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

FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2021**

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission file number: 001-38797

IMAC Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**83-0784691** **(I.R.S. Employer Identification No.)**
1605 Westgate Circle, Brentwood, Tennessee **(Address of Principal Executive Offices)**	**37027** **(Zip Code)**

(844) 266-4622
(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 $0.001 per share	IMAC	NASDAQ Capital Market
Warrants to Purchase Common Stock	IMACW	NASDAQ Capital Market

Indicate by check mark 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the 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	[X]	Smaller reporting company	[X]
		Emerging growth company	[X]

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 in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

As of May 13, 2021, the registrant had 25,200,481 shares of common stock (par value $0.001 per share) outstanding.

IMAC HOLDINGS, INC.
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Important Information Regarding Forward-Looking Statements

Portions of this Quarterly Report on Form 10-Q (including information incorporated by reference) include "forward-looking statements" based on our current beliefs, expectations, and projections regarding our business strategies, market potential, future financial performance, industry, and other matters. This includes, in particular, "Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q, as well as other portions of this Quarterly Report on Form 10-Q. The words "believe," "expect," "anticipate," "project," "could," "would," and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties, and other factors that could cause our actual results to differ materially from those projected, anticipated, or implied in the forward-looking statements. The most significant of these risks, uncertainties, and other factors are described in "Item 1A — Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission on March 4, 2021. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2021	December 31, 2020
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	18,299,002	4,757,369
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	13,498,351	13,211,595
Total assets	$ 33,628,046	$ 19,746,006
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	1,182,383	1,078,107
Total current liabilities	6,600,854	5,950,402
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	3,501,876	3,506,484
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; and 24,006,731 and 12,747,055 outstanding 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	(2,858,292)	(2,618,904)
Total stockholders' equity	22,832,707	7,813,154
Total liabilities and stockholders' equity	$ 33,628,046	$ 19,746,006

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	**2020**
Patient revenues, net	$ 3,024,808	$ 3,309,069
Other income	3,377	-
Management fees	36,068	12,487
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	422,201	450,495
Total operating expenses	5,113,354	5,315,501
Operating loss	(2,049,101)	(1,993,945)
Other expenses:		
Gain/loss on disposition of assets	(4,043)	-
Interest expense	(176,279)	(76,204)
Total other expenses	(180,322)	(76,204)
Net loss before income taxes	(2,229,423)	(2,070,149)
Income taxes	-	-
Net loss	(2,229,423)	(2,070,149)
Net loss attributable to the non-controlling interest	239,388	336,604
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

See accompanying notes to the unaudited condensed consolidated financial statements.

IMAC HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional	Non-		
	Number of Shares	Par	Paid-In-Capital	Controlling Interest	Accumulated Deficit	Total
Balance, December 31, 2019	8,913,258	$ 8,907	$ 20,050,634	$ (2,080,199)	$ (10,042,050)	$ 7,937,292
Issuance of common stock	1,095,840	1,096	1,376,122	-	-	1,377,218
Issuance of employee stock options	-	-	38,359	-	-	38,359
Net loss	-	-	-	(336,604)	(1,733,545)	(2,070,149)
Balance, March 31, 2020	10,009,098	$ 10,003	$ 21,465,115	$ (2,416,803)	$ (11,775,595)	$ 7,282,720

	Common Stock		Additional	Non-		
	Number of Shares	Par	Paid-In-Capital	Controlling Interest	Accumulated Deficit	Total
Balance, December 31, 2020	12,747,055	$ 12,747	$ 25,465,094	$ (2,618,904)	$ (15,045,783)	$ 7,813,154
Issuance of common stock	11,259,676	11,260	17,198,664	-	-	17,209,924
Issuance of employee stock options	-	-	39,052	-	-	39,052
Net loss	-	-	-	(239,388)	(1,990,035)	(2,229,423)
Balance, March 31, 2021	24,006,731	$ 24,007	$ 42,702,810	$ (2,858,292)	$ (17,035,818)	$ 22,832,707

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 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	(1,749,902)	(1,157,207)
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	(683,064)	(207,243)
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	15,416,726	2,272,701
Net increase in cash	12,983,760	908,251
Cash, beginning of period	2,623,952	373,689
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

See accompanying notes to the unaudited condensed consolidated financial statements.

IMAC HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 – Description of Business

IMAC Holdings, Inc. is a holding company for IMAC Regeneration Centers, The Back Space retail store and our Investigational New Drug division. IMAC Holdings, Inc. and its affiliates (collectively, the "Company") provide movement, orthopedic and neurological therapies through its chain of IMAC Regeneration Centers. Through its consolidated and equity owned entities, its outpatient medical clinics provide conservative, non-invasive medical treatments to help patients with back pain, knee pain, joint pain, ligament and tendon damage, and other related soft tissue conditions. The Company has opened or acquired through management service agreements sixteen (16) medical clinics located in Florida, Illinois, Kentucky, Missouri and Tennessee at March 31, 2021. The Company has partnered with several well-known sports stars such as Ozzie Smith, David Price, Tony Delk and Mike Ditka in opening its medical clinics, with a focus on delivering sports medicine treatments without opioids. The Back Space operates a healthcare center specializing in chiropractic and spinal care services inside our Fortune 500 partner's retail locations. The Company's Investigational New Drug division is conducting a clinical trial for its investigational compound utilizing umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's disease.

Effective June 1, 2018, the Company converted from IMAC Holdings, LLC a Kentucky limited liability company to IMAC Holdings, Inc. a Delaware corporation, followed by a reverse stock split in February 2019. These accounting changes have been given retrospective treatment in the condensed consolidated financial statements.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles ("GAAP") in the United States of America ("U.S.") as promulgated by the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") and with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC" or the "Commission"). The information contained in these condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the fiscal year ended December 31, 2020 included in the Company's Annual Report on Form 10-K filed with the SEC on March 4, 2021.

The accompanying condensed consolidated financial statements include the accounts of IMAC Holdings, Inc. ("IMAC Holdings") and the following entities which are consolidated due to direct ownership of a controlling voting interest or other rights granted to us as the sole general partner or managing member of the entity: IMAC Regeneration Center of St. Louis, LLC ("IMAC St. Louis"), IMAC Management Services, LLC ("IMAC Management"), IMAC Regeneration Management, LLC ("IMAC Texas"), IMAC Regeneration Management of Nashville, LLC ("IMAC Nashville"), IMAC Management of Illinois, LLC ("IMAC Illinois"), Advantage Hand Therapy and Orthopedic Rehabilitation, LLC ("Advantage Therapy"), IMAC Management of Florida, LLC ("IMAC Florida"), Chiropractic Health of Southwest Florida, Inc. ("SW Florida") and The Back Space LLC ("Back Space"); the following entity which is consolidated with IMAC Regeneration Management of Nashville, LLC due to control by contract: IMAC Regeneration Center of Nashville, PC ("IMAC Nashville PC"); the following entities which are consolidated with IMAC Management of Illinois, LLC due to control by contract: Progressive Health and Rehabilitation, Ltd, Illinois Spine and Disc Institute, Ltd and Ricardo Knight, P.C.; the following entity which is consolidated with IMAC Management Services, LLC due to control by contract: Integrated Medicine and Chiropractic Regeneration Center PSC ("Kentucky PC"); the following entities which are consolidated with IMAC Management of Florida, LLC due to control by contract: Willmitch Chiropractic, P.A. and IMAC Medical of Florida, PA ("Florida Medical") and the following entity which is consolidated with The Back Space LLC due to control by contract: The Back Space.

In January 2020, the Company consummated an agreement for the acquisition of Chiropractic Health of Southwest Florida, Inc. (“CHSF”) in Bonita Springs, Florida. This entity is included in the condensed consolidated financial statements from the date of acquisition.

In February 2021, the Company completed the asset purchase of and signed a Management Services Agreement with Willmitch Chiropractic, P.A. in Tampa, Florida. This entity is included in the condensed consolidated financial statements from the date of acquisition.

In March 2021, the Company completed the asset purchase of NHC Chiropractic, PLLC dba Synergy Healthcare in Orlando, Florida. The assets acquired are included in the condensed consolidated financial statements from the date of acquisition.

All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses at the date and for the periods that the condensed consolidated financial statements are prepared. On an ongoing basis, the Company evaluates its estimates, including those related to insurance adjustments and provisions for doubtful accounts. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could materially differ from those estimates.

