



IMAC Holdings, Inc.

Q3 revenue miss. New opportunities/locations and Back Space should drive solid growth. Lowering P/T to \$4.50.

COMPANY UPDATE

Rating: BUY

Ticker: BACK

Price: \$0.32

Target: \$4.50
(from \$5.00)

Q3 revenue miss: IMAC recently (on November 15) reported its Q3 2022 (ending September) results. Revenue was \$3.8 million, compared with our estimate of \$4.7 million. Pro forma net loss was \$2.5 million or EPS of \$(0.09), compared with our estimates of \$(0.08). There was no Q3 guidance or consensus estimates.

Q3 revenue +8%: Q3 revenue was +8% y-o-y as the company's business returns to normal post pandemic along with the strong launch of The Back Space offset by the closure of 7 medical clinics. Patient visits declined at -18% y-o-y. Sequentially, Q3 BackSpace visit growth was +28% compared to Q2.

No guidance: Management declined to provide 2022 guidance.

Adjusting estimates: We are adjusting our 2022 estimates for revenue to \$17 million, from \$19 million, and for EPS to \$(0.34) from \$(0.35).

Closed 7 clinics in Q3: IMAC clinics provide regenerative, orthopedic, and minimally invasive procedures and therapies focused around treating sports and orthopedic injuries as an alternative to traditional surgeries for repair or joint replacement. IMAC now has ~10 medical clinics located in Florida, Illinois, Kentucky, Missouri, and Louisiana, down from ~15 clinics last quarter.

Industry growth: Outpatient rehabilitation is anticipated to grow at a rate of 2% - 7% in the coming years, due to the aging baby boomer generation, high rates of obesity, and healthcare access improvements.

Major expansion of new back store: In February 2021, IMAC launched The Back Space (www.back.co). The Back Space now operates 10 retail healthcare centers specializing in chiropractic and spinal care services inside Walmart stores. Due to early success, the company recently (in April) announced that it will open 20 more locations (corporate and franchised) over the next year.

Clinical trial progressing: IMAC is currently in clinical trials to develop a regenerative medicine stem cell product. In March 2021, it completed the first of three patient cohorts (with 5 patients in cohort #1) for the study of umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's Disease. In September 2022, it has completed patients in cohort #3 (final one in this Phase 1 trial).

Large growth opportunities: With the expanded rollout of The Back Space, new and potential office acquisitions, and its FDA trials, we believe IMAC is poised well for significant growth opportunities in the near and longer term.

Balance sheet: The company has \$3 million in cash and no debt. In August (Q3), the company raised \$4 million (selling 5.2 million shares at \$0.76/share). We believe it has enough cash until mid-2023.

New ticker and strategic alternatives: In August, IMAC changed its stock ticker to BACK from IMAC for greater recognition of its services for assisting with optimal spinal health and whole-body wellness. In July, the company announced that it was exploring strategic alternatives though it provided no timetable or details and there has been no update since.

Current valuation attractive: Maintaining our BUY rating, but lowering our 12-month price target to \$4.50 from \$5.00. This is based on a NPV analysis, representing significant upside from the current share price. We believe this valuation fairly balances out the company's risks with its high growth prospect.

Company Description

Based in Brentwood, TN, IMAC Holdings operates outpatient medical clinics that provide regenerative, orthopedic, and minimally invasive procedures and therapies to treat sports and orthopedic injuries.

United States
Healthcare

December 6, 2022

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Stock Data

| | |
|--------------------------------------|---------------|
| Exchange: | NasdaqCM |
| 52-week Range: | \$0.27 – 1.49 |
| Shares Outstanding (million): | 33 |
| Market cap (\$million): | \$11 |
| EV (\$million): | \$8 |
| Debt (\$million): | \$0 |
| Cash (\$million): | \$3 |
| Avg. Daily Trading Vol. (\$million): | \$0.1 |
| Float (million shares): | 26 |
| Short Interest (million shares): | 0.1 |
| Dividend, annual (yield): | \$0 (NA%) |

Revenues (US\$ million)

| | <u>2022E</u> <u>(Cur.)</u> | <u>2022E</u> <u>(Old)</u> | <u>2023E</u> <u>(Cur.)</u> | <u>2023E</u> <u>(Old)</u> |
|---------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Q1 Mar | 4A | | 4E | 5E |
| Q2 Jun | 5A | | 5E | 6E |
| Q3 Sep | 4A | 5E | 5E | 6E |
| Q4 Dec | <u>4E</u> | <u>5E</u> | <u>6E</u> | <u>7E</u> |
| Total | 17E | 19E | 20E | 24E |
| EV/Revs | 0.5x | | 0.4x | |

Earnings per Share (pro forma)

| | <u>2022E</u> <u>(Cur.)</u> | <u>2022E</u> <u>(Old)</u> | <u>2023E</u> <u>(Cur.)</u> | <u>2023E</u> <u>(Old)</u> |
|--------|-------------------------------|------------------------------|-------------------------------|------------------------------|
| Q1 Mar | (0.12)A | | (0.06)E | |
| Q2 Jun | (0.07)A | | (0.07)E | |
| Q3 Sep | (0.09)A | (0.08)E | (0.07)E | |
| Q4 Dec | <u>(0.07)E</u> | <u>(0.08)E</u> | <u>(0.08)E</u> | |
| Total | (0.34)E | (0.35)E | (0.29)E | (0.28)E |
| P/E | N/A | | N/A | |

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 11.

Exhibit 1: IMAC Holdings Overview (as of Fall 2021)

IMAC.

- ..delivers **Innovative** therapies with scientific support to prevent unnecessary surgeries and prescriptions.
- ..employs **Medical** doctors, physician assistants, and nurse practitioners to deliver all medical treatments.
- ..leads **Advancements** in life science collaboration with healthcare service delivery.
- ..commits to provide exceptional patient **Care** that is unique with high quality to each patient.



