

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended **March 31, 2021**

or

**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: 000-55768

**HealthLynked Corp.**

(Exact name of registrant as specified in its charter)

**Nevada**

**47-1634127**

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

**1265 Creekside Parkway, Suite 302, Naples FL 34108**

(Address of principal executive offices)

**(800) 928-7144**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: **None.**

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 May 17, 2021, there were 228,092,306 shares of the issuer's common stock, par value \$0.0001, outstanding.

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****HEALTHLYNKED CORP.  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<i>(Unaudited)</i>	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 3,341,728	\$ 162,184
Accounts receivable, net of allowance for doubtful accounts of \$13,972 and \$13,972 as of March 31, 2021 and December 31, 2020, respectively	125,305	87,153
Inventory	111,402	95,200
Prepaid expenses and other	41,070	59,003
<b>Total Current Assets</b>	<b>3,619,505</b>	<b>403,540</b>
Property, plant and equipment, net of accumulated depreciation of \$204,353 and \$177,457 as of March 31, 2021 and December 31, 2020, respectively	417,790	437,286
Intangible assets, net of accumulated amortization of \$336,538 and \$151,776 as of March 31, 2021 and December 31, 2020, respectively	5,417,000	5,601,762
Goodwill	1,148,105	1,148,105
ROU lease assets and deposits	417,497	435,855
<b>Total Assets</b>	<b>\$ 11,019,897</b>	<b>\$ 8,026,548</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 876,581	\$ 1,891,749
Contract liabilities	67,059	89,425
Lease liability, current portion	162,770	150,251
Due to related party, current portion	300,600	300,600
Government and vendor notes payable, current portion	438,281	411,427
Convertible notes payable, net of original issue discount and debt discount of \$-0- and \$-0- as of March 31, 2021 and December 31, 2020, respectively	—	1,336,350
Contingent acquisition consideration, current portion	689,083	701,961
<b>Total Current Liabilities</b>	<b>2,534,374</b>	<b>4,881,763</b>
<b>Long-Term Liabilities</b>		
Government and vendor notes payable, long term portion	644,545	722,508
Contingent acquisition consideration, long term portion	1,447,057	798,479
Lease liability, long term portion	228,288	273,790
<b>Total Liabilities</b>	<b>4,854,264</b>	<b>6,676,540</b>
<b>Shareholders' Equity</b>		
Common stock, par value \$0.0001 per share, 500,000,000 shares authorized, 226,075,381 and 187,967,881 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	22,608	18,797
Series B convertible preferred stock, par value \$0.001 per share, 20,000,000 shares authorized, 2,750,000 and 2,750,000 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	2,750	2,750
Common stock issuable, \$0.0001 par value; 2,803,770 and 2,150,020 shares as of March 31, 2021 and December 31, 2020, respectively	424,317	262,273
Additional paid-in capital	35,324,321	22,851,098
Accumulated deficit	(29,608,363)	(21,784,910)
<b>Total Shareholders' Equity</b>	<b>6,165,633</b>	<b>1,350,008</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 11,019,897</b>	<b>\$ 8,026,548</b>

See the accompanying notes to these Unaudited Condensed Consolidated Financial Statements

**HEALTHLYNKED CORP.**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**(UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Patient service revenue, net	\$ 1,514,376	\$ 1,336,940
Consulting and event revenue	87,655	—
Product revenue	182,663	—
Total revenue	<u>1,784,694</u>	<u>1,336,940</u>
<b>Operating Expenses and Costs</b>		
Practice salaries and benefits	663,937	765,121
Other practice operating expenses	730,784	563,691
Medicare shared savings expenses	211,507	—
Cost of product revenue	168,596	—
Selling, general and administrative expenses	1,366,137	510,976
Depreciation and amortization	211,658	24,786
Total Operating Expenses and Costs	<u>3,352,619</u>	<u>1,864,574</u>
Loss from operations	(1,567,925)	(527,634)
<b>Other Income (Expenses)</b>		
Loss on extinguishment of debt	(5,589,994)	(467,937)
Change in fair value of debt	(19,246)	35,965
Amortization of original issue and debt discounts on notes payable and convertible notes	—	(292,163)
Change in fair value of derivative financial instruments	—	740,355
Change in fair value of contingent acquisition consideration	(635,700)	(6,621)
Interest expense	(10,588)	(62,181)
Total other expenses	<u>(6,255,528)</u>	<u>(52,582)</u>
Net loss before provision for income taxes	(7,823,453)	(580,216)
Provision for income taxes	—	—
Net loss	\$ (7,823,453)	\$ (580,216)
Deemed dividend - amortization of beneficial conversion feature and down round adjustment to warrants	(88,393)	—
Net loss to common stockholders	<u>\$ (7,911,846)</u>	<u>\$ (580,216)</u>
Net loss per share to common stockholders, basic and diluted:		
Basic	\$ (0.04)	\$ (0.01)
Fully diluted	\$ (0.04)	\$ (0.01)
Weighted average number of common shares:		
Basic	213,279,052	114,601,960
Fully diluted	213,279,052	114,601,960

See the accompanying notes to these Unaudited Condensed Consolidated Financial Statements

**HEALTHLYNKED CORP.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)**  
**THREE MONTHS ENDED MARCH 31, 2021 AND 2020**  
**(UNAUDITED)**

	Number of Shares		Common Stock	Preferred Stock	Common Stock Issuable	Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Common Stock	Preferred Stock						
	(#)	(#)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Balance at December 31, 2020</b>	<b>187,967,881</b>	<b>2,750,000</b>	<b>18,797</b>	<b>2,750</b>	<b>262,273</b>	<b>22,851,098</b>	<b>(21,784,910)</b>	<b>1,350,008</b>
Sales of common stock	14,793,864	—	1,479	—	—	2,981,367	—	2,982,846
Fair value of warrants allocated to proceeds of common stock	—	—	—	—	—	1,406,515	—	1,406,515
Conversion of convertible notes payable to common stock	13,538,494	—	1,354	—	—	4,060,194	—	4,061,548
Fair value of warrants issued and modified in connection with conversion and retirement of convertible notes payable	—	—	—	—	—	3,201,138	—	3,201,138
Fair value of warrants issued for professional services	—	—	—	—	—	32,426	—	32,426
Consultant and director fees payable with common shares and warrants	475,000	—	48	—	114,500	122,781	—	237,329
Shares and options issued pursuant to employee equity incentive plan	240,310	—	24	—	(14,956)	52,337	—	37,405
Exercise of stock warrants	9,047,332	—	905	—	62,500	613,316	—	676,721
Exercise of stock options	12,500	—	1	—	—	3,149	—	3,150
Net loss	—	—	—	—	—	—	(7,823,453)	(7,823,453)
<b>Balance at March 31, 2021</b>	<b>226,075,381</b>	<b>2,750,000</b>	<b>22,608</b>	<b>2,750</b>	<b>424,317</b>	<b>35,324,321</b>	<b>(29,608,363)</b>	<b>6,165,633</b>
<b>Balance at December 31, 2019</b>	<b>109,894,490</b>	<b>—</b>	<b>10,990</b>	<b>—</b>	<b>159,538</b>	<b>13,016,446</b>	<b>(16,029,654)</b>	<b>(2,842,680)</b>
Sale of common stock	4,187,566	—	419	—	(59,000)	407,181	—	348,600
Fair value of warrants allocated to proceeds of common stock	—	—	—	—	—	88,833	—	88,833
Conversion of convertible notes payable to common stock	4,672,612	—	467	—	51,652	600,441	—	652,560
Consultant and director fees payable with common shares and warrants	—	—	—	—	60,212	6,666	—	66,878
Shares and options issued pursuant to employee equity incentive plan	132,500	—	13	—	(7,161)	45,724	—	38,576
Net loss	—	—	—	—	—	—	(580,216)	(580,216)
<b>Balance at March 31, 2020</b>	<b>118,887,168</b>	<b>—</b>	<b>11,889</b>	<b>—</b>	<b>205,241</b>	<b>14,165,291</b>	<b>(16,609,870)</b>	<b>(2,227,449)</b>

See the accompanying notes to these Unaudited Condensed Consolidated Financial Statements

**HEALTHLYNKED CORP.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (7,823,453)	\$ (580,216)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	211,658	24,786
Stock based compensation, including amortization of prepaid fees	307,160	118,257
Amortization of original issue discount and debt discount on convertible notes	—	292,163
Change in fair value of derivative financial instruments	—	(733,734)
Loss on extinguishment of debt	5,589,994	467,937
Change in fair value of debt	19,246	(35,965)
Change in fair value of contingent acquisition consideration	635,700	—
Changes in operating assets and liabilities:		
Accounts receivable	(38,152)	9,090
Inventory	(16,202)	(19,141)
Prepaid expenses and deposits	4,032	62,562
ROU lease assets	24,234	80,760
Accounts payable and accrued expenses	(83,854)	(10,556)
Lease liability	(24,956)	(76,236)
Due to related party, current portion	—	16,106
Contract liabilities	(22,366)	—
Net cash used in operating activities	<u>(1,216,959)</u>	<u>(384,187)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property and equipment	(7,399)	—
Net cash provided by investing activities	<u>(7,399)</u>	<u>—</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from sale of common stock	4,389,361	437,433
Proceeds from exercise of options and warrants	65,650	—
Proceeds from issuance of convertible notes	—	344,000
Repayment of convertible notes	—	(373,094)
Proceeds from related party loans	—	149,000
Repayment of related party loans	—	(79,327)
Repayment of notes payable	(51,109)	—
Net cash provided by financing activities	<u>4,403,902</u>	<u>478,012</u>
Net increase in cash	3,179,544	93,825
Cash, beginning of period	162,184	110,441
Cash, end of period	<u>\$ 3,341,728</u>	<u>\$ 204,266</u>

(continued)

**HEALTHLYNKED CORP.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 232	\$ 15,016
Cash paid during the period for income tax	\$ —	\$ —
Schedule of non-cash investing and financing activities:		
Initial derivative liability and fair value of beneficial conversion feature and original issue discount allocated to proceeds of variable convertible notes payable	\$ —	\$ 72,890
Common stock issuable issued during period	\$ 66,161	\$ 66,175
Incremental fair value of warrants modified to extend maturity date of convertible notes payable	126,502	
Conversion of convertible note payable to common shares	\$ 4,061,549	\$ 652,560
Fair value of warrants issued in connection with conversion of convertible notes payable	\$ 3,074,637	\$ —
Accrued liabilities relieved upon cashless exercise of warrants	\$ 614,221	\$ —
Adoption of lease obligation and ROU asset	\$ —	\$ 43,297
Derivative liabilities written off with repayment of convertible notes payable	\$ —	\$ 51,798
Derivative liabilities written off with conversion of convertible notes payable	\$ —	\$ 52,087
Reduction in contingent acquisition consideration	\$ —	\$ 200,328

See the accompanying notes to these Unaudited Condensed Consolidated Financial Statements

**HEALTHLYNKED CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021**  
**(UNAUDITED)**

**NOTE 1 – BUSINESS AND BUSINESS PRESENTATION**

HealthLynked Corp. (the “Company”) was incorporated in the State of Nevada on August 4, 2014. On September 2, 2014, the Company filed Amended and Restated Articles of Incorporation with the Secretary of State of Nevada setting the total number of authorized shares at 250,000,000 shares, which included up to 230,000,000 shares of common stock and 20,000,000 shares of “blank check” preferred stock. On February 5, 2018, the Company filed an Amendment to its Amended and Restated Articles of Incorporation with the Secretary of State of Nevada to increase the number of authorized shares of common stock to 500,000,000 shares.

As of March 31, 2021, the Company operated in four distinct divisions: the Health Services Division, the Digital Healthcare Division, the ACO/MSO (Accountable Care Organization / Managed Service Organization) Division, and the Medical Distribution Division. The Health Services division is comprised of the operations of (i) Naples Women’s Center (“NWC”), a multi-specialty medical group including OB/GYN (both Obstetrics and Gynecology) and General Practice, (ii) Naples Center for Functional Medicine (“NCFM”), a Functional Medical Practice acquired in April 2019 that is engaged in improving the health of its patients through individualized and integrative health care, and (iii) Bridging the Gap Physical Therapy (“BTG”), a physical therapy practice in Bonita Springs, FL opened in January 2020 that provides hands-on functional manual therapy techniques to speed patients’ recovery and manage pain without pain medication or surgery. The Digital Healthcare division develops and operates an online personal medical information and record archive system, the “HealthLynked Network,” which enables patients and doctors to keep track of medical information via the Internet in a cloud-based system. The ACO/MSO Division is comprised of the business acquired of Cura Health Management LLC (“CHM”) and its subsidiary ACO Health Partners LLC (“AHP”), which were acquired by the Company on May 18, 2020. CHM and AHP operate an Accountable Care Organization (“ACO”) and Managed Service Organization (“MSO”) that assists physician practices in providing coordinated and more efficient care to patients via the Medicare Shared Savings Program (“MSSP”) as administered by the Centers for Medicare and Medicaid Services (the “CMS”), which rewards providers for efficiency in patient care. The Medical Distribution Division is comprised of the operations of MedOffice Direct LLC (“MOD”), a virtual distributor of discounted medical supplies selling to both consumers and medical practices throughout the United States acquired by the Company on October 19, 2020.

These unaudited condensed consolidated financial statements reflect all adjustments including normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the periods presented in accordance with the accounting principles generally accepted in the United States of America (“GAAP”). These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements and notes thereto for the years ended December 31, 2020 and 2019, respectively, which are included in the Company’s Form 10-K, filed with the United States Securities and Exchange Commission on March 31, 2021. The Company assumes that the users of the interim financial information herein have read, or have access to, the audited consolidated financial statements for the preceding period, and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. The results of operations for the three months ended March 31, 2021 are not necessarily indicative of results for the entire year ending December 31, 2021.

On a consolidated basis, the Company’s operations are comprised of the parent company, HealthLynked Corp., and its six subsidiaries: NWC, NCFM, BTG, CHM, AHP and MOD. All significant intercompany transactions and balances have been eliminated upon consolidation. In addition, certain amounts in the prior periods’ consolidated financial statements have been reclassified to conform to the current period presentation.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the presentation of the accompanying consolidated financial statements follows:

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

All amounts referred to in the notes to the consolidated financial statements are in United States Dollars (\$) unless stated otherwise.



**HEALTHLYNKED CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021**  
**(UNAUDITED)**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include assumptions about fair valuation of acquired intangible assets, cash flow and fair value assumptions associated with measurements of contingent acquisition consideration and impairment of intangible assets and goodwill, valuation of inventory, collection of accounts receivable, the valuation and recognition of stock-based compensation expense, valuation allowance for deferred tax assets, borrowing rate consideration for right-of-use (“ROU”) lease assets including related lease liability and useful life of fixed assets.

Revenue Recognition

*Patient service revenue*

Patient service revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors (including health insurers and government programs) and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Company bills patients and third-party payors within days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Company does not believe it is required to provide additional goods or services to the patient.

The Company determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Company’s policy, and/or implicit price concessions provided to uninsured patients. The Company determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Company determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

**HEALTHLYNKED CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021**  
**(UNAUDITED)**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.
- **Other:** Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Company's compliance with these laws and regulations, and it is not possible to determine the impact, if any, such claims or penalties would have upon the Company. In addition, the contracts the Company has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews, and investigations.