COVID-19 Pandemic

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond the point of origin. On March 20, 2020 the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of these condensed consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s combined financial condition, liquidity and future results of operations. Management is actively monitoring the impact of the global situation on its consolidated financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020 beyond the results presented in these condensed consolidated financial statements and this quarterly report.

Revenue Recognition

The Company’s patient service revenue is derived from non-surgical procedures performed at our outpatient medical clinics. The fees for such services are billed either to the patient or a third-party payer, including Medicare.

The Company recognizes service revenues based upon the estimated amounts the Company expects to be entitled to receive from patients and third-party payers. Estimates of contractual adjustments are based upon the payment terms specified in the related contractual agreements. The Company also records estimated implicit price concessions (based primarily on historical collection experience) related to uninsured accounts to record these revenues at the estimated amounts expected to be collected.

Starting in January 2020, the Company implemented wellness maintenance programs on a subscription basis. There are three membership plans offered with different levels of service for each plan. The Company recognizes membership revenue on a pro-rated monthly basis. Enrollment in the wellness maintenance program can occur at any time during the month and can be dis-enrolled at any time.

Other management service fees are derived from management services where the Company provides billings and collections support to the clinics and where management services are provided based on state specific regulations known as the corporate practice of medicine (“CPM”). Under the CPM, a business corporation is precluded from practicing medicine or employing a physician to provide professional medical services. In these circumstances, the Company provides all administrative support to the physician-owned PC through an LLC. The PC is consolidated due to control by contract (an “MSA” – Management Services Agreement). The fees we derive from these management arrangements are either based on a predetermined percentage of the revenue of each clinic or a percentage mark up on the costs of the LLC. The company recognize other management service revenue in the period in which services are rendered. These revenues are earned by IMAC Nashville, IMAC Management and IMAC Illinois and are eliminated in consolidation to the extent owned.

The Company’s net patient revenue consisted of the following for the three months ended March 31, 2021 and 2020:

	Three Months Ended	
	March 31, 2021	**March 31, 2020**
Patient revenue, net	$ 3,024,808	$ 3,309,069

Patient Deposits

Patient deposits are derived from patient payments in advance of services delivered. Our service lines include traditional and regenerative medicine. Regenerative medicine procedures are rarely paid by insurance carriers; therefore, the Company typically requires up-front payment from the patient for regenerative services and any co-pays and deductibles as required by the patient specific insurance carrier. For some patients, credit is provided through an outside vendor. In this case, the Company is paid from the credit card company and the risk is transferred to the credit card company for collection from the patient. These funds are accounted for as patient deposits until the procedures are performed at which point the patient deposit is recognized as patient service revenue.

Fair Value of Financial Instruments

The carrying amount of accounts receivable and accounts payable approximate their respective fair values due to the short- term nature. The carrying amount of the line of credit and note payable approximates fair values due to their market interest rates. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents at March 31, 2021 and December 31, 2020.

Accounts Receivable

Accounts receivable primarily consists of amounts due from third-party payers (non-governmental), governmental payers and private pay patients and is recorded net of allowances for doubtful accounts and contractual discounts. The Company's ability to collect outstanding receivables is critical to its results of operations and cash flows. Accordingly, accounts receivable reported in the Company's condensed consolidated financial statements is recorded at the net amount expected to be received. The Company's primary collection risks are (i) the risk of overestimation of net revenues at the time of billing that may result in the Company receiving less than the recorded receivable, (ii) the risk of non-payment as a result of commercial insurance companies' denial of claims, (iii) the risk that patients will fail to remit insurance payments to the Company when the commercial insurance company pays out-of-network claims directly to the patient, (iv) resource and capacity constraints that may prevent the Company from handling the volume of billing and collection issues in a timely manner, (v) the risk that patients do not pay the Company for their self-pay balances (including co-pays, deductibles and any portion of the claim not covered by insurance) and (vi) the risk of non-payment from uninsured patients.

The Company's accounts receivable from third-party payers are recorded net of estimated contractual adjustments and allowances from third-party payers, which are estimated based on the historical trend of the Company's facilities' cash collections and contractual write-offs, accounts receivable aging, established fee schedules, relationships with payers and procedure statistics. While changes in estimated reimbursement from third-party payers remain a possibility, the Company expects that any such changes would be minimal and, therefore, would not have a material effect on the Company's financial condition or results of operations. The Company's collection policies and procedures are based on the type of payor, size of claim and estimated collection percentage for each patient account. The Company analyzes accounts receivable at each of the facilities to ensure the proper collection and aged category. The operating systems generate reports that assist in the collection efforts by prioritizing patient accounts. Collection efforts include direct contact with insurance carriers or patients and written correspondence.

Allowance for Doubtful Accounts, Contractual and Other Discounts

Management estimates the allowance for contractual and other discounts based on its historical collection experience and contracted relationship with the payers. The services authorized and provided and related reimbursement are often subject to interpretation and negotiation that could result in payments that differ from the Company's estimates. The Company's allowance for doubtful accounts is based on historical experience, but management also takes into consideration the age of accounts, creditworthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. An account may be written-off only after the Company has pursued collection efforts or otherwise determines an account to be uncollectible. Uncollectible balances are written-off against the allowance. Recoveries of previously written-off balances are credited to income when the recoveries are made.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Additions and improvements to property and equipment are capitalized at cost. Depreciation of owned assets and amortization of leasehold improvements are computed using the straight-line method over the shorter of the estimated useful lives of the related assets or the lease term. The cost of assets sold or retired, and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in other income (expense) for the year. Expenditures for maintenance and repairs are charged to expense as incurred.

Intangible Assets

The Company capitalizes the fair value of intangible assets acquired in business combinations. Intangible assets are amortized on a straight-line basis over their estimated economic useful lives, generally the contract term. The Company performs valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocates the purchase price of each acquired business to its respective net tangible and intangible assets. Acquired intangible assets include trade names, non-compete agreements, customer relationships and contractual agreements.

Goodwill

Our goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. The goodwill generated from the business combinations is primarily related to the value placed on the employee workforce and expected synergies. Judgment is involved in determining if an indicator or change in circumstances relating to impairment has occurred. Such changes may include, among others, a significant decline in expected future cash flows, a significant adverse change in the business climate, and unforeseen competition. There was no goodwill impairment for the years presented.

The Company tests goodwill for impairment on an annual basis, and when events or circumstances indicate the fair value of a reporting unit may be below its carrying value.

Long-Lived Assets

Long-lived assets such as property and equipment and intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impairments of long-lived assets for the years presented.

Advertising and Marketing

The Company uses advertising and marketing to promote its services. Advertising and marketing costs are expensed as incurred. Advertising and marketing expense was $265,548 and $241,817 for the three months ended March 31, 2021 and 2020, respectively.

Net Loss Per Share

Basic net loss per common share is computed by dividing net loss applicable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of the conversion option embedded in convertible debt. The weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would have an anti-dilutive effect.

Income Taxes

IMAC Holdings was taxed as a partnership through May 31, 2018. As a result, income tax liabilities were passed through to the individual members. Accordingly, no provision for income taxes were reflected in the consolidated financial statements for periods prior to May 31, 2018, at which time the Company converted from a limited liability company to a Delaware corporation. Subsequent to the Company converting to a Delaware corporation, IMAC Nashville, IMAC Texas, IMAC St. Louis continued as single-member limited liability companies that are disregarded entities for tax purposes and do not file separate returns. Their activity is included as part of IMAC Holdings Inc. Advantage Therapy, IMAC Illinois, IMAC Florida, Back Space and BioFirma are also disregarded entities for tax purposes. IMAC Management is a C-corporation and is included in the consolidated return of IMAC Holdings as a subsidiary.

Any future benefit arising from losses have been offset by a valuation allowance. Accordingly, no provision for income taxes is reflected in the condensed consolidated financial statements. The Company records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. Interest and penalties related to income tax matters, if any, would be recognized as a component of income tax expense. At March 31, 2021 and December 31, 2020, the Company had no liabilities for uncertain tax positions. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. Currently, the tax years subsequent to 2017 are open and subject to examination by the taxing authorities.

