



# Q2 2021 Financial Results

As of June 30, 2021 | Reported on August 5, 2021

# Safe Harbor Statement

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, but are not limited to, the continuing impact of the COVID-19 outbreak on the economy and our operations (including temporary clinic closures, shortened business hours and reduced patient demand), 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, and the other factors described in "Risk Factors" in our Annual Report on Form 10-K as filed with the SEC for the year ended December 31, 2020, as updated or revised for any material changes described in any subsequently-filed Quarterly Reports on Form 10-Q or other SEC filings. We anticipate filing our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 on or around August 6, 2021. 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, Massachusetts, 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.



# Revolutionizing Access to Chiropractic Care

As an essential healthcare service, The Joint Chiropractic's mission is to improve the quality of life through routine and affordable chiropractic care.

**BUILD  
BRAND**



**INCREASE  
AWARENESS**



**DELIVER EXCEPTIONAL  
PATIENT EXPERIENCE**



**OPEN  
NEW CLINICS**



# Record Breaking Quarter

**64%**

Increase in system-wide sales Q2 2021 over Q2 2020

**53%**

Increase in comp sales<sup>1</sup> for all clinics >13 months in operation Q2 2021 over Q2 2020

**44%**

Increase in comp sales<sup>1</sup> for all clinics >48 months in operation Q2 2021 over Q2 2020

	Q2 2021	Change from Q2 2020
Revenue	\$20.2M	Up 61%
Op. Income	\$2.0M	Up 687%
Adjusted EBITDA <sup>2</sup>	\$3.8M	Up 237%

Unrestricted cash \$18.5M at June 30, 2021, compared to \$20.6M Dec. 31, 2020



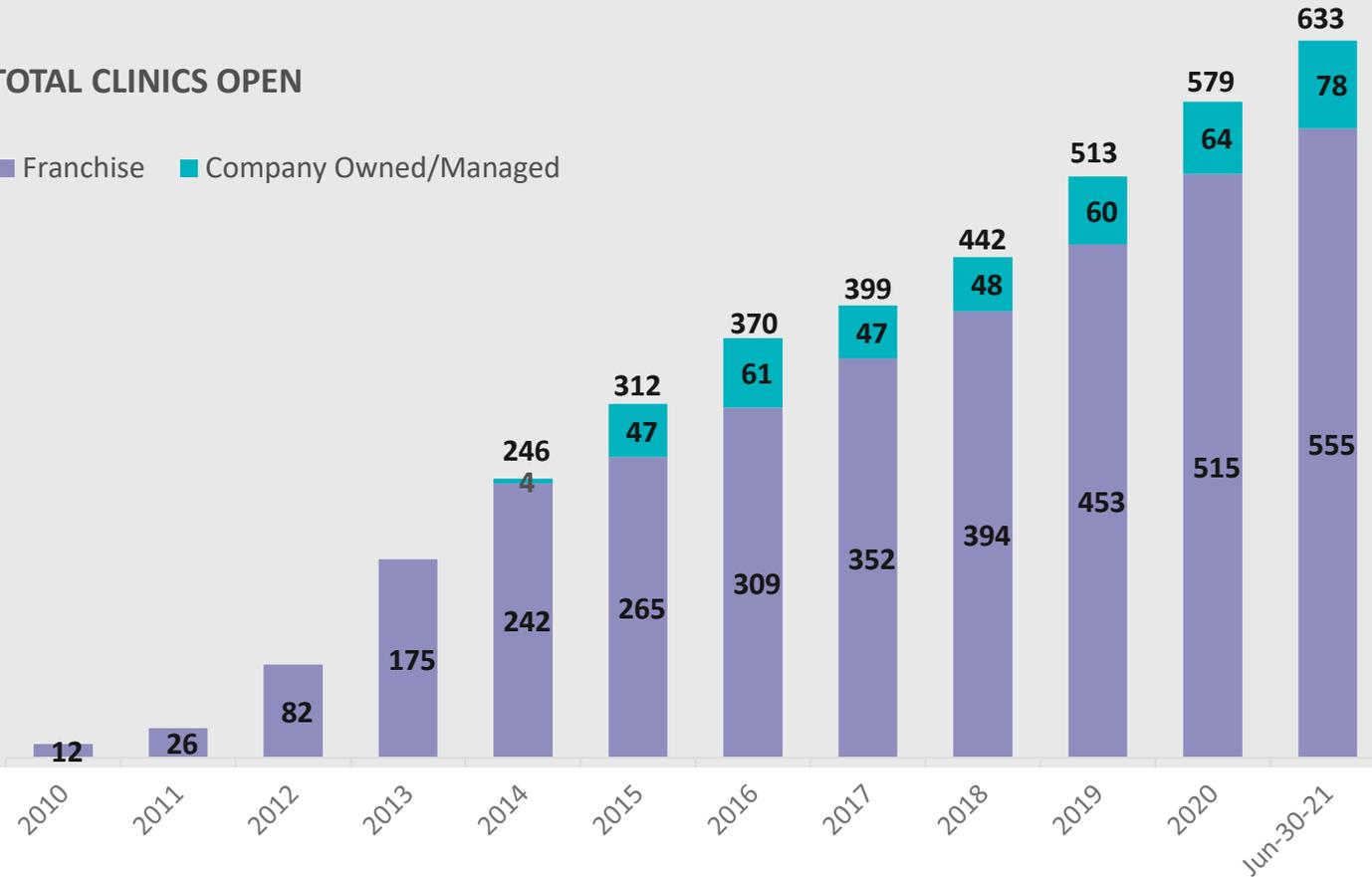
<sup>1</sup>Comparable sales include only the sales from clinics that have been open at least 13 or 48 full months and exclude any clinics that have permanently closed.  
<sup>2</sup> Reconciliation of Adjusted EBITDA to GAAP earnings is included in the Appendix.

