

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

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2024
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: 001-36724

The Joint Corp.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation)

16767 North Perimeter Drive, Suite 110, Scottsdale, Arizona

(Address of Principal Executive Offices)

90-0544160

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

85260

(Zip Code)

(480) 245-5960

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title Of Each Class</u> | <u>Trading Symbol(s)</u> | <u>Name Of Each Exchange On Which Registered</u> |
|-------------------------------------------|------------------------------|--------------------------------------------------|
| Common Stock, \$0.001 Par Value Per Share | JYNT | The NASDAQ Capital Market LLC |

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or 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 ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller reporting company ☒
Emerging growth company ☐

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$205.7 million as of June 28, 2024 based on the closing sales price of the common stock on the NASDAQ Capital Market.

There were 15,174,931 shares of the registrant's common stock outstanding as of March 10, 2025.

Documents Incorporated by Reference

Portions of the registrant's Proxy Statement relating to its 2025 Annual Meeting of Stockholders, filed with the Securities and Exchange Commission (the "SEC") pursuant to Regulation 14A within 120 days after the registrant's fiscal year ended December 31, 2024, are incorporated by reference in Part III of this Form 10-K/A.

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EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-K/A (the "Amendment" or "Form 10-K/A") to amend our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, which was originally filed with the U.S. Securities and Exchange Commission ("SEC") on March 14, 2025 (the "Original Form 10-K"). The purpose of this Amendment is restate our previously issued audited consolidated financial statements and related financial information in the Original Form 10-K. This Amendment also restates our previous conclusion and disclosure with respect to the effectiveness of our internal control over financial reporting.

Restatement Background

As previously disclosed, on July 24, 2025, our Chief Financial Officer, after meeting with the members of the Audit Committee of our Board of Directors to discuss the matters disclosed herein and in consultation with BDO USA, P.C. ("BDO"), our independent registered public accounting firm, concluded that our previously issued audited financial statements as of and for the year ended December 31, 2024 contained in the Original Form 10-K (the "Previously Issued Financial Statements") contained a material error and should be restated, which conclusion was thereafter formally ratified by our Audit Committee and our Board of Directors. This determination occurred following discussions of the matter among BDO, officers of our company and members of our Board of Directors. Accordingly, investors and all other persons should no longer rely upon the Previously Issued Financial Statements included in the Original Form 10-K. In addition, any previously issued or filed earnings releases, investor presentations or other communications describing the Previously Issued Financial Statements and other related financial information covering these periods should no longer be relied upon.

This Amendment is being filed to restate certain disclosures and financial statements to reflect the correction of a misapplication of accounting guidance related to the valuation methodology used in connection with the fair value measurement of certain assets held for sale within discontinued operations. Upon further evaluation, we determined that the original methodology applied was not consistent with the relevant requirements of U.S. generally accepted accounting principles ("GAAP"), and as such, adjustments were necessary to accurately present our financial position and results of operations.

Other Amended Filings

In addition to this Form 10-K/A, we are concurrently filing an amendment to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 (the "Form 10-Q/A") to restate our previously issued unaudited condensed consolidated financial statements and related financial information presented therein and to restate our previous conclusion and disclosure with respect to the effectiveness of our disclosure controls and procedures.

Internal Control Considerations

As a result of this restatement, management has re-evaluated the effectiveness of our internal control over financial reporting as of December 31, 2024. Management has concluded that our internal control over financial reporting was not effective as of December 31, 2024, due to a material weakness in internal controls over the accounting of complex areas, specifically the accounting of estimated impairment related to assets held for sale and the application of valuation methodologies impacting impairment charges related to assets held for sale.

For a discussion of management's considerations of our internal control over financial reporting and the material weakness identified, refer to Controls and Procedures in Part II, Item 9A.

Items Amended in this Form 10-K/A

For the convenience of the reader, this Form 10-K/A amends and restates the Original Form 10-K in its entirety. As a result, it includes both items that have been changed as a result of the restatement and items that are unchanged from the Original Form 10-K. The following items in the Original Form 10-K have been amended as a result of, and to reflect, the restatement:

- Part I, Item 1A, Risk Factors
 - Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations
 - Part II, Item 8, Financial Statements and Supplementary Data
 - Part II, Item 9A, Controls and Procedures
-

- Part IV, Item 15, Exhibits and Financial Statement Schedules

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), new certifications by our principal executive officer and principal financial officer are filed herewith as exhibits to this Form 10-K/A pursuant to Rule 13a-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).

Investors should rely only on the financial information and other disclosures regarding the restated period in this Form 10-K/A or in future filings with the SEC (as applicable), and not on any previously issued or filed reports, earnings releases or similar communications relating to this period.

See Note 2 to the consolidated financial statements, included in Part II, Item 8 of this Form 10-K/A, for additional information on the restatement and the related consolidated financial statement effects.

Except as described above, this Amendment does not amend, update or change any other disclosures in the Original Form 10-K. In addition, the information contained in this Amendment does not reflect events occurring after the Original Form 10-K and does not modify or update the disclosures therein, except to reflect the effects of the restatement. This Amendment should be read in conjunction with our other filings with the SEC.

