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IMAC, Holdings, Inc. (NASDAQ:IMAC)

August 5, 2019

BUY: Success Without Surgery

IMAC, Innovative Medical Advancements and Care centers combine life science advancements with traditional medical care for movement-restricting diseases and conditions. The company's mix of services is designed to improve patient experiences and outcomes and reduce healthcare costs as compared to other available treatment options.

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Current Price	\$3.50
Price Target	\$7.00

Investment Highlights

Six Centers and Growing. IMAC currently owns six and manages eight outpatient clinics that provide regenerative, orthopedic and minimally invasive procedures and therapies. IMAC centers represent alternatives to conventional surgeries and joint replacement procedures by delivering non-surgical medical treatments to help patients with sports injuries, back pain, knee pain, joint pain, ligament and tendon damage, and other related soft tissue conditions. IMAC hopes to grow through both acquisitions and organically delivering systems and other technologies that lower operating costs.

Operating Centers. As outpatient medical clinics for musculoskeletal conditions, IMAC Regeneration Centers focus on delivering non-invasive treatment protocols without surgery or prescription opioids. IMAC's specialized team of doctors work together to deliver regenerative rehabilitation, which is a combination of physiotherapy and regenerative medicine. Each treatment is customized to the individual to treat the underlying condition instead of merely addressing the symptoms of the underlying pathology.

Spreading Awareness of IMAC. Each regeneration center is supported by a well-known "athlete brand ambassador", who is prominent in the local community. Some of the famous figures that help drive patient visits include Tony Delk, David Price, and Ozzie Smith with plans to recruit other athletes from different regions. Mike Ditka has also been engaged to serve as brand ambassador for the planned expansion into the Chicago market which is set to debut with the Ditka name 3Q19. Unlike its competitors, IMAC Holdings leverages both direct consumer marketing and patient referrals to attract new customers. This marketing strategy has been successful in increasing brand awareness and boosting trust in the company and the services they provide.

Leading Edge Cell Therapy. IMAC's medical and scientific staff are continually reviewing orthopedic advancements to deliver non-surgical and non-opioid treatments for their patients to resume a pain-free, independent lifestyle. On August 20th, 2018, IMAC acquired a 70% ownership position in BioFirma, LLC. BioFirma was formed to produce and commercialize NeoCyte which is an umbilical cord-derived mononuclear cell product following the FDA's current Good Clinical Practices (cGCPs) regulations. The company intends to conduct further research and product development of NeoCyte and other regenerative medicine products, including obtaining approvals, certifications or designations from the FDA. When the product becomes market-ready, IMAC expects to sell NeoCyte at their Regeneration Centers and other medical clinics across the country.

Estimates	F2019E	F2020E	F2021E
Expenses (\$000s)	\$ 15,879	\$ 22,899	\$ 28,080
1Q March	\$ 3,688	\$ 5,725	\$ 7,020
2Q June	\$ 3,814	\$ 5,725	\$ 7,020
3Q September	\$ 4,164	\$ 5,725	\$ 7,020
4Q December	\$ 4,214	\$ 5,725	\$ 7,020
	F2019E	F2020E	F2021E
EPS (diluted)	\$ (0.30)	\$ (0.00)	\$ 0.24
1Q March	\$ (0.27)	\$ (0.00)	\$ 0.06
2Q June	\$ 0.02	\$ (0.00)	\$ 0.06
3Q September	\$ (0.02)	\$ (0.00)	\$ 0.06
4Q December	\$ (0.03)	\$ (0.00)	\$ 0.06
EBITDA/Share	(\$0.00)	(\$0.00)	\$0.40
EV/EBITDA (x)	-2.1	-1.2	0.0
Stock Data			
52-Week Range	\$2.60	-	\$7.21
Shares Outstanding (mil.)	8.3		
Market Capitalization (mil.)	\$29		
Enterprise Value (mil.)	\$26		
Debt to Capital	0%		
Book Value/Share	\$0.10		
Price/Book	-		
Average Three Months Trading Volume (K)	1		
Insider Ownership	54.6%		
Institutional Ownership	0.1%		
Short interest (mil.)	0.1%		
Dividend / Yield	\$0.00/0.0%		



Initiation - August 5, 2019 - Buy - Price Target \$7.00

The March to Profitability. The road to profitability can be a long and arduous one. IMAC has a strategic plan focused on both organic and acquisition driven growth. To achieve critical mass, we estimate that IMAC must get to the “30” operational clinic target. Based on our understanding of the growth plan, the company expects to reach break-even year end 2021.

Valuation. We value IMAC based on our projected revenues out to 2030. Our model assumes a combination of acquisition and organic growth (product mix) and efficiency – expense control with scale. We then apply a moderately high discount rate (r) of 20% in our Free Cash Flow to the Firm (FCFF), discounted EPS (dEPS), and Sum-Of-The-Parts Models (SOP), which are the equally weighted and averaged and rounded to the nearest whole number to derive our 12 months price target of \$7.00.

