PROGRESSIVE CARE, INC.

State of Incorporation: Delaware

400 Ansin Blvd, Suite A
Hallandale Beach, FL 33009
(305) 760-2053
www.progressivecareus.com

SIC Code: 5912

QUARTERLY REPORT

For the Three Months Ended March 31, 2019
(the "Reporting Period")

For more information:
www.OTCQB.com Ticker: RXMD
or
www.progressivecareus.com

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Disclosure Regarding Forward-Looking Statements

Any reference to "Progressive Care" (which also may be referred to as the "Company", "we", "us" or "our") means Progressive Care, Inc. and its wholly owned subsidiaries, PharmCo, LLC and PharmCo 1002, LLC. You should read the following discussion of our consolidated financial condition and consolidated results of operations together with the audited consolidated financial statements and notes to the financial statements included elsewhere in this Annual Report.

This Annual Report and certain other communications made by us contain "forward-looking statements." Forward-looking statements include, but are not limited to, statements about our financial position, business strategy, competitive position, potential growth opportunities, future operating performance, effects of competition, the effects of future legislation or regulations and plans and objectives of our management for future operations. Any statement made herein that is not a statement of historical fact should be considered a forward-looking statement. We have based our forward-looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. Use of the words "may," "should," "continue," "plan," "potential," "anticipate," "believe," "estimate," "expect," "intend," "could," "project," "predict" or variations of such words and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the applicable cautionary statements.

These forward-looking statements rely on assumptions, estimates and predictions that could be inaccurate and that are subject to risks and uncertainties that could cause actual results to differ materially from expected results. Forward-looking statements speak only as of the date of this Annual Report. Except as required by applicable law, we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise.

Available Information

The Company's common stock is currently quoted on the OTCQB under the trading symbol "RXMD." As part of the OTCQB listing requirements, the Company is required to prepare and post material news, quarterly financial reports and annual audited financial reports on the OTCQB's website. This annual report also summarizes various documents and other information. These summaries are qualified in their entirety by reference to the documents and information to which they relate.

Item 1. Exact Name of the Issuer and the Address of its Principal Executive Offices

Exact name of the issuer:	Progressive Care, Inc.
Principal Executive Offices:	400 Ansin Boulevard, Suite A Hallandale Beach, FL 33009 Telephone: (305) 760-2053 Facsimile: (786) 657-2904 Website: www.progressivecareus.com
Investor Relations Officer:	Armen Karapetyan, Senior Adviser, Business Development 901 N. Miami Beach Blvd., Ste. 1-2 North Miami Beach, FL 33162 Telephone: (305) 657-2060 Email Address: investors@progressivecareus.com

Item 2. Shares Outstanding

The following table sets forth the number of shares outstanding for each class of securities authorized as of the dates set forth below:

As of March 31, 2019					
Class	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)	Total Number of Beneficial Stockholders	Total Number of Stockholders of Record
Common Stock	500,000,000	425,630,944*	334,506,590	3,755	214
Preferred Stock	51	51	-	1	1
As of December 31, 2018					
Class	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)	Total Number of Beneficial Stockholders	Total Number of Stockholders of Record
Common Stock	500,000,000	352,315,147*	334,506,590	3,755	214
Preferred Stock	51	51	-	1	1
As of December 31, 2017					
Class	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)	Total Number of Beneficial Stockholders	Total Number of Stockholders of Record
Common Stock	500,000,000	352,315,147*	317,774,168	1,785	185
Preferred Stock	51	51	-	1	1

*This amount is net of 5,590,432 shares of common stock, which is the number of shares beneficially owned by Progressive Care through PharmCo, LLC and Progressive Training, Inc. Total number of shares of common stock issued and outstanding per the transfer agent is 431,221,376 as of May 15, 2019.

Item 3. Consolidated Financial Statements (Unaudited)

The following consolidated financial statements are filed as part of this report:

Progressive Care Inc. and Subsidiaries

Consolidated Balance Sheets

		March 31, 2019 (Unaudited)		December 31, 2018 (1)
Assets				
Current Assets				
Cash	$	1,019,649	$	86,831
Accounts receivable – trade, net		1,254,533		1,208,175
Accounts receivable - other		350,590		351,485
Inventory, net		433,404		512,514
Prepaid expenses		51,312		72,164
Total Current Assets		3,109,488		2,231,169
Property and equipment, net		2,344,835		2,371,663
Other Assets				
Goodwill		290,814		290,814
Business acquisition deposit		2,300,000		-
Deposits		26,366		26,366
Other assets, discontinued operations		1,480		1,480
Total Other Assets		2,618,660		318,660
Total Assets	**$**	**8,072,983**	**$**	**4,921,492**
Liabilities and Stockholders' (Deficit) Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	2,688,178	$	2,226,554
Notes payable, net of unamortized debt discount and debt issuance costs		393,000		405,611
Capital lease obligations - current portion		170,559		176,978
Unearned revenue		221,220		232,605
Derivative liability		3,100,000		-
Total Current Liabilities		6,572,957		3,041,748
Long-term Liabilities				
Notes payable, net of current portion		1,850,969		1,458,318
Deferred rent liability		56,394		63,098
Capital lease obligations, net of current portion		134,546		148,238
Total Liabilities		8,614,866		4,711,402
Commitments and Contingencies				
Stockholders' (Deficit) Equity				
Preferred Stock, Series A par value $0.001; 51 shares authorized, issued and outstanding as of March 31, 2019 and December 31, 2018		-		-
Common stock, par value $0.0001; 500,000,000 shares authorized, 425,630,944 issued and outstanding as of March 31, 2019 and December 31, 2018, respectively		42,563		42,563
Additional paid-in capital		4,958,620		4,958,620
Accumulated Deficit		(5,543,066)		(4,791,093)
Total Stockholders' (Deficit) Equity		(541,883)		210,090
Total Liabilities and Stockholders' (Deficit) Equity	**$**	**8,072,983**	**$**	**4,921,492**

(1) The information in this column was derived from the Company's audited consolidated financial statements as of and for the year ended December 31, 2018.

See Accompanying Notes to Consolidated Financial Statements

Progressive Care Inc. and Subsidiaries

Consolidated Statements of Operations

Three Months Ended March 31, 2019 and 2018 (Unaudited)

	2019	2018
Revenues, net	$ 5,174,943	$ 5,001,534
Cost of revenue	4,151,845	3,821,243
Gross profit	1,023,098	1,180,291
Selling, general and administrative expenses		
Bad debt expense	9,970	10,862
Share-based compensation	-	142,429
Other selling, general and administrative expense	1,484,498	1,192,482
Total Selling, general and administrative expenses	1,494,468	1,345,773
Loss from operations	(471,370)	(165,482)
Other Income (Expense)		
Change in fair value of derivative liability	(24,000)	(451,169)
Automobile casualty loss	(1,545)	-
Interest income	66	93
Interest expense	(255,124)	(23,944)
Total other income (expense) - net	(280,603)	(475,020)
Loss before provision for income taxes	(751,973)	(640,502)
Provision for income taxes	-	(1,650)
Net loss from continuing operations	(751,973)	(642,152)
Loss from discontinued operations, net of tax	-	(142)
Net loss	$ (751,973)	$ (642,294)
Basic and diluted net loss per common share	$ 0.00	$ 0.00
Weighted average number of common shares outstanding during the period - basic and diluted	425,630,944	402,600,381

See Accompanying Notes to Consolidated Financial Statements.