The Company also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Company estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Patient services provided by NCFM and BTG are provided on a cash basis and not submitted through third party insurance providers. Contract liabilities related to prepaid BTG patient service revenue were \$54,369 and \$35,779 as of March 31, 2021 and December 31, 2020, respectively.

*Medicare Shared Savings Revenue*

The Company earns Medicare shared savings revenue based on performance of the population of patient lives for which it is accountable as an ACO against benchmarks established by the MSSP. Because the MSSP, which was formed in 2012, is relatively new and has limited historical experience, the Company cannot accurately predict the amount of shared savings that will be determined by CMS. Such amounts are determined annually when the Company is notified by CMS of the amount of shared savings earned. Accordingly, the Company recognizes Medicare shared savings revenue in the period in which the CMS notifies the Company of the exact amount of shared savings to be paid, which historically has occurred during the fiscal quarter ended September 30 for the program year ended December 31 of the previous year. The Company was notified of the amount of Medicare shared savings and received payment for such savings in September 2020. Accordingly, the Company recognized Medicare shared savings revenue of \$767,744 in the year ended December 31, 2020. Based on the ACO operating agreements, the Company bears all costs of the ACO operations until revenue is recognized. At that point, the Company shares in up to 100% of the revenue to recover its costs incurred. No revenue Medicare Shared Savings revenue was earned during the three months ended March 31, 2021 and 2020.

*Consulting and Event Revenue*

Also pursuant to ASC 606, the Company recognizes service revenue as services are provided, with any unearned but paid amounts recorded as a contract liability at each balance sheet date. Contract liabilities related to consulting revenue were \$-0- and \$47,864 as of March 31, 2021 and December 31, 2020, respectively. Event revenue, comprised of admission fees for summit events, is recognized when an event is held.

**HEALTHLYNKED CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2021**  
**(UNAUDITED)**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Product Revenue*

Revenue is derived from the distribution of medical products that are sourced from a third party. The Company recognizes revenue at a point in time when title transfers to customers and the Company has no further obligation to provide services related to such products, which occurs when the product ships. The Company is the principal in its revenue transactions and as a result revenue is recorded on a gross basis. The Company has determined that it controls the ability to direct the use of the product provided prior to transfer to a customer, is primarily responsible for fulfilling the promise to provide the product to its customer, has discretion in establishing prices, and ultimately controls the transfer of the product to the customer. Shipping and handling costs billed to customers are recorded in revenue. Contract liabilities related to product revenue were \$12,690 and \$5,782 as of March 31, 2021 and December 31, 2020, respectively. There were no contract assets as of March 31, 2021 or December 31, 2020.

Sales are made inclusive of sales tax, where such sales tax is applicable. Sales tax is applicable on sales made in the state of Florida, where the Company has physical nexus. The Company has determined that it does not have economic nexus in any other states. The Company does not sell products outside of the United States.

The Company maintains a return policy that allows customers to return a product within a specified period of time prior to and subsequent to the expiration date of the product. The Company analyzes the need for a product return allowance at the end of each period based on eligible products. Product return allowance was \$24,264 and \$26,839 and as of March 31, 2021 and December 31, 2020, respectively.

*Contract Liabilities*

Contract liabilities represent payments from customers for consulting services, patient services and medical products that precede the Company's service or product fulfillment performance obligation. The Company's contract liabilities balance was \$67,059 and \$89,425 as of March 31, 2021 and December 31, 2020, respectively.

*Provider shared savings expense*

Provider shared savings expense represents payments made to the ACO's participating providers. The pool of provider shared savings expense paid to all participating providers, as well as the amounts paid to each individual participating provider from the pool, is determined by ACO management. Shared Savings expense is recognized in the period in which the size of the payment pool is determined, which typically corresponds to the period in which the shared saving payment is received from CMS and shared savings revenue is recognized. This typically occurs in the second half of the year following the completion of the program year.

Cash and Cash Equivalents

For financial statement purposes, the Company considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At March 31, 2021 and December 31, 2020, the Company had \$3,087,985 and \$18,227 in excess of the FDIC insured limit, respectively.

Accounts Receivable

Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest. Trade accounts receivable are periodically evaluated for collectability based on past collectability of the insurance companies, government agencies, and customers' accounts receivable during the related period which generally approximates 48.1% of total billings. Trade accounts receivable are recorded at this net amount. As of and March 31, 2021 and December 31, 2020, the Company's gross patient services accounts receivable were \$233,107 and \$165,464, respectively, and net patient services accounts receivable were \$112,125 and \$71,655, respectively, based upon net reporting of accounts receivable. As of March 31, 2021 and December 31, 2020, the Company's allowance of doubtful accounts was \$13,972 and \$13,972, respectively. The Company also had \$13,180 and \$15,498 accounts receivable related to amounts billed under consulting contracts as of and March 31, 2021 and December 31, 2020, respectively.

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases

Upon transition under ASU 2016-02, the Company elected the suite of practical expedients as a package applied to all of its leases, including (i) not reassessing whether any expired or existing contracts are or contain leases, (ii) not reassessing the lease classification for any expired or existing leases, and (iii) not reassessing initial direct costs for any existing leases. For new leases, the Company will determine if an arrangement is or contains a lease at inception. Leases are included as ROU assets within other assets and ROU liabilities within accrued expenses and other liabilities and within other long-term liabilities on the Company's consolidated balance sheets.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company's leases do not provide an implicit rate. The Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company adopted ASU 2016-02 in the first quarter of 2019. See Note 8 for more complete details on balances as of the reporting periods presented herein. The adoption had no material impact on cash provided by or used in operating, investing or financing activities on the Company's consolidated statements of cash flows.

Inventory

Inventory consisting of supplements, is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Outdated inventory is directly charged to cost of goods sold.

Goodwill and Intangible Assets

Goodwill is recognized as the excess cost of an acquired entity over the net amount assigned to assets acquired and liabilities assumed. Goodwill is not amortized, but rather tested for impairment on an annual basis and more often if circumstances require. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value.

The Company recognizes an acquired intangible apart from goodwill whenever the intangible arises from contractual or other legal rights, or whenever it can be separated or divided from the acquired entity and sold, transferred, licensed, rented or exchanged, either individually or in combination with a related contract, asset or liability. Such intangibles are amortized over their estimated useful lives unless the estimated useful life is determined to be indefinite. Amortizable intangible assets are being amortized primarily over useful lives of five years. The straight-line method of amortization is used as it has been determined to approximate the use pattern of the assets. Impairment losses are recognized if the carrying amount of an intangible that is subject to amortization is not recoverable from expected future cash flows and its carrying amount exceeds its fair value.

The Company also maintains intangible assets with indefinite lives, which are not amortized. These intangibles are tested for impairment on an annual basis and more often if circumstances require. Impairment losses are recognized whenever the implied fair value of these assets is less than their carrying value. No impairment charges were recognized in the three months ended March 31, 2021 or 2020.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to a concentration of credit risk are cash and accounts receivable. There are no patients/customers that represent 10% or more of the Company's revenue or accounts receivable. Generally, the Company's cash and cash equivalents are in checking accounts. The Company relies on a sole supplier for the fulfillment of all of its product sales made through MOD, which was acquired by the Company in October 2020.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For consolidated financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives of 5 to 7 years. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized.

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Company examines the possibility of decreases in the value of fixed assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Convertible Notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized as additional paid-in capital and included in equity, net of income tax effects, and is not subsequently remeasured. After initial measurement, they are carried at amortized cost using the effective interest method. Convertible notes for which the maturity date has been extended and that qualify for debt extinguishment treatment are recorded at fair value on the extinguishment date and then revalued at the end of each reporting period, with the change recorded to the statement of operations under "Change in Fair Value of Debt."

Derivative Financial Instruments

The Company reviews the terms of convertible debt, equity instruments and other financing arrangements to determine whether there are embedded derivative instruments, including embedded conversion options that are required to be bifurcated and accounted for separately as a derivative financial instrument. Also, in connection with the issuance of financing instruments, the Company may issue freestanding options or warrants that may, depending on their terms, be accounted for as derivative instrument liabilities, rather than as equity. Derivative financial instruments are initially measured at their fair value. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income. To the extent that the initial fair values of the freestanding and/or bifurcated derivative instrument liabilities exceed the total proceeds received, an immediate charge to income is recognized, in order to initially record the derivative instrument liabilities at their fair value. The discount from the face value of convertible debt instruments resulting from allocating some or all of the proceeds to the derivative instruments is amortized over the life of the instrument through periodic charges to income.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. If reclassification is required, the fair value of the derivative instrument, as of the determination date, is reclassified. Any previous charges or credits to income for changes in the fair value of the derivative instrument are not reversed. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date. The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks.

Fair Value of Assets and Liabilities

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability (i.e. an exit price) in the principal or most advantageous market in an orderly transaction between market participants. In determining fair value, the accounting standards have established a three-level hierarchy that distinguishes between (i) market data obtained or developed from independent sources (i.e., observable data inputs) and (ii) a reporting entity's own data and assumptions that market participants would use in pricing an asset or liability (i.e., unobservable data inputs). Financial assets and financial liabilities measured and reported at fair value are classified in one of the following categories, in order of priority of observability and objectivity of pricing inputs:

- *Level 1* – Fair value based on quoted prices in active markets for identical assets or liabilities;
- *Level 2* – Fair value based on significant directly observable data (other than Level 1 quoted prices) or significant indirectly observable data through corroboration with observable market data. Inputs would normally be (i) quoted prices in active markets for similar assets or liabilities, (ii) quoted prices in inactive markets for identical or similar assets or liabilities or (iii) information derived from or corroborated by observable market data;

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- *Level 3* – Fair value based on prices or valuation techniques that require significant unobservable data inputs. Inputs would normally be a reporting entity's own data and judgments about assumptions that market participants would use in pricing the asset or liability.

The fair value measurement level for an asset or liability is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

Prior to January 1, 2020, the Company utilized the closed-form Black-Scholes option pricing model to estimate the fair value of options, warrants, beneficial conversion features and other Level 3 financial assets and liabilities. Effective January 1, 2020, the Company changed to a binomial lattice option pricing model. The Company believes that the binomial lattice model results in a better estimate of fair value because it embodies all of the requisite assumptions (including the underlying price, exercise price, term, volatility, and risk-free interest-rate) necessary to fair value these instruments and, unlike the Black-Scholes model, also accommodates assumptions regarding investor exercise behavior and other market conditions that market participants would likely consider in negotiating the transfer of such an instruments.

Stock-Based Compensation

The Company accounts for stock-based compensation to employees and nonemployees under ASC 718 "Compensation – Stock Compensation" using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. Effective January 1, 2020, the Company uses a binomial lattice pricing model to estimate the fair value of options and warrants granted. In prior periods, the Company used the Black-Scholes pricing model.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial. No Income Tax has been provided for the three months ended March 31, 2021 or 2020, since the Company has sustained a loss for both periods. Due to the uncertainty of the utilization and recoverability of the loss carry-forwards and other deferred tax assets, management has determined a full valuation allowance for the deferred tax assets, since it is more likely than not that the deferred tax assets will not be realizable.

Recurring Fair Value Measurements

The carrying value of the Company's financial assets and financial liabilities is their cost, which may differ from fair value. The carrying value of cash held as demand deposits, money market and certificates of deposit, marketable investments, accounts receivable, short-term borrowings, accounts payable, accrued liabilities, and derivative financial instruments approximated their fair value.

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Deemed Dividend

The Company incurs a deemed dividend on Series B Convertible Preferred Voting Stock (the “Series B Preferred”). As the intrinsic price per share of the Series B Preferred was less than the deemed fair value of the Company’s common stock on the date of issuance of the Series B Preferred, the Series B Preferred contains a beneficial conversion feature as described in FASB ASC 470-20, “Debt with Conversion and Other Options.” The difference in the stated conversion price and estimated fair value of the common stock is accounted for as a beneficial conversion feature and affects income or loss available to common stockholders for purposes of earnings per share available to common stockholders. The Company incurs further deemed dividends on certain of its warrants containing a down round provision equal to the difference in fair value of the warrants before and after the triggering of the down round adjustment.

Net Loss per Share

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. During the years three months ended March 31, 2021 and 2020, the Company reported a net loss and excluded all outstanding stock options, warrants and other dilutive securities from the calculation of diluted net loss per common share because inclusion of these securities would have been anti-dilutive. As of March 31, 2021 and December 31, 2020, potentially dilutive securities were comprised of (i) 59,742,034 and 51,352,986 warrants outstanding, respectively, (ii) 3,066,750 and 3,111,750 stock options outstanding, respectively, (iii) -0- and 10,298,333 shares issuable upon conversion of convertible notes, respectively, (iv) 200,000 and 200,000 unissued shares subject to future vesting requirements granted pursuant to the Company’s Employee Incentive Plan, and (v) up to 13,750,000 and 13,750,000 shares of common stock issuable upon conversion of Series B Preferred.

Common stock awards

The Company grants common stock awards to non-employees in exchange for services provided. The Company measures the fair value of these awards using the fair value of the services provided or the fair value of the awards granted, whichever is more reliably measurable. The fair value measurement date of these awards is generally the date the performance of services is complete. The fair value of the awards is recognized on a straight-line basis as services are rendered. The share-based payments related to common stock awards for the settlement of services provided by non-employees is recorded on the consolidated statement of comprehensive loss in the same manner and charged to the same account as if such settlements had been made in cash.

Warrants

In connection with certain financing, consulting and collaboration arrangements, the Company has issued warrants to purchase shares of its common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using the Black-Scholes pricing model as of the measurement date. Effective January 1, 2020, the Company uses a binomial lattice pricing model to estimate the fair value of compensation options and warrants. In prior periods, the Company used the Black-Scholes pricing model. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital of the common stock issued. All other warrants are recorded at fair value as expense over the requisite service period or at the date of issuance, if there is not a service period. Certain of the Company’s warrants include a so-called down round provision. The Company accounts for such provisions pursuant to ASU No. 2017-11, *Earnings Per Share, Distinguishing Liabilities from Equity and Derivatives and Hedging*, which calls for the recognition of a deemed dividend in the amount of the incremental fair value of the warrant due to the down round when triggered, warrants granted in connection with ongoing arrangements are more fully described in Note 14, *Shareholders’ Equity*.

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Business Segments

The Company uses the “management approach” to identify its reportable segments. The management approach designates the internal organization used by management for making operating decisions and assessing performance as the basis for identifying the Company’s reportable segments. Using the management approach, the Company determined that it has four operating segments: Health Services (multi-specialty medical group including the NWC OB/GYN practice, the NCFM practice acquired in April 2019 and the BTG physical therapy practice launched in 2020), Digital Healthcare (develops and markets the “HealthLynked Network,” an online personal medical information and record archive system), ACO/MSO (comprised of the ACO/MSO business acquired with CHM in May 2020, which assists physician practices in providing coordinated and more efficient care to patients via the MSSP), and Medical Distribution (comprised of the operations of MOD, a virtual distributor of discounted medical supplies selling to both consumers and medical practices acquired by the Company on October 19, 2020).