Risk to our thesis, include the following: (1) commercial; (2) regulatory; (3) clinical; (4) manufacturing; (5) financial; (6) liability; (7) acquisition and (8) intellectual property. We review these and other risks in the risk section of this report.

A special thanks to Ryan Swiezbin- Quinnipiac University, Chase Shea - Georgetown University, Alex Levy - University of Wisconsin-Madison , Jesse Clark - University of Florida, Tucker Kolbert - University of Wisconsin -Madison, Clayton Berger – Skidmore College, for their research contributions to this report.

Company Overview

Innovative Medical Advancements and Care ("IMAC") Regeneration Centers specializing in regenerative and rehabilitation orthopedic treatments without the use of surgery or opioids to help their patients return to an active lifestyle without any lasting pain. IMAC Holdings was created in March of 2015 to expand on the footprint of the original IMAC Regeneration Center, which opened in Kentucky in August 2000. IMAC owns and manages 14 outpatient clinics across three states which all provide a mix of medical procedures and physical therapy that is designed to improve patient experiences and outcomes as well as reduce healthcare costs when compared to other treatment options. The company is currently based out of Brentwood, Tennessee and plans to expand its business to the surrounding states and eventually across the country.

Exhibit 1. Future IMAC Analytics Catalysts

Product	Geography	Indication	Event	Timeline	Impact	Peak Sales
Center	USA	Rehab	Complete acquisition of Chicago-area clinics	2Q19	+	
"	USA	Rehab	Reach breakeven for Chicago clinics	2Q19	+	
"	USA	Rehab	Apply for FDA for RMA designation	3Q19	+	
"	USA	Rehab	Begin production of NeoCyte stem cell product	3Q19	+	
"	USA	Rehab	Secure additional brand ambassadors for future expansion	3Q19	+	
"	USA	Rehab	Acquire or build new clinics in new geographies	2019	+	
"	USA	Rehab	Acquire satellite clinics in existing markets	2019	+	
"	USA	Rehab	Derive additional sources of revenue from new initiative focused on a corporate accounts division. IMAC Regeneration Centers Corporate Partnerships	2019	+	

Stock Significance Scale: + of moderate importance; ++ higher level; +++ highly

Source: Dawson James

The Market Opportunity. Orbis Research reported that the regenerative healthcare industry in the United States is estimated to be \$67.6 billion by 2019, and IBIS World estimated that outpatient rehabilitation in the U.S. is an approximately \$30 billion industry, with approximately 90% of that revenue generated from physical rehabilitation services, including orthopedic, sports, geriatric and other forms of physical medicine. Outpatient rehabilitation is anticipated to grow at a rate of 2% to 7% in the coming years, according to these industry research companies, due to the aging baby boomer generation, sustained high rates of obesity and healthcare reform. As healthcare insurance providers seek to reduce medical costs and government regulation restricts access to opioid pain prescriptions, physical therapy and outpatient services are poised to capture a larger share of healthcare spending. As the workforce continues to grow, employer-based insurance expenditures will increase. In addition, government spending on Medicare will continue to be significant.

Exhibit 2. Target Markets

Rank	Operating Room Procedure*	# of Procedures
	Age 45-64	4,382,700
1	Arthroplasty of knee	314,800
2	Spinal fusion	216,500
3	Percutaneous coronary angioplasty	207,500
4	Laminectomy, excision of intervertebral disc	199,200
5	Hip replacement, total and partial	188,000
	Age 65-84	4,094,500
1	Arthroplasty of knee	402,500
2	Hip replacement, total and partial	253,700
3	Percutaneous coronary angioplasty	205,200
4	Spinal fusion	155,900
5	Laminectomy, excision of intervertebral disc	149,000
	Age 85+	561,700
1	Treatment, fracture or dislocation of hip and femur	85,800
2	Hip replacement, total and partial	61,700
3	Percutaneous coronary angioplasty	26,700
4	Colorectal resection	18,700
5	Arthroplasty of the knee	18,200

*99.9% of orthopedic procedures yield an opioid prescription

Source: IMAC

Rank	Operating room procedure	Aggregate cost for stays with OR procedure (\$ billions)	Mean cost per stay (\$ thousands)	Mean cost for IMAC treatment (\$ thousands)
1	Spinal fusion	\$12.0	\$28.9	\$9.2
2	Arthroplasty of the knee	\$11.8	\$16.3	\$7.9
3	Hip replacement, total & partial	\$8.3	\$17.1	\$8.1
4	Percutaneous coronary angioplasty (PTCA)	\$8.1	\$21.5	N/A
5	Cesarean section	\$7.0	\$6.1	N/A

SOURCE: Agency for Healthcare Research and Quality (AHRQ), Center for Delivery, Organization, and Markets, Healthcare Cost and Utilization Project (HCUP), 2014; published December 2017

The Target Market. IMAC is positioned to tap a large and growing market with treatments aimed toward the aging United States population with 10,000 baby boomers turning 65 every day, through 2029. Arthroplasty of the knee, spinal fusions, laminectomy excision of the intervertebral disc and hip replacements both total and partial are some of the most common operating room procedures performed on individuals 45 and up. Of these operations, most patients could have been treated with minimally invasive techniques and therapies at an IMAC clinic. Similarly, the three most common operating room procedures are spinal fusions, arthroplasty of the knee and hip replacements and all these procedures are expensive and could potentially be healed by IMAC professionals. The cost of having an operation is often twice as much or more if the patient elects to have an invasive treatment over IMAC care.