Note 3 – Capital Requirements, Liquidity and Going Concern Considerations

The Company had working capital of approximately $11.7 million and a deficiency in working capital of $1.2 million at March 31, 2021 and December 31, 2020, respectively. The Company had a net loss of approximately $2.0 million for the three months ended March 31, 2021, and used cash in operations of approximately $1.7 million at March 31, 2021. The Company expects to continue to incur significant expenditures to develop and expand its owned and managed outpatient medical clinics.

Management recognizes that the Company must obtain additional resources to successfully integrate its acquired and managed clinics and implement its business plans. Prior to the Company’s March 2021 public offering, the Company funded its business plan through debt and equity securities. Management expects to continue to incur net losses and have significant cash outflows for at least the next 12 months. During the quarter ended March 31, 2021, the Company completed a public offering and received proceeds of approximately $17 million. Subsequent to March 31, 2021, the Company sold an additional 1,193,750 shares for proceeds of $1.9 million. These events served to mitigate the conditions that historically raised substantial doubt about the Company’s ability to continue as a going concern.

Based on this analysis, the Company has the ability to continue as a going concern for at least the next 12 months and meet its financial obligations as they become due.

Note 4 – Concentration of Credit Risks

Cash

The Company maintains its cash in accounts at financial institutions, which may, at times, exceed federally-insured limits of $250,000.

Revenue and Accounts Receivable

As of March 31, 2021 and December 31, 2020, the Company had the following revenue and accounts receivable concentrations:

	March 31, 2021		December 31, 2020	
	% of Revenue	% of Accounts Receivable	% of Revenue	% of Accounts Receivable
	(Unaudited)			
Patient payment	37%	33%	35%	38%
Medicare payment	40%	15%	40%	16%
Insurance payment	23%	52%	25%	46%

Note 5 – Accounts Receivable

As of March 31, 2021 and December 31, 2020, the Company's accounts receivable consisted of the following:

	March 31, 2021	December 31, 2020
	(Unaudited)	
Gross accounts receivable	$ 1,875,136	$ 1,542,665
Less: allowance for doubtful accounts	(28,982)	(28,982)
Accounts receivable, net	$ 1,846,154	$ 1,513,683

Note 6 – Business Acquisitions

IMAC Florida

In February 2021, the Company completed the asset purchase of and signed Management Services Agreement with Willmitch Chiropractic, P.A. in Tampa, Florida. The transaction was completed as an asset purchase for $421,000. Willmitch Chiropractic's founder, Martin Willmitch, will remain with the Company and serve as Vice President of Managed Care of IMAC.

In March 2021, the Company completed the asset purchase of NHC Chiropractic, PLLC dba Synergy Healthcare in Orlando, Florida. The transaction was completed as an asset purchase for $142,500.

The following table summarizes the fair value of consideration paid and the allocation of purchase price to the fair value of net assets acquired for the acquisition of the IMAC Florida businesses:

	Orlando	Tampa
Property & equipment	$ 149,720	$ 7,400
Customer lists	-	413,600
Current liabilities	(7,220)	-
	$ 142,500	$ 421,000

Note 7 – Property and Equipment

The Company's property and equipment consisted of the following at March 31, 2021 and December 31, 2020:

	Estimated Useful Life in Years	March 31, 2021	December 31, 2020
Leasehold improvements	Shorter of asset or lease term	$ 2,070,041	$ 2,064,669
Equipment	1.5 - 7	2,190,266	2,012,276
Total property and equipment		4,260,307	4,076,945
Less: accumulated depreciation		(2,454,187)	(2,302,273)
		1,806,120	1,774,672
Construction in progress		24,573	2,370
Total property and equipment, net		$ 1,830,693	$ 1,777,042

Depreciation was $163,945 and $218,843 for the three months ended March 31, 2021 and 2020, respectively.

Note 8 – Intangibles Assets and Goodwill

The Company's intangible assets and goodwill consisted of the following at March 31, 2021 and December 31, 2020:

		March 31, 2021		
	Estimated Useful Life	Cost	Accumulated Amortization	Net
Intangible assets:				
Management service agreements	10 years	$ 7,940,398	$ (1,904,888)	$ 6,035,510
Non-compete agreements	3 years	301,000	(282,223)	18,777
Customer lists	3 years	548,482	(79,179)	469,303
Brand development	10 years	55,045	(445)	54,600
Definite lived assets		8,844,925	(2,266,735)	6,578,190
Research and development		243,750	-	243,750
Goodwill		2,040,696	-	2,040,696
Total intangible assets and goodwill		$ 11,129,371	$ (2,266,735)	$ 8,862,636

	Estimated Useful Life	December 31, 2020 Cost	Accumulated Amortization	Net
Intangible assets:				
Management service agreements	10 years	$ 7,940,398	$ (1,706,379)	$ 6,234,019
Non-compete agreements	3 years	301,000	(257,139)	43,861
Customer lists	3 years	134,882	(44,961)	89,921
Definite lived assets		8,376,280	(2,008,479)	6,367,801
Research and development		243,750	-	243,750
Goodwill		2,040,696	-	2,040,696
Total intangible assets and goodwill		$ 10,660,726	$ (2,008,479)	$ 8,652,247

Amortization was $258,256 and $231,652 for the three months ended March 31, 2021 and 2020, respectively.

The Company's estimated future amortization of intangible assets was as follows:

Years Ending December 31,	
2021 (nine months)	$ 754,180
2022	980,537
2023	935,576
2024	809,198
2025	797,709
Thereafter	2,300,990
	$ 6,578,190

Note 9 – Operating Leases

On January 1, 2019, the Company adopted ASC 842 using the modified retrospective method applied to leases that were in place at January 1, 2019. Results for operating periods beginning after January 1, 2019 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting under ASC 840. The Company's leases consist of operating leases that mostly relate to real estate rental agreements. Most of the value of the Company's lease portfolio relates to real estate lease agreements that were entered into starting March 2017.

Discount Rate Applied to Operating Leases

To determine the present value of minimum future lease payments for operating leases at January 1, 2019, the Company was required to estimate a rate of interest that we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment (the "incremental borrowing rate" or "IBR").

The Company determined the appropriate IBR by identifying a reference rate and making adjustments that take into consideration financing options and certain lease-specific circumstances. For the reference rate, the Company used the ten year mortgage interest rate.

Right of Use Assets

Right of use assets included in the Company's condensed consolidated balance sheet were as follows:

	March 31, 2021	December 31, 2020
Non-current assets		
Right of use assets, net of amortization	$ 3,956,697	$ 3,816,035

Total operating lease cost

Individual components of the total lease cost incurred by the Company were as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Operating lease expense	$ 293,793	$ 306,632

Minimum rental payments under operating leases are recognized on a straight light basis over the term of the lease.

Maturity of operating leases

The Company's amount of future minimum lease payments under operating leases are as follows:

	Operating Leases
Undiscounted future minimum lease payments:	
2021 (nine months)	$ 967,531
2022	1,290,317
2023	1,184,577
2024	784,988
2025	430,482
Thereafter	303,790
Total	4,961,685
Amount representing imputed interest	(277,426)
Total operating lease liability	4,684,259
Current portion of operating lease liability	(1,182,383)
Operating lease liability, non-current	$ 3,501,876

Note 10 – Notes Payable

Set forth below is a summary of the Company's outstanding debt as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Note payable to Edward S. Bredniak in the amount of up to $2,000,000. An existing note payable with this entity in the amount of $379,676 has been combined into the new note payable which carries an interest rate of 10% per annum. This note was amended in September 2020 and all outstanding balances are due January 5, 2022.	$ -	$ 1,750,000
Note payable to a financial institution in the amount of $200,000 dated November 15, 2017. The note requires 66 consecutive monthly installments of $2,652 including principal and interest at 5%, with a balloon payment of $60,000 which was paid on June 15, 2018. The note matures on May 15, 2023, and is secured by the personal guarantees of certain Company executives.	65,157	72,238
Note payable to a financial institution in the amount of $131,400 dated August 1, 2016. The note requires 120 monthly installments of $1,394 including principal and interest at 5%. The note matures on July 1, 2026, and is secured by a letter of credit.	78,152	81,330
Note payable to a financial institution in the amount of $200,000 dated May 4, 2016. The note requires 60 monthly installments of $3,881 including principal and interest at 4.25%. The note matures on May 4, 2021, and is secured by the equipment and personal guarantees of certain Company executives.	7,711	19,191
Note payable to an employee in the amount of $101,906 dated March 8, 2017. The note requires payments in five annual installments of $23,350, including principal and interest at 5%. The note matures on December 31, 2021, and is unsecured.	20,000	20,000
$112,800 payable to a landlord of Advantage Therapy, LLC pursuant to a lease dated March 1, 2019. The debt is payable in 60 monthly installments of $2,129, including principal and interest at 5%. The debt matures on June 1, 2024.	76,478	81,862
Note payable to a financial institution in the amount of $140,000, dated September 25, 2019. The note requires 36 consecutive monthly installments of $4,225 including principal and interest at 5.39%. The note matures on September 19, 2022 and is secured by a personal guarantee of the Vice President of Business Development of the Company.	72,855	84,444
Note payable in the amount of $2,690,000, dated October 29, 2020. The note is payable on or before April 29, 2022. The interest on the note accrues at a rate of 7% per annum and is payable on the maturity date or otherwise in accordance with the note.	2,690,000	2,690,000
Unamortized debt issuance costs	(234,643)	(312,858)
	2,775,710	4,486,207
Less: current portion:	(2,595,498)	(2,527,324)
	$ 180,212	$ 1,958,883

