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 June 30, 2023

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 August 9, 2023
Common Stock, $0.0001 par value	18,699,596

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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 and six months ended June 30, 2023 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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash	$ 20,605,670	$ 18,891,232
Accounts receivable	589,119	383,786
Inventory	2,066,214	1,286,612
Unbilled revenue	175,410	141,702
VAT receivable	432,777	432,769
Prepaid expenses – current portion	347,341	45,679
Total Current Assets	**24,216,531**	**21,181,780**
Property and equipment, net	1,032,006	1,245,802
Right of use assets, net	756,819	854,862
Intangible assets, net	37,500	50,001
Equity method investment	4,820,888	5,260,525
Prepaid expenses – long term portion	49,373	49,078
Total Other Assets	**5,664,580**	**6,214,466**
Total Assets	$ **30,913,117**	$ **28,642,048**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,284,470	$ 1,518,095
Contract liabilities	58,873	36,415
Note payable Coronavirus loans– current portion	63,171	60,490
Due to related party	20,000	28,467
Operating lease liabilities - current	204,465	208,660
Income taxes payable	160,974	94,244
Liabilities from discontinued operations	-	112,397
Total Current Liabilities	**1,791,953**	**2,058,768**
Long Term Liabilities:		
Notes payable Coronavirus – long term	131,607	156,266
Operating lease liabilities – long term	567,071	649,895
Total Liabilities	**2,490,631**	**2,864,929**
Commitments and Contingencies	**-**	**-**
Stockholders' Equity		
Preferred stock ($0.0001 par value; 3,333,333 shares authorized)	-	-
Common stock ($0.0001 par value; 50,000,000 shares authorized, 18,699,596 and 14,402,025 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively)	1,870	1,440
Additional paid-in capital	65,171,061	56,963,200
Accumulated deficit	(36,674,775)	(31,146,804)
Accumulated other comprehensive loss	(75,670)	(40,717)
Total Stockholders' Equity	**28,422,486**	**25,777,119**
Total Liabilities and Stockholders' Equity	$ **30,913,117**	$ **28,642,048**

See accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended June 30, 2023 (Unaudited)	Three Months Ended June 30, 2022 (Unaudited)	Six Months Ended June 30, 2023 (Unaudited)	Six Months Ended June 30, 2022 (Unaudited)
Net sales	$ 2,957,362	$ 2,871,479	$ 5,833,515	$ 6,449,257
Cost of sales	2,113,491	2,304,090	4,368,830	5,080,775
Gross profit	843,871	567,389	1,464,685	1,368,482
Operating expenses:				
Selling, general and administrative	2,519,538	1,160,855	3,308,173	1,735,205
Salaries, wages and payroll taxes	967,756	670,797	1,555,875	1,306,373
Professional fees	543,818	156,990	864,747	483,203
Depreciation and amortization	168,166	111,996	329,759	211,565
Total operating expenses	4,199,278	2,100,638	6,058,554	3,736,346
Loss before other (income) expense	(3,355,407)	(1,533,249)	(4,593,869)	(2,367,864)
Other (income) expense:				
Interest expense	4,569	3,681	9,708	6,924
Interest earned	(172,620)	(4,616)	(182,748)	(9,572)
Other income	(265,845)	-	(315,845)	-
Foreign currency exchange rate variance	(40,266)	123,547	(68,673)	140,728
Total other (income) expense	(474,162)	122,612	(557,558)	138,080
Loss before income taxes	(2,881,245)	(1,655,861)	(4,036,311)	(2,505,944)
Income taxes	(52,023)	-	(52,023)	-
Loss before equity method investment	(2,933,268)	(1,655,861)	(4,088,334)	(2,505,944)
Equity in net loss of affiliate	(1,407,473)	-	(1,439,637)	-
Net loss	$ (4,340,741)	$ (1,655,861)	$ (5,527,971)	$ (2,505,944)
Comprehensive loss:				
Net loss	$ (4,340,741)	$ (1,655,861)	$ (5,527,971)	$ (2,505,944)
Foreign currency translation adjustments	(11,968)	(4,788)	(34,953)	(20,118)
Comprehensive loss	$ (4,352,709)	$ (1,660,649)	$ (5,562,924)	$ (2,526,062)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Weighted number of common shares outstanding – basic & diluted	18,071,802	9,293,096	16,253,730	9,230,335
Basic and diluted net loss per share	$ (0.24)	$ (0.18)	$ (0.34)	$ (0.27)

See the accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

For the Three and Six Months Ended June 30, 2023

	Common Stock $0.0001 Par Value		Additional Paid in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2022	**14,402,025**	**$ 1,440**	**$ 56,963,200**	**$ (31,146,804)**	**$ (40,717)**	**$ 25,777,119**
Issuance of common stock related to restricted stock award	39,000	4	60,536	-	-	60,540
Comprehensive loss	-	-	-	-	(22,985)	(22,985)
Net Loss	-	-	-	(1,187,230)	-	(1,187,230)
Balance, March 31, 2023	**14,441,025**	**$ 1,444**	**$ 57,023,736**	**$ (32,334,034)**	**$ (63,702)**	**$ 24,627,444**
Issuance of common stock related to April offering	3,428,571	343	5,999,657	-	-	6,000,000
Issuance of common stock related to exercise of warrants	105,000	10	183,740	-	-	183,750
Issuance of common stock related to restricted stock award	725,000	73	1,183,061	-	-	1,183,134
Stock-based compensation in connection with options granted	-	-	780,867	-	-	780,867
Comprehensive loss	-	-	-	-	(11,968)	(11,968)
Net loss	-	-	-	(4,340,741)	-	(4,340,741)
Balance, June 30, 2023	**18,699,596**	**$ 1,870**	**$ 65,171,061**	**$ (36,674,775)**	**$ (75,670)**	**$ 28,422,486**

For the Three and Six Months Ended June 30, 2022

	Common Stock $0.0001 Par Value		Additional Paid in Capital	Accumulated Deficit	Comprehensive Income (Loss)	Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2021	**7,053,146**	**$ 705**	**$ 39,513,093**	**$ (21,986,215)**	**$ 3,236**	**$ 17,530,819**
Issuance of common stock related to offering	2,229,950	223	7,004,815	-	-	7,005,038
Issuance of common stock related to restricted stock award	10,000	1	34,799	-	-	34,800
Comprehensive loss					(15,330)	(15,330)
Net loss				(850,083)		(850,083)
Balance, March 31, 2022	**9,293,096**	**$ 929**	**$ 46,552,707**	**$ (22,836,298)**	**$ (12,094)**	**$ 23,705,244**
Stock based compensation in relation to restricted stock award	-	-	654,246	-	-	654,246
Comprehensive loss	-	-	-	-	(4,788)	(4,788)
Net loss	-	-	-	(1,655,861)	-	(1,655,861)
Balance, June 30, 2022	**9,293,096**	**$ 929**	**$ 47,206,953**	**$ (24,492,159)**	**$ (16,882)**	**$ 22,698,841**

See accompanying notes to condensed consolidated financial statements.

