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

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

OR

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from ______________to _______________.

Commission File Number 001-40447

NEXTPLAT CORP
(Exact name of registrant as specified in its charter)

Nevada	**65-0783722**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3250 Mary St., Suite 410, Coconut Grove, FL	**33133**
(Address of principal executive offices)	(Zip Code)

(305)-560-5355
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001	NXPL	The Nasdaq Stock Market Inc.
Warrants	NXPLW	The Nasdaq Stock Market Inc.

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

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

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

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

Class	Outstanding at May 10, 2024
Common Stock, $0.0001 par value	18,773,146

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Part I Financial Information

Item 1. Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements of NextPlat Corp, ("NextPlat," the "Company," "we," or "our"), for the three months ended March 31, 2024 and for comparable periods in the prior year are included below. The financial statements should be read in conjunction with the notes to financial statements that follow.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except shares and par data)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash	$ 23,526	$ 26,307
Accounts receivable, net	12,928	8,923
Receivables - other, net	2,068	1,846
Inventory, net	5,610	5,135
Unbilled revenue	185	189
VAT receivable	357	342
Prepaid expenses	404	640
Notes receivable due from related party	260	256
Total Current Assets	**45,338**	**43,638**
Property and equipment, net	3,846	3,989
Goodwill	731	731
Intangible assets, net	13,725	14,423
Operating right of use assets, net	1,303	1,566
Finance right-of-use assets, net	18	22
Deposits	39	39
Prepaid expenses, net of current portion	61	61
Total Other Assets	**15,877**	**16,842**
Total Assets	**$ 65,061**	**$ 64,469**
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 14,893	$ 13,176
Contract liabilities	140	42
Notes payable	233	312
Due to related party	42	18
Operating lease liabilities	532	532
Finance lease liabilities	20	18
Income taxes payable	90	139
Total Current Liabilities	**15,950**	**14,237**
Long Term Liabilities:		
Notes payable, net of current portion	1,165	1,211
Operating lease liabilities, net of current portion	853	929
Finance lease liabilities, net of current portion	-	5
Total Liabilities	**17,968**	**16,382**
Commitments and Contingencies	**-**	**-**
Equity		
Preferred stock ($0.0001 par value; 3,333,333 shares authorized)	-	-
Common stock ($0.0001 par value; 50,000,000 shares authorized, 18,724,596 and 18,724,596 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively)	2	2
Additional paid-in capital	67,717	67,170
Accumulated deficit	(36,406)	(34,925)
Accumulated other comprehensive loss	(90)	(63)
Equity attributable to NextPlat Corp stockholders	31,223	32,184
Equity attributable to non-controlling interests	15,870	15,903
Total Equity	**47,093**	**48,087**
Total Liabilities and Equity	**$ 65,061**	**$ 64,469**

See accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share data)

	Three Months Ended March 31, 2024 (Unaudited)	Three Months Ended March 31, 2023 (Unaudited)
Sales of products, net	$ 14,120	$ 2,876
Revenues from services	3,373	-
Revenue, net	17,493	2,876
Cost of products	12,620	2,255
Cost of services	63	-
Cost of revenue	12,683	2,255
Gross profit	4,810	621
Operating expenses:		
Selling, general and administrative	2,005	788
Salaries, wages and payroll taxes	2,624	588
Impairment loss	132	-
Professional fees	985	321
Depreciation and amortization	906	162
Total operating expenses	6,652	1,859
Loss before other (income) expense	(1,842)	(1,238)
Other (income) expense:		
Interest expense	21	5
Interest earned	(215)	(10)
Other income	-	(50)
Foreign currency exchange rate variance	26	(28)
Total other income	(168)	(83)
Loss before income taxes and equity in net loss of affiliate	(1,674)	(1,155)
Income taxes	(27)	-
Loss before equity in net loss of affiliate	(1,701)	(1,155)
Equity in net loss of affiliate	-	(32)
Net loss	(1,701)	(1,187)
Net loss attributable to non-controlling interest	220	-
Net loss attributable to NextPlat Corp	$ (1,481)	$ (1,187)
Comprehensive income (loss):		
Net loss	$ (1,701)	$ (1,187)
Foreign currency loss	(27)	(23)
Comprehensive loss	$ (1,728)	$ (1,210)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (1,481)	$ (1,187)
Weighted number of common shares outstanding – basic and diluted	18,725	14,415
Loss per share - basic and diluted	$ (0.08)	$ (0.08)

See the accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands, except per share data)
(Unaudited)

For the Three Months Ended March 31, 2024

	Common Stock $0.0001 Par Value Shares	Common Stock $0.0001 Par Value Amount	Additional Paid in Capital	Accumulated Deficit	Comprehensive Loss	Stockholders' Equity NextPlat Corp	Non-controlling Interests	Total Equity
Balance, December 31, 2023	**18,725**	**$ 2**	**$ 67,170**	**$ (34,925)**	**$ (63)**	**$ 32,184**	**$ 15,903**	**$ 48,087**
Stock-based compensation in connection with options granted	-	-	160	-	-	160	-	160
Stock-based compensation in connection with restricted stock awards	-	-	387	-	-	387	65	452
Capital contribution of non-controlling interests	-	-	-	-	-	-	122	122
Comprehensive loss	-	-	-	-	(27)	(27)	-	(27)
Net Loss	-	-	-	(1,481)	-	(1,481)	(220)	(1,701)
Balance, March 31, 2024	18,725	$ 2	$ 67,717	$ (36,406)	$ (90)	$ 31,223	$ 15,870	$ 47,093

For the Three Months Ended March 31, 2023

	Common Stock $0.0001 Par Value Shares	Common Stock $0.0001 Par Value Amount	Additional Paid in Capital	Accumulated Deficit	Comprehensive Loss	Stockholders' Equity NextPlat Corp	Non-controlling Interests	Total Equity
Balance, December 31, 2022	**14,402**	**1**	**$ 56,963.00**	**$ (31,147)**	**$ (41)**	**$ 25,776**	**$ -**	**$ 25,776**
Issuance of common related to restricted stock award	39	-	61	-	-	61	-	61
Comprehensive loss	-	-	-	-	(23)	(23)	-	(23)
Net loss	-	-	-	(1,187)	-	(1,187)	-	(1,187)
Balance, March 31, 2023	14,441	$ 1	$ 57,024	$ (32,334)	$ (64)	$ 24,627	$ -	$ 24,627

See accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED
(In thousands)

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,701)	$ (1,187)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	203	155
Change in provision for doubtful accounts	2	-
Amortization of intangible assets	698	6
Amortization of right-of-use assets - operating leases	129	49
Amortization of right-of-use assets - finance leases	5	-
Equity in net loss of affiliate	-	32
Stock-based compensation	612	243
Impairment loss	132	-
Gain on sale or disposal of property and equipment	(1)	-
Change in operating assets and liabilities:		
Accounts receivable	(4,230)	(572)
Inventory	(475)	(877)
Unbilled revenue	4	142
Prepaid expense	236	(32)
Notes receivable	(4)	-
VAT receivable	(15)	(76)
Accounts payable and accrued expenses	1,745	94
Operating lease liabilities	(74)	(43)
Income taxes payable	(49)	2
Contract liabilities	98	(3)
Net cash used in operating activities	(2,685)	(2,067)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(64)	(69)
Proceeds from sale or disposal of property and equipment	1	-
Net cash used in investing activities	(63)	(69)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of note payable, related party, net	23	(2)
Capital contribution	122	-
Payments on finance lease liabilities	(5)	-
Repayments of notes payable	(141)	(11)
Net cash used in financing activities	(1)	(13)
Effect of exchange rate on cash	(32)	(23)
Net decrease in cash	(2,781)	(2,172)
Cash beginning of period	26,307	18,891
Cash end of period	$ 23,526	$ 16,719
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	$ 170	$ 4
Income tax	$ 74	$ -

See the accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

Note 1. Organization and Nature of Operations.

The term "Company" refers to NextPlat Corp and its wholly, majority owned and controlled subsidiaries, except where the context requires otherwise or where otherwise indicated.

NextPlat Corp:

NextPlat Corp, a Nevada corporation (the "Company", "NextPlat", "we"), formerly Orbsat Corp was incorporated in 1997. The Company operates two main e-commerce websites as well as 25 third-party e-commerce storefronts on platforms such as Alibaba, Amazon and Walmart. These e-commerce venues form an effective global network serving thousands of consumers, enterprises, and governments. NextPlat has announced its intention to broaden its e-commerce platform and is implementing a comprehensive system upgrade to support this initiative. The Company has also begun the design and development of a next generation platform for digital assets built for Web3 (an internet service built using decentralized blockchains). This new platform ("NextPlat Digital") is currently in the design and development phase and will enable the use of a range of digital assets, such as non-fungible tokens ("NFTs"), in e-commerce and in community-building activities. In addition, we provide a comprehensive array of Satellite Industry communication services and related equipment sales.

Our wholly-owned subsidiary, Global Telesat Communications Limited ("GTC"), was formed under the laws of England and Wales in 2008. On February 19, 2015, we entered into a share exchange agreement with GTC and all of the holders of the outstanding equity of GTC pursuant to which we acquired all of the outstanding equity in GTC.

Our wholly-owned subsidiary, Orbital Satcom Corp. ("Orbital Satcom"), a Nevada corporation, was formed on November 14, 2014.

