results may be materially adversely affected. When we exit a pharmacy provider network and later resume network participation, there can be no assurance that we will achieve any level of business on any pace. In addition, in such circumstances we may incur increased marketing and other costs about initiatives to regain former patients and attract new patients covered by in-network plans.

When we exit a pharmacy provider network and later resume network participation, there also can be no assurance that all clients of the PBM sponsor of the network will choose to include us again in their pharmacy network initially or at all.

Efforts to reduce reimbursement levels and alter health care financing practices could adversely affect our businesses.

The continued efforts of health maintenance organizations, managed care organizations, other companies, government entities, and other third party payors to reduce prescription drug costs and pharmacy reimbursement rates may impact our profitability. Increased utilization of generic pharmaceuticals (which normally yield a higher gross profit rate than equivalent brand named drugs), has resulted in pressure to decrease reimbursement payments to retail and mail order pharmacies for generic drugs, causing a reduction in the generic profit rate. In addition, during the past several years, the U.S. health care industry has been subject to an increase in governmental regulation at both the federal and state levels. Efforts to control health care costs, including prescription drug costs, are underway at the federal and state government levels. Changing political, economic and regulatory influences may affect health care financing and reimbursement practices. If the current health care financing and reimbursement system changes significantly, the combined company's business, financial position and results of operations could be materially adversely affected.

The frequency and rate of the introduction of new prescription drugs as well as generic alternatives to brand name prescription products.

The profitability of retail pharmacy businesses is dependent upon the utilization of prescription drug products. Utilization trends are affected by the introduction of new and successful prescription pharmaceuticals as well as lower priced generic alternatives to existing brand name products. Accordingly, a slowdown in the introduction of new and successful prescription pharmaceuticals and/or generic alternatives (the sale of which normally yield higher gross profit margins than brand name equivalents) could adversely affect our business, financial position and results of operations.

Declining gross margins in the PBM industry.

The PBM industry has been experiencing margin pressure because of competitive pressures and increased client demands for lower prices, enhanced service offerings and/or higher service levels. In that regard, our Company maintains contractual relationships with generic pharmaceutical distributors that provide for purchase discounts and/or rebates on drugs. Manufacturer rebates often depend on a variety of criteria and cannot be relied upon for greater margins. Competitive pressures in the industry may cause us to share with clients a larger portion of rebates and/or discounts received. In addition, changes in existing federal or state laws or regulations or the adoption of new laws or regulations relating to patent term extensions, purchase discount and rebate arrangements with pharmaceutical suppliers and manufacturers could also reduce the discounts or rebates we receive. Accordingly, margin pressure in the industry resulting from these trends could adversely affect our business, financial position and results of operations.

Uncertainty regarding the impact of Medicare Part D may adversely affect our business, financial position and our results of operations.

Since its inception in 2006, the Medicare Drug Benefit has resulted in increased utilization and decreased pharmacy gross margin rates as higher margin business, such as cash and state Medicaid customers, migrated to Medicare Part D coverage. Further, because of the Medicare Drug Benefit, our PBM clients could decide to discontinue providing prescription drug benefits to their Medicare-eligible members. To the extent this occurs, the adverse effects of the Medicare Drug Benefit may outweigh any opportunities for new business generated by the new benefit. In addition, if the cost and complexity of the Medicare Drug Benefit exceed management's expectations or prevent effective program implementation or administration; if changes to the regulations regarding how drug costs are reported for Medicare Drug Benefit and retiree drug subsidy purposes are implemented in a manner that impacts the profitability of our Medicare Part D business; if the government alters Medicare program requirements or reduces funding because of the higher-than-anticipated cost to taxpayers of the Medicare Drug Benefit or for other reasons; if we fail to design and maintain programs that are attractive to Medicare participants; or if we are not successful in retaining enrollees, or winning contract renewals or new contracts under the Medicare Drug Benefit's competitive bidding process, our Medicare Part D services and the ability to expand our Medicare Part D services could be materially and adversely affected, and our business, financial position and results of operations may be adversely affected.

Changes in industry pricing benchmarks could adversely affect our business, financial position and results of operations.

Contracts in the prescription drug industry generally use certain published benchmarks to establish pricing for prescription drugs. These benchmarks include average wholesale price ("AWP"), average sales price ("ASP") and wholesale acquisition cost ("WAC").

Recent events, including the FDB and Medi-Span settlements, have raised uncertainties as to whether payors, pharmacy providers, PBMs and others in the prescription drug industry will continue to utilize AWP as it has previously been calculated or whether other pricing benchmarks will be adopted for establishing prices within the industry.

Changes in reporting of AWP, or in the basis for calculating reimbursement proposed by the Federal government and certain states, and other legislative or regulatory adjustments that may be made regarding the reimbursement of payments for drugs by Medicaid and Medicare, could impact our pricing to customers and other payors and could impact our ability to negotiate rebates and/or discounts with manufacturers, wholesalers, PBMs or retail pharmacies. In some circumstances, such changes could also impact the reimbursement that we receive from Medicare or Medicaid programs for drugs covered by such programs and from MCOs that contract with government health programs to provide prescription drug benefits. In addition, it is possible that payors, pharmacy providers and PBMs will begin to evaluate other pricing benchmarks as the basis for contracting for prescription drugs and PBM services in the future, and the effect of this development on the business of the Company cannot be predicted at this time.

The industries in which we operate are extremely competitive and competition could adversely affect our business, financial position and results of operations.

We operate in a highly competitive environment. As a pharmacy retailer, we compete with other drugstore chains, supermarkets, discount retailers, membership clubs, Internet companies and retail health clinics, as well as other mail order pharmacies. In that regard, many pharmacy benefit plans have implemented plan designs that mandate or provide incentives to fill maintenance medications through mail order pharmacies. To the extent this trend continues, our retail pharmacy business could be adversely affected. In addition, some of these competitors may offer services and pricing terms that we may not be willing or able to offer. Competition may also come from other sources in the future. Thus, competition could have an adverse effect on our business, financial position and results of operations.

Competitors in the PBM industry include large national PBM companies, such as Medco Health Solutions, Inc. and Express Scripts, Inc., as well as many local or regional PBMs. In addition, there are several large health insurers and managed care plans (e.g., United Healthcare, Wellpoint, Aetna, CIGNA) and retail pharmacies (e.g., Walgreens & CVS) which have their own PBM capabilities as well as several other national and regional companies that provide some or all the same services. Some of these competitors may offer services and pricing terms that we may not be able to offer. In addition, competition may also come from other sources in the future. Thus, competition could have an adverse effect on our business, financial position and results of operations.

Existing and new government legislative and regulatory action could adversely affect our business, financial position and results of operations.

The PBM business and retail drugstore business are subject to numerous federal, state and local laws and regulations. Changes in these regulations may require extensive system and operating changes that may be difficult to implement. Untimely compliance or noncompliance with applicable laws and regulations could adversely affect the continued operation of our business, including, but not limited to: imposition of civil or criminal penalties; suspension of payments from government programs; loss of required government certifications or approvals; loss of authorizations to participate in or exclusion from government reimbursement programs, such as the Medicare and Medicaid programs; or loss of licensure. The regulations to which we are subject include, but are not limited to: the laws and regulations; accounting standards; tax laws and regulations; laws and regulations relating to the protection of the environment and health and safety matters, including those governing exposure to, and the management and disposal of, hazardous substances; and regulations of the FDA, the U.S. Federal Trade Commission, the Drug Enforcement Administration, and the Consumer Product Safety Commission, as well as state regulatory authorities, governing the sale, advertisement and promotion of products that we sell. In that regard, our business, financial position and results of operations could be affected by one or more of the following:

- federal and state laws and regulations governing the purchase, distribution, management, dispensing and reimbursement of prescription drugs and related services, whether at retail or mail, and applicable licensing requirements;
- the effect of the expiration of patents covering brand name drugs and the introduction of generic products;

- the frequency and rate of approvals by the FDA of new brand named and generic drugs, or of over-the-counter status for brand name drugs;
- FDA regulation affecting the retail or PBM industry;
- rules and regulations issued pursuant to the HIPAA; and other federal and state laws affecting the use, disclosure and transmission of health information, such as state security breach laws and state laws limiting the use and disclosure of prescriber information;
- administration of the Medicare Drug Benefit, including legislative changes and/or CMS rulemaking and interpretation;
- government regulation of the development, administration, review and updating of formularies and drug lists;
- state laws and regulations establishing or changing prompt payment requirements for payments to retail pharmacies;
- impact of network access (any willing provider) legislation on ability to manage pharmacy networks;
- managed care reform and plan design legislation;
- insurance licensing and other insurance regulatory requirements applicable to offering Prescription Drug Providers ("PDP") about the Medicare Drug Benefit;
- direct regulation of pharmacies or PBMs by regulatory and quasi-regulatory bodies; and
- Federal government sequestration affecting Medicare Part B reimbursements.

Changes in the health care regulatory environment may adversely affect our business.

Future rulemaking could increase regulation of pharmacy services, result in changes to pharmacy reimbursement rates, and otherwise change the way we do business. We cannot predict the timing or impact of any future rulemaking, but any such rulemaking could have an adverse impact on our results of operations.

The sustainability of our current business model is also dependent on the availability, pricing and rules and regulations relating to the dispensing of controlled medications. Changes that affect any of these variables could greatly impact our current revenue streams as well as alter our business structure and future plans for growth and development.

Efforts to reform the U.S. health care system may adversely affect our financial performance.

Congress periodically considers proposals to reform the U.S. health care system. These proposals may increase government involvement in health care and regulation of PBM or pharmacy services, or otherwise change the way the combined company or its clients do business. Health plan sponsors may react to these proposals and the uncertainty surrounding them by reducing or delaying purchases of cost control mechanisms and related services that the combined company would provide. The Company cannot predict what effect, if any, these proposals may have on its retail and pharmacy services businesses. Other legislative or market-driven changes in the health care system that the Company cannot anticipate could also materially adversely affect the Company's consolidated results of operations, consolidated financial position and/or consolidated cash flow from operations.

Passed in 2010, the Affordable Care Act ("ACA") enacted a number of significant health care reforms However, there is a significant degree of uncertainty associated with the current state of active healthcare legislation such that the Company cannot adequately predict how future incarnations of healthcare reform will impact the business.

If we are found to be in violation of Medicaid and Medicare reimbursement regulations, we could become subject to retroactive adjustments and recoupment, or exclusion from the Medicaid, Medicare programs, and PBM networks.

As a Medicaid and Medicare provider, we are subject to retroactive adjustments due to prior-year audits, reviews and investigations, government fraud and abuse initiatives, and other similar actions. Federal regulations provide for withholding payments to recoup amounts payable under the programs and, in certain circumstances, allow for

exclusion from Medicaid and Medicare. While we believe we are in material compliance with applicable Medicaid and Medicare reimbursement regulations, there can be no assurance that we, pursuant to such audits, reviews, investigations, or other proceedings, will be found to be complying in all respects with such reimbursement regulations. A determination that we are in violation of any such reimbursement regulations could result in retroactive adjustments and recoupment of payments and have a material adverse effect on our consolidated financial condition and consolidated results of operations. As a Medicaid and Medicare provider, we are also subject to routine, unscheduled audits that could have a material adverse impact on our results of operations. Should an audit result in a negative finding, and we can offer no assurance that future Medicaid and Medicare audits will not result in a negative finding, we may be subject to exclusions from Medicaid, Medicare, and other PBM networks

Our industry is subject to extensive government regulation, and noncompliance by us or our suppliers could harm our business.

The repackaging, marketing, sale, and purchase of medications are extensively regulated by federal and state governments. As a provider of pharmacy services, our operations are subject to complex and evolving federal and state laws and regulations enforced by federal and state governmental agencies, including, but not limited to, the federal Controlled Substances Act, the False Claims Act, federal and state Anti-Kickback laws, HIPAA, the Stark Law, the federal Civil Monetary Penalty Law, the PDMA, the Food, Drug and Cosmetic Act and various other state pharmacy laws and regulations. In addition, many of the HIV/AIDS medications that we sell receive greater attention from law enforcement officials than those medications that are most often dispensed by traditional pharmacies due to the high cost of HIV/AIDS medications and the potential for illegal use. If we fail to, or are accused of failing to, comply with applicable laws and regulations, we could be subject to penalties that may include exclusion from the Medicare or Medicaid programs, fines, requirements to change our practices, and civil or criminal penalties, which could harm our business, financial condition, and results of operations. Any disqualification from participating in Medicare or the state Medicaid programs would significantly reduce our net sales and our ability to maintain profitability. Our business could also be harmed if the entities with which we contract or have business relationships, such as pharmaceutical manufacturers, distributors, physicians, clinics, or home health agencies are accused of violating laws or regulations.