NEXTPLAT CORP AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,527,971)	$ (2,505,944)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	317,259	199,065
Amortization of intangible asset	12,500	12,500
Amortization of right of use assets	98,043	-
Share of loss from equity method investment	1,439,637	-
Stock-based compensation	2,024,541	689,046
Change in operating assets and liabilities:		
Accounts receivable	(205,334)	4,921
Inventory	(779,602)	(350,729)
Unbilled revenue	(33,708)	(20,394)
Prepaid expense	(301,662)	39,988
Other current assets	-	45,666
VAT receivable	(8)	31,876
Accounts payable and accrued expenses	(233,623)	22,354
Lease liabilities	(87,019)	(7,041)
Income taxes payable	66,730	(39,905)
Contract liabilities	22,458	(9,655)
Liabilities from discontinued operations	(112,397)	-
Net cash used in operating activities	(3,300,156)	(1,888,252)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(103,463)	(395,245)
Capital contribution to equity method investee	(1,000,000)	-
Net cash used in investing activities	(1,103,463)	(395,245)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayments to) note payable, related party, net	(8,467)	(35,308)
Proceeds from common stock offering	6,000,000	5,605,038
Proceeds from exercise of warrants	183,750	-
Repayments to note payable Coronavirus loans	(21,978)	(30,413)
Net cash provided by financing activities	6,153,305	5,539,317
Effect of exchange rate on cash	(35,248)	(56,076)
Net (decrease) increase in cash	1,714,438	3,199,744
Cash beginning of period	18,891,232	17,267,978
Cash end of period	$ 20,605,670	$ 20,467,722
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the period for		
Interest	$ 173,040	$ 6,102
Income tax	$ -	$ 38,555
Non-cash adjustments during the period for		
Recognition of operating lease liability	$ -	$ 904,744

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 & Nature of Operations.

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.

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 2022 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 2022 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.

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

Use of Estimates

In preparing the Condensed 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, and common stock and options issued for services, 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 and the estimates of the valuation allowance on deferred tax assets and corporate income taxes.

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, 2022. There have been no material changes to the Company's significant accounting policies for the three and six months ended June 30, 2023.

Cash

The Company places its cash with high credit quality financial institutions. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. All cash amounts in excess of $250,000, approximately $0.7 million, are unsecured. In April 2023, the Company has entered into 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. This will reduce the Company's 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 six months ended June 30, 2023, closing rate at $1.26 US$: GBP, quarterly average rate at $1.25 US$: GBP, for the six months ended June 30, 2022, closing rate at $1.22 US$: GBP, quarterly average rate at $1.26 US$: GBP, for the year ended December 31, 2022 closing rate at 1.21 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 June 30, 2023 and December 31, 2022, we had contract liabilities of approximately $59,000 and $36,000, respectively.

Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"), which introduces an impairment model based on expected, rather than incurred, losses. Additionally, it requires expanded disclosures regarding (a) credit risk inherent in a portfolio and how management monitors the portfolio's credit quality; (b) management's estimate of expected credit losses; and (c) changes in estimates of expected credit losses that have taken place during the period. In November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses." This ASU clarifies receivables from operating leases are accounted for using the lease guidance and not as financial instruments. In April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments." This ASU clarifies various scoping and other issues arising from ASU 2016-13. In March 2020, the FASB issued ASU 2020-03, "Codification Improvements to Financial Instruments." This ASU improves the Codification and amends the interaction of Topic 842 and Topic 326. ASU 2016-13 and related amendments are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company adopted this guidance effective January 1, 2023 and the adoption had no material impact on our condensed consolidated financial statements and related disclosures. On an ongoing basis, the Company will contemplate forward-looking economic conditions in recording lifetime expected credit losses for the Company's financial assets measured at cost, such as the Company's trade receivables.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the condensed consolidated financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

Subsequent Events

The Company has evaluated subsequent events through August 11, 2023, the date the financial statements were available to be issued. See Note 19 for subsequent events require disclosure in the financial statements.

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Note 4. Earnings (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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss attributable to common shareholders	$ (4,340,741)	$ (1,655,861)	$ (5,527,971)	$ (2,505,944)
Basic weighted average common shares outstanding	18,071,802	9,293,096	16,253,730	9,230,335
Potentially dilutive common shares	-	-	-	-
Diluted weighted average common shares outstanding	18,071,802	9,293,096	16,253,730	9,230,335
Basic weighted average loss per common share	$ (0.24)	$ (0.18)	$ (0.34)	$ (0.27)
Diluted weighted average loss per common share	$ (0.24)	$ (0.18)	$ (0.34)	$ (0.27)

Note 5. Inventory

At June 30, 2023 and December 31, 2022, inventory consisted of the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Finished goods	$ 2,066,214	$ 1,286,612
Less reserve for obsolete inventory	-	-
Total	$ 2,066,214	$ 1,286,612

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

Note 6. 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 June 30, 2023 and December 31, 2022, the Company recorded a receivable in the amount of approximately $433,000 and $433,000, respectively, for amounts available to reclaim against the tax liability from UK and EU countries.

Note 7. Prepaid Expenses

Prepaid expenses current and long term amounted to approximately $347,000 and $49,000, respectively at June 30, 2023, as compared to $46,000 and $49,000, respectively at December 31, 2022. 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 8. Property and Equipment, net

Property and equipment, net consisted of the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Office furniture and fixtures	$ 138,529	$ 128,252
Computer equipment	77,985	72,345
Rental equipment	53,560	37,531
Appliques	2,160,096	2,160,096
Leasehold improvements	47,856	47,792
Website development	739,089	665,030
Property and equipment gross	3,217,115	3,111,046
Less: accumulated depreciation	(2,185,109)	(1,865,244)
Property and equipment, net	$ 1,032,006	$ 1,245,802

Depreciation expense was approximately $0.3 million and $0.2 million for the six months ended June 30, 2023 and 2022, respectively.

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

Note 9. Intangible Assets, net

Intangible assets, net consist of customer contracts purchased as part of the GTC acquisition in 2014.

Amortization of customer contracts is included in depreciation and amortization in the accompanying Condensed Consolidated Statements of Comprehensive Loss. For the six months ended June 30, 2023 and 2022, the Company recognized amortization expense of $12,500 and $12,500, respectively. Future amortization of intangible assets is as follows:

2023 (six months)	$	12,500
2024		25,000
Total	$	37,500

Note 10. Equity Method Investment

On May 5, 2023, NextPlat entered into a Securities Purchase Agreement (the “SPA”) with Progressive Care, pursuant to which the Company 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 (“Common Stock”) 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 at $2.20 per share of Common Stock. On May 9, 2023, NextPlat and Progressive Care closed the transactions contemplated in the SPA.