Forward-Looking Statements and Terminology

Forward-Looking Statements

The information in this Annual Report on Form 10-K/A, including the discussions under the headings “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which are subject to the “safe harbor” created by those sections. All statements, other than statements of historical facts, included or incorporated in this Form 10-K/A could be deemed forward-looking statements, particularly statements about our plans, strategies and prospects under the headings “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue,” “intend,” “seek,” “strive,” or the negative of these terms, “mission,” “goal,” “objective,” or “strategy,” or other comparable terminology. All forward-looking statements in this Form 10-K/A are made based on our current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. In evaluating these statements, you should specifically consider various factors, uncertainties and risks that could affect our future results or operations as described from time to time in our SEC reports, including those risks outlined under “Risk Factors” in Item 1A of this Form 10-K/A. These factors, uncertainties and risks may cause our actual results to differ materially from any forward-looking statement set forth in this Form 10-K/A. You should carefully consider the trends, risks and uncertainties described below and other information in this Form 10-K/A and subsequent reports filed with or furnished to the SEC before making any investment decision with respect to our securities. We undertake no obligation to update or revise publicly any forward-looking statements, other than in accordance with legal and regulatory obligations. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

The specific forward-looking statements in this Form 10-K include the following:

our mission to improve quality of life through routine and affordable chiropractic care;

that we seek to be the leading provider of chiropractic care in the markets we serve and to become the most recognized brand in our industry;

that we will continue the rapid and focused expansion of chiropractic clinics in key markets throughout North America and potentially abroad;

that we strive to accomplish our mission by making quality care readily available and affordable in a retail setting;

our future growth strategy will focus on accelerating the development of our franchise base through the sale of additional franchises and through the continued support of our robust regional developer network;

our mission to offer quality, affordable and convenient care to our patients;

our belief that our approach, especially our commitment to affordable pricing and our ready service delivery model, will attract existing consumers of chiropractic services and will also appeal to the growing market of consumers who seek alternative or non-invasive wellness care, but have not yet tried chiropractic;

our belief that we are a key driver in expanding the overall market for chiropractic;

our belief that the demand for our chiropractic services will continue to grow as a result of several additional drivers, such as the growing recognition of the benefits of regular maintenance therapy coupled with an increasing awareness of the convenience of our service and of our pricing at a significant discount to the cost of traditional chiropractic adjustments and, in most cases, at or below the level of insurance co-payment amounts;

our belief that certain characteristics of the chiropractic industry are evidence of an underserved market with potential consumer demand that is favorable for an efficient, low-cost, consumer-oriented provider;

our belief that most chiropractors who use a third-party reimbursement model would find it economically difficult to discount the prices they charge for their services to levels comparable with our pricing;

our belief that certain industry and cultural trends favor our business model;

our belief that certain competitive strengths have contributed to our success and will continue to position us for future growth;

our intention to continue to drive awareness of our brand by continuing to locate clinics mainly at retail centers and convenience points, displaying prominent signage and employing consistent, proven and targeted marketing tools;

our belief that the time our chiropractors save by not having to perform administrative duties related to insurance reimbursement allows more time to see more patients, establish and reinforce chiropractor/patient relationships, and educate patients on the benefits of chiropractic maintenance therapy;

our belief that our model helps us to recruit chiropractors who want to focus their practice principally on patient care;

our belief that our strongest competitive advantages are our convenience and affordability;

our belief that our pricing and service offering structure helps us to generate higher usage;

our belief that as the leader in the vertical, and as one of few players of scale, we occupy an advantageous position in an otherwise highly fragmented market;

our belief that our geographic reach represents a competitive advantage and that we are able to remain competitive nationally when extraordinary events heavily impact specific markets;

our belief that our management team's experience and demonstrated success in building and operating a robust franchise system is a key driver of our growth and has positioned us well for achieving our long-term strategy;

our goal not only to capture a significant share of the existing market but also to expand the market for chiropractic care;

our long-term growth tactics;

our belief that the experience we have gained in developing and refining management systems, operating standards, training materials and marketing and customer acquisition activities has contributed to our system's revenue growth;

our belief that increasing awareness of our brand has contributed to revenue growth, particularly in markets where the number and density of our clinics has made cooperative and mass media advertising attractive;

our belief that our ability to leverage aggregated and general media digital advertising and search tools will continue to grow as the number and density of our clinics increases;

our intention that to elevate our brand equity and drive awareness, we will strive to increase our active patient count by improving the intake process, by expanding the roll out of setting up appointments for the initial visits only, and by optimizing local clinic marketing;

our plan to lengthen the time patients stay engaged with The Joint and to reactivate lapsed patients by leveraging new content, automated messaging, and enticing promotions;

our intention to employ new media campaigns to increase our new patient leads;

our intention to transition to a pure-play franchisor business from our historical operations of both franchisor and operator of chiropractic clinics;

our focus on growing our franchise business through the strategic divestitures of all of our company-owned or managed clinics;

our plan to continue to sell franchises;