Progressive Care Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficit)

Three Months Ended March 31, 2019 (Unaudited)

	Preferred Series A $0.001 Par Value		Common Stock $0.0001 Par Value		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**Deficit**	**Equity (Deficit)**
Balance, December 31, 2018	**51**	**$ -**	**425,630,944**	**$ 42,563**	**$ 4,958,620**	**$(4,791,093)**	**$ 210,090**
Net loss for the three months ended March 31, 2019	-	-	-	-	-	(751,973)	(751,973)
Balance March 31, 2019	**51**	**$ -**	**425,630,944**	**$ 42,563**	**$ 4,958,620**	**$(5,543,066)**	**$ (541,883)**

See Accompanying Notes to Consolidated Financial Statements

Progressive Care Inc. and Subsidiaries

<u>Consolidated Statements of Cash Flows</u>

<u>Three Months Ended March 31, 2019 and 2018 (Unaudited)</u>

	2019	2018
Cash Flows from Operating Activities:		
Net loss	$ (751,973)	$ (642,294)
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Depreciation and amortization	53,616	22,184
Change in provision for doubtful accounts	5,860	1,060
Share-based compensation	-	142,429
Amortization of debt issuance costs and debt discounts	184,518	15,491
Change in fair value of derivative liability	24,000	451,169
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(51,325)	97,954
Inventory	79,111	(3,303)
Prepaid Expenses	20,852	19,650
Increase (decrease) in:		
Accounts payable and accrued liabilities	461,625	231,997
Unearned revenue	(11,384)	(22,102)
Deferred rent payable	(6,704)	(4,408)
Net Cash Provided by Operating Activities	8,196	309,827
Cash Flows from Investing Activities:		
Purchase of property and equipment	(26,788)	(39,999)
Net Cash Used in Investing Activities	(26,788)	(39,999)
Cash Flows from Financing Activities:		
Proceeds from issuance of notes payable	1,215,000	636,304
Payment of debt issue costs	(215,000)	(50,000)
Payments of notes payable	(26,528)	(8,205)
Payments of capital lease obligations	(22,062)	(6,420)
Net Cash Provided by Financing Activities	951,410	571,679
Net increase in cash	932,818	841,507
Cash at beginning of period	86,831	419,313
Cash at end of period	**$ 1,019,649**	**$ 1,260,820**
<u>Supplemental disclosures of cash flow information:</u>		
Cash paid for interest	$ 22,367	$ 21,072
Cash paid for income taxes	$ -	$ 1,650

Supplemental Schedule of non-cash investing and financing activities:		
Deposit for business acquisition acquired through issuance of note payable	$ 2,300,000	$ -
Recognition of debt discount and derivative liability associated with conversion feature in note agreement	$ 3,076,000	$ 213,798
Prepaid compensation expense associated with share-based compensation	$ -	$ 577,629
Debt repayment through issuance of common stock shares	$ -	$ 180,169

See Accompanying Notes to Consolidated Financial Statements.

Note 1 Organization & Nature of Operations

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

The Company, through its wholly-owned subsidiaries, PharmCo, LLC ("PharmCo 901") and Touchpoint RX, LLC, doing business as PharmCo 1002, LLC ("PharmCo 1002"), (collectively, "the Company") is a South Florida health services organization that provides prescription pharmaceuticals, compounded medications, tele-pharmacy services, anti-retroviral medications, medication therapy management, the supply of prescription medications to long term care facilities, 340B services to charitable organizations, and health practice risk management. 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.

PharmCo 901, 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. PharmCo 901 was acquired by Progressive on October 21, 2010.

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

Note 2 Basis of Presentation

The Company's fiscal year end is December 31. The Company uses the accrual method of accounting. The accompanying unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements. The December 31, 2018 balance sheet has been derived from audited consolidated financial statements.

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 maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk associated with its cash balances.

Cash Equivalents: The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. As of March 31, 2019 and December 31, 2018, 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 three significant insurance providers for the three months ended March 31, 2019 and 2018:

Payors	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
A	19%	16%
B	17%	16%
C	9%	12%

The Company generated reimbursements from three significant pharmacy benefit managers (PBMs) for the three months ended March 31, 2019 and 2018:

PBMs	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
A	43%	36%
B	28%	23%
C	9%	17%

Inventory

Inventory is valued on a lower of cost or net realizable value using the first-in, first-out (FIFO) 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 March 31, 2019 and December 31, 2018, the Company recorded an allowance for obsolescence of $25,000.

Property and Equipment

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

Estimated useful lives of property and equipment as follows:

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

Property and equipment are 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 three months ended March 31, 2019 and 2018.

Business combinations

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

Goodwill

Goodwill represents the excess of purchase price of PharmCo 1002 over the value assigned to its net tangible and identifiable intangible assets. PharmCo 1002 is considered to be the reporting unit for goodwill. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. For intangible assets purchased in a business combination, the estimated fair values of the assets received are used to establish their recorded values. Valuation techniques consistent with the market approach, income approach, and/or cost approach are used to measure fair value. Goodwill and other indefinite-lived intangible assets are tested annually for impairment in the fourth fiscal quarter and in interim periods if events or changes in circumstances indicate that the assets may be impaired. The Company did not record an impairment charge during the three months ended March 31, 2019 and 2018.

Fair Value of Financial Instruments

The Company's financial instruments consisted of cash, accounts receivable, accounts payable, accrued liabilities, and notes payable. The carrying amounts of the Company's financial instruments other than notes payable and capital lease obligations generally approximate their fair values at March 31, 2019 and December 31, 2018 due to the short-term nature of these instruments. The carrying amount of notes payable approximated fair value due to variable interest rates at customary terms and rates the Company could obtain in current financing. The carrying value of the capital lease obligations approximate fair value due to the implicit rate in the lease in relation to the Company's borrowing rate and the duration of the leases.

Derivative Liabilities

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.

Revenue Recognition

The Company recognizes pharmacy revenue from dispensing prescription drugs at the time the drugs are physically delivered to a customer or when a customer picks up their prescription or purchases merchandise at the store, which is the point in time when control transfers to the customer. Each prescription claim is considered an arrangement with the customer and is a separate performance obligation. 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 98% of total revenue for all periods presented.

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

The following table disaggregates net revenue by categories for the three months ended March 31, 2019 and 2018:

	March 31, 2019	March 31, 2018
Prescription revenue	$ 5,352,985	$ 5,089,274
340B contract revenue	113,126	59,195
Rent revenue	9,975	-
Subtotal	5,476,086	5,148,469
PBM fees	(271,737)	(145,811)
Sales returns	(29,406)	(1,124)
Revenues, net	$ 5,174,943	$ 5,001,534

Cost of Revenue

Cost of pharmacy revenue 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 pharmacy revenue are expensed as incurred.

