

IMAC

REGENERATION CENTERS

IMAC Holdings Reports 2018 Financial Results; Significant Revenue Growth Reflects Addition of Five Clinics During the Year

April 17, 2019

BRENTWOOD, Tenn., April 17, 2019 (GLOBE NEWSWIRE) -- **IMAC Holdings, Inc. (Nasdaq: IMAC)**, a provider of Innovative Medical Advancements and Care, specializing in regenerative rehabilitation orthopedic treatments without the use of surgery or opioids, announces financial results for the 12 months ended December 31, 2018. Financial results for 2018 reflect the acquisitions of IMAC Regeneration Center of Kentucky, IMAC Regeneration Center of St. Louis, and Advantage Therapy beginning in June, bringing the total number of IMAC locations to 11, compared with two locations in 2017.

Highlights of 2018 include the following (all financial comparisons are with IMAC Holdings, Inc. for 2017, unless otherwise indicated):

- Net revenues were \$6.7 million, up 753%
- Net loss was \$3.1 million, compared with \$0.1 million
- Acquired full ownership interest in the Ozzie Smith IMAC Regeneration Centers in Chesterfield and St. Peters, Missouri in June 2018
- Took over management of the IMAC Regeneration Center in Paducah and Murray, Kentucky in July 2018
- Launched the Tony Delk IMAC Regeneration Center in Lexington, Kentucky in July 2018
- Acquired full ownership of four Advantage Therapy clinics in Springfield, Missouri in August 2018
- Acquired a majority interest in BioFirma, LLC to support the Company's proprietary regenerative medicine developments
- Pro forma 2018 net revenues, which refer to the IMAC Group predecessor company, were \$10.5 million, compared with pro forma net revenues for 2017 of \$9.5 million, an increase of 9.3%

Additional highlights since the close of 2018 include:

- Engaged legendary NFL Coach Mike Ditka as brand ambassador for the Company's expansion into Chicago, and entered into a definitive agreement to acquire three clinics in the Chicago suburbs
- Completed an underwritten initial public offering (IPO) of common stock and warrants, raising gross proceeds of \$4.3 million

Management Commentary

"We are proud of our many significant accomplishments during 2018, which was an exceptionally active year as we acquired full ownership and/or took over management of eight clinics in three geographies. In parallel, we prepared for and completed our IPO with plans to utilize the proceeds to fund further expansion," said Jeff Ervin, IMAC's chief executive officer. "Given our rapid growth and numerous new centers, it is difficult to compare year-over-year financial results. Yet when viewed against prior-year facility revenue, we are pleased with the growth in pro forma net patient revenues of 9.3%. In addition, as previously announced, we believe growth in pro forma patient visits and procedures during the fourth quarter of 21.8% and 23.0%, respectively, bodes well for our success in 2019 and beyond."

"Looking forward to 2019, our immediate priority is to close on the announced acquisition of the Chicago clinics which we expect this week. We are pleased that the transaction generated several inquiries from similar clinics which we believe will lead us to opportunities for favorable partnerships," Mr. Ervin concluded.

2018 Financial Results

Net revenues for 2018 were \$6.7 million, compared with \$0.8 million in 2017, a gain of 753%. Patient service revenues increased to \$6.6 million, from \$0.7 million during 2017.

Cost of revenues were \$0.9 million in 2018 compared to \$0.1 million in 2017, with the increase in costs primarily attributable to the Company's 2018 acquisitions and an increase in supply costs associated with a full year of service for IMAC of Tennessee.

Salaries and benefit expense were \$4.7 million and \$1.0 million in 2018 and 2017, respectively. The increase is attributable to acquisitions, a full year of staff expense at IMAC of Tennessee and the costs related to the preparation of the Company's IPO. Acquisition salaries and benefit expense was \$2.5 million in 2018, with no acquisition-related salaries and benefit expense in 2017. Advertising and marketing expense was \$0.9 million and \$0.1 million in 2018 and 2017, respectively. Advertising for acquisitions was \$0.3 million and \$0 in 2018 and 2017, respectively. General and administrative expense was \$3.1 million and \$0.5 million in 2018 and 2017, respectively, with \$1.1 million of this increase due to acquisitions.

