



IMAC Holdings Reports First Quarter 2021 Financial Results and Corporate Update

May 13, 2021

BRENTWOOD, Tenn., May 13, 2021 (GLOBE NEWSWIRE) -- IMAC Holdings, Inc. (Nasdaq: IMAC) ("IMAC" or the "Company"), a provider of innovative medical advancements and care specializing in regenerative rehabilitation orthopedic treatments without the use of surgery or opioids, today announced financial results for the first quarter ended March 31, 2021.

Financial Highlights from 1Q 2021 (all comparisons are for the quarter ended March 31, 2020, unless otherwise indicated):

- Cash as of March 31, 2021 was \$15.6 million compared to \$2.6 million as of December 31, 2020
- Total revenue was \$3.1 million, compared with \$3.3 million, a decline of 8%
- Net loss was \$2.0 million or \$0.15 per share, compared with a net loss of approximately \$1.7 million or \$0.18 per share

Corporate Highlights in Q1 2021 and Year To Date:

- Announced the formation of The Back Space, a wholly owned subsidiary, operating retail healthcare centers within a Fortune 500 partner's retail setting. The Back Space opened its first location in Murfreesboro, Tennessee, and announced a ten-store test market to deliver chiropractic and spinal care services to alleviate neck and back pain.
- Completed a fully subscribed public offering and 15% over-allotment generating \$18.9 million of gross proceeds
- Completed the first of three patient cohorts of its FDA-authorized, Phase 1 clinical study of umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's Disease
- Finalized the acquisition of two Florida clinics, Willmitch Chiropractic and Synergy Healthcare in Tampa and Orlando, respectively
- Announced regenerative medicine service expansion to include treatment of chronic wounds through cell-based amniotic-infused mesh applications in its IMAC Regeneration Centers
- Appointed Sheri Gardzina as Chief Financial Officer and Secretary
- Reached 1,000 members in its subscription-based wellness maintenance programs just one year after introducing them in January 2020

"While the beginning of 2021 still presented a COVID impact to our service mix, our lengthy development efforts advanced our asset portfolio in multiple ways. We increased our cash position with the strength of several new institutional investors, executed two acquisitions at favorable valuations in strategic markets, advanced our clinical trial with the first cohort completion, and implemented our brand strategy with the launch of our retail chiropractic centers," commented Jeffrey Ervin, IMAC's Chief Executive Officer.

"The soft launch of our newest flagship brand, The Back Space, provides in-store spinal health and chiropractic care in retail healthcare centers in collaboration with our Fortune 500 partner. Our newly announced partnership has initiated the opening of 10 retail locations serving an underserved population in a growing market and we are proud to have already generated revenue with the opening of our first location.

"In addition, we completed our first of three clinical trial cohorts and expect to complete all dosing of trial participants this year, which will position us to continue the development of our umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's Disease. This comes on the heels of a recently announced additional offering of cell-based amniotic-infused mesh applications for chronic wounds, which we are providing for patients in our IMAC Regeneration Centers.

"We also continue to strategically expand the presence of our medical clinics throughout the United States as industry valuations remain at a discount to historical valuations. We have built a robust pipeline of targets and anticipate continued expansion in Florida to meet growing demand for non-surgical sports medicine.

"Finally, we believe we are very well positioned to resume our steady growth with our strongest cash position in history. I'm most excited about the quality of investors that participated in our recent financing, which grossed \$18.9 million including a 15% over-allotment," added Mr. Ervin.

Results of Operations for the Three Months Ended March 31, 2021 Compared to the Three Months Ended March 31, 2020

Net patient revenue declined 9% from \$3.3 million in 2020 to \$3.0 million in 2021, despite a year-over-year increase in visits by 21%. The decrease in operating expenses from \$5.3 million in 2020 to \$5.1 million in 2021 was driven primarily by a decline in direct patient expenses, advertising and marketing expenses, and general and administrative expenses. The operating loss of \$2.0 million in 2021 compared to a loss of \$2.0 million in 2020. This also resulted in a net loss attributable to IMAC Holdings of \$2.0 million in 2021 from \$1.7 million in 2020 and was driven by the decline in total revenue and addition of expenses related to the launch of The Back Space, executing the first cohort of the clinical trial, and non-APIC charges related to the sale of equity.

For the period ended March 31, 2021, the Company reported cash and cash equivalents of \$15.6 million, compared with approximately \$1.3 million as of March 31, 2020.

About IMAC Holdings, Inc.

IMAC 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. IMAC owns or manages more than 15 outpatient clinics that provide regenerative, orthopedic and minimally invasive procedures and therapies. It has partnered with several active and former professional athletes including Ozzie Smith, David Price, Mike Ditka and Tony Delk. IMAC's outpatient medical clinics emphasize treating sports and orthopedic injuries and movement-restricting diseases without surgery or opioids. More information about IMAC Holdings, Inc. is available at www.imacregeneration.com.

