



# Q4 2022 Financial Results

As of December 31, 2022 | Reported on March 9, 2023

# Safe Harbor Statements

Certain statements contained in this presentation are "forward-looking statements" about future events and expectations. 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, our inability to identify and recruit enough qualified chiropractors and other personnel to staff our clinics, due in part to the nationwide labor shortage, and an increase in operating expenses due to measures we may need to take to address such shortage, inflation, exacerbated by COVID-19 and the current war in Ukraine, which has increased our costs and which could otherwise negatively impact our business, the potential for further disruption to our operations and the unpredictable impact on our business of the COVID-19 outbreak and outbreaks of other contagious diseases, our failure to develop or acquire company-owned or managed clinics as rapidly as we intend, our failure to profitably operate company-owned or managed clinics, short-selling strategies and negative opinions posted on the internet which could drive down the market price of our common stock and result in class action lawsuits, our failure to remediate future material weaknesses in our internal control over financial reporting, which could negatively impact our ability to accurately report our financial results, prevent fraud, or maintain investor confidence, and other factors described in our filings with the SEC, including in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 expected to be filed with the SEC on March 10, 2023 and subsequently-filed current and quarterly reports. 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.

## Business Structure

The Joint Corp. is a franchisor of clinics and an operator of clinics in certain states. In Arkansas, California, Colorado, District of Columbia, Florida, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, West Virginia and Wyoming, The Joint Corp. and its franchisees provide management services to affiliated professional chiropractic practices.



**Our mission is to improve quality of life through routine and affordable chiropractic care.**

**The Joint is revolutionizing care by making it affordable, convenient and accessible.**

Leadership  
Culture  
Chiropractic



# Strong Operational KPIs

**12.2M**

adjustments  
in 2022

Up from 10.9M in 2021

**1.6M**

unique patients  
treated in 2022

Up from 1.4M in 2021

**845K**

new patients  
in 2022

Compared to 807K in 2021

**34%**

of new patients  
were new to chiropractic<sup>1</sup>

~287K patients  
had never been to a  
chiropractor before in 2022

**84%**

system-wide gross sales from  
monthly memberships in 2022

Compared to 85% in 2021



<sup>1</sup> New patient survey completed early 2023.

# Accelerating Momentum Closing 2022

**21%**

Increase in system-wide sales 2022 over 2021

**9%**

Increase in comp sales<sup>1</sup> for all clinics >13 months in operation 2022 over 2021

**4%**

Increase in comp sales<sup>1</sup> for all clinics >48 months in operation 2022 over 2021

	2022	2021
Revenue	\$101.9M	\$80.9M
Operating Income	\$2.1M	\$5.4M
Net Income	\$1.2M	\$6.6M
Adjusted EBITDA <sup>2</sup>	\$11.5M	\$12.6M

Unrestricted cash \$9.7M at Dec. 31, 2022, compared to \$19.5M at Dec. 31, 2021, reflecting continued investment strategy



