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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED September 30, 2022

☐ **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	BACK	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 ☒ 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 ☒ 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	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 14, 2022, the registrant had 32,754,757 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, 2021 filed with the U.S. Securities and Exchange Commission on April 14, 2022. 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

	September 30, 2022 (Unaudited)	December 31, 2021
ASSETS		
Current assets:		
Cash	$ 2,833,391	$ 7,118,980
Accounts receivable, net	3,155,550	1,209,333
Deferred compensation, current portion	121,227	191,657
Other assets	373,812	547,536
Total current assets	6,483,980	9,067,506
Property and equipment, net	1,767,005	2,323,163
Other assets:		
Goodwill	4,499,796	4,661,796
Intangible assets, net	1,432,493	5,797,469
Deferred compensation, net of current portion	-	73,816
Security deposits	301,720	357,050
Right of use assets	4,047,245	4,948,393
Total other assets	10,281,254	15,838,524
Total assets	$ 18,532,239	$ 27,229,193
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,578,738	$ 2,523,332
Patient deposits	552,027	320,917
Notes payable, current portion	58,904	254,487
Finance lease obligation, current portion	19,682	19,050
Liability to issue common stock, current portion	197,855	337,935
Operating lease liability, current portion	1,446,662	1,478,140
Total current liabilities	3,853,868	4,933,861
Long-term liabilities:		
Notes payable, net of current portion	62,862	104,697
Finance lease obligation, net of current portion	14,431	29,273
Liability to issue common stock, net of current portion	-	189,375
Operating lease liability, net of current portion	3,046,176	4,018,926
Total liabilities	6,977,337	9,276,132
Commitments and Contingencies – Note 14		
Stockholders' equity:		
Preferred stock - $0.001 par value, 5,000,000 authorized, none issued and outstanding at September 30, 2022 and December 31, 2021, respectively.	-	-
Common stock - $0.001 par value, 60,000,000 authorized; 32,754,757 and 26,876,409 shares issued at September 30, 2022 and December 31, 2021, respectively; and 32,503,349 and 26,218,167 outstanding at September 30, 2022 and December 31, 2021, respectively.	32,503	26,218
Additional paid-in capital	51,069,182	46,133,777
Accumulated deficit	(39,546,783)	(28,206,934)
Total stockholders' equity	11,554,902	17,953,061
Total liabilities and stockholders' equity	$ 18,532,239	$ 27,229,193

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Patient revenues, net	$ 3,786,228	$ 3,487,482	$ 12,714,302	$ 9,975,104
Other income	-	14	-	6,092
Management fees	-	-	-	36,068
Total revenue	3,786,228	3,487,496	12,714,302	10,017,264
Operating expenses:				
Patient expenses	279,800	361,141	1,137,508	1,042,504
Salaries and benefits	3,326,481	3,377,070	10,819,277	9,127,992
Share-based compensation	84,105	188,490	353,795	422,266
Advertising and marketing	244,583	294,046	857,633	875,123
General and administrative	1,866,037	1,603,056	5,539,198	4,483,587
Depreciation and amortization	481,526	450,579	1,366,912	1,314,584
Loss on disposal or impairment of assets	3,849,855	-	3,932,116	-
Total operating expenses	10,132,387	6,274,382	24,006,439	17,266,056
Operating loss	(6,346,159)	(2,786,886)	(11,292,137)	(7,248,792)
Other income (expense):				
Interest income	2,792	1,754	4,114	1,754
Other income	-	-	-	135
Other expense	12,718	816	(39,986)	(3,070)
Interest expense	(2,976)	(108,315)	(11,840)	(410,822)
Total other expenses	12,534	(105,745)	(47,712)	(412,003)
Net loss before income taxes	(6,333,625)	(2,892,631)	(11,339,849)	(7,660,795)
Income taxes	-	-	-	-
Net loss	(6,333,625)	(2,892,631)	(11,339,849)	(7,660,795)
Net loss per share attributable to common stockholders				
Basic and diluted	$ (0.23)	$ (0.07)	$ (0.42)	$ (0.27)
Weighted average common shares outstanding				
Basic and diluted	27,424,985	25,322,356	26,865,713	21,446,726

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Common Stock		Additional		
	Number of Shares	Par	Paid-In Capital	Accumulated Deficit	Total
Balance, December 31, 2020	12,747,055	$ 12,747	$ 25,465,094	$ (17,664,687)	$ 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	-	-	-	(2,229,423)	(2,229,423)
Balance, March 31, 2021	24,006,731	24,007	42,702,810	(19,894,110)	22,832,707
Issuance of common stock	1,315,625	1,316	2,043,459	-	2,044,775
Issuance of employee stock options	-	-	39,542	-	39,542
Net loss	-	-	-	(2,538,741)	(2,538,741)
Balance, June 30, 2021	25,322,356	25,323	44,785,811	(22,432,851)	22,378,283
Issuance of common stock	-	-	-	-	-
Issuance of employee stock options	-	-	39,095	-	39,095
Net loss	-	-	-	(2,892,631)	(2,892,631)
Balance, September 30, 2021	25,322,356	$ 25,323	$ 44,824,906	$ (25,325,482)	$ 19,524,747

	Common Stock		Additional		
	Number of Shares	Par	Paid-In Capital	Accumulated Deficit	Total
Balance, December 31, 2021	26,218,167	$ 26,218	$ 46,133,777	$ (28,206,934)	$ 17,953,061
Issuance of common stock	167,000	167	148,393	-	148,560
Issuance of employee stock options	-	-	32,587	-	32,587
Net loss	-	-	-	(3,162,125)	(3,162,125)
Balance, March 31, 2022	26,385,167	26,385	46,314,757	(31,369,059)	14,972,083
Issuance of common stock	904,744	905	934,757	-	935,662
Issuance of employee stock options	-	-	31,114	-	31,114
Net loss	-	-	-	(1,844,099)	(1,844,099)
Balance, June 30, 2022	27,289,911	27,290	47,280,628	(33,213,158)	14,094,760
Issuance of common stock	5,213,438	5,213	3,757,185	-	3,762,398
Issuance of employee stock options	-	-	31,369	-	31,369
Net loss	-	-	-	(6,333,625)	(6,333,625)
Balance, September 30, 2022	32,503,349	$ 32,503	$ 51,069,182	$ (39,546,783)	$ 11,554,902

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash flows from operating activities:		
Net loss	$ (11,339,849)	$ (7,660,795)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,366,912	1,314,584
Share based compensation	353,795	422,266
Loss on disposition of assets	98,116	60,264
Loss on impairment	3,834,000	-
Changes in operating assets:		
Accounts receivable, net	(1,946,217)	358,258
Other assets	173,724	(674,539)
Security deposits	55,330	36,357
Right of use/lease liability	(103,080)	-
Accounts payable and accrued expenses	(944,594)	147,815
Patient deposits	231,110	254,696
Net cash from operating activities	(8,220,753)	(5,741,094)
Cash flows from investing activities:		
Purchase of property and equipment	(285,940)	(371,882)
Brand development	-	(66,495)
Acquisitions	-	(731,909)
Proceeds from sale of property and equipment	70,000	14,450
Net cash from investing activities	(215,940)	(1,155,836)
Cash flows from financing activities:		
Proceeds from issuance of common stock	4,402,732	19,005,323
Payments on notes payable	(237,418)	(3,517,195)
Payments on finance lease obligation	(14,210)	(20,828)
Net cash from financing activities	4,151,104	15,467,300
Net increase in cash	(4,285,589)	8,570,370
Cash, beginning of period	7,118,980	2,623,952
Cash, end of period	$ 2,833,391	$ 11,194,322
Supplemental cash flow information:		
Interest paid	$ 11,840	$ 219,573

See accompanying notes to the unaudited condensed consolidated financial statements.