Recent Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU 2019-12”). ASU 2019-12 is a new accounting standard to simplify accounting for income taxes and remove, modify, and add to the disclosure requirements of income taxes. The standard is effective for public companies with fiscal years beginning after December 15, 2020, with early adoption permitted. The Company does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326) (“ASU 2016-13”) which introduces new guidance for the accounting for credit losses on certain instruments within its scope. ASU 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. For trade receivables, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses, which reflects losses that are probable. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. On July 1, 2020, the Company adopted ASU 2016-13 under the modified retrospective approach by initially applying ASU 2016-13 at the adoption date, rather than at the beginning of the earliest comparative period presented. This guidance was adopted with no material impact to the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles – Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (“ASU 2018-15”). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. This guidance was adopted with no material impact to the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, (ASU 2018-13). The new standard removes certain disclosures, modifies certain disclosures and adds additional disclosures related to fair value measurement. The new standard became effective on January 1, 2020. The adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” The ASU clarifies certain aspects of ASU 2015-05, “Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement,” which was issued in April 2015. Specifically, the ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license).” The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years with early adoption permitted. The Company adopted this guidance effective January 1, 2020. The adoption of this guidance did not have a material impact on the consolidated financial statements.



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In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*. The main provisions of ASU 2018-18 include: (i) clarifying that certain transactions between collaborative arrangement participants should be accounted for as revenue when the collaborative arrangement participant is a customer in the context of a unit of account and (ii) precluding the presentation of transactions with collaborative arrangement participants that are not directly related to sales to third parties together with revenue. This guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those annual reporting periods, and early adoption is permitted. The guidance per ASU 2018-18 is to be adopted retrospectively to the date of initial application of Topic 606. The Company adopted ASU 2018-18 on January 1, 2020. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12 *Simplifying the Accounting for Income Taxes*, which eliminates the need for an organization to analyze whether the following apply in a given period: (1) exception to the incremental approach for intra-period tax allocation; (2) exceptions to accounting for basis differences when there are ownership changes in foreign investments; and (3) exceptions in interim period income tax accounting for year-to-date losses that exceed anticipated losses. ASU No. 2019-12 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company does not expect that this standard will have a material effect on its consolidated financial statements.

In March 2020, the FASB issued ASU 2020-03, "Codification Improvements to Financial Instruments": The amendments in this update are to clarify, correct errors in, or make minor improvements to a variety of ASC topics. The changes in ASU 2020-03 are not expected to have a significant effect on current accounting practices. The ASU improves various financial instrument topics in the Codification to increase stakeholder awareness of the amendments and to expedite the improvement process by making the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. The ASU is effective for smaller reporting companies for fiscal years beginning after December 15, 2022 with early application permitted. The Company is currently evaluating the impact the adoption of this guidance may have on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06 *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)* related to the measurement and disclosure requirements for convertible instruments and contracts in an entity's own equity. The pronouncement simplifies and adds disclosure requirements for the accounting and measurement of convertible instruments and the settlement assessment for contracts in an entity's own equity. This pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2021 and early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is currently evaluating the impact that this standard will have on its consolidated financial statements.

No other new accounting pronouncements were issued or became effective in the period that had, or are expected to have, a material impact on our consolidated Financial Statements.

**NOTE 3 – LIQUIDITY**

As of March 31, 2021, the Company had cash balances of \$3,341,728, working capital of \$1,085,131 and accumulated deficit \$29,608,363. For the three months ended March 31, 2021, the Company had a net loss of \$7,823,453 and net cash used by operating activities of \$1,216,959. Net cash used in investing activities was \$7,399. Net cash provided by financing activities was \$4,403,902, including \$4,389,361 received from sales of common stock in private placement transactions and puts pursuant to the July 2016 \$3 million investment agreement (the "Investment Agreement") and \$65,650 proceeds from the exercise of stock options and warrants. During January 2021, the holder of \$1,038,500 fixed rate convertible debt converted the entire face value of \$1,038,500, plus \$317,096 of accrued interest on such notes, into 13,538,494 shares of common stock pursuant to the original conversion terms of the underlying notes. The carrying value of the converted debt at the time of conversion, which equaled its fair value, was \$1,355,596. Following the conversion, the Company had no further convertible debt outstanding.

The Company intends that the longer term (i.e., beyond twelve months) cost of completing additional intended acquisitions, implementing its development and sales efforts related to the HealthLynked Network and maintaining existing and expanding overhead and administrative costs will be financed from (i) cash on hand resulting from fund raising efforts in 2021, (ii) profits generated by NCFM, BTG and CHM (including expected Medicare Shared Savings revenue projected to be received annually in the third fiscal quarter of each year), and (iii) the use of further outside funding sources. No assurances can be given that the Company will be able to access additional outside capital in a timely fashion. If necessary funds are not available, the Company's business and operations would be materially adversely affected and in such event, the Company would attempt to reduce costs and adjust its business plan.

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**NOTE 3 – LIQUIDITY (CONTINUED)**

A novel strain of coronavirus, COVID-19, that was first identified in China in December 2019, has surfaced in several regions across the world and resulted in travel restrictions and business slowdowns or shutdowns in affected areas. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The outbreak of the pandemic is materially adversely affecting the Company’s employees, patients, communities and business operations, as well as the U.S. economy and financial markets. The further spread of COVID-19, and the requirement to take action to limit the spread of the illness, may impact our ability to carry out our business as usual and may materially adversely impact global economic conditions, our business and financial condition, including our potential to conduct financings on terms acceptable to us, if at all. The extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. In response to COVID-19, the Company implemented additional safety measures in its patient services locations and its corporate headquarters.

**NOTE 4 – ACQUISITIONS**

***Hughes Center for Functional Medicine – April 2019***

On April 12, 2019, the Company acquired a 100% interest in Hughes Center for Functional Medicine (“HCFM”), a medical practice engaged in improving the health of its patients through individualized and integrative health care. Under the terms of acquisition, the Company paid HCFM shareholders \$500,000 in cash, issued 3,968,254 shares of the Company’s common stock and agreed to an earn-out provision of \$500,000 that may be earned based on the performance of HCFM in the years ended on the first, second and third anniversary dates of the acquisition closing. The total consideration fair value represents a transaction value of \$1,799,672. The Company accounted for the transaction as an acquisition of a business pursuant to ASC 805, “Business Combinations” (“ASC 805”).

Following the acquisition, HCFM was rebranded as NCFM and was combined with NWC to form the Company’s Health Services segment. As a result of the acquisition, the Company is expected to be a leading provider of Functional Medicine in Southwest Florida. The Company also expects to reduce costs in its Health Services segment through economies of scale.

The total consideration fair value represents a transaction value of \$1,764,672. The following table summarizes the fair value of consideration paid:

Cash	\$ 500,000
Common Stock (3,968,254 shares)	1,000,000
Fair Value of Contingent Acquisition Consideration	299,672
Less cash received	<u>(35,000)</u>
Fair Value of Total Consideration	<u>\$ 1,764,672</u>

The fair value of the 3,968,254 common shares issued as part of the acquisition consideration was determined using the intraday volume weighted average price of the Company’s common shares on the acquisition date. The terms of the earn out require the Company to pay the former owner of HCFM up to \$100,000, \$200,000 and \$200,000 on the first, second and third anniversary, respectively, based on achievement by NCFM of revenue of at least \$3,100,000 (50% weighting) and EBITDA of at least \$550,000 (50% weighting) in the year preceding each anniversary date. The fair value of the contingent acquisition consideration related to the future earn-out payments was calculated using a probability-weighted discounted cash flow projection. The fair value of the contingent acquisition consideration is remeasured at the end of each reporting period and changes are included in the statement of operations under the caption “Change in fair value of contingent acquisition consideration.” During the three months ended March 31, 2021 and 2020, the Company recognized losses on the change in the fair value of contingent acquisition consideration of \$11,308 and \$6,621, respectively.

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**NOTE 4 – ACQUISITIONS (CONTINUED)**

The following table summarizes the estimated fair values of the assets acquired at the acquisition date. There were no liabilities assumed in the acquisition of HCFM.

Hyperbaric Chambers	\$ 452,289
Medical Equipment	29,940
Computer Equipment/Software	19,739
Office Furniture & Equipment	23,052
Inventory	72,114
Leasehold Improvements	25,000
Website	41,000
Patient Management Platform Database	1,101,538
	<u>1,101,538</u>
Fair Value of Identifiable Assets Acquired	<u>\$ 1,764,672</u>

The fair value of the website of \$41,000 was determined based upon the cost to reconstruct and put into use applying current market rates. The fair value of the Patient Management Platform Database of \$1,101,538 was estimated by applying the income approach. Under the income approach, the expected future cash flows generated by the Patient Management Platform Database are estimated and discounted to their net present value at an appropriate risk-adjusted rate of return. Significant factors considered in the calculation of the rate of return are the weighted average cost of capital and return on assets, as well as the risks inherent in the business. Cash flows were estimated based on EBITDA using forecasted revenue and costs. The measure is based on significant inputs that are not observable in the market (i.e. Level 3 inputs). Key assumptions include (i) a capitalization rate of 11.75% (ii) sustainable growth of 5% and (iii) a benefit stream using EBITDA cash flow. The Company finalized the purchase price allocation in March 2020 and determined that no goodwill was included in the acquisition.

***Cura Health Management LLC – May 2020***

On May 18, 2020, the Company acquired a 100% interest in CHM and its wholly owned subsidiary AHP. CHM and AHP assist physician practices in providing coordinated and more efficient care to patients via the MSSP. The Company accounted for the transaction as an acquisition of a business pursuant to ASC 805. Following the acquisition, the business of CHM comprised the Company's ACO/MSO Division.

Under the terms of acquisition, the Company paid CHM shareholders the following consideration: (i) \$214,000 in cash paid at closing, (ii) 2,240,838 shares of HealthLynked common stock issued at closing, (iii) up to \$223,500 additional cash and \$660,000 in additional shares of HealthLynked common payable at the time CHM receives the final assessment of the calculation of MSSP savings for the 2019 program year, with this amount prorated based on a target MSSP payment (plus other ancillary revenue) of \$1,725,000, and (iv) up to \$437,500 based on the business achieving annual revenue of \$2,250,000 and annual profit of \$500,000 in each of the four years following closing.

The total consideration fair value represents a transaction value of \$1,423,465. The following table summarizes the fair value of consideration paid:

Cash paid at closing	\$ 214,000
Shares issued at closing (2,240,838 shares)	201,675
Cash and shares contingent upon 2019 program year MSSP payment target	778,192
Cash contingent upon four-year earn-out	279,593
Less cash received	(49,995)
	<u>\$ 1,423,465</u>

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**NOTE 4 – ACQUISITIONS (CONTINUED)**

The fair value of the 2,240,838 common shares issued at closing was determined using the intraday average high and low trading price of the Company's common shares on the acquisition date. The terms of the earn out require the Company to pay the former owners of CHM (i) up to \$223,500 additional cash and to \$660,000 of additional shares of Company common stock when CHM receives the final assessment of the calculation of 2019 plan year MSSP revenue (the "Current Earnout"), and (ii) up to \$62,500, \$125,000, \$125,000 and \$125,000 on the first, second, third and fourth anniversary, respectively, based on achievement by the underlying business of revenue of at least \$2,250,000 (50% weighting) and profit of at least \$500,000 (50% weighting) in the year preceding each anniversary date (the "Future Earnout"). During September 2020, pursuant to a Second Amendment to the Agreement and Plan of Merger and in satisfaction of the Current Earnout, the Company paid \$90,389 cash, issued 1,835,625 shares and agreed that the balance of the Current Earnout that was not earned in 2020, being \$124,043 cash and \$366,300 in shares of Company common stock, would be deferred until the first future earnout year in which MSSP revenue exceeds \$1.725 million and revenue from other services exceeds \$605,000.

The fair value of the contingent acquisition consideration related to both the Current Earnout and the Future Earnout were calculated using a probability-weighted discounted cash flow projection. The fair value of the contingent acquisition consideration is remeasured at the end of each reporting period and changes are included in the statement of operations under the caption "Change in fair value of contingent acquisition consideration." During the three months ended March 31, 2021 and 2020, the Company recognized losses on the change in the fair value of contingent acquisition consideration of \$33,252 and \$-0-, respectively.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

Accounts receivable	\$ 90,197
Prepayments	15,294
ACO physician contracts	1,073,000
Goodwill	381,856
Accounts payable	(32,848)
Deferred revenue	(104,034)
	<u>          </u>
Fair Value of Identifiable Assets Acquired and Liabilities Assumed	<u>\$ 1,423,465</u>

The fair value of the ACO Physician Contracts of \$1,073,000 was estimated by applying the income approach. Under the income approach, the expected future cash flows generated by the ACO Physician Contracts are estimated and discounted to their net present value at an appropriate risk-adjusted rate of return. Significant factors considered in the calculation of the rate of return are the weighted average cost of capital and return on assets, as well as the risks inherent in the business. Cash flows were estimated based on EBITDA using forecasted revenue and costs. The measure is based on significant inputs that are not observable in the market (i.e. Level 3 inputs). Key assumptions include (i) a capitalization rate of 24.24% (ii) sustainable growth of 5.00% and (iii) a benefit stream using EBITDA cash flow. Goodwill of \$381,856 arising from the acquisition consists of value associated with the legacy name. None of the goodwill recognized is expected to be deductible for income tax purposes.

***MedOffice Direct LLC – October 2020***

On October 19, 2020, the Company acquired a 100% interest in MOD, a virtual distributor of discounted medical supplies selling to both consumers and medical practices throughout the United States. With over 13,000 name brand medical products in over 150 different categories, MOD leverages pricing discounts with a small unit-of-measure direct-to-consumer shipping model to make ordering medical supplies more convenient and cost effective for its users. The Company accounted for the transaction as an acquisition of a business pursuant to ASC 805. Following the acquisition, the business of MOD comprised the Company's Medical Distribution Division.

Under the terms of acquisition, the Company paid the following consideration: (i) 19,045,563 shares of Company common stock issued at closing, (ii) partial satisfaction of certain outstanding debt obligations of MOD in the amount of \$703,200 in cash paid by the Company, and (iii) up to 10,004,749 restricted shares of the Company's common stock over a four-year period based on MOD achieving prescribed revenue targets in calendar years 2021 through 2024.

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**NOTE 4 – ACQUISITIONS (CONTINUED)**

Dr. Michael Dent, the Chief Executive Officer and the Chairman of the Board of Directors of the Company, George O’Leary, the Chief Financial Officer and a director of the Company, and Robert Gasparini, a director of the Company, were members of MOD and received consideration in connection with Company’s acquisition of MOD as follows: (1) Dr. Dent received 10,573,745 Company common shares at closing, may earn up to 5,554,452 additional Company common shares pursuant to the earn-out, and received \$457,200 cash repayment of debt, (2) Mr. O’Leary received 1,130,213 Company common shares at closing, may earn up to 593,707 additional Company common shares pursuant to the earn-out, and received \$66,000 cash repayment of debt, and (3) Mr. Gasparini received 99,437 Company common shares at closing and may earn up to 52,235 additional Company common shares pursuant to the earn-out.