IMAC
REGENERATION CENTERS

IMAC Holdings, founded in 2015, owns and manages 18 outpatient clinics delivering orthopedic, regenerative, and minimally invasive procedures and therapies for movement-restricted conditions

| | |
|---|---|
| <p>Revenue:</p> <ul style="list-style-type: none"> 65% Medical 31% Physical Therapy 4% Chiropractic | <p>Medical Professionals:</p> <ul style="list-style-type: none"> 19 Medical 19 Physical Therapy 15 Chiropractic |
|---|---|

| | |
|--|---|
| <p>Locations:</p> <p>Illinois (3): Arlington Heights, Elgin, Naperville</p> <p>Kentucky (3): Lexington, Murray, Paducah</p> <p>Missouri (6): Chesterfield, Ozark, Springfield (2), St. Peters, Webster Groves</p> | <p>Locations:</p> <p>Florida (4): Bonita Springs, Ft. Pierce, Orlando, Tampa</p> <p>Louisiana: Baton Rouge</p> <p>Tennessee: Brentwood</p> |
|--|---|

Source: Company reports.

Exhibit 2: IMAC Q3 and Recent Highlights

Financial and Corporate Highlights from Q3 2022:

- Total Revenue increased 9% to \$3.78 million, compared with \$3.48 million in the third quarter 2021
- The BackSpace grew visits 1,818% and 28% for the comparable and sequential quarter, respectively
- Completed the third and final cohort of our Phase 1 clinical study of umbilical cord-derived allogenic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's Disease
- Completed a \$3.9 million Registered Direct and Private Placement offering
- Amended NASDAQ trading symbol from "IMAC" to "BACK"

Source: Company reports.

Exhibit 3: IMAC Revenue and Services Mix (Q3 2022 and 2021)

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

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

| | Year Ended December 31, | |
|--------------------|--------------------------------|----------------|
| | 2021 | 2020 |
| | Visits: | |
| Physical therapy | 56,261 | 48,553 |
| Chiropractic care | 20,265 | 15,644 |
| Medical treatments | 39,036 | 38,002 |
| Other | 262 | 230 |
| Membership | 52,684 | 33,059 |
| | 168,508 | 135,488 |

Source: Company reports.

Exhibit 4: IMAC Strategy



→ Investment Summary

Recent growth targeting clinics at COVID-impacted valuations expected to improve future performance

Strategic initiatives with proprietary neurological research may create partnership opportunities

IMAC is positioned to leverage large and growing market with treatments directed toward the aging population

Consolidation of fragmented chiropractic industry for affordable and accessible spinal health and wellness for most afflicted population

Source: Company reports.

Exhibit 5: FDA Clinical Trial (as of Fall 2021)

PROPRIETARY DEVELOPMENT

Neurological Research

- Acquired rights to umbilical stem cell product from research university
- FDA Investigational New Drug Phase 1 Authorization received August 5, 2020
- FDA approved open enrollment November 4, 2020

Evaluate Umbilical Cord-derived Allogeneic Mesenchymal Stem Cells for the Treatment of Bradykinesia

ClinicalTrials.gov Identifier: NCT04385056

The safety and scientific validity of this study is the responsibility of the study sponsor and investigators. Listing a study does not mean it has been evaluated by the U.S. Federal Government. [Know the risks and potential benefits](#) of clinical studies and talk to your health care provider before participating. Read our [disclaimer](#) for details.

Recruitment Status: Recruiting
 First Posted: May 12, 2020
 Last Update Posted: January 8, 2021
[See Contacts and Locations](#)

Sponsor:
IMAC Holdings, Inc.

Information provided by (Responsible Party):
 IMAC Holdings, Inc.

Study Details | Tabular View | No Results Posted | Disclaimer | How to Read a Study Record

Study Description Go to ▾

Brief Summary:
 Investigate the safety and tolerability of umbilical cord-derived allogeneic mesenchymal stem cells to treat patients with Bradykinesia.

| Condition or disease | Intervention/treatment | Phase |
|----------------------|------------------------|---------|
| Bradykinesia | Biological: MSCTC-0010 | Phase 1 |

Detailed Description:
 While the pathophysiological changes that result in the symptoms of bradykinesia are poorly understood, an inflammatory component appears to be involved. Human umbilical cord-derived allogeneic mesenchymal stem cells have documented anti-inflammatory properties, which suggest these cells may be effective at treating Bradykinesia. It is understood that perinatal products are potent immune modulators. It is believed that the positive symptomatic effects are secondary to the modulation of the immune system, and specifically the reduction in pathological inflammation. The study is designed to evaluate the safety and tolerability of umbilical cord-derived allogeneic mesenchymal stem cells to treat patients with Bradykinesia.

Phase I Clinical Trial

- Investigator-initiated trial: IMAC medical doctors approved as Investigators for trial
- Opens door to possible Regenerative Medicine Advanced Therapy designation and research grant
- 15-patient trial conducted in 3 IMAC clinics during 12-month study
- First patient dose administered December, 2020
- Completion of first cohort of trial February, 2021
- Second cohort start of trial started August, 2021



Mesenchymal Stem Cells for Bradykinesia due to Parkinson's Disease

IMAC Holdings, Inc. Announces Completion of Third Cohort of its Phase 1 Clinical Study of Umbilical Cord-Derived Mesenchymal Stem Cells for the Treatment of Bradykinesia Due to Parkinson's Disease

September 9, 2022

BRENTWOOD, Tenn., Sept. 09, 2022 (GLOBE NEWSWIRE) -- IMAC Holdings, Inc. (Nasdaq: BACK) ("IMAC" or "the Company"), today announces it has completed the third cohort of its Phase 1 clinical trial for its investigational compound utilizing umbilical cord-derived allogeneic mesenchymal stem cells for the treatment of bradykinesia due to Parkinson's disease.