# Record 41 Clinics Opened in Q2 2021 Driving to 1,000 Clinics by the End of 2023

	Q2 2020	Q2 2021
Franchise Licenses Sold	11	63
Total New Franchised Clinics Opened	12	36
Greenfield Clinics Opened	1	5
Franchised Clinics Acquired	0	8
Clinics in Development	209	282

TOTAL CLINICS OPEN

Franchise Company Owned/Managed



# Bringing Chiropractic Care to Military Bases



EXCHANGE



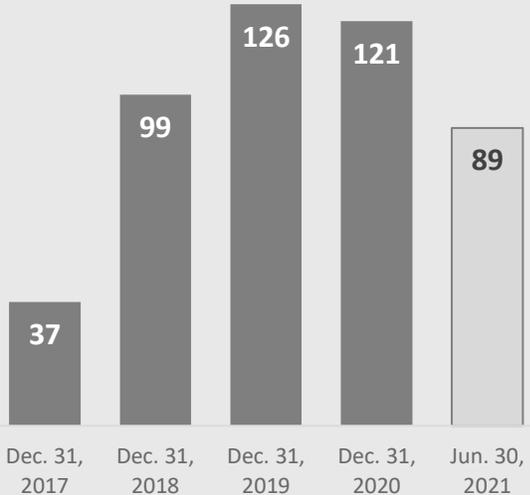
*Army & Air Force Exchange Service*

## **Natural Extension of Commitment to Military**

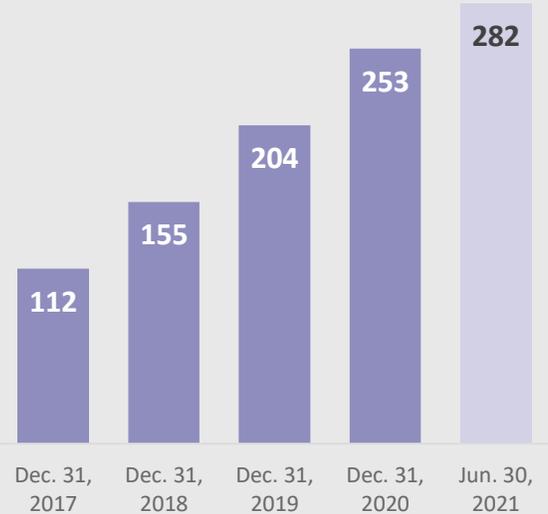
- 33M active-duty and retired service members and their families, along with disabled veterans and government civilians who work on military installations
- Initial target clinic sites: Phoenix, Tampa, and New Jersey
- AAFES operating
  - 4,900+ facilities
  - 30+ countries, 50 states, 4 U.S. territories and D.C.