Note 1 – Description of Business

IMAC Holdings, Inc. is a holding company for IMAC Regeneration Centers, The Back Space retail stores 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 ten (10) medical clinics located in Florida, Illinois, Kentucky, Louisiana and Missouri as of September 30, 2022. The Back Space operates a healthcare center specializing in chiropractic and spinal care services inside Walmart retail locations. As of September 30, 2022, the Back Space has opened ten retail clinic locations in Florida, Missouri and Tennessee. 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.

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").

The accompanying condensed consolidated financial statements include the accounts of IMAC Holdings, Inc. 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"), Louisiana Orthopaedic & Sports Rehab ("IMAC Louisiana") and The Back Space, LLC ("BackSpace"); 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 entities which are consolidated with IMAC Management Services, LLC due to control by contract: Integrated Medicine and Chiropractic Regeneration Center PSC ("Kentucky PC") and IMAC Medical of Kentucky, PSC; the following entities which are consolidated with IMAC Florida due to control by contract: Willmitch Chiropractic, P.A. and IMAC Medical of Florida, P.A.; the following entity which is consolidated with Louisiana Orthopaedic & Sports Rehab due to control by contract: IMAC Medical of Louisiana, a Medical Corporation; and the following entities which are consolidated with BackSpace due to control by contract: ChiroMart LLC, ChiroMart Florida LLC, and ChiroMart Missouri LLC.

In February 2021, the Company completed the asset purchase of and signed a Management Services Agreement with Willmitch Chiropractic, P.A. in Tampa, Florida.

In March 2021, the Company completed the asset purchase of NHC Chiropractic, PLLC dba Synergy Healthcare in Orlando, Florida.

In June 2021, the Company completed the asset purchase of Fort Pierce Chiropractic in Fort Pierce, Florida and Active Medical Center in Naperville, Illinois.

In October 2021, the Company consummated certain transactions resulting in the acquisition of the outstanding equity interest in Louisiana Orthopaedic & Sports Rehab Institute, Inc, an entity which presents the results of Louisiana Medical due to control by contract.

These acquisitions 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

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 beyond the results presented in these condensed consolidated financial statements.

Due to the impacts of COVID-19 we have experienced an increase in recruiting and labor costs as well as staffing disruptions and fulfilment delays in supplies and equipment.

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 currently four membership plans offered with different levels of service for each plan. The Company recognizes membership revenue on a 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 a 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 recognizes other management service revenue in the period in which services are rendered. These revenues are earned by IMAC Nashville, IMAC Management, IMAC Illinois, IMAC Florida, IMAC Louisiana and the Back Space and are eliminated in consolidation to the extent owned.

Starting in June 2021, the Company introduced BackSpace and began offering outpatient chiropractic and spinal care services as well as memberships services in Walmart retail locations. The fees for such services are paid and recognized as incurred.

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.

Variable Interest Entities

Certain states prohibit the "corporate practice of medicine," which restricts business corporations from practicing medical care by exercising control over clinical decisions by doctors. In states which prohibit the corporate practice of medicine, the Company enters into long-term management agreements with professional corporations ("PCs") that are owned by licensed doctors, which, in turn employ or contract with doctors who provide professional care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the practice.

The condensed consolidated financial statements include the accounts of variable interest entities ("VIE") in which the Company is the primary beneficiary under the provisions of the FASB Accounting Standards Codification 810, "*Consolidation*". The Company has the power to direct the activities that most significantly impact a VIE's economic performance. Additionally, the Company would absorb substantially all of the expected losses from any of these entities should such expected losses occur. As of September 30, 2022, the Company's consolidated VIE's include 13 PCs.

The total assets (excluding goodwill and intangible assets, net) of the consolidated VIEs included in the accompanying condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021, were approximately $2.0 million and $2.2 million, respectively, and the total liabilities of the consolidated VIEs were approximately $591,000 and $661,000, respectively.

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 September 30, 2022 and December 31, 2021.

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 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 applied against operating expenses 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 are computed using the straight-line method over the estimated useful lives 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 operating expenses 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. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. In March 2022 the Company decided to close a clinic in Florida with a total intangible carrying amount of approximately $34,000, which was written off as impaired. As a result, the Company recorded a noncash impairment loss for this amount during the three months ended March 31, 2022. Due to a significant drop in share price in the three months ended September 20, 2022, the Company determined that a triggering event occurred. It was determined that there was an impairment loss of $2,128,000 on the IMAC Illinois MSA and $1,672,000 on the IMAC Kentucky MSA.

Goodwill

Our goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired and liabilities assumed 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.

The goodwill test is performed at least annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The annual impairment test includes an option to perform a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value; the qualitative test may be performed prior to, or as an alternative to, performing a quantitative goodwill impairment test. If, after assessing the totality of events or circumstances, the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company is required to perform the quantitative goodwill impairment test. Otherwise, no further analysis is required.

The Company operates under one reporting unit. The quantitative impairment test involves the comparison of the fair value of the reporting unit to its carrying value. The Company calculates the fair value of each reporting unit using either (i) a discounted cash flows analysis that converts future cash flow amounts into a single discounted present value amount or (ii) a market approach. The Company assesses the valuation methodology based upon the relevance and availability of the data at the time that the valuation is performed. The Company compares the estimate of fair value for the reporting unit to the carrying value of the reporting unit. If the carrying value is greater than the estimate of fair value, an impairment loss will be recognized in the amount of the excess.

The Company performs its annual impairment test during the fourth quarter of the fiscal year. For the year ended December 31, 2021, the Company performed a qualitative impairment test and, based on the totality of information available for the reporting unit, the Company concluded that it was more-likely-than-not that the estimated fair value of the reporting unit was greater than the carrying value of the reporting unit and, as such, no further analysis was required. There was no goodwill impairment for the months presented.

Long-Lived Assets

Long-lived assets such as property and equipment, operating lease assets, and intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Some of the events or changes in circumstances that would trigger an impairment test include, but are not limited to:

- the Company's expectation to dispose of long-lived assets before the end of their estimated useful lives, even though the assets do not meet the criteria to be classified as "Held for Sale";
- significant changes in the Company's stock price per share;
- significant negative industry or economic trends.

In March 2022 the Company decided to close a clinic in Florida with a total intangible carrying amount of approximately $34,000, which was written off as impaired. As a result, the Company recorded a noncash impairment loss for this amount during the three months ended March 31, 2022. Due to a significant drop in share price in the three months ended September 20, 2022, the Company determined that a triggering event occurred. The Company utilized a third-party consultant to perform an impairment test on Management Service Agreements (MSA) in the IMAC Illinois and IMAC Kentucky companies. It was determined that there was an impairment loss of $2,128,000 on the IMAC Illinois MSA and $1,672,000 on the IMAC Kentucky MSA.