Principal maturities of the Company's notes payable are as follows:

Years Ending December 31,	Amount
2021 (nine months)	$ 2,566,827
2022	104,186
2023	51,657
2024	27,631
2025	15,813
Thereafter	9,596
Total	$ 2,775,710

Note 11 – Stockholders' Equity

On June 18, 2020, the Company entered into a securities purchase agreement (the "Securities Purchase Agreement") with institutional accredited investors (the "Purchasers") pursuant to which the Company offered for sale to the Purchasers an aggregate of 1,764,000 shares (the "Shares") of its common stock, in a registered direct offering (the "Registered Direct Offering"). The Shares were offered by the Company pursuant to its shelf registration statement on Form S-3 (File No. 333-237455) originally filed with the SEC on March 27, 2020 (as amended, the "Registration Statement"), which was declared effective on April 3, 2020. The purchase price for one Share in the Registered Direct Offering was $1.50, and closing of the Registered Direct Offering occurred on June 22, 2020. The Company received $2.644 million in gross proceeds from the Registered Direct Offering. The Company used approximately $0.5 million of the gross proceeds for the repayment of certain indebtedness, and the remaining proceeds to the Company will be used to finance the costs of developing and acquiring additional outpatient medical clinics as part of the Company's growth and expansion strategy and for working capital.

On October 5, 2020, the Company launched an at-the-market offering of up to $5,000,000 worth of shares of the Company's common stock pursuant to an At-The-Market Issuance Sales Agreement, dated October 5, 2020, by and between the Company and Ascendiant Capital Markets, LLC. Since the launch and as of March 31, 2021, pursuant to the Agreement, the Company had sold 1,541,758 shares of common stock through Ascendiant Capital Markets for aggregate proceeds to the Company of $2.9 million.

During March 2021, the Company completed a public offering by issuing 10,625,000 shares of common stock for gross proceeds of $17 million. The Company used approximately $1.8 million for the repayment of certain indebtedness and is using the remaining proceeds for the repayment of certain other indebtedness, to finance the costs of developing and acquiring additional outpatient medical clinics and healthcare centers as part of the Company's growth and expansion strategy and for working capital.

2018 Incentive Compensation Plan

The Company's board of directors and holders of a majority of outstanding shares approved and adopted the Company's 2018 Incentive Compensation Plan ("2018 Plan") in May 2018, reserving the issuance of up to 1,000,000 shares of common stock (subject to certain adjustments) upon exercise of stock options and grants of other equity awards. The 2018 Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards, other forms of equity compensation and performance cash awards. ISOs may be granted only to employees. All other awards may be granted to employees, including officers, and to the Company's non-employee directors and consultants, and affiliates.

Stock Options

As of March 31, 2021, the Company had issued stock options to purchase 435,518 shares of its common stock as non-qualified stock options to various employees of the Company. These options vest over a period of four years, with 25% vesting after one year and the remaining 75% vesting in equal monthly installments over the following 36 months and are exercisable for a period of ten years. Stock based compensation for stock options is estimated at the grant date based on the fair value calculated using the Black-Scholes method. The per-share fair values of these options is calculated based on the Black-Scholes-Merton pricing model with the following assumptions: a volatility rate of 32.2%, risk free rate of 2.4% and the expected term of 10 years.

Restricted Stock Units

On May 21, 2019, the Company granted an aggregate of 277,500 Restricted Stock Units ("RSUs") to certain employees, executives and directors of the Company, the terms of which vest over various periods between the date of grant and May 21, 2023. On August 13, 2019, 30,000 shares of common stock were issued pursuant to previously granted RSUs which had vested as of such date.

On May 21, 2020, the Company granted 10,000 RSUs to a Board member that vested immediately.

On October 20, 2020, the Company granted an aggregate of 300,000 RSUs to Board members with these RSUs vesting in eight equal quarterly installments commencing on February 1, 2021, provided the Board members remain directors of the Company.

On January 30, 2021, the Company granted an aggregate of 15,000 RSUs to non-executive staff and contractors with these RSUs vesting after one year.

Note 12 – Retirement Plan

The Company offers a 401(k) plan that covers eligible employees. The plan provides for voluntary salary deferrals for eligible employees. Additionally, the Company is required to make matching contributions of 50% of up to 6 % of total compensation for those employees making salary deferrals. The Company made contributions of $34,074 and $19,690 during the three months ended March 31, 2021 and 2020, respectively.

Note 13 – Income Taxes

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before provision for income taxes. The sources and tax effects of the differences are as follows:

Deferred tax benefit at the federal statutory rate	21%
Valuation allowance	-21%
	0%

At March 31, 2021, the Company had a net operating loss carryforward of approximately $11.4 million for federal and state purposes. This loss will be available to offset future taxable income. There is no expiration of this carryforward as it was generated after December 31, 2017. The deferred tax asset relating to the operating loss carryforward has been fully reserved. The principal differences between the operating loss for income tax purposes and reporting purposes are shares issued for services and share-based compensation and a temporary difference in depreciation expense.

Note 14 – Commitments and Contingencies

The Company is subject to extensive regulation, including health insurance regulations directed at ascertaining the appropriateness of reimbursement, preventing fraud and abuse and otherwise regulating reimbursement. To ensure compliance, various insurance providers often conduct audits and request patient records and other documents to support claims submitted by the Company for payment of services rendered to customers. In the event that an audit results in discrepancies in the records provided, insurance providers may be entitled to extrapolate the results of the audit to make overpayment demands based on a wider population of claims than those examined in the audit.

From time to time the Company may become subject to threatened and/or asserted claims arising in the ordinary course of our business. Management is not aware of any matters, either individually or in the aggregate, that are reasonably likely to have a material impact on the Company's financial condition, results of operations or liquidity.

Note 15 - Subsequent Events

On April 7, 2021 the Company closed on the sale of an additional 1,193,750 shares of common stock at the recent public offering price of $1.60 per share, pursuant to the 15% over-allotment option exercised in full by the underwriters in connection with its public offering that closed March 26, 2021. These proceeds will be used to fund working capital and general corporate purposes.

The Company accrues a liability and charges operations for the estimated costs of contingent liabilities, including adjudication or settlement of various asserted and unasserted claims existing as of the balance sheet date, where there is a reasonable possibility that a loss has been incurred and the loss (or range of probable loss) is estimable. The Company currently is party to certain actions, described below arising from the normal course of business:

On April 15, 2021, the Company received notification from Covent Bridge Group, a Center for Medicare & Medicaid Services ("CMS") contractor, that they are recommending to CMS that the Company was overpaid in the amount of $2,921,868. This amount represents a statistical extrapolation of $11,530 of charges from a sample of 40 claims for the periods February 2017 to November 2020. As of the filing date, the Company has not received a request for payment from CMS. The Company has begun its own internal audit process and disagrees with the interpretation of the medical records and the extrapolation techniques used to derive this balance. The Company is prepared to follow the appropriate appeals process or use the judicial system.

The Company is unable to predict the timing and ultimate outcome of this matter and therefore is unable to estimate the range of possible loss. Any potential loss may be classified as errors and omissions for which insurance coverage was in place during a majority of the years being evaluated.

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

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth previously under the caption "Risk Factors." This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this report.

The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods.