Discontinued Operations

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 was head quartered in North Miami Beach, Florida and commenced operations on October 1, 2016. Smart Medical operations were discontinued in the fourth quarter of 2017 as the Company was not successful in its sales and marketing efforts, and therefore revenues were not sufficient to meet operating costs.

Results of operations for Smart Medical are reported for all periods presented as discontinued operations, which is defined as a component of the Company’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative consolidated statements of operations is re-presented as if the operation had been discontinued from the start of the comparative period and the assets and liabilities of discontinued operations are separately presented in the consolidated balance sheets of the current and prior periods.

Vendor Concentrations

For the three months ended March 31, 2019 and 2018, the Company had significant vendor concentrations with one vendor. The purchases from this significant vendor are as follows:

Ven	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
A	88%	81%

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 $28,458 and $32,678 for the three months ended March 31, 2019 and 2018, respectively.

Share-Based Payment Arrangements

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

Income Taxes

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

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

The provision for income taxes for the three months ended March 31, 2019 and 2018 on the Consolidated Statements of Operations represents the minimum state corporate tax payments. There was no current tax provision for the three months ended March 31, 2019 and 2018 because the Company did not have taxable income during those periods. Total available net operating losses to be carried forward to future taxable years was approximately

$6,800,000 as of March 31, 2019, which will expire in various years through 2039. The temporary differences giving rise to deferred income taxes principally related to accelerated depreciation and amortization of goodwill recorded for tax purposes, share-based compensation, reserves for estimated doubtful accounts and inventory obsolescence and net operating losses recorded for financial reporting purposes. The Company's net deferred tax asset at March 31, 2019 and December 31, 2018 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 $184,000 and $81,000 for the three months ended March 31, 2019 and 2018, 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 three months ended March 31, 2019 and 2018.

Earnings (Loss) per Share

Basic earnings/loss per share ("EPS") is computed by dividing net income 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 effect of including common stock equivalents in weighted average common shares outstanding for 2019 and 2018 is anti-dilutive, and therefore a separate computation of diluted earnings per share for 2019 and 2018 is not presented.

New Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("Topic 606"), which supersedes the previous revenue recognition guidance under U.S. GAAP. The new standard focuses on creating a single source of revenue guidance for revenue arising from contracts with customers for all industries. The objective of the new standard is for a company to recognize revenue when it transfers the promised goods or services to its customers for an amount that represents what the company expects to be entitled to in exchange for those goods or services.

Topic 606 permits two methods of adoption:
(a) retrospectively to each prior reporting period presented (full retrospective method), or
(b) retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective transition method).

The new standard also includes a cohesive set of disclosure requirements intended to provide users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a company's contracts with customers.

On January 1, 2019, the Company adopted Topic 606 using the full retrospective transition method, restating the three month period ended March 31, 2018 as if Topic 606 was in effect during that period. The adoption of Topic 606 resulted in a reclassification of DIR fees from cost of revenue to revenue, as the Company accrues an estimate of fees, including DIR fees that are assessed or expected to be assessed by payers at some point after adjudication of a claim, as a reduction of revenue at the time revenue is recognized. The effect of this change did not result in a cumulative effect adjustment to beginning retained earnings as of January 1, 2019. Also, the Company will realize a shift in the timing of revenue recognition of dispensing prescription drugs for home delivery from the date the drugs are shipped under the Company's previous accounting policy to the date the drugs are physically delivered (which better reflects when control transfers) under the new accounting policy adopted in connection with Topic 606. The effect of this change is not significant as there is a very short timeframe (generally 1 – 3 days) from the shipment date to the physical delivery date of the prescription drugs.

	Three months ended March 31, 2018		
	As Reported	Effect of Adoption of Topic 606	As Previously Stated
Revenues, net	$ 5,001,534	$ 145,811	$ 5,147,345
Cost of revenues	$ 3,821,243	$ (145,811)	$ 3,967,054

Accounting Standards Issued but Not Yet Adopted

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 January 2017, the FASB issued ASU No. 2017-04, *"Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment"*, which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance is effective for the Company's fiscal year ending December 31, 2020, with early adoption permitted, and should be applied prospectively. The adoption of this guidance is not expected to have a material effect on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 Financial Instruments, Measurement of Credit Losses on Financial Instruments. In November 2018, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments-Credit Losses. The main objective of these updates is to replace the incurred loss impairment methodology under current GAAP, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Trade receivables that management has the intent and ability to hold for the foreseeable future until payoff shall be reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses (no longer referred to as the allowance for doubtful accounts). The effective date of these updates is for fiscal years beginning after December 15, 2021. Management does not expect these updates will have a material impact on the Company's financial statements.

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

Note 4. Accounts Receivable – Trade, net

Accounts receivable consisted of the following at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Gross accounts receivable - trade	$ 1,270,733	$ 1,223,375
Less: Allowance for doubtful accounts	(16,200)	(15,200)
Accounts receivable – trade, net	$ 1,254,533	$ 1,208,175

For the three months ended March 31, 2019 and 2018, the Company recognized bad debt expense in the amount of $9,970 and $10,862, respectively. Accounts receivable – other represents an accrued performance bonus that was received in April 2019.

Note 5. Property and Equipment, net

Property and equipment, net consisted of the following at March 31, 2019 and December 31, 2018.

	March 31, 2019	December 31, 2018
Building	$ 1,652,569	$ 1,651,069
Land	184,000	184,000
Leasehold improvements and fixtures	368,696	335,773
Furniture and equipment	441,596	440,278
Computer equipment and software	92,256	90,758
Vehicles	82,668	95,107
Website	69,438	69,438
Total	**2,891,223**	**2,866,423**
Less: accumulated depreciation and amortization	(546,388)	(494,760)
Property and equipment, net	**$ 2,344,835**	**$ 2,371,663**

Depreciation and amortization expense for the three months ended March 31, 2019 and 2018 was $53,616 and $22,184, respectively.

Note 6. Notes Payable

Notes payable consisted of the following:

		March 31, 2019		December 31, 2018
A. Convertible notes payable - collateralized	$	3,515,000	$	-
B. Mortgage note payable – commercial bank - collateralized		1,512,401		1,530,000
B. Mortgage note payable – sellers - collateralized		300,000		300,000
C. Note payable – uncollateralized		25,000		25,000
Insurance premium financing		-		8,929
Subtotal		**5,352,401**		**1,863,929**
Less Unamortized debt discount		(3,089,483)		**-**
Less Unamortized debt issuance costs		(18,949)		**-**
Total	**$**	**2,243,969**	**$**	**1,863,929**

The corresponding notes payable above are more fully discussed below:

(A) Convertible Notes Payable – collateralized

Chicago Ventures Partners, L..P.