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 approximately $245,000 and $294,000 for the three months ended September 30, 2022 and 2021, respectively, and was approximately $858,000 and $875,000 for the nine months ended September 30, 2022 and 2021, 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 year. Diluted net loss per common share is determined using the weighted-average of common shares outstanding during the year, 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

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred tax assets are required to be reduced by a valuation allowance to the extent that, based on the weight of available evidence, it is more likely than not that the deferred tax assets will not be realized.

Note 3 – Capital Requirements, Liquidity and Going Concern Considerations

The Company's condensed consolidated financial statements are prepared in accordance with GAAP and includes the assumption of a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as shown in the accompanying condensed consolidated financial statements, the Company has sustained substantial losses from operations since inception which raises substantial doubt regarding the Company's ability to continue as a going concern. The Company had working capital of approximately $2.6 million at September 30, 2022 and $4.1 million at December 31, 2021. The Company had a net loss of approximately $11.3 million for the nine months ended September 30, 2022, and used cash in operations of approximately $8.3 million for the nine months ended September 30, 2022. 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. Management plans to continue to raise funds to support our operations in 2022 and beyond. However, no assurances can be given that we will be successful. If management is not able to timely and successfully raise additional capital, the implementation of the Company's business plan, financial condition and results of operations will be materially affected. These condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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 September 30, 2022 and December 31, 2021, the Company had the following revenue and accounts receivable concentrations:

	September 30, 2022		December 31, 2021	
	% of Revenue	% of Accounts Receivable	% of Revenue	% of Accounts Receivable
	(Unaudited)			
Medicare	26%	15%	37%	16%

Note 5 – Accounts Receivable

As of September 30, 2022 and December 31, 2021, the Company's accounts receivable consisted of the following:

	September 30, 2022	December 31, 2021
	(Unaudited)	
Gross accounts receivable	$ 3,236,529	$ 1,290,312
Less: allowance for doubtful accounts	(80,979)	(80,979)
Accounts receivable, net	$ 3,155,550	$ 1,209,333

Note 6 – Business Acquisitions

IMAC Florida

In February 2021, the Company completed the acquisition of and signed Management Services Agreement with Willmitch Chiropractic, P.A. in Tampa, Florida. The transaction was completed for $421,000. Willmitch Chiropractic's founder, Martin Willmitch, will remain with the Company and serve as Vice President of Managed Care of IMAC Holdings. A total of $7,400 was allocated to property and equipment with the remaining $413,600 allocated to goodwill.

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. A total of $149,720 was allocated to property and equipment and $7,220 allocated to acquired payables.

In June 2021, the Company completed an asset purchase of Fort Pierce Chiropractic in Fort Pierce, Florida. The transaction was completed as an asset purchase for $50,000. A total of $45,000 was allocated to property and equipment with the remaining $5,000 allocated to customer lists.

IMAC Chicago

In June 2021, the Company also completed an asset purchase of Active Medical Center in Naperville, Illinois. The transaction was completed as an asset purchase for $205,000. A total of $200,000 was allocated to property and equipment with the remaining $5,000 allocated to deposits.

IMAC Louisiana

In October 2021, the Company consummated certain transactions resulting in the acquisition of the outstanding equity interest in Louisiana Orthopaedic & Sports Rehab Institute, Inc, (the "Louisiana Acquisition"). The transaction was completed for $1,200,000 and $1,200,000 stock.

The Company is in the process of completing its formal valuation analysis to identify and determine the fair value of identifiable tangible assets acquired related to this acquisition. Thus, the final allocation of the purchase price may differ from this preliminary allocation, based on completion of the valuation of the identifiable intangible assets. A total of $192,500 has been allocated to a non-compete agreement, and $77,000 allocated to an intellectual property agreement with the remaining $2,045,500 allocated to goodwill. The Company does not expect the adjustments to be material.

Note 7 – Property and Equipment

The Company's property and equipment consisted of the following at September 30, 2022 and December 31, 2021:

	Estimated Useful Life in Years	September 30, 2022	December 31, 2021
Leasehold improvements	Shorter of asset or lease term	$ 2,232,503	$ 2,127,762
Equipment	1.5 - 7	2,775,251	2,810,028
Total property and equipment		5,007,754	4,937,790
Less: accumulated depreciation		(3,286,699)	(2,990,902)
		1,721,055	1,946,888
Construction in progress		45,950	376,275
Total property and equipment, net		$ 1,767,005	$ 2,323,163

Depreciation expense was approximately $200,000 and $194,000 for the three months ended September 30, 2022 and 2021, respectively and approximately $674,000 and $529,000 for the nine months ended September 30, 2022 and 2021, respectively.

Note 8 – Intangibles Assets and Goodwill

The Company's intangible assets and goodwill consisted of the following at September 30, 2022 and December 31, 2021:

		September 30, 2022		
	Estimated Useful Life	Cost	Accumulated Amortization	Net
Intangible assets:				
Management service agreements	10 years	$ 7,940,398	$ (6,895,948)	$ 1,044,450
Non-compete agreements	2 years	391,000	(346,833)	44,167
Intellectual property agreement	2 years	77,000	(38,500)	38,500
Brand development	15 years	69,071	(7,444)	61,627
Total definite lived assets		8,477,469	(7,288,725)	1,188,744
Research and development		243,750	-	243,750
Goodwill		4,499,796	-	4,499,796
Total intangible assets and goodwill		$ 13,221,015	$ (7,288,725)	$ 5,932,290

		December 31, 2021		
	Estimated Useful Life	Cost	Accumulated Amortization and Impairment	Net
Intangible assets:				
Management service agreements	10 years	$ 7,940,398	$ (2,500,418)	$ 5,439,980
Non-compete agreements	3 years	306,000	(302,458)	3,542
Customer lists	3 years	134,882	(89,921)	44,961
Brand development	15 years	69,071	(3,835)	65,236
Total definite lived assets		8,450,351	(2,896,632)	5,553,719
Research and development		243,750	-	243,750
Goodwill		4,661,796	-	4,661,796
Total intangible assets and goodwill		$ 13,355,897	$ (2,896,632)	$ 10,459,265

In March 2022 the Company decided to close a clinic in Florida with a total intangible carrying amount of approximately $34,000, which was written off as impaired. As a result, the Company recorded a noncash impairment loss for this amount during the three months ended March 31, 2022. Due to a significant drop in share price in the three months ended September 20, 2022, the Company determined that a triggering event occurred. It was determined that there was an impairment loss of $2,128,000 on the IMAC Illinois MSA and $1,672,000 on the IMAC Kentucky MSA.

Amortization was approximately $281,000 and $257,000 for the three months ended September 30, 2022 and 2021, respectively and approximately $693,000 and $785,000 for the nine months ended September 30, 2022 and 2021, respectively. The Company's estimated future amortization of intangible assets was as follows:

Years Ending December 31,	
2022 (three months)	$ 65,994
2023	242,269
2024	180,477
2025	180,477
2026	180,477
Thereafter	339,049
	$ 1,188,744

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. 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 of leases added as of September 30, 2022 and December 31, 2021, the Company used a weighted average interest rate.