On June 22, 2022, NextPlat B.V. ("NXPLBV") was formed in Amsterdam, Netherlands, as a wholly owned subsidiary of NextPlat Corp. Presently, NXPLBV does not have any active operations

Progressive Care Inc.:

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

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

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

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

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

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

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

Florida Sunshine Brands, LLC:

Florida Sunshine Brands, LLC ("Florida Sunshine") is a Florida limited liability company and incorporated December 6, 2023. Florida Sunshine operates under an operating agreement between Nextplat, with a 51% ownership, and Outer Brands FS, LLC, with a 49% ownership. Florida Sunshine's main objective is to source and sell vitamins and nutritional supplements.

Note 2. Basis of Presentation and Principles of Consolidation

The accompanying Condensed Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), consistent in all material respects with those applied in the 2023 Form 10-K, for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the 2023 Form 10-K. In the opinion of management, the Condensed Consolidated Financial Statements contain all adjustments (consisting principally of normal recurring accruals) necessary for a fair presentation of the condensed consolidated balance sheets, statements of comprehensive loss, statements of stockholders' equity and statements of cash flows for such interim periods presented. Additionally, operating results for interim periods are not necessarily indicative of the results that can be expected for a full year.

Business acquisition of Progressive Care, Inc.

On July 1, 2023, the Company, Charles M. Fernandez, Executive Chairman and Chief Executive Officer of the Company, and Rodney Barreto, Director of the Company, exercised common stock purchase warrants and were issued common stock shares by Progressive Care. After the exercise of the common stock purchase warrants, the Company and Messrs. Fernandez and Barreto collectively owned 53% of Progressive Care's voting common stock. At the time of exercise, all of the above common stock purchase warrants were in-the-money. Also on July 1, 2023, the Company and Messrs. Fernandez and Barreto entered into a voting agreement whereby at any annual or special shareholders meeting of Progressive Care's stockholders, and whenever the holders of Progressive Care's common stock act by written consent, Messrs. Fernandez and Barreto agreed to vote all of the common stock shares (including any new shares acquired after the date of the voting agreement or acquired through the conversion of securities convertible into Common Stock) that they own, directly or indirectly, in the same manner that NextPlat votes its common stock and equivalents. The voting agreement is irrevocable and perpetual in term.

The exercise of the stock options, along with the entry into the voting agreement, resulted in a change in control of Progressive Care under the voting interest model in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, *Business Combination,* and was accounted for as a business acquisition. Therefore, Progressive Care became a consolidated subsidiary of the Company on July 1, 2023. The Company previously accounted for its equity interest in Progressive Care as an equity method investment.

The accompanying Unaudited Condensed Consolidated Financial Statements include the accounts of the Company and its subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

In preparing the Consolidated Financial Statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statements of financial condition, and revenues and expenses for the years then ended. Actual results may differ significantly from those estimates. Significant estimates made by management include, but are not limited to, assumptions used to calculate stock-based compensation, fair value of net assets acquired in the business combination with Progressive Care. common stock and options issued for services, net realizable value of accounts receivables and other receivables, the useful lives of property and equipment and intangible assets, the estimate of the fair value of the lease liability and related right of use assets, pharmacy benefit manager ("PBM") fee estimates, and the estimates of the valuation allowance on deferred tax assets.

Note 3. Summary of Significant Accounting Policies

The significant accounting policies of the Company were described in Note 1 to the Audited Consolidated Financial Statements included in the Company's Form 10-K for the fiscal year ended December 31, 2023. There have been no material changes to the Company's significant accounting policies for the three months ended March 31, 2024.

Cash

The Company places its cash with high credit quality financial institutions. The Company's account at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. All cash amounts in excess of $250,000, approximately $1.0 million, are unsecured. The Company has a deposit placement agreement for Insured Cash Sweep Service ("ICS"). This service is a secure, and convenient way to access FDIC protection on large deposits, earn a return, and enjoy flexibility. The Company believes that the ICS agreement will mitigate its credit risk as it relates to uninsured FDIC amounts in excess of $250,000.

Foreign Currency Translation

The Company's reporting currency is U.S. Dollars. The accounts of one of the Company's subsidiaries, GTC, is maintained using the appropriate local currency, Great British Pound, as the functional currency. All assets and liabilities are translated into U.S. Dollars at balance sheet date, shareholders' equity is translated at historical rates and revenue and expense accounts are translated at the average exchange rate for the year or the reporting period. The translation adjustments are reported as a separate component of stockholders' equity, captioned as accumulated other comprehensive (loss) gain. Transaction gains and losses arising from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the condensed consolidated statements of comprehensive loss.

The relevant translation rates are as follows: for the three months ended March 31, 2024, closing rate at $1.28 US$: GBP, quarterly average rate at $1.27 US$: GBP, for the three months ended March 31, 2023, closing rate at $1.23 US$: GBP, quarterly average rate at $1.22 US$: GBP, for the year ended December 31, 2023 closing rate at 1.27 US$: GBP, yearly average rate at 1.24 US$: GBP.

Unearned Revenue

Contract liabilities are shown separately in the condensed consolidated balance sheets as current liabilities. At March 31, 2024 and December 31, 2023, we had contract liabilities of approximately $140,000 and $42,000, respectively.

Direct and Indirect Remuneration ("DIR") Fees

Progressive Care reports DIR fees as a reduction of revenue on the accompanying Consolidated Statements of Operations. DIR fees are fees charged by PBMs to pharmacies for network participation as well as periodic reimbursement reconciliations. The Company accrues an estimate of PBM fees, including DIR fees, which are assessed or expected to be assessed by payers at some point after adjudication of a claim, as a reduction of prescription 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. Through December 31, 2023, for some PBMs, DIR fees were charged at the time of the settlement of a pharmacy claim. Other PBMs do not determine DIR fees at the claim settlement date, and therefore DIR fees are collected from pharmacies after claim settlement, often as clawbacks of reimbursements based on factors that vary from plan to plan. For example, two PBMs calculate DIR fees on a trimester basis and charge the Company for these fees as reductions of reimbursements paid to the Company two to three months after the end of the trimester (e.g., DIR fees for January – April 20xx claims were clawback by these PBMs in July – August 20xx). As of December 31, 2023, DIR fees that were not collected at the time of claim settlement, the Company recorded an accrued liability for estimated DIR fees that are expected to be collected by the PBMs by the end of the second quarter of 2024. The estimated liability for these fees is highly subjective and the actual amount collected may differ from the accrued liability. The uncertainty of management's estimates is due to inadequate disclosure to the Company by the PBMs as to exactly how these fees are calculated either at the time the DIR fees are actually assessed and reported to the Company. The detail level of the disclosure of assessed DIR fees varies based on the information provided by the PBM. Effective January 1, 2024, all PBMs began charging DIR fees at the time of the settlement of a pharmacy claim.

Recent Accounting Pronouncements

Accounting Pronouncements Issued but not yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. ASU 2023-07 is required to be adopted for annual periods beginning after December 15, 2023, and interim period within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company will adopt the standard in its interim reporting beginning with Q1-2025, and the Company will adopt the standard in its annual reporting for the year ending December 31, 2024. The Company expects that the adoption of the standard will not have a material impact on our consolidated financial statements but will enhance our current disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740)—Improvements to Income Tax Disclosure" ("ASU 2023-09"), which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. ASU 2023-09 is required to be adopted for annual periods beginning after December 15, 2024, with early adoption permitted. The Company will adopt this accounting standard update effective January 1, 2025. The Company expects that the adoption of the standard will not have a material impact on our consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to be relevant or have a material impact on the condensed consolidated financial statements upon adoption.

Subsequent Events

The Company has evaluated subsequent events through May [ ], 2024, the date the condensed consolidated financial statements were available to be issued. See Note 21 for subsequent events that require disclosure in the condensed consolidated financial statements.

Note 4. Fair Value

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

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

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

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

- *Notes payable and lease liabilities:* The carrying amount of notes payable approximated fair value due to variable interest rates at customary terms and rates the Company could obtain in current financing. The carrying value of lease liabilities approximated fair value due to the implicit rate in the lease in relation to the Company’s borrowing rate and the duration of the leases (Level 2 inputs).

Identifiable Intangible Assets

The initial recognition of the Progressive Care's identifiable intangible assets, resulting from the acquisition on July 1, 2023 and the application of push-down accounting, were measured using Level 3 inputs. The fair value at the date of acquisition was approximately $14.7 million.

Note 5. Revenue

e-Commerce revenue:

The Company recognizes revenue from satellite services when earned, as services are rendered or delivered to customers. Equipment sales revenue is recognized when the equipment is delivered to and accepted by the customer. Only equipment sales are subject to warranty. Historically, the Company has not incurred significant expenses for warranties. Equipment sales which have been prepaid, before the goods are shipped are recorded as contract liabilities and once shipped and accepted by the customer is recognized as revenue. The Company also records as contract liabilities, certain annual plans for airtime, which are paid in advance. Once airtime services are incurred, they are recognized as revenue. Unbilled revenue is recognized for airtime plans whereby the customer is invoiced for its data usage the following month after services are incurred.