# Record 63 Franchise Licenses Sold in Q2 2021

Franchise Licenses Sold Annually



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



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



- 87% sold by RDs in 2021
- 70% of clinics supported by 21 RDs at June 30, 2021
- RDs cover 59% of Metropolitan Statistical Areas (MSAs) at June 30, 2021



<sup>1</sup> Of the 1,051 franchise licenses sold as of June 30, 2021, 282 are in active development, 633 are currently operating and the balance represents terminated/closed licenses.

# Surging New Patient Acquisition in Q2

### POOR POSTURE CAN CAUSE OR COMPOUND:

- Headaches and migraines
- Digestion problems
- Arthritis
- Respiratory issues
- Poor circulation



### BENEFITS OF GOOD POSTURE:

- Lower risk of back and neck pain
- Better balance and coordination
- Higher energy levels
- Reduced stress and anxiety
- Optimism and positivity



To find a chiropractor near you and to learn more about how chiropractic care can help you achieve and maintain good posture visit [thejoint.com/posture](http://thejoint.com/posture)

## PERFECT YOUR POSTURE

THE JOINT chiropractic



### A Healthy Spine Is Critical To Maintaining Good Posture

While back problems are what most people associate with poor posture, those issues are just the tip of the iceberg.

Perhaps you have one shoulder higher than the other or a tilted pelvis – over time, these imbalances can have a serious impact on the body's central nervous system.

That's where chiropractic comes in. Chiropractors can help improve posture by adjusting the spine, strengthening the supporting muscles and soft tissue in the neck and upper back, and educating people on ways to maintain proper posture.



The information, including but not limited to, text, graphics, images and other material contained on this page are for informational purposes only. The purpose of this post is to promote broad consumer understanding and knowledge of certain health topics, including but not limited to the benefits of chiropractic care, exercise and posture. It is not intended to provide or be substituted for professional medical advice, diagnosis or treatment. Always seek the advice of your chiropractor, physician or other qualified health care provider with any questions you may have regarding a medical condition or treatment and to be sure understanding a new health care regimen, and never disregard professional medical advice or delay in seeking it because of something you have read on this page.



**18%** of the workforce telecommutes on a full-time basis

*\*HELPFUL HINT\* Leave your workspace once an hour (at a minimum) to avoid potential back & neck issues.*



**1 in 10** people have taken on a DIY project during the pandemic

*\*HELPFUL HINT\* When using a ladder, keep your body centered, with three points of contact.*



Forward head posture can result in increased pressure on the neck by

**60 lbs**

*\*HELPFUL HINT\* Don't forget to stretch. Stretching can help loosen tight muscles and increase mobility.*

## Multiple Factors Driving Momentum on New Patient Counts

- **April, May, June:** Monthly records for New Patient acquisition
- **May:** External campaign promoting chiropractic and posture (see infographic)
- **June:** Win-back direct marketing campaign to inactive patients
- **Ongoing:** Improved digital lead nurturing at the clinic level

# Successfully Launched New IT Platform

Successfully  
launched  
Axis 1.0  
in July



# Record Q2 2021 Financial Results

<i>\$ in M<sup>1</sup></i>	Q2 2021	Q2 2020	Differences	
Revenue	\$20.2	\$12.6	\$7.6	61%
• Corporate clinics	11.4	6.9	4.5	67%
• Franchise fees	8.8	5.7	3.1	53%
Cost of revenue	2.0	1.4	0.6	49%
Sales and marketing	3.1	1.8	1.3	76%
Depreciation and amortization	1.4	0.7	0.7	108%
G&A	11.6	8.5	3.1	36%
Operating Income	2.0	0.3	1.7	687%
Tax Benefit	0.7	(0.1)	0.8	8X
Net Income/(Loss)	2.7	0.1	2.6	26X
Adj. EBITDA <sup>2</sup>	3.8	1.1	2.6	237%



<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.