The total consideration fair value represents a transaction value of \$3,999,730. The following table summarizes the fair value of consideration paid:

Shares issued at closing (19,045,563 shares)	\$ 2,704,470
Payment of MOD debt obligations in cash	703,200
Shares contingent upon four-year earn-out	649,108
Less cash received	<u>(57,048)</u>
	<u>\$ 3,999,730</u>

The fair value of the 19,045,563 common shares issued at closing was determined using the average closing price for the five days prior to the closing date of October 19, 2020. The terms of the earn out require the Company to issue to the former equity members of MOD up to 1,9688,448 shares, 3,154,264 shares, 2,631,195 shares and 2,250,842 shares, respectively, (the “MOD Earnout Shares”) based on achievement by the underlying business of revenue of at least \$1,500,000 in 2021, \$1,875,000 in 2022, \$2,344,000 in 2023 and \$2,930,000 in 2024. The MOD Earnout Shares are issuable by April 30 of the year following the measurement year.

The fair value of the contingent acquisition consideration related to the MOD Earnout Shares was calculated using a probability-weighted discounted cash flow projection. The fair value of the contingent acquisition consideration is remeasured at the end of each reporting period and changes are included in the statement of operations under the caption “Change in fair value of contingent acquisition consideration.” During the three months ended March 31, 2021 and 2020, the Company recognized losses on the change in the fair value of contingent acquisition consideration related to the MOD Earnout Shares of \$591,140 and \$-0-, respectively.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date:

Website	\$ 3,538,000
Goodwill	766,249
Accounts payable and accruals	(160,762)
Notes payable	(90,759)
Deferred revenue	<u>(52,998)</u>
Fair Value of Identifiable Assets Acquired and Liabilities Assumed	<u>\$ 3,999,730</u>

The fair value of the website of \$3,538,000 was estimated by applying the income approach. Under the income approach, the expected future cash flows generated by the asset are estimated and discounted to their net present value at an appropriate risk-adjusted rate of return. Significant factors considered in the calculation of the rate of return are the weighted average cost of capital and return on assets, as well as the risks inherent in the business. Cash flows were estimated based on EBITDA using forecasted revenue and costs. The measure is based on significant inputs that are not observable in the market (i.e. Level 3 inputs). Key assumptions include (i) a discount rate of 23.48% (ii) sustainable growth of 3.00% and (iii) a benefit stream using EBITDA cash flow. The website is being amortized over a five-year expected life. Goodwill of \$766,249 arising from the acquisition consists of value associated with the legacy name. None of the goodwill recognized is expected to be deductible for income tax purposes.

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**NOTE 5 – PREPAID EXPENSES AND OTHER**

On March 22, 2017, the Company granted to the investor in the Investment Agreement warrants to purchase 4,000,000 shares at \$0.25 per share, 2,000,000 shares at \$0.50 per share and 1,000,000 shares at \$1.00 per share. On June 7, 2017, the Company also granted warrants to purchase 200,000 shares at \$0.25 per share, 100,000 shares at \$0.50 per share and 50,000 shares at \$1.00 per share to an advisor as a fee in connection with the Investment Agreement. The aggregate fair value of these warrants totaling \$153,625 was recorded as a deferred offering cost and was amortized over the initial period during which the Company was able access the financing, which began on May 15, 2017 and ended on May 15, 2020. The Company recognized general and administrative expense related to the cost of the warrants of \$0- and \$12,802 in the three months ending March 31, 2021 and 2020, respectively.

**NOTE 6 – PROPERTY, PLANT, AND EQUIPMENT**

Property, plant and equipment at March 31, 2021 and December 31, 2020 were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Medical equipment	\$ 484,126	\$ 484,126
Furniture, office equipment and leasehold improvements	<u>138,017</u>	<u>130,617</u>
Total property, plant and equipment	622,143	614,743
Less: accumulated depreciation	<u>(204,353)</u>	<u>(177,457)</u>
Property, plant and equipment, net	<u>\$ 417,790</u>	<u>\$ 437,286</u>

Depreciation expense during the three months ended March 31, 2021 and 2020 was \$26,896 and \$22,742, respectively.

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**NOTE 7 – INTANGIBLE ASSETS AND GOODWILL**

Intangible assets at March 31, 2021 and December 31, 2020 were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
NCFM: Medical database	\$ 1,101,538	\$ 1,101,538
NCFM: Website	41,000	41,000
CHM: ACO physician contracts	1,073,000	1,073,000
MOD: Website	3,538,000	3,538,000
Total intangible assets	5,753,538	5,753,538
Less: accumulated amortization	(336,538)	(151,776)
Intangible assets, net	<u>\$ 5,417,000</u>	<u>\$ 5,601,762</u>

Goodwill and intangible assets arose from the acquisitions of NCFM in April 2019, CHM in May 2020, and MOD in October 2020. The NCFM medical database is assumed to have an indefinite life and is not amortized and the website is being amortized on a straight-line basis over its estimated useful life of five years. The CHM ACO physician contracts are assumed to have an indefinite life and are not amortized. The MOD website is being amortized on a straight-line basis over its estimated useful life of five years. Goodwill represents the excess of consideration transferred over the fair value of the net identifiable assets acquired related to the acquisition of CHM and MOD.

Amortization expense in the three months ended March 31, 2021 and 2020 was \$184,762 and \$2,044, respectively. No impairment charges were recognized related to goodwill and intangible assets in the three months ended March 31, 2021 or 2020.

**NOTE 8 – LEASES**

The Company has four operating leases for office space related to its NWC, NCFM and BTG practices and to its corporate headquarters that expire in July 2023, May 2022, March 2023, and November 2023, respectively. As of March 31, 2021, the Company's weighted-average remaining lease term relating to its operating leases was 2.2 years, with a weighted-average discount rate of 32.71%. The Company was also lessee in a capital equipment finance lease for medical equipment entered into in March 2015 that expired in March 2020.

The table below summarizes the Company's lease-related assets and liabilities as of March 31, 2021 and December 31, 2020:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Lease assets	<u>\$ 385,653</u>	<u>\$ 417,913</u>
<b>Lease liabilities</b>		
Lease liabilities (short term)	\$ 162,770	\$ 150,251
Lease liabilities (long term)	228,288	273,790
Total lease liabilities	<u>\$ 391,058</u>	<u>\$ 424,041</u>

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**NOTE 8 – LEASES (CONTINUED)**

Lease expense in the three months ended March 31, 2021 and 2020 was as follow:

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating leases	\$ 65,511	\$ 90,682
Financing leases	—	4,587
Total lease expense	<u>\$ 65,511</u>	<u>\$ 95,269</u>

Maturities of operating lease liabilities were as follows as of March 31, 2021:

2021 (April to December)	\$ 213,854
2022	238,637
2023	<u>140,944</u>
Total lease payments	593,435
Less interest	<u>(202,377)</u>
Present value of lease liabilities	<u>\$ 391,058</u>

**NOTE 9 – CONTRACT LIABILITIES**

Amounts related to contract liabilities as of March 31, 2021 and December 31, 2020 were as follow:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Patient services paid but not provided	\$ 54,369	\$ 35,779
Consulting services paid but not provided	—	47,864
Unshipped products	<u>12,690</u>	<u>5,782</u>
	<u>\$ 67,059</u>	<u>\$ 89,425</u>

Contract liabilities relates to contracted consulting services at CHM for which payment has been made but services have not yet been rendered as of the measurement date, physical therapy services purchased as a prepaid bundle for which services have not yet been provided, and MOD products that have been ordered and paid for by the customer but which have not been shipped as of the measurement date. The Company typically satisfies its performance obligations related to such contracts upon completion of service or shipment of product. Payment is typically made in the period prior to the services being provided.



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**NOTE 10 – AMOUNTS DUE TO RELATED PARTY AND RELATED PARTY TRANSACTIONS**

Amounts due to related parties as of March 31, 2021 and December 31, 2020 were comprised of deferred compensation in the amount of \$300,600.

*Retired Notes Payable to Dr. Dent*

Our founder and CEO, Dr. Michael Dent, made loans to the Company from time to time in the form of unsecured promissory notes payable (the “Dent Notes”). The Dent Notes were repaid in full during September 2020 and had no balance as of March 31, 2021 or December 31, 2020. Prior to repayment, the Dent Notes were carried at fair value and revalued at each period end, with changes to fair value recorded to the statement of operations under “Change in Fair Value of Debt.” The changes in fair value during the three months ended March 31, 2021 and 2020 were \$-0- and \$(21,362), respectively. No interest was accrued on the Dent Notes as of March 31, 2020 or December 31, 2020. Interest expense on the Dent Notes was \$-0- and \$34,117 in the three months ended March 31, 2021 and 2020, respectively.

*Other Amounts Due to Dr. Dent*

On January 7, 2020, the Company entered into a Merchant Cash Advance Factoring Agreement with a trust controlled by Dr. Dent, pursuant to which the Company received an advance of \$149,000 (the “2020 MCA”). The Company was required to repay the 2020 MCA, which acts like an ordinary note payable, at the rate of \$7,212 per week until the balance of \$187,500 is repaid, which was scheduled for July 2020. At inception, the Company recognized a note payable in the amount of \$187,500 and a discount against the note payable of \$38,500. The discount was amortized over the life of the instrument. The Company made installment payments against the MCA of \$-0- and \$79,327, respectively, during the three months ended March 31, 2021 and 2020. The Company recognized amortization of the discount in the amount of \$-0- and \$18,012, respectively, during the three months ended March 31, 2021 and 2020. The 2020 MCA was repaid in full and retired during July 2020.

**NOTE 11 – GOVERNMENT AND VENDOR NOTES PAYABLE**

Government and vendor notes payable as of March 31, 2021 and December 31, 2020 were comprised of the following:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
PPP loans	\$ 632,826	\$ 632,826
Disaster relief loans	450,000	450,000
Vendor note	—	51,109
Total government and vendor notes payable	<u>1,082,826</u>	<u>1,133,935</u>
Less: long term portion	<u>(644,545)</u>	<u>(722,508)</u>
Government and vendor notes payable, current portion	<u>\$ 438,281</u>	<u>\$ 411,427</u>

During May and June 2020, the Company and certain of its subsidiaries received an aggregate of \$621,069 in loans under the Paycheck Protection Program (the “PPP”). The Company also acquired a PPP loan in the MOD acquisition with an inception date of April 3, 2020 and a face value of \$11,757. The PPP loans, administered by the U.S. Small Business Administration (the “SBA”) and processed through Wells Fargo bank, were issued under the recently enacted Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. The loans bear interest at 1% per annum and mature in May 2022. Principal and interest payments are deferred for the first six months of the loans. Pursuant to the terms of the PPP, principal amounts may be forgiven if loan proceeds are used for qualifying expenses as described in the CARES Act, including costs such as payroll, benefits, employer payroll taxes, rent and utilities. The Company used the proceeds from the PPP loans in accordance with the CARES Act, and as such believes that the PPP loans will be waived when the instituting bank processes the waiver request, which is expected in second quarter 2021.

During June, July and August 2020, the Company and its subsidiaries received an aggregate of \$450,000 in Disaster Relief Loans from the SBA. The loans bear interest at 3.75% per annum and mature 30 years from issuance. Mandatory principal and interest payments begin 12 months from the inception date of each loan.

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**NOTE 11 – GOVERNMENT AND VENDOR NOTES PAYABLE (CONTINUED)**

In connection with the October 19, 2020 of MOD, the Company acquired (i) a PPP loan with an inception date of April 3, 2020 and a face value of \$11,757, and (ii) a note payable to MOD's primary product vendor with a remaining principal balance of \$79,002 as of the acquisition date that was paid in full during the three months ended March 31, 2021.

Interest accrued on government and vendor notes payable as of March 31, 2021 and December 31, 2020 was \$19,845 and \$12,240, respectively. Interest expense on the loans was \$7,605 and \$-0- for the three months ended March 31, 2021 and 2020, respectively.

**NOTE 12 – CONVERTIBLE NOTES PAYABLE**

Convertible notes payable as of March 31, 2021 and December 31, 2020 were comprised of the following:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
\$550k Note - July 2016	\$ —	\$ 719,790
\$50k Note - July 2016	—	71,611
\$111k Note - May 2017	—	120,659
\$357.5k Note - April 2019	—	424,290
	<u>—</u>	<u>1,336,350</u>
Less: unamortized discount	—	—
Convertible notes payable, net of original issue discount and debt discount	<u>\$ —</u>	<u>\$ 1,336,350</u>

Interest expense and amortization of debt discount recognized on each convertible note outstanding during the three months ended March 31, 2021 and 2020 were as follows:

	<u>Interest Expense</u>		<u>Amortization of Debt Discount</u>	
	<u>Three Months Ended</u>		<u>Three Months Ended</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
\$550k Note - July 2016	\$ 2,351	\$ 8,225	\$ —	\$ —
\$50k Note - July 2016	219	1,247	—	—
\$111k Note - May 2017	333	4,694	—	—
\$357.5k Note - April 2019	1,469	829	—	—
\$154k Note - June 2019	—	46	—	1,093
\$67.9k Note - July 2019	—	707	—	7,252
\$67.9k Note II - July 2019	—	177	—	2,813
\$78k Note III - July 2019	—	492	—	6,208
\$230k Note - July 2019	—	3,041	—	58,526
\$108.9k Note - August 2019	—	2,545	—	20,960
\$142.5k Note - October 2019	—	5,739	—	35,430
\$103k Note V - October 2019	—	2,568	—	28,213
\$108.9k Note II - October 2019	—	2,716	—	21,730
\$128.5k Note - October 2019	—	3,204	—	31,949
\$103k Note VI - November 2019	—	2,568	—	28,720
\$78.8k Note II - December 2019	—	1,963	—	15,917
\$131.3k Note - January 2020	—	2,805	—	6,945
\$78k Note IV - January 2020	—	1,603	—	6,030
\$157.5k Note - March 2020	—	906	—	2,365
	<u>\$ 4,372</u>	<u>\$ 46,075</u>	<u>\$ —</u>	<u>\$ 274,151</u>

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**NOTE 12 – CONVERTIBLE NOTES PAYABLE (CONTINUED)**

There were no unamortized discounts as of March 31, 2021 or December 31, 2020 related to convertible notes payable.