Bull Case.

The U.S. outpatient rehabilitation market is estimated to be a \$35 billion industry with a projected annual growth rate of five percent or higher. IMAC Holdings has a unique business model that may allow them to gain market share in the focus areas where they choose to compete. Surgical intervention is expensive, painful and typically requires a lengthy recovery time versus tailored physical therapy programs which offer alternative minimally invasive choices that can allow recovery and avoid opioids. IMAC offer's state of the art, standardized medical care to help patients expedite the recovery process. By setting treatment standards, the company believes they can achieve best practice outcomes. Key to the bull argument will be growth through acquisition and organic margin expansion. Given the fragmented nature of the industry the only factor limiting IMAC will be management's ability to identify, and close target acquisition opportunities.

Bear Case.

IMAC's business model is similar to the Physician Practice Management (PPM) rollout model that was seen in the late 1990s. As such the amount of efficiency that can be added to the model is intrinsically limited. On top of this the physical therapy market remains highly fragmented and extremely competitive with the largest 50 players comprising less than 25% of the market. The marketplace is mainly composed of small, independent practices that are all competing for share in the local market. There are an estimated 18,000 outpatient physical therapy clinics in the United States with the largest single clinic operator possessing close to 10% market share. Due to the competitive nature of this industry, IMAC may have a difficult time discerning itself from other facilities and may be unable to capture a meaningful percentage of the market. As for higher margin services, like cell therapy treatments, these remain clinically unproven and are typically not covered by insurance, which may limit their use. Lastly a complex network of state and federal regulations make owning clinics difficult, which can also limit profitability.

Our Take.

The outpatient physical therapy industry is highly competitive, with thousands of clinics across the country offering similar services. We see an opportunity for IMAC to help bring standards to the industry, raise the level of care and be a consolidator in its target markets. Achieving scale through acquisitions will be critical to the company's continued success.

Financials.

As of the last reported quarter IMAC had a cash balance of \$3M in cash and we assume approximately 8M shares outstanding.

IMAC Executive Leadership

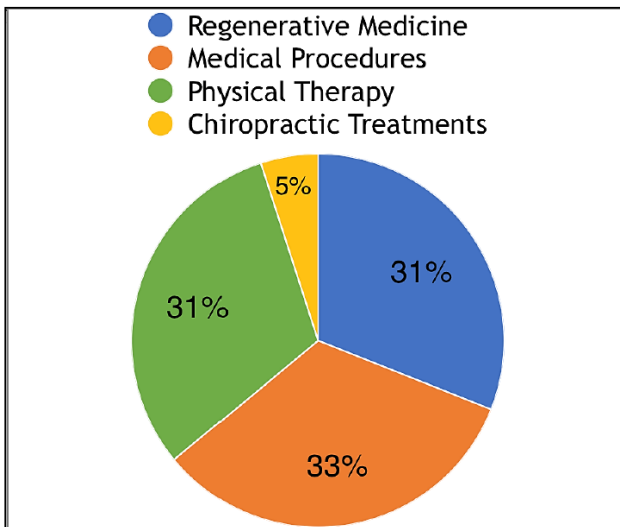
Jeffrey S. Ervin: Chairman, CEO and Co-Founder of IMAC. Ervin has been the CEO of IMAC Holdings since March of 2015 and was a senior financial analyst for the Baptist Hospital System of Nashville. He also served as the Senior Financial Officer for Medicare.com as well as the parent company Medx Publishing. Ervin was influential in the acquisition of MEDICAID.com which was eventually sold to United Healthcare Group. Ervin received his MBA from Vanderbilt University.

Matther C. Wallis, DC. Director, COO and Co-founder of IMAC Holdings since March 2015. Wallis was the founder of IMAC Regeneration Center of Kentucky which opened in August 2000. He is a licensed chiropractor in Kentucky since 1998 and has implemented consistent operating efficiencies for all IMAC clinic. Wallis possesses a Doctor of Chiropractic (DC) degree from Life University.

Ian White, PhD. CSO of IMAC Holdings since August 2018. Dr. White is a leading expert in the field of regenerative medicine with 20 years of experience. He is also the founder and chief science officer of BioFirma. White holds an adjunct position at Miami University Healthcare and Bascom Palmer Eye Institute where he leads the Transnational Ocular Regenerative Medicine Unit. In addition, he is the Chairman of the Scientific Committee for the American Association of Stem Cell Physicians. Dr. White received his PhD from Ansary Stem Cell Institute of Cornell University.