While we believe we are operating our business in substantial compliance with existing legal requirements material to the operation of our business, there are significant uncertainties involving the application of many of these legal requirements to our business. Changes in interpretation or enforcement policies could subject our current practices to allegation of impropriety or illegality. The applicable regulatory framework is complex and evolving, and the laws are very broad in scope. Many of the laws remain open to interpretation and have not been addressed by substantive court decisions to clarify their meaning. We are also unable to predict what additional federal or state legislation or regulatory initiatives may be enacted in the future relating to our business or the healthcare industry in general, or what effect any such legislation or regulation might have on us. Further, we cannot provide any assurance that federal or state governments will not impose additional restrictions or adopt interpretations of existing laws that could increase our cost of compliance with such laws or reduce our ability to remain profitable.

Federal and state investigations and enforcement actions continue to focus on the healthcare industry, scrutinizing a wide range of items such as referral and billing practices, product discount arrangements, dissemination of confidential patient information, clinical drug research trials, pharmaceutical marketing programs, and gifts for patients. It is difficult to predict how any of the laws implicated in these investigations and enforcement actions may be interpreted to apply to our business. Any future investigation may cause publicity, regardless of the eventual result of the investigation, or its underlying merits, that would cause potential patients to avoid us, reducing our net sales and profits and causing our stock price to decline.

The health of the economy in general and in the markets we serve could adversely affect our business and our financial results. Our business is affected by the economy in general, including changes in consumer purchasing power, preferences and/or spending patterns. These changes could affect drug utilization trends as well as the financial health and number of covered lives of our clients, resulting in an adverse effect on our business and financial

results.

In that regard, the current economic recovery has resulted in strengthened drug utilization trends during 2016. It is possible that the state of the economy could change and current trends could reverse in the future. A reversal of these trends will cause a decline in drug utilization, and dampen demand for pharmaceutical drugs and durable medical equipment as well as consumer demand for sundry products sold in our retail store. If this were to occur, our business and financial results could be adversely affected.

Further, interest rate fluctuations and changes in capital market conditions may affect our ability to obtain necessary financing on acceptable terms, our ability to secure suitable store locations under acceptable terms and our ability to execute sale or lease transactions under acceptable terms.

If the merchandise and services that we offer fail to meet customer needs, our sales may be affected.

Our success depends on our ability to offer a superior shopping experience, a quality assortment of available merchandise and superior customer service. We must identify, obtain supplies of, and offer to our customers, attractive, innovative and high-quality merchandise on a continuous basis. Our products and services must satisfy the needs and desires of our customers, whose preferences may change in the future. If we misjudge either the demand for products and services we sell or our customers' purchasing habits and tastes, we may be faced with excess inventories of some products and missed opportunities for products and services we chose not to offer. In addition, our sales may decline or we may be required to sell the merchandise we have obtained at lower prices. This would have a negative effect on our business and results of operations.

Our ability to grow our business may be constrained by our inability to find suitable new store locations at acceptable prices.

Our ability to grow our business may be constrained if suitable new store locations cannot be identified with lease terms or purchase prices that are acceptable to us. We compete with other retailers and businesses for suitable locations for our stores. Local land use and other regulations applicable to the types of stores we desire to construct may impact our ability to find suitable locations and influence the cost of constructing our stores. The expiration of leases at existing store locations may adversely affect us if the renewal terms of those leases are unacceptable to us and we are forced to close or relocate stores. Further, changing local demographics at existing store locations may adversely affect revenue and profitability levels at those stores.

Our ability to grow our business may be constrained by our inability to obtain adequate permits and licensing for new locations.

Our ability to grow our business may be constrained if new locations are not permitted and licensed to conduct ordinary operations. Expansion initiatives can be delayed or even canceled due to a failure to acquire certain government agency approvals. Such delay or cancellation will have a negative impact on our business and results of operations.

Should a product liability issue, recall or personal injury issue arise, inadequate product or other liability insurance coverage or our inability to maintain such insurance may result in a material adverse effect on our business and financial condition. Products that we sell could become subject to contamination, product tampering, mislabeling, recall or other damage. In addition, errors in the dispensing and packaging of pharmaceuticals could lead to serious injury. Product liability or personal injury claims may be asserted against us with respect to any of the products or pharmaceuticals we sell or services we provide.

If we are not able to market our services effectively to clinics, their affiliated healthcare providers and prescription drug providers, we may not be able to grow our patient base as rapidly as we have anticipated.

Our success depends, in part, on our ability to develop and maintain relationships with clinics and their affiliated healthcare providers because each is an important patient referral source for our business. In addition, we also must maintain and continue to establish relationships with Prescription Drug Providers ("PDPs") so we can continue to fill prescriptions for our dual eligible customers who receive prescription drug coverage under Medicare Part D. If we are unable to market our services effectively to these clinics, healthcare providers and PDPs, or if our existing relationships with clinics and providers are terminated, our ability to grow our patient base will be harmed, which could significantly reduce our net sales and our ability to maintain profitability. Additionally, Medicare Part D regulations that strictly limit our ability to market to our current and new patients may limit our ability to maintain and grow our current patient base.

If we fail to manage our growth or implement changes to our reporting systems effectively, our business could be harmed.

If we are unable to manage our growth effectively, we could incur losses. How we manage our growth will depend, among other things, on our ability to adapt our operational, financial and management controls, reporting systems and procedures to the demands of a larger business, including the demands of integrating our acquisitions. To manage the growth and increasing complexity of our business, we may make modifications to or replace computer and other reporting systems, including those that report on our financial results and on which we are substantially dependent. We may incur significant financial and resource costs because of any such modifications or replacements, and our business may be subject to transitional difficulties. The difficulties associated with any such implementation, and any failure or delay in the system implementation, could negatively affect our internal control over financial reporting and harm our business and results of operations. In addition, we may not be able to successfully hire, train and manage additional sales, marketing, customer support and pharmacists quickly enough to support our growth. To provide this support, we may need to open additional offices, which will result in additional burdens on our systems and resources and require additional capital expenditures.

Our success in identifying and integrating synergistic acquisitions may impact our business and our ability to have effective disclosure controls.

As part of our strategy, we continually evaluate acquisition opportunities. There can be no assurance that we will complete any future acquisitions or that such transactions, if completed, will be integrated successfully or will contribute favorably to our operations and financial condition. The integration of acquisitions includes ensuring that our disclosure controls and procedures and our internal control over financial reporting effectively apply to and address the operations of newly acquired businesses. We may be required to change our disclosure controls and procedures or our internal control over financial reporting to accommodate newly acquired operations, and we may also be required to remediate historic weaknesses or deficiencies at acquired businesses.

In addition, acquisitions may expose us to unknown or contingent liabilities of the acquired businesses, including liabilities for failure to comply with healthcare or reimbursement laws. While we try to negotiate indemnification provisions that we consider to be appropriate for the acquisitions, there can be no assurance that liabilities relating to the prior operations of acquired companies will not have a material adverse effect on our business, financial condition and results of operations. Furthermore, future acquisitions may result in dilutive issuances of equity securities, incurrence of additional debt, and amortization of expenses related to intangible assets, any of which could have a material adverse effect on our business, financial condition and results of operations.

A disruption in our telephone system or our computer system could harm our business.

We receive and take most prescription orders over the telephone and by facsimile. We also rely extensively upon our computer system to confirm payor information, patient eligibility and authorizations; to check on medication interactions and patient medication history; to facilitate filling and labeling prescriptions for delivery and billing; and to help with the collection of payments. Our success depends, in part, upon our ability to promptly fill and deliver

complex prescription orders as well as on our ability to provide reimbursement management services for our patients and their healthcare providers. Any continuing disruption in our telephone, facsimile or computer systems could adversely affect our ability to receive and process prescription orders, make deliveries on a timely basis and receive reimbursement from our payors. This could adversely affect our relations with the patients and healthcare providers we serve and potentially result in a partial reduction in orders from, or a complete loss of, these patients.

We may fail to retain or recruit necessary personnel, and we may be unable to secure the services of consultants.

As of December 31, 2016, we employed 49 persons. We have also engaged consultants to advise us on various aspects of our business. Our future performance will depend in part on our ability to successfully integrate newly hired executive officers into our management team and our ability to develop an effective working relationship among senior management.

RISKS RELATED TO THE SPECIALTY PHARMACY INDUSTRY

There is substantial competition in our industry, and we may not be able to compete successfully.

The specialty pharmacy industry is highly competitive and is continuing to become more competitive. All the medications, supplies and services that we provide are also available from our competitors. Our current and potential competitors may include:

- Other specialty pharmacy distributors;
- Specialty pharmacy divisions of wholesale drug distributors;
- Not for profit organizations with specialty pharmacies;
- Hospital-based pharmacies;
- Local infusion providers;
- Sterile and non-sterile compounding pharmacies;
- Other retail pharmacies;
- Provider dispensaries;
- Manufacturers that sell their products both to distributors and directly to clinics and physicians' offices; and
- Hospital-based care centers and other alternate-site healthcare providers;
- Insurance companies with proprietary pharmacy services.

Many specialty patients are currently receiving prescription benefits from federally funded programs such as Ryan White. These payors only use non-profit providers to dispense medications to their enrollees. Under this construct, the Company may be able to service Ryan White beneficiaries through becoming contracted pharmacy providers with non-profit 340B Covered Entities who provide medical services to these patients.

Many of our competitors have substantially greater resources and marketing staffs and more established operations and infrastructure than we have. A significant factor in effective competition will be our ability to maintain and expand our relationships with patients, healthcare providers and government and private payors.

If demand for our products and services is reduced, our business and ability to grow would be harmed.

A reduction in demand for specialty medications would significantly harm our business, as we would not be able to quickly shift our business to provide medications for other diseases or disorders. Reduced demand for our products and services could be caused by several circumstances, such as:

- A cure or vaccine for infectious diseases;
- The emergence of a new diseases resistant to available medications;
- Shifts to treatment regimens other than those we offer;
- New methods of delivery of existing medications or of injectable or infusible medications that do not require our specialty pharmacy and disease management services;
- Recalls of the medications we sell;
- Adverse reactions caused by the medications we sell;
- The expiration of or challenge to the drug patents on the medications we sell; or

Our revenues could be adversely affected if new drugs or combination therapies are developed and prescribed to our patients that have a reimbursement rate less than that of the current drug therapies our patients receive.

If our patients switch medications to those with lower reimbursement rates or to combination therapies, which combine multiple HIV drugs into a single medication, our net sales could decline. Combination therapies reduce the number of total prescriptions received by our patients, resulting in reduced average revenues and a decrease in dispensing fees per patient.

We rely on a limited number of suppliers for the prescriptions dispensed by our pharmacies, and we could have difficulty obtaining sufficient supply of the drugs to fill those prescriptions.

A limited number of manufacturers operating under current Good Manufacturing Practices can manufacture the drugs dispensed by our pharmacies, and the supply of those drugs is limited by allocations from the manufacturers. Although we believe we have sufficient supply from such manufacturers and we maintain inventory on hand to meet our demand, if our suppliers had problems or delays with their manufacturing operations we may have difficulty obtaining sufficient quantities of the drugs required for our business. If we do not receive sufficient quantities from our current suppliers, we may be unable to identify or obtain our required drugs from alternative manufacturers on commercially reasonable terms or on a timely basis, which would negatively impact our revenues, reputation and business strategy.

If our credit terms with vendors become unfavorable or our relationship with them is terminated, our business could be adversely affected.

We depend on existing credit terms from vendors to meet our working capital needs between the times we purchased medications from vendors and when we received reimbursement or payment from third-party payors. Our ability to grow has been limited in part by our inability to negotiate favorable credit terms from our suppliers. If our position changes and we are unable to maintain adequate credit terms or sufficient financing from third-party lenders, we may become limited in our ability to continue to increase the volume of medications we need to fill prescriptions.

There are only a few wholesale distributors from which we can purchase the medications we offer to HIV/AIDS

patients. If any of our vendor agreements terminate or are not renewed, we might not be able to enter a new agreement with another wholesale distributor on a timely basis or on terms favorable to us. Our inability to enter a new supply agreement may cause a shortage of the supply of medications we keep in stock, or we may be required to accept pricing and credit terms from a vendor that are less favorable to us than those we currently have.

There are a number of additional business risks which could adversely affect our financial results.