References in this MD&A to "we," "us," "our," "our company," "our business" and "IMAC Holdings" are to IMAC Holdings, Inc., a Delaware corporation and prior to the Corporate Conversion (defined below), IMAC Holdings, LLC, a Kentucky limited liability company, and the following entities which are consolidated due to direct ownership of a controlling voting interest or other rights granted to us as the sole general partner or managing member of the entity: IMAC Regeneration Center of St. Louis, LLC ("IMAC St. Louis"), IMAC Management Services, LLC ("IMAC Management"), IMAC Regeneration Management, LLC ("IMAC Texas") IMAC Regeneration Management of Nashville, LLC ("IMAC Nashville") IMAC Management of Illinois, LLC ("IMAC Illinois"), Advantage Hand and Orthopedic Rehabilitation, LLC ("Advantage Therapy"), IMAC Management of Florida, LLC ("IMAC Florida"), Chiropractic Health of Southwest Florida, Inc. ("SW Florida") and The Back Space LLC ("Back Space"); the following entity which is consolidated with IMAC Regeneration Management of Nashville, LLC due to control by contract: IMAC Regeneration Center of Nashville, PC ("IMAC Nashville PC"); the following entities which are consolidated with IMAC Management of Illinois, LLC due to control by contract: Progressive Health and Rehabilitation, Ltd, Illinois Spine and Disc Institute, Ltd and Ricardo Knight, P.C.; the following entity which is consolidated with IMAC Management Services, LLC due to control by contract: Integrated Medicine and Chiropractic Regeneration Center PSC ("Kentucky PC"); the following entities which are consolidated with IMAC Management of Florida, LLC due to control by contract: Willmitch Chiropractic, P.A. and IMAC Medical of Florida, PA ("Florida Medical") and the following entity which is consolidated with The Back Space LLC due to control by contract: The Back Space.

Overview

We are a provider of movement and orthopedic therapies and minimally invasive procedures performed through our regenerative and rehabilitative medical treatments to improve the physical health of our patients at our fast-growing chain of IMAC Regeneration Centers which we own or manage. Our outpatient medical clinics provide conservative, minimally invasive medical treatments to help patients with back pain, knee pain, joint pain, ligament and tendon damage, and other related soft tissue conditions. Our licensed healthcare professionals evaluate each patient and provide a custom treatment plan that integrates traditional medical procedures and innovative regenerative medicine procedures in combination with physical medicine. We do not use or offer opioid-based prescriptions as part of our treatment options in order to help our patients avoid the dangers of opioid abuse and addiction. The original IMAC Regeneration Center opened in Kentucky in August 2000 and remains the flagship location of our current business, which was formally organized in March 2015. To date, we have opened six, acquired nine and manage two outpatient medical clinics in Kentucky, Missouri, Tennessee, Illinois and Florida, and plan to further expand the reach of our facilities to other strategic locations throughout the United States. We have partnered with several active and former professional athletes, including Ozzie Smith, David Price, Tony Delk and Mike Ditka, in the branding of our IMAC Regeneration Centers. Our outpatient medical clinics emphasize our focus around treating sports and orthopedic injuries as an alternative to traditional surgeries for repair or joint replacement.

We own our medical clinics directly or have entered into long-term management services agreements to operate and control certain of our medical clinics by contract. Our preference is to own the clinics; however, some state laws restrict the corporate practice of medicine and require a licensed medical practitioner to own the clinic. Accordingly, our managed clinics are owned exclusively by a medical professional within a professional service corporation (formed as a limited liability company or corporation) and are under common control with us in order to comply with state laws regulating the ownership of medical practices. We are compensated under management services agreements through service fees based on the cost of the services provided, plus a specified markup percentage, and a discretionary annual bonus determined in the sole discretion of each professional service corporation.

Significant financial metrics

Significant financial metrics of the Company for the first quarter of 2021 are set forth in the bullets below.

- Working capital is $11.7 million as of March 31, 2021 compared to a working capital deficiency of $1.2 million as of December 31, 2020.
- Adjusted EBITDA[1] of ($1.3 million) in the first quarter of 2021 compared to ($1.1 million) in the first quarter of 2020.
- Received $17.0 million of gross proceeds from the issuance of common stock.
- Paid $1.8 million balance of bridge loan in quarter ending March 31, 2021.

(1) Adjusted EBITDA is a non-GAAP financial measure most closely comparable to the GAAP measure of net loss. See "Reconciliation of Non-GAAP Financial Matters" below for a full reconciliation of the GAAP and non-GAAP measures.

Impacts of and Response to COVID-19 Outbreak

In March 2020, federal, state and local government authorities issued orders and guidance in order to combat the spread of the COVID-19 outbreak. These actions have required or encouraged our patients to remain at home except for essential activities and may reduce patient visits to our clinics. For example, the governor of Kentucky ordered all chiropractic facilities in the state of Kentucky to close effective March 20, 2020, which caused us to close our Kentucky chiropractic facilities until such order was lifted on May 4, 2020. The full extent and duration of such actions and their impacts over the longer term remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the COVID-19 outbreak and the extent and effectiveness of containment actions taken.

Our response plan has multiple facets and continues to evolve as the pandemic unfolds. As a precautionary measure, we have taken steps to enhance our operational and financial flexibility to react to the risks the COVID-19 outbreak presents to our business, including the following:

- Launched telemedicine communications for remote patient engagement;
- Suspended operations in three Kentucky clinics to comply with government orders until we were allowed to resume operations on May 4, 2020; and
- Suspended operations at one clinic in Cook County, Illinois to comply with government orders until such order is lifted. The lease for this clinic expired June 30, 2020 and was not renewed.

The COVID-19 outbreak appears likely to cause significant economic harm across the United States, and the negative economic conditions that may result in reduced patient demand in our industry. We may experience a material loss of patients, revenue and market share as a result of the suspension of any operations. Initiatives to implement telehealth engagement with patients may not be adopted by existing and new patients. Patient habits may also be altered in the medium to long term. Negative economic conditions, a decrease in our revenue and consequent longer term trends harmful to our business may all exert pressure on our company during the pendency of emergency restrictions on our operations and beyond. Due to such conditions, beginning in the month of March 2020 we began to terminate or furlough employees to reduce costs associated with non-essential personnel, which resulted in a 27% reduction in workforce. As of March 31, 2021, 98% of the full and part-time workforce had returned from furlough.

We cannot predict with certainty when public health and economic conditions will return to normal. A decline in patient visits and/or the possible suspension of operations mandated in response to the COVID-19 outbreak, and the consequent loss of revenue and cash flow during this period may make it difficult for us to obtain capital necessary to fund our operations.

Matters that May or Are Currently Affecting Our Business

We believe that the growth of our business and our future success depend on various opportunities, challenges, trends and other factors, including the following:

- Our ability to identify, contract with, install equipment and operate a large number of outpatient medical clinics and attract new patients to them;
- Our need to hire additional healthcare professionals in order to operate the large number of clinics we intend to open;
- Our ability to enhance revenue at each facility on an ongoing basis through additional patient volume and new services;
- Our ability to obtain additional financing for the projected costs associated with the acquisition, management and development of new clinics, and the personnel involved, if and when needed;
- Our ability to attract competent, skilled medical and sales personnel for our operations at acceptable prices to manage our overhead; and
- Our ability to control our operating expenses as we expand our organization into neighboring states.

Critical Accounting Policies and Estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses at the date and for the periods that the condensed consolidated financial statements are prepared. On an ongoing basis, we evaluate our estimates, including those related to insurance adjustments and provisions for doubtful accounts. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could materially differ from those estimates.

We believe that, of the significant accounting policies discussed in our Notes to the Condensed Consolidated Financial Statements (Unaudited), the following accounting policies require our most difficult, subjective or complex judgments in the preparation of our financial statements.

Intangible Assets

The Company capitalizes the fair value of intangible assets acquired in business combinations. Intangible assets are amortized on a straight-line basis over their estimated economic useful lives, generally the contract term. The Company performs valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination and allocates the purchase price of each acquired business to its respective net tangible and intangible assets. Acquired intangible assets include trade names, non-compete agreements, customer relationships and contractual agreements.

Goodwill

Our goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in business combinations. The goodwill generated from the business combinations is primarily related to the value placed on the employee workforce and expected synergies. Judgment is involved in determining if an indicator or change in circumstances relating to impairment has occurred. Such changes may include, among others, a significant decline in expected future cash flows, a significant adverse change in the business climate, and unforeseen competition. There was no goodwill impairment for the years presented.