Healthcare revenue:

The Company recognizes pharmacy revenue and 340B contract revenue from dispensing prescription drugs at the time the drugs are physically delivered to a customer or when a customer picks up their prescription or purchases merchandise at the store, which is the point in time when control transfers to the customer. Each prescription claim is considered an arrangement with the customer and is a separate performance obligation. Payments are received directly from the customer at the point of sale, or the customers' insurance provider is billed electronically. For third-party medical insurance and other claims, authorization is obtained to ensure payment from the customer's insurance provider before the medication is dispensed to the customer. Authorization is obtained for these sales electronically and a corresponding authorization number is issued by the customers' insurance provider.

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

The Company recognizes COVID-19 testing revenue when the tests are performed and results are delivered to the customer. Each test is considered an arrangement with the customer and is a separate performance obligation. Payment is generally received in advance from the customer.

The following table disaggregates net revenues by categories (in thousands):

	Three Months Ended March 31,	
	2024	**2023**
Sales of products, net:		
Pharmacy prescription and other revenue, net of PBM fees	$ 11,324	$ -
e-Commerce revenue	2,865	2,876
Sub total	14,189	2,876
Revenues from services:		
Pharmacy 340B contract revenue	3,304	-
Revenues, net	$ 17,493	$ 2,876

Note 6. Loss per Share

Net income (loss) per common share is calculated in accordance with Accounting Standards Codification ("ASC") Topic 260: Earnings per Share ("ASC 260"). Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. The computation of diluted net loss per share does not include dilutive common stock equivalents in the weighted average shares outstanding as they would be anti-dilutive. In periods where the Company has a net loss, all dilutive securities are excluded.

The components of basic and diluted EPS were as follows (in thousands, except per share data).

	Three Months Ended March 31,	
	2024	**2023**
Net loss attributable to NextPlat Corp common shareholders	$ (1,481)	$ (1,187)
Basic weighted average common shares outstanding	18,725	14,415
Potentially dilutive common shares	-	-
Diluted weighted average common shares outstanding	18,725	14,415
Weighted average loss per common share - basic and diluted	$ (0.08)	$ (0.08)
Potentially dilutive common shares excluded from the calculation of diluted weighted average loss per common share:		
Stock options	105	100
	105	100

Note 7. Accounts Receivable

At March 31, 2024 and December 31, 2023, accounts receivable consisted of the following (in thousands):

	March 31, 2024 (Unaudited)	**December 31, 2023 (Audited)**
Gross accounts receivable – trade	$ 13,202	$ 9,195
Less: allowance for doubtful accounts	(274)	(272)
Accounts receivable – trade, net	$ 12,928	$ 8,923

The Company increased the allowance for credit losses in the amount of approximately $2,000 and $0 for the three months ended March 31, 2024 and 2023, respectively.

Accounts receivable – trade, net for the Company as of January 1, 2023 and March 31, 2023 were approximately $0.4 million and $1.0 million, respectively.

Note 8. Inventory

At March 31, 2024 and December 31, 2023, inventory consisted of the following (in thousands):

	March 31, 2024 (Unaudited)	**December 31, 2023 (Audited)**
Finished goods	$ 5,670	$ 5,195
Less reserve for obsolete inventory	(60)	(60)
Total	$ 5,610	$ 5,135

Note 9. VAT Receivable

On January 1, 2021, VAT rules relating to imports and exports between the UK and EU changed as a result of the UK's departure from the EU. As of March 31, 2024 and December 31, 2023, the Company recorded a receivable in the amount of approximately $357,000 and $342,000, respectively, for amounts available to reclaim against the tax liability from UK and EU countries.

Note 10. Prepaid Expenses

Prepaid expenses current and long term amounted to approximately $404,000 and $61,000, respectively at March 31, 2024, as compared to $640,000 and $61,000, respectively at December 31, 2023. Prepaid expenses include prepayments in cash for accounting fees, public company expenses, insurance, which are being amortized over the terms of their respective agreements, as well as cost associated with certain contract liabilities. The current portion consists of costs paid for future services which will occur within a year.

Note 11. Property and Equipment, net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Building	$ 2,116	$ 2,116
Vehicles	585	595
Office furniture and fixtures	543	527
Land	184	184
Leasehold improvements	167	124
Computer equipment	117	117
Rental equipment	63	60
Appliques	2,160	2,160
Website development	611	587
Construction in progress	-	22
Property and equipment gross	6,546	6,492
Less: accumulated depreciation	(2,700)	(2,503)
Property and equipment, net	$ 3,846	$ 3,989

Depreciation expense was approximately $203,000 and $155,000 for the three months ended March 31, 2024 and 2023, respectively.

NEXTPLAT CORP AND SUBSIDIARIES
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Note 12. Intangible Assets, net

Intangible assets, net consisted of the following (in thousands):

	March 31, 2024 (Unaudited)		
	Gross amount	Accumulated amortization	Net Amount
Pharmacy records	$ 8,130	$ (1,219)	$ 6,911
Trade names	4,700	(353)	4,347
Developed technology	2,880	(432)	2,448
Customer Contracts	250	(231)	19
Total intangible assets	$ 15,960	$ (2,235)	$ 13,725

	December 31, 2023 (Audited)		
	Gross amount	Accumulated amortization	Net Amount
Pharmacy records	$ 8,130	$ (807)	$ 7,323
Trade names	4,700	(224)	4,476
Developed technology	2,880	(281)	2,599
Customer Contracts	250	(225)	25
Total intangible assets	$ 15,960	$ (1,537)	$ 14,423

Amortization of customer contracts is included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Comprehensive Income (Loss). For the three months ended March 31, 2024 and 2023, the Company recognized amortization expense of approximately $0.7 million and $0.01 million, respectively. Future amortization of intangible assets is as follows:

Year	Amount
2024 (remaining nine months)	$ 2,023
2025	2,672
2026	2,672
2027	2,672
2028	1,571
Thereafter	2,115
Total	$ 13,725

Note 13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following (in thousands):

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable	$ 13,978	$ 12,142
Accrued wages and payroll liabilities	378	200
Accrued PBM fees	366	571
Customer deposits payable	54	76
Accrued other liabilities	117	187
Total	$ 14,893	$ 13,176

Note 14. Notes Payable

Notes payable consisted of the following (in thousands):

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
A. Mortgage note payable - commercial bank - collateralized	$ 1,118	$ 1,140
B. Note payable - uncollateralized	25	25
C. Notes payable - collateralized	229	255
Insurance premiums financing	26	103
Subtotal	1,398	1,523
Less: current portion of notes payable	(233)	(312)
Long-term portion of notes payable	$ 1,165	$ 1,211

(A) Mortgage Note Payable – collateralized

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

(B) Note Payable – Uncollateralized

As of March 31, 2024 the uncollateralized note payable represents a non-interest-bearing loan that is due on demand from an investor.

(C) Notes Payable – Collateralized

On July 16, 2020 (the "Issue Date"), GTC, entered into a Coronavirus Interruption Loan Agreement ("Debenture") by and among the Company and HSBC UK Bank PLC (the "Lender") for an amount of £250,000, or USD $338,343 at an exchange rate of GBP: USD of 1.3533720. The Debenture bears interest beginning July 16, 2021, at a rate of 4.0% per annum over the Bank of England Base Rate (0.1% as of July 16, 2020), payable monthly on the outstanding principal amount of the Debenture. The Debenture has a term of 6 years from the date of drawdown, July 15, 2026, the "Maturity Date". The first repayment of £4,166.67 (exclusive of interest) was made 13 month(s) after July 16, 2020. Voluntary prepayments are allowed with 5 business days' written notice and the amount of the prepayment is equal to 10% or more of the limit or, if less, the balance of the debenture. The Debenture is secured by all GTC's assets as well as a guarantee by the UK government. The proceeds from the Debenture were used for general corporate and working capital purposes. The Debenture includes customary events of default, including, among others: (i) non-payment of amounts due thereunder, (ii) non-compliance with covenants thereunder, (iii) bankruptcy or insolvency (each, an "Event of Default"). Upon the occurrence of an Event of Default, the Debenture becomes payable upon demand.

In April 2021, Progressive Care entered into a note obligation with a commercial lender, the proceeds from which were used to purchase pharmacy equipment in the amount of approximately $30,000. During September 2021, pharmacy equipment was returned since the installation was cancelled and the note was amended. The amended promissory note payable requires 46 monthly payments of $331, including interest at 6.9%. The balance outstanding as of March 31, 2024 and December 31, 2023 on the note payable was approximately $5,000 and $6,500, respectively.

In July 2022, Progressive Care entered into a note obligation with a commercial lender, the proceeds from which were used to purchase pharmacy equipment in the amount of approximately $90,000. The terms of the promissory note payable require 60 monthly payments of $1,859, including interest at 8.78% starting January 2023. The balance outstanding on the note payable was approximately $70,000 and $74,000 as of March 31, 2024 and December 31, 2023, respectively.

In September 2022, Progressive Care entered into a note obligation with a commercial lender, the proceeds from which were used to purchase a vehicle in the amount of approximately $25,000. The terms of the promissory note payable require 24 monthly payments of $1,143, including interest at 8.29% starting October 2022. The balance outstanding on the note payable was approximately $7,000 and $10,000 as of March 31, 2024 and December 31, 2023, respectively.

