



IMAC Holdings Reports Second Quarter 2021 Financial Results

August 12, 2021

IMAC reports 36% increase in revenues and 70% increase in patient visits as it invests in value-generating assets

BRENTWOOD, Tenn., Aug. 12, 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 announces financial results for the second quarter ended June 30, 2021.

Financial Highlights from 2Q 2021 (all comparisons are for the quarter ended June 30, 2020, unless otherwise indicated):

- Total revenue was \$3.4 million, compared with \$2.5 million, an increase of 36%
- Patient visits were up 70% with more than 44,778 visits at IMAC Centers, compared to 26,335
- Net loss was \$2.5 million or \$0.08 per share, compared with a net loss of \$1.9 million or \$0.20 per share
- Cash as of June 30, 2021, was \$13.6 million compared to \$2.6 million as of December 31, 2020

Corporate Highlights in Q2 2021 and Year to Date:

- Formed The Back Space, a wholly owned subsidiary, operating retail spine care centers within Walmart stores. The Back Space opened its first location in Murfreesboro, Tennessee, and announced a ten-store pilot to deliver chiropractic and spinal care services to alleviate neck and back pain.
- Launched its dedicated acute injury service line as well as a toll-free hotline for around-the-clock access to schedule patients with acute sports, accident, and work-related injuries at IMAC Centers in Florida, Illinois, Kentucky, Missouri, and Tennessee.
- Announced results from an extensive internal analysis of treatment outcomes for musculoskeletal conditions demonstrating 81% of IMAC patients show improved functional movement
- Purchased Fort Pierce Chiropractic in Ft. Pierce Fla. and Active Medical Center in Naperville, Ill., a suburb of Chicago
- Having successfully completed the first cohort, initiated the second cohort of its Phase 1 clinical trial for its investigational compound utilizing umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's disease.

"The second quarter of 2021 was an important period in the evolution of IMAC. We began to utilize capital raised from our late Q1 offering as well as the full exercise of the overallotment option evidencing strong investor support during the second quarter. In alignment with our use of proceeds statement, we began investing the capital in multiple value-generating assets," commented Jeff Ervin, CEO of IMAC. "As expected, these investments generated near-term expenditures during the two-quarter development and implementation phase which will serve as drivers of our future growth. Over the next few quarters, we are confident we will begin to see the benefits of those expenditures in each of our three business segments.

"Primarily, we invested in the founding and development of our new subsidiary, The Back Space, a retail chiropractic brand launching as a ten-store pilot program in select Walmart retail locations. The Back Space provides chiropractic adjustments, nerve and muscle stimulation, and percussion tool therapies for soft tissue recovery, muscle relaxation, and spinal wellness, and provides an essential solution to those who may have neglected spinal health and wellness because it was inconvenient or too costly. We continue to utilize our first store in Tennessee as an experimental center which we believe will improve execution of future stores.

"Concurrently, we acquired two clinics with recurring revenue and an established patient base. Coupled with the two Florida acquisitions during the last quarter, we expanded our presence within Florida, while also increasing our footprint in the Chicago suburbs. These investments strengthen our market presence in geographies near regions with an existing presence.

"We are encouraged by the strong growth in our patient visits which rose 70% compared to June 30, 2020 with 44,778 visits at IMAC Centers, compared to 26,335 for the same period in the prior year. Same store visits were up 47%, excluding 6,127 visits during the quarter from clinics acquired over the past 12 months.

"In the meantime, we continue to enroll patients in the second cohort of the Phase 1 clinical trial of our investigational compound utilizing umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's disease.

"We look forward to continuing to develop and grow our business segments and fully believe in the potential for IMAC to emerge as a leader in this marketplace," concluded Mr. Ervin.

Results of Operations for the Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020

Net patient revenue increased 36% from \$2.5 million in 2021 to \$3.4 million in 2020. The increase in operating expenses from \$4.2 million in 2020 to

\$5.8 million in 2021 was driven by increases in personnel, advertising and marketing expenses, and general and administrative expenses utilized in the implementation of our growth plan. Operating loss was \$2.4 million in 2021 compared to a loss of \$1.7 million in 2020. This also resulted in a net loss attributable to IMAC Holdings of \$2.5 million in 2021 from \$1.9 million in 2020 and was driven by the decline in total revenue and addition of expenses related to the launch of The Back Space and executing the second cohort of the clinical trial.

For the period ended June 30, 2021, the Company reported cash and cash equivalents of \$13.6 million, compared with approximately \$2.8 million as of June 30, 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>June 30, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Current assets:		
Cash	\$ 13,621,610	\$ 2,623,952
Accounts receivable, net	1,340,343	1,513,683
Deferred compensation, current portion	324,081	309,375
Other assets	<u>977,053</u>	<u>310,359</u>
Total current assets	16,263,087	4,757,369
Property and equipment, net	1,868,732	1,777,042
Other assets:		
Goodwill	2,040,696	2,040,696
Intangible assets, net	6,718,964	6,611,551
Deferred compensation, net of current portion	210,219	354,906
Security deposits	400,756	388,407
Right of use asset	<u>5,029,827</u>	<u>3,816,035</u>
Total other assets	<u>14,400,462</u>	<u>13,211,595</u>
Total assets	\$ 32,532,281	\$ 19,746,006