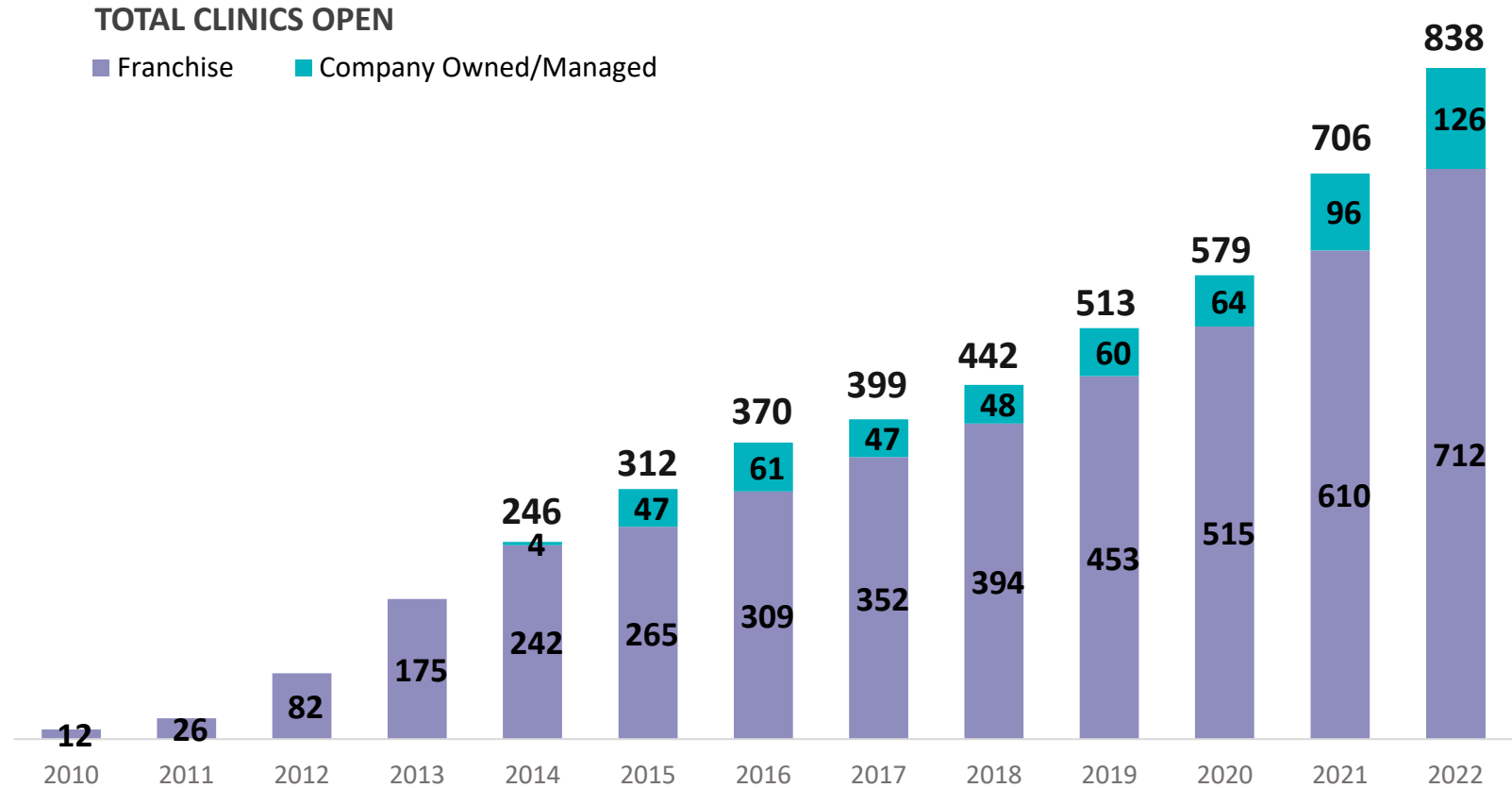
<sup>1</sup>Comparable sales include only the sales from clinics that have been open at least 13 or 48 full months and exclude any clinics that have permanently closed.

<sup>2</sup> Reconciliation of Adjusted EBITDA to GAAP earnings is included in the Appendix.

	2021	2022
Franchise Licenses Sold	156	75
Total New Franchised Clinics Opened	110	121
Greenfield Clinics Opened	20	16
Franchised Clinics Acquired, Net <sup>1</sup>	12	14
Clinics in Development	283	235



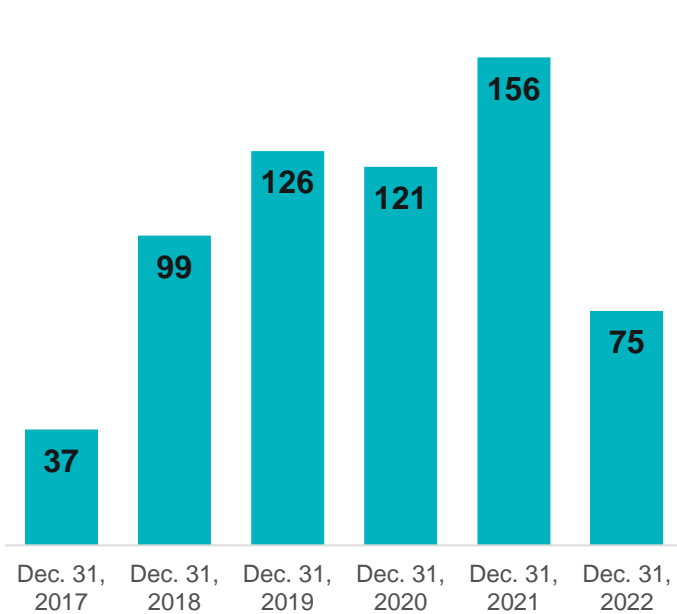
# Opened Record 137 Clinics in 2022, Up from 130 in 2021



