May 14, 2015

The Joint Corp. Reports 2015 First Quarter Financial Results

-- Acquires 15 Company Owned or Managed Clinics and Three Regional Developer Licenses for Corporate Development Year to Date --

SCOTTSDALE, Ariz., May 14, 2015 (GLOBE NEWSWIRE) -- The Joint Corp. (Nasdaq:JYNT), a national healthcare operator and franchisor of chiropractic clinics, today reported financial results for the first quarter ended March 31, 2015.

First Quarter Results Highlights

- Revenues increased 65.8% to $2.5 million.
- Total clinics in operation numbered 253 as of March 31, 2015, an increase of seven clinics from December 31, 2014, and an increase of 61 clinics from March 31, 2014.
- Company owned or managed clinics increased to 15 as of May 5, 2015.
- Company re-acquired three regional developer licenses year-to-date for future corporate development

"The Joint Corp. has delivered strong results to start 2015. We are executing well against our strategy of becoming the leader in the national market for core chiropractic adjustment services through the development of conveniently located, private pay, cash/credit cards-only, clinics that truly provide affordable and convenient care," remarked John Richards, chief executive officer of The Joint Corp. "We have opened 13 franchised clinics in the first quarter, bringing the total number of clinics open as of March 31, 2015 to 253. The total number of clinics include 15 company owned or managed clinics acquired through the buyback of franchises, with 12 acquired in the first quarter alone.

Mr. Richards continued, "These franchise acquisitions, coupled with our strategic reacquisition of regional developer licenses means we have now set the stage to penetrate top Metropolitan Statistical Areas in the country with further development, demonstrating our commitment to build a strong national concept and brand rapidly."

First Quarter 2015 Financial Results

Revenues for the first quarter of 2015 increased 65.8% to $2.5 million from $1.5 million in the first quarter of the previous year as the number of clinics increased by 61, or 32%, to 253 at March 31, 2015, compared to the same period a year ago. Revenue growth was partially offset by a reduction in initial franchise fees as the result of four fewer franchised clinics opening during the first quarter of 2015 compared to the same quarter the previous year.

Total cost of revenues in the first quarter of 2015 increased 2.8% due primarily to higher royalties paid in regional developer territories as the number of units opened and the overall unit performance in these territories increased over the prior year. Total cost of revenues as a percentage of sales decreased to 22.0% in the first quarter of 2015 from 35% in the first quarter last year as incremental revenue was received in 2015 for company owned or managed clinics along with lower regional developer commissions due to fewer clinics opened during the period.

Selling and marketing expenses increased to $967,024 in the first quarter of 2015 compared to $119,944 in the first quarter last year due to marketing commitments recognized in the first quarter of 2015 related to the development of our national marketing campaign and expenses related to our annual national franchise convention held in January 2015.

General and administrative expenses increased to $2.8 million in the first quarter of 2015, compared to $979,690 in the first quarter of 2014, due to an increase in the number of employees to support our growth initiatives, an increase in professional fees for both acquisition related expenses and public company operations.

Depreciation and amortization expenses increased for the first quarter of 2015, compared to the same period last year due to the addition of fixed assets and leasehold improvements associated with the addition of company owned or managed clinics through the repurchase and acquisition of franchised clinics.

Operating loss in the first quarter of 2015 was $(1.9) million, compared to an operating loss of $(157,000) in the first quarter of 2014. Net loss in the first quarter of 2015 was $(1.9) million, or $(0.20) per share, compared to a net loss of $(127,894) or $(0.03) per share in the same quarter last year.

Adjusted EBITDA in the first quarter of 2015 was ($1.5) million, compared to ($0.1) million in the same quarter the prior year.

As of March 31, 2015, cash and cash equivalents were $17.1 million, compared to $20.8 million at December 31, 2014.

2015 Financial Guidance

The Joint Corp. is adjusting full year 2015 revenue guidance due to the introduction of company owned or managed clinics in Professional Corporation (PC) states and their associated revenue treatment as detailed below, and is otherwise re-affirming the balance of its previously issued 2015 guidance including Adjusted EBITDA and the number of new clinic openings that it originally provided in March 2015. PC states are those states where clinical chiropractic services are owned and operated by a licensed chiropractor.