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 Progressive Care 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. NextPlat received 570,599 shares issued upon conversion of the Note. In addition, NextPlat 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 at $2.20 per share of Common Stock.

At the same time, Progressive Care and NextPlat entered into a First Amendment (the “Amendment”) to that certain Securities Purchase Agreement dated November 16, 2022 (the “Debenture Purchase Agreement”). Under the Debenture Purchase Agreement, Progressive Care agreed to issue, and NextPlat Corp agreed to purchase, from time to time during the three-year term of the Debenture Purchase Agreement, up to an aggregate of $10 million of secured convertible debentures from Progressive Care (the “Debentures”). Pursuant to the Amendment, NextPlat and Progressive Care agreed to amend the Debenture Purchase Agreement and the form of Debenture to have a conversion price of $2.20 per share. At present, no Debentures have been purchased by NextPlat under the Debenture Purchase Agreement.

The following summarizes the Company’s consolidated balance sheet description equity method investment as follows:

		Carrying Amount
December 31, 2022, beginning balance	$	5,260,525
Investment in Progressive Care Inc. and Subsidiaries		1,000,000
Portion of loss from Progressive Care, Inc. and Subsidiaries		(1,603,649)
Depreciation expense due to cost basis difference (1)		(49,548)
Interest earned from convertible note receivable		21,443
Interest earned from amortization of premium on convertible note receivable		199,061
Elimination of intercompany interest earned		(6,944)
June 30, 2023, carrying amount	$	4,820,888

The following summarizes the Company’s consolidated statements of operations and comprehensive loss description equity in net loss of affiliate for the six months ended June 30, 2023 as follows:

		For the Six Month Ended June 30, 2023
Portion of loss from Progressive Care, Inc. and Subsidiaries	$	(1,603,649)
Depreciation expense due to cost basis difference (1)		(49,548)
Interest earned from convertible note receivable		21,443
Interest earned from amortization of premium on convertible note receivable		199,061
Elimination of intercompany interest earned		(6,944)
Equity in net loss of affiliate	$	(1,439,637)

(1) NextPlat records depreciation expense on its estimated cost basis difference which is subject to change

Note 11. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts payable	$ 1,163,670	$ 1,194,067
Rental deposits	4,517	4,325
Customer deposits payable	59,971	86,462
Accrued wages & payroll liabilities	30,914	23,040
VAT liability & sales tax payable	9,691	5,685
U.K. income tax payable	5,973	23,771
Accrued legal fees	-	84,685
Pre-merger accrued other liabilities	-	88,448
Accrued interest	299	356
Accrued other liabilities	9,435	7,256
Total	$ 1,284,470	$ 1,518,095

Note 12. Coronavirus Loan

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.

As of June 30, 2023, and December 31, 2022, the Company has recorded approximately $63,000 and $60,000 as current portion of notes payable and approximately $132,000 and $156,000 as notes payable long term, respectively.

Note 13. Stockholders’ 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 June 30, 2023, 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 June 30, 2023, 18,699,596 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.

Note 14. Stock-Based Compensation

For the six months ended June 30, 2023 and 2022, stock-based compensation expense recognized in selling, general and administrative expenses was approximately $2.0 million and $0.7 million, respectively. There were no income tax benefits recognized from stock-based compensation during the six months ended June 30, 2023 and 2022 due to cumulative losses and valuation allowances.

Note 15. Related Party Transactions

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 six months ended June 30, 2023, the Company received $115,000 from Progressive Care as management fees and this amount is included in other income on the condensed consolidated statements of comprehensive loss.

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.

Note 16. 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 all compensation payable under his employment agreement executed in June 2021. The Company's position is that Mr. Seifert is not owed any additional consideration or compensation relating to his prior service with the Company or arising under any employment agreement. The Company believes it has adequate defenses to any such claims. The Company has determined to initiate litigation against Mr. Seifert asserting a number of claims including, but not limited to, rescission of the employment agreement, fraud in the inducement in connection with the execution of the employment agreement, and breach of the fiduciary duties of good faith and loyalty. The Company does not expect to seek substantial monetary relief in the litigation.

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 17. 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.

Operating Lease Agreements

On December 2, 2021, the Company entered into a 62-month lease for 4,141 square feet of office space in Florida, 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.

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 will expire October 31, 2023.

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. The Company does not have any leases classified as financing leases.

The rate implicit to the Florida lease is not readily determinable, and we therefore use our incremental borrowing rate to determine the present value of the lease payments. The weighted average incremental borrowing rate used to determine the initial value of right of use (ROU) assets and lease liabilities for the six months ended June 30, 2023 and for the year ended December 31, 2022 was 3.75%. Right of use 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 June 30, 2023 and December 31, 2022, we have not recognized any impairment losses for our ROU assets.

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.

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

Note 18. Concentrations

Customers:

Sales to customers through Amazon accounted for 49.1% and 49.5% of the Company's revenues during the six months ended June 30, 2023 and 2022, 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 six months ended June 30, 2023 and 2022 (unaudited).

	For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
Iridium Satellite	$ 651,000	13.4%	$ -	-%
Globalstar Europe	$ 535,000	11.0%	$ 212,000	4.2%
Garmin	$ 1,087,000	22.4%	$ 999,000	19.7%
Network Innovations	$ 635,000	13.1%	$ 521,000	10.3%
Cygnus Telecom	$ 373,000	7.7%	$ 1,196,000	23.6%

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 June 30, 2023 and 2022 (unaudited).

	For the Three Months Ended June 30, 2023		For the Three Months Ended June 30, 2022	
Globalstar Europe	$ 267,000	14.0%	$ 120,000	5.7%
Garmin	$ 479,000	25.3%	$ 583,000	27.8%
Network Innovations	$ 295,000	15.6%	$ 201,000	9.6%
Cygnus Telecom	$ 58,000	3.0%	$ 255,000	12.2%

Geographic:

The following table sets forth revenue as to each geographic location, for the six months ended June 30, 2023 and 2022 (unaudited):

	For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022	
Europe	$ 3,690,340	63.3%	$ 5,064,843	78.5%
North America	1,461,702	25.1%	899,958	14.0%
South America	17,904	0.3%	22,306	0.3%
Asia & Pacific	562,937	9.7%	397,540	6.2%
Africa	100,632	1.6%	64,610	1.0%
	$ 5,833,515	100.0%	$ 6,449,257	100.0%

The following table sets forth revenue as to each geographic location, for the three months ended June 30, 2023 and 2022 (unaudited):

	For the Three Months Ended June 30, 2023		For the Three Months Ended June 30, 2022	
Europe	$ 1,704,321	57.6%	$ 2,165,445	75.4%
North America	869,682	29.4%	462,742	16.1%
South America	8,290	0.3%	10,533	0.4%
Asia & Pacific	335,290	11.3%	201,371	7.0%
Africa	39,779	1.4%	31,388	1.1%
	$ 2,957,362	100.0%	$ 2,871,479	100.0%

Note 19. Subsequent Events

Change in Accounting Method - Equity Method Investment – Progressive Care, Inc.