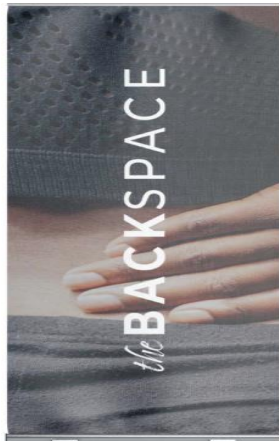
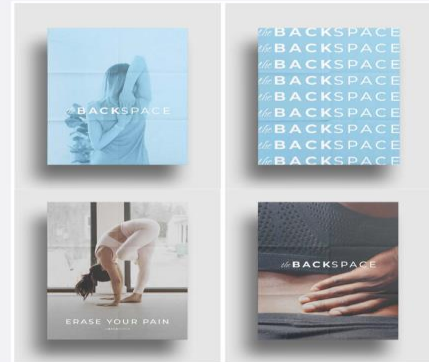
Source: Company reports.

Exhibit 6: The Back Space

RETAIL CHIROPRACTIC

Industry is large and growing

- ~35 million U.S. Adults (~11% of U.S. population) seek chiropractic care each year
- The U.S. chiropractic market has been estimated at ~\$12.3 billion annually and is growing at a CAGR of 4.3%, according to Grand View Research
- Only public chiropractic comparable is The Joint (Nasdaq: JYNT)
 - \$709M Market Cap represents 11x sales, 50x EBITDA
- Complements our medical clinics
- First store opened May, 2021, with Fortune 500 partner



the BACKSPACE

- Walk-in spinal health and wellness
- \$4,000,000 from recent funding to launch brand and storefronts
- 10 store test market with Walmart
- First store opened in May, 2021
- Cash based services \$25 each
 - Manual Chiropractic Adjustment
 - Percussion Therapy
 - Muscle Stimulation
- Monthly Membership for \$65 includes 4 services per month

IMAC Holdings Completes Walmart Pilot Program, Affirms Commitment to Growth

April 7, 2022

The Company plans to add 20 locations in the next 12 months

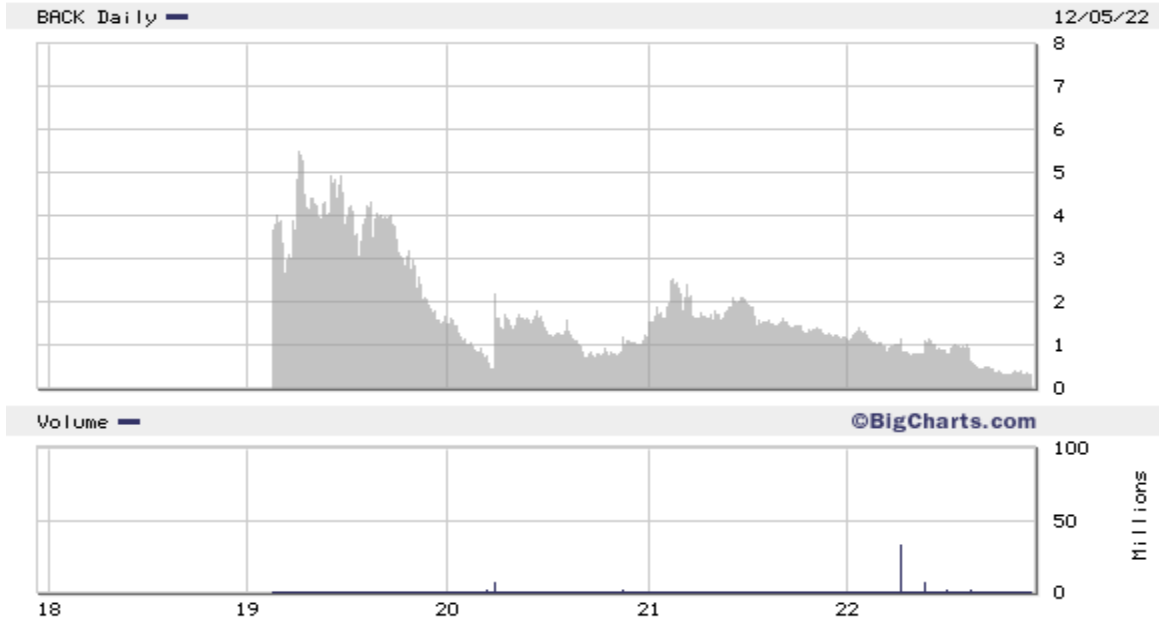
BRENTWOOD, Tenn., April 07, 2022 (GLOBE NEWSWIRE) -- IMAC Holdings, Inc. (Nasdaq: IMAC) ("IMAC" or the "Company"), today announces the successful completion of its pilot program for The Back Space retail chiropractic concept located in select Walmart stores. As a result, the Company is committed to tripling its store count with at least 20 additional locations over the next twelve months with a further goal of adding significantly more stores over the next three years. The Company expects the new stores to be a combination of corporate and The Back Company franchise locations to address market demand.

"We are excited to guide our prospective franchisees with the experience gained during our ten-store pilot program. During the pilot, we learned that our price point resonates well with consumers and a potential price increase could yield increased revenue without diminishing the consistent desire for care," said Dr. Ben Lerner, Chief Operating Officer of IMAC. "Similar models by competitors have proven an increased demand for spinal health that this fragmented industry has yet to meet. We believe our location inside Walmart stores and the foot traffic therein provides a significant competitive advantage."

The Back Space's retail healthcare centers specialize in chiropractic adjustments and percussion tool therapies for soft tissue recovery, muscle relaxation and spinal wellness. Services are offered on a walk-in and appointment basis, priced at \$25 per treatment, with memberships available for \$65 per month that are valid at any The Back Space location.