Total operating lease cost

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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating lease expense	$ 1,238,162	$ 917,819

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:	
2022 (three months)	$ 410,754
2023	1,607,949
2024	1,217,660
2025	887,061
2026	628,509
Thereafter	205,790
Total	4,957,723
Amount representing imputed interest	(464,885)
Total operating lease liability	4,492,838
Current portion of operating lease liability	(1,446,662)
Operating lease liability, non-current	$ 3,046,176

Note 10 – Notes Payable

Set forth below is a summary of the Company's outstanding debt as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
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.	$ 20,818	$ 43,413
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.	58,231	68,378
$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.	42,717	59,913
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.	-	37,179
Note payable in the amount of $2,690,000, dated October 29, 2020. The note was repaid January 2022. The interest on the note accrued at a rate of 7% per annum.	-	150,301
	121,766	359,184
Less: current portion:	(58,904)	(254,487)
	$ 62,862	$ 104,697

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

Years Ending December 31,		Amount
2022 (three months)	$	17,070
2023		51,657
2024		27,631
2025		15,813
2026		9,595
Thereafter		-
Total	$	121,766

<u>Note 11 – Stockholders' Equity</u>

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 September 30, 2022, pursuant to the Agreement ("Agreement"), the Company had sold 2,348,591 shares of common stock through Ascendiant Capital Markets for aggregate proceeds to the Company of $3.7 million. The Company sold 806,833 shares during the nine months ended September 30, 2022 for an aggregate amount of approximately $832,000 and 634,676 shares during the nine months ended September 30, 2021.

During March 2021, the Company completed a public offering by issuing 10,625,000 shares of common stock for gross proceeds of $17.0 million and incurring $1.2 million in expenses related to public offering. The Company used approximately $1.8 million for the repayment of certain indebtedness and used the remaining proceeds for the repayment of certain other indebtedness, to finance the costs of developing and to acquire additional outpatient medical clinics and healthcare centers as part of the Company's growth and expansion strategy and for working capital.

On April 7, 2021 the Company closed on the sale of an additional 1,193,750 shares of common stock at the 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 2021. The Company received gross proceeds of $1.91 million and incurred approximately $115,000 in additional expenses.

On October 1, 2021, the Company completed a stock purchase agreement and issued 810,811 shares of its common stock as consideration. This transaction was part of the $1,200,000 in stock consideration for the Louisiana Acquisition.

On July 6, 2022, the Company's shareholders approved the Board of Directors' proposal to increase the number of authorized shares of the Company's common stock to 60,000,000 shares from 30,000,000 shares.

On August 16, 2022, 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 5,164,474 shares (the "Shares") of its common stock at a purchase price of $0.76, in a registered direct offering (the "Registered Direct Offering"). In a concurrent private placement, the Company also agreed to issue to the investors Series 1 warrants to purchase 5,164,474 shares of common stock that will become exercisable on the date that is six months following the date of issuance of the shares of common stock in the Registered Direct Offering (the "Exercise Date") and expire on the five year anniversary of the Exercise Date, at an exercise price of $0.95 per share, and Series 2 warrants to purchase 5,164,474 shares of common stock that will become exercisable on the Exercise Date and expire on the one year anniversary of the Exercise Date, at an exercise price of $0.95 per share. The Shares were offered by the Company pursuant to its shelf registration statement on Form S-3 originally filed with the SEC on March 27, 2020 (as amended, the "Registration Statement"), which was declared effective on April 3, 2020. The Company received gross proceeds of both transactions of $3.9 million. The Company intends to use the net proceeds from this offering for working capital and other general corporate purposes, including financing the costs of implementing the Company's strategic alternative activities.

<u>2018 Incentive Compensation Plan</u>

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 September 30, 2022, the Company had issued and outstanding stock options to purchase 334,280 shares of its common stock as non-qualified stock options to various employees of the Company. Most 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. One award granted in 2021 vests over a period of one year and is 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.

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 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. Effective October 2021, the vesting schedule was amended to a one-year vesting period. As of March 31, 2022, all these granted RSUs were vested and issued to the Board members.

On January 30, 2021, the Company granted an aggregate of 17,000 RSUs to non-executive staff and contractors with these RSUs vesting after one year. As of March 31, 2022, all these granted RSUs were vested and issued.

On October 27, 2021, the Company granted 10,000 RSUs to a consultant that vested immediately.

On February 21, 2022, the Company granted 100,000 RSUs to an executive that vested immediately.

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 100% up to 3% and 50% of the next 2% of total compensation for those employees making salary deferrals. The Company made contributions of approximately $30,000 and $39,000 during the three months ended September 30, 2022 and 2021, respectively, and approximately $101,000 and $108,000 during the nine months ended September 30, 2022 and 2021, respectively.

Note 13 – Income Taxes

ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of all available positive and negative evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management assessed all available evidence to estimate if sufficient future taxable income will be generated in the appropriate period and of the appropriate character to realize deferred tax assets. For the three and nine months ended September 30, 2022 and September 30, 2021, no income tax expense or benefit was recorded related to income taxes due to the Company's overall operating results and the full valuation allowance.

The Company performed a comprehensive review of its uncertain tax positions and determined that no adjustments were necessary relating to unrecognized tax benefits as December 31, 2021. As of September 30, 2022, the Company had no unrecognized tax benefits recorded. The Company is subject to taxation by federal, state, and local taxing authorities. The Company's federal, state, and local income tax returns are subject to examination by taxing authorities for three years after the returns are filed, and the Company's federal, state, and local income tax returns for 2019 through 2021 remain open to examination.

Note 14 – Commitments and Contingencies

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.

From time to time the Company may become subject to threatened and/or asserted claims arising in the ordinary course of our business. Other than the matter described below, 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.

Third Party Audit

From time to time, in the ordinary course of business, we are subject to audits under various governmental programs in which third party firms engaged by the Center for Medicare & Medicaid Services ("CMS") conduct extensive reviews of claims data to identify potential improper payments. We cannot predict the ultimate outcome of any regulatory reviews or other governmental audits and investigations.

On June 3, 2021, the Company received a request for payment from CMS in the amount of $2,918,472. The Company initiated the appropriate appeals and then the Company received a notification dated September 30, 2021, from CMS that they "found the request to be favorable by reversing the extrapolation to actual". The Company received a separate notification stating "the extrapolated overpayment was reduced to the actual overpayment amount for the sampled denied claims $5,327.73," which was paid in 2021.

This amount represented a statistical extrapolation of $11,530 of charges from a sample of 40 claims for the periods February 2017 to November 2020. The Company began its own internal audit process and disagrees with the interpretation of the medical records and the extrapolation techniques used to derive the balance. The Company continued the appeals process to the second level appeal related to the error rate and are anticipating a third appeal on the remaining $5,327.73 amount. As of September 30, 2022 this had been settled for approximately $5,000.