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our belief that to secure leadership in our industry and to maximize our opportunities in our markets, it is important to gain brand equity and consumer awareness as rapidly as possible, consistent with a disciplined approach to opening clinics;

our belief that continued sales of franchises in selected markets is the most effective way to drive brand awareness in the short term;

our belief that we were able to achieve our current scale faster by using a regional developer model, which is employed by many successful franchisors;

our plan to continue to support our franchisees and regional developers to open clinics and to achieve sustainable performance as rapidly as possible;

our expectation to drive greater efficiencies across our operations, development and marketing programs and further leverage our technology and existing support infrastructure;

our belief that we will be able to control corporate costs over time to enhance margins as general and administrative expenses grow at a slower rate than our clinic base and sales;

our expectation, at the clinic level, to drive margins and labor efficiencies through continued sales growth and consistently applied operating standards as our clinic base matures and the average number of patient visits increases;

our continued consideration of introducing selected and complementary branded products such as nutraceuticals or dietary supplements and related additional services;

our expectation that the regulatory focus on privacy, security and data use issues will continue to increase and laws and regulations concerning the protection of personal information will expand and become more complex;

our belief that our operations comply with legally required standards for privacy and security of personal information to the extent applicable under federal or state law, and we strive to comply with additional standards that we identify as “best practices”;

our expectations of the various risks and uncertainties for our business related to potential state and federal regulations;

our expectation that other direct competitors will join our industry as our visibility, reputation and perceived advantages become more widely known;

our belief that our first mover advantage, proprietary operations systems and potential for strong unit level economics will continue to accelerate our growth even with the spawning of additional competition;

our belief that a strong culture of engagement and alignment is essential to the ongoing success of our business and therefore, it is important to attract, develop and retain a diverse and engaged workforce at all levels of our business;

our commitment to fostering a workplace where our employees feel aligned with our mission, proud of our culture and engaged in their work, with opportunities to grow and develop in their careers, supported by competitive compensation and benefits;

our belief that our employees are among our most valuable resources and are critical to our continued success;

that we strive to make The Joint Chiropractic the career path of choice for chiropractors, with opportunities for our chiropractors to grow and develop in their careers, supported by competitive compensation and benefits, and with our simple business model that allows our chiropractors to focus on patient care;

our plan to continue to expand and strengthen our relationship with chiropractic colleges to increase engagement with students and to increase the applicant flow of qualified candidates;

our plan to continue to utilize engagement surveys to understand the perception of our brand as an employer and the effectiveness of our employee and compensation programs and to learn where we can improve across the company;

our commitment to providing market competitive compensation and benefits;

that our compensation practices are intended to be merit-based, focused on roles, responsibilities, experience and performance with no consideration given to gender, age, ethnicity or other similar factors;

our commitment to maximizing the performance and potential of our corporate employees;

our expectation that we will not pay cash dividends on our common stock in the foreseeable future;

our current strategy to grow through the sale and development of additional franchises;

our plan to rebrand or sell the full portfolio of our company-owned or managed clinics, which refined strategy will leverage our greatest strength — our capacity to build a franchise — to drive long-term growth for both our franchisees and The Joint as a public company;

our goal to generate significant proceeds that will provide us with value creating capital allocation opportunities, which opportunities could include reinvestment in the brand and related marketing, continued investment in our IT platforms, the repurchase of RD territory, and/or a stock repurchase program;

our belief that we have a sound business concept and will benefit from the fundamental changes taking place in the manner in which Americans access chiropractic care and their growing interest in seeking effective, affordable natural solutions for general wellness, and our belief that these trends joined with the preference among chiropractic doctors to reject the insurance-based model produce a combination that benefits the consumer and the service provider alike and that these forces create an important opportunity to accelerate the growth of our network;

our expectation that 2025 will continue to be a volatile macroeconomic environment;

our belief that we have created a robust framework for the rebranding effort, organizing clinics into clusters, and generating comprehensive disclosure packets for marketing efficiency, and that we have received significant interest to date from our existing franchisees;

our belief that our existing cash and cash equivalents, our anticipated cash flows from operations and amounts available under our line of credit will be sufficient to fund our anticipated operating and investment needs for at least the next 12 months;

our belief as of the date of this Form 10-K/A, that we have adequate capital resources and sufficient access to external financing sources to satisfy our current and reasonably anticipated requirements for funds to conduct our operations and meet other needs in the ordinary course of our business;

our expectation for 2025 that we will use or redeploy our cash resources to support our business within the context of prevailing market conditions, which, given the ongoing uncertainties described herein, could rapidly and materially deteriorate or otherwise change; and

our belief that our long-term capital requirements, primarily for acquisitions and other corporate initiatives, could be dependent on our ability to access additional funds through the debt and/or equity markets.

Some of the important factors that could cause our actual results to differ materially from those projected in any forward-looking statements include, but are not limited to, the following:

the nationwide labor shortage has negatively impacted our ability to recruit chiropractors and other qualified personnel, which may limit our growth strategy, and the measures we have taken in response to the labor shortage have reduced our net revenues;

inflation has led to increased labor costs and interest rates and may lead to reduced discretionary spending, all of which may negatively impact our business;

we may not be able to successfully implement our growth strategy if we or our franchisees are unable to locate and secure appropriate sites for clinic locations, obtain favorable lease terms and attract patients to our clinics;

we have restated our Previously Issued Financial Statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price;

short-selling strategies and negative opinions posted on the internet may drive down the market price of our common stock and could result in class action lawsuits;

we have identified a material weakness in our internal controls over financial reporting and we may fail to remediate future material weaknesses in our internal controls over financial reporting or may otherwise be unable to maintain an effective system of internal control over financial reporting, which might negatively impact our ability to accurately report our financial results, prevent fraud, or maintain investor confidence;

we may fail to successfully design and maintain our proprietary and third-party management information systems or implement new systems;

we may fail to properly maintain the integrity of our data or to strategically implement, upgrade or consolidate existing information systems;

we may not be able to continue to sell franchises to qualified franchisees, and our franchisees may not succeed in developing profitable territories and clinics;