On January 2, 2019, Progressive entered a Securities Purchase Agreement (the "Purchase Agreement") with Chicago Venture Partners, L.P., a Utah limited partnership, in the amount of $2,710,000, which included a $200,000 Original Interest Discount ("OID") and $10,000 in debt issuance costs for the transaction. The note is comprised of seven tranches consisting of an initial tranche in the amount of $1,090,000 and six additional tranches each in the amount of $270,000. The initial tranche consisted of the initial cash purchase price of $1,090,000, $80,000 of the OID and the debt issuance costs of $10,000. The remaining OID will be allocated $20,000 to each of the remaining six tranches. The note is convertible into shares of common stock ($0.0001 par value per share) in 1 year at the average of the five lowest closing trading prices during the twenty trading days immediately preceding the applicable conversion. The note matures on January 2, 2022 (the "Maturity Date"). The note accrues interest at the rate of 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 $1,090,000 at the closing of the transaction, which included $90,000 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 note 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.

The first tranche of $1,090,000 less the OID and debt issuance costs was disbursed to the Company on January 7, 2019. The balance outstanding on the first tranche was $1,090,000 at March 31, 2019. Accrued interest on the first tranche at March 31, 2019 was $24,243.

The Company has identified conversion features embedded within the first tranche. The Company has determined that the conversion features represent an embedded derivative. Accordingly, the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. On January 2, 2019, the Company recorded a derivative liability on the first tranche in the amount of $1,725,000. For the three months ended March 31, 2019, the

Company recorded a Change in Fair Value of the Derivative Liability in the amount of $(1,000). The derivative liability balance on the first tranche on the consolidated balance sheets at March 31, 2019 was $1,724,000.

At inception, the fair value of the derivative instrument has been recorded as a liability on the consolidated balance sheets with the corresponding amount recorded as a discount to the Note. The discount was accreted from the issuance date to March 31, 2019, with a corresponding charge to interest expense. The change in the fair value of the derivative liability was recorded in other income or expenses in the consolidated statements of operations at the end of the three month period, with the offset to the derivative liability on the consolidated balance sheets. The fair value of the embedded derivative liability was determined using the Monte Carlo Simulation model on the issuance date.

<u>Debt Issuance Costs and Debt Discount:</u>

Debt Issuance Costs consist of fees incurred through securing financing from Chicago Venture Partners, L.P. on January 2, 2019. Debt Discount consists of the discount recorded upon recognition of the derivative liability upon issuance of the first tranche. 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 three months ended March 31, 2019 was $147,520.

Iliad Research and Trading, L.P.

On March 6, 2019, Progressive entered a Securities Purchase Agreement (the “Purchase Agreement”) with Iliad Research and Trading, L.P. (“Iliad Research”), a Utah limited partnership, in the amount of $3,310,000, which included a $300,000 Original Interest Discount (“OID”) and $10,000 in debt issuance costs for the transaction. The note is comprised of two tranches consisting of an initial tranche in the amount of $2,425,000 and a second tranche in the amount of $885,000. The initial tranche consisted of the initial cash purchase price of $2,425,000, $115,000 of the OID and the debt issuance costs of $10,000. The remaining OID of $185,000 will be allocated to the second tranche. The note is convertible into shares of common stock ($0.0001 par value per share) in 1 year at the average of the two lowest closing trading prices during the twenty trading days immediately preceding the applicable conversion. The note matures on March 6, 2022 (the “Maturity Date”). The note accrues interest at the rate of 10% 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 $2,425,000 at the closing of the transaction, which included $115,000 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 note 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. Progressive intends to use the net proceeds as part of the total purchase price of the acquisition of 100% of the ownership interests of Family Physicians RX, Inc. (“Family Physicians”), aka Five Star RX, a Florida based pharmacy with locations in Davie and Orlando, Florida.

The first tranche of $2,425,000 less the OID and debt issuance costs was disbursed and held in escrow by Iliad Research on March 6, 2019. $1 million of the escrow deposit will be disbursed to the owners of Family Physicians at the purchase closing date, which is expected to occur on June 1, 2019. The remainder will be paid in various tranches over a two year period. The escrow deposit is reported as a business acquisition deposit on the Company’s consolidated balance sheet as of March 31, 2019. The balance outstanding on the first tranche was $2,425,000 at March 31, 2019. Accrued interest on the first tranche at March 31, 2019 was $16,896. The second tranche of $700,000 will paid at closing to PharmCo 901 to pay for inventory and accounts receivable, net of Family Physicians.

The Company has identified conversion features embedded within the first tranche. The Company has determined that the conversion features represent an embedded derivative. Accordingly, the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. On March 6, 2019, the Company recorded a derivative liability on the first tranche in the amount of $1,351,000. For the three months ended March 31, 2019, the Company recorded a Change in Fair Value of the Derivative Liability in the amount of $25,000. The derivative liability balance on the first tranche on the consolidated balance sheets at March 31, 2019 was $1,376,000.

At inception, the fair value of the derivative instrument has been recorded as a liability on the consolidated balance sheets with the corresponding amount recorded as a discount to the Note. The discount was accreted from the issuance date to March 31, 2019, with a corresponding charge to interest expense. The change in the fair value of the derivative liability was recorded in other income or expenses in the consolidated statements of operations at the end of the three month period, with the offset to the derivative liability on the consolidated balance sheets. The fair value of the embedded derivative liability was determined using the Monte Carlo Simulation model on the issuance date.

Debt Issuance Costs and Debt Discount:

Debt Issuance Costs consist of fees incurred through securing financing from Iliad Research and Trading, L.P. on March 6, 2019. Debt Discount consists of the discount recorded upon recognition of the derivative liability upon issuance of the first tranche. 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 three months ended March 31, 2019 was $35,047.

(B) Mortgage Notes Payable – collateralized

On December 14, 2018, PharmCo 901 closed on the purchase of land and building located at 400 Ansin Boulevard, Hallandale Beach, Florida. The purchase price was financed through the issuance of two mortgage notes and security agreements entered into with a commercial bank and the sellers. PharmCo 901 entered into a mortgage note and security agreement with Regions Bank for $1,530,000. The promissory note is collateralized by the land and building, bears interest at a fixed rate of 4.75% per annum, matures on December 14, 2028 and is subject to a prepayment penalty. Principal and interest will be repaid through 119 regular payments of $11,901 beginning January 2019, with the final payment of all principal and accrued interest not yet paid on December 14, 2028. Note repayment is guaranteed by Progressive Care, Inc. The balance outstanding on the Regions Bank mortgage payable was $1,512,401 and $1,530,000 at March 31, 2019 and December 31, 2018, respectively. Interest expense was $18,104 for the three months ended March 31, 2019.

PharmCo 901 also entered into a mortgage note and security agreement with the sellers of the 400 Ansin Boulevard land and building for $300,000. The note bears interest at an annual rate of 10% and matures on December 14, 2019. Principal and accrued but unpaid interest may, at PharmCo 901's option, be repaid in cash or may be converted into shares of Progressive Care, Inc.'s common stock at the stock's closing price at the conversion date. The note is secured by the land and building, but such security interest is subordinated to the bank's security interest in the land and building. The balance outstanding on the sellers mortgage payable was $300,000 at March 31, 2019 and December 31, 2018. Interest expense was $9,049 for the three months ended March 31, 2019.