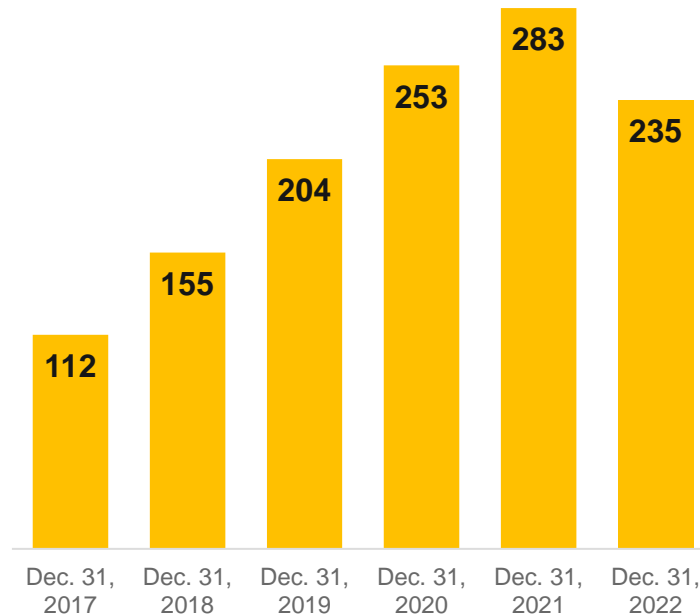
<sup>1</sup> During 2022, the company acquired 16 previously owned franchised clinics and sold 2 company-owned or managed clinics to franchisees.

# Solid Foundation for Growth

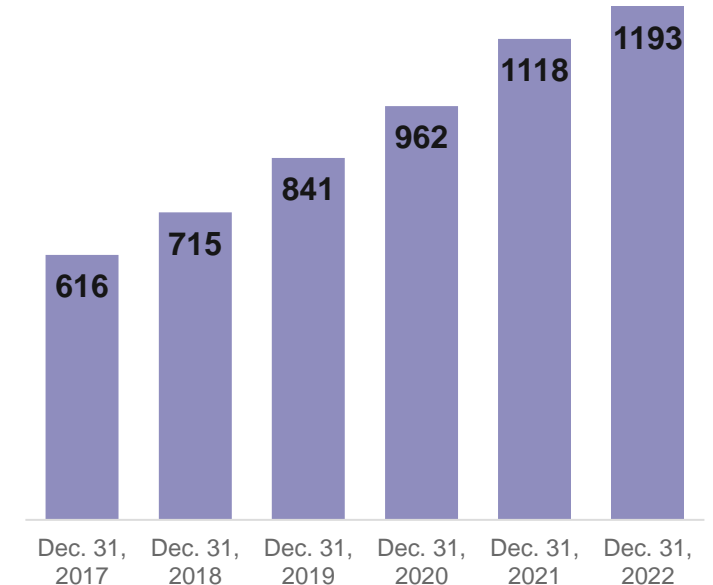
Franchise Licenses Sold Annually



Clinics in Active Development<sup>1</sup>



Gross Cumulative Franchise Licenses Sold<sup>1</sup>



67% sold by Regional Developers in 2022

69% of clinics supported by 18 RDs as of Dec. 31, 2022

RD territories cover 55% of Metropolitan Statistical Areas (MSAs) as of Dec. 31, 2022



<sup>1</sup> Of the 1,193 franchise licenses sold as of December 31, 2022, 235 are in active development, 712 are currently operating and the balance represents terminated/closed licenses.