Exhibit 3. IMAC Services Offering

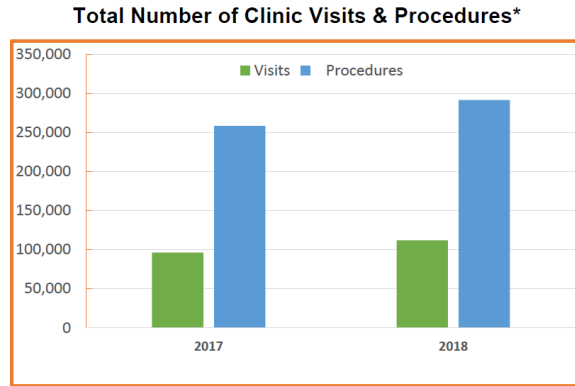
Net Revenue Contribution by Service



Source: IMAC

Service Offerings. The licensed healthcare professionals at every IMAC clinic provide each patient with a custom treatment plan that integrates innovative regenerative medicine protocols with traditional, minimally invasive medical procedures in combination with physical therapies. Each area roughly represents approximately a third of revenues. We note that regenerative medicine represents higher margin revenues vs. physical therapy services.

Exhibit 4. Clinic Visits and Procedures



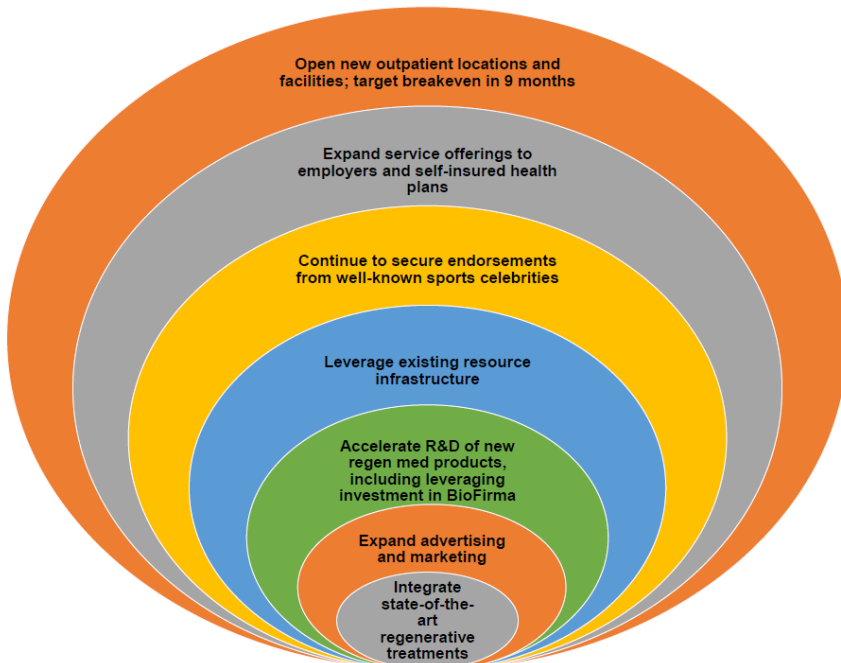
	12 Mos 2017	12 Mos 2018	Δ%
Visits	96,326	111,939	+16%
Procedures	258,300	291,571	+13%

**Pro Forma procedure and visit counts reflect the completion of our transactions consummated through December 31, 2018 as if they had occurred on January 1, 2017*

Source: IMAC

Procedures performed and visits to IMAC clinics are an indication of business activity. Procedures showed an increase of 13% increase year over year (2018 vs. 2017). Procedures increased from 258,300 for the year ended December 31, 2017, to 291,571 for the year ended December 31, 2018. Visits to the clinics also showed an increase of 16% from 96,326 for the year ended December 31, 2017, to 111,939 for the year ended December 31, 2018. It is important to note that the number of clinics owned rose from 6 in 2017 to 11 in 2018.

Exhibit 5. IMAC Growth Strategy



Source: IMAC

Offer State-of-the-Art Orthopedic Treatments. IMAC’s regenerative medicine techniques are used to prevent arthritis, treat meniscus tears, defeat muscle deterioration and address other damaged tissue conditions. IMAC is working to continually offer innovative therapies that utilize the most recently approved medical technologies. This includes alternative medicine treatments not typically found in your local PT clinic. By bringing together a diverse array of medical specialists, the company can treat more health conditions and attract a larger base of patients.

Expand Advertising and Marketing. IMAC also intends to increase its advertising and marketing in order to grow patient volume at their existing facilities and generate interest in newer locations. Their current marketing efforts include a combination of local television, internet, and event advertising. IMAC plans to introduce employer marketing initiatives with help from their celebrity endorsers. While referrals from other healthcare providers are important, IMAC believes that direct marketing can generate more new patients for their outpatient clinics than relying solely on antiquated medical referral practices.