Principal outstanding as of March 31, 2024, is expected to be repayable as follows (in thousands):

Year	Amount
2024 (remaining nine months)	$ 187
2025	215
2026	119

2027		124
2028		753
Thereafter		-
Total	$	1,398

NEXTPLAT CORP AND SUBSIDIARIES
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Note 15. Equity

Preferred Stock

We have authorized 3,333,333 shares of $0.0001 par value of preferred stock. No preferred stock was outstanding for any year presented. As of March 31, 2024, there were no shares of preferred stock issued and outstanding.

Common Stock

We have authorized 50,000,000 shares of $0.0001 par value common stock. As of March 31, 2024, 18,724,596 shares of common stock were issued and outstanding.

Listing on the Nasdaq Capital Market

Our common stock and warrants have been trading on the Nasdaq Capital Market under the symbols “NXPL” and “NXPLW,” respectively, since January 21, 2022. Prior to January 21, 2022, our common stock and warrants were traded on the Nasdaq Capital Market under the symbols “OSAT” and “OSATW,” respectively.

April 2023 Private Placement of Common Stock

On April 5, 2023, the Company entered into a securities purchase agreement (the “Purchase Agreement”) with an accredited investor (the “Investor”) for the sale by the Company in a private placement of 3,428,571 shares of the Company’s common stock, $0.0001 par value per share (the “Common Stock”). The offering price of the Common Stock was $1.75 per share, the closing price of the Common Stock on April 4, 2023. On April 11, 2023, the Private Placement closed. Upon the closing of the Private Placement, the Company received gross proceeds of approximately $6.0 million. The Company sold the Common Stock to the Investor in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act and corresponding provisions of state securities or “blue sky” laws. The Investor represented that it is acquiring the Common Stock for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. Accordingly, the Common Stock has not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

For the three months ended March 31, 2024 and 2023, stock-based compensation expense recognized in selling, general and administrative expenses was approximately $0.6 million and $0.2 million, respectively. There were no income tax benefits recognized from stock-based compensation during the three months ended March 31, 2024 and 2023 due to cumulative losses and valuation allowances.

Note 16. Related Party Transactions

On July 12, 2022, the Company hired Lauren Sturges Fernandez, the spouse of Mr. Fernandez, as Manager of Digital Assets. Mrs. Fernandez is an at-will employee with an annual salary of $95,000. On September 22, 2022, Mrs. Fernandez’s title was changed to Chief of Staff and Special Assistant to the Chairman of the Board, with no change to her salary. Previously Mrs. Fernandez was a consultant and earned compensation for her services of $10,995 for the year ended December 31, 2022. In April 2023, Mrs. Fernandez’s annual salary increased to $125,000, which was approved by the Board of Directors.

Progressive Care Inc. Following the consummation of the Company’s investment in Progressive Care Inc. on September 2, 2022, our Chairman and Chief Executive Officer, Charles M. Fernandez, and our board member, Rodney Barreto, were appointed to Progressive Care’s Board of Directors, with Mr. Fernandez appointed to serve as Chairman of Progressive Care’s Board of Directors and Mr. Barreto appointed to serve as a Vice Chairman of Progressive Care’s Board of Directors. On November 11, 2022, the Progressive Care board of directors elected Mr. Fernandez as the Chief Executive Officer of Progressive Care. In addition, on September 2, 2022, NextPlat, Messrs. Fernandez and Barreto and certain other purchasers purchased from Iliad Research and Trading, L.P. (“Iliad”) a Secured Convertible Promissory Note, dated March 6, 2019, made by Progressive Care to Iliad (the “Note”). The accrued and unpaid principal and interest under the note at the time of the purchase was approximately $2.8 million. The aggregate purchase price paid to Iliad for the Note was $2.3 Million of which NextPlat contributed $1.0 million and Messrs. Fernandez and Barreto contributed $400,000 each (the “Note Purchase”). In connection with the Note Purchase, NextPlat, Messrs. Fernandez and Barreto and the other purchasers of the Note entered into a Debt Modification Agreement with Progressive Care. In consideration of the concessions in the Debt Modification Agreement, Progressive Care issued 105,000 shares of its common stock to the purchasers of the Note, of which NextPlat, Charles Fernandez and Rodney Barreto, received 45,653, 18,261, and 18,261 shares, respectively, in each case after giving effect to a 1-for-200 reverse stock split enacted by Progressive Care on December 30, 2022.

On February 1, 2023, the Company entered into a Management Services Agreement with Progressive Care Inc. (“Progressive Care”) to provide certain management and administrative services to Progressive Care for a $25,000 per month fee. During May 2023 the management fee was reduced to $20,000 per month. During the three months ended March 31, 2023, the Company received approximately $50,000 from Progressive Care as management fees. The management fees in the amount of approximately $60,000 for the three months ended March 31, 2024 are eliminated as a result of the Progressive Care consolidation as of July 1, 2023.

On May 5, 2023, the Company entered into an Securities Purchase Agreement ("SPA") with Progressive Care Inc., pursuant to which the Company agreed to purchase 455,000 newly issued Units of securities from Progressive Care at a price per Unit of $2.20 for an aggregate purchase price of $1.0 million (the “Unit Purchase”). Each Unit consists of one share of common stock, par value $0.0001 per share, Common Stock and one common stock purchase warrant to purchase a share of Common Stock (the “PIPE Warrants”)

On May 9, 2023, pursuant to the Debt Conversion Agreement ("DCA"), the Company received 570,599 shares, Charles M. Fernandez received 228,240 shares, and Rodney Barreto received 228,240 shares. To induce the approval of the debt conversion pursuant to the DCA, Messrs. Fernandez and Barreto received Inducement Warrants to purchase 190,000 and 30,000 shares of Common Stock, respectively. In addition, the Company and Messrs. Fernandez and Barreto also received a common stock purchase warrant to purchase one share of Common Stock for each share of Common Stock they received upon conversion of the Note.

On July 1, 2023, the Company, Charles M. Fernandez, and Rodney Barreto exercised common stock purchase warrants and were issued common stock shares by Progressive Care (the "RXMD Warrants"). The Company exercised common stock purchase warrants on a cashless basis and was issued 402,269 common stock shares. The Company also exercised common stock purchase warrants on a cash basis and paid consideration in the amount of $506,000 and was issued 230,000 common stock shares. Mr. Fernandez exercised common stock purchase warrants on a cashless basis and was issued 211,470 common stock shares. Mr. Barreto exercised common stock purchase warrants on a cashless basis and was issued 130,571 common stock shares. After the exercise of the RXMD Warrants, NextPlat and Messrs. Fernandez and Barreto collectively owned approximately 53% of Progressive Care's voting common stock.

Also, on July 1, 2023, NextPlat and Messrs. Fernandez and Barreto, entered into a voting agreement whereby at any annual or special shareholders meeting of Progressive Care's stockholders, and whenever the holders of Progressive Care's common stock act by written consent, Messrs. Fernandez and Barreto agreed to vote all of the shares of Progressive Care common stock (including any new shares acquired after the date of the voting agreement or acquired through the conversion of securities convertible into Progressive Care common stock) that they own, directly or indirectly, in the same manner that NextPlat votes its shares of Progressive Care common stock. The voting agreement is irrevocable and perpetual in term.

Next Borough Capital Fund, LP. On July 7, 2023, the Company entered into an unsecured promissory note agreement with Next Borough Capital Management, LLC ("the Borrower"), whereby the Company loaned $250,000 to the Borrower. The note bears interest at an annual rate of 7%. The outstanding principal balance of the note plus all accrued unpaid interest is due and payable on July 7, 2024, the Maturity Date. Each of the Company, Charles M. Fernandez, Robert D. Keyser, Jr., eAperion Partners, LLC and a revocable trust of Rodney Barreto are members of the Borrower. The balance outstanding on the note as of March 31, 2024 and December 31, 2023 was approximately $260,000 and $256,000, respectively. The note is recorded in Notes Receivable Due From Related Party on the Balance Sheets.

Note 17. Commitments and Contingencies

Litigation

On June 22, 2021, Thomas Seifert's employment as the Company's Chief Financial Officer was terminated for cause. Mr. Seifert asserts that the termination was not for cause and that he is owed compensation payable under his June 2, 2021 employment agreement. The Company's position is that Mr. Seifert is not owed any additional compensation relating to his prior service with the Company or arising under any employment agreement. The Company and Mr. Seifert are currently engaged in litigation over the matter of his employment and termination. The Company believes it has adequate defenses to Mr. Seifert's claims and has asserted affirmative claims for relief against Mr. Seifert including, but not limited to, breach of the employment agreement, breach of his fiduciary duties, fraud in the inducement in connection with the employment agreement, fraudulent misrepresentation, and constructive fraud. A detailed recitation of the Company's factual allegations supporting these claims can be found in the Company's Second Amended Complaint, filed June 21, 2022. The Company does not expect to seek substantial monetary relief in the litigation. This dispute is pending before the District Court for the Southern District of Florida under Case No. 1:21-cv-22436-DPG.

On July 5, 2022, Mr. Seifert moved to dismiss NextPlat's Second Amended Complaint, and filed a Counterclaim against the Company and its Chief Executive Officer, Charles M. Fernandez. In his Counterclaim, Mr. Seifert seeks legal remedies in connection with the Company's June 22, 2021, termination of his employment. Mr. Seifert also claims Retaliatory Discharge under Florida's Private Whistleblower Act, Defamation, and Negligent Misrepresentation.