new clinics may not reach the point of profitability, and we may not be able to maintain or improve revenues and franchise fees from existing franchised clinics;

the chiropractic industry is highly competitive, with many well-established independent competitors, which could prevent us from increasing our market share or result in reduction in our market share;

state administrative actions and rulings regarding the corporate practice of chiropractic may jeopardize our business model;

expected new federal regulations and state laws and regulations regarding joint employer responsibility could negatively impact the franchise business model, increasing our potential liability for employment law violations by our franchisees and the likelihood that we may be required to participate in collective bargaining with our franchisees' employees;

although we maintain insurance in amounts that we believe are reasonable, we may not be able to maintain such insurance on acceptable terms, and claims may exceed the amount of insurance coverage available to us;

an increased regulatory focus on the establishment of fair franchise practices could increase our risk of liability in disputes with franchisees and the risk of enforcement actions and penalties;

negative publicity or damage to our reputation, which could arise from concerns expressed by opponents of chiropractic and by chiropractors operating under traditional service models, could adversely impact our operations and financial position;

our IT security systems and those of our third-party service providers may be breached, and we may face civil liability and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract and retain patients; and

legislation and regulations, as well as new medical procedures and techniques, could reduce or eliminate our competitive advantages.

Additionally, there may be other risks that are otherwise described from time to time in the reports that we file with the SEC. Any forward-looking statements in this Form 10-K/A should be considered in light of various important factors, including the risks and uncertainties listed above, as well as others.

Terminology

As used in this Form 10-K/A:

“we,” “us,” “our” and “our company” refer to The Joint Corp., its variable interest entities (“VIEs”) and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, collectively;

a “clinic” refers to a chiropractic clinic operating under our “Joint” brand, which may be (i) owned by a franchisee, (ii) owned by a professional corporation or limited liability company and managed by a franchisee; (iii) owned directly by us; or (iv) owned by a professional corporation or limited liability company and managed by us;

when we identify an “operator” of a clinic, a party that is “operating” a clinic or a party by whom a clinic is “operated,” we are referring to the party that operates all aspects of the clinic in certain jurisdictions, and to the party that manages all aspects of the clinic other than the practice of chiropractic in certain other jurisdictions; and

“GAAP” refers to accounting principles generally accepted in the United States of America.

PART I

ITEM 1. BUSINESS

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

Overview

We are a rapidly growing franchisor and operator of chiropractic clinics that uses a private pay, non-insurance, cash-based model. We seek to be the leading provider of chiropractic care in the markets we serve and to become the most recognized brand in our industry. We delivered over 14.7 million patient visits in 2024, up from 13.6 million patient visits in 2023, generating over \$530.3 million and \$488 million of system-wide sales, respectively, across our highly franchised network. We will continue the rapid and franchise focused expansion of chiropractic clinics in key markets throughout North America and potentially abroad. We strive to accomplish our mission by making quality care readily available and affordable in a retail setting. We have created a growing network of modern, consumer-friendly chiropractic clinics operated or managed by franchisees and by us that employ licensed chiropractors. Our model enables us to price our services below most competitors' pricing for similar services and below most insurance co-payment levels (i.e., below the patient co-payment required for an insurance-covered service).

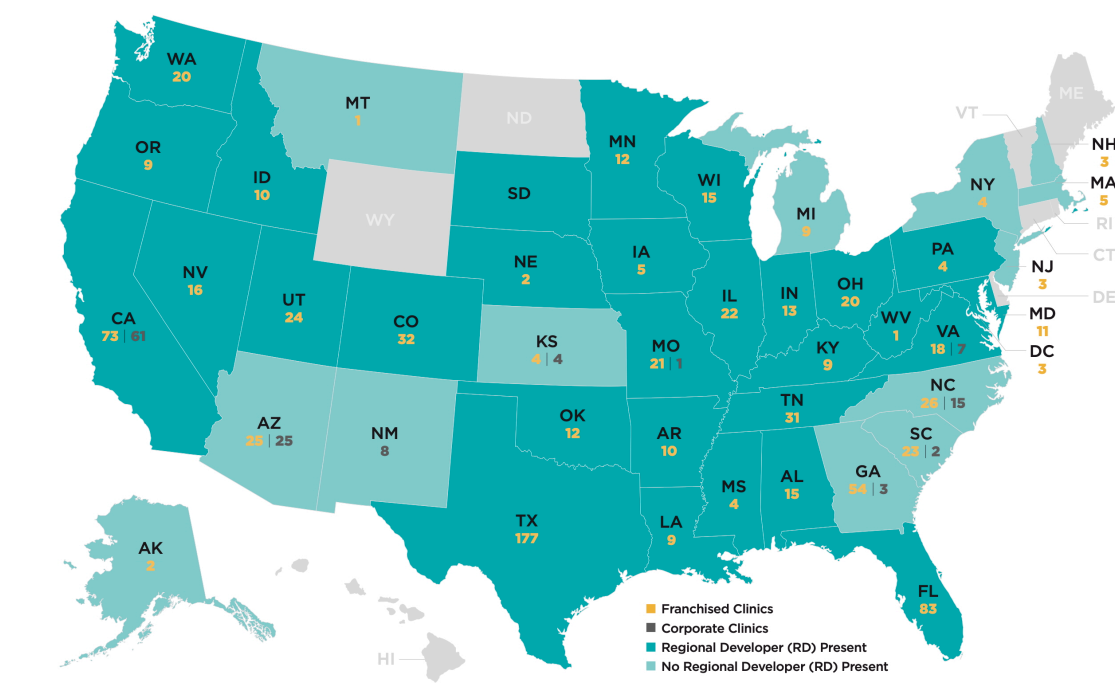
Since acquiring the predecessor to our company in March 2010, we have grown our enterprise from eight to 967 clinics in operation as of December 31, 2024, with an additional 92 franchise licenses sold but not yet developed across our network, and 53 letters of intent for 53 future clinic licenses. As of December 31, 2024, our franchisees owned or managed 842 clinics, and we owned or managed 125 clinics. Our future growth strategy will focus on accelerating the development of our franchise base through the sale of additional franchises and through the continued support of our robust regional developer network. We collect a royalty of 7.0% of gross sales from franchised clinics. We remit a 3.0% royalty to our regional developers on the gross sales of franchises opened within certain regional developer protected territories. We also collect a national marketing fee of 2.0% of gross sales of all franchised clinics. We receive an initial franchise fee of \$39,900 for each franchise we sell directly and offer a veterans discount, as well as a discount for purchase of multiple location franchises. If a franchisee purchases additional franchise licenses, the initial franchise fee is reduced by \$10,000 per additional license. For each franchise sold through our network of regional developers, the regional developer typically receives up to 50% of the respective franchise fee.