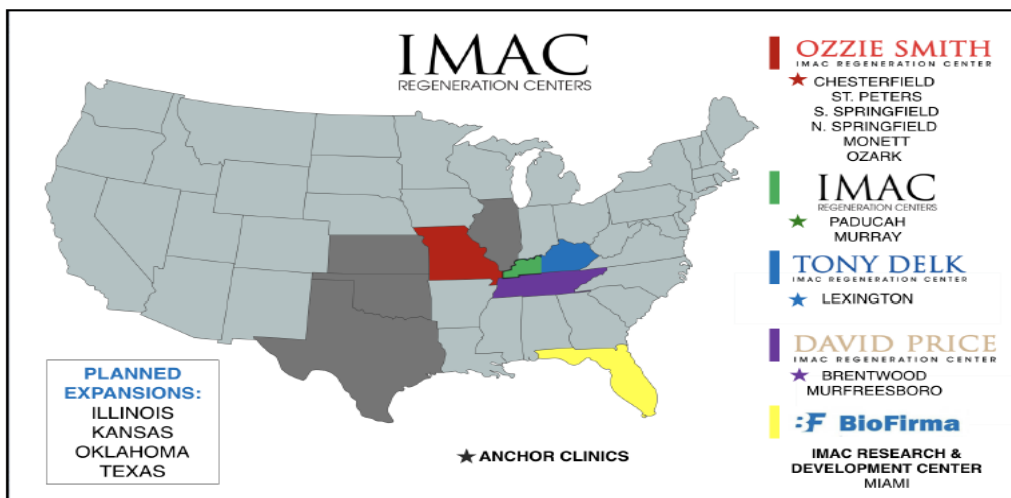
Accelerate Research and Development of New Regenerative Products. IMAC’s recent investment in BioFirma LLC was intended to facilitate the research and development into regenerative medicine products and supplies. The company intends to fund this research with the goal of identifying novel innovative treatments to deliver to patients. Recognizing the need for FDA approval the plan is to develop approved products for distribution into the broader medical community.

Continue to Obtain Endorsements from Well-Known Sports Celebrities. IMAC continues to attract celebrity sports endorsers for each market that they operate and plan to expand. By collaborating and co-branding with well-known sports figures, patients become more familiar with the brand and associate the company with physical fitness and high performance. Working with sports celebrities that are well-known and will personally recommend treatments helps establish credibility with patients in those markets.

Expand Service Offerings to Employers and Self-Insured Health Plans. IMAC has received inquiries from employers researching conservative treatment options for their employees. The inquiries primarily focus on minimizing employee time away from work-related injuries or occupational hazards and the cost of aggressive orthopedic treatments for employees enrolled in an employer health plan. IMAC intends to create simple conservative treatment protocols for employers seeking to reduce employee downtime, prescription narcotic usage and surgical expenditures within their health plan.

Open New Outpatient Locations and Facilities. IMAC is in the process of identifying new locations to lease and develop new Regeneration Centers. Management anticipates initial expansion in the Midwest and the Southern United States, including in Illinois, Kansas, Oklahoma, and Texas over the near term. By branching into states adjacent to existing centers, the company hopes to expand its regional market familiarity. IMAC believes that their strong regional operations will provide brand awareness and allow them to leverage their established administrative infrastructure and will provide a foundation to support their expansion.

Exhibit 6. IMAC Current Clinics



Source: IMAC

IMAC Holdings operates 14 centers in three states (six owned, eight managed) and has signed a definitive agreement to acquire three clinics in the Chicago area which are pending NASDAQ approval. The clinics in Chicago will be supported by former pro-athlete and head coach Mike Ditka. In addition, IMAC plans to expand into Texas, Kansas, and Florida in the near future. IMAC has five anchor clinics geographically positioned in Chesterfield MO, Springfield MO, Paducah KY, Lexington KY, and Brentwood TN. The other six facilities are satellite clinics that are strategically positioned to access more patients and treat as many individuals as possible.

Modeling Assumptions: IMAC Regeneration Centers

1. **Growth Driven by Expansion.** We assume that the number of clinics owned (owned and managed) expands from 11 in 2018 to 134 by 2030.
2. **Revenues per Clinic.** For modeling purposes, we assume each regenerative center can generate \$1 million in revenues annually, with a 3% growth rate.
3. **Service Breakdown.** IMAC offers high margin cells therapy as well as low margin services like physical therapy and chiropractic treatments. We assume that high margin cell therapy represent 5% of the services offered but will gradually increase over time. In contrast, we assume that the clinic revenues from low margin offerings will slowly decline and make up less of the total revenues generated.
4. **Service Margins.** We assume that the profit margins for both the high margin cell therapy and low margin services will both gradually increase allowing the company to retain more of their profits. Each year profit margins increase by half a percent for both the high and low margin services because IMAC will revise their operating procedures so that they are more efficient and effective at treating patients.