Source: Company reports.

Exhibit 7: IMAC Holdings, Inc. Stock Price (4-year since IPO February 2019)



Source: <https://bigcharts.marketwatch.com/>

FINANCIAL MODEL

IMAC Holdings, Inc.

| Income Statement (\$ mils) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | 2020 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | 2021 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | 2022 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | 2023 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E |
| Total Revenue | 3.3 | 2.6 | 3.5 | 3.5 | 12.8 | 3.1 | 3.5 | 3.5 | 4.4 | 14.4 | 3.9 | 5.0 | 3.8 | 4.3 | 17.0 | 4.3 | 5.1 | 5.1 | 5.5 | 20.0 |
| Patient expenses | 0.4 | 0.4 | 0.4 | 0.4 | 1.6 | 0.3 | 0.3 | 0.4 | 0.6 | 1.6 | 0.5 | 0.4 | 0.3 | 0.5 | 1.6 | 0.5 | 0.6 | 0.6 | 0.6 | 2.2 |
| Salaries and benefits | 2.9 | 2.3 | 2.6 | 2.6 | 10.5 | 2.8 | 3.0 | 3.4 | 3.6 | 12.7 | 3.7 | 3.8 | 3.3 | 3.4 | 14.2 | 3.3 | 3.9 | 3.9 | 4.2 | 15.2 |
| Share-based compensation | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.1 | 0.1 | 0.2 | 0.1 | 0.6 | 0.2 | 0.1 | 0.1 | 0.2 | 0.5 | 0.2 | 0.2 | 0.2 | 0.2 | 0.8 |
| Advertising and marketing | 0.2 | 0.2 | 0.2 | 0.3 | 0.9 | 0.3 | 0.3 | 0.3 | 0.4 | 1.3 | 0.4 | 0.2 | 0.2 | 0.3 | 1.2 | 0.3 | 0.4 | 0.4 | 0.4 | 1.4 |
| General and administrative | 1.2 | 1.2 | 1.0 | 1.2 | 4.6 | 1.2 | 1.7 | 1.6 | 1.9 | 6.4 | 1.8 | 1.9 | 1.9 | 1.7 | 7.3 | 1.7 | 2.0 | 2.0 | 2.2 | 8.0 |
| Depreciation and amortization | 0.5 | 0.5 | 0.4 | 0.4 | 1.7 | 0.4 | 0.4 | 0.5 | 0.3 | 1.6 | 0.4 | 0.4 | 0.5 | 0.5 | 1.8 | 0.5 | 0.5 | 0.5 | 0.5 | 1.9 |
| Restructuring and other | | (0.4) | | | (0.4) | | | | 0.1 | 0.1 | 0.0 | 0.0 | 3.8 | 3.9 | | | | | | 0.0 |
| Total operating expenses | 5.3 | 4.3 | 4.8 | 4.9 | 19.3 | 5.1 | 5.9 | 6.3 | 7.2 | 24.5 | 7.0 | 6.8 | 10.1 | 6.6 | 30.6 | 6.4 | 7.5 | 7.5 | 8.1 | 29.5 |
| Operating income (loss) | (2.0) | (1.7) | (1.3) | (1.5) | (6.5) | (2.0) | (2.4) | (2.8) | (2.9) | (10.1) | (3.1) | (1.8) | (6.3) | (2.3) | (13.5) | (2.1) | (2.4) | (2.4) | (2.6) | (9.5) |
| Interest income (expense) | (0.1) | (0.1) | (0.1) | (0.2) | (0.6) | (0.2) | (0.1) | (0.1) | (0.1) | (0.5) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) |
| Other income (expense) | 0.3 | (0.2) | 0.0 | 1.9 | 2.0 | 0.2 | 0.5 | 1.2 | (1.9) | 0.1 | (0.0) | (0.0) | 0.0 | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income before income taxes | (1.7) | (2.0) | (1.4) | 0.2 | (5.0) | (2.0) | (2.0) | (1.7) | (4.8) | (10.5) | (3.2) | (1.8) | (6.3) | (2.3) | (13.6) | (2.1) | (2.4) | (2.4) | (2.6) | (9.5) |
| Income taxes | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (loss) | (1.7) | (2.0) | (1.4) | 0.2 | (5.0) | (2.0) | (2.0) | (1.7) | (4.8) | (10.5) | (3.2) | (1.8) | (6.3) | (2.3) | (13.6) | (2.1) | (2.4) | (2.4) | (2.6) | (9.5) |
| Nonrecurring/noncash adjustments | | | | | 0.0 | | | | | 0.0 | | | 3.8 | | 3.8 | | | | | 0.0 |
| Net income (pro forma) | (1.7) | (2.0) | (1.4) | 0.2 | (5.0) | (2.0) | (2.0) | (1.7) | (4.8) | (10.5) | (3.2) | (1.8) | (2.5) | (2.3) | (9.7) | (2.1) | (2.4) | (2.4) | (2.6) | (9.5) |
| EBITDA | (1.1) | (1.2) | (0.7) | (0.8) | (3.8) | (1.3) | (1.3) | (0.9) | (4.2) | (7.7) | (2.5) | (1.2) | (5.8) | (1.6) | (11.1) | (1.5) | (1.7) | (1.7) | (1.9) | (6.8) |