# YTD June 30, 2021 Financial Results

<i>\$ in M<sup>1</sup></i>	YTD June 30, 2021	YTD June 30, 2020		Differences
Revenue	\$37.8	\$26.2	\$11.6	44%
• Corporate clinics	20.9	14.1	6.8	48%
• Franchise fees	16.9	12.1	4.8	40%
Cost of revenue	3.8	2.9	0.9	33%
Sales and marketing	5.6	3.8	1.8	46%
Depreciation and amortization	2.6	1.3	1.3	94%
G&A	21.7	17.2	4.5	26%
Operating Income	4.0	1.0	3.0	296%
Tax Benefit	1.0	(0.1)	1.1	11X
Net Income/(Loss)	5.0	0.9	4.1	4X
Adj. EBITDA <sup>2</sup>	7.2	2.8	4.4	160%

*Unrestricted cash \$18.5M at June 30, 2021, compared to \$20.6M at Dec. 31, 2020*



<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.

# Raising All Elements of 2021 Guidance

<i>\$ in M</i>	2020 Actual	2021 Low Guidance	2021 High Guidance	Midpoint 2021 vs 2020
Revenues <sup>1</sup>	\$58.7	\$77.0	\$79.0	Up 33%
Adjusted EBITDA <sup>1,2</sup>	\$9.1	\$12.5	\$13.5	Up 43%
New Franchised Clinic Openings <sup>1</sup>	70	90	110	Up 57%
New Company-owned/Managed Clinics <sup>1,3</sup>	4	25	35	7.5X greater

<sup>1</sup> The guidance provided on May 6, 2021: Revenue expected between \$73.5M and \$77.5M; d Adjusted EBITDA expected between \$11.0M and \$12.5M; new franchised clinic openings between 80 and 100, and new company-owned/managed clinics between 20 and 30.

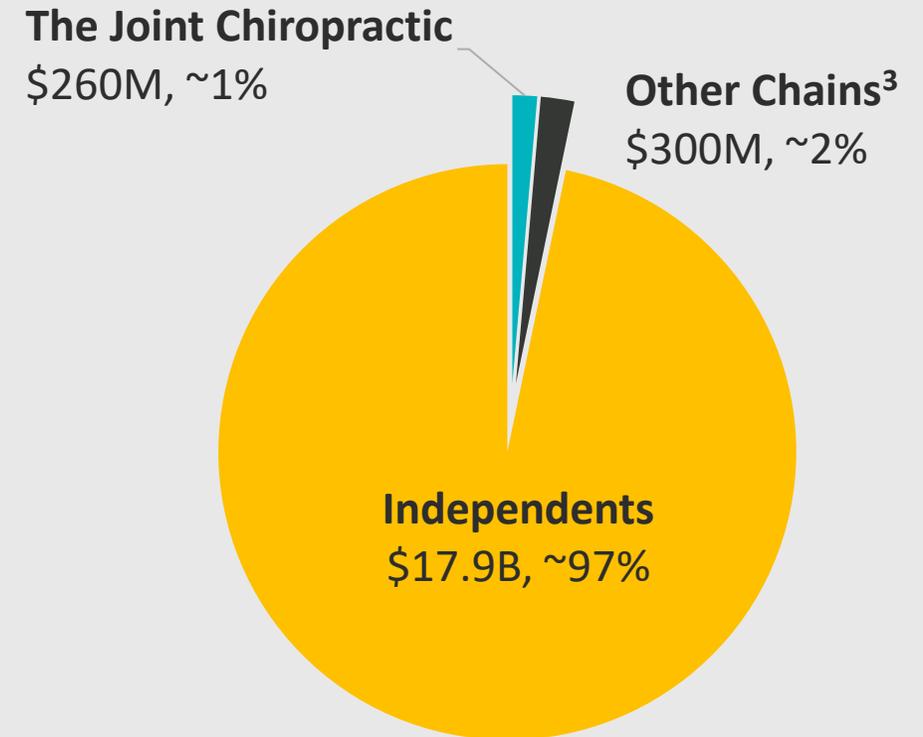
<sup>2</sup> Reconciliation of Adjusted EBITDA to GAAP earnings is included in the appendix.