On October 21, 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 $2,716,056.33. This amount represents a statistical extrapolation of $6,791.33 of charges from a sample of 38 claims for the periods July 2017 to November 2020 for Progressive Health & Rehabilitation, Ltd ("Progressive Health"). The Company entered into a management agreement with Progressive Health in April 2019 and therefore liable for only a portion of the sampled claims. There were a total of 38 claims reviewed, 25 of these claims were from the period prior to the management agreement with the Company and the remaining 13 claims were related to the period that Progressive Health was managed by the Company. In December 2021, the Company received a request for payment from CMS in the amount of $2,709,265. The Company has begun its own internal audit process and has initiated the appropriate appeals.

On May 17, 2022, 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 $492,086.22 related to Advantage Therapy. This amount represents a statistical extrapolation of charges from a sample, the actual amount found to be overpaid was $10,420.22. On May 27, 2022 the Company received a request for payment from CMS in the amount of $481,666.00. The Company has begun its own internal audit process and has initiated the appropriate appeals.

Prior to this May 2022 notification, CMS had implemented a pre-payment audit for Advantage Therapy. As of September 30, 2022, this audit had resulted in a balance of approximately $350,000 of Medicare accounts receivable.

At this stage of the appeals process, based on the information currently available to the Company, the Company is unable to predict the timing and ultimate outcomes of these matters 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.

As of September 30, 2022, the Company has not recorded a provision for either of these claims, as management does not believe that an estimate of a possible loss or range of loss can reasonably be made at this time.

Note 15 - Subsequent Events

On October 15, 2022, the Company granted an aggregate of 300,000 RSUs to Board members with these RSUs vesting immediately. In addition, the Company granted an aggregate of 512,000 options to various employees with a 4-year vesting.

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 Therapy and Orthopedic Rehabilitation, LLC ("Advantage Therapy"), IMAC Management of Florida, LLC ("IMAC Florida"), Louisiana Orthopaedic & Sports Rehab ("IMAC Louisiana") and The Back Space, LLC ("BackSpace"); 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 entities which are consolidated with IMAC Management Services, LLC due to control by contract: Integrated Medicine and Chiropractic Regeneration Center PSC ("Kentucky PC") and IMAC Medical of Kentucky, PSC; the following entities which are consolidated with IMAC Florida due to control by contract: Willmitch Chiropractic, P.A. and IMAC Medical of Florida, P.A.; the following entity which is consolidated with Louisiana Orthopaedic & Sports Rehab due to control by contract: IMAC Medical of Louisiana, a Medical Corporation; and the following entities which are consolidated with BackSpace due to control by contract: ChiroMart LLC, ChiroMart Florida LLC, and ChiroMart Missouri LLC.

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 chain of IMAC Regeneration Centers and BackSpace clinics 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 ten outpatient medical clinics in Florida, Illinois, Kentucky, Louisiana and Missouri. We have ten BackSpace locations opened in Florida, Missouri and Tennessee. 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 third quarter of 2022 are set forth in the bullets below.

- Net patient revenue increased to $3.8 million for the third quarter of 2022 from $3.5 million for the third quarter of 2021.
- Working capital is $2.6 million as of September 30, 2022 compared to working capital of $4.1 million as of December 31, 2021.
- Adjusted EBITDA[1] of ($1.9 million) in the third quarter of 2022 compared to ($1.0 million) in the third quarter of 2021.
- The Company had one-time expenses of $3.8 million in impairment loss related to two of the Company's intangible assets.

(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

The Company has been impacted by recent events such as inflation, the ongoing COVID-19 pandemic and supply chain delays. Our response plan has multiple facets and continues to evolve as events unfold. 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.

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.

We cannot predict with certainty when public health and economic conditions will return to normal. A decline in patient visits 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. Due to the impacts of economic events and COVID-19 we have seen an increase in recruiting and labor costs as well as delays in supply chain.

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.

Results of Operations for the Three and Nine Months Ended September 30, 2022 Compared to the Three and Nine Months Ended September 30, 2021

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 corporation or a limited liability company) 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 “Notes to the Consolidated Financial Statements” that were included in the Form 10-K.

Revenues for the three months ended September 30, 2022 and 2021 were as follows:

	Three Months Ended September 30,	
	2022	**2021**
	(*in thousands, unaudited*)	
Revenues:		
Outpatient facility services	$ 3,409	$ 3,327
Memberships	170	150
Retail clinics	207	10
Total revenues	$ 3,786	$ 3,487

Revenues for the nine months ended September 30, 2022 and 2021 were as follows:

	Nine Months Ended September 30,	
	2022	**2021**
	(*in thousands, unaudited*)	
Revenues:		
Outpatient facility services	$ 11,763	$ 9,464
Memberships	508	497
Retail clinics	443	14
Total revenues	$ 12,714	$ 9,975

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

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Revenues:		
Medical treatments	64%	65%
Physical therapy	27%	30%
Chiropractic care	3%	3%
Memberships	6%	2%
	100%	100%

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues:		
Medical treatments	66%	65%
Physical therapy	26%	30%
Chiropractic care	2%	3%
Memberships	6%	2%
	100%	100%

Consolidated Results

For the three months ended September 30, 2022, total revenues increased approximately $0.3 million primarily due to increased volume of medical visits with higher charges offset by decreased volume of visits for physical therapy with lower charges. Total visits decreased 18% for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Visits decreased from 45,537 in the third quarter of 2021 to 37,187 in the third quarter of 2022.

IMAC Clinics

Of the total revenue increase, approximately $210,000 is attributed to the increase of revenues for IMAC Clinics. This increase was driven by services provided with higher charge rates. Same-store revenues increased $140,000 overall for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. This was offset by a net decrease of $570,000 from the closure of seven IMAC clinics and $640,000 from the addition of the Louisiana clinic.

Of the total revenue increase, approximately $2.7 million is attributed to the increase of revenues for the IMAC Clinics for the nine months ended September 30, 2022. Same-store revenues increased $1.9 million while new clinics attributed to $1.9 million, offset by the closure of seven clinics that decreased net revenue $1.1 million.

A wellness membership program was implemented at IMAC Clinics in January 2020 and this wellness 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.

BackSpace Clinics

The Company began opening retail clinics in Walmart in June 2021 and as of September 30, 2022 IMAC had ten clinics opened in Florida, Missouri and Tennessee. The retail clinics provide outpatient chiropractic and spinal care services. BackSpace offers a single visit and membership plan for chiropractic care on a monthly subscription basis. As of September 30, 2022, 84% of the BackSpace revenue was related to memberships.

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	2022	2021	Change from Prior Year	Percent Change from Prior Year
Three Months Ended September 30	$ 280,000	$ 361,000	$ (81,000)	(22%)
Nine Months Ended September 30	1,138,000	1,043,000	95,000	9%

Cost of revenues (patient expense) decreased for the three months ended September 30, 2022 by $81,000 as compared to September 30, 2021. These expenses also increased $95,000 for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Patient expenses as a percent of revenue has remained relatively consistent.

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

Salaries and Benefits	2022	2021	Change from Prior Year	Percent Change from Prior Year
Three Months Ended September 30	$ 3,326,000	$ 3,377,000	$ (51,000)	(24%)
Nine Months Ended September 30	10,819,000	9,128,000	1,691,000	19%

Salaries and benefits expenses for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021, decreased due to the loss of staff from closing seven IMAC clinics during the fourth quarter of 2021 and the second quarter of 2022. The increase for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021 is attributable to hiring new providers and management for the 10 BackSpace clinics opened and the 5 IMAC clinics acquired in 2021.