Many other factors could adversely affect our financial results, including:

- If we are unsuccessful in establishing effective advertising, marketing and promotional programs, our sales or sales margins could be negatively affected.
- Our success depends on our continued ability to attract and retain store, management and other professional personnel, and the loss of key personnel could have an adverse effect on the results of our operations, financial condition or cash flow.
- We rely on sales and marketing personnel to bring new sales and maintain relationships with current clients. If we fail to retain these individuals or fail to recruit new sales staff, it could have a material adverse effect on sales and our ability to meet operational needs.
- We may not be able to successfully and timely implement new computer systems and technology or business processes, or may experience disruptions or delays to the computer systems we depend on to manage our ordering, pricing, point-of-sale, inventory replenishment and other processes, which could adversely impact our operations and our ability to attract and retain customers.
- Severe weather conditions, terrorist activities, health epidemics or pandemics or the prospect of these events can impact our store operations or damage our facilities in affected areas or have an adverse impact on consumer confidence levels and spending in our store.
- The long-term effects of climate change on general economic conditions and the pharmacy industry in particular are unclear, and changes in the supply, demand or available sources of energy may affect the availability or cost of goods and services, including natural resources, necessary to run our business.
- The products we sell are sourced from a wide variety of domestic and international vendors, and any future inability to find qualified vendors and access products in a timely and efficient manner could adversely impact our business.

The foregoing is not a comprehensive listing and there can be no assurance that we have correctly identified and appropriately assessed all factors affecting the business. As such, we refer you to the "Management's Discussion and Analysis of Financial Condition and Results of Operations," which includes our "Cautionary Statement Concerning Forward-Looking Statements."

RISKS RELATING TO OUR STOCK

We will seek to raise additional funds in the future, which may be dilutive to stockholders or impose operational restrictions.

We expect to seek to raise additional capital in the future to help fund development of our proposed expansion. If we raise additional capital through the issuance of equity or convertible debt securities, the percentage ownership of our current stockholders will be reduced. We may also enter strategic transactions and/or compensate consultants or settle outstanding payables using equity that may be dilutive. Our stockholders may experience additional dilution in net book value per share and any additional equity securities may have rights, preferences and privileges senior to those of the holders of our common stock. If we cannot raise additional funds, we will have to delay development activities of our expansion plans.

We are controlled by our current officers, directors, and principal stockholders.

Currently, our directors, executive officers, and principal stockholders beneficially own a majority of the voting control of the Company. Thus, they will be able to exert substantial influence over the election of our board of directors and the vote on issues submitted to our stockholders. As of the date of this filing, our officers, directors and principal stockholders beneficially owned 24,659,107 shares (7.20%) of our common stock and 51 share of our Series A super voting preferred stock (100%), which number excludes shares of common stock held in street name by non-affiliated individuals.

Our shares of common stock are thinly traded, so stockholders may be unable to sell at or near ask prices or at all if they need to sell shares to raise money or otherwise desire to liquidate their shares.

In the recent past, our common stock has been "thinly-traded," meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. We cannot give stockholders any assurance that a broader or more active public trading market for our common shares will be sustained, or that current trading levels will be sustained.

We are subject to the penny stock rules which will make our securities more difficult to sell.

We are subject to the SEC's "penny stock" rules because our securities sell below $5.00 per share. The penny stock rules require broker-dealers to deliver a standardized risk disclosure document prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the bid and offer quotations, and the broker-dealer and salesperson compensation information must be given to the customer orally or in writing prior to completing the transaction and must be given to the customer in writing before or with the customer's confirmation.

Furthermore, the penny stock rules require that prior to a transaction, the broker dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. The penny stock rules are burdensome and may reduce purchases of any offerings and reduce the trading activity for our securities. If our securities are subject to the penny stock rules, the holders of such securities will find it more difficult to sell their securities.

We cannot assure you that the common stock will be liquid or that it will remain listed on a securities exchange.

We cannot assure you that we will be able to maintain the listing standards of the OTC-PINK or any other national market. If we are delisted from the OTC-PINK then our common stock will not trade. In addition, delisting of our common stock could further depress our stock price, substantially limit liquidity of our common stock and materially adversely affect our ability to raise capital on terms acceptable to us, or at all. Delisting could also have other negative results, including the potential loss of confidence by suppliers and employees, the loss of institutional investor interest and fewer business development opportunities.

We have never paid dividends.

We have never paid cash dividends on our common stock and do not anticipate paying any for the foreseeable future.

LEGAL PROCEEDINGS

We are currently not involved in any other litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES.

(a) Market Information

Our common stock trades on the OTC-PINKSHEETS under the symbol "RXMD". The following table states the range of the high and low trading prices per share of our common stock for each of the calendar quarters during the last two calendar years. These quotations represent inter-dealer prices, without retail mark-up, markdown, or commission, and may not represent actual transactions. The last price of our common stock as reported on the OTC-PINKSHEETS on December 31, 2016 was $0.03 per share.

		High		Low
YEAR ENDED DECEMBER 31, 2016				
Fourth quarter	$	0.04	$	0.03
Third quarter	$	0.04	$	0.03
Second quarter	$	0.05	$	0.03
First quarter	$	0.05	$	0.02
YEAR ENDED DECEMBER 31, 2015				
Fourth quarter	$	0.033	$	0.0048
Third quarter	$	0.0144	$	0.0049
Second quarter	$	0.0199	$	0.0058
First quarter	$	0.08	$	0.0041

- *less than a penny (<$0.01)

(b) Holders

As of March 30, 2017, there were approximately 188 stockholders of record of our common stock. This number does not include beneficial owners from whom shares are held by nominees in street name.

(c) *Dividend Policy*

We have not paid any cash dividends on our common stock to date, and we have no intention of paying cash dividends in the foreseeable future. Whether we declare and pay dividends is determined by our board of directors at their discretion, subject to certain limitations imposed under Delaware corporate law. The timing, amount and form of dividends, if any, will depend on, among other things, our results of operations, financial condition, cash requirements and other factors deemed relevant by our board of directors.

(d) Securities Authorized for Issuance under Equity Compensation Plans

The Company does not currently have an equity compensation plan in effect.

Recent Sales of Unregistered Securities; Uses of Proceeds from Registered Securities

On August 22, 2014, the Company entered an agreement with Tarpon Bay Partners LLC, for the purchase of $1,826,005.16 in past due debt which includes debts payable to AmerisourceBergen, TCA, individual note holders, related parties and assorted past due amounts for accounts payable from the company for the purposes of executing a 3(a)(10) Transaction that would alleviate the Company's debt burden. Certain vendors agreed to the purchase of their debt by Tarpon Bay, including TCA. The settlement of such debt is pending a proposed 3(a)(10) Transaction, which received judicial approval on September 3, 2014 pursuant to a complaint filed with the Circuit Court of the Second Judicial Circuit in Leon County, Florida on June 24, 2014. As of December 31, 2015, the 3(a) (10) successfully closed with 100% of all purchased debt paid in full and liabilities related to the debt and the transaction released.

As of December 31, 2015, the company issued 282,275,000 shares to Tarpon Bay as part of the 3(a) (10) transaction. Of these shares 269,777,062 were liquidated resulting in $2,534,673.55 in gross proceeds leaving a balance of 12,497,938 shares unsold. The proceeds were distributed as follows: $100,000 to Tarpon Bay as payment in full of its success fee note, $608,668.39 to Tarpon Bay for transaction fees, and $1,826,005.16 to creditors. The Company has satisfied the debt pursuant to the 3(a) (10) transaction. As of March 30, 2016, Tarpon Bay has returned the unsold shares to Company which were subsequently retired.

There were no other sales of unregistered securities during the fiscal years ended December 31, 2016 and 2015 other than those transactions previously reported to the OTC Markets on the Company's quarterly interim reports.

Rule 10B-18 Transactions

During the years ended December 31, 2016 and 2015, there were no repurchases of the Company's common stock by the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the attached audited and unaudited consolidated financial statements and notes thereto. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Where possible, we have tried to identify these forward-looking statements by using words such as "anticipate," "believe," "intends" or similar expressions. Our actual results may differ materially from those anticipated by the forward-looking statements due to important factors and risks including, but not limited to, those set forth under "Risk Related to our Business" beginning on page 10 of this Annual Report.

OVERVIEW

At the end of 2015, Progressive Care and its wholly owned subsidiary PharmCo, LLC were on the precipice of great things. The 3(a) (10) transaction was completed in December 2015, eliminating nearly $2 million in aged debt off the balance sheet. Without any encumbrances, we moved steadfastly on our mission to transform the role of the pharmacy in the healthcare system and achieve success through aggressive growth of our brand and level of service.

Our first achievement came early in the year by moving to the OTC Pink Current Information Tier. We also engaged an auditing firm to conduct third party reviews of our quarterly financial statements. Our efforts greatly improved the visibility and reliability of our public information, providing more trust and transparency to our shareholders.
We then embarked on a schedule of investor conferences to provide shareholders and investors an opportunity to interact with the management team in person. These conferences yielded relationships and feedback that have helped us navigate our future as a public company. With the wind at our back we began taking the necessary steps to reach the next level both financially and operationally.

During the summer of 2016, the pace of the company's development accelerated with Chicago Ventures as our secured financing partner and the engagement of Boustead Securities, a California based broker/dealer (Formerly Monarch Bay Securities) to locate and secure mergers and acquisitions. On July 22, 2016, the Company entered in to a securities purchase agreement with Chicago Venture Partners L.P. who agree to purchase from the Company 10% convertible promissory notes in the amount of $2,205,000 which includes $200,000 Original Interest Discount and $5,000 in debt issuance costs for the transaction. The Company has drawn down on $280,000 of the balance at September 30, 2016. The notes are convertible into common shares (See Note 6 – Notes Payable). With the first tranche of funds from Chicago Ventures, we have been able to complete the build-out of the warehouse space and start our new business venture, Smart Medical Alliance, a healthcare consulting company. Its goal is to unify the performance of the pharmacy and the physician to generate optimal health outcomes.

During the third and fourth quarters, the operation experienced many developments. With the warehouse space built-out and the Script Pro automation system installed, the filling capacity of the pharmacy has nearly tripled. The new work flow systems have improved efficiency, decreased waste, and enhanced accuracy. It also has allowed for more square footage to be devoted to long term care pharmacy services.

During 2016, PharmCo achieved 20,000 prescriptions filled in a single month, sustained positive cash flows, and profitability. Prescription counts grew over 20% and revenues grew over 34% when compared to 2015. Growth trends were due in large part to expanded marketing efforts, directed advertising, and word-of-mouth of PharmCo's performance rating and the ability of the pharmacy to improve the performance ratings of the physicians it serves. The company provides services to nearly 12,000 patients of diverse demographics across South Florida.

2016 Key Highlights

- OTC Pink Current Information
- Engagement of PCAOB auditing firm for third party reviews of financial statements
- Secured financing partner: Chicago Ventures

- Secured Broker/Dealer Partner: Boustead Securities
- Attended multiple investor conferences
- Conducted Quarterly Earnings Calls
- Completed build-out of warehouse space
- Installed Script Pro Automation System
- Achieved 20,000 prescriptions filled in a single month
- Started Smart Medical Alliance, healthcare consulting company
- Became the primary 340B pharmacy for Empower U
- Switched Pharmacy Services Administration Organization (PSAO) and primary wholesale vender to Epic Pharmacy Network and McKesson
- Increased year-over-year prescription counts and revenues by over 20% and 34% respectively
- Cash flow positive and positive earnings

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the years ended December 31, 2016 and 2015:

	Years Ended					
	December 31, 2016		December 31, 2015			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Total revenues - net	$ 18,318,567	100%	$ 13,642,704	100%	$ 4,675,863	34%
Total cost of sales	13,259,219	72%	10,164,808	75%	3,094,411	30%
Total gross margin	5,059,348	28%	3,477,896	25%	1,581,452	45%
Operating expenses	4,827,279	26%	4,090,721	30%	736,558	18%
Operating income (loss)	232,069	1%	(612,825)	-4%	844,894	138%
Other income (expense)	(20,600)	0%	(594,326)	-4%	573,726	97%
Net income (loss) before income tax expense	211,469	1%	(1,207,151)	-9%	1,418,620	118%
Income tax expense	(2,150)	0%	(12,208)	0%	10,058	82%
Net income (loss)	$ 209,319	1%	$ (1,219,359)	-9%	$ 1,428,678	117%

For the year ended December 31, 2016, the Company increased overall revenue to approximately $18.3 million, a 34% increase over the same period in 2015. Gross profit margins increased from 25% in 2015 to 28% in 2016, a 45% increase when compared to 2015. Operating income increased by approximately $845,000 in 2016 as compared to 2015 as result of increased sales achieved through effective marketing efforts to healthcare providers and increased compounding sales, partially offset by increased operating expenses.