On July 1, 2023, each of the Company, Charles M. Fernandez, and Rodney Barreto exercised common stock purchase warrants and were issued common stock shares from Progressive Care, the Company's equity method investee. The Company exercised common stock warrants on a cashless basis and received 402,269 shares of Progressive Care common stock. The Company also exercised common stock warrants on a cash basis and paid consideration in the amount of $506,000 in return for 230,000 shares of Progressive Care common stock. Mr. Fernandez exercised common stock warrants on a cashless basis and received 211,470 shares of Progressive care common stock. Mr. Barreto exercised common stock warrants on a cashless basis and received 130,571 shares of Progressive Care common stock. After these warrant exercises, the aggregate number of shares of Progressive Care common stock owned by the Company, Mr. Fernandez, and Mr. Barreto represent 53% of Progressive Care's issued and outstanding common stock.

On June 30, 2023, the Company entered into a voting agreement with Messrs. Fernandez and Barreto pursuant to which Messrs. Fernandez and Barreto agreed to vote all of their shares of Progressive Care common stock (whether owned directly or indirectly) in the same manner that the Company votes its shares of Progressive Care common stock at any annual or special shareholders meeting of the stockholders of Progressive Care, and whenever the holders of Progressive Care's common stock act by written consent. The voting agreement has a perpetual term.

As a result of the common stock warrant purchases and the entry into the voting agreement, the Company concluded that there was a change in control of Progressive Care by NextPlat under the voting interest model in U.S. GAAP. 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 warrant exercises and voting agreement noted above. Therefore, under U.S. GAAP, beginning on July 1, 2023, the Company will have a change in accounting method for its investment in Progressive from the equity method to the consolidation method.

Note Receivable – Next Borough Capital Management, LLC

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.

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

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, 2022, filed with the SEC on March 31, 2023, and our subsequent public filings with the SEC.

Overview

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 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.

NextPlat Digital, as currently planned, will be used by us to create both (a) public marketplaces, for us and third-parties, where anyone with a crypto wallet or credit card can buy an NFT from an authorized user, or, if authorized, sell their own NFTs, and (b) private market places that only allow a particular company or entity to sell their own NFTs within a branded market (such as for the promotion of a particular brand or product). We do not currently intend to undertake or participate in “initial coin offerings”, the minting of “coins” or the mining of cryptocurrencies.

With respect to the securities status of an NFT that we propose to post to our platform, we will follow an internally developed model that will permit us to make a risk-based assessment regarding the likelihood that a particular NFT could be deemed a “security” within the meaning of the U.S. federal and/or state securities laws in determining if and how an NFT can be posted on our platform. This process will involve employees trained to identify the indicia of a “security” who will also work with outside legal counsel experienced in crypto asset regulatory matters to make a determination with respect to each NFT, or category of NFT, proposed to be posted on our platform. These processes and procedures are risk-based assessments and are not a legal standard or binding on regulators or courts. In the event an NFT or other digital asset is deemed by us, pursuant to the above analysis, to possess a reasonable likelihood of being deemed a security, we will (a) comply with applicable laws and regulations by forming, acquiring or engaging a licensed broker-dealer authorized to act as an trading system for those digital assets, or (b) transact in such digital assets offshore in a way that complies with applicable laws and regulations; or (c) not transact in the subject NFT. We expect our risk assessment policies will continuously evolve to take into account developments in case law, applicable facts, developments in technology, and changes in applicable regulatory schemes.

E-commerce transaction volumes at the Company’s owned and operated websites in the UK and Unites States continued to grow throughout the second quarter setting monthly performance records. The Company also saw strong performance in several of its global marketplaces including in Asia where sales doubled from first quarter levels and in North America which increased approximately 44% from the first quarter driven by the addition of over 350 new product listings on the Company’s US e-commerce platforms.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operation included in our 2022 Form 10-K through the period ended June 30, 2023. However, beginning on July 1, 2023, the Company will have a change in accounting method for its investment in Progressive Care from the equity method to the consolidation method. This change is the result of certain common stock warrant exercises by the Company and Messrs, Fernandez and Barreto and the Company's entry into the voting agreement with Messrs. Fernandez and Barreto, which cumulatively result in the Company having control over approximately 53% of the issued and outstanding voting stock of Progressive Care.

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

Results of Operations for the Three and Six Months Ended June 30, 2023 compared to the Three and Six Months Ended June 30, 2022

Revenue. Sales for the three months ended June 30, 2023, consisted primarily of sales of satellite phones, tracking devices, accessories, and airtime plans. For the three months ended June 30, 2023, revenues generated were approximately $3.0 million compared to $2.9 million of revenues for the three months ended June 30, 2022, an increase in total revenues of approximately $0.1 million or 3.4%.

Total sales for Global Telesat Communications Ltd. were approximately $2.1 million for the three months ended June 30, 2023, as compared to $2.0 million for the three months ended June 30, 2022, an increase of approximately $0.1 million or 5.0%. The increase was mainly attributable to the favorable impact in the foreign exchange rates of approximately $0.1 million, and an increase in recurring revenues of approximately $0.4 million, which was offset by non-recurring sales due to outbreak of the war in Ukraine during the first half of 2022 of approximately $0.4 million.

Total sales for Orbital Satcom Corp. were flat at approximately $0.9 million for both the three months ended June 30, 2023, and June 30, 2022, respectively.

Sales for the six months ended June 30, 2023, consisted primarily of sales of satellite phones, tracking devices, accessories, and airtime plans. For the six months ended June 30, 2023, revenues generated were approximately $5.8 million compared to $6.4 million of revenues for the six months ended June 30, 2022, a decrease in total revenues of approximately $0.6 million or 9.4%.

Total sales for Global Telesat Communications Ltd. were approximately $4.2 million for the six months ended June 30, 2023, as compared to $4.5 million for the six months ended June 30, 2022, a decrease of approximately $0.3 million or 6.7%. The decrease was mainly attributable to the unfavorable change in the foreign exchange rates of approximately $0.1 million, and non-recurring sales due to the outbreak of the war in Ukraine during the first half of 2022 of approximately $1.0 million, which was offset by an increase in recurring sales of approximately $0.8 million.

Total sales for Orbital Satcom Corp. were approximately $1.6 million for the six months ended June 30, 2023, as compared to approximately $1.9 million for the six months ended June 30, 2022, a decrease of approximately $0.3 million or 15.8%. The decrease in revenues were mainly attributable to non-recurring revenues of approximately $0.3 million due to the outbreak of war in Ukraine during the first quarter of 2022.

Cost of Sales. During the three months ended June 30, 2023, cost of revenues decreased to approximately $2.1 million as compared to $2.3 million for the three months ended June 30, 2022, a decrease of approximately $0.2 million or 8.7%. Gross profit margins during the three months ended June 30, 2023, were 28.5% as compared to 19.8% for the comparable period in the prior year. This increase in gross margin was largely a result of supply chain stability, lowering cost prices, increased profitability on recurring revenue airtime sales, and a decrease in shipping charges.