| Shares, Basic | 9.6 | 10.2 | 11.8 | 12.6 | 11.1 | 13.4 | 25.1 | 25.3 | 26.2 | 22.6 | 26.4 | 26.8 | 27.4 | 33.0 | 28.4 | 33.2 | 33.3 | 33.4 | 33.5 | 33.4 |
| Shares, Diluted | 9.6 | 10.2 | 11.8 | 12.6 | 11.1 | 13.4 | 25.1 | 25.3 | 26.2 | 22.6 | 26.4 | 26.8 | 27.4 | 33.0 | 28.4 | 33.2 | 33.3 | 33.4 | 33.5 | 33.4 |
| EPS Basic (pro forma) | (\$0.18) | (\$0.20) | (\$0.12) | \$0.02 | (\$0.45) | (\$0.15) | (\$0.08) | (\$0.07) | (\$0.19) | (\$0.47) | (\$0.12) | (\$0.07) | (\$0.09) | (\$0.07) | (\$0.34) | (\$0.06) | (\$0.07) | (\$0.07) | (\$0.08) | (\$0.29) |
| EPS Diluted (pro forma) | (\$0.18) | (\$0.20) | (\$0.12) | \$0.02 | (\$0.45) | (\$0.15) | (\$0.08) | (\$0.07) | (\$0.19) | (\$0.47) | (\$0.12) | (\$0.07) | (\$0.09) | (\$0.07) | (\$0.34) | (\$0.06) | (\$0.07) | (\$0.07) | (\$0.08) | (\$0.29) |
| Margins | | | | | | | | | | | | | | | | | | | | |
| Patient expenses | 11% | 16% | 12% | 12% | 13% | 11% | 10% | 10% | 13% | 11% | 12% | 8% | 7% | 11% | 9% | 11% | 11% | 11% | 11% | 11% |
| Salaries and benefits | 88% | 91% | 75% | 75% | 82% | 90% | 86% | 96% | 83% | 89% | 95% | 75% | 88% | 78% | 83% | 76% | 76% | 76% | 76% | 76% |
| Share-based compensation | 2% | 5% | 3% | 2% | 3% | 4% | 4% | 5% | 3% | 4% | 5% | 2% | 2% | 4% | 3% | 4% | 4% | 4% | 4% | 4% |
| Advertising and marketing | 7% | 7% | 7% | 8% | 7% | 9% | 9% | 8% | 10% | 9% | 10% | 5% | 6% | 8% | 7% | 7% | 7% | 7% | 7% | 7% |
| General and administrative | 37% | 47% | 28% | 33% | 36% | 40% | 48% | 46% | 45% | 45% | 47% | 37% | 49% | 40% | 43% | 40% | 40% | 40% | 40% | 40% |
| Operating margin | -60% | -66% | -38% | -42% | -50% | -67% | -70% | -79% | -66% | -70% | -81% | -36% | -168% | -52% | -80% | -49% | -47% | -47% | -47% | -48% |
| Tax rate, GAAP | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Net margin | -52% | -79% | -41% | 5% | -39% | -65% | -58% | -49% | -111% | -73% | -81% | -37% | -167% | -52% | -80% | -49% | -48% | -47% | -47% | -48% |
| Y/Y % change | | | | | | | | | | | | | | | | | | | | |
| Total Revenue | 20% | -32% | -20% | -18% | -15% | -8% | 35% | 1% | 26% | 12% | 27% | 45% | 8% | -1% | 18% | 10% | 1% | 35% | 28% | 17% |
| Patient expenses | -13% | -56% | -55% | 82% | -36% | -10% | -16% | -16% | 43% | 0% | 35% | 17% | -23% | -19% | -1% | 2% | 41% | 101% | 28% | 36% |
| Salaries and benefits | 42% | -10% | -9% | -13% | 0% | -6% | 28% | 29% | 38% | 21% | 35% | 26% | -1% | -7% | 11% | -12% | 2% | 17% | 25% | 7% |
| Share-based compensation | 2063% | -29% | -4% | -22% | 0% | 36% | 1% | 74% | 84% | 46% | 71% | -35% | -55% | 16% | -8% | -9% | 152% | 143% | 28% | 52% |
| Advertising and marketing | -30% | -50% | -26% | 26% | -25% | 10% | 81% | 25% | 59% | 42% | 40% | -23% | -17% | -23% | -9% | -19% | 47% | 46% | 12% | 16% |
| General and administrative | 26% | -15% | -27% | -15% | -10% | -1% | 37% | 67% | 69% | 41% | 49% | 12% | 16% | -11% | 13% | -6% | 9% | 10% | 28% | 10% |
| Operating income (loss) | 48% | -19% | -20% | 34% | 5% | 3% | 41% | 112% | 96% | 56% | 53% | -25% | 129% | -21% | 34% | -33% | 34% | -62% | 15% | -30% |
| Net income (loss) | 8% | 7% | -8% | -113% | -23% | 15% | -2% | 19% | -2654% | 111% | 59% | -8% | 271% | -54% | 29% | -33% | 31% | -62% | 15% | -30% |
| EPS Diluted (pro forma) | -33% | -15% | -35% | -109% | -46% | -18% | -60% | -44% | -1328% | 3% | -19% | -13% | 34% | -63% | -27% | -47% | 5% | -20% | 13% | -17% |