<sup>3</sup> Through a combination of both greenfields and buybacks.



# Substantial Opportunity for Market Share Growth

- Annual spending on back pain: \$90B<sup>1</sup>
- Chiropractic care: \$18B<sup>2</sup>
- Total chains make up ~3% of chiropractic<sup>3</sup>
- By contrast, dentistry chains (DSOs) account for nearly 12%<sup>4</sup>



# Resilient Business Model Drives Long-term Growth

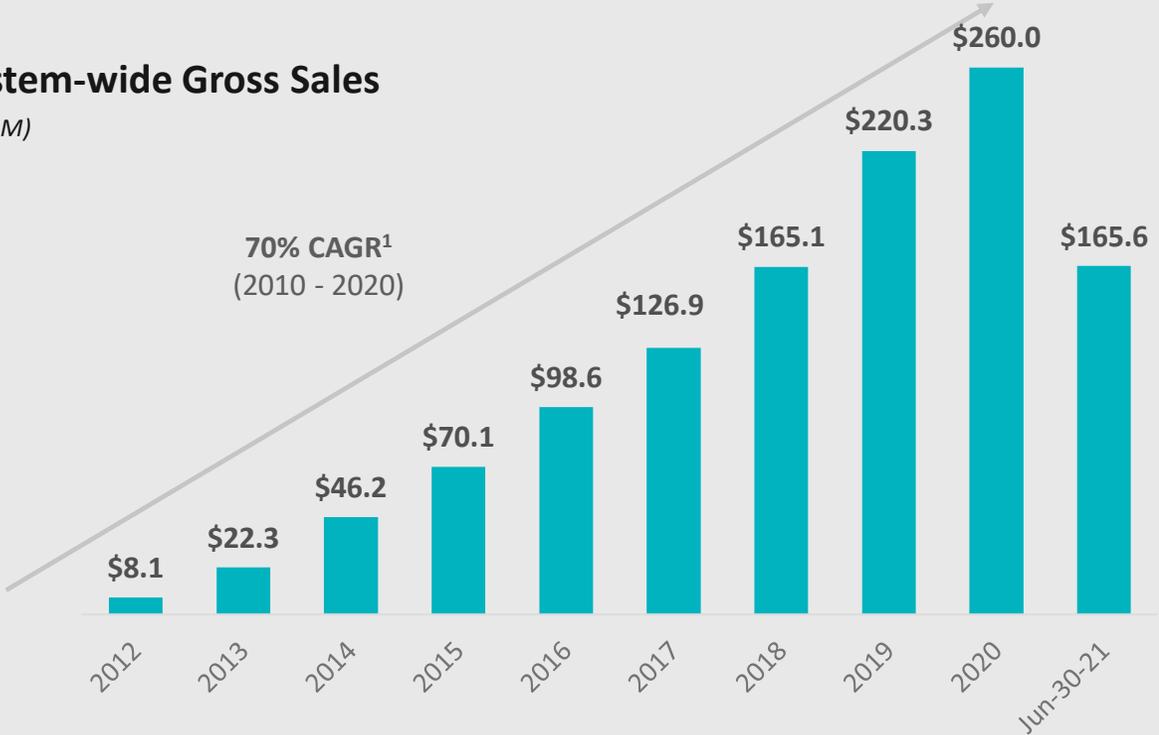
People will continue to seek more noninvasive, holistic ways to manage their pain.

We'll be there to treat them.

The Joint Corp. 10-yr. CAGR 70%<sup>1</sup> vs. Industry CAGR 5.4%<sup>2\*</sup>

### System-wide Gross Sales

(\$ in M)



<sup>1</sup> For the period ended Dec. 31, 2020 | <sup>2</sup> June 2021 Kentley Insights Chiropractic Care Market Research Report

# Non-GAAP Measure Definition

This presentation includes non-GAAP financial measures. 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.

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.