During the six months ended June 30, 2023, cost of revenues decreased to approximately $4.4 million as compared to $5.1 million for the six months ended June 30, 2022, a decrease of approximately $0.7 million or 13.7%. Gross profit margins during the six months ended June 30, 2023, were 25.1% as compared to 21.2% for the comparable period in the prior year. This increase in gross margin was largely a result of cost price stability, an increase in higher margin recurring revenue and a decrease in shipping charges during the second quarter of 2023 compared to the same period in 2022.

Operating Expenses. Total operating expenses for the three months ended June 30, 2023, were approximately $4.2 million, an increase of approximately $2.1 million or 100.0%, from total operating expenses for the three months ended June 30, 2022, of approximately $2.1 million. Factors contributing to the increase are described below.

Total operating expenses for the six months ended June 30, 2023, were approximately $6.1 million, an increase of approximately $2.4 million or 64.9%, from total operating expenses for the six months ended June 30, 2022, of approximately $3.7 million. Factors contributing to the increase are described below.

Selling, general and administrative ("SG&A") expenses were approximately $2.5 million and $1.2 million for the three months ended June 30, 2023 and 2022, respectively, an increase of approximately $1.3 million or 108.3%. The increase for the three months ended June 30, 2023, was mainly attributable to the increase in stock-based compensation of approximately $1.1 million and other operating expenses of approximately $0.3 million when compared to the same period in 2022.

Selling, general and administrative ("SG&A") expenses were approximately $3.3 million and $1.7 million for the six months ended June 30, 2023 and 2022, respectively, an increase of approximately $1.6 million or 94.1%. The increase for the six months ended June 30, 2023, was mainly attributable to the increase in stock-based compensation of approximately $1.3 million and other operating expenses of approximately $0.3 million when compared to the same period in 2022.

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

Salaries, wages and payroll taxes were approximately $1.0 million and $0.7 million for the three months ended June 30, 2023 and 2022, respectively, an increase of approximately $0.3 million or 42.9%. Salaries, wages and payroll taxes were approximately $1.6 million and $1.3 million for the six months ended June 30, 2023 and 2022, respectively, an increase of approximately $0.3 million or 23.1%. The increase for the three and six months ended June 30, 2023, when compared to the same periods in 2022, was mainly attributable to executive bonus payments, salary increases, and severance payments.

Professional fees were approximately $0.5 million and $0.2 million for the three months ended June 30, 2023 and 2022, respectively, an increase of approximately $0.3 million or 150.0%. Professional fees were approximately $0.9 million and $0.5 million for the six months ended June 30, 2023 and 2022, respectively, an increase of approximately $0.4 million or 80.0%. The increase for the three and six months ended June 30, 2023, when compared to the same periods in 2022, was mainly attributable to legal fees associated with ongoing legal litigation, fees associated with the capital raise in April 2023, and the annual meeting held during the second quarter of 2023.

Depreciation and amortization expenses were approximately $0.2 million and $0.1 million for the three months ended June 30, 2023 and 2022, respectively, an increase of approximately $0.1 million or 50.0%. Depreciation and amortization expenses were approximately $0.3 million and $0.2 million for the six months ended June 30, 2023 and 2022, respectively, an increase of approximately $0.1 million or 55.7%. The increase for the three and six months ended June 30, 2023, when compared to the same periods in 2022, was primarily attributable to fixed assets additions offset by fully amortized assets.

We expect our expenses in each of these areas to continue to increase during fiscal 2023 and beyond as we expand our operations and begin generating additional revenues under our current business.

Total Other (Income) Expense. Our total other (income) expense was approximately ($0.5) and $0.1 during the three months ended June 30, 2023 and 2022, respectively, an overall favorable impact of approximately $0.6. Our total other (income) expense was approximately ($0.6) and $0.1 during the six months ended June 30, 2023 and 2022, respectively, an overall favorable impact of approximately $0.7. The favorable impact for the three and six months ended June 30, 2023, when compared to the same periods in 2022, was attributable to interest earned, management fees earned, write off of aged payables, and exchange rate variances.

Equity in Net Losses of Affiliate. We recorded a net loss in equity of affiliate of approximately $1.4 million for both the three and six months ended June 30, 2023, respectively. See Note 10 – Equity Method Investment in Progressive Care Inc. and Subsidiaries. For the three and six months ended June 30, 2022, there were no losses or income.

Net Loss. We recorded net loss of approximately $4.3 million and $1.7 million for the three months ended June 30, 2023 and 2022, respectively. We recorded net loss of approximately $5.5 million and $2.5 million for the six months ended June 30, 2023 and 2022, respectively. The increase in the net loss was a result of the factors described above.

Comprehensive Loss. We recorded comprehensive losses for foreign currency translation adjustments of approximately $12,000 and $5,000 for the three months ended June 30, 2023 and 2022, respectively. We recorded comprehensive losses for foreign currency translation adjustments of approximately $35,000 and $20,000 for the six months ended June 30, 2023 and 2022, respectively. The increase 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 June 30, 2023, we had a cash balance of approximately $20.6 million. Our working capital was approximately $22.4 million at June 30, 2023.

Our current assets at June 30, 2023 increased 14.2% from December 31, 2022 primarily because of cash received during capital raise in April 2023.

Our current liabilities at June 30, 2023 decreased approximately $0.3 million from December 31, 2022 primarily because of a decrease in accounts payable and accrued liabilities from payment to vendors and write off of aged payables.

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.

	For the Six Months Ended June 30,	
	2023	2022
Net change in cash from:		
Operating activities	$ (3,300,156)	$ (1,888,252)
Investing activities	(1,103,463)	(395,245)
Financing activities	6,153,305	5,539,317
Effect of exchange rate on cash	(35,248)	(56,076)
Change in cash	1,714,438	3,199,744
Cash at end of period	$ 20,605,670	$ 20,467,722

Cash Flow from Operating Activities

Net cash flows used by operating activities for the six months ended June 30, 2023 amounted to approximately $3.3 million and were primarily attributable to our net loss of approximately $5.5 million, adjusted for non-cash expenses including amortization expense of approximately $12,500 and depreciation of approximately $0.3 million, amortization of right of use assets of approximately $0.1 million, stock-based compensation of approximately $2.0 million, loss in equity method investment of approximately $1.4 million, and offset by the net change in operating assets and liabilities of approximately $1.7 million.