Revenue

Our pharmacy revenues were as follows:

	Years Ended					
	December 31, 2016		December 31, 2015			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Pharmacy	$18,272,248	99.7%	$13,607,943	99.7%	$4,664,305	34%
Total Sales	$18,318,567	100%	$13,642,704	100%	$4,785,231	35%

Pharmacy revenues continue to be over 99% of all revenue for the Company. Our increase in pharmacy revenue is the result of concentrated marketing efforts to doctor's offices, clinics, and long term care facilities and the addition of compound pharmaceutical sales.

Gross Margin

For the year ended December 31, 2016, gross profit increased 45% as compared to 2015 because of increased sales. Gross margin as a percent of sales also increased to 28% for the year ended December 31, 2016 due to increased sales of compounded medications, which carry higher gross margins than traditional mass manufactured medications.

Operating Expenses

Our operating expenses increased $736,558 or 18% for the year ended December 31, 2016 as compared to the year ended December 31, 2015. The increase was mainly attributable to higher labor and consulting expenses associated with the continued growth and development of the company. Operating Expenses as a percent of sales decreased 4% to 26% in 2016 as compared to 2015.

Net Income/Loss

Our net income increased by $1,428,678 for the year ended December 31, 2016 as compared to the net loss for the year ended December 31, 2015, mainly attributable to not having the expenses associated with the execution of the 3(a) (10) transaction that was completed during the fourth quarter 2015, as well as increased gross profits from sales.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2016 and 2015:

	Years Ended	
	December 31, 2016	December 31, 2015
Net change in cash from:		
Operating activities	$ 464,897	$ (279,266)
Investing activities	(187,673)	(20,937)
Financing activities	249,319	506,164
Change in cash	$ 526,543	$ 205,961
Cash at end of year	$ 816,220	$ 289,677

Net cash provided by operating activities increased to $464,897 due to increased gross margin from sales.

Net cash used for investing activities increased to $187,673 for the year ended December 31, 2016 as compared to $20,937 for the year ended December 31, 2015 primarily because of the additional equipment and vehicle purchases, incurrence of website development costs, and additional leasehold improvements costs incurred during the year ended December 31, 2016.

Net cash provided by financing activities was $249,319 for the year ended December 31, 2016 as compared to $506,164 for the year ended December 31, 2015 because of receiving the first tranche of funds from the Convertible Note Payable from Chicago Ventures.

Current and Future Financing Needs

We have an accumulated deficit of $3,210,578 through December 31, 2016. We have spent, and expect to continue to spend additional amounts in connection with implementing our business strategy.

The Company believes that it has adequate capital to operate over the next 12 months. However, additional funding will be necessary to complete planned expansion initiatives. The actual amount of funds we will need to operate and expand is subject to many factors, some of which are beyond our control. We have based our estimate on assumptions that may prove to be wrong. We may need to obtain additional funds sooner or in greater amounts than we currently anticipate. Potential sources of financing include public or private sales of our shares or debt and other sources. We may seek to access the public or private equity markets when conditions are favorable due to our long-term capital requirements.

On July 22, 2016, the Company entered in to a securities purchase agreement with Chicago Venture Partners L.P. in the amount of $2,205,000 which includes $200,000 Original Interest Discount and $5,000 in debt issuance costs for the transaction. The Company has drawn down on $280,000 of the balance at September 30, 2016. The notes are convertible into common shares (See Note 6 – Notes Payable). The remaining funds are available for draw down in tranches upon request of the Company.

Critical Accounting Policies

Deferred taxes

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

Off-Balance Sheet Arrangements

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Progressive Care, Inc.

We have audited the accompanying consolidated balance sheet of Progressive Care, Inc. (a Florida corporation) and subsidiaries as of December 31, 2016, and the related consolidated statements of operations, stockholders equity (deficit), and cash flows for the year then ended. Progressive Care Inc. and subsidiaries management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Progressive Care Inc. and subsidiaries as of December 31, 2016 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The December 31, 2015 consolidated financial statements were not subjected to an audit, review nor compilation, and accordingly, we express no opinion or other form of assurance on them.

Berkowitz Pollack Brant

Miami, Florida
March 30, 2017

Progressive Care Inc. and Subsidiaries

Consolidated Balance Sheets

	December 31, 2016 (Audited)	December 31, 2015 (Unaudited)
Assets		
Current Assets		
Cash	$ 816,220	$ 289,677
Accounts receivable – trade, net	876,601	708,185
Accounts receivable - other	1,243	-
Inventory, net	431,267	287,454
Prepaid expenses	114,016	4,737
Total Current Assets	2,239,347	1,290,053
Property and equipment, net	350,624	56,283
Other Assets		
Deposits	20,196	14 716
Total Other Assets	20,196	14,716
Total Assets	**$ 2,610,167**	**$ 1,361,052**
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,615,545	$ 1,135,017
Deferred rent liability	89,482	89,610
Notes payable – net of unamortized debt discount and debt issuance costs	252,317	23,750
Capital lease obligation - current portion	16,755	-
Unearned revenue	184,365	184,529
Derivative liability	58,204	-
Total Current Liabilities	2,216,668	1,432,906
Long-term Liabilities		
Capital lease obligation – net of current portion	115,096	-
Total Liabilities	2,331,764	1,432,906
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred Stock, Series A par value $0.001; 51 shares authorized issued and outstanding as of December 31, 2016, and 2015	-	-
Common stock, par value $0.0001; 500,000,000 shares authorized 344,107,607 and 352,043,045 issued and outstanding as of December 31, 2016, and 2015, respectively	34,411	35,204
Additional paid-in capital	3,454,569	3,312,838
Accumulated Deficit	(3,210,577)	(3,419,896)
Total Stockholders' Equity (Deficit)	278,403	(71,854)
Total Liabilities and Stockholders' Equity (Deficit)	**$ 2,610,167**	**$ 1,361,052**

See Accompanying Notes to Consolidated Financial Statements

Progressive Care Inc. and Subsidiaries

Consolidated Statements of Operations

	Year Ended December 31, 2016 (Audited)	Year Ended December 31, 2015 (Unaudited)
Sales - net	$ 18,318,567	$ 13,642,704
Cost of sales	13,259,219	10,164,808
Gross profit	5,059,348	3,477,896
Selling, general and administrative expenses		
Bad debt expense	70,787	125,282
Other selling, general and administrative expense	4,756,492	3,965,439
Total Selling, general and administrative expenses	4,827,279	4,090,721
Income (Loss) from operations	232,069	(612,825)
Other Income (Expense)		
Change in fair value of derivative liability	22,492	1,438,939
Gain *(loss) on debt settlement*	19,344	(95,578)
Gain (loss) on sale of property and equipment	2,952	(87,810)
Interest income	116	-
Interest expense	(65,504)	(1,851,939)
Other income	-	2,062
Total other income (expense) - net	(20,600)	(594,326)
Income (*loss*) *before* provision for *income taxes*	211,469	(1,207,151)
Provision for income taxes	(2,150)	(12,208)
***Net* income (*loss*)**	$ 209,319	$ (1,219,359)
Basic and diluted net* income (*loss*) *per common share	0.00	(0.01)
Weighted average number of common shares outstanding during the* year - *basic and diluted	343,546,401	155,613,592

See Accompanying Notes to Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficit)

Years Ended December 31, 2016 (Audited) and 2015 (Unaudited)

	Preferred Series A $0.001 Par Value		Common Stock $0.0001 Par Value		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity (Deficit)
Balance, December 31, 2014 (Unaudited)	**51**	**$ -**	**41,068,344**	**$ 4,106**	**$ 251,304**	**$(2,200,537)**	**$ (1,945,127)**
Issuance of common stock for debt per 3(a)(10) settlement agreement	-	-	273,913,000	27,391	2,488,110	-	2,515,501
Issuance of common stock for consulting services	-	-	20,000,000	2,000	320,000	-	322,000
Issuance of common stock for settlement of debt	-	-	6,083,985	609	166,701	-	167,310
Issuance of common stock for bonus	-	-	10,977,716	1,098	86,723	-	87,821
Net loss for the year ended December 31, 2015						(1,219,359)	(1,219,359)
Balance, December 31, 2015(Unaudited)	**51**	**$ -**	**352,043,045**	**$ 35,204**	**$ 3,312,838**	**$(3,419,896)**	**$ (71,854)**
Adjustment to common stock issued in 3(a)(10) settlement agreement	-	-	(12,497,938)	(1,250)	-	-	(1,250)
Issuance of common stock for consulting services	-	-	4,562,500	457	141,731	-	142,188
Net income for the year ended December 31, 2016	-	-	-	-	-	209,319	209,319
Balance, December 31, 2016 (Audited)	**51**	**$ -**	**344,107,607**	**$ 34,411**	**$ 3,454,569**	**$(3,210,577)**	**$ 278,403**

See Accompanying Notes to Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2016 (Audited) and 2015 (Unaudited)

	December 31, 2016 (Audited)	December 31, 2015 (Unaudited)
Cash Flows from Operating Activities:		
Net income (*loss*)	$ 209,319	$ (1,219,359)
Adjustments to reconcile net income (*loss*) *to net cash*		
provided by (*used in*) *operating activities:*		
Depreciation and amortization	33,327	23,861
Change in allowance for doubtful accounts	(116,532)	125,283
Issuance of shares for consulting	142,188	409,821
Amortization of debt issuance costs and debt discounts	53,502	1,324,805
(Gain) loss on sale of property and equipment	(2,952)	87,810
(Gain) loss on debt settlement	(19,344)	95,578
Change in fair value of derivative liability	(22,492)	(1,438,939)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(53,128)	(210,853)
Inventory	(143,813)	26,283
Deposits	(5,480)	25,577
Prepaid Expenses	(109,279)	38,824
Increase (decrease) in:		
Accounts payable and accrued liabilities	499,873	537,179
Unearned revenue	(164)	(113,195)
Deferred rent payable	(128)	8,059
Net Cash Provided by (Used in) Operating Activities	464,897	(279,266)
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	5,050	-
Purchase of property and equipment	(192,723)	(20,937)
Net Cash Used in Investing Activities	(187,673)	(20,937)
Cash Flows from Financing Activities:		
Proceeds from issuance of notes payable	271,329	656,164
Payments of notes payable	(13,450)	(150,000)
Payments of capital lease obligation	(8,560)	-
Net Cash Provided by Financing Activities	249,319	506,164
Net increase in cash	526,543	205,961

Cash at beginning of year	289,677	83,716
***Cash at end of* year**	**$ 816,220**	**$ 289,677**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 52,618	$ -
Cash paid for income taxes	$ 2,150	$ -
Supplemental Schedule of non-cash investing and financing activities:		
Issuance (return) of common stock against debt per agreement	$ (1,250)	$ 2,515,501
Acquisition of equipment through capital lease obligation	$ 137,043	$ -
Issuance of common stock in connection with debt settlement	$ -	$ 167,310
Recognition of debt discount and derivative liability associated with conversion feature in note agreement	$ 80,696	$ -
Recognition of debt discount associated with original issue discount in note agreement	$ 25,000	$ -
Debt issue costs associated with issuance of note payable	$ 5,000	
Recognition of debt discount associated with capital lease obligation	$ 26,181	$ -

See Accompanying Notes to Consolidated Financial Statements.

Progressive Care, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
Years Ended December 31, 2016 and 2015

Note 1 Organization & Nature of Operations

Progressive Care, Inc. ("Progressive") was incorporated under the laws of the state of Delaware on October 31, 2006. PharmCo, LLC ("PharmCo"), headquartered in North Miami Beach, Florida, was formed on November 29, 2005 as a Florida Limited Liability Company and is a 100% owned subsidiary of Progressive. On October 21, 2010, Progressive acquired PharmCo and PharmCo 780, which is an inactive company.

Smart Medical Alliance Inc. (Smart Medical), a wholly owned subsidiary of Progressive, was incorporated on August 17, 2016 to provide management services to healthcare organizations. Smart Medical is head quartered in North Miami Beach, Florida and commenced operations on October 1, 2016.

Collectively, all of the previously named entities are known as the "Company".