The Company tests goodwill for impairment on an annual basis, or when events or circumstances indicate the fair value of a reporting unit is below its carrying value. No impairments of goodwill were recorded for the three months ended March 31, 2021.

Revenue Recognition

Our patient service revenue is derived from minimally invasive procedures performed at our outpatient medical clinics and patient visits to physicians. The fees for such services are billed either to the patient or a third-party payer, including Medicare. Starting in January 2020, we implemented wellness maintenance programs on a subscription basis. There are three membership plans offered with different levels of service for each plan. We recognize patient service revenue, net of contractual adjustments, which we estimate based on the historical trend of our cash collections and contractual write-offs in the period in which services are performed. Contractual adjustments represent discounts offered for patients serviced within a negotiated third-party payer contract.

Other management service fees are derived from management services where we provide billings and collections support to the clinics and where management services are provided based on state specific regulations known as the corporate practice of medicine ("CPM"). Under the CPM, a business corporation is precluded from practicing medicine or employing a physician to provide professional medical services. In these circumstances, we provide all administrative support to the physician-owned professional corporation ("PC") through a limited liability company. The PC is consolidated due to control by contract (an "SMA" or Service Management Agreement). The fees we derive from these management arrangements are based on a percentage mark-up on the costs of the LLC. We recognize other management service revenue in the period in which services are rendered. These revenues are eliminated in consolidation.

Patient Deposits

Patient deposits are derived from patient payments in advance of services delivered. Our service lines include traditional and regenerative medicine. Regenerative medicine procedures are not paid by insurance carriers; therefore, we typically require up-front payment from the patient for regenerative services and any co-pays and deductibles as required by the patient specific insurance carrier. For some patients, credit is provided through an outside vendor. In this case, we are paid from the outsourced credit vendor and the risk is transferred to the credit vendor for collection from the patient. These funds are accounted for as patient deposits until the procedures are performed at which point the patient deposit is recognized as patient service revenue.

Accounts Receivable

Accounts receivable primarily consists of amounts due from third-party payers (non-governmental), governmental payers and private pay patients and is recorded net of allowances for doubtful accounts and contractual discounts. Our ability to collect outstanding receivables is critical to our results of operations and cash flows. Accordingly, accounts receivable reported in our consolidated financial statements are recorded at the net amount expected to be received. Our primary collection risks are (i) the risk of overestimation of net revenues at the time of billing that may result in our receiving less than the recorded receivable, (ii) the risk of non-payment as a result of commercial insurance companies' denial of claims, (iii) the risk that patients will fail to remit insurance payments to us when the commercial insurance company pays out-of-network claims directly to the patient, (iv) resource and capacity constraints that may prevent us from handling the volume of billing and collection issues in a timely manner, (v) the risk that patients do not pay us for their self-pay balances (including co-pays, deductibles and any portion of the claim not covered by insurance), and (vi) the risk of non-payment from uninsured patients.

Our accounts receivables from third-party payers are recorded net of estimated contractual adjustments and allowances from third-party payers, which are estimated based on the historical trend of our facilities' cash collections and contractual write-offs, accounts receivable aging, established fee schedules, relationships with payers and procedure statistics. While changes in estimated reimbursement from third-party payers remain a possibility, we expect that any such changes would be minimal and, therefore, would not have a material effect on our financial condition or results of operations. Our collection policies and procedures are based on the type of payor, size of claim and estimated collection percentage for each patient account. The operating systems used to manage our patient accounts provide for an aging schedule in 30-day increments, by payer, physician and patient. We analyze accounts receivable at each of the facilities to ensure the proper collection and aged category. The operating systems generate reports that assist in the collection efforts by prioritizing patient accounts. Collection efforts include direct contact with insurance carriers or patients and written correspondence.

Income Taxes

IMAC Holdings was taxed as a partnership through May 31, 2018. As a result, income tax liabilities were passed through to the individual members. Accordingly, no provision for income taxes were reflected in the consolidated financial statements for periods prior to May 31, 2018, at which time the Company converted from a limited liability company to a Delaware corporation. Subsequent to the Company converting to a Delaware corporation, IMAC Nashville, IMAC Texas, IMAC St. Louis continued as single-member limited liability companies that are disregarded entities for tax purposes and do not file separate returns. Their activity is included as part of IMAC Holdings Inc. Advantage Therapy, IMAC Illinois and IMAC Florida are also disregarded entities for tax purposes. IMAC Management is a C-corporation and is included in the consolidated return of IMAC Holdings as a subsidiary.

Any future benefit arising from losses have been offset by a valuation allowance. Accordingly, no provision for income taxes is reflected in the consolidated financial statements. The Company records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. Interest and penalties related to income tax matters, if any, would be recognized as a component of income tax expense. At March 31, 2021 and December 31, 2020, the Company had no liabilities for uncertain tax positions. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. Currently, the tax years subsequent to 2018 are open and subject to examination by the taxing authorities.

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

We own our medical clinics directly or have entered into long-term management services agreements to operate and control these medical clinics by contract. Our preference is to own the clinics; however, some state laws restrict the corporate practice of medicine and require a licensed medical practitioner to own the clinic. Accordingly, our managed clinics are owned exclusively by a medical professional within a professional service corporation (formed as a limited liability company or corporation) under common control with us or eligible members of our company in order to comply with state laws regulating the ownership of medical practices. We are compensated under management services agreements through service fees based on the cost of the services provided, plus a specified markup percentage, and a discretionary annual bonus determined in the sole discretion of each professional service corporation.

Revenues

Our revenue mix is diversified between medical treatments and physiological treatments. Our medical treatments are further segmented into traditional medical and regenerative medicine practices. We are an in-network provider for traditional physical medical treatments, such as physical therapy, chiropractic services and medical evaluations, with most private health insurance carriers. Regenerative medical treatments are typically not covered by insurance, but paid by the patient. For more information on our revenue recognition policies, see "Critical Accounting Policies and Estimates - Revenue Recognition."

Revenues for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31,	
	2021	**2020**
	(*in thousands, unaudited*)	
Revenues:		
Outpatient facility services	$ 2,880	$ 3,199
Memberships	145	110
Total revenues	$ 3,025	$ 3,309

See the table below for more information regarding our revenue breakdown by service type.

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues:		
Medical treatments	65%	66%
Physical therapy	31%	30%
Chiropractic care	2%	2%
Memberships	2%	2%
	100%	100%

Patient service revenues decreased 9% to $3.0 million for the three months ended March 31, 2021, compared to $3.3 million for the three months ended March 31, 2020. Visits to our clinics are an indication of business activity. Visits increased 21% for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. Visits increased from 31,603 in the three months ended March 31, 2020 to 38,381 in the three months ended March 31, 2021. This increase was driven by membership visits and chiropractic clinic acquisition in Florida. A membership program was implemented in January 2020. This wellness membership program has different plan levels that include services for chiropractic care and medical treatments on a monthly subscription basis. Therefore, memberships could have multiple visits in one month, however only one payment is received for these visits. Active memberships increased from 487 as of March 31, 2020 to 1,048 as of March 31, 2021, which is reflected in the 21% visit increase as of March 31, 2021.

Operating Expenses

Operating expenses consist of patient expenses, salaries and benefits, share based compensation, advertising and marketing, general and administrative expenses and depreciation expenses.

Patient expenses consist of medical supplies for services rendered.

Patient Expenses	**2021**	**2020**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended March 31	$ 341,000	$ 380,000	$ (39,000)	(10)%

Cost of revenues (patient expense) decreased for the three months ended March 31, 2021 as compared to March 31, 2020. The decrease in the three months ended March 31, 2021 is consistent with the 9% decrease in net patient revenues.

Salaries and benefits consist of payroll, benefits and related party contracts.

Salaries and Benefits	2021	2020	Change from Prior Year	Percent Change from Prior Year
Three Months Ended March 31	$ 2,754,000	$ 2,926,000	$ (172,000)	(6)%

Salaries and benefits expenses for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020, decreased due to the reduction in workforce as a result of the COVID-19 outbreak subsequent to the quarter ending March 31, 2020.

Share-based compensation consists of the value of equity incentive grants issued to employees, directors and board members which have vested during the period.