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	2022	2021	Change from Prior Year	Percent Change from Prior Year
Three Months Ended September 30	$ 84,000	$ 188,000	$ (104,000)	(55)%
Nine Months Ended September 30	354,000	422,000	(68,000)	(16)%

Share-based compensation decreased 55% for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. This decrease was due to the board RSU’s (Restricted Stock Units) expensed in the three months of 2021 and no board RSU’s expensed during the three months of 2022.

Share-based compensation decreased 16% for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021. This increase was attributable to the decrease in board RSU’s and an increase in executive RSUs from the first quarter of 2022.

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

Advertising and Marketing	**2022**	**2021**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended September 30	$ 245,000	$ 294,000	$ (49,000)	(17)%
Nine Months Ended September 30	858,000	875,000	(17,000)	(2)%

Advertising and marketing expenses decreased $49,000 for the three months ended September 30, 2022, as compared to the three months ended September 30, 2021. $26,000 of the total decrease is in endorser fees as marketing efforts shifted away from endorser fees in 2022.

Advertising and marketing expenses decreased $17,000 for the nine months ended September 30, 2022, as compared to the nine months ended September 30, 2021. Endorsements decreased $81,000 as the company continues to shift away from endorsers and increase spend on other mediums. Website and online ads had an increase of $107,000 and in-person events which had an increase of $26,000.

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	**2022**	**2021**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended September 30	$ 1,866,000	$ 1,603,000	$ 263,000	16%
Nine Months Ended September 30	5,539,000	4,484,000	1,055,000	24%

G&A increased 16% in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. The increase is due to additional BackSpace locations and the new Louisiana market. Of this increase, $58,000 is due to higher cost of insurance.

G&A increased 24% in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. Most of the increases are attributable to the 2021 acquisition of the Louisiana market and BackSpace clinic openings. Of this increase, insurance increased approximately $160,000.

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 completed the third cohort of Phase 1 of the clinical trial in August 2022. The Company incurred $125,000 in G&A expenses related to consultants, supplies, software and travel for the clinic trial during the three months ended September 30, 2022 compared to $187,000 in the three months ended September 30, 2021. The Company incurred $391,000 during the nine months ended September 30, 2022 compared to $531,000 expenses in the nine months ended September 30, 2021. Salaries related to the trial were $14,000 for the three months ended September 30, 2022 compared to $20,000 for the three months ended September 30, 2021. Salaries related to the trial were $53,000 for the nine months ended September 30, 2022 compared to $89,000 for the nine months ended September 30, 2021.

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	**2022**	**2021**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended September 30	$ 482,000	$ 451,000	$ 31,000	7%
Nine Months Ended September 30	1,367,000	1,315,000	52,000	4%

Depreciation and amortization increased $31,000 for the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Depreciation and amortization increased for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. This increase is attributable to the assets added from acquisitions made during the first nine months of 2021 and the opening of nine BackSpace locations after September 30, 2021.

Loss on disposal and impairment is related to either gains or losses related to the disposal of our property and equipment purchases or impairment on the write off of intangible assets.

Loss on sale of assets	**2022**	**2021**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended September 30	$ (50,000)	$ (56,000)	$ 6,000	11%
Nine Months Ended September 30	(98,000)	(60,000)	(38,000)	(63)%

Loss on sale of assets decreased $6,000 for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. This loss was attributed to the disposal of assets at two closed clinics during the second quarter of 2022.

Loss on sale of assets increased $38,000 during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Along with the loss from the closure of clinics in the second quarter of 2022, $34,000 of this increase is due to the impairment of intangible asset from a closed clinic in the first quarter of 2022.

Gain/Loss on lease modification	**2022**	**2021**	**Change from Prior Year**	**Percent Change from Prior Year**
Three Months Ended September 30	$ 12,000	$ 57,000	$ (45,000)	(79)%
Nine Months Ended September 30	(40,000)	57,000	(97,000)	(170)%

Gain on lease modification decreased $45,000 for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. This loss was attributed to the disposal of assets at two closed clinics during the second quarter of 2022.

Loss on lease modification decreased $97,000 during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2022.

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, public offering, self-insured employers and other payers.

During the nine months ended September 30, 2022, net cash used in operations increased to \$8.2 million compared to \$5.7 million for the nine months ended September 30, 2021. This difference was primarily attributable to the impairment loss charge for two locations during the nine months ended September 30, 2022.

Net cash used in investing activities during the nine months ended September 30, 2022 and 2021 was \$216,000 and \$1.2 million, respectively. This decrease was primarily driven by the acquisitions made during the first nine months of 2021, totaling \$732,000.

Net cash provided by financing activities during the nine months ended September 30, 2022 and 2021 was \$4.2 million and \$15.5 million, respectively. This difference was attributable to the \$19.0 million from the gross proceeds from issuance of common stock offset by \$3.5 million paid towards notes payable during the nine months ended September 30, 2021.

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		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
GAAP loss attributable to IMAC Holdings, Inc.	$ (6,334,000)	$ (2,893,000)	$ (11,340,000)	$ (7,661,000)
Interest income	(3,000)	(2,000)	(4,000)	(2,000)
Interest expense	3,000	108,000	12,000	411,000
Share-based compensation expense	84,000	188,000	354,000	422,000
Depreciation and amortization	482,000	451,000	1,367,000	1,315,000
Loss on sale of assets	-	56,000	-	60,000
Loss on disposition and impairment of assets	3,850,000	-	3,932,000	-
Adjusted EBITDA	$ (1,918,000)	$ (2,092,000)	$ (5,679,000)	$ (5,455,000)

Liquidity and Capital Resources

As of September 30, 2022, we had $2.8 million in cash and working capital of $2.6 million. As of December 31, 2021, we had cash of $7.1 million and working capital of $4.1 million. The decrease in working capital was primarily due to the use of cash for operating expenses during the nine months ended September 30, 2022, partially offset by the proceeds from the Company's at-the-market offering.

As of September 30, 2022, we had approximately $3.9 million in current liabilities. Operating leases represent $1.5 million of our current liabilities. Of our remaining current liabilities as of September 30, 2022, approximately $714,000 is current liabilities to our vendors, which we have historically paid down in the normal course of our business and accrued expenses represents approximately $528,000 of the balance. Lastly, accrued wages, taxes, 401 contributions and paid time off represent approximately $1.5 million of the remaining liabilities.

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, among 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.

On August 16, 2022, 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 5,164,474 shares (the "Shares") of its common stock at a purchase price of $0.76, in a registered direct offering (the "Registered Direct Offering"). In a concurrent private placement, the Company also agreed to issue to the investors Series 1 warrants to purchase 5,164,474 shares of common stock that will become exercisable on the date that is six months following the date of issuance of the shares of common stock in the Registered Direct Offering (the "Exercise Date") and expire on the five year anniversary of the Exercise Date, at an exercise price of $0.95 per share, and Series 2 warrants to purchase 5,164,474 shares of common stock that will become exercisable on the Exercise Date and expire on the one year anniversary of the Exercise Date, at an exercise price of $0.95 per share. 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 Company received gross proceeds of both transactions of $3.9 million. The Company intends to use the net proceeds from this offering for working capital and other general corporate purposes, including financing the costs of implementing the Company's strategic alternative activities.