Net cash flows used by operating activities for the six months ended June 30, 2022 amounted to approximately $1.9 million and were primarily attributable to our net loss of approximately $2.5 million, total amortization expense of $12,500 and depreciation of approximately $0.2 million, stock based compensation of approximately $0.7 million and net change in assets and liabilities of approximately $0.3 million, primarily attributable to decrease in accounts receivable of approximately $5,000, an increase in inventory of approximately $0.4 million, an increase in unbilled revenue of approximately $20,000, a decrease in prepaid expense of approximately $40,000, a decrease in VAT receivable of approximately $32,000, a decrease in other current assets of approximately $46,000, a decrease in operating lease liabilities of approximately $7,000, an increase in accounts payable of approximately $22,000, a decrease in contract liabilities of approximately $10,000, and decrease in provision for income taxes of approximately $40,000.

Cash Flow from Investing Activities

Net cash flows used in investing activities were approximately $1.1 million and $0.4 million for six months ended June 30, 2023 and 2022, respectively. During the six months ended June 30, 2023 and 2022, we purchased property and equipment of approximately $0.1 million and $0.4 million, respectively. During the six months ended June 30, 2023, we had a capital contribution of approximately $1.0 million in our equity method investee.

Cash Flow from Financing Activities

Net cash flows provided by financing activities were approximately $6.2 million and $5.5 million for the six months ended June 30, 2023 and 2022, respectively. The cash provided by financing activities during the six months ended June 30, 2023 and 2022 was primarily attributable to proceeds from capital raises during those periods offset by payments on loans.

Recent Financing Activities

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.

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 June 30, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

(b) Inherent Limitations on Controls. Management, including the CEO and CFO, does not expect that our disclosure controls and procedures will prevent or detect all 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 June 30, 2023, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 all compensation payable under his employment agreement executed in June 2021. The Company's position is that Mr. Seifert is not owed any additional consideration or 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 advanced claims against Mr. Seifert including, but not limited to, breach of the employment agreement, breach of the fiduciary, fraud in the inducement in connection with the employment agreement, fraudulent misrepresentation, and constructive fraud. 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.

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFEFTY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On June 29, 2023, the Company entered into a First Amendment to Employment Agreement with Cecile Munnik, the Company's Chief Financial Officer. Pursuant to this amendment, until June 30, 2024, Ms. Munnik must devote 30% of her business time to her duties to the Company and must devote the remaining 70% of her business time to her duties as the chief financial officer of Progressive Care. Thereafter, beginning on July 1, 2024, Ms. Munnik must devote all of her business time to her duties with the Company.

On June 30, 2023, the Company entered into a voting agreement with Messrs. Fernandez and Barreto pursuant to which Messrs. Fernandez and Barreto agreed to vote all of their shares of Progressive Care common stock (whether owned directly or indirectly) in the same manner that the Company votes its shares of Progressive Care common stock at any annual or special shareholders meeting of the stockholders of Progressive Care, and whenever the holders of Progressive Care's common stock act by written consent. The voting agreement has a perpetual term.

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.

Rule 10b5-1 Trading Arrangement

During the three months ended June 30, 2023, 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	Form of Securities Purchase Agreement dated April 5, 2023 by and among the Company and the Investor (incorporated by reference from Exhibit 10.1 to Current Report on Form 8-K filed with the SEC on April 6, 2023)
10.2	Merchant Sourcing Agreement, dated as of April 20, 2023, by and between the Company and Alibaba.com Singapore E-Commerce Private Limited, a company organized under the laws of Singapore* (incorporated by reference from Exhibit 10.1 to Current Report on Form 8-K filed with the SEC on April 26, 2023)
10.3	Securities Purchase Agreement, dated May 5, 2023, by and between NextPlat and Progressive Care Inc. (incorporated by reference from Exhibit 10.1 to Current Report on Form 8-K filed with the SEC on May 11, 2023)
10.4	Form of PIPE Warrant (incorporated by reference from Exhibit 10.2 to Current Report on Form 8-K filed with the SEC on May 11, 2023)
10.5	Debt Conversion Agreement, dated May 9, 2023, by and between the NextPlat, Progressive Care Inc., Charles Fernandez, Rodney Barreto, Daniyel Erdberg, and Sixth Borough Capital LLC. (incorporated by reference from Exhibit 10.3 to Current Report on Form 8-K filed with the SEC on May 11, 2023)
10.6	Form of Conversion Warrant (incorporated by reference from Exhibit 10.4 to Current Report on Form 8-K filed with the SEC on May 11, 2023)
10.7	First Amendment to Securities Purchase Agreement, dated May 9,2023, by and between NextPlat and Progressive Care Inc. (incorporated by reference from Exhibit 10.5 to Current Report on Form 8-K filed with the SEC on May 11, 2023)
10.8	Voting Agreement, dated as of June 30, 2023, by and between NextPlat Corp, Charles M. Fernandez and Rodney Barreto
10.9	Promissory Note, dated July 7, 2023, in the original principal amount of $250,000 made by Next Borough Capital Management to the order of NextPlat Corp.
10.10	First Amendment to Employment Agreement, dated as of June 29, 2023, by and between NextPlat Corp and Cecile Munnik
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 the 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: August 11, 2023

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)

VOTING AGREEMENT

THIS VOTING AGREEMENT (this "***Agreement***") is made and entered into as of June 30, 2023, by and between NextPlat Corp, a Nevada corporation (the "***NextPlat***"), Charles M. Fernandez ("**Mr. Fernandez**"), and Rodney Barreto ("***Mr. Barreto***"). Each of NextPlat, Mr. Fernandez and Mr. Barreto is individually referred to herein as a "***Party***" and together as the "***Parties***".

RECITALS

A. NextPlat, Mr. Fernandez and Mr. Barreto each directly or indirectly own common stock and certain other securities convertible into common stock issued by Progressive Care Inc., a Delaware company ("***Progressive***").

B. The Parties desire to facilitate the voting arrangement set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Voting. At any annual or special shareholders meeting of the stockholders of Progressive, and whenever the holders of the Progressive's common stock ("***Common Stock***") act by written consent, Messrs. Fernandez and Barreto hereby agree to vote all of the shares of Common Stock (including any new shares hereafter acquired 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.

2. Term. The term of this Agreement is perpetual but may be terminated by either party, for or without cause, upon sixty (60) days' written notice to the other party.

3. Miscellaneous.

(a) Specific Performance. The Parties hereby declare that it is impossible to measure in money the damages which will accrue to a Party hereto or to their heirs, personal representatives, or assigns by reason of a failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement will be specifically enforceable. If any party hereto or his heirs, personal representatives, or assigns institutes any action or proceeding to specifically enforce the provisions hereof, any person against whom such action or proceeding is brought hereby waives the claim or defense therein that such party or such personal representative has an adequate remedy at law, and such person will not offer in any such action or proceeding the claim or defense that such remedy at law exists.

(b) Governing Law. This Agreement, and the rights of the parties hereto, will be governed by and construed in accordance with the laws of the State of Delaware as such laws apply to agreements among Delaware residents made and to be performed entirely within the State of Delaware.

(c) Amendment or Waiver. This Agreement may be amended (or provisions of this Agreement waived) only by an instrument in writing signed by the Party against whom enforcement is sought. Any amendment or waiver so effected will be binding upon such Party and any assignee of any such Party.