Source: Company reports and Ascendant Capital Markets estimates.

IMAC Holdings, Inc.

| Balance Sheet (\$ mils) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4E | Q1E | Q2E | Q3E | Q4E |
| Assets | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | 1.3 | 2.8 | 1.7 | 2.6 | 15.6 | 13.6 | 11.2 | 7.1 | 4.3 | 1.6 | 2.8 | 3.6 | 2.0 | (0.0) | (1.9) | (4.2) |
| Short term investments | | | | | | | | | 0.0 | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts receivable, net | 1.4 | 1.5 | 1.4 | 1.5 | 1.8 | 1.3 | 1.2 | 1.2 | 1.7 | 3.1 | 3.2 | 1.2 | 1.2 | 1.4 | 1.4 | 1.5 |
| Deferred income taxes | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short-term note receivable | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Prepaid expenses and other | 0.8 | 0.6 | 0.7 | 0.6 | 0.8 | 1.3 | 1.2 | 0.7 | 0.7 | 0.7 | 0.5 | 0.9 | 0.9 | 1.1 | 1.1 | 1.2 |
| Total current assets | 3.5 | 4.9 | 3.8 | 4.8 | 18.3 | 16.3 | 13.5 | 9.1 | 6.7 | 5.4 | 6.5 | 5.8 | 4.2 | 2.5 | 0.6 | (1.4) |
| Property and equipment, net | 3.5 | 3.3 | 1.9 | 1.8 | 1.8 | 1.9 | 1.8 | 2.3 | 2.3 | 2.1 | 1.8 | 1.3 | 0.9 | 0.7 | 0.3 | 0.1 |
| Intangibles, net | 9.1 | 9.1 | 8.9 | 8.7 | 8.9 | 8.8 | 8.5 | 10.5 | 10.2 | 10.0 | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 |
| Deferred income tax | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Security deposits | 0.6 | 0.5 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Other | 4.4 | 4.1 | 4.4 | 4.2 | 4.2 | 5.2 | 5.0 | 5.0 | 4.7 | 4.3 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Total assets | 21.1 | 21.9 | 19.4 | 19.7 | 33.6 | 32.5 | 29.2 | 27.2 | 24.2 | 22.1 | 18.5 | 17.4 | 15.3 | 13.5 | 11.2 | 9.0 |
| Liabilities and stockholders' equity | | | | | | | | | | | | | | | | |
| Accounts payable | 3.3 | 2.5 | 2.4 | 1.7 | 2.0 | 1.4 | 1.8 | 2.5 | 3.0 | 2.1 | 1.6 | 2.6 | 2.6 | 3.1 | 3.1 | 3.3 |
| Accrued expenses | | | 0.3 | 0.3 | 0.4 | 0.3 | 0.4 | 0.4 | 0.3 | 0.4 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 |
| Patient deposits | 0.3 | 0.4 | 0.4 | 0.3 | 0.4 | 0.4 | 0.5 | 0.3 | 0.3 | 0.5 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| Acquisition liabilities | 0.5 | 0.3 | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred income tax | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating lease | 1.0 | 1.0 | 1.1 | 1.1 | 1.2 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Short term debt | 4.2 | 4.6 | 1.9 | 2.5 | 2.6 | 1.9 | 1.1 | 0.3 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total current liabilities | 9.3 | 8.8 | 6.0 | 6.0 | 6.6 | 5.4 | 5.4 | 4.9 | 5.2 | 4.6 | 3.9 | 4.9 | 4.9 | 5.4 | 5.4 | 5.7 |
| Deferred income taxes | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Warrant liabilities | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other long term liabilities | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 | 0.2 | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating lease | 3.7 | 3.5 | 3.7 | 3.5 | 3.5 | 4.3 | 4.0 | 4.0 | 3.7 | 3.3 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Long term debt | 0.4 | 1.3 | 2.7 | 2.0 | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Total other liabilities | 4.5 | 5.2 | 6.8 | 6.0 | 4.2 | 4.7 | 4.3 | 4.3 | 4.0 | 3.4 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| Preferred stock | | | | | | | | | | | | 0.1 | 0.2 | 0.3 | 0.4 | 0.5 |
| Common stock | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | 0.3 | 0.4 | 0.5 |
| Additional paid-in capital | 21.5 | 24.1 | 24.1 | 25.5 | 42.7 | 44.8 | 44.8 | 46.1 | 46.3 | 47.3 | 51.1 | 51.1 | 51.1 | 51.1 | 51.1 | 51.1 |
| Retained earnings | (11.8) | (13.8) | (15.2) | (15.0) | (17.0) | (19.0) | (20.8) | (28.2) | (31.4) | (33.2) | (39.5) | (41.8) | (43.9) | (46.3) | (48.8) | (51.3) |
| Accumulated other comprehensive income | | | | | | | | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-controlling interest | (2.4) | (2.4) | (2.4) | (2.6) | (2.9) | (3.4) | (4.6) | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total stockholders' equity | 7.3 | 7.9 | 6.5 | 7.8 | 22.8 | 22.4 | 19.5 | 18.0 | 15.0 | 14.1 | 11.6 | 9.4 | 7.4 | 5.0 | 2.7 | 0.2 |
| Total stockholders' equity and liabilities | 21.1 | 21.9 | 19.4 | 19.7 | 33.6 | 32.5 | 29.2 | 27.2 | 24.2 | 22.1 | 18.5 | 17.4 | 15.3 | 13.5 | 11.2 | 9.0 |

Balance Sheet Drivers

| | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 |
|--|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4A | Q1A | Q2A | Q3A | Q4E | Q1E | Q2E | Q3E | Q4E |
| Prepaid as % of total rev | 25% | 23% | 20% | 18% | 28% | 38% | 34% | 17% | 17% | 14% | 13% | 22% | 22% | 22% | 22% | 22% |
| Accounts payable as % of total rev | 99% | 99% | 68% | 49% | 66% | 40% | 52% | 58% | 77% | 42% | 42% | 60% | 60% | 60% | 60% | 60% |
| Accrued expenses as % of total rev | 0% | 0% | 9% | 10% | 12% | 10% | 11% | 8% | 8% | 8% | 5% | 5% | 5% | 5% | 5% | 5% |
| Activity Ratios | | | | | | | | | | | | | | | | |
| A/R Days Sales Outstanding | 39 | 52 | 37 | 39 | 54 | 35 | 30 | 25 | 40 | 55 | 75 | 25 | 25 | 25 | 25 | 25 |
| Book & Cash Value (per share) | | | | | | | | | | | | | | | | |
| Book Value per Share (diluted) | \$0.76 | \$0.78 | \$0.55 | \$0.62 | \$1.70 | \$0.89 | \$0.77 | \$0.69 | \$0.57 | \$0.53 | \$0.42 | \$0.28 | \$0.22 | \$0.18 | \$0.08 | \$0.01 |
| Cash per Share (diluted) | \$0.13 | \$0.28 | \$0.14 | \$0.21 | \$1.16 | \$0.54 | \$0.44 | \$0.27 | \$0.16 | \$0.06 | \$0.10 | \$0.11 | \$0.06 | \$0.00 | -\$0.06 | -\$0.13 |
| Net cash per Share (diluted) | -\$0.34 | -\$0.30 | -\$0.25 | -\$0.15 | \$0.95 | \$0.46 | \$0.39 | \$0.26 | \$0.16 | \$0.05 | \$0.10 | \$0.11 | \$0.06 | \$0.00 | -\$0.06 | -\$0.13 |