PharmCo is a South Florida health services organization and provider of prescription pharmaceuticals specializing in health practice risk management, compounded medications, the sale of anti-retroviral medications and related medication therapy management, and the supply of prescription medications to long term care facilities. The Company is focused on developing the PharmCo brand and adding business elements that cater to specific under-served markets and demographics. This effort includes community and network based marketing strategies, the introduction of new locations, acquisitions and the strategic collaboration(s) with community, government and charitable organizations. In previous years, the Company was engaged in selling and renting durable medical equipment; however, as of December 31, 2015, the Company had discontinued billing third party payors for the sales and rental of durable medical equipment.

Note 2 Basis of Presentation

The Company's fiscal year end is December 31. The Company uses the accrual method of accounting.

Note 3 Summary of Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that

the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, actual results could differ significantly from estimates.

Cash

The Company minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits.

Cash Equivalents: The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As of December 31, 2016 and 2015, the Company does not have any cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

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

Risks and Uncertainties

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

Billing Concentrations

The Company's primary receivables are from prescription medications billed to various insurance providers. Ultimately, the insured is responsible for payment should the insurance company not reimburse the Company. The Company generated reimbursements from four significant insurance providers for the years ended December 31, 2016 and 2015:

Payors	Year Ended December 31, 2016 (Audited)	Year Ended December 31, 2015 (Unaudited)
A	15%	12%
B	13%	12%
C	11%	11%
D	8%	11%

Inventory

Inventory is valued on a lower of first-in, first-out (FIFO) cost or market basis. Inventory primarily consists of prescription medications, pharmacy supplies, and retail items. The Company provides a valuation allowance for obsolescence and slow moving items. As of December 31, 2016 and 2015, the Company recorded an allowance for obsolescence of $25,000.

Property and Equipment

Property and equipment, including improvements, is stated at cost, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is computed on a straight-line basis over estimated useful lives as follows:

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

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There were no impairment charges for the years ended December 31, 2016 and 2015.

Fair Value of Financial Instruments

The Company's financial instruments consisted of cash, accounts receivable, accounts payable, and notes payable. The carrying amounts of the Company's financial instruments generally approximate their fair values at December 31, 2016 and December 31, 2015, due to the short-term nature of these instruments. The carrying value of the capital lease obligation approximates fair value due to the implicit rate in the lease in relation to the Company's borrowing rate and the duration of the lease.

Derivative Liabilities

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

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

Progressive Care, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements
Years Ended December 31, 2016 and 2015

Revenue Recognition

The Company records revenue when all of the following have occurred: (1) pervasive evidence of an arrangement exists, (2) the asset is transferred to the customer without further obligation, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonably assured.

The Company recognizes its pharmacy revenue when a customer picks up or is delivered their prescription or purchases merchandise at the store. The Company records unearned revenue for prescriptions that are filled but not yet delivered at period-end. Billings for most prescription orders are with third-party payers, including Medicare, Medicaid and insurance carriers. Customer returns are nominal.

Pharmacy revenues were in excess of 99% of total sales for all periods presented.

Cost of Sales

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

Vendor Concentrations

For the years ended December 31, 2016 and 2015, the Company had significant vendor concentrations with two vendors. The purchases from these significant vendors are as follows:

Vendor	Year Ended December 31, 2016	Year Ended December 31, 2015
A	78%	86%
B	6%	9%

Selling, General and Administrative Expenses

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

Advertising

Costs incurred for producing and communicating advertising for the Company are charged to operations as incurred. Advertising expense was $70,128 and $51,994 for the years ended December 31, 2016 and 2015, respectively.

Stock-Based Payment Arrangements

Generally, all forms of stock-based payments, including warrants, are measured at their fair value on the awards' grant date typically using a Black-Scholes pricing model, based on the estimated number of awards that are ultimately expected to vest. The Company measures the cost of share-based payment transactions at the grant date based on the calculated fair value of the award, and recognizes this cost as an expense ratably over the recipient's requisite service period during which that award vests or becomes unrestricted. Stock-based compensation awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the stock-based payment, whichever is more readily determinable. The shares are subsequently re-measured at their fair value at each reporting date over the service period of the awards. The expense resulting from stock-based payments is recorded in other selling, general and administrative expenses in the consolidated statements of operations.

Section 3(a) (10) Transaction

On August 22, 2014, the Company entered into an agreement with Tarpon Bay Partners LLC, for the purchase of $1,826,005 in past due debt which includes debts payable to AmerisourceBergen, TCA, individual note holders, related parties and assorted past due amounts for accounts payable from the Company for the purpose of executing a 3(a)(10) Transaction that would alleviate the Company's debt burden. Certain vendors agreed to the purchase of their debt by Tarpon Bay, including TCA. The settlement of such debt was approved by the Court and as of December 31, 2015, the 3(a)(10) Transaction successfully closed with 100% of all purchased debt paid in full and liabilities related to the debt and the transaction released.

In total, the Company issued 282,275,000 shares to Tarpon Bay as part of the 3(a) (10) Transaction. Of these shares 269,777,062 were liquidated resulting in $2,534,673 in gross proceeds. The proceeds were distributed as follows: $100,000 to Tarpon Bay as payment in full of its success fee note, $608,668 to Tarpon Bay for transaction fees, and $1,826,005 to creditors. Interest expense in connection with the 3(a) (10) Transaction charged to operations during the year ended December 31, 2015 totaled $1,851,939. The Company has satisfied the debt pursuant to the 3(a) (10) transaction.

On March 15, 2016, the Company processed the return and retirement of 12,497,938 shares which were unsold by Tarpon Bay at the conclusion of the 3(a) (10) transaction.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Progressive Care, Inc. and Smart Medical Alliance, Inc. are taxed as C corporations. PharmCo, LLC is taxed as a partnership, wherein each member is responsible for the tax liability, if any, related to its proportionate share of

PharmCo LLC's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements. Progressive Care, Inc. has a 100% ownership interest in PharmCo, LLC; therefore, all of PharmCo, LLC's taxable income is included in Progressive Care, Inc.'s taxable income.

The provision for income taxes for the years ended December 31, 2016 and 2015 on the Consolidated Statements of Operations represents the minimum state corporate tax payments. There was no current tax provision for the year ended December 31, 2016 because taxable income was fully offset by prior year net operating loss carryforwards. Total available net operating losses to be carried forward to future taxable years was approximately $4,100,000 as of December 31, 2016. The Company's net deferred tax asset at December 31, 2016 and 2015 was attributable primarily to net operating loss carryforwards, and was fully offset by a 100% valuation allowance as it was not more likely than not that the tax benefits of the loss carryforwards would be realized. The change in the valuation allowance was approximately $107,000 and $17,000 for the years ended December 31, 2016 and 2015, respectively.

The Company accounts for uncertainty in income taxes by recognizing a tax position in the consolidated financial statements only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company records interest and penalties related to tax uncertainties, if any, as income tax expense. Based on management's evaluation, the Company does not believe it has any uncertain tax positions during the years ended December 31, 2016 and 2015.

Earnings (Loss) per Share

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

The Company had 5,600,000 and 0 potential common stock equivalents outstanding at December 31, 2016 and 2015, respectively. The effect of including common stock equivalents in weighted average common shares outstanding for 2016 is anti-dilutive, and therefore a separate computation of diluted earnings per share for 2016 is not presented.

The Company reflected a net loss for the year ended December 31, 2015; therefore, the effect of considering any common stock equivalents, if outstanding, would be anti-dilutive; consequently, a separate computation of diluted earnings (loss) per share is not presented.

The following table sets forth the computation of basic and diluted earnings per share (in thousands as of December 31, except per share amounts):

	2016 (Audited)	2015 (Unaudited)
Numerator:		
Net income (loss)	$ 209	$ (1,219)
Denominator for basic net income per common share:		
Weighted average common shares outstanding	343,546	155,613
Denominator for diluted net income per share:		
Weighted average common shares outstanding	343,546	155,613
Dilutive effect of conversion feature in debt instrument	0	0
Diluted weighted average shares	343,546	155,613
Earnings per common share:		
Basic and diluted	$ 0.00	$ (0.01)

Recent Adopted Accounting Standards

In January 2015, the FASB issued ASU 2015-01, *Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Eliminating the extraordinary classification simplifies income statement presentation by altogether removing the concept of extraordinary items from consideration. This guidance was adopted by the Company effective January 1, 2016 and it did not have any impact on the Company's consolidated financial position or consolidated results of operations.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures will include the face amount of the debt liability and the effective interest rate. In August 2015, the FASB amended this guidance for debt issuance costs associated with line-of-credit arrangements to reflect that the SEC would not object to the deferral and presentation of debt issuance costs as an asset and subsequent amortization of debt issuance costs over the term of the line-of-credit arrangement, whether or not there are any outstanding borrowings on the line-of-credit arrangement. The update requires retrospective application and represents a change in accounting principle. This guidance was adopted by the Company effective January 1, 2016 and it was applied retrospectively for all prior periods. At December 31, 2016 and December 31, 2015, deferred financing costs totaling $84,625 and $1,250, respectively, are reflected as a reduction in the carrying value of the Company's current and long-term debt on the consolidated balance sheets. Prior to adoption of ASU 2015-03, the Company presented debt issuance costs in the consolidated balance sheet as a deferred charge.

Accounting Standards Issued but Not Yet Adopted

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic - 205-40)* ("ASU 2014-15"). This ASU requires management to evaluate whether it is probable that known conditions or events, considered in the aggregate, would raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. If such conditions or events are identified, the standard requires management's mitigation plans to alleviate the doubt or a statement of the substantial doubt about the entity's ability to continue as a going concern to be disclosed in the financial statements. The amendments in ASU 2014-15 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2016.

In March 2016, the FASB issued ASU 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, to simplify the accounting for share-based payment transactions including the income tax consequences, classification of awards as either equity or liabilities and classification on the statements of cash flows. Under the new guidance, all excess tax benefits and tax deficiencies (including tax benefits of dividends on share-based payment awards) should be recognized as income tax expense or benefit on the statements of operations. Under current GAAP, excess tax benefits are recognized in additional paid-in capital while tax deficiencies are recognized either as an offset to accumulated excess tax benefits, if any, or on the statements of operations. The new accounting guidance is effective for annual periods beginning after December 15, 2016. Certain provisions require retrospective/modified retrospective transition while others are to be applied prospectively. Based on historical results, management does not expect the adoption of this guidance to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to provide a new comprehensive model for lease accounting. Under this guidance, lessees and lessors should apply a "right-of-use" model in accounting for all leases (including subleases) and eliminate the concept of operating leases and off-balance sheet leases. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. Similar modifications have been made to lessor accounting in-line with revenue recognition guidance. This guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2018. The amendments also require certain quantitative and qualitative disclosures about leasing arrangements. Early adoption is permitted. The updated guidance requires a modified retrospective adoption. The Company is currently in the process of evaluating this new standard update.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory*, which requires entities to measure most inventory at the lower of cost and net realizable value, thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. The update is effective for fiscal years beginning after December 15, 2016, and interim periods therein. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers.

Subsequently, the FASB has issued the following standards related to ASU 2014-09: ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations* ("ASU 2016-08"); ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing* ("ASU 2016-10"); ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients* ("ASU 2016-12"); and ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers* ("ASU 2016-20"). The Company must adopt ASU 2016-08, ASU 2016-10, ASU 2016-12 and ASU 2016-20 with ASU 2014-09 (collectively, the "new revenue standards").

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date* which approved a one-year deferral of ASU 2014-09 for annual reporting periods beginning after December 15, 2017 for public entities, and annual reporting periods beginning after December 15, 2018 for all other entities. The new revenue standards become effective for the Company in the first quarter of fiscal year 2019, but allow adoption one year earlier if the Company so chooses. The Company currently plans to adopt this accounting standard in the first quarter of fiscal year 2019. The guidance permits two methods of adoption: full retrospective in which the standard is applied to all the periods presented or modified retrospective where an entity must recognize the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings. The Company is currently evaluating the full impact of this new guidance on its consolidated financial statements, including selection of the transition method.

Note 4. Accounts Receivable

Accounts receivable consisted of the following at December 31, 2016 and 2015.

	December31, 2016 (Audited)	December 31, 2015 (Unaudited)
Gross accounts receivable	$ 885,352	$ 712,565
Less: Allowance for doubtful accounts	(8,751)	(4,380)
Accounts receivable – net	$ 876,601	$ 708,185

For the years ended December 31, 2016 and 2015, the Company recognized bad debt expense in the amount of $70,787 and $125,282, respectively.

Note 5. Property and Equipment

Property and equipment consisted of the following at December 31, 2016 and 2015.