A jury trial is set to occur during the trial court's two-week trial calendar, starting August 21, 2024.

From time to time, the Company may become involved in litigation relating to claims arising out of our operations in the normal course of business. The Company is not currently involved in any pending legal proceeding or litigation, and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which the Company is a party or to which any of the Company's properties is subject, which would reasonably be likely to have a material adverse effect on the Company's business, financial condition and operating results.

Note 18. Leases

The Company has entered into a number of lease arrangements under which the Company is the lessee. These leases are classified as operating leases. In addition, the Company has elected the short-term lease practical expedient in ASC Topic 842 related to real estate leases with terms of one year. The following is a summary of the Company's lease arrangements.

Finance Lease Agreements

In May 2018, Progressive Care entered into a finance lease obligation to purchase pharmacy equipment with a cost of approximately $115,000. The terms of the lease agreement require monthly payments of $1,678 plus applicable tax over 84 months ending March 2025 including interest at the rate of 6%.

Operating Lease Agreements

Right of use ("ROU") assets for operating leases are periodically reduced by impairment losses. We use the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize. As of March 31, 2024 and December 31, 2023, we have recognized impairment losses for ROU assets of approximately $132,000 and $0, respectively.

We monitor for events or changes in circumstances that require a reassessment of one of our leases. When a reassessment results in the re-measurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

On December 2, 2021, Nextplat entered into a 62-month lease for 4,141 square feet of office space in Florida ("Florida lease"), for $186,345 annually. The rent increases 3% annually. The lease commenced upon occupancy on June 13, 2022, and will expire on August 31, 2027. The Florida lease does not require any contingent rental payments, impose any financial restrictions, or contain any residual value guarantees. Variable expenses generally represent the Company's share of the landlord's operating expenses.

For our facilities in Poole, England, we rent office and warehouse space of approximately 2,660 square feet for £30,000 annually or approximately USD $37,107, based on a yearly average exchange rate of 1.24 GBP: USD. The Poole lease was renewed on October 6, 2022, and expired October 31, 2023 and renewed for an additional twelve months.

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

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

Progressive Care also leases its Palm Beach County pharmacy locations under operating lease agreements expiring in February 2025.

Note 19. Reportable Segments

The Company has two reportable segments: (i) e-Commerce Operations, which involves acquiring and leasing, primarily an e-commerce platform to collaborate with businesses to optimize their ability to sell their goods online, domestically, and internationally, and enabling customers and partners to optimize their e-commerce presence and revenue, and other related businesses and (ii) Healthcare Operations, which provides TPA, data management, COVID-19 related diagnostics and vaccinations, prescription pharmaceuticals, compounded medications, telepharmacy services, anti-retroviral medications, medication therapy management, the supply of prescription medications to long-term care facilities, medication adherence packaging, contracted pharmacy services for 340B covered entities under the 340B Drug Discount Pricing Program, and health practice risk management.

The Company evaluates the performance of each of the segments based on profit or loss after general and administrative expenses. While the Company believes there are synergies between the two business segments, the segments are managed separately because each requires different business strategies.

The following tables present a summary of the reportable segments (in thousands):

For the Three Months Ended March 31, 2024	e-Commerce Operations	Healthcare Operations	Eliminations	Total
Pharmacy prescription and other revenue, net of PBM fees	$ -	$ 11,324	$ -	$ 11,324
e-Commerce revenue	2,865	-	-	2,865
Pharmacy 340B contract revenue	-	3,304	-	3,304
Revenues, net	$ 2,865	$ 14,628	$ -	$ 17,493
Expenses:				
Cost of revenue	2,060	10,623	-	12,683
Selling, general and administrative	1,166	899	(60)	2,005
Salaries, wages and payroll taxes	508	2,116	-	2,624
Impairment loss	-	132	-	132
Professional fees	507	478	-	985
Depreciation and amortization	130	776	-	906
	4,371	15,024	(60)	19,335
Loss before other (income) expense	(1,506)	(396)	60	(1,842)
Other (expense) income	(203)	(25)	(60)	(168)
Loss before income taxes	(1,303)	(371)	-	(1,674)
Income taxes	(27)	-	-	(27)
Net loss	$ (1,330)	$ (371)	$ -	$ (1,701)

For the Three Months Ended March 31, 2023	e-Commerce Operations	Healthcare Operations	Eliminations	Total
Pharmacy prescription and other revenue, net of PBM fees	$ -	$ -	$ -	$ -
e-Commerce revenue	2,876	-	-	2,876
Pharmacy 340B contract revenue	-	-	-	-
Revenues, net	$ 2,876	$ -	$ -	$ 2,876
Expenses:				
Cost of revenue	2,255	-	-	2,255
Selling, general and administrative	788	-	-	788
Salaries, wages and payroll taxes	588	-	-	588
Professional fees	321	-	-	321
Depreciation and amortization	162	-	-	162
	4,114	-	-	4,114
Loss before other (income) expense	(1,238)	-	-	(1,238)
Other (expense) income	(83)	-	-	(83)
Loss before income taxes	(1,155)	-	-	(1,155)
Income taxes	-	-	-	-
Loss before equity method investment	(1,155)	-	-	(1,155)
Equity in net loss of affiliate	(32)	-	-	(32)
Net loss	$ (1,187)	$ -	$ -	$ (1,187)

	e-Commerce Operations	Healthcare Operations	Eliminations	Total
Total assets as of March 31, 2024	$ 40,342	$ 41,398	$ (16,679)	$ 65,061
Total assets as of December 31, 2023	$ 40,764	$ 40,384	$ (16,679)	$ 64,469

NEXTPLAT CORP AND SUBSIDIARIES
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Note 20. Concentrations

e-Commerce operations concentrations:

Customers:

Sales to customers through Amazon accounted for 39.9% and 57.2% of the Company’s revenues during the three months ended March 31, 2024 and 2023, respectively. No other customer accounted for 10% or more of the Company’s revenues for either period.

Suppliers:

The following table sets forth information as to each supplier that accounted for 10% or more of the Company’s purchases for the three months ended March 31, 2024 and 2023 (in thousands, unaudited).

	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
Globalstar Europe	$ 213	10.2%	$ -	-%
Garmin	$ 301	14.3%	$ 594	20.9%
Iridium Satellite	$ 270	27.2%	$ -	-%

Geographic:

The following table sets forth revenue as to each geographic location, for the (in thousands, unaudited):

	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
Europe	$ 1,430	49.9%	$ 2,063	71.7%
North America	523	18.3%	586	20.4%
South America	23	0.8%	9	0.3%
Asia and Pacific	413	14.4%	159	5.5%
Africa	476	16.6%	59	2.1%
	$ 2,865	100%	$ 2,876	100%

Healthcare operations concentrations:

Suppliers:

Progressive Care had significant concentrations with one vendor. The purchases from this significant vendor were 98% of total vendor purchases for the three months ended March 31, 2024.

Customers:

Progressive Care s trade receivables are primarily from prescription medications billed to various insurance providers. Ultimately, the insured is responsible for payment should the insurance company not reimburse Progressive Care.

Progressive Care derives a significant portion of sales from prescription drug sales reimbursed through prescription drug plans administered by pharmacy benefit managers (“PBM”) companies. Prescription reimbursements from our three most significant PBMs were as follows:

	Three Months Ended March 31, 2024
A	33%
B	21%
C	16%

Note 21. Subsequent Events

Acquisition of Outfitter Satellite

On March 25, 2024, the Company entered into a Stock Purchase Agreement with James T. McKinley ("Seller"), pursuant to which the Company agreed to purchase all of the issued and outstanding shares of common stock of Outfitter Satellite, Inc. ("Outfitter") in an all-cash transaction for an aggregate purchase price of $760,000.00, subject to certain adjustments (the "Aggregate Consideration").

The closing of the transaction occurred on April 1, 2024

At the closing, $660,000.00 of the Aggregate Consideration was paid to Mr. McKinley with the remaining $100,000.00 to be paid upon delivery of Outfitter's audited financial statements for the 2022 and 2023 fiscal years.

Outfitter provides consumers, commercial and government customers, with advanced satellite-based connectivity solutions from leading brands, including Iridium, Inmarsat and Globalstar.

RXMD Merger

On April 12, 2024, the Company entered into a Merger Agreement and Plan of Reorganization (the "Merger Agreement") with Progressive Care, and Progressive Care LLC, a Nevada limited liability company and a direct, wholly owned subsidiary of the Company ("Merger Sub"). Pursuant to the terms of the Merger Agreement, The Company, Progressive Care and Merger Sub will enter into a business combination transaction pursuant to which Progressive Care will merge with and into Merger Sub (the "Merger"), with Merger Sub being the surviving entity of the Merger.