Share-based Compensation	2021	2020	Change from Prior Year	Percent Change from Prior Year
Three Months Ended March 31	$ 111,000	$ 81,000	$ 30,000	37%

Share-based compensation increased 28% for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020 due to additional options and Restricted Stock Units (RSUs) awarded subsequent to March 31, 2020.

Advertising and marketing consist of marketing, business promotion and brand recognition.

Advertising and Marketing	2021	2020	Change from Prior Year	Percent Change from Prior Year
Three Months Ended March 31	$ 266,000	$ 242,000	$ 24,000	10%

Advertising and marketing expenses increased $24,000 for the three months ended March 31, 2021, as compared to the three months ended March 31, 2020. The increase was attributable to the initiation of marketing programs in newly expanded Florida markets starting with the Tampa and Orlando acquisitions in February and March 2021, respectively.

General and administrative expense ("G&A") consist of all other costs than advertising and marketing, salaries and benefits, patient expenses and depreciation.

General and Administrative	2021	2020	Change from Prior Year	Percent Change from Prior Year
Three Months Ended March 31	$ 1,219,000	$ 1,236,000	$ (17,000)	1%

G&A decreased in the three months ended March 31, 2021 as compared to the three months ended March 31, 2020. There was a $51,000 increase in rent expense from the first quarter of 2020 compared to the first quarter of 2021 due to the new Florida locations as well as the sale leaseback in Lexington, Kentucky. The company had a decrease of $27,000 in travel expenses in the first quarter of 2021 compared to the first quarter of 2020 due to COVID-19. Other operating expenses had a decrease of $53,000 in the first quarter of 2021 compared to the first quarter of 2020, despite an increase in G&A spending directly related to the implementation of our clinical trial.

FDA Clinical Trial

In August 2020, the United States Food and Drug Administration (the "FDA") approved the Company's investigational new drug application. The Company has begun Phase 1 of the clinical trial, which will be conducted over a 12-month period. The Company incurred $140,000 in expenses related to consultants, supplies, software and travel for the clinic trial during the three months ended March 31, 2021 compared to no expenses in the three months ended March 31, 2020. These expenses are included in the G&A totals above.

Depreciation is related to our property and equipment purchases to use in the course of our business activities. Amortization is related to our business acquisitions.

Depreciation and Amortization	**2021**	**2020**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended March 31	$ 422,000	$ 450,000	$ (28,000)	(6)%

Depreciation and amortization decreased for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease is attributable to the July 2020 sale of the building located in Lexington, Kentucky.

Net loss attributable to the non-controlling interest. Net loss attributable to the non-controlling interest is the amount of net income (loss) for the period allocated to non-controlling partners of IMAC Holdings, Inc. that is included in the entity's consolidated financial statements.

Analysis of Cash Flows

The primary source of our operating cash flow is the collection of accounts receivable from patients, private insurance companies, government programs, self-insured employers and other payers.

During the three months ended March 31, 2021, net cash used in operations increased to $1.7 million compared to $1.2 million for the three months ended March 31, 2020. This difference was primarily attributable to the change in other assets during the three months ended March 31, 2021.

Net cash used in investing activities during the three months ended March 31, 2021 and 2020 was $683,000 and $207,000, respectively. This was primarily driven by the acquisitions made during the quarter ending March 31, 2021 totaling $564,000.

Net cash provided by financing activities during the three months ended March 31, 2021 was $15.4 million, including $17.0 million from the gross proceeds from issuance of common stock and $1.8 million paid towards notes payable.

Reconciliation of Non-GAAP Financial Measures

This report contains certain non-GAAP financial measures, including non-GAAP net income and adjusted EBITDA, which are used by management in analyzing our financial results and ongoing operational performance.

In order to better assess the Company's financial results, management believes that net income before interest, income taxes, stock based compensation, and depreciation and amortization ("adjusted EBITDA") is a useful measure for evaluating the operating performance of the Company because adjusted EBITDA reflects net income adjusted for certain non-cash and/or non-operating items. We also believe that adjusted EBITDA is useful to many investors to assess the Company's ongoing results from current operations. Adjusted EBITDA is a non-GAAP financial measure and should not be considered a measure of financial performance under GAAP. Because adjusted EBITDA is not a measurement determined in accordance with GAAP, such non-GAAP financial measures are susceptible to varying calculations. Accordingly, adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies.

This non-GAAP financial measure should not be considered as a substitute for, or superior to, measures of financial performance which are prepared in accordance with US GAAP and may be different from non-GAAP financial measures used by other companies and have limitations as analytical tools.

A reconciliation of adjusted EBITDA to the most directly comparable GAAP measure is set forth below.

	Three Months Ended	
	March 31, 2021	March 31, 2020
GAAP loss attributable to IMAC Holdings, Inc.	$ (1,990,035)	$ (1,733,545)
Interest expense	176,278	76,204
Share-based compensation expense	110,607	81,084
Depreciation and amortization	422,201	450,495
Loss on disposition of assets	4,043	-
Adjusted EBITDA	$ (1,276,905)	$ (1,125,762)

Liquidity and Capital Resources

As of March 31, 2021, we had $16 million in cash and working capital of $11.7 million. As of December 31, 2020, we had cash of $3 million and deficiency in working capital of $1.2 million. The increase in working capital was primarily due to the proceeds from the March 2021 public offering.

We believe our cash at March 31, 2021 will be sufficient to meet our cash, operational and liquidity requirements for at least 12 months.

As of March 31, 2021, we had approximately $6.5 million in current liabilities. The Iliad note represents $2.7 million of our current liabilities. Of our remaining current liabilities as of March 31, 2021, approximately $1.1 million in current liabilities outstanding to our vendors, which we have historically paid down in the normal course of our business. Lastly, accrued wages, taxes, 401k contributions and paid time off represent approximately $891,000 of the remaining current liabilities.

On June 18, 2020, the Company entered into the Securities Purchase Agreement with institutional accredited investors pursuant to which the Company offered for sale to the Purchasers an aggregate of 1,764,000 shares of its common stock in a registered direct offering. The Shares were offered by the Company pursuant to its shelf registration statement on Form S-3 (File No. 333-237455) originally filed with the SEC on March 27, 2020 and declared effective on April 3, 2020. The purchase price for one Share in the Registered Direct Offering was $1.50, and closing of the Registered Direct Offering occurred on June 22, 2020. The Company received $2.644 million in gross proceeds from the Registered Direct Offering. The Company used approximately $0.5 million of the gross proceeds for the repayment of certain indebtedness, and the remaining proceeds to the Company will be used to finance the costs of developing and acquiring additional outpatient medical clinics as part of the Company's growth and expansion strategy and for working capital.

On October 29, 2020, the Company entered into the October Purchase Agreement with Iliad Research & Trading, L.P., pursuant to which the Company agreed to issue and sell to the Holder a secured promissory note in an initial principal amount of $2,690,000, which is payable on or before April 29, 2022. The October Principal Amount includes an original discount of $175,000 and $15,000 that the Company agreed to pay to the Holder to cover the Holder's legal fees, accounting costs, due diligence and other transaction costs. In exchange for the October Note, the Holder paid a purchase price of $2,500,000. The October Purchase Agreement also provides for indemnification of the Holder and its affiliates in the event that they incur loss or damage related to, amount other things, breach by the Company of any of its representations, warranties or covenants under the October Purchase Agreement. In connection with the October Purchase Agreement and the October Note, the Company entered into a Security Agreement with the Holder, pursuant to which the obligations of the Company is secured by all of the assets of the Company, excluding the Company's accounts receivable and intellectual property. Upon an event of default under the October Note, the October Security Agreement entitles the Holder to take possession of such collateral; provided that the Holder's security interest and remedies with respect to the collateral are junior in priority to the security interest previously granted by the Company to the Holder in connection with a separate financing entered into by them on March 25, 2020, for which the Holder holds a senior, first-priority security interest in the same collateral.

On March 26, 2021, the Company completed a public offering by issuing 10,625,000 shares of common stock for gross proceeds of $17 million. The Company used approximately $1.8 million for the repayment of certain indebtedness and is using the remaining proceeds for the repayment of certain other indebtedness, to finance the costs of developing and acquiring additional outpatient medical clinics and healthcare centers as part of the Company's growth and expansion strategy and for working capital.

These events served to mitigate the conditions that historically raised substantial doubt about the Company's ability to continue as a going concern.