# Top Franchise Recognition... Again





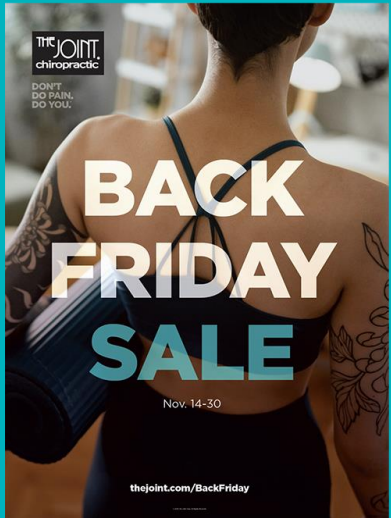
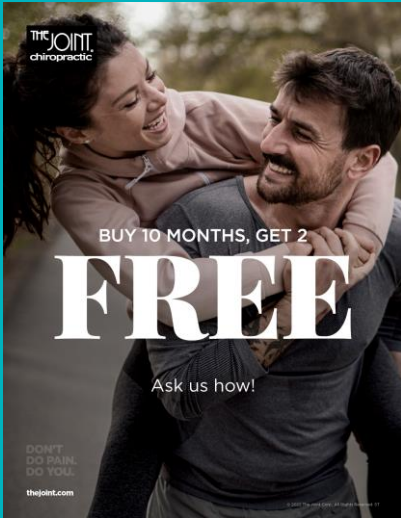
# Marketing Driving Growth

## “Give Thanks, Give Back” Social Campaign Sweepstakes

- 2,700% increase in engagement by our patients and followers

## Annual Promotions

- “Back Friday” package sale up 32% over 2021
- “End-of-Year” membership sale up 44% over 2021



# Q4 2022 Financial Results

<i>\$ in M<sup>1</sup></i>	Q4 2022	Q4 2021	Differences	
Revenue	\$27.8	\$22.1	\$5.7	26%
• Corporate clinics	16.5	11.8	4.7	20%
• Franchise fees	11.3	10.3	1.0	13%
Cost of revenue	2.6	2.4	0.2	8%
Sales and marketing	3.3	2.9	0.4	13%
Depreciation and amortization	2.3	1.8	0.5	27%
G&A	18.3	14.9	3.4	23%
Operating Income	1.3	0.0	1.2	-
Tax Expense	0.7	0.4	0.3	88%
Net Income	0.5	(0.4)	0.9	-
Adj. EBITDA <sup>2</sup>	4.0	2.1	2.0	91%



<sup>1</sup> Due to rounding, numbers may not add up precisely to the totals.

<sup>2</sup> Reconciliation of Adjusted EBITDA to GAAP earnings is included in the Appendix.

# 2022 Financial Results

<i>\$ in M<sup>1</sup></i>	2022	2021	Differences	
Revenue	\$101.9	\$80.9	\$21.1	26%
• Corporate clinics	59.4	44.4	15.1	34%
• Franchise fees	42.5	36.5	6.0	16%
Cost of revenue	9.8	8.5	1.3	15%
Sales and marketing	14.0	11.4	2.5	22%
Depreciation and amortization	7.6	6.1	1.6	26%
G&A	68.0	49.5	18.5	37%
Operating Income	2.1	5.4	(3.3)	(61)%
Tax Expense/(Benefit)	0.8	(1.3)	2.1	(159)%
Net Income	1.2	6.6	(5.4)	(82)%
Adj. EBITDA <sup>2</sup>	11.5	12.6	(1.1)	(9)%



<sup>1</sup> Due to rounding, numbers may not add up precisely to the totals.

<sup>2</sup> Reconciliation of Adjusted EBITDA to GAAP earnings is included in the Appendix.

# Presenting 2023 Financial Guidance

<i>\$ in M</i>	2022 Actual	2023 Low Guidance	2023 High Guidance
Revenues	\$101.9	\$123.0	\$128.0
Adjusted EBITDA <sup>1</sup>	\$11.5	\$12.5	\$14.0
New Franchised Clinic Openings	121	100	120
New Greenfield Clinics <sup>2</sup>	16	8	12



<sup>1</sup> Reconciliation of Adjusted EBITDA to GAAP earnings is included in the appendix.

<sup>2</sup> Historically, company-owned or managed clinic openings included a combination of both greenfields and acquisitions. The company will continue to acquire previously franchised clinics. However, as these transactions are opportunistic, management will no longer include the acquired clinic estimate in guidance. To provide greater clarity, the 2023 company-owned or managed guidance includes greenfield clinic openings only.