Exhibit 7. IMAC Clinic – Revenue Model

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Number of Clinics Owned	6	8	12	16	22	29	36	43	50	55	60	66	73
Number of Clinics Managed	5	7	10	14	19	24	30	36	42	46	50	55	61
Net Operating Clinics (NOC)	11	15	22	30	41	53	66	79	91	101	111	122	134
Revenues per Clinic (\$000)	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344	1,384	1,426
Percent Change in Revenues	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Revenues	\$11,000	\$15,862	\$22,873	\$32,983	\$45,863	\$61,410	\$79,066	\$97,725	\$115,755	\$131,151	\$148,594	\$168,357	\$190,748
High Margin Stem Cells (Percent of RPC)	5%	5%	5%	6%	6%	6%	7%	7%	7%	8%	8%	8%	9%
High Margin Stem Cells (\$)	\$ 550	\$ 793	\$ 1,144	\$ 1,979	\$ 2,752	\$ 3,685	\$ 5,535	\$ 6,841	\$ 8,103	\$ 10,492	\$ 11,888	\$ 13,469	\$ 17,167
Clinic Revenues(Percent of RPC)	95%	95%	95%	94%	94%	94%	93%	93%	93%	92%	92%	92%	91%
Clinic Revenues w/o Stem Cells (\$)	\$ 10,450	\$ 15,069	\$ 21,729	\$ 31,004	\$ 43,111	\$ 57,726	\$ 73,531	\$ 90,884	\$ 107,652	\$ 120,659	\$ 136,706	\$ 154,888	\$ 173,581
Stem Cell Margin	85.0%	85.5%	86.0%	86.5%	87.0%	87.5%	88.0%	88.5%	89.0%	89.5%	90.0%	90.5%	91.0%
Stem Cell Net \$	\$ 468	\$ 678	\$ 984	\$ 1,712	\$ 2,394	\$ 3,224	\$ 4,870	\$ 6,054	\$ 7,212	\$ 9,390	\$ 10,699	\$ 12,189	\$ 15,622
Clinic Margin	45%	46%	46%	47%	47%	48%	48%	49%	49%	50%	50%	51%	51%
Clinic Net \$	\$ 4,703	\$ 6,856	\$ 9,996	\$ 14,417	\$ 20,262	\$ 27,420	\$ 35,295	\$ 44,079	\$ 52,750	\$ 59,726	\$ 68,353	\$ 78,219	\$ 88,526
Total Gross Profit	\$5,170	\$7,534	\$10,979	\$16,129	\$22,656	\$30,644	\$40,165	\$50,133	\$59,961	\$69,116	\$79,052	\$90,408	\$104,149

Source: Dawson James

Valuation. We value IMAC based on the revenues in our IMAC regenerative centers model. These estimates feed into our income statement through the year 2030. For companies that have no revenues, and which are totally dependent on pipeline products, we typically use our highest risk rate of 30%. For companies that are profitable, but still growing rapidly with limited visibility into the earnings we use 15%. For IMAC we select a risk rating in the middle at 20% as the company has revenues but has not yet achieved critical mass, which we forecast can occur at 30 clinics, in 2021. Our price target is derived from an equal-weighted average of free cash flow (FCFF), discounted EPS (EPS), and sum-of-the-parts (SOP) models, rounded to the nearest whole number. This methodology results in a price target of \$7.00.

Exhibit 8. FCFF Model

Average	\$	7
Price Target	\$	6
Year		2020

DCF Valuation Using FCF (mln):

Units ('000 - Cnd\$)	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	362	(13)	(22)	4,907	11,211	18,969	28,258	37,987	47,572	56,480	66,163	77,261	22,684
Tax Rate	10%	10%	15%	20%	22%	24%	26%	28%	30%	30%	30%	30%	30%
EBIT(1-t)	326	(11)	(19)	3,926	8,744	14,417	20,911	27,351	33,301	39,536	46,314	54,082	15,879
CapEx	(1,580)	(42)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	651	286	-	-	-	-	-	-	-	-	-	-	-
Change in NWC	-	-	-	-	-	-	-	-	-	-	-	-	-
FCF	(603)	232	(19)	3,926	8,744	14,417	20,911	27,351	33,301	39,536	46,314	54,082	15,879
PV of FCF	(869)	278	(19)	3,272	6,072	8,343	10,084	10,992	11,152	11,034	10,771	10,482	2,565
Discount Rate	20%												
Long Term Growth Rate	1%												
Terminal Cash Flow	84,408.17												
Terminal Value YE2030	13,632												
NPV	98,658												
NPV-Debt	3033												
Shares out (thousands)	16,770	2030E											
NPV Per Share	\$	6											

Source: Dawson James

Exhibit 9. Discounted EPS Model

Current Year	2020
Year of EPS	2030
Earnings Multiple	10
Discount Factor	20%
Selected Year EPS	\$ 3.79
NPV	\$ 6

Discount Rate and Earnings Multiple Varies, Year is Constant							
2030 EPS							
Earnings Multiple	6.1	5%	10%	15%	20%	25%	30%
2		\$4.66	\$2.92	\$1.87	\$1.22	\$0.81	\$ 0.55
5		\$11.64	\$7.31	\$4.69	\$3.06	\$2.04	\$ 1.38
10		\$23.28	\$14.62	\$9.37	\$6.12	\$4.07	\$ 2.75
15		\$34.92	\$21.93	\$14.06	\$9.19	\$6.11	\$ 4.13
20		\$46.56	\$29.24	\$18.75	\$12.25	\$8.14	\$ 5.50
25		\$58.20	\$36.55	\$23.43	\$15.31	\$10.18	\$ 6.88
30		\$69.84	\$43.86	\$28.12	\$18.37	\$12.22	\$ 8.25
35		\$81.48	\$51.17	\$32.81	\$21.44	\$14.25	\$ 9.63