Certain of the Company’s convertible notes payable are also carried at fair value and revalued at each period end, with changes to fair value recorded to the statement of operations under “Change in Fair Value of Debt.” The changes in fair value during the three months ended March 31, 2021 and 2020 and the fair value as of such instruments as of March 31, 2021 and December 31, 2020 were as follows:

	<u>Change in Fair Value of Debt</u>		<u>Fair Value of Debt as of</u>	
	<u>Three Months Ended</u>		<u>March 31,</u>	<u>December 31,</u>
	<u>March 31,</u>			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
\$550k Note - July 2016	\$ 10,343	\$ (10,757)	\$ —	\$ 719,790
\$50k Note - July 2016	1,017	(1,116)	—	71,611
\$111k Note - May 2017	1,706	(3,036)	—	120,659
\$357.5k Note - April 2019	6,180	(6,453)	—	424,290
	<u>\$ 19,246</u>	<u>\$ (21,362)</u>	<u>\$ —</u>	<u>\$ 1,336,350</u>

Extension and Conversion – January 2021

On January 6, 2021, the holder of the Company’s four remaining fixed rate convertible promissory notes with a face value of \$1,038,500 – comprised of a \$550,000 6% fixed convertible secured promissory note dated July 7, 2016 (the “\$550k Note”), a \$50,000 10% fixed convertible commitment fee promissory note dated July 7, 2016 (the “\$50k Note”), \$81,000 of principal remaining on a \$111,000 10% fixed convertible secured promissory note dated May 22, 2017 (the “\$111k Note”), and a \$357,500 10% fixed convertible note dated April 15, 2019 (the “\$357.5k Note” and together with the \$550k Note, the \$50k Note and the \$111k Note, the “Remaining Notes”) – agreed to extend the maturity date on the Remaining Notes to January 14, 2021. In exchange for the extension, the Company agreed to extend the expiration date of 3,508,333 existing warrants held by the holder (the “Extended Warrants”) from dates between July 2021 and March 2022 until March 2023. Because the fair value of consideration issued was greater than 10% of the present value of the remaining cash flows under the modified Remaining Notes, the transaction was treated as a debt extinguishment and reissuance of new debt instruments pursuant to the guidance of ASC 470-50. A loss on debt extinguishment was recorded in the amount of \$126,502 in the three months ended March 31, 2021, equal to the incremental fair value of the Extended Warrants before and after the modification.

On January 14, 2021, the Company and the holder of the Remaining Notes entered into a series of agreements pursuant to which (i) the holder agreed to convert the full face value of \$1,038,500 and \$317,096 of accrued interest on the Remaining Notes into 13,538,494 shares of common stock pursuant to the original conversion terms of the underlying notes, (ii) the holder agreed to a 180-day leak out provision, whereby, from and after January 14, 2021, it may not sell in shares of the Company’s common stock in excess of 5% of the Company’s daily trading volume for the first 90 days and 10% of the Company’s daily volume for the next 90 days, subject to certain exceptions, (iii) the holder agreed to release all security interests and share reserves related to the Remaining Notes, and (iv) the Company issued to the holder a new five-year warrant to purchase 13,538,494 shares of common stock at an exercise price of \$0.30 per share. The carrying value of the converted debt at the time of conversion, which equaled its fair value, was \$1,355,596. In connection with the conversion, the Company recognized a loss on debt extinguishment of \$5,463,492 in the three months ended March 31, 2021, representing the excess of the fair value of the shares and warrant issued at conversion over the carrying value of the host instrument and accrued interest.

Convertible Note Payable (\$550,000) – July 2016

On July 7, 2016, the Company entered into a 6% fixed convertible secured promissory note with an investor with a face value of \$550,000. The \$550k Note and related interest was convertible into shares of common stock at the discretion of the note holder at a fixed price of \$0.08 per share of the Company’s common shares and is secured by all of the Company’s assets. The \$550k Note was scheduled to mature on January 14, 2021. The \$550k Note was carried at fair value due to an extinguishment and reissuance recorded in 2017 and was revalued at each period end, with changes to fair value recorded to the statement of operations under “Change in Fair Value of Debt.” The holder converted the full principal of \$550,000, plus \$180,129 of accrued interest, into 9,126,610 shares of common stock on January 14, 2021.

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**NOTE 12 – CONVERTIBLE NOTES PAYABLE (CONTINUED)**

Convertible Note Payable (\$50,000) – July 2016

On July 7, 2016, the Company entered into a 10% fixed convertible commitment fee promissory note with an investor with a face value of \$50,000. The \$50k Note was scheduled to mature on January 14, 2021. The \$50k note was issued as a commitment fee payable to the Investment Agreement investor in exchange for the investor's commitment to enter into the Investment Agreement, subject to registration of the shares underlying the Investment Agreement. The \$50k Note and related interest was convertible into shares of common stock at the discretion of the note holder at a fixed price of \$0.10 per share. The \$50k Note was carried at fair value due to an extinguishment and reissuance recorded in 2017 and is revalued at each period end, with changes to fair value recorded to the statement of operations under "Change in Fair Value of Debt." The holder converted the full principal of \$50,000 plus \$22,630 of accrued interest into 726,302 shares of common stock on January 14, 2021.

Convertible Note Payable (\$111,000) – May 2017

On May 22, 2017, the Company entered into a 10% fixed convertible secured promissory note with an investor with a face value of \$111,000. The \$111k Note and related interest was convertible into shares of common stock at the discretion of the note holder at a fixed price of \$0.15 per share and is secured by all of the Company's assets. The Company received \$100,000 net proceeds from the note after an \$11,000 original issue discount. At inception, the investors were also granted a five-year warrant to purchase 133,333 shares of common stock at an exercise price of \$0.75 per share. The \$111k Note was scheduled to mature on January 14, 2021. On February 6, 2020, the holder of the \$111k Note converted \$30,000 principal on the note into 448,029 shares of common stock. In connection with the conversion, the Company recognized a loss on debt extinguishment of \$25,394 in the three months ended March 31, 2020, representing the excess of the fair value of the shares issued at conversion over the carrying value of the portion of the host instrument and the bifurcated conversion feature converted. The holder converted the remaining principal of \$81,000 plus \$180,129 of accrued interest into 815,787 shares of common stock on January 14, 2021.

Convertible Note Payable (\$357,500) – April 2019

On April 15, 2019, the Company issued a fixed convertible note with a face value of \$357,500 (the "\$357.5k Note"). The \$357.5k Note had an interest rate of 10%, matures on December 31, 2020, and may be converted into common stock by the holder at any time, subject to a 9.99% beneficial ownership limitation, at a fixed conversion price per share of \$0.15, or 2,383,333 shares. The holder converted the full principal of \$357,500 plus \$72,969 of accrued interest into 2,869,795 shares on January 14, 2021.

Convertible Note Payable (\$154,000) – June 2019

On June 3, 2019, the Company issued a \$154,000 convertible note (the "\$154k Note"). During the three months ended March 31, 2020, the holder converted the remaining unpaid principal balance of \$50,000 and accrued interest of \$8,572 into 968,390 shares of common stock. In connection with the conversion, the Company recognized a loss on debt extinguishment of \$125,865 in the three months ended March 31, 2020, representing the excess of the fair value of the shares issued at conversion over the carrying value of the portion of the host instrument and the bifurcated conversion feature converted.

Convertible Note Payable (\$67,925) – July 2019

On July 11, 2019, the Company issued a \$67,925 convertible note (the "\$67.9k Note I"). During the three months ended March 31, 2020, the holder converted the full principal of \$67,925 and accrued interest of \$3,926 into 885,847 shares of common stock. In connection with the conversion, the Company recognized a loss on debt extinguishment of \$55,117 in the three months ended March 31, 2020, representing the excess of the fair value of the shares issued at conversion over the carrying value of the portion of the host instrument and the bifurcated conversion feature converted.

Convertible Note Payable (\$67,925) – July 2019

On July 11, 2019, the Company issued a second \$67,925 convertible note (the "\$67.9k Note II"). During the three months ended March 31, 2020, the Company prepaid the balance on the \$67.9k Note II, including accrued interest, for a one-time cash payment of \$89,152. In connection with the repayment, the Company recognized a loss on debt extinguishment of \$26,890 in the three months ended March 31, 2020, equal to the excess of the payment amount over the carrying value of the note, derivative embedded conversion feature and accrued interest.

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**NOTE 12 – CONVERTIBLE NOTES PAYABLE (CONTINUED)**

Convertible Note Payable (\$78,000) – July 2019

On July 16, 2019, the Company issued a \$78,000 convertible note (the “\$78k Note III”). During the three months ended March 31, 2020, the Company prepaid the balance on the \$78k Note III, including accrued interest, for a one-time cash payment of \$102,388. In connection with the repayment, the Company recognized a loss on debt extinguishment of \$31,432 in the three months ended March 31, 2020, equal to the excess of the payment amount over the carrying value of the note, derivative embedded conversion feature and accrued interest.

Convertible Note Payable (\$230,000) – July 2019

On July 18, 2019, the Company issued a convertible note with a face value of \$230,000 (the “\$230k Note”). During the three months ended March 31, 2020, the holder converted \$80,000 of principal and \$4,373 of accrued interest on the note into 1,236,668 shares of common stock and the Company repaid principal of \$150,000 and accrued interest of \$9,128 for cash payments totaling \$181,554. The note was retired upon these conversions and repayments. In connection with the conversions and repayments, the Company recognized a loss on debt extinguishment of \$112,498 in the three months ended March 31, 2020 equal to the excess of the cash payment amount and the fair value of the shares issued at conversion over the carrying value of the note, derivative embedded conversion feature and accrued interest.

Convertible Note Payable (\$108,947) – August 2019

On August 26, 2019, the Company issued a convertible note with a face value of \$108,947 (the “\$108.9k Note”). During the three months ended March 31, 2020, the holder converted principal of \$75,000 and accrued interest of \$6,335 into 1,779,322 shares of common stock. In connection with the conversion, the Company recognized a loss on debt extinguishment of \$90,732 in the three months ended March 31, 2020, representing the excess of the fair value of the shares issued at conversion over the carrying value of the portion of the host instrument and the bifurcated conversion feature converted.

Convertible Note Payable (\$131,250) – January 2020

On January 13, 2020, the Company issued a \$131,250 convertible note (the “\$131.3k Note”). On July 13, 2020, the Company prepaid the balance on the \$131.3k Note, including accrued interest, for a one-time cash payment of \$172,108.

Convertible Note Payable (\$78,000) – January 2020

On January 16, 2020, the Company issued a \$78,000 convertible note (the “\$78k Note IV”). On July 20, 2020, the Company prepaid the balance on the \$78k Note IV, including accrued interest, for a one-time cash payment of \$102,308.

Convertible Note Payable (\$157,500) – March 2020

On March 10, 2020, the Company issued a \$157,500 convertible note (the “\$157.5k Note”). On September 4, 2020, the Company prepaid the balance on the \$157.5k Note, including accrued interest, for a one-time cash payment of \$206,314.

**NOTE 13 – DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are comprised of the fair value of embedded conversion features (“ECFs”) in convertible promissory notes for which the conversion rate is not fixed, but instead is adjusted based on a discount to the market price of the Company’s common stock. The fair market value of the ECF derivative liabilities was calculated at inception of each convertible promissory note for which the conversion rate is not fixed and allocated to the respective convertible notes, with any excess recorded as a charge to “Financing cost.” Derivative financial instruments are revalued at the end of each period, with the change in value recorded to “Change in fair value of on derivative financial instruments.”

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**NOTE 13 – DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

Derivative financial instruments and changes thereto recorded in the three months ended March 31, 2021 and 2020 include the following:

	Three Months Ended March 31,	
	2021	2020
Balance, beginning of period	\$ —	\$ 991,288
Inception of derivative financial instruments related to issuance of convertible notes payable	—	72,890
Change in fair value of derivative financial instruments	—	(740,355)
Conversion or extinguishment of derivative financial instruments	—	(103,885)
Balance, end of period	<u>\$ —</u>	<u>\$ 219,938</u>

Fair market value of the derivative financial instruments was measured using the following assumptions:

	Three Months Ended March 31,	
	2021	2020
Pricing model utilized	Binomial Lattice	Binomial Lattice
Risk free rate range	—	0.05% to 1.61%
Expected life range (in years)	—	0.14 to 1.00
Volatility range	—	117.48% to 125.32%
Dividend yield	—	0.00%

In addition, specific assumptions regarding investor exercise behavior were used in the above periods, including probability assumptions related to estimated exercise behavior. The entire amount of derivative instrument liabilities is classified as current due to the fact that settlement of the derivative instruments could be required within twelve months of the balance sheet date.

During 2020, the Company retired all convertible notes for which the conversion rate was adjusted based on a discount to the market price of the Company's common stock, which gave rise to ECF-related derivative financial instruments. Accordingly, the Company had no further derivative financial instruments outstanding as of March 31, 2021 or December 31, 2020.

**NOTE 14 – SHAREHOLDERS' EQUITY**

Private Placements

During the three months ended March 31, 2021, the Company sold 11,787,766 shares of common stock in 46 separate private placement transactions. The Company received \$3,488,725 in proceeds from the sales. In connection with the stock sales, the Company also issued 5,893,889 five-year warrants to purchase shares of common stock at exercise prices between \$0.27 and \$1.05 per share.

During the three months ended March 31, 2020, the Company sold 2,412,087 shares of common stock in seven separate private placement transactions. The Company received \$315,000 in proceeds from the sales. In connection with the stock sales, the Company also issued 1,134,616 five-year warrants to purchase shares of common stock at an exercise price of \$0.23 and 71,429 five-year warrants to purchase shares of common stock at an exercise price of \$0.24 per share.

Investment Agreement Draws

During three months ended March 31, 2021 and 2020, the Company issued 3,006,098 and 1,331,432 common shares, respectively, pursuant to draws made by the Company under the Investment Agreement and received an aggregate of \$900,636 and \$122,433, respectively, in net proceeds from the draws.

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**NOTE 14 – SHAREHOLDERS’ EQUITY (CONTINUED)**

Shares issued to Consultants

During the three months ended March 31, 2021 and 2020, the Company issued 475,000 and -0- common shares, respectively, to consultants for services rendered. In connection with the issuances, the Company recognized expenses totaling \$122,829 and \$-0- in the three months ended March 31, 2021 and 2020, respectively.

Common Stock Issuable

As of March 31, 2021 and December 31, 2020, the Company was obligated to issue the following shares:

	<u>March 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>
Shares issuable to consultants, employees and directors	\$ 361,817	2,178,770	\$ 262,273	2,150,020
Shares issuable pursuant to warrant exercise	62,500	625,000	—	—
	<u>\$ 424,317</u>	<u>2,803,770</u>	<u>\$ 262,273</u>	<u>2,150,020</u>

Stock Warrants

Transactions involving our stock warrants during the three months ended March 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Number</u>	<u>Weighted Average Exercise Price</u>	<u>Number</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of the period	51,352,986	\$ 0.14	47,056,293	\$ 0.21
Granted during the period	19,585,790	\$ 0.34	1,277,474	\$ 0.23
Exercised during the period	(11,196,742)	\$ (0.06)	—	\$ —
Outstanding at end of the period	<u>59,742,034</u>	<u>\$ 0.22</u>	<u>48,333,767</u>	<u>\$ 0.21</u>
Exercisable at end of the period	59,742,034	\$ 0.22	45,058,874	\$ 0.21
Weighted average remaining life	3.7 years		3.5 years	

The following table summarizes information about the Company’s stock warrants outstanding as of March 31, 2021:

<u>Warrants Outstanding</u>			<u>Warrants Exercisable</u>		
<u>Exercise Prices</u>	<u>Number Outstanding</u>	<u>Weighted- Average Remaining Contractual Life (years)</u>	<u>Weighted- Average Exercise Price</u>	<u>Number Exercisable</u>	<u>Weighted- Average Exercise Price</u>
\$ 0.0001 to 0.09	15,067,351	3.7	\$ 0.07	15,067,351	\$ 0.07
\$ 0.10 to 0.24	11,549,499	2.8	\$ 0.16	11,549,499	\$ 0.16
\$ 0.25 to 0.49	28,560,496	4.3	\$ 0.31	28,560,496	\$ 0.31
\$ 0.50 to 1.00	4,564,688	2.3	\$ 0.34	4,564,688	\$ 0.34
<u>\$ 0.05 to 1.00</u>	<u>59,742,034</u>	<u>3.7</u>	<u>\$ 0.22</u>	<u>59,742,034</u>	<u>\$ 0.22</u>

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**NOTE 14 – SHAREHOLDERS’ EQUITY (CONTINUED)**

During the three months ended March 31, 2021 and 2020, the Company issued 19,585,790 and 1,277,474 warrants, respectively, the aggregate grant date fair value of which was \$4,496,555 and \$100,547, respectively. The fair value of the warrants was calculated using the following range of assumptions:

	Three Months Ended March 31,	
	2021	2020
Pricing model utilized	Binomial Lattice	Binomial Lattice
Risk free rate range	0.38% to 0.86%	1.38% to 1.59%
Expected life range (in years)	3.00 to 5.00 years	5.00 years
Volatility range	170.58% to 193.21%	119.69% to 124.02%
Dividend yield	0.00%	0.00%

In addition, specific assumptions regarding investor exercise behavior were used in the above periods, including probability assumptions related to estimated exercise behavior.