	December 31, 2016 (Audited)	December 31, 2015 (Unaudited)
Leasehold improvements and fixtures	$ 221,274	$ 139,588
Furniture and equipment	217,756	70,494
Computer equipment and software	59,803	59,803
Vehicles	44,847	59,620
Website	53,188	-

Total	**596,868**	**329,505**
Less: accumulated depreciation and amortization	(246,244)	(273,222)
Property and equipment – net	**$ 350,624**	**$ 56,283**

Depreciation and amortization expense for the years ended December 31, 2016 and 2015 was $33,327 and $23,861, respectively.

Note 6. Notes Payable

Notes payable consisted of the following:

	December 31, 2016 (Audited)	December 31, 2015 (Unaudited)
A. Convertible note payable - collateralized	$ 280,000	$ -
B. Note payable – uncollateralized	25,000	25,000
Insurance premium financing	9,129	-
Subtotal	314,129	25,000
Less Unamortized debt discount	58,990	1,250
Less Unamortized debt issuance costs	2,822	-
Total	**$ 252,317**	**$ 23,750**

The corresponding notes payable above are more fully discussed below:

(A) Convertible Note Payable – collateralized

On July 22, 2016, Progressive entered a Securities Purchase Agreement (the "Purchase Agreement") with Chicago Ventures Partners, L.P. (the "Investor"), a Utah limited partnership. The Investor agreed to purchase from the Company 10% convertible promissory notes in the aggregate principal amount of $2,205,000 (the "Notes"), including a 10% Original Issue Discount ("OID") and $5,000 attorney's fee. The Notes are convertible into shares of common stock ($0.0001 par value per share) in 1 year at the lesser of Market Price or $0.05 on the date of conversion. The Notes are to be delivered in eight (8) tranches each in the principal amount of $250,000 and mature on April 22, 2018 (the "Maturity Date"); however, the Investor may elect to extend the Maturity Date up to 30 days. The Notes accrue interest at the rate of 10.9% per annum and the entire unpaid principal balance plus all accrued and unpaid interest are due on the Maturity Date. Progressive received the initial tranche of $280,000 at the closing of the transaction, which includes $30,000 of OID and legal costs. Progressive granted the Investor a security interest in all right, title, interest and claims of Progressive. PharmCo has agreed to guarantee Progressive's obligations under the Purchase Agreement, the Notes and the Security Agreement by entering into a Guaranty Agreement in favor of the Investor. Pursuant to the Guaranty Agreement, Progressive has agreed to pay to PharmCo 10% of all proceeds it received from the Investor, as consideration to secure Progressive's obligations, and an additional 50% of all proceeds from the Investor for PharmCo's ongoing business operations. Progressive intends to use the net proceeds for its general working capital and the general working capital of PharmCo to further both companies' ongoing growth and development.

In conjunction with the execution of the Purchase Agreement, Progressive executed a Membership Interest Pledge Agreement with the Investor whereby the Investor pledged a 60% membership interest in a company owned by the Investor as collateral and security for the performance by the Investor of all of its purchase obligations under the

Purchase Agreement.

The Company has identified conversion features embedded within the convertible debt issued on July 22, 2016. The Company has determined that the conversion feature represents an embedded derivative. The conversion price is set at $0.05 per share unless the Market Capitalization of the Company falls below $3,000,000 at which time the Lender's Conversion Price for all Lender Conversions occurring after the first date of such occurrence shall equal the lower of the Lender Conversion Price (as defined in the Purchase Agreement) and the Market Price as of any applicable date of Conversion. Accordingly, the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. On July 22, 2016, the Company recorded a derivative liability in the amount of $80,696. For the year ended December 31, 2016, the Company recorded a Change in Fair Value of the Derivative Liability in the amount of $22,492 with a Derivative Liability on the Balance Sheet at December 31, 2016 of $58,204.

At inception, the fair value of the derivative instrument has been recorded as a liability on the consolidated balance sheet with the corresponding amount recorded as a discount to the Note. Such discount will be accreted from the issuance date to the maturity date of the Note. The change in the fair value of the derivative liability will be recorded in other income or expenses in the consolidated statement of operations at the end of each period, with the offset to the derivative liability on the consolidated balance sheet. The fair value of the embedded derivative liability was determined using the Monte Carlo Simulation model on the issuance date.

The first tranche of $280,000 was disbursed to the Company on July 25, 2016 and remains outstanding as of December 31, 2016. Accrued interest on the $280,000 note payable at December 31, 2016 was $12,886.

Debt Issuance Costs and Debt Discount:

Debt Issuance Costs consist of fees incurred through securing financing through Chicago Venture Partners on July 22, 2016. Debt Discount consists of the 10% Original Issue Discount upon issuance of the note. Debt issuance costs and debt discount are amortized to interest expense over the term of the related debt using the effective interest method. Total amortization expense for the year ended December 31, 2016 was $48,884. The unamortized debt discount and debt issuance costs are recorded as offsets to the Note Payable with a total offset of $61,812 as of December 31, 2016.

(B) Note Payable – Uncollateralized

As of December 31, 2016 and 2015, the uncollateralized note payable represents a non-interest bearing loan that is due on demand from an investor.

Interest expense on these notes payable was $62,136 for the year ended December 31, 2016.

Note 7. Capital Lease Obligation

In July 2016, the Company entered a capital lease obligation to purchase pharmacy equipment with a cost of $163,224. The terms of the capital lease agreement require monthly payments of approximately $2,000 over 36 months with no stated interest rate and an incremental borrowing rate of 6%. The Company recorded a discount on

the capital lease obligation in the amount of $26,181 and subsequently amortizes the discount over the lease term. The Company recorded amortization of the discount in the amount of $3,368 for the year ended December 31, 2016, which has been included in interest expense for 2016. The unamortized discount was $22,812 at December 31, 2016.

Minimum lease payments for years subsequent to December 31, 2016 are as follows:

Year		Amount
2017	$	25,680
2018		25,680
2019		115,448
Subtotal		166,808
Less: interest costs		12,145
Less: unamortized debt discount		22,812
Total	**$**	**131,851**

Interest expense for the year ended December 31, 2016 was $3,368.

Depreciation expense related to the asset under the capital leases was approximately $3,600 at December 31, 2016, and is included in depreciation and amortization expense in the accompanying consolidated statements of operations.

Note 8. Stockholders' (Deficit) Equity

Share-Based Compensation

On October 27, 2016, the Company issued 3,000,000 shares of its Common Stock to an outside consultant as stock based compensation. The shares were issued in consideration of investor and public relations (IR/PR) services provided to the Company and initially valued at $90,000

On May 27, 2016, the Company issued 1,125,000 shares of its Common Stock to an outside consultant as stock based compensation. The shares were issued in consideration of IR/PR consulting services to be provided to the Company and initially valued at $45,000.

On May 27, 2016, the Company issued 437,500 shares of its Common Stock to an outside consultant as stock based compensation. The shares were issued in consideration of website design consulting services to be provided to the Company and initially valued at $17,500.

As of December 31, 2016, the fair value of the shares described above was approximately $142,000.

Common Stock

On March 24, 2016, the Company cancelled 12,497,938 common shares, which Tarpon Bay returned to the Company as these were excess shares not sold by Tarpon Bay at the conclusion of the court approved Settlement Agreement – 3(a)(10) Transaction.

As of December 31, 2016 and 2015, the Company's issued and outstanding common shares total 344,107,607 shares and 352,043,045, respectively. The Company's transfer agent is reporting 345,825,607 common shares outstanding as of December 31, 2016; however, this balance includes 1,718,000 common shares that were designated by the Company as treasury shares and therefore, eliminated.

Preferred Stock

On July 3, 2014, the Company's shareholders and board of directors authorized the creation of 51 shares of Series A Super-Voting Preferred Stock at par value of $0.001 per share. The series is a non-dividend producing instrument that ranks superior to the Company's common stock.

Each one (1) share of the Series A Preferred Stock shall have voting rights equal to (x) 0.019607 *multiplied by* the total issued and outstanding Common Stock and Preferred Stock eligible to vote at the time of the respective vote (the "**Numerator**"), *divided by* (y) 0.49, *minus* (z) the Numerator.

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

On July 11, 2014, the board of directors approved the issuance of 51 shares of the Company's Series A Preferred Stock to a certain employee of the Company, which is equal to 50.99% of the total voting power of all issued and outstanding voting capital of the Company in satisfaction of $20,000 in past due debt. These issued shares of preferred stock are outstanding as of December 31, 2016 and 2015. As of December 31, 2016 and 2015, the individual is employed by the Company.

Note 9. Commitments and Contingencies

Legal Matters

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. In the opinion of management, the disposition or ultimate resolution of currently known claims and lawsuits will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Lease Commitments

The Company leases its corporate office under a non-cancelable operating lease agreement expiring in December 2020. This lease is guaranteed by a shareholder and an unrelated individual. Additionally, the Company leases certain office space under a non-cancelable operating lease agreement which requires the Company to pay a

monthly base rental plus its proportionate share of operating expenses. This office rental expires in October 2017; however, the Company can renew the lease under two one-year renewal options. Rent expense was $181,782 and $212,197 for the years ended December 31, 2016 and 2015, respectively.

The Company's corporate office and office space rentals are subject to scheduled rent increases throughout the terms of the related leases. As such, the Company records the related rent expense on a straight-line basis, resulting in a deferred rent liability of $89,482 and $89,610 as of December 31, 2016 and 2015, respectively.

At December 31, 2016, rental commitments for currently occupied space for the fiscal years of 2017 through 2020 are as follows:

Year		Amount
2017	$	189,267
2018		184,836
2019		194,015
2020		203,487
Total	**$**	**771,605**

Note 10. Related Party Transactions

During the years ended December 31, 2016 and 2015, the Company had a verbal consulting arrangement with Spark Financial Consulting ("Spark"), which is a consulting company owned by an employee and preferred stock controlling shareholder of the Company. Spark provides business development services including but not limited to recruiting, targeting and evaluation of potential mergers and acquisitions, finding third party contractors and assisting with related negotiations in exchange for a monthly fee of $12,000. Additionally, Spark may be entitled to additional fees for additional consulting services. During the years ended December 31, 2016 and 2015, the Company paid Spark $181,106 and $62,056 respectively. The Company had accrued balances payable to Spark on its consolidated balance sheets as of December 31, 2016, and 2015 of $580 and $37,686, respectively.

The Company has an employment agreement (the "Agreement") with a certain pharmacist that is related to the preferred stock controlling shareholder and employee of the Company. The Agreement is a verbal agreement cancelable by either party without notice. This pharmacist receives compensation for filling certain prescriptions as further defined in the Agreement. During the years ended December 31, 2016 and 2015, the Company paid this pharmacist approximately $565,000 and $843,000, respectively.

Note 11. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through March 30, 2017, the date the consolidated financial statements were available to be issued.

CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure and Control Procedures

The Company has adopted and maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is collected, recorded, processed, summarized and reported within the time periods specified in the rules of the Securities and Exchange Commission. The Company's disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. As required under Rule 13a-15 of the Exchange Act, the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has conducted an evaluation of the effectiveness of disclosure controls and procedures as of December 31, 2016, Based upon that evaluation, the Company has concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

(b) Management's Assessment of Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15 of the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. Management conducted an assessment of the Company's internal control over financial reporting based on the framework and criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework. Based on the assessment, management concluded that, as of December 31, 2016, the Company's internal control over financial reporting was effective based on those criteria.

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures and its internal control processes will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that the breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

(c) Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and

15d-15(f) of the Exchange Act) that occurred during the quarter ended December 31, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

This annual report does not include an attestation report of a registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by a registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permanently exempt smaller reporting companies.

DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CORPORATE GOVERNANCE

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers at December 31, 2016:

Name	Age	Position
Alan Jay Weisberg (1)	71	Chairman, Director, Chief Financial Officer, Interim Chief Executive Officer
Shital Parikh Mars (2)	31	Director, Chief Executive Officer

(1) Mr. Weisberg was appointed Chief Financial Officer on December 1, 2010. January 22, 2013, Mr. Weisberg was appointed as Interim Chief Executive Officer and Chairman. Effective January 1, 2016 Mr. Weisberg stepped down as interim Chief Executive Officer, but remained Chairman of the Board of Directors and the Chief Financial Officer.

(2) On August 27, 2012, Ms. Parikh Mars was appointed as Chief Operating Officer and as a member of the board of directors. Effective January 1, 2016, Ms. Mars was appointed Chief Executive Officer.