(C) Note Payable – Uncollateralized

As of March 31, 2019 and December 31, 2018, the uncollateralized note payable represents a non-interest-bearing loan that is due on demand from an investor.

Future maturities of notes payable are as follows:

Year		**Amount**
2020	$	393,000
2021		80,600
2022		3,594,750
2023		83,623
2024		87,682
Thereafter		1,112,746
Total	**$**	**5,352,401**

Interest expense on these notes payable was $68,364 and $21,745 for the three months ended March 31, 2019 and 2018, respectively.

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 $1,950 and $2,199 for the three months ended March 31, 2019 and 2018, respectively, which has been included in interest expense on the accompanying consolidated statements of operations. The unamortized discount was $3,687 and $5,637 at March 31, 2019 and December 31, 2018, respectively. The capital lease obligation is secured by equipment with a net book value of $89,446 at March 31, 2019.

In May 2018, the Company entered a capital lease obligation to purchase pharmacy equipment with a cost of $114,897. The terms of the capital lease agreement require monthly payments of $1,678 plus applicable tax over 84 months at an interest rate of 6%. The capital lease obligation is secured by equipment with a net book value of $99,887 at March 31, 2019.

The Company assumed an equipment capital lease obligation for medication dispensing equipment from the acquisition of PharmCo 1002 in July 2018. The lease expires in March 2020 and requires monthly installments of $4,539 including interest at the rate of 10%. The capital lease obligation is secured by equipment with a net book value of $53,768 at March 31, 2019.

Minimum lease payments for years subsequent to March 31, 2019 are as follows:

Year		**Amount**
2020	$	170,559
2021		71,533
2022		25,846
2023		20,142
2024		20,142
Thereafter		570
Subtotal		308,792

Less: interest		3,687
Total	$	**305,105**

The current portion of the capital lease obligation was $170,559 and $176,978 as of March 31, 2019 and December 31, 2018, respectively. Interest expense for the three months ended March 31, 2019 and 2018 was $4,192 and $2,199, respectively.

Depreciation expense related to the asset under the capital leases was approximately $22,300 and $4,800 for the three months ended March 31, 2019 and 2018, respectively, and was included in depreciation and amortization expense in the accompanying consolidated statements of operations.

Note 8. Stockholders' (Deficit) Equity

Share-Based Compensation

On January 5, 2018, the Company issued 41,843,571 shares of its Common Stock to its officers, directors and employees as stock-based compensation. The shares were issued in consideration of services provided to the Company in 2017 and were initially valued on the grant date at $577,629. The requisite service period for the stock grants was one year based on the vesting period of each stock grant. The Company has elected to estimate forfeitures with subsequent true-up to actual experience. The compensation cost will be recognized as expense ratably over the requisite service period. Total share-based compensation expense related to the stock grants was $446,285 for the nine months ended September 30, 2018.

On March 15, 2018, the Company issued 500,000 shares of its Common Stock to its Directors in satisfaction of an accrued compensation liability from 2017. The shares were issued in consideration of director services provided to the Company in 2017 and initially valued at $14,000.

On March 15, 2018, the Company issued 1,625,000 shares of its Common Stock to an outside consultant in satisfaction of an accrued compensation liability from 2017. The shares were issued in consideration of investor and public relations services provided to the Company in 2017 and initially valued at $22,750.

Common Stock

As of March 31, 2019 and December 31, 2018, the Company's issued and outstanding common shares total 425,630,944 shares. The Company's transfer agent is reporting 431,221,376 common shares outstanding as of March 31, 2019; however, this balance includes 5,590,432 common shares that were beneficially owned by Progressive Care through PharmCo, LLC and Progressive Training, Inc. (an inactive company) 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 March 31, 2019 and December 31, 2018. As of March 31, 2019 and December 31, 2018, the individual is employed by the Company.

Note 9. Discontinued Operations

In October 2017, the Company's wholly-owned subsidiary, Smart Medical Alliance, Inc., ceased operations as management determined that its strategic plan to provide management services to healthcare organizations was not successful. Smart Medical is classified as a discontinued operation. Total expense from discontinued operations was $0 and $142 for the three months ended March 31, 2019 and 2018, respectively.

Note 10. 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 North Miami Beach pharmacy location under a non-cancelable operating lease agreement expiring in December 2020. This lease is guaranteed by a shareholder and an unrelated individual. The Company also leases its Palm Beach County pharmacy location under an operating lease agreement expiring in March 2021. Additionally, the Company leases certain office space under non-cancelable operating lease agreements which require the Company to pay a monthly base rental plus its proportionate share of operating expenses. These lease agreements expire on various dates through December 2019. Rent expense was $62,589 and $63,544 for the three months ended March 31, 2019 and 2018, 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 $56,394 and $63,098 as of March 31, 2019 and December 31, 2018, respectively.

At March 31, 2019, rental commitments for currently occupied space for the fiscal years of 2020 through 2021 are as follows:

Year		**Amount**
2020	$	196,383
2021		152,615
Total	**$**	**348,998**

Note 11. Related Party Transactions

During the three months ended March 31, 2019 and 2018, 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 $16,000. Additionally, Spark may be entitled to additional fees for additional consulting services. During the three months ended March 31, 2019 and 2018, the Company paid Spark $56,758 and $60,000, respectively.

The Company has an employment agreement (the "Agreement") with a certain pharmacist, Head of the Compounding Department, who is the first paternal cousin to the preferred stock controlling shareholder and employee of the Company. In consideration for duties performed including but not limited to marketing, patient consultation, formulary development, patient and physician education, training, recruitment, sales management, as well as pharmacist responsibilities, the Company agreed to provide monthly compensation of $15,000 or $10,000 per month plus 5% commission on monthly gross profits generated by the Compounding Department, whichever is greater. During the three months ended March 31, 2019 and 2018, payments to the pharmacist were approximately $58,000 and $87,000, respectively.

Note 12. Retirement Plan

PharmCo 901 sponsors a 401(k) retirement plan covering qualified employees, as defined. Employees who have been employed by PharmCo more than one year are eligible to participate in the plan. In July 2018, PharmCo 901 added a provision to the plan whereby PharmCo 901 matches the employee's contribution up to a maximum of 3% of the eligible employee's compensation. PharmCo 901 contributed approximately $8,000 in matching contributions for the three months ended March 31, 2019.

Note 13. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through May 15, 2019, the date the consolidated financial statements were available to be issued.

Pharmacy Acquisition

On March 8, 2019, Progressive entered into an agreement for the acquisition of 100% of the issued and outstanding common stock of Family Physicians RX, Inc. ("Family Physicians"), aka Five Star RX, a Florida based pharmacy with locations in Davie and Orlando, Florida. The purchase price for the acquisition of Family Physicians will be $3,000,000, whereby $2.3 million is payable in cash over the two-year period following the closing, and $700,000 is payable in common stock of the Company, valued at the lower of the closing price of the Company's common stock on the closing date or $0.07 per share. The acquisition is subject to approval by various regulatory authorities. Change in ownership is projected to occur in June 2019.