(d) Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Agreement, and this Agreement will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(e) Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, assigns, administrators, executors and other legal representatives.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same agreement.

(g) Waiver. Except as set forth in Section 3(c), no waivers of any breach of this Agreement extended by any Party hereto to any other party will be construed as a waiver of any rights or remedies of any other Party hereto or with respect to any subsequent breach.

(h) Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the Parties with regard to the subjects hereof and no Party will be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

*[REMAINDER OF PAGE INTENTIONALLY BLANK]*IN WITNESS WHEREOF, the parties hereto have executed this VOTING AGREEMENT as of the date first above written.

NEXTPLAT CORP

By: _______________________
Name:
Title

____
Charles M. Fernandez

____
Rodney Barreto

EXHIBIT 10.9

PROMISSORY NOTE

Date of Note: July 7, 2023

Amount of Note: TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($250,000.00)

Maturity Date: July 7, 2024, unless otherwise extended and/or accelerated pursuant to and in accordance with the terms and conditions set forth in this Note or extended as provided herein.

FOR VALUE RECEIVED, NEXT BOROUGH CAPITAL MANAGEMENT, LLC, a Delaware limited liability company (the "Borrower"), hereby covenants and promises to pay to the order of NEXTPLAT CORP., a Nevada corporation its successors and/or assigns (the "Lender"), at 3250 Mary Street, Suite 410, Miami, Florida 33133, or at such other place as Lender may designate Borrower in writing from time to time, in legal tender of the United States, TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS ($250,000.00), together with all accrued interest, which shall be due and payable upon the following terms and obligations contained in this Promissory Note (the "Note").

A. Interest Rate:

(1) Interest shall accrue on the unpaid principal balance of this Note from the date hereof at a fixed rate equal to 7% (the "Interest Rate").

(2) Interest on this Note shall be calculated at the rate of 1/360 of the annual rate of interest for each day that principal is outstanding (i.e., interest will accrue and be paid on the actual number of calendar days elapsed from the date hereof based on a 360-day year).

B. Payment Terms:

Commencing on September 1, 2023, and continuing on the same day of each consecutive month thereafter, Borrower shall make monthly payments of interest only at the Interest Rate and each in the amount of $1,458.33. Unless this Note is otherwise accelerated in accordance with the terms and conditions hereof, the entire outstanding principal balance of this Note plus all accrued interest shall be due and payable in full on July 7, 2024 (the "Maturity Date").

C. Loan Documents:

This Note (as the same may be amended, restated, modified or replaced from time to time), that certain UCC-1 Financing Statement listing Borrower as "debtor" and Lender as "creditor" and all other documents and instruments executed in connection with this Note are hereinafter individually and/or collectively referred to as the "Loan Documents".

D. Default Interest Rate:

All principal and installments of interest shall bear interest from the date that said payments are due and unpaid or from the date of occurrence of any other Event of Default (as hereinafter defined) under this Note at a rate equal to the highest rate authorized by applicable law (the "Default Rate").

E. Prepayment:

Borrower may prepay all or any portion of this Note at any time without fee, premium or penalty.

F. Late Charges:

To cover the expense involved in handling delinquent payments, the Lender may collect a late charge not to exceed an amount equal to five percent (5%) of any installment which is not paid within ten (10) days of the due date thereof. The collection of said late charge shall not be deemed a waiver by Lender of any of its rights under this Note. Notwithstanding the foregoing, there shall be no grace period or late charges for payments due on the outstanding principal balance due on the Maturity Date or upon acceleration, as set forth in Section G below, but such outstanding balance shall accrue interest at the Default Rate. The late charge is intended to compensate the Lender for administrative and processing costs incident to late payments. The late charge payments are not interest. The late charge payment shall not be subject to rebate or credit against any other amount due. Any late charge shall be in addition to any other interest due.

G. Default and Acceleration:

(1) If Borrower fails to perform any obligation under this Note to pay principal or interest within five (5) days of when due (an "Events of Default") then Lender, at its option, may accelerate all sums of principal and interest under this Note and they shall become immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. The Lender shall be immediately entitled to exercise all of its available remedies under the Loan Documents.

(2) In any such event, all sums of principal and interest under this Note shall automatically become immediately due and payable without notice of default, presentment, or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. All persons now or at any time liable for payment of this Note hereby waive presentment, protest, notice of protest, and dishonor. The Borrower expressly consents to any extension or renewal, in whole or in part, and all delays in time of payment or other performance which Lender may grant at any time and from time to time without limitation and without any notice or further consent of the undersigned.

(3) The Lender may, in the sole discretion of Lender, accept payments made by Borrower after any default has occurred, without waiving any of Lender's rights herein.

H. Costs:

If this Note is collected by law or through attorneys at law, or under advice therefrom (whether such attorneys are employees of Lender or an affiliate of Lender or are outside counsel), Borrower and any endorser, guarantor or other person primarily or secondarily liable for payment hereof hereby, severally and jointly agree to pay all costs of collection, including reasonable attorneys' fees, including charges for paralegals, appraisers, experts, and consultants working under the direction or supervision of Lender's attorneys whether or not suit is brought, and whether incurred in connection with collection, trial, appeal, bankruptcy or other creditors' proceedings or otherwise.

I. Loan Charges:

Nothing herein contained, nor any transaction related thereto, shall be construed or so operate as to require Borrower or any person liable for the repayment of same, to pay interest in an amount or at a rate greater than the maximum allowed by applicable law. Should any interest or other charges paid by Borrower, or any parties liable for the payment of the loan made pursuant to this Note, result in the computation or earning of interest in excess of the maximum legal rate of interest permitted under the law in effect while said interest is being earned, then any and all of such excess shall be and is waived by Lender, and all such excess shall be automatically credited against and in reduction of the principal balance, and any portion of the excess that exceeds the principal balance shall be paid by Lender to Borrower or any parties liable for the payment of the loan made pursuant to this Note so that under no circumstances shall the Borrower, or any parties liable for the payment of the loan hereunder, be required to pay interest in excess of the maximum rate allowed by applicable law.

J. <u>Jurisdiction:</u>

The laws of the State of Florida shall govern the interpretation and enforcement of this Note. If legal action is instituted to collect any amounts due under, or to enforce any provision of, this instrument, Borrower and any endorser, guarantor or other person primarily or secondarily liable for payment hereof consent to, and by execution hereof submit themselves to, the jurisdiction of the courts of the State of Florida, and, notwithstanding the place of residence of any of them or the place of execution of this instrument, such litigation may be brought in or transferred to a court of competent jurisdiction in and for Miami-Dade County, State of Florida which shall serve as the exclusive venue for any such action to the exclusion of all others.