Source: Dawson James

Exhibit 10. Sum of the Parts Model

IMAC Sum of the Parts	LT Gr	Discount Rate	Yrs. to Mkt	% Success	Peak Sales MMs	Term Val
ReHab Center Revenues	1%	20%	3	100%	\$250	\$1,316
NPV						\$7.61
Other Revenues	1%	20%	3	75%	\$50	\$263
NPV						\$1.14
Net Margin						30%
MM Shrs OS						30
Total						\$9

Source: Dawson James

Risk Analysis

Acquisition Risk. IMAC intend to grow through the acquisition of clinics. There can be no assurances that the company will be able to find clinics that meet the required criteria and can successfully negotiate the purchase terms.

Commercial Risk: The company is attempting to treat patients with the use of cell therapy and other leading-edge technologies that are not conventional. Adoption of this new treatment approach may take longer than expected. Additionally, physician practice management has been utilized as a business strategy before and failed so there is no guarantee that IMAC will be successful in implementing this approach.

Employee Risk. IMAC Holdings has an experienced management team in its director and CEO, CFO, COO, and CSO. The company plans to rapidly expand the number of clinics owned to become a profitable organization. The success of the company may depend on the experience, abilities and continued services of its senior officers and key medical personnel.

Financial Risk: The company may need to raise additional capital. There is no guarantee that market conditions will be favorable and or that the company will be able to raise the required capital to support its acquisition driven growth strategy.

Intellectual Property Risk. The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and the company may infringe on third party patents.

Market Share Risk. The physical therapy industry is highly competitive, and we can make no assurances that the company will be able to capture a significant percentage of market share to become profitable.

Regulatory risk. IMAC is working to develop NeoCyte and must obtain FDA approval before commercial sales of the product can commence in the United States. The timing of these approvals is uncertain.