During the three months ended March 31, 2021, the Company received \$62,500 upon the exercise of 625,000 warrants with an exercise price of \$0.10. Additionally, the Company issued 9,047,332 shares upon cashless exercise of 10,571,742 warrant shares exercised using a cashless exercise feature in settlement of litigation and other disputes amounts totaling \$614,221 that had been accrued in 2020. There were no warrants exercised during the three months ended March 31, 2020.

Employee Equity Incentive Plan

On January 1, 2016, the Company instituted the Employee Equity Incentive Plan (the “EIP”) for the purpose of having equity awards available to allow for equity participation by its employees. The EIP allows for the issuance of up to 15,503,680 shares of the Company’s common stock to employees, which may be issued in the form of stock options, stock appreciation rights, or restricted shares. The EIP is governed by the Company’s board, or a committee that may be appointed by the board in the future.

The following table summarizes the status of shares issued and outstanding under the EIP outstanding as of and for the three months ended March 31, 2021 and 2020:

	2021	2020
Outstanding at beginning of the period	2,603,528	1,874,063
Granted during the period	87,500	207,500
Forfeited during the period	(2,500)	(62,500)
Outstanding at end of the period	2,688,528	2,019,063
Shares vested at period-end	2,488,528	1,700,313
Weighted average grant date fair value of shares granted during the period	\$ 0.11	\$ 0.10
Aggregate grant date fair value of shares granted during the period	\$ 4,050	\$ 17,000
Shares available for grant pursuant to EIP at period-end	9,748,402	10,275,368

Total stock-based compensation recognized for employee grants under the EIP was \$12,821 and \$17,696 during the three months ended March 31, 2021 and 2020, respectively. Total unrecognized stock compensation related to these grants was \$12,521 as of March 31, 2021.



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**NOTE 14 – SHAREHOLDERS’ EQUITY (CONTINUED)**

A summary of the status of nonvested shares issued pursuant to the EIP as of and for the three months ended March 31, 2021 and 2020 is presented below:

	2021		2020	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	200,000	\$ 0.17	332,500	\$ 0.17
Granted	87,500	\$ 0.11	207,500	\$ 0.10
Vested	(87,500)	\$ 0.12	(158,750)	\$ 0.08
Forfeited	—	\$ —	(62,500)	\$ 0.07
Nonvested at end of period	200,000	\$ 0.16	318,750	\$ 0.19

During the three months ended March 31, 2021 and 2020, the Company issued 240,310 and 132,500 shares to employees under the EIP pursuant to the grants and vesting described in the tables above.

Employee Stock Options

The following table summarizes the status of options outstanding as of and for the three months ended March 31, 2021 and 2020:

	2021		2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding at beginning of the period	3,111,750	\$ 0.20	3,269,250	\$ 0.21
Granted during the period	—	\$ —	20,000	\$ 0.11
Exercised during the period	(12,500)	\$ (0.25)	—	\$ —
Forfeited during the period	(32,500)	\$ (0.16)	(80,000)	\$ (0.26)
Outstanding at end of the period	3,066,750	\$ 0.20	3,209,250	\$ 0.20
Options exercisable at period-end	2,276,750		1,926,125	
Weighted average remaining life (in years)	6.4		7.4	
Weighted average grant date fair value of options granted during the period	\$ —		\$ 0.08	
Options available for grant at period-end	9,823,402		10,275,368	

The following table summarizes information about the Company’s stock options outstanding as of March 31, 2021:

Options Outstanding			Options Exercisable		
Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
\$ — to 0.10	1,283,000	4.7	\$ 0.08	1,283,000	\$ 0.08
\$ 0.11 to 0.31	1,783,750	7.6	\$ 0.28	993,750	\$ 0.29
\$ 0.08 to 0.31	3,066,750	6.4	\$ 0.20	2,276,750	\$ 0.17

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**NOTE 14 – SHAREHOLDERS’ EQUITY (CONTINUED)**

Total stock-based compensation recognized related to option grants was \$18,334 and \$20,880 during the three months ended March 31, 2021 and 2020, respectively.

A summary of the status of nonvested options issued pursuant to the EIP as of and for the three months ended March 31, 2021 and 2020 is presented below:

	2021		2020	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	1,044,375	\$ 0.21	1,636,250	\$ 0.22
Granted	—	\$ —	20,000	\$ 0.08
Vested	(225,000)	\$ 0.21	(293,125)	\$ 0.20
Forfeited	(29,375)	\$ 0.12	(80,000)	\$ 0.21
Nonvested at end of period	790,000	\$ 0.22	1,283,125	\$ 0.22

**NOTE 15 – CONTINGENT ACQUISITION CONSIDERATION**

Contingent acquisition consideration as of March 31, 2021 and December 31, 2020 was comprised of the following:

	March 31, 2021	December 31, 2020
Fair value of HCFM contingent acquisition consideration	\$ 312,544	\$ 301,236
Fair value of CHM contingent acquisition consideration	715,913	682,661
Fair value of MOD contingent acquisition consideration	1,107,683	516,543
	\$ 2,136,140	\$ 1,500,440

Contingent acquisition consideration relates to future earn-out payments potentially payable related to the Company’s acquisitions of HCFM, CHM and MOD. The terms of the earn-outs related to each acquisition require the Company to pay the former owners additional acquisition consideration for the achievement of prescribed revenue and/or earnings targets for performance of the underlying business for up to four years after the respective acquisition date. Contingent acquisition consideration for each entity is recorded at fair value using a probability-weighted discounted cash flow projection. The fair value of the contingent acquisition consideration is remeasured at the end of each reporting period and changes are included in the statement of operations under the caption “Change in fair value of contingent acquisition consideration.” Loss from the change in fair value of contingent acquisition consideration was \$635,700 and \$6,621 during the three months ended March 31, 2021 and 2020, respectively.

Maturities of contingent acquisition consideration were as follows as of March 31, 2021:

2021 (April to December)	\$ 689,083
2022	429,612
2023	507,557
2024	509,888
	\$ 2,136,140

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**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

Contracts Related to Medicare Shared Savings Revenue

The Company acquired CHM and its subsidiary AHP on May 18, 2020. CHM and AHP combine to operate an ACO under the terms of the MSSP as administered by the CMS. The MSSP is a program created under the Affordable Care Act (the “ACA,” also known as “Obamacare”) designed to enhance the efficiency of healthcare provided to patients covered by Medicare. The program allows for the creation of ACOs, which are organizations that agree to take responsibility for the efficiency of healthcare services provided by a group of participating healthcare providers under Medicare. The ACO is held accountable for the efficiency of the healthcare services of its participating providers as measured against benchmarks prescribed in the MSSP and earns shared savings payments if such benchmarks are met.

The Company, via AHP is party to a Medicare Shared Savings Program Accountable Care Organization Participation Agreement with the CMS that establishes AHP as an ACO. The agreement is effective through December 31, 2024. The Company must comply with the terms and conditions of the agreement in order to maintain its status as an ACO and generate shared savings revenue.

The Company, via CHM, is party to 33 separate participant agreements with participating providers that are members of the Company’s ACO with expiration dates between 2020 and 2024. These agreements include certain restrictions and requirements to which the participating providers must adhere in order to maintain participation in the ACO.

Supplier Concentration

The Company relies on a sole supplier for the fulfillment of all of its product sales made through MOD, which was acquired by the Company in October 2020.

Service contracts

The Company carries various service contracts on its office buildings & certain copier equipment for repairs, maintenance and inspections. All contracts are short term and can be cancelled.

Litigation

None.

Leases

Maturities of operating lease liabilities were as follows as of March 31, 2021:

2021 (April to December)	\$ 213,854
2022	238,637
2023	140,944
Total lease payments	593,435
Less interest	(202,377)
Present value of lease liabilities	<u>\$ 391,058</u>

Employment/Consulting Agreements

The Company has employment agreements with certain of its physicians, nurse practitioners and physical therapists in the Health Services division. The agreements generally call for a fixed salary at the beginning of the contract with a transaction to performance-based pay later in the contract.

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**NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)**

On July 1, 2016, the Company entered into an employment agreement with Dr. Michael Dent, Chief Executive Officer and a member of the Board of Directors. Dr. Dent's employment agreement continues until terminated by Dr. Dent or the Company. If Dr. Dent's employment is terminated by the Company (unless such termination is "For Cause" as defined in his employment agreement), then upon signing a general waiver and release, Dr. Dent will be entitled to severance in an amount equal to 12 months of his then-current annual base salary, as well as the pro-rata portion of any bonus that would be due and payable to him. In the event that Dr. Dent terminates the employment agreement, he shall be entitled to any accrued but unpaid salary and other benefits up to and including the date of termination, and the pro-rata portion of any unvested time-based options up until the date of termination.

On July 1, 2016, the Company entered into an agreement with Mr. George O'Leary, the Company's Chief Financial Officer and a member of the Board of Directors, extending his prior agreement with the Company. If Mr. O'Leary's employment is terminated by the Company (unless such termination is "For Cause" as defined in his employment agreement), then upon signing a general waiver and release, Mr. O'Leary will be entitled to receive his base salary and the Company shall maintain his employee benefits for a period of twelve (12) months beginning on the date of termination. In the event that Mr. O'Leary terminates the agreement, he shall be entitled to any accrued but unpaid salary and other benefits up to and including the date of termination. On July 1, 2018, the Company and Mr. O'Leary entered into an Extension Letter Agreement pursuant to which Mr. O'Leary was increased to full time employment (previously half-time) and agreed to extend the term of his employment to September 30, 2022. In addition to a base salary, the extension provides Mr. O'Leary with certain performance-based cash bonuses, stock grants, and stock option grants.

On May 18, 2020, the Company entered into separate 4-year consulting services agreements with each of the two principals of the ACO/MSO business acquired in May 2020 that call for each person to earn fixed annual consulting fees and a share of Medicare shared savings revenue, consulting revenue and overall profits generated by the underlying business.

**NOTE 17 – SEGMENT REPORTING**

The Company has four reportable segments: Health Services, Digital Healthcare, ACO/MCO and Medical Distribution. Health Services division is comprised of the operations of (i) Naples Women's Center ("NWC"), a multi-specialty medical group including OB/GYN (both Obstetrics and Gynecology), and General Practice, (ii) Naples Center for Functional Medicine ("NCFM"), a Functional Medical Practice acquired in April 2019 that is engaged in improving the health of its patients through individualized and integrative health care, and (iii) Bridging the Gap Physical Therapy ("BTG"), a physical therapy practice in Bonita Springs, FL that provides hands-on functional manual therapy techniques to speed patients' recovery and manage pain without pain medication or surgery. The Company's Digital Healthcare segment develops and plans to operate an online personal medical information and record archive system, the "HealthLynked Network," which will enable patients and doctors to keep track of medical information via the Internet in a cloud-based system. The ACO/MSO Division is comprised of the business acquired with CHM, which assists physician practices in providing coordinated and more efficient care to patients via the MSSP as administered by the CMS, which rewards providers for efficiency in patient care. The Medical Distribution Division is comprised of the operations of MedOffice Direct LLC ("MOD"), a virtual distributor of discounted medical supplies selling to both consumers and medical practices throughout the United States acquired by the Company on October 19, 2020.

The Company evaluates performance and allocates resources based on profit or loss from operations before income taxes. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

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**NOTE 17 – SEGMENT REPORTING (CONTINUED)**

Segment information for the three months ended March 31, 2021 was as follows:

	<b>Three Months Ended March 31, 2021</b>				
	<b>Health Services</b>	<b>Digital Healthcare</b>	<b>ACO / MSO</b>	<b>Medical Distribution</b>	<b>Total</b>
<b>Revenue</b>					
Patient service revenue, net	\$ 1,514,376	\$ —	\$ —	\$ —	\$ 1,514,376
Consulting and event revenue	—	11,113	76,542	—	87,655
Product revenue	—	—	—	182,663	182,663
Total revenue	<u>1,514,376</u>	<u>11,113</u>	<u>76,542</u>	<u>182,663</u>	<u>1,784,694</u>
<b>Operating Expenses</b>					
Practice salaries and benefits	663,937	—	—	—	663,937
Other practice operating expenses	730,784	—	—	—	730,784
Medicare shared savings expenses	—	—	211,507	—	211,507
Cost of product revenue	—	—	—	168,596	168,596
Selling, general and administrative expenses	—	1,305,320	—	60,817	1,366,137
Depreciation and amortization	28,323	595	—	182,740	211,658
Total Operating Expenses	<u>1,423,044</u>	<u>1,305,320</u>	<u>211,507</u>	<u>412,153</u>	<u>3,352,619</u>
(Loss) income from operations	<u>\$ 91,332</u>	<u>\$ (1,294,802)</u>	<u>\$ (134,965)</u>	<u>\$ (229,490)</u>	<u>\$ (1,567,925)</u>
<b>Other Segment Information</b>					
Interest expense	\$ 4,197	\$ 6,282	\$ —	\$ 109	\$ 10,588
Loss on extinguishment of debt	\$ —	\$ 5,589,994	\$ —	\$ —	\$ 5,589,994
Change in fair value of debt	\$ —	\$ 19,246	\$ —	\$ —	\$ 19,246
Change in fair value of contingent acquisition consideration	\$ —	\$ 635,700	\$ —	\$ —	\$ 635,700
March 31, 2021					
Identifiable assets	\$ 2,411,744	\$ 3,043,929	\$ 1,128,491	\$ 3,287,628	\$ 9,871,792
Goodwill	\$ —	\$ —	\$ 381,856	\$ 766,249	\$ 1,148,105
December 31, 2020					
Identifiable assets	\$ 2,120,714	\$ 192,568	\$ 1,115,148	\$ 3,450,013	\$ 6,878,443
Goodwill	\$ —	\$ —	\$ 381,856	\$ 766,249	\$ 1,148,105

**HEALTHLYNKED CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 17 – SEGMENT REPORTING (CONTINUED)**

Segment information for the three months ended March 31, 2020 was as follows:

	<b>Three Months Ended March 31, 2020</b>				
	<b>Health Services</b>	<b>Digital Healthcare</b>	<b>ACO / MSO</b>	<b>Medical Distribution</b>	<b>Total</b>
<b>Revenue</b>					
Patient service revenue, net	\$ 1,336,940	\$ —	\$ —	\$ —	\$ 1,336,940
Consulting revenue	—	—	—	—	—
Product revenue	—	—	—	—	—
Total revenue	<u>1,336,940</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,336,940</u>
<b>Operating Expenses</b>					
Practice salaries and benefits	765,121	—	—	—	765,121
Other practice operating expenses	563,691	—	—	—	563,691
Medicare shared savings expenses	—	—	—	—	—
Cost of product revenue	—	—	—	—	—
Selling, general and administrative expenses	—	510,976	—	—	510,976
Depreciation and amortization	24,191	595	—	—	24,786
Total Operating Expenses	<u>1,353,003</u>	<u>511,571</u>	<u>—</u>	<u>—</u>	<u>1,864,574</u>
Loss from operations	<u>\$ (16,063)</u>	<u>\$ (511,571)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (527,634)</u>
<b>Other Segment Information</b>					
Interest expense	\$ 5,536	\$ 56,645	\$ —	\$ —	\$ 62,181
Loss on extinguishment of debt	\$ —	\$ 467,937	\$ —	\$ —	\$ 467,937
Amortization of original issue and debt discounts on convertible notes	\$ —	\$ 292,163	\$ —	\$ —	\$ 292,163
Change in fair value of debt	\$ —	\$ (35,965)	\$ —	\$ —	\$ (35,965)
Change in fair value of derivative financial instruments	\$ —	\$ (740,355)	\$ —	\$ —	\$ (740,355)
Change in fair value of contingent acquisition consideration	\$ —	\$ 6,621	\$ —	\$ —	\$ 6,621
Identifiable assets as of March 31, 2020	\$ 2,175,990	\$ 136,499	\$ —	\$ —	\$ 2,312,489

The Digital Healthcare segment recognized revenue of \$180 and \$1,356 in the three months ended March 31, 2021 and 2020, respectively, related to subscription revenue billed to and paid for by the Company's physicians for access to the HealthLynked Network. The revenue for Digital Healthcare and related expense for Health Services were eliminated on consolidation.