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 September 30, 2022:

	Payments Due by Period				More Than 5 Years
	Total	Less Than 1 Year	1-3 Years	4-5 Years	
Short-term obligations	$ 58,904	$ 58,904	$ -	$ -	$ -
Long-term obligations, including interest	62,862	-	49,239	13,623	-
Finance lease obligations, including interest	38,175	8,181	29,994	-	-
Operating lease obligations	5,138,427	438,754	3,860,718	838,955	-
	$ 5,298,368	$ 505,839	$ 3,939,951	$ 852,578	$ -

Off-Balance Sheet Arrangements

As of September 30, 2022, the Company did not have any off-balance sheet arrangements.

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 September 30, 2022. 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 September 30, 2022.

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 2021 Annual Report on Form 10-K filed with the SEC on April 14, 2022. 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.

We are subject to the possible repayment of a claimed CMS overpayment, but we cannot predict the outcome.

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.

On June 3, 2021, the Company received a request for payment from CMS in the amount of $2,918,472. The Company initiated the appropriate appeals and then the Company received a notification dated September 30, 2021, from CMS that they “found the request to be favorable by reversing the extrapolation to actual”. The Company received a separate notification stating “the extrapolated overpayment was reduced to the actual overpayment amount for the sampled denied claims $5,327.73,” which was paid in 2021.

This amount represented a statistical extrapolation of $11,530 of charges from a sample of 40 claims for the periods February 2017 to November 2020. The Company began its own internal audit process and disagrees with the interpretation of the medical records and the extrapolation techniques used to derive the balance. The Company continued the appeals process to the second level appeal related to the error rate and are anticipating a third appeal on the remaining $5,327.73 amount. As of September 30, 2022, this was settled for approximately $5,000.

On October 21, 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 $2,716,056.33. This amount represents a statistical extrapolation of $6,791.33 of charges from a sample of 38 claims for the periods July 2017 to November 2020 for Progressive Health & Rehabilitation, Ltd (“Progressive Health”). The Company entered into a management agreement with Progressive Health in April 2019 and therefore liable for only a portion of the sampled claims. There were a total of 38 claims reviewed, 25 of these claims were from the period prior to the management agreement with the Company and the remaining 13 claims were related to the period that Progressive Health was managed by the Company. In December 2021, the Company received a request for payment from CMS in the amount of $2,709,265. The Company has begun its own internal audit process and has initiated the appropriate appeals.

On May 17, 2022, 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 $492,086.22 related to Advantage Therapy. This amount represents a statistical extrapolation of charges from a sample. On May 27, 2022 the Company received a request for payment from CMS in the amount of $481,666.00. The Company has begun its own internal audit process and has initiated the appropriate appeals.

The Company is unable to predict the timing and ultimate outcome of these matters. 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. As of September 30, 2022, the Company has recorded no liability for these claims as we do not believe that an estimate of a reasonably possible loss or range of loss can be made at this time.

We recorded a net loss for the nine months ended September 30, 2022 and September 30, 2021 and there can be no assurance that our future operations will result in net income.

For the nine months ended September 30, 2022 and the nine months ended September 30, 2021, we had net revenue of approximately $12.7 million and $10.0 million, respectively, and we had net loss of approximately $11.3 million and $7.7 million, respectively. There can be no assurance that our future operations will result in net income. Our failure to increase our revenues or improve our gross margins will harm our business. We may not be able to sustain or increase profitability on a quarterly or annual basis in the future. If our revenues grow more slowly than we anticipate, our gross margins fail to improve or our operating expenses exceed our expectations, our operating results will suffer. The fee we charge for our management services may decrease, which would reduce our revenues and harm our business. If we are unable to sell our services at acceptable prices relative to our costs, or if we fail to develop and introduce new services on a timely basis and services from which we can derive additional revenues, our financial results will suffer.

We have incurred significant losses since our inception. We expect to incur losses for at least the next several years and may never achieve or maintain profitability.

Our recurring losses from operations raise substantial doubt regarding our ability to continue as a going concern.

Our future success depends on our ability to attract and retain qualified personnel, and changes in management may negatively affect our business.

We have a need for substantial additional funding. If we are unable to raise capital when needed, we could be forced to delay, reduce, or eliminate our development.

We may form or seek strategic alliances in the future, and we may not realize the benefits of such alliances.

If our stock price falls below $1.00 per share, our common stock may be subject to delisting from The Nasdaq Capital Market.

If the bid price of our common stock were to close below the required minimum $1.00 per share for 30 consecutive business days, we may receive a deficiency notice from Nasdaq regarding our failure to comply with Nasdaq Marketplace Rule 5550(a)(2). If we receive such a notice, pursuant to Marketplace Rule 5810(c)(3)(A), we may become subject to a period of 180 calendar days to regain compliance with Rule 5550(a)(2). If at any time the bid price of our common stock closes at $1.00 per share or more for a minimum of 10 consecutive business days, we will regain compliance with Rule 5550(a)(2). We received a deficiency notice from Nasdaq in September 2022 whenopstock price was below $1.00 for 30 consecutive days. In the event we do not regain compliance with Rule 5550(a)(2) prior to the expiration of any Nasdaq compliance period, Nasdaq may notify us that our common stock is subject to delisting. We may appeal such a delisting determination to a Nasdaq hearing panel and the delisting may be stayed pending the panel's determination. At such hearing, we would present a plan to regain compliance and Nasdaq would then subsequently render a decision. We are currently evaluating our alternatives to resolve any listing deficiency. To the extent that we are unable to resolve a listing deficiency, there is a risk that our common stock may be delisted from Nasdaq, which would adversely impact liquidity of our common stock and potentially result in even lower bid prices for our common stock.

The price of our common stock has been volatile, and you could lose all or part of your investment.

If shares of our common stock become subject to the penny stock rules, it would become more difficult to trade them.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. Thus, our ability to utilize carryforwards of our net operating losses and other tax attributes to reduce future tax liabilities may be substantially restricted. Further, U.S. tax laws limit the time during which these carryforwards may be applied against future taxes. Therefore, we may not be able to take full advantage of these carryforwards for federal or state tax purposes. As of December 31, 2021, we had federal and state net operating loss carryforwards of approximately $27.6 million and $29.4 million, respectively.

We depend on enrollment of patients in our clinical trials for our product candidates. If we experience delays or difficulties enrolling in our clinical trials, our research and development efforts and business, financial condition, and results of operations could be materially adversely affected.

Successful and timely completion of the clinical trial will require that we enroll a sufficient number of patient candidates. This trial and other trials we may conduct may be subject to delays for a variety of reasons, including as a result of patient enrollment taking longer than anticipated, patient withdrawal or adverse events. These types of developments could cause us to delay the trial or halt further development.