Source: Company reports and Ascendant Capital Markets estimates



IMAC Holdings, Inc.

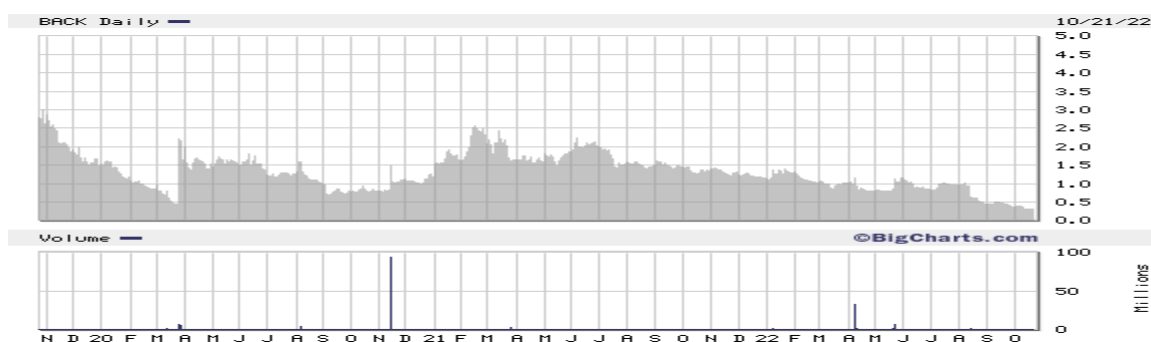
| Cash Flow Statement (\$ mils) | Mar-20 | Jun-20 | Sep-20 | Dec-20 | 2020 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | 2021 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | 2022 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | 2023 | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| Fiscal Year End: December 31 | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4A | FY-A | Q1A | Q2A | Q3A | Q4E | FY-E | Q1E | Q2E | Q3E | Q4E | FY-E | |
| Cash flow from operating activities | | | | | | | | | | | | | | | | | | | | | |
| Net income | (2.1) | (2.0) | (1.5) | (0.0) | (5.5) | (2.2) | (2.5) | (2.9) | (2.9) | (10.5) | (3.2) | (1.8) | (6.3) | (2.3) | (13.6) | (2.1) | (2.4) | (2.4) | (2.6) | (9.5) | |
| Depreciation | 0.5 | 0.5 | 0.4 | 0.4 | 1.7 | 0.4 | 0.4 | 0.5 | 0.3 | 1.6 | 0.4 | 0.4 | 0.5 | 0.5 | 1.8 | 0.5 | 0.5 | 0.5 | 0.5 | 1.9 | |
| Amortization | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Debt related amortization expense | | | | (1.3) | (1.3) | | | | 0.3 | 0.3 | | | | | 0.0 | | | | | 0.0 | |
| Stock comp | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.1 | 0.1 | 0.2 | 0.1 | 0.6 | 0.2 | 0.1 | 0.1 | 0.1 | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 | |
| Deferred rent | | | | | | | | | | | | | | | | | | | | | |
| Inventory reserve | | | | | | | | | | | | | | | | | | | | | |
| Deferred income taxes | | | | | 0.0 | | | | | 0.0 | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Change in fair value of warrant liability | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Writedowns and impairments | | | | | 0.0 | | | | | 0.0 | | | 3.9 | | 3.9 | | | | | 0.0 | |
| Other gains/losses | | (0.0) | 0.0 | 0.1 | 0.1 | 0.0 | (0.0) | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | (0.1) | | 0.0 | | | | | 0.0 | |
| Other | | | | | 0.0 | | | | | 0.0 | | 0.0 | (0.0) | | 0.0 | | | | | 0.0 | |
| Changes in operating assets and liabilities: | | | | | | | | | | | | | | | | | | | | | |
| Accounts receivable | (0.1) | (0.1) | 0.1 | (0.1) | (0.2) | (0.3) | 0.5 | 0.2 | (0.1) | 0.3 | (0.5) | (1.3) | (0.1) | 2.0 | 0.0 | 0.0 | (0.2) | (0.0) | (0.1) | (0.3) | |
| Inventory | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Prepaid expenses & other curre | 0.1 | (0.0) | 0.2 | (0.1) | 0.1 | | | | | 0.0 | | | | (0.5) | (0.5) | 0.0 | (0.2) | (0.0) | (0.1) | (0.3) | |
| Income tax | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Other assets | (0.1) | 0.4 | (0.2) | 0.1 | 0.2 | (0.2) | (0.5) | (0.0) | 0.5 | (0.1) | 0.0 | (0.0) | 0.2 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Accounts payable | 0.4 | (0.7) | (0.2) | (0.9) | (1.5) | 0.3 | (0.6) | 0.5 | 0.1 | 0.3 | 0.5 | (0.9) | (0.5) | 1.0 | 0.1 | (0.0) | 0.5 | 0.0 | 0.2 | 0.7 | |
| Patient deposits | 0.1 | 0.1 | 0.0 | (0.1) | 0.1 | 0.1 | (0.0) | 0.1 | (0.2) | 0.0 | 0.0 | 0.2 | 0.0 | 0.0 | 0.2 | (0.0) | 0.0 | 0.0 | 0.0 | 0.1 | |
| Deferred revenue | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Other liabilities | | | | | 0.0 | | | | (0.2) | (0.2) | | (0.0) | (0.1) | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Net cash (used in) provided by | (1.2) | (1.8) | (1.0) | (2.0) | (6.0) | (1.7) | (2.6) | (1.4) | (1.8) | (7.6) | (2.4) | (3.4) | (2.4) | 0.8 | (7.4) | (1.6) | (1.7) | (1.9) | (2.0) | (7.1) | |
| Cash flow from investing activities | | | | | | | | | | | | | | | | | | | | | |
| Purchases of property and equi | (0.0) | (0.0) | (0.0) | (0.1) | (0.1) | (0.1) | (0.2) | (0.1) | (0.3) | (0.7) | (0.2) | (0.0) | (0.0) | (0.0) | (0.3) | (0.0) | (0.3) | (0.0) | (0.3) | (0.7) | |
| Purchases of short-term investments | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Acquisitions | (0.2) | (0.2) | | 0.0 | (0.4) | (0.6) | (0.2) | | (1.0) | (1.7) | | | | | 0.0 | | | | | 0.0 | |
| Other | | | | | 0.0 | (0.1) | (0.0) | 0.0 | 0.0 | (0.0) | 0.0 | | 0.1 | | 0.1 | | | | | 0.0 | |
| Net cash used in investing activ | (0.2) | (0.2) | (0.0) | (0.1) | (0.6) | (0.7) | (0.4) | (0.1) | (1.3) | (2.5) | (0.216) | (0.038) | 0.038 | (0.0) | (0.3) | (0.0) | (0.3) | (0.0) | (0.3) | (0.7) | |
| Cash flow from financing activities | | | | | | | | | | | | | | | | | | | | | |
| Issuance of debt | 1.2 | 1.7 | | 2.5 | 5.4 | | | | | 0.0 | | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Repayment of debt | (0.3) | (0.5) | (0.0) | (0.9) | (1.8) | (1.8) | (0.8) | (0.9) | (0.9) | (4.5) | (0.2) | (0.0) | (0.0) | | (0.3) | | | | | 0.0 | |
| Issuance of stock | 1.4 | 2.4 | (0.0) | 1.4 | 5.2 | 17.2 | 1.8 | | | 19.0 | | 0.8 | 3.6 | 0.0 | 4.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Proceeds from stock option exercises | | | | 0.0 | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Other | (0.0) | 0.0 | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Dividends and distributions | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Cash provided by (used in) fina | 2.3 | 3.6 | (0.1) | 3.0 | 8.8 | 15.4 | 0.9 | (0.9) | (0.9) | 14.5 | (0.2) | 0.8 | 3.5 | 0.0 | 4.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Effect of exchange rate on cash | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | | | | | 0.0 | |
| Net increase (decrease) in cash | 0.9 | 1.5 | (1.1) | 1.0 | 2.3 | 13.0 | (2.0) | (2.4) | (4.1) | 4.5 | (2.8) | (2.7) | 1.2 | 0.8 | (3.5) | (1.6) | (2.1) | (1.9) | (2.3) | (7.8) | |
| Beginning cash and equivalents | 0.4 | 1.3 | 2.8 | 1.7 | 0.4 | 2.6 | 15.6 | 13.6 | 11.2 | 2.6 | 7.1 | 4.3 | 1.6 | 2.8 | 7.1 | 3.6 | 2.0 | (0.0) | (1.9) | 3.6 | |
| Ending cash and equivalents | 1.3 | 2.8 | 1.7 | 2.6 | 2.6 | 15.6 | 13.6 | 11.2 | 7.1 | 7.1 | 4.3 | 1.6 | 2.8 | 3.6 | 3.6 | 2.0 | (0.0) | (1.9) | (4.2) | (4.2) | |