**NOTE 18 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, approximate their respective fair values due to the short-term nature of such instruments. The Company measures certain financial instruments at fair value on a recurring basis, including certain convertible notes payable and related party loans which were extinguished and reissued and are therefore subject to fair value measurement, as well as derivative financial instruments arising from conversion features embedded in convertible promissory notes for which the conversion rate is not fixed. All financial instruments carried at fair value fall within Level 3 of the fair value hierarchy as their value is based on unobservable inputs. The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. This determination requires significant judgments to be made.

The following table summarizes the conclusions reached regarding fair value measurements as of March 31, 2021 and December 31, 2020:

	<b>As of March 31, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Contingent acquisition consideration	\$ —	\$ —	\$ 2,136,140	\$ 2,136,140
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,136,140</u>	<u>\$ 2,136,140</u>

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**NOTE 18 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

	<u>As of December 31, 2020</u>			<u>Total Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Convertible notes payable	\$ —	\$ —	\$ 1,336,350	\$ 1,336,350
Contingent acquisition consideration	—	—	1,500,440	1,500,440
<b>Total</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,836,790</u>	<u>\$ 2,836,790</u>

The changes in Level 3 financial instruments that are measured at fair value on a recurring basis during the three months ended March 31, 2021 and 2020 were as follows:

	<u>Three Months Ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Convertible notes payable	\$ (19,246)	\$ 21,362
Notes payable to related party	—	14,603
Derivative financial instruments	—	740,355
Contingent acquisition consideration	<u>(635,700)</u>	<u>(6,621)</u>
<b>Total</b>	<u>\$ (654,946)</u>	<u>\$ 769,699</u>

**NOTE 19 – SUBSEQUENT EVENTS**

On May 6, 2021, the Company received notification of forgiveness of \$277,795 principal and \$2,709 accrued interest related to certain PPP Loans taken by the Company during 2020.

Subsequent to March 31, 2021 and through May 14, 2021, the Company sold 375,276 shares of common stock in 6 separate private placement transactions. The Company received \$260,000 in proceeds from the sales. In connection with these stock sales, the Company also issued 187,638 five-year warrants to purchase shares of common stock at exercise prices between \$0.85 and \$0.90 per share.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Forward-Looking Statements

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing elsewhere in this report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Item 1A. Risk Factors" included in our most recent Annual Report on Form 10-K. All amounts in this report are in U.S. dollars, unless otherwise noted.*

### Overview

HealthLynked Corp. (the "Company," "we," "our," or "us") was incorporated in the State of Nevada on August 4, 2014. We currently operate in four distinct divisions: the Health Services Division, the Digital Healthcare Division, the ACO/MSO (Accountable Care Organization / Managed Service Organization) Division, and the Medical Distribution Division. Our Health Services division is comprised of the operations of (i) Naples Women's Center ("NWC"), a multi-specialty medical group including OB/GYN (both Obstetrics and Gynecology) and General Practice, (ii) Naples Center for Functional Medicine ("NCFM"), a Functional Medical Practice acquired in April 2019 that is engaged in improving the health of its patients through individualized and integrative health care, and (iii) Bridging the Gap Physical Therapy ("BTG"), a physical therapy practice in Bonita Springs, FL opened in January 2020 that provides hands-on functional manual therapy techniques to speed patients' recovery and manage pain without pain medication or surgery. Our Digital Healthcare division develops and operates an online personal medical information and record archive system, the "HealthLynked Network," which enables patients and doctors to keep track of medical information via the Internet in a cloud-based system. Our ACO/MSO Division is comprised of the business acquired of Cura Health Management LLC ("CHM") and its subsidiary ACO Health Partners LLC ("AHP"), which were acquired by the Company on May 18, 2020. CHM and AHP operate an Accountable Care Organization ("ACO") and Managed Service Organization ("MSO") that assists physician practices in providing coordinated and more efficient care to patients via the Medicare Shared Savings Program ("MSSP") as administered by the Centers for Medicare and Medicaid Services (the "CMS"), which rewards providers for efficiency in patient care. Our Medical Distribution Division is comprised of the operations of MedOffice Direct LLC ("MOD"), a virtual distributor of discounted medical supplies selling to both consumers and medical practices throughout the United States we acquired on October 19, 2020.

### Recent Developments

During the three months ended March 31, 2021, we sold 11,787,766 shares of common stock in 46 separate private placement transactions. We received \$3,488,725 in proceeds from the sales. In connection with these stock sales, we also issued 5,893,889 five-year warrants to purchase shares of common stock at exercise prices between \$0.27 and \$1.05 per share. During the same period, we also issued 3,006,098 shares pursuant to draws under the Investment Agreement for additional gross proceeds of \$900,636. See "Liquidity and Capital Resources-Significant Liquidity Events-Investment Agreement" below for further details on the Investment Agreement.

### Critical accounting policies and significant judgments and estimates

See Note 2, "Significant Accounting Policies," in the Notes to consolidated Financial Statements.



## Results of Operations

### Comparison of Three Months Ended March 31, 2021 and 2020

The following table summarizes the changes in our results of operations for the three months ended March 31, 2021 compared with the three months ended March 31, 2020:

	Three Months Ended March 31,		Change	
	2021	2020	\$	%
Patient service revenue, net	\$ 1,514,376	\$ 1,336,940	\$ 177,436	13%
Consulting and event revenue	87,655	—	*	*
Product revenue	182,663	—	*	*
Total revenue	<u>1,784,694</u>	<u>1,336,940</u>	<u>447,754</u>	<u>33%</u>
<b>Operating Expenses and Costs</b>				
Practice salaries and benefits	663,937	765,121	(101,184)	13%
Other practice operating expenses	730,784	563,691	167,093	30%
Medicare shared savings expenses	211,507	—	*	*
Cost of product revenue	168,596	—	*	*
Selling, general and administrative expenses	1,366,137	510,976	855,161	1,67%
Depreciation and amortization	211,658	24,786	186,872	754%
Loss from operations	<u>(1,567,925)</u>	<u>(527,634)</u>	<u>(1,040,291)</u>	<u>197%</u>
<b>Other Income (Expenses)</b>				
Loss on extinguishment of debt	(5,589,994)	(467,937)	(5,122,057)	1,095%
Change in fair value of debt	(19,246)	35,965	(55,211)	154%
Amortization of original issue and debt discounts on notes payable and convertible notes	—	(292,163)	292,163	100%
Change in fair value of derivative financial instruments	—	740,355	(740,355)	100%
Change in fair value of contingent acquisition consideration	(635,700)	(6,621)	(629,079)	9,501%
Interest expense	(10,588)	(62,181)	51,593	83%
Total other expenses	<u>(6,255,528)</u>	<u>(52,582)</u>	<u>(6,202,946)</u>	<u>11,797%</u>
<b>Net loss</b>	<u>\$ (7,823,453)</u>	<u>\$ (580,216)</u>	<u>\$ (7,243,237)</u>	<u>1,248%</u>

\* - Denotes new line item on statement of operations resulting from acquisitions of CHM in May 2020 and MOD in October 2020 for which there was no corresponding activity in the three months ended March 31, 2020.

## Revenue

Patient service revenue increased by \$177,436, or 13% year-over-year, primarily as a result of increased patient service revenue at our NCFM practice of \$136,113, increases at our BTG practice of \$23,724, and increases at our NWC practice of \$17,599.

Consulting and event revenue for the three-month period ending March 31, 2021 was \$87,655. Consulting revenue of \$76,452 was earned by the ACO/MSO Division comprised of the operations acquired with CHM in May 2020. Event revenue of \$11,113 was earned in connection with the HealthLynked Future of Healthcare Summit held in March 2021.

Product revenue was \$182,663. Product revenue was earned by the Medical Distribution Division comprised of the operations acquired with MOD in October 2020.

## Operating Expenses and Costs

Practice salaries and benefits decreased by \$101,184, or 13%, in the three months ended March 31, 2021 primarily as a result of downsizing efforts at our NWC practice totaling \$39,010 and cost reduction at our NCFM practice of \$55,253.

Other practice operating costs increased by \$167,093, or 30%, in the three months ended March 31, 2021 corresponding to increased revenue at each of our three patient service practices.

Medicare shared savings expenses for the three months ended March 31, 2021 was \$211,507. Medicare shared savings expenses represent costs incurred to deliver Medicare shared savings revenue, including overhead and consulting fees related to advising participating physician practices, as well as the physicians' contractual portion of any shared savings received by the ACO. There was no corresponding Medicare shared savings expense in the three months ended March 31, 2020 as CHM was acquired in May 2020.

Cost of product revenue was \$168,596 in the three months ended March 31, 2021. Cost of product revenue relates to the cost of medical products sold by the newly formed Medical Distribution Division, which is comprised of the operations acquired with MOD in October 2020.

Selling, general and administrative costs increased by \$855,161, or 167%, in the three months ended March 31, 2021 primarily due to increased stock-based consulting fees, cash-based legal and consulting fees, more personnel in our corporate function in connection with our continued expansion, and higher advertising and promotional costs associated with marketing of the HealthLynked Network and related products.

Depreciation and amortization increased the three months ended March 31, 2021 by \$186,872, or 754%, compared to the same period in 2020, primarily as a result of amortization of finite-lived intangible assets acquired in the MOD acquisition.

Loss from operations increased by \$1,040,291, or 197%, in the three months ended March 31, 2021 when compared to the same period in 2020, primarily as a result of increased selling, general and administrative costs related to our expansion as well as amortization of intangibles from MOD, offset by increases in each of our revenue streams.

Other Income (Expenses)

Loss on extinguishment of debt in the three months ended March 31, 2021 increased by \$5,122,057, or 1,095%, as compared to the same period in 2020, as a result of a January 2021 transaction pursuant to which the holder of convertible notes with a face value of \$1,038,500 and \$317,096 of accrued interest agreed to convert the notes pursuant to the original note terms and agreed to a leak-out provision on the received shares in exchange for a five-year warrant to purchase 13,538,494 shares of common stock at an exercise price of \$0.30 per share. In connection with the conversion, we recognized a loss on debt extinguishment of \$5,463,592 in the three months ended March 31, 2021, representing the excess of the fair value of the shares and warrant issued at conversion over the carrying value of the host instrument and accrued interest.

Change in fair value of debt increased by \$55,211, or 154%, for the three months ended March 31, 2021 when compared to the same period in 2020. Such gains and losses result from certain convertible notes and notes payable to related parties that, in previous periods, were extended and treated as an extinguishment and reissuance for accounting purposes, requiring these notes to be subsequently carried at fair value. The change in fair value at the end of each reporting period is recorded as "Change in fair value of debt." After conversion of our remaining convertible notes outstanding in January 2021, we had no further debt carried at fair value.

Amortization of original issue and debt discounts was \$292,163 for the three months ended March 31, 2021 due to the retirement in 2020 of all floating rate convertible notes that with discounts subject to amortization.

Gains from the change in fair value of derivative financial instruments was \$740,355 for the three months ended March 31, 2021. We retired all derivative financial instruments in 2020 with the repayment of all adjustable-rate convertible notes payable that had associated embedded conversion feature derivatives, so there were no such charges in 2021.

Change in fair value of contingent acquisition consideration increased by \$629,079, or 9,501%, in the three months ended March 31, 2021 when compared to the same period in 2020. Fair value of contingent acquisition consideration relates to future acquisition consideration that may be payable if certain prescribed performance milestones are met by businesses acquired by us, including NCFM (acquired in April 2019), CHM (acquired in May 2020), and MOD (acquired in October 2020). The fair value of contingent acquisition consideration is remeasured at each reporting period using a probability-weighted discounted cash flow model. The large increase in 2021 was due primarily to the increase in fair value of contingent acquisition consideration related to our acquisition of MOD, which is payable in a fixed number of shares upon achievement of annual revenue milestones of the underlying business between 2021 and 2024. Due in large part to an increase in our stock price during the first quarter of 2021, the fair value of the liability increased by \$591,140.

Interest expense decreased by \$51,593, or 83%, for the three months ended March 31, 2021 when compared to the same period in 2020, as a result of the repayment and conversion of convertible notes and notes payable to related parties during 2020, combined with low-interest government loans added to our balance sheet, resulting in substantially lower debt balances in 2021.

Total other expenses increased by \$6,202,946, or 11,797%, in the three months ended March 31, 2021 when compared to the same period in 2020 primarily as a result of a \$5,589,994 loss on extinguishment of debt associated with the retirement of our last remaining convertible notes payable in 2021, an increase in losses from the change in fair value of contingent acquisition due to the fixed-share structure of the MOD contingent consideration, and a gain in change in fair value of derivative financial instruments in 2020 with no corresponding income or charge in 2021.

Net loss increased by \$7,243,237, or 1,248%, in the three months ended March 31, 2021 when compared to the same period in 2020 primarily as a result of a \$5,589,994 loss on extinguishment of debt associated with the retirement of our last remaining convertible notes payable in 2021, increased selling, general and administrative costs related to our expansion, an increase in losses from the change in fair value of contingent acquisition due to the fixed-share structure of the MOD contingent consideration, and a gain in change in fair value of derivative financial instruments in 2020 with no corresponding income or charge in 2021. The increased losses were offset by increases in each of our revenue streams totaling \$416,237.