Alan Jay Weisberg: Chief Financial Officer and Director of Progressive Care since October 2010. Mr. Weisberg has more than 30 years of accounting experience and has been the CFO of several publicly traded companies. Mr. Weisberg is a partner in Weisberg, Brause & Company, a Boca Raton, FL accounting firm. Mr. Weisberg has served as an adjunct professor of introductory finance at Florida International University and as an instructor of introductory accounting at the American Institute of Banking. He has also lectured to community groups on tax and estate planning. Mr. Weisberg is a graduate of Penn State University where he earned his BS in Accounting and a graduate of Florida International University where he earned his Masters of Business Administration. Mr. Weisberg is also a registered CPA in the state of Florida. Mr. Weisberg was selected to serve as a director on our Board due to his expertise in public company accounting.

Shital Parikh Mars: Ms. Parikh Mars has been a vital consultant to the Company for the past three years. As President and CEO of Spark Financial Consulting, Ms. Parikh Mars provided business development consulting services in which she advised the Company on human resources, financial reporting and transactions, operations, compliance, SEC filings, and investor relations, among other things. Prior to her consulting position, Ms. Parikh Mars was also the Chief Operating Officer of Basis Financial, a boutique investment banking firm engaged by the Company. Her experience in the financial services industry centers on operational management, preparation and submission of financial statements, mergers & acquisitions, securities offerings, SEC reporting, due diligence, compliance, and regulatory audits. Ms. Parikh Mars has a B.S in Business Administration and Accounting and is a member of the international business honor society, Delta Mu Delta. Ms. Parikh Mars currently maintains 8 securities license registrations including the Series 7, Series 66, and Series 24. Her managerial expertise has been invaluable as a consultant and is expected to be a tremendous asset as Chief Executive Officer of the Company.

Family Relationships

There are no family relationships among our directors and executive officers.

Directors' Term of Office

Directors will hold office until the next annual meeting of stockholders and the election and qualification of their successors. Officers are elected annually by our board of directors and serve at the discretion of the board of directors.

Committees of the Board of Directors

We have not established any committees, including an audit committee, a compensation committee or a nominating committee. At the present time, we believe that our Board is capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting.

Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to our present or former director, executive officer, or employee: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the SEC or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers, directors and persons who beneficially own more than 10 percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of the Company's common stock. Such officers, directors and persons are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms that they file with the SEC.

Based solely on a review of the copies of such forms that were received by the Company, or written representations from certain reporting persons that no Form 5s were required for those persons, the Company is not aware of any failures to file reports or report transactions in a timely manner during the Company's fiscal year ended December 31, 2016.

Code of Ethics

We do not currently have a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer or Controller, or persons performing similar functions. Because we have only limited business operations and four officers and directors, we believe a code of ethics would have limited utility. We intend to adopt such a code of ethics as our business operations expand and we have more directors, officers and employees.

Changes in Nominating Process

There are no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

ITEM 11. EXECUTIVE COMPENSATION

The table below summarizes all compensation awarded to, earned by, or paid to our executive officers for all services rendered in all capacities to us for the years ended December 31, 2016 and 2015:

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	OPTION AWARDS ($)	STOCK AWARDS ($)	TOTAL ($)
ALAN JAY WEISBERG (1)	2016	20,308	4,000	0		24,308
INTERIM CEO, CFO (CFO 01/2016)	2015	21,500(4)	0	0	4,000 (3)	4,000
SHITAL PARIKH MARS (2)	2016	103,129	10,000	0		113,129
COO (CEO 01/2016)	2015	35,783	0	0	16,000 (3)	51,783

1. Mr. Weisberg was appointed Chief Financial Officer on December 1, 2010. January 22, 2013, Mr. Weisberg was appointed as Interim Chief Executive Officer and Chairman. Effective January 1, 2016 Mr. Weisberg stepped down as interim Chief Executive Officer, but remained Chairman of the Board of Directors and the Chief Financial Officer.

2. Effective January 1, 2016, Ms. Mars was appointed Chief Executive Officer.

3. On October 17, 2016, the Board approved cash bonuses totaling $44,000 of which $10,000 was distributed to Shital Parikh Mars and $4,000 was distributed to Alan Jay Weisberg.

Outstanding Equity Awards

There were no outstanding equity awards as of December 31, 2016,

Employment Agreements

On December 1, 2012, the Company entered an employment agreement with its Chief Financial Officer, Alan Jay Weisberg. Pursuant to the agreement, Mr. Weisberg agreed to serve as the Company's Chief Financial Officer for a term of three years. This agreement is currently being renewed on a year-to-year basis. As consideration for his services, Mr. Weisberg is entitled to a base salary of $24,000 per year. Any deficiency between actual pay and that specified in the employment agreement were forgiven prior to yearend and thus not accrued.

On January 1, 2016, the Company and Ms. Parikh Mars entered a three-year employment agreement, outlining the terms pursuant to which Ms. Parikh Mars shall serve as Chief Executive Officer. Ms. Parikh Mars's annual base salary is $120,000, and she may receive bonuses as determined by the Board of Directors. Any deficiency between actual pay and that specified in the employment agreement were forgiven prior to yearend and thus not accrued.

On January 1, 2016, Mr. Karapetyan became the General Manager of PharmCo, LLC for which he in entitled to salary compensation in the amount of $104,000 per year. As of December 31, 2016, Mr. Karapetyan was paid $96,000 in salary and $10,000 in bonus. Any deficiency between actual pay and that specified in the employment agreement were forgiven prior to yearend and thus not accrued.

On October 1, 2016, Mr. Karapetyan became General Manager of Smart Medical Alliance, Inc. for which he is entitled to salary compensation in the amount of $65,000 per year. As of December 31, 2016, Mr. Karapetyan was paid $15,000 in salary. Any deficiency between actual pay and that specified in the employment agreement were forgiven prior to yearend and thus not accrued.

Consulting Agreements

On December 1, 2012, the Company entered a consulting agreement with Spark Financial Consulting, Inc. ("Spark"). Pursuant to the agreement, Spark agreed to provide certain operational and financial support services to the Company for a term of 1 year. As consideration for the services provided under the agreement, Spark is entitled to receive a consulting fee of $12,000 per month. Through Spark, Mr. Karapetyan provides ongoing management assistance to Company.

Compensation of Directors

All our directors are employed directly by the Company. Therefore, no additional compensation is granted to them for their services as a director.

Director Agreements

Not Applicable.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of December 31, 2016, by (i) each person (or group of affiliated persons) who is known by us to own more than five percent of the outstanding shares of our common stock, (ii) each of our directors and executive officers, and (iii) all our directors and executive officers as a group.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. The principal address of each of the stockholders listed below except as indicated is c/o Progressive Care Inc. 901 N Miami Beach Blvd, Ste 1-2, North Miami Beach, FL 33162. We believe that all persons named in the table have sole voting and investment power with respect to shares beneficially owned by them.

Name of Owner	Shares of Common Stock Owned	Percentage of Common Stock Outstanding
Armen Karapetyan	21,532,016	6.12%
Shital Parikh Mars	2,000,000	0.57%
Alan Jay Weisberg	1,127,091	0.32%
All Officers, Directors, and Control Shareholders as a Group (3 persons)	24,659,107	*7.01%

*The Table above reports ownership of common stock as of March 30, 2017, by affiliated persons. However, 50.99% of all voting power rests with Armen Karapetyan as of July 11, 2014, as a result of the issuance of Series A Super-Voting Preferred Stock. See ITEM 13 below.

Changes in Control

We are not aware of any arrangements that may result in "changes in control" as that term is defined by the provisions of Item 403(c) of Regulation S-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

On July 3, 2014, the Company's shareholders and board of directors authorized the creation of 51 shares of Series A Super-Voting Preferred Stock at par value of $0.001 per share. The series is a non-dividend producing instrument which will rank superior to the Company's common stock.

Each one (1) share of the Series A Preferred Stock shall have voting rights equal to (x) 0.019607 *multiplied by* the total issued and outstanding Common Stock and Preferred Stock eligible to vote at the time of the respective vote (the "**Numerator**"), *divided by* (y) 0.49, *minus* (z) the Numerator. For the avoidance of doubt, if the total issued and outstanding Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of one share of the Series A Preferred Stock shall be equal to 102,036 (0.019607 x 5,000,000) / 0.49) – (0.019607 x 5,000,000) = 102,036). With respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of the outstanding shares of Series A Preferred Stock shall vote together with the holders of Common Stock without regard to class, except as to those matters on which separate class voting is required by applicable law or the Certificate of Incorporation or By-laws.

On July 11, 2014, the board of directors approved the issuance of 51 shares of the Company's Series A Preferred Stock to Armen Karapetyan, which is equal to 50.99% of the total voting power of all issued and outstanding voting capital of the company in satisfaction of $20,000 in past due debt.

Director Independence

We currently have two directors serving on our Board of Directors, Mr. Weisberg and Ms. Parikh Mars. We are not a listed issuer and, as such, are not subject to any director independence standards. Using the definition of independence set forth in the rules of the AICPA, none of our directors would be considered independent directors of the Company.

FORM 52-109F2 CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

I, **Alan Jay Weisberg**, ***Chief Financial Officer of Progressive Care, Inc.***, certify the following:

1. ***Review***: I have reviewed the consolidated financial statements and MD&A (together, the "filings") of **Progressive Care, Inc.** (the "issuer") for the period ended **December 31, 2016.**

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the annual consolidated financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the annual filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is **Internal Control over Finance Reporting – Guidance for Smaller Public Companies published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)**.

5.2 ***ICFR – material weakness relating to design:*** **N/A**

5.3 ***Limitation on scope of design:*** **N/A**

6. ***Reporting changes in ICFR***: The issuer has disclosed in its MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2016** and ended on **December 31, 2016** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **March 30, 2017**

s/Alan Jay Weisberg
Alan Jay Weisberg
Chief Financial Officer

FORM 52-109F2 CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

I, **Shital Parikh Mars**, ***Chief Executive Officer of Progressive Care, Inc.***, certify the following:

1. ***Review***: I have reviewed the consolidated financial statements and MD&A (together, the "filings") of **Progressive Care, Inc.** (the "issuer") for the period ended **December 31, 2016**.

2. ***No misrepresentations***: Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the filings.

3. ***Fair presentation***: Based on my knowledge, having exercised reasonable diligence, the annual consolidated financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility***: The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the issuer.

5. ***Design***: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the end of the period covered by the annual filings

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework***: The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is **Internal Control over Finance Reporting – Guidance for Smaller Public Companies published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)**.

5.2 ***ICFR – material weakness relating to design:*** **N/A**

5.3 ***Limitation on scope of design:*** **N/A**

6. ***Reporting changes in ICFR***: The issuer has disclosed in its MD&A any change in the issuer's ICFR that occurred during the period beginning on **January 1, 2016** and ended on **December 31, 2016** that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: **March 30, 2017**

s/Shital Parikh Mars
Shital Parikh Mars
Chief Executive Officer

SUPPLEMENTAL INFORMATION

ANNUAL DISCLOSURE STATEMENT

YEAR ENDED DECEMBER 31, 2016

Progressive Care, Inc.
901 N Miami Beach Blvd., Ste 1-2
North Miami Beach, FL 33162
Ph: 786-657-2060 Fax: 305-919-7424
investors@progressivecareus.com

OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

Progressive Care, Inc.
Formerly Progressive Training, Inc. through 11/17/2010

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 901 N Miami Beach Blvd.
Address 2: Ste 1-2
Address 3: North Miami Beach, FL 33162
Phone: 786-657-2060
Email: investors@progressivecareus.com
Website(s): www.prgressivecareus.com

IR Contact
Address 1: 901 N Miami Beach Blvd
Address 2: Ste 1-2
Address 3: North Miami Beach, FL 33162
Phone: 786-657-2060
Email: investors@progressivecareus.com
Website(s): www.prgressivecareus.com

3) Security Information

Trading Symbol: RXMD
Exact title and class of securities outstanding: Common Stock Class 1
CUSIP: 60741C101
Par or Stated Value: $0.0001
Total shares authorized: 500,000,000 as of: March 30, 2017
Total shares outstanding: 347,263,107* as of: March 30, 2017

*As of March 30, 2017, the number of shares of common stock issued and outstanding stands at 345,545,107. This amount is net of 1,718,000 shares of common stock, which is the number of shares beneficially owned by Progressive Care through PharmCo, LLC.