People will continue to seek more noninvasive, holistic ways to manage their pain.

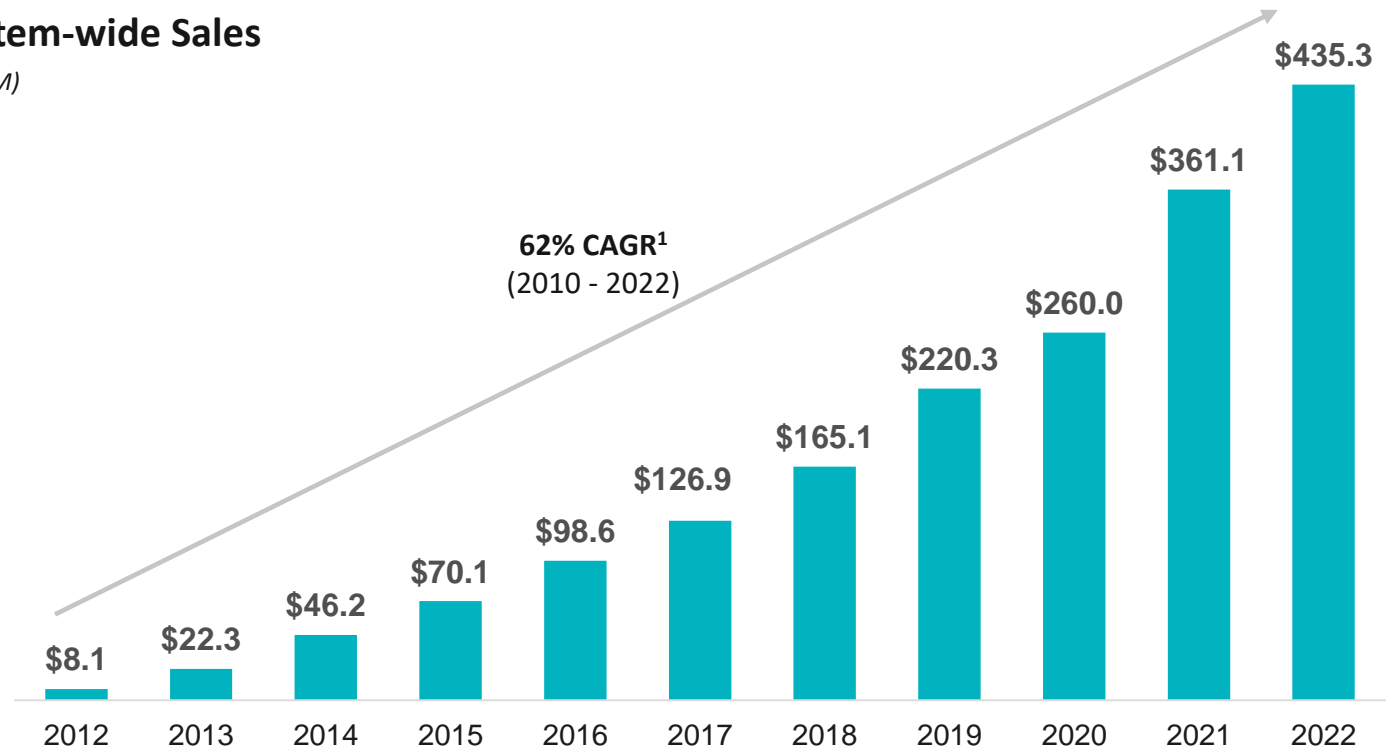
We'll be there to treat them.



# Leading Market Growth

The Joint Corp. 12-yr. CAGR 62%<sup>1</sup> vs. Industry CAGR 4.3%<sup>2\*</sup>

System-wide Sales  
(\$ in M)



<sup>1</sup> For the period ended Dec. 31, 2022 | <sup>2</sup> June 2022 Kentley Insights Chiropractic Care Market Research Report

# Three Enterprise Initiatives to Advance Growth

## Forging the Chiropractic Dream



## Harnessing the Power of Our Data



## Accelerating the Pace of Clinic Growth





# Driving Long-term Shareholder Value

The most powerful brand-building tool is our storefronts.