Item 4. Management's Discussion and Analysis or Plan of Operation

The following discussion should be read in conjunction with the attached audited 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 14 in our 2018 Annual Report.

OVERVIEW

PharmCo provides prescription pharmaceuticals, compounded medications, tele-pharmacy services, anti-retroviral medications, medication therapy management, the supply of prescription medications to long-term care facilities, 340B services to charitable organizations, and health practice risk management. Our patient-centered approach positions us at the center of the healthcare system for the treatment of complex chronic diseases.

Our revenue is derived from customized care management programs we deliver to our patients, including the dispensing of their medications. Our focus is on complex chronic diseases, which generally require multiyear or lifelong therapy and helps drive recurring revenue and sustainable growth. Our pharmacy services revenue growth is caused by our expanding breadth of services, new drugs coming to market, new indications for existing drugs, volume growth with current clients, and addition of new customers due to our focus on higher patient engagement and clinical expertise. We also expect expanded revenue growth through the signing of two new 340b contracts that will bring discounted prescription programs to non-profit healthcare institutions.

At the beginning of 2019, Touchpoint Rx was rebranded to PharmCo 1002 ("1002") and its operations adjusted to align more closely to the PharmCo model. 1002's sales and growth numbers remained flat year over year as the operation was streamlined to focus on more profitable opportunities. We expect to see continued growth at the 1002 store as new sales have increased which should result in monthly profitability and cash flow positive results before the end of summer 2019.

On March 8, 2019, Progressive entered into an agreement for the acquisition of 100% of the issued and outstanding common stock of Family Physicians RX, Inc. ("Family Physicians"), aka Five Star RX, a Florida based pharmacy with locations in Davie and Orlando, Florida. The purchase price for the acquisition of Family Physicians will be $3,000,000, whereby $2.3 million is payable in cash over the two-year period following the closing, and $700,000 is payable in common stock of the Company, valued at the lower of the closing price of the Company's common stock on the closing date or $0.07 per share. The acquisition is subject to approval by various regulatory authorities. Change in ownership is projected to occur in June 2019. This acquisition will expand the Company's delivery radius to the Orlando/Tampa Central Florida corridor and the Treasure Coast region of Florida. The Company expects to add approximately $9 million in net revenues and $250,000 in net earnings from Family Physicians operations in 2019 once consolidated post-closing.

On January 2, 2019, the Company entered into a securities purchase agreement with Chicago Venture in the amount of $2,710,000 which included $200,000 Original Interest Discount ("OID") and $10,000 in debt issuance costs for the transaction. The notes are convertible into common shares of the Company. On January 2, 2019, the Company drew down the first tranche against the Chicago Venture note in the amount of $1,090,000, which included $80,000 of the OID and the $10,000 debt issuance costs.

On March 6, 2019, the Company entered into a securities purchase agreement with Iliad Research and Trading, L.P. in the amount of $3,310,000, which included $300,000 Original Interest Discount ("OID") and $10,000 in debt issuance costs for the transaction. The notes are convertible into common shares of the Company. On March 11, 2019, the Company drew down the initial tranche against the Iliad Research and Trading note in the amount of $2,300,000, which included $115,000 of the OID with the remainder of the OID to be applied at closing on the acquisition of Family Physicians. The purpose of these funds is to secure 100% of the interest in Family Physicians.

The Company provides services to approximately 15,000 patients of diverse demographics across South Florida. Patient growth trends were also due to expanded marketing efforts, directed advertising, and word-of-mouth of PharmCo's 5 star performance rating and the ability of the pharmacy to improve the performance ratings of the physicians it serves. The Company has increased its attention to key Pharmacy Benefit Manager ("PBM") performance metrics including adherence, brand to generic ratios, high risk medication, statin therapy compliance, therapy gaps, safety, and retention. As a result of these efforts, PharmCo maintains a 5-Star Rating based on the ratings provided by various insurance carriers. As of March 31, 2019, the Company's performance ranks in the 90th percentile based on a 12-month average between comparative rankings in certain PBM networks. Quality Network Performance in 2018 resulted in approximately $450,000 of collected DIR fees to be returned, which has been received as of the date of this filing.

During the three months ended March 31, 2019, the Company's focus was to continue the growth and development of its pharmacy services, as well as to expand its service options and market territory. Pharmacy revenue for the three months ended March 31, 2019 was approximately $5.2 million, filling over 84,000 prescriptions during the quarter, a 27% increase over the number of prescriptions filled in Q1 2018.

Our revenue growth has been dampened through the continued efforts of health maintenance organizations, managed care organizations, PBMs, government programs (such as Medicare, Medicaid and other federal and state funded programs), and other third-party payers to limit pharmacy reimbursements, which has adversely impacted our profitability. While manufacturers have increased the price of drugs, payers have generally decreased reimbursement rates as a percentage of drug cost. We have experienced an overall reduction in the gross profit per prescription prescribed, particularly in the compounding segment, where compounding revenue decreased from approximately $914,000 from 1,463 claims during the three months ended March 31, 2018 to approximately $335,000 from 1,072 claims during the three months ended March 31, 2019.

Additionally, pharmacy benefits contraction across all insurance carriers has limited patient access to compounded medications as claims for compounds began receiving rejections or authorizations for significantly reduced doses starting in the second quarter of 2018. We have anticipated these evolving industry conditions, none of which are within our control, through our efforts to expand our service options and market territory. We expect pricing pressures from third-party payers to continue given the high and increasing costs of specialty drugs. As a result of this industry-wide pressure, we have experienced compression in profit margins on our contracts, particularly with HIV related medications, which has adversely affected our profitability. Despite these pressures, the Company was successful in maintaining comparable quarter-over-quarter revenue levels through increases in non-compounded prescriptions which have more reimbursement stability. We believe that our continued expansion efforts, diversification of our revenue streams, technological development, and focus on performance and reliability has prepared the company to withstand insurance related revenue compression.

In addition, Direct and Indirect Remuneration ("DIR") Fees continued to apply significant downward pressure on the Company's profitability. DIR Fees are PBM clawbacks of reimbursements based on factors that vary from plan to plan. DIR fees are often applied retroactively, which has caused the fees charged in Q1 2019 to be over 86% higher than those charged in Q1 2018 ($271,737 in Q1 2019; $145,811 in Q1 2018). The Company has shifted pharmacy policy to account for anticipated DIR clawbacks, and we expect to limit our exposure to DIR fees in the remainder of 2019. Part of the mitigation policy includes our focus on performance as some PBMs may reduce or return DIR Fees based on the performance of the pharmacy within their network.

Retroactive Contractual Adjustments were imposed through execution of new contracts between our Pharmacy Services Administration Organizations (PSAO) and PBMs with retroactive effectiveness. These contractual adjustments

imposed new lowered effective rate calculations on previously dispensed medications resulting in a PBM overpayment of $18,000, which was recouped in March 2019.
The Company experienced a loss from continuing operations of approximately $752,000 in the three months ended March 31, 2019, primarily because of decreased profitability in pharmacy reimbursements, which led to a decrease in the Company's gross profit of approximately $157,000, an increase in DIR fees of approximately $126,000 in Q1 2019 over Q1 2018, and increased interest expense on borrowings related to business acquisition and growth financing.