- Total revenues are expected to be in the range of $13 million to $14 million, a change from previous guidance of $14 million to $15 million. This change reflects the required treatment of certain revenue and related expenses associated with clinics operating in the 21 PC states. PC states are regulated by those states' chiropractic boards. This change has no impact on operating profit or Adjusted EBITDA.
- Adjusted EBITDA loss will remain in the range of $(7.1) million to $(7.5) million.
- Net new clinic openings will remain in the range of 65 to 75, including 38 to 42 company owned or managed clinics and 45 to 55 franchised clinics.

Conference Call

The Joint Corp. management will host a conference call at 5:00 p.m. ET on Thursday, May 14, 2015 to discuss results for the 2015 first quarter. The conference call will be accessible by dialing 844-464-3931 (U.S.) or 765-507-2604 (international), and referencing 31460212. A live webcast of the conference call will also be available on the investor relations section of the company's website at www.thejoint.com.

An audio replay will be available two hours after the conclusion of the call through May 21, 2015. The replay can be accessed by dialing (855) 859-2056 or (404) 537-3406. The passcode for the replay is 31460212.

Non-GAAP Financial Information

This earnings release includes a presentation of EBITDA and Adjusted EBITDA, which are non-GAAP financial measures. EBITDA and Adjusted EBITDA are presented because they are important measures used by management to assess financial performance, as management believes they provide a more transparent view of the Company's underlying operating performance and operating trends. Reconciliations of net loss to EBITDA and Adjusted EBITDA are presented within the tables below. The company defines adjusted EBITDA as EBITDA before acquisition-related expenses, as well as stock-based compensation expense. The company defines EBITDA as net income (loss) before net interest, taxes, depreciation and amortization expense.

EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income or cash flows from operations, as determined by accounting principles generally accepted in the United States, or GAAP. While EBITDA and Adjusted EBITDA are frequently used as measures of financial performance and the ability to meet debt service requirements, they are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the methods of calculation. EBITDA and Adjusted EBITDA should be reviewed in conjunction with the Company's financial statements filed with the SEC.

Forward-Looking Statements

This press release contains statements about future events and expectations that constitute forward-looking statements. Forward-looking statements are based on our beliefs, assumptions and expectations of industry trends, our future financial and operating performance and our growth plans, taking into account the information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results to differ materially from the expectations of future results we express or imply in any forward-looking statements and you should not place undue reliance on such statements. Factors that could contribute to these differences include, but are not limited to, our failure to develop or acquire corporate clinics as rapidly as we intend, our failure to profitably operate corporate clinics, and the factors described in "Risk Factors" in The Joint Corps.' Registration Statement on Form S-1. Words such as "anticipates", "believes", "continues", "estimates", "expects", "goal", "objectives", "intends", "may", "opportunity", "plans", "potential", "near-term", "long-term", "projections", "assumptions", "projects", "guidance", "forecasts", "outlook", "target", "trends", "should", "could", "would", "will" and similar expressions are intended to identify such forward-looking statements. We qualify any forward-looking statements entirely by these cautionary factors. We assume no obligation to update or revise any forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

About The Joint Corp.

Based in Scottsdale, Ariz., The Joint…the chiropractic place® is reinventing chiropractic care by making quality alternative healthcare affordable for patients seeking pain relief and ongoing wellness. Our membership plans and packages eliminate the need for insurance, and our no-appointment policy, convenient hours and locations make care more accessible. The Joint performs more than two million spinal adjustments a year across 253 clinics nationwide. For more information, visit www.thejoint.com, follow us on Twitter @thejointchiro and find us on Facebook, YouTube and LinkedIn.