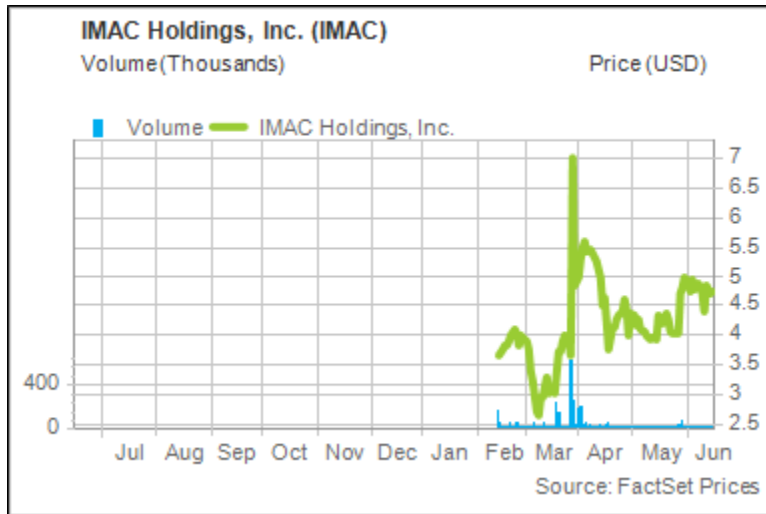
Exhibit 11. Income Statement

IMAC, Inc. Income Statement (\$'000)																									
IMAC - YE Dec. 31	2018A	1Q19A	2Q19E	3Q19E	4Q19E	2019E	1Q20E	2Q20E	3Q20E	4Q20E	2020E	1Q21E	2Q21E	3Q21E	4Q21E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue (\$'000)																									
Clinic Gross Revenues	11,000	3,966	3,966	3,966	3,966	15,862	5,718	5,718	5,718	5,718	22,873	8,246	8,246	8,246	8,246	32,983	45,863	61,410	79,066	97,725	115,755	131,151	148,594	168,357	190,748
Total Revenues	11,000	3,966	3,966	3,966	3,966	15,862	5,718	5,718	5,718	5,718	22,873	8,246	8,246	8,246	8,246	32,983	45,863	61,410	79,066	97,725	115,755	131,151	148,594	168,357	190,748
Revenue Breakdown																									
High Margin Stem Cells	550	211	211	211	211	845	286	286	286	286	1,144	495	495	495	495	1,979	2,752	3,685	5,535	6,841	8,103	10,492	11,888	13,469	17,167
Percent of Revenues	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	6%	7%	7%	7%	8%	8%	8%	9%
Clinic Revenues	10,450	3,754	3,754	3,754	3,754	15,017	5,432	5,432	5,432	5,432	21,729	7,751	7,751	7,751	7,751	31,004	43,111	57,726	73,531	90,884	107,652	120,659	136,706	154,888	173,581
Percent of total revenues	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	95%	94%	94%	94%	94%	94%	94%	94%	93%	93%	93%	92%	92%	92%	91%
Clinic Gross revenues	11,000	3,966	3,966	3,966	3,966	15,862	5,718	5,718	5,718	5,718	22,873	8,246	8,246	8,246	8,246	32,983	45,863	61,410	79,066	97,725	115,755	131,151	148,594	168,357	190,748
Expenses																									
High Margin Stem Cells COGS	83	31	31	31	31	123	40	40	40	40	160	67	67	67	67	267	358	461	664	787	891	1,102	1,189	1,280	1,545
Stem Cell Margin	85%	86%	86%	86%	86%	86%	86%	86%	86%	86%	86%	87%	87%	87%	87%	87%	87%	88%	88%	89%	89%	90%	90%	91%	91%
Clinic COGS	5,748	2,046	2,046	2,046	2,046	8,184	2,933	2,933	2,933	2,933	11,734	4,147	4,147	4,147	4,147	16,587	22,849	30,306	38,236	46,805	54,903	60,933	68,353	76,670	85,055
Clinic Margin	45%	46%	46%	46%	46%	46%	46%	46%	46%	46%	46%	47%	47%	47%	47%	47%	47%	48%	48%	49%	49%	50%	50%	51%	51%
Sales (Advertising & Marketing) expense	859	347	350	400	550	1,647	750	750	750	750	3,000	765	765	765	765	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	3,585	3,657
General and administrative	3,063	977	1,100	1,400	1,300	4,777	1,500	1,500	1,500	1,500	6,000	1,530	1,530	1,530	1,530	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171	7,314
Depreciation and amortization	651	286	286	286	286	1,142	500	500	500	500	2,000	510	510	510	510	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	2,390	2,438
Total expenses	10,405	3,688	3,814	4,164	4,214	15,875	5,725	5,725	5,725	5,725	22,895	7,020	7,020	7,020	7,020	28,076	34,652	42,441	50,808	59,738	68,183	74,671	82,432	91,097	100,010
Operating Profit	595	278	152	(198)	(248)	(13)	(7)	(7)	(7)	(7)	(22)	1,226	1,226	1,226	1,226	4,907	11,210	18,969	28,257	37,987	47,572	56,480	66,162	77,260	90,738
Oper Margin	0	0	0	NM	NM	NM	NM	NM	NM	NM	NM	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Income	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	(154)	(31)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Beneficial conversion interest expense		(639)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity in earnings (loss) of non-consolidated affiliate	(106)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (loss)	18	(16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax income	362	(408)	152	(198)	(248)	(13)	(7)	(7)	(7)	(7)	(22)	1,226	1,226	1,226	1,226	4,907	11,211	18,969	28,258	37,987	47,572	56,480	66,163	77,261	90,739
Pretax Margin	0	NM	0	NM	NM	NM	NM	NM	NM	NM	NM	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income Tax (Benefit)	36	(41)	15	(20)	(25)	(1)	(1)	(1)	(1)	(1)	(3)	245	245	245	245	981	2,466	4,553	7,347	10,636	14,272	16,944	19,849	23,178	27,222
Tax Rate	10%	10%	10%	10%	10%	10%	15%	15%	15%	15%	15%	20%	20%	20%	20%	20%	22%	24%	26%	28%	30%	30%	30%	30%	30%
GAAP Net Income	326	(367)	137	(178)	(223)	(11)	(6)	(6)	(6)	(6)	(22)	981	981	981	981	3,923	8,742	14,414	20,908	27,349	33,299	39,534	46,312	54,080	63,515
GAAP-EPS	0.05	(0.06)	0.02	(0.02)	(0.03)	(0.09)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.06	0.06	0.06	0.06	0.24	0.53	0.88	1.27	1.66	2.01	2.38	2.78	3.24	3.79
Non GAAP EPS (dil)	(0.46)	(0.27)	0.02	(0.02)	(0.03)	(0.30)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.06	0.06	0.06	0.06	0.24	0.53	0.88	1.27	1.66	2.01	2.38	2.78	3.24	3.79
Wqtd Avg Shrs (Bas) - '000s	6,583	5,920	8,000	8,080	8,161	7,540	12,242	12,255	12,267	12,279	12,279	12,291	12,304	12,316	12,328	12,328	12,378	12,427	12,477	12,527	12,577	12,628	12,678	12,729	12,780
Wqtd Avg Shrs (Dil) - '000s	6,583	5,920	8,000	8,080	8,161	7,540	16,242	7,548	16,259	16,275	16,275	16,291	16,291	16,307	16,324	16,324	16,373	16,422	16,471	16,521	16,570	16,620	16,670	16,720	16,770

Source: Dawson James estimates

Important Disclosures:

Price Chart:



Price target and rating changes over the past three years:

Initiated – Buy – August 5, 2019 – Price Target \$7.00

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Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	43	86%	13	30%
Market Perform (Neutral)	7	14%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	50	100%	13	26%

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