## Seasonal Nature of Operations

We acquired CHM in May 2020. CHM's primary source of revenue is derived from payments earned under the Medicare shared savings program. Such amounts are determined annually when we are notified by CMS of the amount of shared savings earned. Accordingly, we recognize Medicare shared savings revenue in the period in which the CMS notifies us of the exact amount of shared savings to be paid, which historically has occurred during the three-month period ended September 30 for the program year ended December 31 of the previous year. Medicare shared savings revenue for the program year ended December 31, 2019, for which we received notification and payment in September 2020, was \$767,744. Future recognition of Medicare shared savings revenue is expected to result in a material increase in our consolidated revenues in the third fiscal quarter of each year compared to the first, second and fourth fiscal quarters. Likewise, in the period in which we recognize Medicare shared savings revenue, we also determine the amount of shared savings expense to be paid to physicians participating in our ACO. This expense is also expected to be recognized in the third fiscal quarter of each year and is expected to materially increase our total operating expenses in the third fiscal quarter compared to other quarters of the fiscal year.

## Liquidity and Capital Resources

As of March 31, 2021, we had cash balances of \$3,341,728, working capital of \$1,085,131 and accumulated deficit \$29,608,363. For the three months ended March 31, 2021, we had a net loss of \$7,823,453 and net cash used by operating activities of \$1,216,959. Net cash used in investing activities was \$7,399. Net cash provided by financing activities was \$4,403,902, including \$4,389,361 received from sales of our common stock in private placement transactions and puts pursuant to the July 2016 \$3 million investment agreement (see "Significant Liquidity Events-Investment Agreement" below) and \$65,650 proceeds from the exercise of stock options and warrants. During January 2021, the holder of \$1,038,500 fixed rate convertible debt converted the entire face value of \$1,038,500, plus \$317,096 of accrued interest on such notes, into 13,538,494 shares of common stock pursuant to the original conversion terms of the underlying notes. Following the conversion, we had no further convertible debt outstanding.

We intend that the longer term (i.e., beyond twelve months) cost of completing additional intended acquisitions, implementing our development and sales efforts related to the HealthLynked Network and maintaining existing and expanding overhead and administrative costs will be financed from (i) cash on hand resulting from fund raising efforts in 2021, (ii) profits generated by NCFM, BTG and CHM (including expected Medicare Shared Savings revenue projected to be received annually in the third fiscal quarter of each year), and (iii) the use of further outside funding sources. No assurances can be given that we will be able to access additional outside capital in a timely fashion. If necessary funds are not available, our business and operations would be materially adversely affected and in such event, we would attempt to reduce costs and adjust our business plan.

A novel strain of coronavirus, COVID-19, that was first identified in China in December 2019, has surfaced in several regions across the world and resulted in travel restrictions and business slowdowns or shutdowns in affected areas. In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The outbreak of the pandemic is materially adversely affecting the Company's employees, patients, communities and business operations, as well as the U.S. economy and financial markets. The further spread of COVID-19, and the requirement to take action to limit the spread of the illness, may impact our ability to carry out our business as usual and may materially adversely impact global economic conditions, our business and financial condition, including our potential to conduct financings on terms acceptable to us, if at all. The extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease. In response to COVID-19, the Company implemented additional safety measures in its patient services locations and its corporate headquarters.

## Significant Liquidity Events

Historically, we have funded our operations principally through a combination of convertible promissory notes, private placements of our common stock, promissory notes and related party debt, as described below.

### *First Quarter 2021 Equity Transactions*

During the three months ended March 30, 2021, we sold 11,787,766 shares of common stock in 46 separate private placement transactions. We received \$3,488,725 in proceeds from the sales. In connection with these stock sales, we also issued 5,893,889 five-year warrants to purchase shares of common stock at exercise prices between \$0.27 and \$1.05 per share. We also issued 3,006,098 shares pursuant to draws under the Investment Agreement for additional gross proceeds of \$900,636.

### *Investment Agreement*

In July 2016, we entered into an Investment Agreement (the “Investment Agreement”) with Iconic Holdings, LLC (the “Investor”), pursuant to which the Investor agreed to purchase up to \$3,000,000 of our common stock over a three-year period starting upon registration of the underlying shares, with such shares put to the Investor by us pursuant to a specified formula that limits the number of shares able to be put to the Investor to the number equal to the average trading volume of our common shares for the ten consecutive trading days prior to the put notice being issued. In May 2020, the Investment Agreement, which was scheduled to expire on May 15, 2020, was extended an additional two years to May 15, 2022. During the three months ended March 31, 2021 and 2020, we issued 3,006,098 and 1,331,432 shares pursuant to draws under the Investment Agreement, respectively, for gross proceeds of \$900,636 and \$122,423, respectively.

### Plan of operation and future funding requirements

Our plan of operations is to profitably operate our Health Services business and continue to invest in our Digital Healthcare business, including our cloud-based online personal medical information and record archiving system, the “HealthLynked Network.”

We intend to market the HealthLynked Network via telesales targeting physicians’ offices, direct to patient marketing, affiliated marketing campaigns, co-marketing with our Medical Distribution businesses retailer MOD, and expanded southeast regional sales efforts. We intend that our initial primary sales strategy will be physician telesales through the use of telesales representatives whom we will hire as access to capital allows. In combination with our telesales, we intend to also utilize Internet based marketing to increase penetration to targeted geographical areas. These campaigns will be focused on both physician providers and patient members. We also intend to leverage MOD’s discounted medical supplies as an offering to our patient and physician members in both the HealthLynked Network and our ACO network and plans. If we fail to complete the development of, or successfully market, the HealthLynked Network, our ability to realize future increases in revenue and operating profits could be impacted, and our results of operations and financial position would be materially adversely affected.

A summarized timeline of our strategic acquisition transactions and the related funding sources is as follows:

- In July 2018 we raised approximately \$1.8 million in the a private placement for the purpose of technology enhancement, sales and marketing initiatives and to fund a portion of the first phase of our planned acquisition strategy.
- In 2019, we began implementation of our plan to acquire health service businesses and offer physician owners cash, stock, and deferred compensation.
- On April 15, 2019, we acquired HCFM for \$750,000 in cash, \$750,000 in shares of our common stock and \$500,000 in a three-year performance-based payout.
- On May 18, 2020, we acquired CHM for \$214,000 in cash, \$201,675 in shares of our common stock, up to \$223,000 cash and \$660,000 in shares of our common stock based on a target MSSP payment of \$1,725,000 in the current year, and up to \$437,500 in a four-year performance-based payout.
- On August 20, 2020, we completed the August 2020 Equity Transaction with Trusts controlled by our CEO, Dr. Michael Dent, pursuant to which the Trusts contributed an aggregate of 76,026 NEO Shares with a fair value of \$3,066,889 to us, in exchange for an aggregate of 2,750,000 shares of our newly designated Series B Preferred Stock and an aggregate of 24,522,727 shares of our common stock.
- On October 19, 2020, the Company acquired MOD, a virtual distributor of discounted medical supplies selling to both consumers and medical practices throughout the United States, in exchange for (i) 19,045,563 restricted shares of the Company’s common stock valued at to \$2,704,470, (ii) the issuance of an aggregate of up to 10,004,749 restricted shares of the buyer’s common stock valued at up to \$2,602,330 over a four year period based on MOD achieving certain revenue targets, and (iii) the partial satisfaction of certain outstanding debt obligations of MOD in the amount of \$703,200 in cash by us.
- During the second half of 2020, we retired floating rate convertible debt with a face value of \$1,012,750 through conversions and repayments and repaid related party notes with a face value of \$646,000 in an effort to improve our balance sheet.
- During January 2021, the holder of \$1,038,500 fixed rate convertible debt converted the full face value of \$1,038,500, plus \$317,096 of accrued interest on such notes, into 13,538,494 shares of common stock pursuant to the original conversion terms of the underlying notes. Following the conversion, we had no further convertible debt outstanding.
- During the three months ended March 31, 2021, we sold 11,787,766 shares of common stock in 46 separate private placement transactions. We received \$3,488,725 in proceeds from the sales. In connection with these stock sales, we also issued 5,893,889 five-year warrants to purchase shares of common stock at exercise prices between \$0.27 and \$1.05 per share. We also issued 3,006,098 shares pursuant to draws under the Investment Agreement for additional gross proceeds of \$900,636.

Currently, we are focusing on acquiring additional profitable ACOs with a concentration on physician-based ACOs in Florida, the Southeast, Texas, New Jersey and Arizona. ACOs' objectives are to reduce patients' healthcare costs while improving their health. Our initial targets are physician-based Florida Medicare ACOs. Profitable ACOs have shared savings, which are payments made by the Medicare governing body CMS to ACOs whose Medicare patients have aggregate total savings over the regional threshold for all Medicare patients in the territory and that meet CMS' quality standards. Given HealthLynked's goal to improve healthcare and reduce healthcare costs for all patients, we anticipate that the ACO acquisition model can help us expand both physician and patient utilization of the HealthLynked Network while continuing to add incremental revenue and profit from to our health services and ACO segments. We plan to raise additional capital to fund our ongoing acquisition strategy.

#### Historical Cash Flows

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net cash (used in) provided by:		
Operating activities	\$ (1,216,959)	\$ (384,187)
Investing Activities	(7,399)	—
Financing activities	4,403,902	478,012
Net increase in cash	<u>\$ 3,179,544</u>	<u>\$ 93,825</u>

*Operating Activities* – During the three months ended March 31, 2021, we used cash from operating activities of \$1,216,959, as compared with \$384,187 in the same period of 2020. The increase in cash usage results primarily from increased selling, general and administrative costs increased related to our continued expansion.

*Investing Activities* – During the three months ended March 31, 2021, we used \$7,399 in investing activities for the acquisition of computers and equipment. During the same period of 2020, we used \$-0- in investing activities.

*Financing Activities* – During the three months ended March 31, 2021 and 2020, we realized \$4,403,902 and \$478,012, respectively, in investing activities. Cash realized in 2020 was comprised mainly of \$4,389,361 from the sale of common stock pursuant to private placements and puts under the Investment Agreement and \$65,650 proceeds from the exercise of options and warrants. We also made cash repayments against a vendor note in the amount of \$51,109, retiring the note in full. During the three months ended March 31, 2020, we realized \$437,433 from the proceeds of the sale of shares of common stock to investors and pursuant to the Investment Agreement, \$344,000 net proceeds from the issuance of convertible notes and \$149,000 net proceeds from the issuance of related party loans. We also repaid \$373,094 of convertible loans.

#### Off Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under applicable Securities and Exchange Commission rules.

#### Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined in Rule 229.10 (f)(1).

#### Item 4. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to ensure that information required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our internal control over financial reporting as of September 30, 2020 based on the framework in “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on that evaluation, our management concluded that our internal control over financial reporting was effective at March 31, 2021.

##### Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the fiscal quarter ended March 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's 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, which arise, in the ordinary course of business. However, litigation is 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 not aware of any such legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

### Item 1A. Risk Factors

The Company is not required to provide the information required by this item as it is a “smaller reporting company,” as defined by Rule 229.10 (f)(1).

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Except as previously disclosed in a Current Report on Form 8-K, or as set forth below, the Company has not sold securities that were not registered under the Securities Act of 1933, as amended (the “Securities Act”), during the period covered by this report.

During the three months ended March 31, 2021, we sold 11,787,766 shares of common stock for cash in 46 separate private placement transactions to accredited investors. We received \$3,488,725 in proceeds from the sales. In connection with these stock sales, we also issued 5,893,889 five-year warrants to purchase shares of common stock at exercise prices between \$0.27 and \$1.05 per share.

During the three months ended March 31, 2021, we issued 475,000 shares of common stock to two separate consultants for services provided.

During the three months ended March 31, 2021, we issued 9,047,332 shares upon exercise of outstanding warrants.

The sales of the above securities were exempt from registration under the Securities Act in reliance upon Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as transactions by an issuer not involving any public offering. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment purposes only and not with a view to or for sale in connection with any distribution thereof, and appropriate restrictive legends were placed upon the stock certificates issued in these transactions.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

**Item 6. Exhibits****Exhibit No. Exhibit Description**

10.1	<a href="#">Warrant made to Iconic Holdings, LLC, dated January 14, 2021 (Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on January 15, 2021)</a>
10.2	<a href="#">Agreement, by and between the Company and Iconic Holdings, LLC, dated January 14, 2021 (Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on January 15, 2021)</a>
10.3	<a href="#">Form of Warrant made to DanKris1, LLC, dated February 26, 2021 (Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on March 2, 2021)</a>
10.4	<a href="#">Form of Subscription Agreement, by and between the Company and DanKris1, LLC, dated February 26, 2021 (Filed as Exhibit 10.1 to the Company's Form 8-K filed with the Commission on March 2, 2021)</a>
31.1*	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer</a>
31.2*	<a href="#">Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer and Principal Accounting Officer</a>
32.1*	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer</a>
32.2*	<a href="#">Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer and Principal Accounting Officer</a>
101*	XBRL Instance Document
	XBRL Taxonomy Extension Schema Document
	XBRL Taxonomy Extension Calculation Linkbase Document
	XBRL Taxonomy Extension Definition Linkbase Document
	XBRL Taxonomy Extension Label Linkbase Document
	XBRL Taxonomy Extension Presentation Linkbase Document

\* Filed herewith.



**SIGNATURES**

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

Dated: May 17, 2021

**HEALTHLYNKED CORP.**

By: /s/ Michael Dent

Name: Michael Dent

Title: Chief Executive Officer and Chairman  
(Principal Executive Officer)

By: /s/ George O'Leary

Name: George O'Leary

Title: Chief Financial Officer  
(Principal Financial Officer)

**Exhibit 31.1****Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002**

I, Michael Dent, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the registrant, HealthLynked Corp.;
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 officers 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; and
5. The registrant's other certifying officers 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.

Date: May 17, 2021

By: /s/ Michael Dent

Name: Michael Dent

Title: Chief Executive Officer and Chairman (Principal Executive Officer)

**Exhibit 31.2****Certification Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002**

I, George O'Leary, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the registrant, HealthLynked Corp.;
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 officers 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; and
5. The registrant's other certifying officers 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.

Date: May 17, 2021

By: /s/ George O'Leary

Name: George O'Leary

Title: Chief Financial Officer and Director  
(Principal Financial Officer)

**Exhibit 32.1****CERTIFICATIONS****Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of 18 U.S.C. Section 1350), I, Michael Dent, Chief Executive Officer and Chairman of HealthLynked Corp., a Nevada corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2021

By: /s/ Michael Dent

Name: Michael Dent

Title: Chief Executive Officer and Chairman  
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the 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 the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2****CERTIFICATIONS****Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of **18 U.S.C. Section 1350**), I, George O'Leary, Chief Financial Officer and Director of HealthLynked Corp., a Nevada corporation (the "Company"), hereby certify, to my knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 17, 2021

By: /s/ George O'Leary

Name: George O'Leary

Title: Chief Financial Officer and Director  
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the 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 the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.