Contractual Obligations

The following table summarizes our contractual obligations by period as of March 31, 2021:

	Payments Due by Period				
	Total	**Less Than 1 Year**	**1-3 Years**	**4-5 Years**	**More Than 5 Years**
Short-term obligations	$ 3,045,471	$ 3,045,471	$ -	$ -	$ -
Long-term obligations, including interest	223,624	-	197,144	26,480	-
Finance lease obligations, including interest	77,188	23,574	53,614	-	-
Operating lease obligations	4,961,685	967,531	3,259,882	659,164	75,108
	$ 8,307,968	$ 4,036,576	$ 3,510,640	$ 685,644	$ 75,108

Off-Balance Sheet Arrangements

As of March 31, 2021, the Company did not have any off-balance sheet arrangements.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the three months ended March 31, 2021. We cannot assure you that future inflation will not have an adverse impact on our operating results and financial condition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 (the “Exchange Act”) reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As further discussed below, we carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, our chief executive officer and chief financial officer concluded that, because of certain material weaknesses in our internal control over financial reporting our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act were not effective as of March 31, 2021. The material weaknesses relate to the absence of in-house accounting personnel with the ability to properly account for complex transactions and a lack of separation of duties between accounting and other functions.

We hired a consulting firm to advise on technical issues related to U.S. GAAP as related to the maintenance of our accounting books and records and the preparation of our consolidated financial statements. Although we are aware of the risks associated with not having dedicated accounting personnel, we are also at an early stage in the development of our business. We anticipate expanding our accounting functions with dedicated staff and improving our internal accounting procedures and separation of duties when we can absorb the costs of such expansion and improvement with additional capital resources. In the meantime, management will continue to observe and assess our internal accounting function and make necessary improvements whenever they may be required. If our remedial measures are insufficient to address the material weakness, or if additional material weaknesses or significant deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements, and we could be required to restate our financial results. In addition, if we are unable to successfully remediate this material weakness and if we are unable to produce accurate and timely financial statements, our stock price may be adversely affected and we may be unable to maintain compliance with applicable stock exchange listing requirements.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Based on our evaluation under the framework in *Internal Control—Integrated Framework (2013)*, our management concluded that, because of certain material weaknesses in our internal control over financial reporting our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act were not effective as of March 31, 2021.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 under the Exchange Act that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings that arise in the ordinary course of our business, as described below. Litigation is, however, subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any legal proceedings or claims that we believe would or could have, individually or in the aggregate, a material adverse effect on us. Regardless of final outcomes, however, any such proceedings or claims may nonetheless impose a significant burden on management and employees and may come with costly defense costs or unfavorable preliminary interim rulings.

ITEM 1A. RISK FACTORS

Investors should carefully review and consider the information regarding certain factors which could materially affect our business, operating results, cash flows, and financial condition set forth under Item 1A, Risk Factors, in our fiscal 2020 Annual Report on Form 10-K filed with the SEC on March 4, 2021. There have been no material changes to such risk factors, except as set forth below. The risk factors set forth below supplement, and should be read together with, that section for disclosures regarding what we believe are the more significant risks and uncertainties related to our businesses. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Possible repayment of claimed CMS overpayment.

On April 15, 2021, the Company received notification from Covent Bridge Group, a Center for Medicare & Medicaid Services (“CMS”) contractor, that they are recommending to CMS that the Company was overpaid in the amount of $2,921,868. This amount represents a statistical extrapolation of $11,530 of charges from a sample of 40 claims for the period February 2017 to November 2020. As of May 13, 2021, the Company has not received a request for payment from CMS. The Company has begun its own internal audit process and disagrees with the interpretation of the medical records and the extrapolation techniques used to derive this balance. The Company is prepared to follow the appropriate appeals process or use the judicial system.

The Company is unable to predict the timing and ultimate outcome of this matter and therefore is unable to estimate the range of any possible loss. Any potential loss may be classified as errors and omissions, for which insurance coverage would be in place during a majority of the years being evaluated. Any such required payment would have an adverse impact on our financial condition.

Any of these factors could cause or contribute to the risks and uncertainties identified in our Annual Report on Form 10-K for the year ended December 31, 2020 and could materially adversely affect our business, financial condition and results of operations.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
1.1	At-The Market Issuance Sales Agreement, dated October 5, 2020, by and between IMAC Holdings, Inc. and Ascendiant Capital Markets, LLC (filed as Exhibit 1.1 to the Company's Current Report on Form 8-K filed with the SEC on October 5, 2020 and incorporated herein by reference).
3.1	Certificate of Incorporation of IMAC Holdings, Inc. (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed with the SEC on September 17, 2018 and incorporated herein by reference).
3.2	Certificate of Amendment to the Certificate of Incorporation of IMAC Holdings, Inc. (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1/A filed with the SEC on December 10, 2018 and incorporated herein by reference).
3.3	Certificate of Correction of the Certificate of Incorporation of IMAC Holdings, Inc. filed with the Delaware Secretary of State on August 8, 2019 (filed as Exhibit 3.4 to the Company's Current Report on Form 8-K filed with the SEC on August 9, 2019 and incorporated herein by reference).
3.4	Bylaws of IMAC Holdings, Inc. (filed as Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed with the SEC on September 17, 2018 and incorporated herein by reference).
4.1	Specimen Common Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-1 filed with the SEC on September 17, 2018 and incorporated herein by reference).
4.2	Form of Common Stock Warrant certificate (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-1/A filed with the SEC on December 3, 2018 and incorporated herein by reference).
4.3	Form of Warrant Agency Agreement between IMAC Holdings, Inc. and Equity Stock Transfer, LLC (filed as Exhibit 4.3 to the Company's Registration Statement on Form S-1/A filed with the SEC on December 3, 2018 and incorporated herein by reference).
4.4	Form of Underwriters' Unit Purchase Option (filed as Exhibit 4.4 to the Company's Registration Statement on Form S-1/A filed with the SEC on February 8, 2019 and incorporated herein by reference).

31.1*	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated pursuant to the Securities Exchange Act of 1934, as amended.
31.2*	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) promulgated pursuant to the Securities Exchange Act of 1934, as amended.
32.1**	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	XBRL Taxonomy Extension Labels Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase

* Filed herewith.

** This certification is being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of IMAC Holdings, Inc., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

IMAC HOLDINGS, INC.

Date: May 13, 2021

By: */s/ Jeffrey S. Ervin*

Jeffrey S. Ervin
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey S. Ervin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of IMAC Holdings, Inc.;

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. I am 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;

5. I have disclosed, based on my 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.

May 13, 2021

/s/ Jeffrey S. Ervin

Jeffrey S. Ervin
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Sheri Gardzina, certify that:

1. I have reviewed this quarterly report on Form 10-Q of IMAC Holdings, Inc.;

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;

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.

May 13, 2021

/s/ Sheri Gardzina
Sheri Gardzina
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the accompanying Quarterly Report on Form 10-Q of IMAC Holdings, Inc. for the period ended March 31, 2021, I, Jeffrey S. Ervin, Chief Executive Officer of IMAC Holdings, Inc., hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) such Quarterly Report on Form 10-Q of IMAC Holdings, Inc. for the period ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in such Quarterly Report on Form 10-Q of IMAC Holdings, Inc. for the period ended March 31, 2021, fairly presents, in all material respects, the financial condition and results of operations of IMAC Holdings, Inc. at the dates and for the periods indicated.

This certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

May 13, 2021

/s/ Jeffrey S. Ervin
Jeffrey S. Ervin
Chief Executive Officer
(Principal Executive Officer)

A signed copy of this written statement required by Section 906 has been provided to IMAC Holdings, Inc. and will be retained by IMAC Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

In connection with the accompanying Quarterly Report on Form 10-Q of IMAC Holdings, Inc. for the period ended March 31, 2021, I, Sheri Gardzina, Chief Financial Officer of IMAC Holdings, Inc., hereby certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) such Quarterly Report on Form 10-Q of IMAC Holdings, Inc. for the period ended March 31, 2021, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in such Quarterly Report on Form 10-Q of IMAC Holdings, Inc. for the period ended March 31, 2021, fairly presents, in all material respects, the financial condition and results of operations of IMAC Holdings, Inc. at the dates and for the periods indicated.

This certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

May 13, 2021

/s/ Sheri Gardzina

Sheri Gardzina
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed copy of this written statement required by Section 906 has been provided to IMAC Holdings, Inc. and will be retained by IMAC Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.