In December 2018, the Company purchased an 11,000 sq. ft. facility in Hallandale, FL. The facility is set to accommodate the continued growth and development of traditional pharmacy services as well as expanded long term care services, tele-pharmacy services, and medication therapy management. The Company anticipates moving current pharmacy operations from North Miami Beach in 2020 prior the expiration of the current lease. Relocation of corporate offices and administrative staff to the facility was completed in April 2019. As the Company's current flagship pharmacy, the Company intends to build-out the facility for technological development and pharmacy accreditations. The Company is currently preparing architectural plans.

Management expects that future growth will be driven by future pharmacy acquisitions, which will provide continued expansion into new market territories; diversification into direct healthcare service relationships and cash based products; concentrated efforts toward developing our compliance and adherence services provided to medical providers; and enhancement of technological opportunities that boost loyalty and customer satisfaction. Areas of current development include market penetration of the Orlando-Tampa corridor and Treasure Coast region of Florida through a pending pharmacy acquisition expected to close in June 2019; the deployment of PharmCo's tele-pharmacy platform for live streaming of pharmacy information services; continued expansion of our DischargeRX program with hospitals and healthcare providers; development of enhanced healthcare B2B services; development of cash based products and services; and continued implementation of MTM protocols. The Company is also working towards the development of a line of exclusive hemp-based CBD products. The Company is currently in discussions with manufacturers and is currently researching the regulatory requirements for successful production that also limits legal risk and exposure to the pharmacies under our umbrella. We believe that our expanding breadth of services and our growing penetration with new customers will help us achieve sustainable revenue growth in the future. Additionally, profitability and cash flow will be positively impacted by the elimination of non-recurring expenses and reductions in PBM fees associated with maintained and improved adherence and compliance performance rating.

Q1 2019 Key Highlights

- Completion of 2018 Audited Financial Statements (3rd year of unmodified auditor reports)
- Pending completion of 2nd acquisition: Family Physicians RX, Inc. (locations in Davie and Orlando, Florida)
- Over 84,000 prescriptions during the quarter, a 27% increase over the number of prescriptions filled in Q1 2018.
- Approx. $5.1 million in net revenues
- 5-star rating
- Top 20% Pharmacy in the nation
- Highest Humana Scores in Company history
- Top 6% in MTM performance of nationwide participating pharmacies
- 5 active 340B contracts
- Processed over $1.9 million in claims in Q1 2019 on behalf of 340B entities
- Licensed in the following states: Colorado, Connecticut, Florida, Georgia, Illinois, Nevada, New Jersey, New York, Pennsylvania, Texas, Utah, Arizona, Massachusetts, Minnesota
- Received local media attention through dedicated piece from CBS Miami

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the three months ended March 31, 2019 and 2018:

	Three Months Ended								
		March 31, 2019			March 31, 2018				
		Dollars	% of Revenue		Dollars	% of Revenue		$ Change	% Change
Total revenues, net	$	5,174,943	100%	$	5,001,534	100%	$	173,409	3%
Total cost of revenue		4,151,845	80%		3,821,243	76%		330,602	9%
Total gross profit		1,023,098	20%		1,180,291	24%		(157,193)	-13%
Operating expenses		1,494,468	29%		1,345,773	27%		148,695	11%
Loss from operations		(471,370)	-9%		(165,482)	-3%		(305,888)	185%
Other income (expense)		(280,603)	-5%		(475,020)	-9%		194,417	41%
Loss before provision for income taxes		(751,973)	-14%		(640,502)	-12%		(111,471)	-17%
Provision for income taxes		-	0%		(1,650)	0%		1,650	0%
Net loss from continuing operations		(751,973)	-14%		(642,152)	-12%		(109,821)	-17%
Loss from discontinued operations, net of tax		-	0%		(142)	0%		142	0%
Net loss	$	(751,973)	-14%	$	(642,294)	-12%	$	(109,679)	-17%

For the three months ended March 31, 2019, the Company recognized overall revenue from continuing operations of approximately $5.2 million, which increased $173,000 from the same period in 2018 along with a 27% increase in the number of prescriptions filled in Q1 2019 as compared to Q1 2018. This condition was caused by continued reimbursement compression by third party payors. Total revenues included approximately $113,000 of fees earned on dispensing prescription medications to patients under 340B programs managed by four non-profit healthcare organizations in Florida. Total billings collected on behalf of and remitted to these organizations was $1.9 million for the three months ended March 31, 2019.

Gross profit margins decreased from 24% in 2018 to 20% in 2019, a 13% decrease when compared to 2018. Gross margin for Q1 2019 was negatively impacted by DIR fees of approximately $272,000 that the Company records as a component of net revenues, as well as a decrease in gross profits from the Company's compounding products and overall patient drug coverage contraction. The loss from operations increased by approximately $306,000 in Q1 2019 as compared to Q1 2018 as a result of decreased gross margin as discussed above and the operating costs of the PharmCo 1002 pharmacy acquired in July 2018. These increased costs were partially offset by decreased compensation costs of approximately $154,000 for Compounding Pharmacy operations due to lower Compounding drug reimbursement rates per claim, and non-recurring stock compensation costs paid to officers, directors and employees in 2018.

Revenue

Our pharmacy revenues were as follows:

	Three Months Ended					
	March 31, 2019		March 31, 2018			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Pharmacy	$5,081,247	98%	$4,934,739	99%	$146,508	3%
Total Revenues, net	$5,174,943	100%	$5,001,533	100%	$173,410	3%

Pharmacy revenues are approximately 98% of all revenue for the Company. Total prescriptions dispensed increased to approximately 84,000 during Q1 2019 from approximately 66,000 in Q1 2018, a 27% increase. Our increase in pharmacy revenue is the result of the acquisition of PharmCo 1002 in July 2018, concentrated marketing efforts to doctor's offices, clinics, and long-term care facilities, as well as from manufacturer price increases. However, revenues were adversely affected by decreases in reimbursements per claim by third party payors, compounding revenue, being the most severely impacted by the compression, decreased from approximately $914,000 from 1,463 claims in Q1 2018 to approximately $335,000 from 1,072 claims in Q1 2019.

Gross Margin

For the three months ended March 31, 2019, gross profit decreased 13% as compared to the same period in 2018 because of increased DIR fees assessed by PBMs and a decrease in compounding revenues and claims in Q1 2019. Total gross profit from compounding claims decreased from approximately $406,000 in Q1 2018 to approximately $134,000 in Q1 2019, a 67% decrease quarter to quarter.