# Appendix



Source:

<https://www.fda.gov/oc/ohrt/>

# Performance Metrics and Non-GAAP Measures

This presentation includes commonly discussed performance metrics. System-wide sales include sales at all clinics, whether operated by the company or by franchisees. While franchised sales are not recorded as revenues by the company, management believes the information is important in understanding the company's financial performance, because these sales are the basis on which the company calculates and records royalty fees and are indicative of the financial health of the franchisee base. Comp sales include the sales from both company-owned or managed clinics and franchised clinics that in each case have been open at least 13 full months and exclude any clinics that have closed.

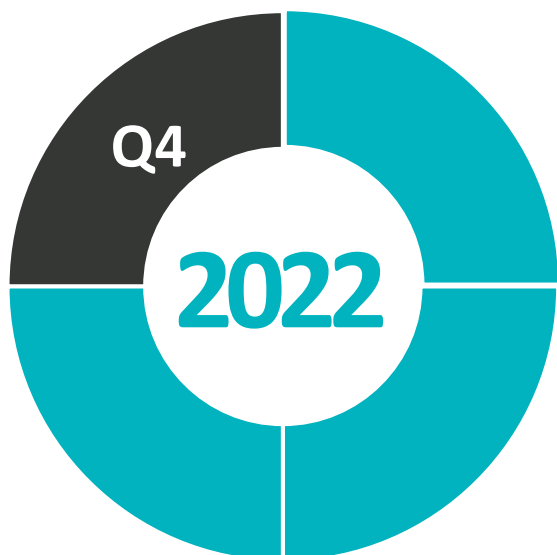
This presentation includes non-GAAP financial measures. EBITDA and Adjusted EBITDA are presented because they are important measures used by management to assess financial performance, as management believes they provide a more transparent view of the Company's underlying operating performance and operating trends than GAAP measures alone. Reconciliations of net loss to EBITDA and Adjusted EBITDA are presented where applicable. The Company defines EBITDA as net income/(loss) before net interest, tax expense, depreciation, and amortization expenses. The Company defines Adjusted EBITDA as EBITDA before acquisition-related expenses, bargain purchase net gain, gain/(loss) on disposition or impairment, and stock-based compensation expenses.

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.



# Q4 2022 Segment Results as of Dec. 31, 2022

\$ in 000s



<b>Total Revenues</b>	
<b>Total Operating Costs</b>	
<b>Operating Income (Loss)</b>	
<b>Other Income (Expense), net</b>	
<b>Income (Loss) Before Income Tax Expense</b>	
<b>Total Income Taxes</b>	
<b>Net Income (Loss)</b>	
<b>Net Interest</b>	
<b>Income Taxes</b>	
<b>Total Depreciation and Amortization Expense</b>	
<b>EBITDA</b>	
<b>Stock Based Compensation Exp</b>	
<b>Bargain Purchase Gain</b>	
<b>Loss on Disposition/Impairment</b>	
<b>Acquisition Expenses</b>	
<b>Adjusted EBITDA</b>	

	Corporate Clinics	Franchise Operations	Unallocated Corporate	The Joint Consolidated
\$	16,486	\$ 11,317	\$ 10	<b>\$ 27,813</b>
	(16,956)	(5,534)	(4,043)	(26,533)
	(470)	5,783	(4,033)	1,280
	(1)	-	(71)	(72)
	(471)	5,783	(4,105)	1,207
	-	-	660	660
	(471)	5,783	(4,765)	<b>547</b>
	1	-	71	72
	-	-	660	660
	2,012	195	96	2,303
	1,542	5,978	(3,937)	<b>3,582</b>
	-	-	304	304
	-	-	-	-
	27	-	23	50
	-	-	32	32
	1,569	5,978	(3,578)	<b>3,968</b>