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable and accrued expenses	\$	1,383,137	\$ 1,692,283
Patient deposits		413,243	295,071
Notes payable, current portion, net of deferred loan costs		1,863,849	2,527,324
Finance lease obligation, current portion		18,641	18,242
Liability to issue common stock, current portion		334,575	339,375
Operating lease liability, current portion		1,424,662	1,078,107
Total current liabilities		<u>5,438,107</u>	<u>5,950,402</u>
Long-term liabilities:			
Notes payable, net of current portion		151,180	1,958,883
Finance lease obligation, net of current portion		38,901	48,323
Liability to issue common stock, net of current portion		233,285	468,760
Operating lease liability, net of current portion		<u>4,292,525</u>	<u>3,506,484</u>
Total liabilities		10,153,998	11,932,852
Commitments and Contingencies – Note 14			
Stockholders' equity:			
Preferred stock - \$0.001 par value, 5,000,000 authorized, nil issued and outstanding at June 30, 2021 and December 31, 2020, respectively.		-	-
Common stock - \$0.001 par value, 30,000,000 authorized; 25,980,598 and 12,839,972 shares issued at June 30, 2021 and December 31, 2020, respectively; and 25,322,356 and 12,747,055 outstanding at June 30, 2021 and December 31, 2020, respectively.		25,323	12,747
Additional paid-in capital		44,785,811	25,465,094
Accumulated deficit		(19,031,862)	(15,045,783)
Non-controlling interest		<u>(3,400,989)</u>	<u>(2,618,904)</u>
Total stockholders' equity		<u>22,378,283</u>	<u>7,813,154</u>
Total liabilities and stockholders' equity	\$	32,532,281	\$ 19,746,006

IMAC HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Patient revenues, net	\$ 3,462,814	\$ 2,572,580	\$ 6,487,622	\$ 5,881,649
Other income	2,701	-	6,078	-
Management fees	-	-	36,068	12,487
Total revenue	<u>3,465,515</u>	<u>2,572,580</u>	<u>6,529,768</u>	<u>5,894,136</u>
Operating expenses:				
Patient expenses	339,951	405,367	681,363	785,184
Salaries and benefits	2,996,674	2,334,249	5,750,922	5,260,399
Share-based compensation	123,169	121,945	233,776	203,029
Advertising and marketing	315,529	174,350	581,077	416,167
Grant funds	-	(415,978)	-	(415,978)
General and administrative	1,661,193	1,208,457	2,880,531	2,444,595
Depreciation and amortization	<u>441,804</u>	<u>453,651</u>	<u>864,005</u>	<u>904,146</u>
Total operating expenses	<u>5,878,320</u>	<u>4,282,041</u>	<u>10,991,674</u>	<u>9,597,542</u>
Operating loss	(2,412,805)	(1,709,461)	(4,461,906)	(3,703,406)
Other income (expense):				
Interest income	-	39	-	39
Other income	135	-	135	-
Gain (loss) on extinguishment of debt	108	(109,544)	108	(109,544)

Gain (loss) on disposal of assets	49	(21,225)	(3,994)	(21,225)
Interest expense	<u>(126,228)</u>	<u>(134,921)</u>	<u>(302,507)</u>	<u>(211,125)</u>
Total other (expenses)	<u>(125,936)</u>	<u>(265,651)</u>	<u>(306,258)</u>	<u>(341,855)</u>
Net loss before income taxes	(2,538,741)	(1,975,112)	(4,768,164)	(4,045,261)
Income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss	(2,538,741)	(1,975,112)	(4,768,164)	(4,045,261)
Net loss (income) attributable to the non-controlling interest	<u>542,697</u>	<u>(55,576)</u>	<u>782,085</u>	<u>281,028</u>
Net loss attributable to IMAC Holdings, Inc.	\$ (1,996,044)	\$ (2,030,688)	\$ (3,986,079)	\$ (3,764,233)
Net loss per share attributable to common stockholders				
Basic and diluted	\$ (0.08)	\$ (0.20)	\$ (0.20)	\$ (0.38)
Weighted average common shares outstanding				
Basic and diluted	25,143,201	10,184,294	19,476,793	9,897,773

IMAC HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (4,768,164)	\$ (4,045,261)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	864,005	904,146
Share based compensation	233,776	203,030
Loss on disposition of assets	3,994	(16,577)
(Increase) decrease in operating assets:		
Accounts receivable, net	173,340	(210,707)
Other assets	(630,626)	299,721
Security deposits	(7,349)	48,204
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(317,776)	(329,056)
Patient deposits	118,172	161,451
Net cash used in operating activities	<u>(4,330,628)</u>	<u>(2,985,049)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(240,938)	(10,511)
Purchase of license fee	-	(243,750)
Brand development	(66,495)	-
Acquisitions (Note 6)	(731,909)	(200,000)
Proceeds from sale of fixed assets	2,650	-
Net cash used in investing activities	<u>(1,036,692)</u>	<u>(454,261)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock	19,005,323	3,774,617
Proceeds from notes payable	-	2,891,520
Payments on notes payable	(2,624,102)	(719,104)
Payments of debt issuance costs	-	(70,000)
Payments on finance lease obligation	(16,243)	(8,643)
Net cash provided by financing activities	<u>16,364,978</u>	<u>5,868,390</u>
Net increase in cash	10,997,658	2,429,080

Cash, beginning of period		<u>2,623,952</u>		<u>373,689</u>
Cash, end of period	\$	13,621,610	\$	2,802,769
Supplemental cash flow information:				
Interest paid	\$	183,849	\$	56,058
Non cash financing and investing:				
Debt discount notes payable	\$	-	\$	115,000



Source: IMAC Holdings, Inc.