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

IMAC Holdings, Inc.



<https://bigcharts.marketwatch.com/>

| Report | Report Date | Rating | Price Target |
|--------|-------------|--------|--------------|
| 1 | 4/14/2020 | Buy | 4.50 |
| 2 | 5/17/2020 | Buy | 4.25 |
| 3 | 8/18/2020 | Buy | 4.50 |
| 4 | 11/15/2020 | Buy | 4.75 |
| 5 | 3/13/2021 | Buy | 5.00 |
| 6 | 5/19/2021 | Buy | 5.25 |
| 7 | 8/27/2021 | Buy | 5.50 |
| 8 | 11/22/2021 | Buy | 5.75 |
| 9 | 4/16/2022 | Buy | 6.00 |
| 10 | 5/14/2022 | Buy | 5.50 |
| 11 | 8/31/2022 | Buy | 5.00 |

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

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Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, failure of product candidates to demonstrate safety and efficacy in clinical trials/studies, failure to gain/maintain regulatory approvals/licenses to operate, ability to find new or maintain existing patients for its services, failure to obtain suitable reimbursements, competition, changing macroeconomic factors, investor sentiment for investing in healthcare stocks, and changes in consumer or government priorities for healthcare.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of October 7, 2022)

| Rating | Count | Percent | Investment Banking Services Past 12 months | |
|--------|-------|---------|---|---------|
| | | | Count | Percent |
| Buy | 43 | 98% | 17 | 40% |
| Hold | 0 | 0% | 0 | 0% |
| Sell | 1 | 2% | 0 | 0% |
| Total | 44 | 100% | 17 | 39% |

Other Important Disclosures

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Dissemination of Research

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