Depreciation and amortization expense was \$0.7 million and \$0.1 million in 2018 and 2017, respectively. The increase was due to amortization costs associated with the acquisitions of IMAC of Kentucky, IMAC Regeneration Center of St. Louis, and Advantage Therapy, and a full year of depreciation expense related to IMAC of Tennessee and the assets of the acquired companies.

Earnings Gain (Loss) before equity of non-consolidated affiliates was (\$3.7) million and (\$0.9) million in 2018 and 2017, respectively. Acquisitions accounted for \$0.1 million of the increase while the loss for new facilities decreased by \$0.3 million in 2018, compared with 2017.

The Company had cash and cash equivalents of \$0.2 million as of December 31, 2018. Forty-five days after the end of the year, the Company raised \$4.3 million in gross proceeds from its Initial Public Offering.

Pro forma Information

IMAC Group represents IMAC Holdings, Inc. on a pro forma basis after consummation of business transactions involving companies owning or managing IMAC Regeneration Centers and the related issuance of shares of common stock, debt and/or cash payments in such transactions, which were completed between June and August 2018. The business transactions refer to the following five transactions with entities for which IMAC Holdings had either no ownership or control, or varying degrees of ownership or control: Integrated Medicine and Chiropractic Regeneration Center PSC, IMAC Regeneration Center of St. Louis, LLC, Advantage Hand Therapy and Orthopedic Rehabilitation, LLC, and BioFirma LLC. A fifth acquisition relates to the buyout of the minority ownership of other parties of IMAC Regeneration Management of Nashville, LLC.

The table below contains select consolidated financial and other data that has been derived from unaudited consolidated financial statements for 2018 and 2017. The timing of acquisitions completed during the years presented affects the comparability of the selected financial data. The following table covers periods both prior to and subsequent to the transactions. The following selected consolidated financial and other data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this report. The results presented below are not necessarily indicative of future results:

	Year Ended December 31,	
	2018	2017
	(unaudited)	
Procedures	291,571	258,300
<i>growth %</i>	12.88	%
Visits	111,939	96,326
<i>growth %</i>	16.21	%
Statements of Operations Data:		
Gross revenue	\$ 27,455,352	\$ 25,812,212
Contractual adjustments	(16,964,446)	(16,215,897)
Net revenues	10,490,906	9,596,315
Other revenue	-	-
Total revenue	\$ 10,490,906	\$ 9,596,315
Net (loss) attributable to IMAC Holdings, Inc.	\$ (3,747,007)	\$ (1,328,513)

About IMAC Holdings, Inc.

IMAC Holdings was created in March 2015 to expand on the footprint of the original IMAC Regeneration Center, which opened in Kentucky in August 2000. IMAC Regeneration Centers combine life science advancements with traditional medical care for movement restricting diseases and conditions. It owns or manages outpatient clinics that provide regenerative, orthopedic and minimally invasive procedures and therapies. It has partnered with several active and former professional athletes, opening two Ozzie Smith IMAC Regeneration Centers, two David Price IMAC Regeneration Centers, and a Tony Delk IMAC Regeneration Center. IMAC's outpatient medical clinics emphasize its focus around treating sports and orthopedic injuries without surgery or opioids.

Safe Harbor Statement

This press release contains forward-looking statements. These forward-looking statements, and terms such as "anticipate," "expect," "believe," "may," "will," "should" or other comparable terms, are based largely on IMAC's expectations and are subject to a number of risks and uncertainties, certain of which are beyond IMAC's control. Actual results could differ materially from these forward-looking statements as a result of, among other factors, risks and uncertainties associated with its ability to raise additional funding, its ability to maintain and grow its business, variability of operating results, its ability to maintain and enhance its brand, its development and introduction of new products and services, the successful integration of acquired companies, technologies and assets, marketing and other business development initiatives, competition in the industry, general government regulation, economic conditions, dependence on key personnel, the ability to attract, hire and retain personnel who possess the skills and experience necessary to meet customers' requirements, and its ability to protect its intellectual property. IMAC encourages you to review other factors that may affect its future results in its registration statement and in its other filings with the Securities and Exchange Commission. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained in this press release will in fact occur.