Our clinical trial will compete with other clinical trials that are in the same therapeutic areas as our product candidates, and this competition reduces the number and types of patients available to us, as some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. In addition, there may be limited patient pools from which to draw for clinical studies. In addition to the rarity of some diseases, the eligibility criteria of our clinical studies will further limit the pool of available study participants as we will require that patients have specific characteristics that we can measure or to assure their disease is either severe enough or not too advanced to include them in a study. Patient enrollment depends on many factors, including:

- the size and nature of the patient population;
- the severity of the disease under investigation;
- eligibility criteria for the trial;
- the proximity of patients to clinical sites;
- the design of the clinical protocol;
- the ability to obtain and maintain patient consents;
- the ability to recruit clinical trial investigators with the appropriate competencies and experience;
- the risk that patients enrolled in clinical trials will drop out of the trials before the administration of our product candidates or trial completion;
- the availability of competing clinical trials;
- the availability of new drugs approved for the indication the clinical trial is investigating; and
- clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies.

These factors may make it difficult for us to enroll enough patients to complete our clinical trial in a timely and cost-effective manner. In addition, our clinical trial has experienced, and continues to experience, some delays in patient enrollment as a result of the COVID-19 pandemic, as some clinical sites in high impact areas have delayed new patient enrollment as dictated by local conditions. Such delays have impacted and could further adversely affect the expected timelines for our product development and approval process and may adversely affect our business, financial condition and results of operations. Delays in the completion of any clinical trial increases our costs.

We rely on Contract Research Organizations ("CROs") to conduct our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be delayed in completing this phase of the clinical trial.

We have relied and will continue to rely on CROs for the execution of our preclinical and clinical studies and monitor and manage data for our clinical programs. We control only certain aspects of our CROs' activities, but we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards. Our reliance on the CROs does not relieve us of these regulatory responsibilities. We and our CROs are required to comply with the FDA's regulations, which are regulations and guidelines enforced by the FDA and comparable regulatory authorities meant to protect the rights and health of clinical trial subjects. The FDA and comparable regulatory authorities enforce their regulations through periodic inspections of trial sponsors, principal investigators and clinical trial sites. If we or our CROs fail to comply with applicable good clinical practices ("GCPs"), the clinical data generated in our clinical trials may be deemed unreliable, and the FDA (or similar foreign authorities) may require us to perform additional clinical trials before approving our product candidates. We cannot assure you that, upon inspection, the FDA (or similar foreign authorities) will determine that any of our clinical trials comply with GCPs.

In addition, our CROs are not our employees and we cannot control whether or not they devote sufficient time and resources to our non-clinical, preclinical or clinical programs. Our CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical studies or other drug development activities, which could impede their ability to devote appropriate time to our clinical programs. If our CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements, or for other reasons, our clinical trials may be extended, delayed or terminated. As a result, our financial results and the commercial prospects for the clinical trial would be harmed, our costs could increase and our ability to generate revenues could be delayed or ended.

If any of our relationships with these CROs change or terminate, we may not be able to enter into arrangements with alternative CROs or clinical study management organizations, or be able to do so on commercially reasonable terms. Switching or adding additional CROs or other clinical study management organizations involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO or clinical study management organization commences work. As a result, delays could occur, which could compromise our ability to meet our desired development timelines.

We have no experience as a company in bringing a drug to regulatory approval.

As a company, we have never obtained regulatory approval for, or commercialized, a drug or biologic. It is possible that the FDA may refuse to accept any or all of our planned BLAs for substantive review or may conclude after review of our data that our application is insufficient to obtain regulatory approval of any product candidate. If the FDA does not accept or approve any or all of our planned BLAs, it may require that we conduct additional preclinical, clinical or manufacturing validation studies, which may be costly, and submit that data before it will reconsider our applications. Depending on the extent of these or any other FDA required studies, approval of any BLA or application that we submit may be significantly delayed, possibly for several years, or may require us to expend more resources than we have available.

We may be subject, directly or indirectly, to foreign, federal and state healthcare laws, including applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our business operations and current and future arrangements with third-party payors, healthcare providers and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we research, develop, market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal healthcare Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation;

- the federal False Claims Act imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program;

- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;

- the federal transparency requirements under the ACA requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program (with certain exceptions) to report to the Department of Health and Human Services information related to physician payments and other transfers of value and ownership and investment interests held by physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non-physician practitioners (physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiologist assistants and certified nurse midwives), and their immediate family members and payments or other transfers of value made to such physician owners;

- analogous state laws and regulations, such as state anti-kickback and false claims laws, and transparency laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, and some state laws require pharmaceutical companies to comply with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government in addition to requiring drug manufacturers to report information related to payments to physicians and other health care providers or marketing expenditures and pricing information; and

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, imprisonment and the curtailment or restructuring of our operations. Further, defending against any such actions, even if successful, can be costly, time-consuming and may require significant personnel resources. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

We may issue additional shares of common stock, warrants or other securities to finance our growth.

We may finance the business development or generate additional working capital through additional equity financing. Therefore, subject to the rules of the Nasdaq, we may issue additional shares of our common stock, warrants and other equity securities of equal or senior rank, with or without stockholder approval, in a number of circumstances from time to time. The issuance by us of shares of our common stock, warrants or other equity securities of equal or senior rank will have the following effects:

- the proportionate ownership interest in us held by our existing stockholders will decrease;
- the relative voting strength of each previously outstanding share of common stock may be diminished; and
- the market price of our common stock may decline.

In addition, if we issue shares of our common stock and/or warrants in a future offering (or, in the case of our common stock, the exercise of outstanding warrants to purchase our common stock), it could be dilutive to our security holders.

There can be no assurance that we will ever provide liquidity to our investors through a sale of our company.

While acquisitions of healthcare companies like ours are not uncommon, potential investors are cautioned that no assurances can be given that any form of merger, combination, or sale of our company will take place, or that any merger, combination, or sale, even if consummated, would provide liquidity or a profit for our investors. You should not invest in our company with the expectation that we will be able to sell the business in order to provide liquidity or a profit for our investors.

We have broad discretion in the use of the net proceeds from our public offerings and private placement and may not use them effectively.

Our management has broad discretion in the application of the net proceeds from our public offerings and private placement and could spend the proceeds in ways that do not enhance the value of our common stock. Because of the number and variability of factors that will determine our use of the net proceeds from our completed offerings, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could have a material adverse effect on our business. Pending their use, we may invest the net proceeds from the offerings in a manner that does not produce income or that loses value. If we do not apply or invest the net proceeds from the offerings in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause the price of our securities to decline.

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, 2021 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
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).
10.1	Employment Agreement, dated as of February 4, 2022 and commencing February 21, 2022, between IMAC Holdings, Inc. and Dr. Ben Lerner. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2022 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*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* 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: November 14, 2022	By: */s/ Jeffrey S. Ervin*
	Jeffrey S. Ervin
	Chief Executive Officer
	(Principal Executive Officer)
Date: November 14, 2022	By: */s/ Sheri Gardzina*
	Sheri Gardzina
	Chief Financial Officer
	(Principal Financial and Accounting 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.

November 14, 2022

/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.

November 14, 2022

/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 September 30, 2022, 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 September 30, 2022, 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 September 30, 2022, 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.

November 14, 2022

/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 September 30, 2022, 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 September 30, 2022, 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 September 30, 2022, 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.

November 14, 2022

/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.