On November 14, 2014, we completed our initial public offering (the "IPO") of 3,000,000 shares of common stock at an initial price to the public of \$6.50 per share, and we received net proceeds of approximately \$17.1 million. Our underwriters exercised their option to purchase 450,000 additional shares of common stock to cover over-allotments on November 18, 2014, pursuant to which we received net proceeds of approximately \$2.7 million. With the over-allotment option exercise, we received aggregate net proceeds of approximately \$19.8 million. Also, in conjunction with the IPO, we issued warrants to the underwriters for the purchase of 90,000 shares of common stock, which were exercisable during the period between November 10, 2015 and November 10, 2018 at an exercise price of \$8.125 per share. These warrants expired on November 10, 2018.

On November 25, 2015, we closed on our follow-on public offering of 2,272,727 shares of common stock, at a price to the public of \$5.50 per share. We granted the underwriters a 45-day option to purchase up to 340,909 additional shares of common stock to cover over-allotments, if any. On December 30, 2015, our underwriters exercised their over-allotment option to purchase an additional 340,909 shares of common stock at a price of \$5.50 per share. After giving effect to the over-allotment exercise, the total number of shares offered and sold in our follow-on public offering increased to 2,613,636 shares. With the over-allotment option exercise, we received aggregate net proceeds of approximately \$13.3 million.

We deliver convenient, appointment-free chiropractic adjustments in an inviting, open bay environment at prices that are approximately 52% lower than the average industry cost for comparable procedures offered by traditional chiropractors, according to 2024 industry data from Chiropractic Economics. In support of our mission to offer quality, affordable and convenient care to our patients, our clinics offer a variety of customizable membership and wellness treatment plans, which provide additional value pricing as compared with our single-visit pricing schedules. These flexible plans are designed to attract patients and encourage repeat visits and routine usage as part of an overall health and wellness program.

As of December 31, 2024, we had 967 franchised or company-owned or managed clinics in operation in 41 states and the District of Columbia. The map below shows the states in which we or our franchisees manage or operate clinics and the number of clinics open in each state or district as of December 31, 2024.



Our retail locations have been selected to be visible, accessible and convenient. We offer a welcoming, consumer-friendly experience that attempts to redefine the chiropractic doctor/patient relationship. Our clinics are open longer hours than many of our competitors, including weekend days, and our patients do not need appointments. We accept cash or major credit cards in return for our services. We do not accept insurance and do not provide Medicare covered services. We believe that our approach, especially our commitment to affordable pricing and our ready service delivery model, will attract existing consumers of chiropractic services and will also appeal to the growing market of consumers who seek alternative or non-invasive wellness care, but have not yet tried chiropractic. According to our patient survey conducted in 2024 by WestGroup Research, 36% of our new patients had never tried chiropractic care before they came to The Joint. This is also an increase from 16% from the same survey in 2013, demonstrating our continued impact on the chiropractic market and offering validation to our thesis that we are a key driver in expanding the overall market for chiropractic.

Our patients arrive at our clinics without appointments at times convenient to their schedules. Once a patient has joined our system and is returning for treatment, they simply swipe their membership card at a card reader at the reception desk to announce their arrival. The patient is then escorted to our open adjustment area, where they are required to remove only their outerwear to receive their adjustment. Each patient's records are digitally updated for retrieval in our proprietary data storage system by our chiropractors in compliance with all applicable medical records security and privacy regulations. The adjustment process, administered by a licensed chiropractor, takes approximately 15 - 20 minutes on average for a new patient and 5 - 7 minutes on average for a returning patient.

Our consumer-focused service model targets the non-acute treatment market, which is part of the \$20.6 billion chiropractic services market, according to an IBIS market research report in September 2024. As our model does not focus on the treatment of severe or acute injury, we do not provide expensive and invasive diagnostic tools such as MRIs and X-rays. Instead, we refer those with severe or acute symptoms to alternate healthcare providers, including traditional chiropractors.