More information about IMAC Holdings, Inc. is available at www.imacregeneration.com

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Investors

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(Tables to follow)

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IMAC Holdings, Inc.
Consolidated Balance Sheets
December 31, 2018 and 2017

	December 31, 2018	2017
ASSETS		
Current assets:		
Cash	\$ 194,316	\$ 127,788
Accounts receivable, net	303,630	138,981
Due from related parties	-	347,648
Other assets	170,169	94,045
Total current assets	668,115	708,463
Property and equipment, net	3,333,638	542,791
Other assets:		
Goodwill	2,042,125	-
Intangible assets, net	4,257,434	-
Deferred IPO Costs	335,318	-
Security deposits	438,163	27,828
Total other assets	7,073,040	27,828
Total assets	\$ 11,074,793	\$ 1,279,082
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,261,582	\$ 56,665
Acquisition liabilities	7,259,208	-
Patient deposits	454,380	130,906
Due to related parties	-	95,501
Notes payable, current portion	4,459,302	157,932
Capital lease obligation, current portion	16,740	7,820
Line of credit	379,961	25,000
Total current liabilities	13,831,173	473,824
Long-term liabilities:		
Notes payable, net of current portion	317,291	456,152
Capital Lease Obligation, net of current portion	84,038	52,494
Deferred Rent	197,991	64,753
Lease Incentive Obligation	576,454	60,428
Total liabilities	15,006,947	1,107,651
Commitments and contingencies		
Stockholders' equity (deficit):		
Preferred stock - \$0.001 par value, 5,000,000 authorized, nil issued and outstanding		
Common stock; \$0.001 par value, 30,000,000 authorized, 6,582,737 shares issued and outstanding	6,583	6,583
Additional paid-in capital	1,231,917	1,231,917
Accumulated deficit	(3,544,820)	(491,076)
Non-controlling interest	(1,625,840)	(575,994)

Total stockholders' equity (deficit)	(3,932,160)	171,430
Total liabilities and stockholders' equity (deficit)	\$ 11,074,787	\$ 1,279,081

IMAC Holdings, Inc.
Consolidated Statements of Operations
For the Years Ended
December 31, 2018 and 2017

	2018		2017
Patient revenues	\$ 16,135,967		\$ 1,378,313
Contractual adjustments	(9,498,896	)	(723,688)
Total patient revenue, net	6,637,071		654,625
Management fees	64,000		131,400
Total revenue	6,701,071		786,025
Operating expenses:			
Patient expenses	933,907		63,216
Salaries and benefits	4,730,035		967,627
Share-based compensation	14,998		18,747
Advertising and marketing	859,191		119,867
General and administrative	3,063,270		465,740
Depreciation and amortization	651,066		65,895
Total operating expenses	10,252,467		1,701,092
Operating loss	(3,551,396	)	(915,067)
Other income (expense):			
Interest income	7,541		14,821
Other income (loss)	18,356		(2,744)
Interest expense	(153,824	)	(27,151)
Total other income (expenses)	(127,927	)	(15,074)
Loss before equity in earnings (loss) of non-consolidated affiliate	(3,679,323	)	(930,141)
Equity in earnings (loss) of non-consolidated affiliate	(105,550	)	13,609
Net loss before income taxes	(3,784,873	)	(916,532)
Income taxes	-		-
Net loss	(3,784,873	)	(916,532)
Net loss attributable to the noncontrolling interest	731,130		859,351
Net loss attributable to IMAC Holdings, Inc.	\$ (3,053,743	)	\$ (57,181)
Net loss per share attributable to common stockholders			
Basic and diluted	\$ (0.46	)	\$ (0.01)
Weighted average common shares outstanding			
Basic and diluted	6,582,737		6,552,679

IMAC
HOLDINGS, INC.

Source: IMAC Holdings, Inc.