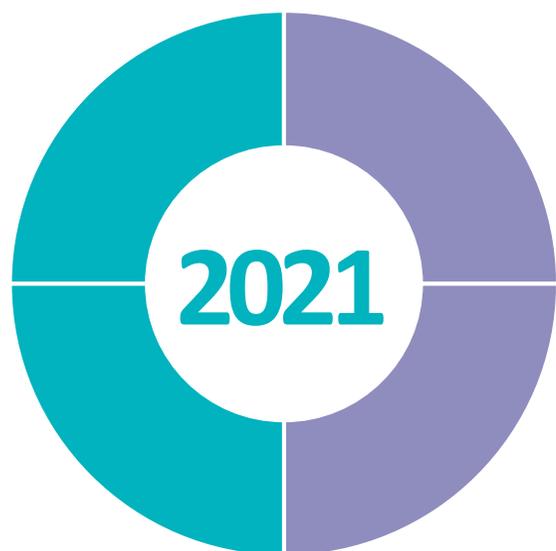
# Q2 2021 Segment Results



Total Revenues	\$ 11,432
Total Operating Costs	(9,607)
Operating Income (Loss)	1,825
Other Income (Expense), net	(2)
Income (Loss) Before Income Tax Expense	1,823
Total Income Taxes	-
Net Income (Loss)	1,823
Net Interest	2
Income Taxes	-
Total Depreciation and Amortization Expense	1,248
EBITDA	3,073
Stock Based Compensation Exp	-
Bargain Purchase Gain	-
(Gain) Loss on Disposition/Impairment	(44)
Acquisition Expenses	-
Adjusted EBITDA	3,029

Corporate Clinics	Franchise Operations	Unallocated Corporate	The Joint Consolidated
\$ 11,432	\$ 8,785	\$ 1	\$ 20,219
(9,607)	(4,903)	(3,674)	(18,184)
1,825	3,882	(3,673)	2,034
(2)	-	(14)	(16)
1,823	3,882	(3,687)	2,018
-	-	(666)	(666)
1,823	3,882	(3,021)	2,684
2	-	14	16
-	-	(666)	(666)
1,248	0	195	1,443
3,073	3,883	(3,478)	3,477
-	-	284	284
-	-	-	-
(44)	-	-	(44)
-	-	39	39
3,029	3,883	(3,155)	3,756

# YTD June 30, 2021 Segment Results



Total Revenues	\$ 20,901	\$ 16,862	\$ 4	\$ 37,767
Total Operating Costs	(17,726)	(9,132)	(6,902)	(33,760)
Operating Income (Loss)	3,175	7,730	(6,899)	4,006
Other Income (Expense), net	(5)	-	(33)	(38)
Income (Loss) Before Income Tax Expense	3,170	7,730	(6,931)	3,969
Total Income Taxes	-	-	(1,030)	(1,030)
Net Income (Loss)	3,170	7,730	(5,901)	4,999
Net Interest	5	-	33	38
Income Taxes	-	-	(1,030)	(1,030)
Total Depreciation and Amortization Expense	2,342	1	271	2,613
EBITDA	5,516	7,731	(6,628)	6,619
Stock Based Compensation Exp	-	-	530	530
Bargain Purchase Gain	-	-	-	-
(Gain) Loss on Disposition/Impairment	21	-	-	21
Acquisition Expenses	-	-	45	45
Adjusted EBITDA	5,537	7,731	(6,052)	7,215

	Corporate Clinics	Franchise Operations	Unallocated Corporate	The Joint Consolidated
Total Revenues	\$ 20,901	\$ 16,862	\$ 4	\$ 37,767
Total Operating Costs	(17,726)	(9,132)	(6,902)	(33,760)
Operating Income (Loss)	3,175	7,730	(6,899)	4,006
Other Income (Expense), net	(5)	-	(33)	(38)
Income (Loss) Before Income Tax Expense	3,170	7,730	(6,931)	3,969
Total Income Taxes	-	-	(1,030)	(1,030)
Net Income (Loss)	3,170	7,730	(5,901)	4,999
Net Interest	5	-	33	38
Income Taxes	-	-	(1,030)	(1,030)
Total Depreciation and Amortization Expense	2,342	1	271	2,613
EBITDA	5,516	7,731	(6,628)	6,619
Stock Based Compensation Exp	-	-	530	530
Bargain Purchase Gain	-	-	-	-
(Gain) Loss on Disposition/Impairment	21	-	-	21
Acquisition Expenses	-	-	45	45
Adjusted EBITDA	5,537	7,731	(6,052)	7,215