K. <u>Assignment:</u>

Lender shall have the unrestricted right at any time and from time to time and without Borrower's or Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more lenders or purchasers (each, an "Assignee") under this Note and the Loan Documents and all information now or hereafter in its possession relating to the Borrower and Guarantor (all rights of privacy hereby being waived), and to retain any compensation received by Lender in connection with any such transaction and Borrower and Guarantor agree that they shall execute such documents, including without limitation, the delivery of an estoppel certificate and such other documents as Lender shall deem necessary to effect the foregoing. The Borrower hereby waives any notice of the transfer of this Note by the Lender or by any other subsequent holder of this Note and agrees to be bound by the terms of this Note subsequent to any transfer and agrees that the terms of this Note maybe fully enforced by any subsequent holder of this Note.

L. <u>Non-Waiver:</u>

The failure at any time of Lender to exercise any of its options or any other rights hereunder shall not constitute a waiver thereof, nor shall it be a bar to the exercise of any of its options or rights at a later date. All rights and remedies of Lender shall be cumulative and may be pursued singly, successively, or together, at the option of Lender.

M. <u>Miscellaneous:</u>

(1) TIME IS OF THE ESSENCE OF THIS NOTE.

(2) It is agreed that the granting to Borrower or any other party of an extension or extensions of time for the payment of any sum or sums due under this Note or for the performance of any covenant or stipulation thereof or the taking of other or additional security shall not in any way release or affect the liability of Borrower under this Note.

(3) This Note may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(4) All parties to this Note, whether Borrower, principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, notice, protest, notice of protest and notice of dishonor.

(5) Borrower acknowledges that Lender shall have no obligation whatsoever to renew, modify or extend this Note or to refinance the indebtedness under this Note upon the maturity thereof, except as specifically provided herein.

(6) Lender shall have the right to accept and apply to the outstanding balance of this Note and all payments or partial payments received from Borrower after the due date therefor, whether this Note has been accelerated or not, without waiver of any of Lender's rights to continue to enforce the terms of this Note and to seek any and all remedies provided for herein or in any instrument securing the same, including, but not limited to, the right to foreclose on such security.

(7) All amounts received by Lender shall be applied to expenses, late fees, and interest before principal or in any other order as determined by Lender, in its sole discretion, as permitted by law.

(8) Borrower shall not assign Borrower's rights or obligations under this Note without Lender's prior consent.

(9) The term "Borrower" as used herein, in every instance shall include the makers of this Note, and its heirs, executors, administrators, successors, legal representatives and assigns, and shall denote the singular and/or plural, the masculine and/or feminine, and natural and/or artificial persons whenever and wherever the context so requires or admits.

(10) If more than one party executes this Note, all such parties shall be jointly and severally liable for the payment of this Note.

(11) If any clause or provision herein contained operates or would prospectively operate to invalidate this Note in part, then the invalid part of said clause or provision only shall be held for naught, as though not contained herein, and the remainder of this Note shall remain operative and in full force and effect.

N**.** **<u>Waiver of Jury Trial:</u>**

BORROWER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER TO EXTEND TO BORROWER THE LOAN EVIDENCED BY THIS NOTE.

[SIGNATURE ON THE FOLLOWING PAGE]

PROMISSORY NOTE
SIGNATURE PAGE

Borrower has duly executed this Note effective as of the date set forth hereinabove.

BORROWER:

NEXT BOROUGH CAPITAL MANAGEMENT, LLC a Delaware limited liability company

____
Name: Charles M. Fernandez
Title: Managing Member

EXHIBIT 10.10

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (the “First Amendment”) is made effective as of the 29th day of June, 2023 by and between NextPlat Corp., a Nevada corporation (the “Corporation”) and Cecile Munnik, an individual (the “Employee”) (the Corporation and the Employee are from time to time referred to individually as a “Party” and collectively as the “Parties”) as follows:

RECITALS

WHEREAS, the Parties are parties to that certain Employment Agreement made effective as of November 14, 2022 (the “Original Employment Agreement”); and

WHEREAS, the Original Employment Agreement and this First Amendment are hereinafter referred to collectively as the “Employment Agreement”; and

WHEREAS, the Employee is employed as the Chief Financial Officer of the Corporation (the “CFO”; and

WHEREAS, the Corporation is desirous of continuing the employment of the Employee, and the Employee is desirous of continuing her employment with the Corporation under the terms of this First Amendment.

NOW, THEREFORE, in accordance with Section 13(d) of the Original Employment Agreement and in exchange for good and valuable consideration the receipt and sufficiency of which the Parties expressly acknowledged, the Parties agree as follows:

A. Amendment to Section 2. Section 2 of the Original Employment Agreement is amended to read as follows:

2. Duties. The Employee shall serve as the Chief Financial Officer of the Corporation, with such duties, responsibilities, and authority as are commensurate and consistent with her position, as may be, from time to time, assigned to her by the CEO of the Corporation. During the Term (as defined in Section 3), the Employee shall devote all of her full business time and efforts to the performance of her duties hereunder unless otherwise authorized by the CEO. Notwithstanding anything contained herein regarding the Employee’s duties, the Corporation specifically acknowledges and agrees that beginning on the Effective Date and continuing through June 30, 2024, Employee shall devote thirty percent (30%) of her business time and efforts to the performance of her duties hereunder to the Corporation (“Employee’s Partial Employment Period”) and the remaining seventy percent (70%) of her business time and efforts to Progressive Care, Inc., a Delaware corporation (“Progressive”), pursuant to that certain Employment Agreement by and between the Employee and Progressive, as amended (the “Progressive Employment Agreement”), a true and correct copy of which is attached as Exhibit “A”. Thereafter, the Employee’s Partial Employment Period shall immediately and automatically expire and Employee’s employment with Progressive shall terminate. Then commencing on July 1, 2024, Employee shall devote all of her business time and effort to the performance of her duties hereunder unless otherwise authorized by the CEO of the Corporation. Employee shall notify the Corporation of any physical, mental, or emotional incapacity resulting from injury, sickness, or disease that affects Employee’s ability to carry out the duties and responsibilities of the Employee’s position with the Corporation.

B. No Conflict. This Third Amendment supersedes the Agreement, First Amendment, Second Amendment and all prior or contemporaneous negotiations, commitment, agreements, and writings with respect to the subject matter hereof, all such other negotiations, commitments, agreements, and writings relating to the subject matter of this Amendment shall be of no further force or effect. If there is a conflict between the terms of this Amendment and the terms of the Agreement, this Amendment shall control.

C. Counterparts. This Third Amendment may be executed in two or more counterparts each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ON THE FOLLOWING PAGE]

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT
SIGNATURE PAGE

THE CORPORATION:

NEXTPLAT CORP., a Nevada corporation

By:_______________________________
Name: Charles M. Fernandez
Title: Chief Executive Officer

THE EMPLOYEE:

____
Cecile Munnik, an individual

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 June 30, 2023;

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: August 11, 2023

/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 June 30, 2023;

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: August 11, 2023

/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 June 30, 2023 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: August 11, 2023

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.