On April 9, 2024, Progressive Care entered into lock-up agreements with each of its directors and executive officers: Pamela Roberts, Jervis Bennet Hough, Pedro Rodriguez, Joseph Ziegler, Anthony Armas, and Elizabeth Alcaine (the "Company Lock-Up Agreements"). Additionally, separate lock-up agreements were established between Progressive Care and the following directors and executive officers of NextPlat: David Phipps, Douglas Ellenoff, Robert Bedwell, Hector Delgado, Kendall Carpenter, Louis Cusimano, John E. Miller, and Maria Cristina Fernandez (the "Parent Lock-Up Agreements"). Notably, individuals serving roles in both the Progressive Care and NextPlat, such as Charles M. Fernandez, Cecile Munnik, and Rodney Barreto, were covered by a single lock-up agreement with Progressive Care relating to each of their shares in both Progressive Care and NextPlat (the "Hybrid Lock-Up Agreements", together with the Company Lock-Up Agreements and Parent Lock-Up Agreements, the "Lock-Up Agreements"). All Lock-Up Agreements prohibit the aforementioned stockholders from selling, transferring, acquiring or purchasing any of the securities of either Progressive Care or NextPlat during the period between the signing of the Merger Agreement and the closing of the Merger. Notwithstanding the Lock-Up Agreements, the directors of Progressive Care will continue to receive any shares of Progressive Care Common Stock payable to such director as compensation pursuant to the terms of his or her director services agreement. There are no family relationships between Maria Cristina Fernandez and Charles M. Fernandez.

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

The following information should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto contained elsewhere in this report. Statements made in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in this quarterly report on Form 10-Q that do not consist of historical facts, are "forward-looking statements." Statements accompanied or qualified by, or containing words such as "may," "will," "should," "believes," "expects," "intends," "plans," "projects," "estimates," "predicts," "potential," "outlook," "forecast," "anticipates," "presume," and "assume" constitute forward-looking statements, and as such, are not a guarantee of future performance. The statements involve factors, risks and uncertainties, the impact or occurrence of which can cause actual results to differ materially from the expected results described in such statements. Risks and uncertainties can include, among others, fluctuations in general business cycles and changing economic conditions; changing product demand and industry capacity; increased competition and pricing pressures; advances in technology that can reduce the demand for the Company's products, as well as other factors, many or all of which may be beyond the Company's control. Consequently, investors should not place undue reliance upon forward-looking statements as predictive of future results. The Company disclaims any obligation to update the forward-looking statements in this report.

You should consider the risks and difficulties frequently encountered by early-stage companies, particularly those engaged in new and rapidly evolving markets and technologies. Our limited operating history provides only a limited historical basis to assess the impact that critical accounting policies may have on our business and our financial performance.

We encourage you to review our periodic reports filed with the SEC and included in the SEC's EDGAR database, including our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 11, 2024, and our subsequent public filings with the SEC. We encourage you to review Progressive Care Inc. periodic reports filed with the SEC and included in the SEC's EDGAR database, including our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 11, 2024, and their subsequent public filings with the SEC.

Overview

Business acquisition of Progressive Care Inc.

On August 30, 2022, NextPlat entered into a Securities Purchase Agreement (the "SPA") between NextPlat and Progressive Care, under which NextPlat, its Executive Chairman and Chief Executive Officer, Charles M. Fernandez, board member, Rodney Barreto, and certain other investors invested an aggregate of $8.3 million into Progressive Care. In connection with the SPA, NextPlat purchased 3,000 newly issued Units of Progressive Care valued at $6 million, with each Unit comprised of one share of Progressive Care's Series B Convertible Preferred Stock, $0.001 par value, and one Investor Warrant to purchase a share of Series B Convertible Preferred Stock at an exercise price of $2,000 The Investor Warrants may also be exercised, in whole or in part, by means of a cashless exercise. The Convertible Preferred Stock has a stated value of $2,000 per share and each Preferred Stock share has the equivalent voting rights of 500 common stock shares (after giving effect to the Reverse Stock Split described below). Each share of Series B Convertible Preferred Stock is convertible at any time at the option of the holder into shares of Progressive Care Common Stock shares determined by dividing the stated value by the conversion price which is $4.00 (after giving effect to the Reverse Stock Split described below).

In addition, on August 30, 2022, NextPlat Corp, Messrs. Fernandez and Barreto, and certain other investors (collectively, the "NextPlat Investors") entered into a Modification Agreement wherein the terms were modified for an existing Secured Convertible Promissory Note (the "Note") originally held by a third party note holder and sold to the NextPlat Investors. The NextPlat Investors purchased the Note as part of a Confidential Note Purchase and Release Agreement between the former note holder and the NextPlat Investors. As of the date of the SPA, the aggregate amount of principal and interest outstanding on the Note was approximately $2.8 million. As part of the Modification Agreement, various terms of the Note were modified, among them, the Conversion Price for the Note was modified to a fixed price of $4.00 per share of common stock (after giving effect to the Reverse Stock Split described below). In addition, the Note was modified to provide for mandatory conversion upon the later to occur of (a) the completion of the Company's reverse stock split, and (b) the listing of the Company's common stock on a national exchange, including the Nasdaq Capital Market, the Nasdaq Global Market, or the New York Stock Exchange. Also, pursuant to the SPA, Messrs. Fernandez and Barreto were nominated for election to Progressive Care's Board of Directors.

On September 13, 2022, the Progressive Care Board of Directors appointed Charles M. Fernandez as Chairman of the Board of Directors and Rodney Barreto as the Vice Chairman of the Board of Directors. In connection with these appointments, Alan Jay Weisberg, Progressive Care's current Chairman and Chief Executive Officer, was appointed to serve as a Vice Chairman. On September 12, 2022, two of Progressive Care's Directors, Birute Norkute and Oleg Firer, resigned as Directors. On October 7, 2022, the Progressive Care Board of Directors unanimously voted to approve the appointment of Pedro Rodriguez, MD to the Board. Dr. Rodriguez was nominated to the Progressive Care Board by NextPlat.

On November 11, 2022, Mr. Weisberg resigned from his positions as Progressive Care's Chief Executive Officer and co-Vice-Chairman of the Board of Directors. On the same date, the Board appointed Mr. Fernandez to serve as the new Chief Executive Officer immediately.

On December 29, 2022, Progressive Care filed a Certificate of Amendment to Articles of Incorporation (the "Amendment to Articles") with the Secretary of State of the State of Delaware. Pursuant to the Amendment to Articles, each 200 shares of Progressive Care's common stock outstanding was converted into one share of common stock (the "Reverse Stock Split") and the number of shares of common stock that Progressive Care is authorized to issue was reduced to 100 million (the "Reduction in Authorized Stock"). The Reverse Stock Split and the Reduction in Authorized Stock were approved by the Progressive Care Board of Directors and the shareholders.

On May 5, 2023, NextPlat entered into a Securities Purchase Agreement (the "SPA") with Progressive Care, pursuant to which NextPlat purchased 455,000 newly issued units of securities from Progressive Care (the "Units") at a price per Unit of $2.20 for an aggregate purchase price of $1 million (the "Unit Purchase"). Each Unit consisted of one share of common stock, par value $0.0001 per share, of Progressive Care and one warrant to purchase a share of common stock (the "PIPE Warrants"). The PIPE Warrants have a three-year term and are immediately exercisable. Each PIPE Warrant is exercisable at $2.20 per share of common stock. On May 9, 2023, the Companies closed the transactions contemplated in the SPA. Progressive Care received cash proceeds of $880,000, net of placement agent commission of $70,000 and legal fees of $50,000.

Simultaneous with the closing, Progressive Care entered into a Debt Conversion Agreement (the "DCA") with NextPlat and the other holders (the "Holders") of that certain Amended and Restated Secured Convertible Promissory Note, dated as of September 2, 2022, made by the Company in the original face amount of approximately $2.8 million (the "Note"). Pursuant to the DCA, NextPlat and the other Holders agreed to convert the total approximately $2.9 million of outstanding principal and accrued and unpaid interest to Common Stock at a conversion price of $2.20 per share (the "Debt Conversion"). Of the total 1,312,379 shares of Common Stock issued upon conversion of the Note pursuant to the DCA, NextPlat received 570,599 shares, Charles M. Fernandez, the Company's Chairman and Chief Executive Officer, received 228,240 shares, and Rodney Barreto, the Company's Vice-Chairman of the Board of Directors, received 228,240 shares. In addition, each of the Holders also received a warrant to purchase one share of Common Stock for each share of Common Stock they received upon conversion of the Note (the "Conversion Warrants"). The Conversion Warrants have a three-year term and are immediately exercisable. Each Conversion Warrant is exercisable at $2.20 per share of Common Stock. In addition, the Company issued 330,000 warrants to certain existing Progressive Care investors to induce them to approve the transaction contemplated by the SPA (the "Inducement

Warrants"). Charles M. Fernandez and Rodney Barreto received Inducement Warrants to purchase 190,000 and 30,000 shares of Common Stock, respectively. The Inducement Warrants have a three-year term and are immediately exercisable. Each Inducement Warrant is exercisable at $2.20 per share of Common Stock.

On July 1, 2023, NextPlat, along with Messrs. Fernandez and Barreto, exercised common stock purchase warrants and were issued common stock shares by Progressive Care. NextPlat exercised common stock purchase warrants on a cashless basis and was issued 402,269 common stock shares. NextPlat also exercised common stock purchase warrants on a cash basis and paid consideration in the amount of $506,000 and was issued 230,000 common stock shares. Mr. Fernandez exercised common stock purchase warrants on a cashless basis and was issued 211,470 common stock shares. Mr. Barreto exercised common stock purchase warrants on a cashless basis and was issued 130,571 common stock shares. At the time of exercise, all of the above common stock purchase warrants were in-the-money. After the exercise of the common stock purchase warrants, NextPlat, Messrs. Fernandez and Barreto collectively owned approximately 53% of Progressive Care's voting common stock.