# GAAP – Non-GAAP Reconciliation

	Quarter Ending 03/31/2020	Quarter Ending 06/30/2020	Quarter Ending 09/30/2020	Quarter Ending 12/31/2020		Quarter Ending 03/31/2021	Quarter Ending 06/30/2021	
	<b>Q1-20</b>	<b>Q2-20</b>	<b>Q3-20</b>	<b>Q4-20</b>	<b>FY20</b>	<b>Q1-21</b>	<b>Q2-21</b>	<b>FY21</b>
Total Revenue	13,644	12,590	15,411	17,038	58,683	17,548	20,219	37,767
Total Cost of Revenue	1,486	1,368	1,712	1,941	6,507	1,765	2,039	3,804
<b>Gross Profit</b>	<b>\$ 12,158</b>	<b>\$ 11,222</b>	<b>\$ 13,698</b>	<b>\$ 15,097</b>	<b>\$52,176</b>	<b>\$ 15,783</b>	<b>\$ 18,180</b>	<b>\$33,963</b>
Sales & Marketing	2,055	1,784	1,846	2,120	7,804	2,489	3,133	5,622
Depreciation/Amortization Expense	654	693	714	673	2,734	1,170	1,443	2,613
Other Operating Expenses	8,695	8,487	9,433	9,527	36,142	10,186	11,611	21,798
Total Other Income (Expense)	(4)	(25)	(26)	(26)	(82)	13	25	38
Total Income Taxes	(66)	118	76	(7,882)	(7,755)	(364)	(666)	(1,030)
<b>Net Income (Loss)</b>	<b>\$ 815</b>	<b>\$ 116</b>	<b>\$ 1,604</b>	<b>\$ 10,633</b>	<b>\$13,167</b>	<b>\$ 2,314</b>	<b>\$ 2,684</b>	<b>\$ 4,998</b>
Net Interest	4	25	26	24	79	22	16	38
Income Taxes	(66)	118	76	(7,882)	(7,755)	(364)	(666)	(1,030)
Depreciation and Amortization Expense	654	693	714	673	2,734	1,170	1,443	2,613
<b>EBITDA</b>	<b>\$ 1,408</b>	<b>\$ 952</b>	<b>\$ 2,420</b>	<b>\$ 3,447</b>	<b>\$ 8,227</b>	<b>\$ 3,142</b>	<b>\$ 3,477</b>	<b>\$ 6,619</b>
Stock Based Compensation	250	216	212	207	886	246	284	530
Bargain Purchase Gain	-	-	-	-	-	-	-	-
(Gain) Loss on Disposition/Impairment	1	(55)	-	2	(51)	65	(44)	21
Acquisition Expenses	-	-	-	42	42	6	39	45
<b>Adjusted EBITDA</b>	<b>\$ 1,659</b>	<b>\$ 1,113</b>	<b>\$ 2,632</b>	<b>\$ 3,698</b>	<b>\$ 9,103</b>	<b>\$ 3,459</b>	<b>\$ 3,756</b>	<b>\$ 7,215</b>

# The Joint Corp. Contact Information



Peter D. Holt, President and CEO

[peter.holt@thejoint.com](mailto:peter.holt@thejoint.com)

The Joint Corp. | 16767 N. Perimeter Dr., Suite 110, Scottsdale, AZ 85260 | (480) 245-5960



Jake Singleton, CFO

[jake.singleton@thejoint.com](mailto:jake.singleton@thejoint.com)

The Joint Corp. | 16767 N. Perimeter Dr., Suite 110, Scottsdale, AZ 85260 | (480) 245-5960



Kirsten Chapman, LHA Investor Relations

[thejoint@lhai.com](mailto:thejoint@lhai.com)

LHA Investor Relations | One Market Street, Spear Tower, Suite 3600, San Francisco, CA 94105 | (415) 433-3777



<https://www.facebook.com/thejointchiro>  
@thejointchiro



<https://twitter.com/thejointchiro>  
@thejointchiro



<https://www.youtube.com/thejointcorp>  
@thejointcorp