Our Industry

Chiropractic care is widely accepted among individuals with a variety of medical conditions, particularly back pain. A 2018 Gallup report commissioned by Palmer College of Chiropractic shows that among all U.S. adults, including those who did not have neck or back pain, 16% went to a chiropractor in the last 12 months. These numbers represent a marked increase over the 2012 National Health Interview Survey that measured chiropractic use at 8% of the population. According to the American Chiropractic Association,

80% of Americans experience back pain at least once in their lifetime. According to the same 2018 Gallup report commissioned by the Palmer College of Chiropractic, eight in 10 adults in the United States (80%) prefer to see a health care professional who is an expert in spine-related conditions for neck or back pain care instead of a general medicine professional who treats a variety of conditions (15%).

Chiropractic care is increasingly recognized as an effective treatment for pain and potentially for a variety of other conditions. The American College of Physicians (the “ACP”) now recommends non-drug therapy such as spinal manipulation as a first line of treatment for patients with chronic low-back pain. The ACP states that treatments such as spinal manipulation are shown to improve symptoms with little risk of harm. The National Center for Complementary & Alternative Medicine of the National Institutes of Health has stated that spinal manipulation appears to benefit some people with low-back pain and also may be helpful for headaches, neck pain, upper- and lower-extremity joint conditions and whiplash-associated disorders. The Mayo Clinic has recognized chiropractic as safe when performed by trained and licensed chiropractors, calling out research that shows spinal manipulation works to treat certain types of lower back and neck pain. The Cleveland Clinic has stated that chiropractors are established members of the mainstream medical team with chiropractic adjustments being an effective treatment option for all ages and is the most common alternative treatment option in the United States.

The chiropractic industry in the United States is large and highly fragmented. An article appearing in the Journal of the American Medical Association entitled “US Healthcare Spending by Payer and Health Condition, 1996-2016” estimates that \$134 billion was spent in 2016 on back pain in the United States. According to a report issued by IBIS World Chiropractors Market Research in September 2024, expenditures for chiropractic services in the U.S. are approximately \$20.6 billion annually. The United States Bureau of Labor Statistics expects employment of chiropractors to grow ten percent from 2023 to 2033, much faster than the average for all occupations. Some of the factors that the Bureau of Labor Statistics identified as driving this growth are rising interest in integrative or complementary healthcare, which has led to more acceptance of chiropractic treatment of the back, neck, limbs, and involved joints; an aging population (specifically the continued aging of the large baby boomer generation) requiring more health care and technological advances; and the need to replace workers who exit the labor force through retirement. We believe that the demand for our chiropractic services will continue to grow as a result of several additional drivers, such as the growing recognition of the benefits of regular maintenance therapy coupled with an increasing awareness of the convenience of our service and of our pricing at a significant discount to the cost of traditional chiropractic adjustments and, in most cases, at or below the level of insurance co-payment amounts.

Today, most chiropractic services are provided by sole practitioners, generally in medical office settings. The chiropractic industry differs from the broader healthcare services industry in that it is more heavily consumer-driven, market-responsive and price sensitive, in large measure a result of many treatment options falling outside the bounds of traditional insurance reimbursable services and fee schedules. According to the September 2024 IBIS market research report, the Top 50 largest industry practices accounted for only 4% of total industry revenue. We believe these characteristics are evidence of an underserved market with potential consumer demand that is favorable for an efficient, low-cost, consumer-oriented provider.

Most chiropractic practices are set up to accept and to process insurance-based reimbursement. While chiropractors typically accept cash payment in addition to insurance, Medicare and Medicaid, they continue to incur overhead expenses associated with maintaining the capability to process third-party reimbursement. We believe that most chiropractors who use this third-party reimbursement model would find it economically difficult to discount the prices they charge for their services to levels comparable with our pricing.

Accordingly, we believe these and certain other trends favor our business model. Among these are:

- People, most notably Millennials – the largest portion of our patient base – have increasingly active lifestyles and are expected to live longer, requiring more medical, maintenance and preventative support;
- People are increasingly open to alternative, non-pharmacological types of care;
- Utilization of more conveniently situated, local-sited urgent-care or “mini-care” alternatives to primary care is increasing; and
- Popularity of health clubs, massage and other non-drug, non-invasive wellness maintenance providers is growing.

Our Competitive Strengths

We believe the following competitive strengths have contributed to our success and will continue to position us for future growth:

Retail, consumer-driven approach. To support our consumer-focused model, we use strong, recognizable retail approaches to stimulate brand-awareness and attract patients to our clinics. We intend to continue to drive awareness of our brand by continuing to locate clinics mainly at retail centers and convenience points, displaying prominent signage and employing consistent, proven and targeted marketing tools. We offer our patients the flexibility to visit our clinics without an appointment where they will receive

prompt attention. Additionally, most of our clinics offer extended hours of operation, including weekends, which is not typical among our competitors.

We attracted an average of 992 new patients per clinic (for all clinics open for the full 12 months of 2024) during the year ended December 31, 2024, as compared to the most recent chiropractic industry average of 468 new patients per year for traditional insurance-based non-multidisciplinary or integrated practices, according to a 2024 Chiropractic Economics survey (published in June of 2023).