Also, on July 1, 2023, NextPlat, along with Messrs. Fernandez and Barreto, entered into a voting agreement whereby at any annual or special shareholders meeting of Progressive Care's stockholders, and whenever the holders of Progressive Care's common stock act by written consent, Messrs. Fernandez and Barreto agreed to vote all of the common stock shares (including any new shares acquired after the date of the voting agreement or acquired through the conversion of securities convertible into Common Stock) that they own, directly or indirectly, in the same manner that NextPlat votes its common stock and equivalents. The voting agreement is irrevocable and perpetual in term.

As a result of the common stock purchase warrant exercises and the entry into the voting agreement, NextPlat concluded that there was a change in control in Progressive Care. As of July 1, 2023, NextPlat has the right to control more than 50 percent of the voting interests in Progressive Care through the concurrent common stock purchase warrant exercises and voting agreement noted above. Beginning on July 1, 2023, the Company changed the accounting method for its investment in Progressive Care, which prior to July 1, 2023 had been accounted for as an equity method investment to consolidation under the voting interest model in FASB ASC Topic 805. Therefore, Progressive Care became a consolidated subsidiary of the Company on July 1, 2023.

e-Commerce Operations:

Leveraging the e-commerce experience of the Company's management team and the Company's existing e-commerce platforms, the Company has embarked upon the rollout of a state-of-the-art e-commerce platform to collaborate with businesses to optimize their ability to sell their goods online, domestically, and internationally, and enabling customers and partners to optimize their e-commerce presence and revenue, which we expect will become the focus of the Company's business in the future. Historically, the business of NextPlat has been the provision of a comprehensive array of Satellite Industry communication services, and related equipment sales. The Company operates two main e-commerce websites as well as 25 third-party e-commerce storefronts such as Alibaba, Amazon and Walmart. These e-Commerce venues form an effective global network serving thousands of consumers, enterprises, and governments. NextPlat has announced its intention to broaden its e-commerce platform and is implementing comprehensive systems upgrades to support this initiative.

e-Commerce transaction volumes at the Company's owned and operated websites in the UK and Unites States continued to grow throughout the third quarter setting monthly performance records.

Healthcare Operations:

Progressive Care, through its wholly owned subsidiaries, currently owns and operates five pharmacies, which generate most of its pharmacy revenues, which is derived from dispensing medications to their patients. Progressive Care also provides patient health risk reviews and free same-day delivery.

Progressive Care provides TPA, data management, COVID-19 related diagnostics and vaccinations, prescription pharmaceuticals, compounded medications, telepharmacy services, anti-retroviral medications, medication therapy management, the supply of prescription medications to long-term care facilities, medication adherence packaging, contracted pharmacy services for 340B covered entities under the 340B Drug Discount Pricing Program, and health practice risk management. Progressive Care are focused on improving the lives of patients with complex chronic diseases through a patient and provider engagement and their partnerships with payors, pharmaceutical manufacturers, and distributors. Progressive Care offer a broad range of solutions to address the dispensing, delivery, dosing, and reimbursement of clinically intensive, high-cost drugs.

Progressive Care's pharmacies also provides contracted pharmacy services for 340B covered entities under the 340B Drug Discount Pricing Program. Under the terms of these agreements, Progressive Care's pharmacies act as a pass-through for reimbursements on prescription claims adjudicated on behalf of the 340B covered entities in exchange for a dispensing fee per prescription. These fees vary by the covered entity and the level of services provided by Progressive Care.

Progressive Care's focus is on complex chronic diseases that generally require multiyear or lifelong therapy, which drives recurring revenue and sustainable growth. Progressive Care's pharmacy services revenue growth is from expanding their services, new drugs coming to market, new indications for existing drugs, volume growth with current clients, and additions of new customers due to their focus on higher patient engagement, benefit of free delivery to the patient, and clinical expertise. The pharmacies also expanded revenue growth through the signing of new contract pharmacy service and data management contracts with 340B covered entities.

Progressive Care provides data management and TPA services for 340B covered entities, pharmacy analytics, and programs to manage HEDIS Quality Measures including Medication Adherence. These offerings cater to the need for frontline providers to understand best practices, patient behaviors, care management processes, and the financial mechanisms behind these decisions. ClearMetrX provides data access, and actionable insights that providers and support organizations can use to improve their practice and patient care. ClearMetrX's TPA services include management of wholesale accounts, patient eligibility with regard to the 340B drug program, development and review of 340B policies and procedures, and management of receivables.

Critical Accounting Policies and Estimates

The significant accounting policies of the Company were described in Note 1. to the Audited Consolidated Financial Statements included in the Company's Form 10-K for the fiscal year ended December 31, 2023. There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation included in our 2023 Form 10-K. The most recently adopted accounting pronouncements and accounting pronouncements to be adopted by the Company are described in Note 3 in the Notes to our Unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

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

Results of Operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 (in thousands):

	Three Months Ended March 31,			
	2024 (Unaudited)	2023 (Unaudited)	$ Change	% Change
Revenue, net	$ 17,493	$ 2,876	$ 14,617	508%
Cost of revenue	12,683	2,255	10,428	462%
Gross profit	4,810	621	4,189	675%
Operating expenses	6,652	1,859	4,793	258%
Loss before other (income) expense	(1,842)	(1,238)	(604)	49%
Other income	(168)	(83)	(85)	102%
Loss before income taxes	(1,674)	(1,155)	(519)	45%
Income taxes	(27)	-	(27)	-%
Loss before equity method investment	(1,701)	(1,155)	(546)	47%
Equity in net loss of affiliate	-	(32)	32	(100)%
Net income (loss)	(1,701)	(1,187)	(514)	43%
Net loss attributable to non-controlling interest	220	-	220	-%
Net loss attributable to NextPlat Corp.	$ (1,481)	$ (1,187)	$ (294)	25%

For the three months ended March 31, 2024 and 2023, we recognized overall revenue from operations of approximately $17.5 million and $2.9 million, respectively, an overall increase of approximately $14.6 million for the three months ended March 31, 2024, when compared to the three months ended March 31, 2023. The increase in revenue was primarily attributable to an increase of approximately $14.6 million from the healthcare operations as a result of the Progressive Care acquisition on July 1, 2023.

Gross profit margins increased from approximately 21.6% for the three months ended March 31, 2023, to 27.5% for the three months ended March 31, 2024. The increase in gross profit margins during the first quarter of 2024 compared to the same period in 2023, was primarily attributable to the healthcare operations as a result of the Progressive Care acquisition on July 1, 2023.

Loss before other (income) expense increased by approximately $0.6 million for the three months ended March 31, 2024, when compared to the three months ended March 31, 2023, as a result of the increase in gross profit of approximately $4.2 million, partially offset by the increase in operating expenses of approximately $4.8 million. See detailed discussion below.

Revenue

Our revenues were as follows (in thousands):

	Three Months Ended March 31,					
	2024		2023			
	Dollars	% of Revenue	Dollars	% of Revenue	$ Change	% Change
Sales of products, net:						
Pharmacy prescription and other revenue, net of PBM fees	$ 11,324	65%	$ -	-%	$ 11,324	100%
e-Commerce revenue	2,865	16%	2,876	100%	(11)	(0)%
Sub total	14,189	81%	2,876	100%	11,313	393%
Revenues from services:						
Pharmacy 340B contract revenue	3,304	19%	-	-%	3,304	100%
Revenues, net	$ 17,493	100%	$ 2,876	100%	$ 14,617	508%

Sales for the three months ended March 31, 2024, consisted primarily of e-Commerce sales of satellite phones, tracking devices, accessories, airtime plans, and pharmacy prescription, and 340B contract revenues. For the three months ended March 31, 2024, overall revenues were approximately $17.5 million compared to $2.9 million of revenues for the three months ended March 31, 2023, an increase in of approximately $14.6 million or 508.2%.

Total e-Commerce revenues were approximately $2.9 million for both three months ended March 31, 2024 and 2023.

Total pharmacy prescription and 304B contract revenues were approximately $14.6 million for the three months ended March 31, 2024 as a result of the Progressive Care acquisition on July 1, 2023. The pharmacy filled approximately 134,000 prescriptions for the three months ended March 31, 2024

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

Operating Expenses.

	Three Months Ended March 31,			
	2024 (Unaudited)	2023 (Unaudited)	$ Change	% Change
Selling, general and administrative	$ 2,005	$ 788	$ 1,217	154%
Salaries, wages and payroll taxes	2,624	588	2,036	346%
Impairment loss	132	-	132	100%
Professional fees	985	321	664	207%
Depreciation and amortization	906	162	744	459%
Operating expenses	$ 6,652	$ 1,859	$ 4,793	258%

Total operating expenses for the three months ended March 31, 2024, were approximately $6.7 million, an increase of approximately $4.8 million on or 257.8%, from total operating expenses for the three months ended March 31, 2023, of approximately $1.9 million. Factors contributing to the increase are described below.

Selling, general and administrative ("SG&A") expenses were approximately $2.0 million and $0.8 million for the three months ended March 31, 2024 and 2023, respectively, an increase of approximately $1.2 million or 154.4%. The increase for the three months ended March 31, 2024, was mainly attributable to the increase in stock-based compensation of approximately $0.4 million, other operating expenses as it relates to the e-Commerce operations of approximately $0.4 million, and approximately $0.4 million as it relates to operating expenses of the healthcare operations as a result of the Progressive Care acquisition on July 1, 2023.