# 2022 Segment Results as of Dec. 31, 2022

\$ in 000s



<b>Total Revenues</b>	
<b>Total Operating Costs</b>	
<b>Operating Income (Loss)</b>	
<b>Other Income (Expense), net</b>	
<b>Income (Loss) Before Income Tax Expense</b>	
<b>Total Income Taxes</b>	
<b>Net Income (Loss)</b>	
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<b>Stock Based Compensation Exp</b>	
<b>Bargain Purchase Gain</b>	
<b>Loss on Disposition/Impairment</b>	
<b>Acquisition Expenses</b>	
<b>Adjusted EBITDA</b>	

Corporate Clinics	Franchise Operations	Unallocated Corporate	The Joint Consolidated
\$ 59,423	\$ 42,477	\$ 12	\$ 101,911
(60,310)	(22,890)	(16,634)	(99,835)
(887)	19,586	(16,622)	2,077
(4)	-	(129)	(133)
(892)	19,586	(16,751)	1,944
-	-	767	767
(892)	19,586	(17,518)	1,177
4	-	129	133
-	-	767	767
6,555	744	345	7,644
5,668	20,331	(16,277)	9,721
-	-	1,274	1,274
-	-	-	-
387	-	23	410
-	-	110	110
6,055	20,331	(14,870)	11,515

# GAAP – Non-GAAP Reconciliation

\$ in 000s

	Q1-21	Q2-21	Q3-21	Q4-21	FY21	Q1-22	Q2-22	Q3-22	Q4-22	FY22
Total Revenue	17,548	20,219	20,992	22,101	80,860	22,439	25,057	26,603	27,813	101,911
Total Cost of Revenue	1,765	2,039	2,300	2,410	8,514	2,313	2,427	2,490	2,600	9,830
<b>Gross Profit</b>	<b>\$ 15,783</b>	<b>\$ 18,180</b>	<b>\$ 18,691</b>	<b>\$ 19,691</b>	<b>\$ 72,346</b>	<b>\$ 20,126</b>	<b>\$ 22,630</b>	<b>\$ 24,113</b>	<b>\$ 25,212</b>	<b>\$ 92,081</b>
Sales & Marketing	2,489	3,133	2,882	2,921	11,424	3,287	3,840	3,539	3,296	13,963
Depreciation/Amortization Expense	1,170	1,443	1,662	1,814	6,089	1,629	1,700	2,012	2,303	7,644
Other Operating Expenses	10,186	11,611	12,812	14,936	49,546	15,379	16,589	18,056	18,307	68,330
Total Other Income (Expense)	13	25	(13)	(29)	(4)	(23)	(48)	(30)	(100)	(201)
Total Income Taxes	(364)	(666)	(614)	351	(1,293)	13	109	(16)	660	767
<b>Net Income (Loss)</b>	<b>\$ 2,315</b>	<b>\$ 2,684</b>	<b>\$ 1,937</b>	<b>\$ (360)</b>	<b>\$ 6,576</b>	<b>\$ (206)</b>	<b>\$ 345</b>	<b>\$ 491</b>	<b>\$ 547</b>	<b>\$ 1,177</b>
Net Interest	22	16	16	16	70	16	19	25	72	133
Income Taxes	(364)	(666)	(614)	351	(1,293)	13	109	(16)	660	767
Depreciation and Amortization Expense	1,170	1,443	1,662	1,814	6,089	1,629	1,700	2,012	2,303	7,644
<b>EBITDA</b>	<b>\$ 3,142</b>	<b>\$ 3,477</b>	<b>\$ 3,001</b>	<b>\$ 1,821</b>	<b>\$ 11,441</b>	<b>\$ 1,453</b>	<b>\$ 2,174</b>	<b>\$ 2,512</b>	<b>\$ 3,582</b>	<b>\$ 9,721</b>
Stock Based Compensation	246	284	297	229	1,056	324	340	306	304	1,274
(Gain) Loss on Disposition/Impairment	65	(44)	(4)	10	27	7	89	264	50	410
Acquisition Expenses	6	39	3	20	69	(0)	32	47	32	110
<b>Adjusted EBITDA</b>	<b>\$ 3,459</b>	<b>\$ 3,756</b>	<b>\$ 3,297</b>	<b>\$ 2,080</b>	<b>\$ 12,593</b>	<b>\$ 1,783</b>	<b>\$ 2,635</b>	<b>\$ 3,129</b>	<b>\$ 3,968</b>	<b>\$ 11,515</b>



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