Quality, empathetic service. Across our system we have a community of more than 2,662 fully licensed chiropractic doctors, who performed approximately 14.7 million adjustments in 2024 alone. Our doctors provide personal and intuitive patient care focused on pain relief and ongoing wellness to promote healthy, active lifestyles. We provide our doctors one-on-one training, as well as ongoing coaching and mentoring. Our doctors continually refine their skills, as our clinics see an average of 301 patient visits per week (for clinics open for the full 12 months of 2024), as compared to the most recent chiropractic industry average of 113 patients per week for non-multidisciplinary or integrated practices, according to the same 2024 Chiropractic Economics survey referred to above. Our service offerings encourage consumer trial, repeat visits and sustainable patient relationships.

By eliminating the administrative burdens of insurance processing, our model helps chiropractors focus on patient service. We believe the time our chiropractors save by not having to perform administrative duties related to insurance reimbursement allows more time to see more patients, establish and reinforce chiropractor/patient relationships, and educate patients on the benefits of chiropractic maintenance therapy.

Our approach has made us an attractive alternative for chiropractic doctors who want to spend more time treating patients than they typically do in traditional practices, which are burdened with greater overhead, personnel and administrative expense. We believe that our model helps us to recruit chiropractors who want to focus their practice principally on patient care.

Accessibility. We believe that our strongest competitive advantages are our convenience and affordability. By focusing on non-acute care in an open-bay environment and by not participating in insurance or Medicare reimbursement, we are able to offer a much less expensive alternative to traditional chiropractic services. We can do this because our clinics do not have the expenses of performing certain diagnostic procedures and processing reimbursement claims. Our model allows us to pass these savings on to our patients. According to Chiropractic Economics, in 2024, the average fee for a chiropractic treatment involving spinal manipulation in a cash-based practice in the United States is approximately \$76. By comparison, our average fee as of December 31, 2024 was approximately \$36, approximately 52% lower than the industry average price.

We believe our pricing and service offering structure helps us to generate higher usage. The following table sets forth our average price per adjustment as of December 31, 2024 for patients who pay by single adjustment plans, multiple adjustment packages and multiple adjustment membership plans. Our price per adjustment as of December 31, 2024 averaged approximately \$36 across all three groups.

| | The Joint Service Offering | | |
|----------------------|----------------------------|------------|---------------|
| | Single Visit | Package(s) | Membership(s) |
| Price per adjustment | \$55 | \$21—\$35 | \$17—\$22 |

Proven track record of opening clinics and growing revenue at the clinic level. We have grown our clinic revenue base consistently. From January 2012 through December 31, 2024, we have increased the annual system-wide sales from \$22.3 million to \$530.3 million (which is a non-GAAP measure for the year ended December 31, 2024). During this period, we increased the number of clinics in operation from 33 to 967.

We continue to be encouraged by the ability of individual clinics to generate growth. While there is significant variation in results in our system, and the results of our top-performing clinics are not representative of our system overall, we believe it is worth noting that in January 2012, the highest-performing clinic in our system was a franchised clinic which had monthly sales of approximately \$45,000, and in December 2024, the highest performing clinic in our system was a franchised clinic which had monthly sales of approximately \$183,371.

Market leading position with significant nationwide scale. We are the largest chiropractic franchisor in the United States with over 967 clinics operating across the United States. Our chiropractic brand is approximately six times larger than the next largest chiropractic

chain, as of December 2024. As the leader in this vertical, and as one of few players of scale, we believe that we occupy an advantageous position in an otherwise highly fragmented market. In conjunction with our scale, we have been able to achieve broad geographic diversification across the United States with clinics in 41 states and the District of Columbia as of December 2024. Our geographic reach represents a competitive advantage, as we have demonstrated success across various markets, and we are able to remain competitive nationally when extraordinary events heavily impact specific markets.

Strong and proven management team. Our strategic vision is directed by our President and Chief Executive Officer, Sanjiv Razdan. Mr. Razdan has served as our President and Chief Executive Officer and as a director since October 2024. Prior to his employment with us, he served as the President, Americas & India for International Coffee & Tea, LLC d/b/a The Coffee Bean & Tea Leaf from March 2021 until May 2024. The Coffee Bean & Tea Leaf is a global specialty coffee and tea house operating approximately 1,200 cafes throughout 30 countries. From April 2018 to June 2020, Mr. Razdan served as the Chief Operating Officer of Sweetgreen, Inc., which is a public company in the food service industry operating more than 230 locations across multiple states. Mr. Razdan also served as the Senior Vice President and Chief Operations Officer of Applebee's Neighborhood Grill & Bar, a division of the public company Dine Brands Global, Inc., from November 2014 to September 2017. Applebee's Neighborhood Grill & Bar is the world's largest casual dining restaurant chain, with \$4.5 billion in system sales at the time of his employment. In addition, Mr. Razdan served in various positions at the public company, Yum! Brands, Inc., from June 1995 to October 2014, including most recently as the Country General Manager for India from October 2011 to October 2014. Mr. Razdan's executive leadership team includes the following individuals:

Jake Singleton has served as our Chief Financial Officer since November 2018. Mr. Singleton served as our Corporate Controller before assuming the role of Chief Financial Officer. Mr. Singleton has financial and accounting experience from his time with the public accounting firm Ernst & Young LLP ("EY"). During his 10 years in EY's Assurance & Audit practice, he focused on service public companies and assisting in raising capital through debt and equity offerings. Mr. Singleton also gained international experience in EY's Capital Markets transactional accounting group during a two-year rotation in the United Kingdom, where he focused on U.S. GAAP and SEC reporting compliance for foreign entities raising capital in the United States.