Additional class of securities (if necessary):
Trading Symbol: N/A
Exact title and class of securities outstanding: Series A Preferred Stock
CUSIP: N/A
Par or Stated Value: $0.00001
Total shares authorized: 10,000,000 as of: March 30, 2017
Total shares outstanding: 51 as of: March 30, 2017

Transfer Agent
Name: Computershare
Address 1: 8742 Lucent Blvd
Address 2: Suite 225
Address 3: Highlands Ranch, CO 80129
Phone: 303-262-0678
Is the Transfer Agent registered under the Exchange Act?* Yes: ☒ No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

During the Year Ended December 31, 2015 the company issued 273,913,000 shares of common stock to Tarpon Bay as part of the 3(a) (10) transaction. Of these shares 261,415,062 were liquidated resulting in $2,514,251.36 in gross proceeds. The proceeds were distributed as follows: $95,577.81 to Tarpon Bay as payment in full of its success fee note, $604,668.39 to Tarpon Bay for transaction fees, and $1,826,005.16 to creditors which pays the creditors in full. Tarpon Bay was issued an additional 12,487,938 shares in the final tranche which were not needed to satisfy the creditors' debt. These shares were transferred back to the Company and retired during the first quarter 2016.

The tranches were issued as follows:

On January 9, 2015, the Company issued 5,450,000 shares to Tarpon in consideration of the fourth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction.

On January 29, 2015, the Company issued 6,581,000 shares to Tarpon in consideration of the fifth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On February 18, 2015, the Company issued 3,197,000 shares to Tarpon in consideration of the sixth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction.

On March 2, 2015, the Company issued 3,997,000 shares to Tarpon in consideration of the seventh tranche of shares per

the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On March 11, 2015, the Company issued 5,000,000 shares to Tarpon in consideration of the eighth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction.

On March 31, 2015, the Company issued 5,376,00 shares to Tarpon in consideration of the ninth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction.

On April 16, 2015, the Company issued 6,423,000 shares to Tarpon in consideration of the tenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On April 30, 2015, the Company issued 6,615,000 shares to Tarpon in consideration of the eleventh tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On May 20, 2015, the Company issued 8,362,000 shares to Tarpon in consideration of the125 twelfth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On June 10, 2015, the Company issued 8,336,000 shares to Tarpon in consideration of the thirteenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On June 26, 2015, the Company issued 9,001,000 shares to Tarpon in consideration of the fourteenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On July 1, 2015, the Company issued 9,447,000 shares to Tarpon in consideration of the fifteenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On July 7, 2015, the Company issued 10,000,000 shares of its common stock to an outside consultant in consideration of $147,000 in outside services/stock based compensation

On July 8, 2015, the Company issued 10,000,000 shares to Tarpon in consideration of the sixteenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On July 15, 2015, the Company issued 8,058,000 shares to Tarpon in consideration of the seventeenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On July 24, 2015, the Company issued 12,997,000 shares to Tarpon in consideration of the eighteenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On August 5, 2015, the Company issued 10,345,000 shares to Tarpon in consideration of the nineteenth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On August 18, 2015, the Company issued 17,564,000 shares to Tarpon in consideration of the twentieth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On August 20, 2015 the Company issued 6,083,985 shares of its common stock to an outside debtor in consideration of $150,000 loan to the Company and $17,310 in accrued interest for a total consideration of $167,310.

On August 27, 2015, the Company issued 12,584,000 shares to Tarpon in consideration of the twenty first tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On September 9, 2015, the Company issued 13,717,000 shares to Tarpon in consideration of the twenty second

tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On September 25, 2015, the Company issued 18,220,000 shares to Tarpon in consideration of the twenty third tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On October 14, 2015, the Company issued 17,783,000 shares to Tarpon in consideration of the twenty fourth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On October 25, 2015, the Company issued 22,504,000 shares to Tarpon in consideration of the twenty fifth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On November 10, 2015, the Company issued 21,912,000 shares to Tarpon in consideration of the twenty sixth tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction

On November 24, 2015, the Company issued 10,000,000 shares of its common stock to an outside consultant in consideration of $175,000 in consulting services/stock based compensation.

On November 25, 2015, the Company issued 25,000,000 shares to Tarpon in consideration of the twenty seventh tranche of shares per the September 3, 2015 court approved Settlement Agreement – 3(a)(10) Transaction. From this tranche 12,502,062 shares of common stock were sold for total proceeds of $169,024.75. The proceeds were used to satisfy the final $126,768.43 owed to the creditors and $42,256.19 satisfied Tarpon's final transaction fee. The remaining unsold shares totaling $12,497,938 were returned to the Company and were retired.

In total, as of December 31, 2015, the company issued 282,275,000 shares to Tarpon Bay as part of the 3(a) (10) transaction. Of these shares 269,777,062 were liquidated resulting in $2,534,673.55 in gross proceeds. The proceeds were distributed as follows: $100,000 to Tarpon Bay as payment in full of its success fee note, $608,668.39 to Tarpon Bay for transaction fees, and $1,826,005.16 to creditors. The Company has satisfied the debt pursuant to the 3(a) (10) transaction. Tarpon Bay had a balance of 12,487,938 shares in the final tranche which were not needed to satisfy the creditors' debt. These shares were transferred back to the Company and retired on March 24, 2016.

On June 15, 2015, the Company engaged MIDAM Ventures, LLC to provided IR/PR consulting services. Under the terms of this agreement, the Company issued 20,000,000 shares of common stock, 10,000 shares on July 7, 2015 and 10,000,000 shares on November 24, 2015.

On November 28, 2011, the Company entered a $150,000 3-year 8% convertible note with an investor. Under the terms of the note, the investor has the option to convert their note into shares of the Company's common stock at an exercise price of $0.40 per share. In connection with this note, the Company paid debt issue costs of $18,000 and issued 15,000, 3-year warrants exercisable at $0.40 per share, having a fair market value of $4,895, as calculated using the Black Scholes valuation method. The warrants vested on the date of issuance and expired November 27, 2014. On July 27, 2015, the Investor and the Company reached an agreement to amend the Note holder's original 8% Convertible Note signed on November 28, 2011. Amendment 1 to the original Convertible Note, dated July 27, 2015, the Note holder agreed to change the conversion price to $0.0275 per share to satisfy the outstanding principal and accrued interest as of the date of the Amendment. On July 30, 2015, the Company authorized the issuance of 6,083,983 shares of its common stock to the Note holder for full consideration in satisfaction of the Note.

On December 1, 2015, the Company issued a bonus of 10,977,716 shares of common stock to the Company's employees and executive management valued at $87,821.

On May 27, 2016, the Company issued 1,125,000 shares of its Common Stock to an outside consultant as stock based compensation. The shares were issued in consideration of IR/PR consulting services to be provided to the Company.

On May 27, 2016, the Company issued 437,500 shares of its Common Stock to an outside consultant as stock based compensation. The shares were issued in consideration of Website Design consulting services to be provided to the Company.

On October 27, 2016, the Company issued 3,000,000 shares of its Common Stock to an outside consultant as stock based compensation. The shares were issued in consideration of investor and public relations (IR/PR) services provided to the Company.

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

The Company through its wholly-owned subsidiary, PharmCo, LLC, is a South Florida health services organization and provider of prescription pharmaceuticals specializing in health practice risk management, compounded medications, the sale of anti-retroviral medications and related medication therapy management, and the supply of prescription medications to long term care facilities. The Company is focused on developing the PharmCo brand and adding business elements that cater to specific under-served markets and demographics. This effort includes community and network based marketing strategies, the introduction of new locations, acquisitions and the strategic collaboration(s)

with community, government and charitable organizations. As of 2016, the Company completely discontinued billing third party payors for the sales and rental of durable medical equipment.

B. Date and State (or Jurisdiction) of Incorporation:

10/31/2006 Delaware

C. the issuer's primary and secondary SIC Codes;

5912 - RETAIL-DRUG STORES AND PROPRIETARY STORES

D. the issuer's fiscal year end date;
December 31

E. principal products or services, and their markets;

PharmCo provides prescription pharmaceuticals, specializing in health practice risk management, compounded medications, the sale of anti-retroviral medications and related medication therapy management, and the supply of prescription medications to long term care facilities. The Company also provides 340B services to community organizations, patient health risk reviews, free same-day delivery and serves as a case management access point.

As a specialty pharmacy catering to the needs of patients in need of anti-retroviral medications, and to increase the quality and credibility of the services we provide to these patients, the Company has added a staff that is well trained in acute illnesses. Further, the Company provides confidential prescription packaging that suits the individual patient's needs and lifestyle.

Pharmco's compounding department specializes in formularies such as non-narcotic topical pain creams, wound care creams, scar gels and hormone replacement therapies. The Company also offers EnovaRx, which are FDA approved manufactured pain creams that are readily available with a prescription. In addition to these medications, PharmCo prepares psoriasis creams, wellness vitamins, weight loss formulations and holistic capsules which are 100% Kosher and Halal certified. Compounded medications require strict compliance procedures and are highly labor intensive. As such, these medications can carry significantly higher gross margins than traditional mass manufactured prescriptions. The Company believes that diversifying into this area of the pharmaceutical industry will be greatly beneficial to both its short term financial position as well as its long term viability in the market.

For its long term care customers, PharmCo provides purchasing, repackaging and dispensing of both prescription and non-prescription pharmaceutical products. PharmCo utilizes a unit-of-dose packaging system as opposed to the traditional vials used for its retail customers. This method of distribution improves control and patient compliance with recommended drug therapy by increasing the timeliness and accuracy of medication dispensing. PharmCo also provides computerized maintenance of patient prescription histories, third party billing and consultant pharmacist services. Its consulting services consist primarily of evaluation of monthly patient drug therapy and monitoring the institution's drug distribution system.

PharmCo currently delivers prescriptions to South Florida's diverse population as its customers reside in Miami-Dade, Broward, and Palm Beach Counties. PharmCo currently ships compounded medications to Florida and Texas residents. The Company including its subsidiary PharmCo are located in the city of North Miami Beach. The Company currently offers services in variety of languages in addition to English, including Spanish, French, Creole, Portuguese, and Russian.

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities

owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Progressive Care's office is located at the PharmCo, LLC location at 901 N Miami Beach Blvd, Ste 1-2, North Miami Beach, FL 33162. We currently rent approximately 5,100 square feet of retail and pharmacy space in North Miami, FL for a monthly rent of approximately $13,100. The lease expires in December 2020.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

As of March 30, 2017:

Alan Jay Weisberg
CFO
Common Shares Beneficially Owned: 1,127,091 – 0.33%

Shital Parikh Mars
CEO
Common Shares Beneficially Owned: 2,000,000 – 0.59%

Armen Karapetyan
Control Person
Common Shares Beneficially Owned: 21,532,016 Shares– 6.34%
Preferred Shares Beneficially Owned: 51 – 100%

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   None

3. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

   On September 28, 2012, Armen Karapetyan agreed to an offer of settlement from FINRA, an SRO, without admission of any wrongdoing to voluntarily forfeit his securities licensure and accept permanent bar from engaging in securities activities at a broker dealer. This agreement was made after allegations of violations of various securities rules and laws. However, FINRA, did agree that no willful violations occurred.

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Armen Karapetyan
901 N Miami Beach Blvd. Ste 1-2
North Miami Beach, FL 33162
Series A Preferred Stock
Shares Beneficially Owned: 51 – 100%

Each one (1) share of the Series A Preferred Stock shall have voting rights equal to (x) 0.019607 *multiplied by* the total issued and outstanding Common Stock and Preferred Stock eligible to vote at the time of the respective vote (the "**Numerator**"), *divided by* (y) 0.49, *minus* (z) the Numerator. For the avoidance of doubt, if the total issued and outstanding Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of one share of the Series A Preferred Stock shall be equal to 102,036 (0.019607 x 5,000,000) / 0.49) – (0.019607 x 5,000,000) = 102,036).

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

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that

advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
Name: Joseph Lucosky
Firm: Lucosky Brookman, LLP
Address 1: 101 Wood Avenue South, 5th Floor
Address 2: Woodbridge, New Jersey 08830
Phone: (732) 395-4400
Email: jlucosky@lucbro.com

Name: Jeffrey Klein
Firm: Jeffrey G. Klein, P.A.
Address 1: 301 Yamato Blvd. Suite 1240
Address 2: Boca Raton, Florida 33431
Phone: (561)-952-1126
Email: jklein@jkleinlegal.com

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Shital Parikh Mars certify that:

1. I have reviewed this Annual Disclosure Statement of Progressive Care, Inc;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2017

/s/ Shital Parikh Mars
CEO

I, Alan Jay Weisberg certify that:

1. I have reviewed this Annual Disclosure Statement of Progressive Care, Inc;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by

reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2017

/s/ Alan Jay Weisberg
CFO