THE JOINT CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2015	December 31, 2014
ASSETS	**(unaudited)**	**(audited)**
Current assets:		
Cash and cash equivalents	$ 17,082,930	$ 20,796,783
Restricted cash	338,561	224,576
Accounts receivable, net	775,669	704,905
Income taxes receivable	395,814	395,814
Note receivable - current portion	24,598	27,528
Deferred franchise costs - current portion	579,800	622,800
Deferred tax asset - current portion	208,800	208,800
Prepaid expenses and other current assets	80,326	375,925
Total current assets	19,486,498	23,357,131
Property and equipment, net	1,587,544	1,134,452
Note receivable	27,942	31,741
Deferred franchise costs, net of current portion	2,432,900	2,574,450
Intangible assets, net	1,084,583	153,000
Goodwill	1,821,040	636,104
Deposits and other assets	86,051	585,150
Total assets	$ 26,526,558	$ 28,472,028
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,575,614	$ 1,271,405
Co-op funds liability	298,561	186,604
Payroll liabilities	627,467	617,944
Note payable - current portion	115,000	--
Deferred rent - current portion	98,053	93,398
Deferred revenue - current portion	2,008,106	1,957,500
Other current liabilities	41,575	50,735
Total current liabilities	4,764,376	4,177,586
Note payable - net of current portion	140,000	--
Deferred rent, net of current portion	432,317	451,766
Deferred revenue, net of current portion	7,037,500	7,915,918

Other liabilities	296,448	299,405
Total liabilities	12,670,641	12,844,675
Commitment and contingencies		
Stockholders' equity:		
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of March 31, 2015, and December 31, 2014	--	--
Common stock, $0.001 par value; 20,000,000 shares authorized, 10,265,019 shares issued and 9,731,019 shares outstanding as of March 31, 2015 and 10,196,502 shares issued and 9,662,502 outstanding as of December 31, 2014	10,265	10,197
Additional paid-in capital	21,553,194	21,420,975
Treasury stock (534,000 shares, at cost)	(791,638)	(791,638)
Accumulated deficit	(6,915,904)	(5,012,181)
Total stockholders' equity	13,855,917	15,627,353
Total liabilities and stockholders' equity	$ 26,526,558	$ 28,472,028

THE JOINT CORP. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Royalty fees	$ 1,015,513	$ 608,327
Franchise fees	348,000	464,000
Revenues and management fees from company clinics	387,453	--
Advertising fund revenue	285,516	86,734
IT related income and software fees	203,975	199,625
Regional developer fees	217,500	108,750
Other income	49,941	45,401
Total revenues	2,507,898	1,512,837
Cost of revenues:		
Franchise cost of revenues	507,566	458,776
IT cost of revenues	37,695	71,748
Total cost of revenues	545,261	530,524
Selling and marketing expenses	967,024	119,944
Depreciation and amortization	122,596	40,066
General and administrative expenses	2,788,240	979,690
Total selling, general and administrative expenses	3,877,860	1,139,700
Loss from operations	(1,915,223)	(157,387)
Other expense	11,500	--
Loss before income tax benefit	(1,903,723)	(157,387)
Income tax benefit	--	29,493
Net loss	$ (1,903,723)	$ (127,894)
Loss per share:		
Basic and diluted loss per share	$ (0.20)	$ (0.03)
Basic and diluted weighted average common shares outstanding	9,662,502	4,811,561
Non-GAAP Financial Data:		
Net loss	(1,903,723)	(127,894)
Interest expense	528	--

Depreciation and amoritzation expense	122,596	40,066
Tax expense (benefit) penalties and interest	--	(29,493)
EBITDA	(1,780,599)	(117,321)
Stock compensation	132,287	15,600
Acquisition related expenses	142,709	--
Adjusted EBITDA	(1,505,603)	(101,721)

THE JOINT CORP. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2015	**2014**
	(unaudited)	**(unaudited)**
Net loss	$ (1,903,723)	$ (127,894)
Adjustments to reconcile net loss to net cash	84,730	55,664
Changes in operating assets and liabilities	475,932	122,009
Net cash (used in) provided by operating activities	(1,343,061)	49,779
Net cash used in investing activities	(2,370,792)	(542,654)
Net cash used in financing activities	--	--
Net decrease in cash	$ (3,713,853)	$ (492,875)

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Source: The Joint Corp.