Operating Expenses

Our operating expenses increased by approximately $149,000, or 11%, in Q1 2019 as compared to Q1 2018. The increase was mainly attributable to the additional operating costs of the PharmCo 1002 pharmacy acquired in July 2018. These increased costs were partially offset by non-recurring stock compensation costs paid to officers, directors and employees in 2018, and decreased compensation costs for Compounding Pharmacy operations due to lower Compounding drug reimbursement rates per claim.

Non-GAAP Financial Measures

The following table reconciles GAAP loss from continuing operations, net of income taxes, to Consolidated Adjusted EBITDA, which is net income (loss) adjusted for interest expense, changes in the fair value of equity linked liabilities, income tax expense, depreciation and amortization, and share-based compensation. Consolidated Adjusted EBITDA is a measure of earnings that management monitors as an important indicator of financial performance, particularly future earnings potential and recurring cash flow. Inclusion of Consolidated Adjusted EBITDA is intended to provide investors insight into the manner in which management views the performance of the Company.

Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for our financial results prepared in accordance with U.S. GAAP. Our calculation of Non-GAAP Consolidated Adjusted EBITDA, as presented, may differ from similarly titled measures reported by other companies. We encourage investors to review these reconciliations and we qualify our use of non-GAAP financial measures with cautionary statements as to their limitations.

	Three Months Ended	
	March 31, 2019	March 31, 2018
Loss from continuing operations, net of income taxes	$ (751,973)	$ (642,152)
Interest expense	(255,124)	(23,944)
Change in fair value of derivative liability	(24,000)	(451,169)
Income tax expense	-	(1,650)
Depreciation and amortization expense	(53,616)	(22,184)
Share-based compensation expense	-	(142,429)
Consolidated Adjusted EBITDA	$ (419,233)	$ (776)

Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2019 and 2018.

	Three Months Ended	
	March 31, 2019	March 31, 2018
Net change in cash from:		
Operating activities	$ 8,196	$ 309,827
Investing activities	(26,788)	(39,999)
Financing activities	951,410	571,679
Change in cash	$ 932,818	$ 841,507
Cash at end of period	$ 1,019,649	$ 1,260,820

Net cash provided by operating activities totaled $8,196 during the three months ended March 31, 2019 compared to net cash provided by operating activities of $309,827 for the three months ended March 31, 2018, a $301,631 decrease. Operational cash flow was negatively affected by the decreased profitability on prescription insurance reimbursements offset by improved collection efforts.

Net cash used by investing activities was $26,788 for the three months ended March 31, 2019 attributable to prescription dispensing and other equipment purchases during the period.

Net cash provided by financing activities was $951,410 for the three months ended March 31, 2019 as a result of proceeds received from the first tranche of the Chicago Venture Partners financing agreement, reduced by payments on notes payable and the capital lease obligations.

Current and Future Financing Needs

We have an accumulated deficit of $5,543,066 through March 31, 2019. 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 June 25, 2018, the Company entered into a placement agent service agreement with Benchmark Company LLC ("Benchmark"), under which Benchmark will act as placement agent for the proposed private placement of securities by the Company. Benchmark will also serve as the lease or managing underwriter on a firm commitment basis in connection with a proposed public offering of the Company's common stock. The term of the agreement is twelve (12) months.

On January 2, 2019, the Company entered into a securities purchase agreement with Chicago Venture in the amount of $2,710,000 which included $200,000 Original Interest Discount ("OID") and $10,000 in debt issuance costs for the transaction. The notes are convertible into common shares of the Company. On January 2, 2019, the Company drew down the first tranche against the Chicago Venture note in the amount of $1,090,000, which included $80,000 of the OID and the $10,000 debt issuance costs.

On March 6, 2019, the Company entered into a securities purchase agreement with Iliad Research and Trading, L.P. in the amount of $3,310,000, which included $300,000 Original Interest Discount ("OID") and $10,000 in debt issuance costs for the transaction. The notes are convertible into common shares of the Company. On March 11, 2019, the Company drew down the initial tranche against the Iliad Research and Trading note in the amount of $2,300,000, which included $115,000 of the OID with the remainder of the OID to be applied at closing on the acquisition of Family Physicians.

Critical Accounting Policies

Revenue Recognition

The Company recognizes pharmacy revenue from dispensing prescription drugs at the time the drugs are physically delivered to a customer or when a customer picks up their prescription or purchases merchandise at the store, which is the point in time when control transfers to the customer. Each prescription claim is considered an arrangement with the customer and is a separate performance obligation. 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 98% of total revenue for all periods presented.

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

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 its allowance valuation to offset completely its deferred tax assets resulting from Company net operating losses.

Off-Balance Sheet Arrangements

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

Item 5. Legal Proceedings

None

Item 6. Defaults upon Senior Securities

None

Item 7. Other Information

None

Item 8. Exhibits

The following is a list of all contracts which the Company is a party to, and which currently can reasonably be regarded as material to a security holder of the Company as of the date of this Quarterly Report:

- Pharmacy Services Agreement – Midway Specialty Care Center, dated as of October 12, 2018.
- Pharmacy Services Agreement – Hope and Help Center of Central Florida, Inc., dated as of July 1, 2018
- Contracted Pharmacy Service Agreement – Care 4 U Management, Inc., dated as of July 1, 2018
- Placement Agent Service Agreement – Benchmark Company LLC, dated as of June 25, 2018
- Membership Interest Purchase Agreement – Touchpoint RX, LLC, dated as of March 30, 2018
- Lease Agreement for 901 N Miami Beach Blvd, Ste 1-2, North Miami Beach, FL 33162, dated as of December 16, 2011, between Value Store It North Miami Beach, LLC and the Company.
- Lease agreement for 13460 SW 10th St, Suite 102, Pembroke Pines, FL, dated as of November 6, 2017 between Deveaux Group Inc. and the Company.
- Lease agreement for 3208 2nd Avenue North, Bays 2, 3, & 4, Palm Springs, FL, dated as of April 1, 2018 between B & B Properties, Inc. and the Company.
- Amended and Restated Certificate of Incorporation of the Company.
- Amended and Restated Bylaws of the Company.
- Certificate of Designation of Rights, Preferences and Privileges of Series A Super-Voting Preferred Stock of the Company.
- Preferred Stock Rights Agreement, dated as of July 11, 2014, between the Company and Armen Karapetyan, including the Certificate of Designation, the form of Rights Certificate and the Summary of Rights attached thereto.
- Executive Employment Agreement by and between Shital Parikh Mars and the Company, dated as of January 4, 2016.

Copies of these agreements, as well as any others referenced within this report, will be available for inspection at the office of the Company located at 400 Ansin Boulevard, Hallandale Beach, Florida 33009 during ordinary business hours.

Item 9. Certifications

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Shital Parikh Mars, certify that:

1. I have reviewed this quarterly 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 consolidated 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.

Date: May 15, 2019
/s/ Shital Parikh Mars
Shital Parikh Mars
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Alan Jay Weisberg, certify that:

4. I have reviewed this quarterly disclosure statement of Progressive Care, Inc.;

5. 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

6. Based on my knowledge, the consolidated 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.

Date: May 15, 2019
/s/ Alan Jay Weisberg
Alan Jay Weisberg
Chief Financial Officer