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 maintain and grow its business, the variability of its 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 public 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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Financial Tables Follow

IMAC HOLDINGS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash	\$ 15,607,712	\$ 2,623,952
Accounts receivable, net	1,846,154	1,513,683
Deferred compensation, current portion	330,364	309,375
Other assets	514,772	310,359
Total current assets	<u>18,299,002</u>	<u>4,757,369</u>
Property and equipment, net	1,830,693	1,777,042
Other assets:		
Goodwill	2,040,696	2,040,696
Intangible assets, net	6,821,940	6,611,551
Deferred compensation, net of current portion	287,562	354,906
Security deposits	391,456	388,407
Right of use asset	3,956,697	3,816,035
Total other assets	<u>13,498,351</u>	<u>13,211,595</u>
Total assets	<u>\$ 33,628,046</u>	<u>\$ 19,746,006</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses	\$ 2,018,883	\$ 1,692,283
Patient deposits	413,854	295,071
Notes payable, current portion, net of deferred loan costs	2,595,498	2,527,324
Finance lease obligation, current portion	25,661	18,242
Liability to issue common stock, current portion	364,575	339,375
Operating lease liability, current portion	<u>1,182,383</u>	<u>1,078,107</u>

Total current liabilities	<u>6,600,854</u>	<u>5,950,402</u>
Long-term liabilities:		
Notes payable, net of current portion	180,212	1,958,883
Finance lease obligation, net of current portion	43,637	48,323
Liability to issue common stock, net of current portion	468,760	468,760
Operating lease liability, net of current portion	<u>3,501,876</u>	<u>3,506,484</u>
Total liabilities	10,795,339	11,932,852
Stockholders' equity:		
Preferred stock - \$0.001 par value, 5,000,000 authorized, nil issued and outstanding at March 31, 2021 and December 31, 2020, respectively.	-	-
Common stock - \$0.001 par value, 30,000,000 authorized; 24,664,973 and 12,839,972 shares issued at March 31, 2021 and December 31, 2020, respectively.	24,007	12,747
Additional paid-in capital	42,702,810	25,465,094
Accumulated deficit	(17,035,818)	(15,045,783)
Non-controlling interest	<u>(2,858,292)</u>	<u>(2,618,904)</u>
Total stockholders' equity	<u>22,832,707</u>	<u>7,813,154</u>
Total liabilities and stockholders' equity	\$ 33,628,046	\$ 19,746,006

IMAC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended	
	March 31,	
	<u>2021</u>	<u>2020</u>
Patient revenues, net	\$ 3,024,808	\$ 3,309,069
Other income	3,377	-
Management fees	<u>36,068</u>	<u>12,487</u>
Total revenue	3,064,253	3,321,556
Operating expenses:		
Patient expenses	341,412	379,817
Salaries and benefits	2,754,248	2,926,150
Share-based compensation	110,607	81,084
Advertising and marketing	265,548	241,817
General and administrative	1,219,338	1,236,138
Depreciation and amortization	<u>422,201</u>	<u>450,495</u>
Total operating expenses	<u>5,113,354</u>	<u>5,315,501</u>
Operating loss	(2,049,101)	(1,993,945)
Other expenses:		
Gain/loss on disposition of assets	(4,043)	-
Interest expense	<u>(176,279)</u>	<u>(76,204)</u>
Total other expenses	<u>(180,322)</u>	<u>(76,204)</u>
Net loss before income taxes	<u>(2,229,423)</u>	<u>(2,070,149)</u>
Income taxes	-	-
Net loss	(2,229,423)	(2,070,149)
Net loss attributable to the non-controlling interest	<u>239,388</u>	<u>336,604</u>
Net loss attributable to IMAC Holdings, Inc.	\$ (1,990,035)	\$ (1,733,545)
Net loss per share attributable to common stockholders		

Basic and diluted	\$	(0.15)	\$	(0.18)
Weighted average common shares outstanding				
Basic and diluted		13,448,567		9,611,252

IMAC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (2,229,423)	\$ (2,070,149)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	422,201	450,495
Share based compensation	110,607	81,084
Loss on disposition of assets	4,043	-
(Increase) decrease in operating assets:		
Accounts receivable, net	(332,471)	(141,966)
Other assets	(167,193)	64,120
Security deposits	(3,049)	(51,796)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	326,600	408,221
Patient deposits	118,783	102,784
Net cash used in operating activities	<u>(1,749,902)</u>	<u>(1,157,207)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(65,769)	(7,243)
Brand development	(55,045)	-
Acquisitions in Florida (Note 6)	(563,500)	(200,000)
Proceeds from sale of fixed assets	1,250	-
Net cash used in investing activities	<u>(683,064)</u>	<u>(207,243)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	17,209,924	1,403,837
Proceeds from notes payable	-	1,200,000
Payments on notes payable	(1,788,711)	(256,838)
Payments of debt issuance costs	-	(70,000)
Payments on finance lease obligation	(4,487)	(4,298)
Net cash provided by financing activities	<u>15,416,726</u>	<u>2,272,701</u>
Net increase in cash	12,983,760	908,251
Cash, beginning of period	<u>2,623,952</u>	<u>373,689</u>
Cash, end of period	\$ 15,607,712	\$ 1,281,940
Supplemental cash flow information:		
Interest paid	\$ 63,359	\$ 27,412
Non cash financing and investing:		
Debt discount notes payable	\$ -	\$ 115,000



Source: IMAC Holdings, Inc.