Salaries, wages and payroll taxes were approximately $2.6 million and $0.6 million for the three months ended March 31, 2024 and 2023, respectively, an increase of approximately $2.0 million or 346.3%. The increase was mainly attributable to the healthcare operations as a result of the Progressive Care acquisition as of July 1, 2023, of approximately $2.1 million, partially offset by a decrease in e-Commerce salaries and wages of approximately $0.1 million.

Professional fees were approximately $1.0 million and $0.3 million for the three months ended March 31, 2024 and 2023, respectively, an increase of approximately $664,000 or 206.9%. The increase was mainly attributable to legal and consulting fees as it relates to the healthcare operations as a result of the Progressive Care acquisition as of July 1, 2023, of approximately $0.4 million, and legal and consulting fees associated with the e-Commerce business of approximately $0.2 million.

Depreciation and amortization expenses were approximately $0.9 million and $0.2 million for the three months ended March 31, 2024 and 2023, respectively, an increase of approximately $0.7 million or 459.3%. The increase was mainly attributable to depreciation and amortization as it relates to the healthcare operations from the Progressive Care acquisition on July 1, 2023, of approximately $0.7 million.

Total Other Income.

Our total other income increased by approximately $0.1 million for the three months ended March 31, 2024 when compared to same period in 2023, and was mainly due to interest received, which was partially offset by unfavorable impact of fluctuations in foreign exchange rates.

Equity Method Investment.

For the three months ended March 31, 2023, we recorded a net loss in the equity of our affiliate, Progressive Care, of approximately $32,000 which was accounted for as an equity method investment. Effective July 1, 2023, Progressive Care became a consolidated subsidiary of the Company, which resulted in a change in the accounting treatment from equity method to consolidation.

Net Loss.

We recorded net losses of approximately $1.7 million and $1.2 million for the three months ended March 31, 2024 and 2023, respectively. The increase was a result of the factors described above.

Comprehensive Loss.

We recorded comprehensive losses for foreign currency translation adjustments of approximately $27,000 and $23,000 for the three months ended March 31, 2024 and 2023, respectively. The change was primarily attributed to exchange rate variances.

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

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. As of March 31, 2024, we had a cash balance of approximately $23.5 million. Our working capital was approximately $29.4 million at March 31, 2024.

Our current assets at March 31, 2024 increased 3.9% from December 31, 2023 primarily due to the Progressive Care consolidation as of July 1, 2023.

Our current liabilities at March 31, 2024 increased approximately $1.7 million from December 31, 2023 primarily due to Progressive Care consolidation as of July 1, 2023.

As of the date of this report, the Company's existing cash resources and existing borrowing availability are sufficient to support planned operations for the next 12 months. As a result, management believes that the existing financial resources are sufficient to continue operating activities for at least one year past the issuance date of the financial statements.

The following table summarizes our cash flows (in thousands):

	For the Three Months Ended March 31,	
	2024	2023
Net change in cash from:		
Operating activities	$ (2,685)	$ (2,067)
Investing activities	(63)	(69)
Financing activities	(1)	(13)
Effect of exchange rate on cash	(32)	(23)
Change in cash	(2,781)	(2,172)
Cash at end of period	$ 23,526	$ 16,719

Cash Flow from Operating Activities

Net cash flows used by operating activities totaled approximately $2.7 million and $2.1 million for the three months ended March 31, 2024 and 2023, respectively, and changed by approximately $0.6 million period over period. The unfavorable change of approximately $0.6 million was primarily attributable to the following:

- unfavorable change in net loss of approximately $0.5 million;
- favorable change in other non-cash items of approximately $1.3 million and include stock-based compensation, amortization, depreciation, impairment loss, and loss in equity of equity method investment;
- unfavorable change in operating assets of approximately $3.1 million and mainly a result of increased accounts receivable and inventory due to the acquisitions of Progressive Care as of July 1, 2023;
- favorable change in operating liabilities of approximately $1.7 million and mainly a result of increased accounts payable due to the acquisition of Progressive Care as of July 1, 2023.

Cash Flow from Investing Activities

Net cash flows used in investing activities were approximately $0.1 million for both three months ended March 31, 2024 and 2023. The cash outflow in 2024 and 2023 was attributable to the purchase of vehicles and equipment.

Cash Flow from Financing Activities

Net cash flows used in financing activities were approximately $1,000 and $13,000 for the three months ended March 31, 2024 and 2023, respectively, and changed by approximately $12,000 period over period. The cash used in financing activities during the three months ended March 31, 2024 and 2023 was primarily attributable to the repayment of notes payable, partially offset by capital contributions received.

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

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to our stockholders.

Our company has not entered into any transaction, agreement or other contractual arrangement with an entity unconsolidated with us under which we have

- an obligation under a guaranteed contract, although we do have obligations under certain sales arrangements including purchase obligations to vendors
- a retained or contingent interest in assets transferred to the unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets,
- any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, or
- any obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by us and material to us where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with us.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures. In accordance with Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (“Exchange Act”) we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness and design of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our CEO and CFO have concluded that as of March 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

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

(c) Changes in internal controls over financial reporting. There has been no change in our internal control over financial reporting during our fiscal quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On June 22, 2021, Thomas Seifert's employment as the Company's Chief Financial Officer was terminated for cause. Mr. Seifert asserts that the termination was not for cause and that he is owed compensation payable under his June 2, 2021 employment agreement. The Company's position is that Mr. Seifert is not owed any additional compensation relating to his prior service with the Company or arising under any employment agreement. The Company and Mr. Seifert are currently engaged in litigation over the matter of his employment and termination. The Company believes it has adequate defenses to Mr. Seifert's claims and has asserted affirmative claims for relief against Mr. Seifert including, but not limited to, breach of the employment agreement, breach of his fiduciary duties, fraud in the inducement in connection with the employment agreement, fraudulent misrepresentation, and constructive fraud. A detailed recitation of the Company's factual allegations supporting these claims can be found in the Company's Second Amended Complaint, filed June 21, 2022. The Company does not expect to seek substantial monetary relief in the litigation. This dispute is pending before the District Court for the Southern District of Florida under Case No. 1:21-cv-22436-DPG.

On July 5, 2022, Mr. Seifert moved to dismiss NextPlat's Second Amended Complaint, and filed a Counterclaim against the Company and its Chief Executive Officer, Charles M. Fernandez. In his Counterclaim, Mr. Seifert seeks legal remedies in connection with the Company's June 22, 2021, termination of his employment. Mr. Seifert also claims Retaliatory Discharge under Florida's Private Whistleblower Act, Defamation, and Negligent Misrepresentation.

A jury trial is set to occur during the trial court's two-week trial calendar, starting August 21, 2024.

From time to time, the Company may become involved in litigation relating to claims arising out of our operations in the normal course of business. The Company is not currently involved in any pending legal proceeding or litigation, and, to the best of our knowledge, no governmental authority is contemplating any proceeding to which the Company is a party or to which any of the Company's properties is subject, which would reasonably be likely to have a material adverse effect on the Company's business, financial condition and operating results.

ITEM 1A. RISK FACTORS.

Investors should carefully consider the risks in the "Risk Factors" in Part 1: Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on April 11, 2024, and our other filings with the SEC. These risks are not the only ones facing the Company. Additional risks not currently known to us or that we currently believe are immaterial may also impair our business operations. Any of these risks could adversely affect our business, cash flows, financial condition, and results of operations. The trading price of our common stock could fluctuate due to any of these risks, and investors may lose all or part of their investment. In assessing these risks, investors should also refer to the other information contained or incorporated by reference in this Quarterly Report on Form 10-Q. There have been no material changes in our risk factors from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

10.1*	Stock Purchase Agreement, dated as of March 25, 2024, by and between NextPlat Corp and James T. McKinley (incorporated by reference from Exhibit 10.1 to the Current Report filed with the SEC on March 29, 2024)
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.ins	Inline XBRL Instance Document
101.sch	Inline XBRL Taxonomy Schema Document
101.cal	Inline XBRL Taxonomy Calculation Document
101.def	Inline XBRL Taxonomy Linkbase Document
101.lab	Inline XBRL Taxonomy Label Linkbase Document
101.pre	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Portions of this document have been omitted because they are not material and are the type that the Company treats as private and confidential.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 15, 2024

NEXTPLAT CORP

By: */s/ Charles M. Fernandez*
Charles M. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

Exhibit 31.1

CERTIFICATIONS

I, Charles M. Fernandez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NextPlat Corp for the quarter ended March 31, 2024;

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

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

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

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

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

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

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

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

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

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

Date: May 15, 2024

/s/ Charles M. Fernandez
Charles M. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Cecile Munnik, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NextPlat Corp for the quarter ended March 31, 2024;

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

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

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

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

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

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

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

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

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

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

Date: May 15, 2024

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

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NextPlat Corp (the "Company") on Form 10-Q for the fiscal period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Fernandez, Chief Executive Officer of the Company, and I, Cecile Munnik, Chief Financial Officer of the Company, duly certify pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: May 15, 2024

By: */s/ Charles M. Fernandez*
Charles M. Fernandez
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.