Lori Abou Habib joined us as our Chief Marketing Officer in August 2023. Prior to her employment with us, Ms. Abou Habib served for six years as the Senior Vice President and Chief Marketing Officer of SONIC® America's Drive-In®, part of the Inspire Brands family of restaurants. In her role, she led all marketing strategy for SONIC, which included national marketing, media, digital strategy, marketing technology and product innovation. A 15-year veteran of SONIC, Ms. Abou Habib earned several promotions with increasing responsibility. Prior to SONIC, she worked at CKE Restaurants, Inc. and Eateries, Inc.

Charles Nelles joined us as our Chief Technology Officer in January 2022, bringing more than 20 years of technology experience in the healthcare and financial services industries. Prior to working at our company, Mr. Nelles held the role of the Vice President of Technology for American Express Global Business Travel. Prior to that, he served as the Vice President of Technical Operations Support and Cloud Enablement for Western Union.

Steven Knauf, D.C. was promoted to our Vice President of Chiropractic and Compliance in 2022. Dr. Knauf began working at our company in 2011. After spending four years as a chiropractor in one of the clinics, he took the role of Senior Doctor of Chiropractic for 13 company-owned clinics and, subsequently, he was elevated to a director position at the corporate office. In August 2017, he was appointed by the governor to serve on the Arizona Board of Chiropractic Examiners, where he served for six years. He is an active member of both the International Chiropractors Association and the American Chiropractic Association.

We believe that our management team's experience and demonstrated success in building and operating a robust franchise system is a key driver of our growth and has positioned us well for achieving our long-term strategy.

Our Growth Strategy

Our goal is not only to capture a significant share of the existing market but also to expand the market for chiropractic care. We are accomplishing this through the rapid geographic expansion of our affordable franchising program and the continued support of our robust regional developer network. Accordingly, our long-term growth tactics include:

- the continued growth of system sales through the increased attraction and retention of patients;
- the increase in royalty income through the acceleration of the opening of clinics already in development and the sale of additional franchises; and
- improving operational margins and expanding additional revenue streams within our clinics.

Continued Growth of System Sales

System wide comparable same-store sales growth (“Comp Sales”) for 2024 was 4%, reflecting the continued resilience of our business model. Comp Sales refers to the amount of sales a clinic generates in the most recent accounting period, compared to the amount of sales it generated in a similar period in the past. Comp Sales includes 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. We believe that the experience we have gained in developing and refining management systems, operating standards, training materials and marketing and customer acquisition activities has contributed to our system’s revenue growth. In addition, we believe that increasing awareness of our brand has contributed to revenue growth, particularly in markets where the number and density of our clinics has made cooperative and mass media advertising attractive. We believe that our ability to leverage aggregated and general media digital advertising and search tools will continue to grow as the number and density of our clinics increases.

To elevate our brand equity and drive awareness, we will strive to increase our active patient count by improving the intake process, by expanding the roll out of setting up appointments for the initial visits only, and by optimizing local clinic marketing. We plan to lengthen the time patients stay engaged with The Joint and to reactivate lapsed patients by leveraging new content, automated messaging, and enticing promotions. Additionally, we intend to employ new media campaigns to increase our new patient leads.

Executing Strategic Divestitures

We intend to transition to a pure-play franchisor business from our historical operations of both franchisor and operator of chiropractic clinics. We are focused on growing our franchise business through the strategic divestitures of all of our company-owned or managed clinics. We completed five clinic divestitures during the year ended December 31, 2024. We received letters of intent for the majority of our company-owned or managed clinics in January 2025, which represents a major milestone of our strategic shift to a pure-play franchisor business and our financial statements now reflect our previous company-owned or managed clinic segment as discontinued operations.

Selling Additional Franchises

We will continue to sell franchises. We believe that to secure leadership in our industry and to maximize our opportunities in our markets, it is important to gain brand equity and consumer awareness as rapidly as possible, consistent with a disciplined approach to opening clinics. We believe that continued sales of franchises in selected markets is the most effective way to drive brand awareness in the short term.

We believe that we were able to achieve our current scale faster by using a regional developer model, which is employed by many successful franchisors. We sell a regional developer the rights to open a minimum number of clinics in a defined territory. They in turn help us to identify and qualify potential new franchisees in that territory and assist us in providing field training, clinic openings and ongoing support. In return, we share part of the initial franchise fee and pay the regional developer 3% of the 7% ongoing royalties we collect from the franchisees in their protected territory.

Opening Clinics in Development

In addition to our 967 operating clinics as of December 31, 2024, we have granted franchises, either directly or with our regional developers’ support, for an additional 92 clinics that we believe will be developed in the future and executed letters-of-intent for 53 future clinic licenses. We will continue to support our franchisees and regional developers to open these clinics and to achieve sustainable performance as rapidly as possible.

Continuing to Improve Margins

As we continue to grow, we expect to drive greater efficiencies across our operations, development and marketing programs and further leverage our technology and existing support infrastructure. We believe we will be able to control corporate costs over time to enhance margins as general and administrative expenses grow at a slower rate than our clinic base and sales. At the clinic level, we expect to drive margins and labor efficiencies through continued sales growth and consistently applied operating standards as our clinic base matures and the average number of patient visits increases. In addition, we continue to consider introducing selected and complementary branded products such as nutraceuticals or dietary supplements and related additional services.

Regulatory Environment

HIPAA and State Privacy and Breach Notification Rules

Numerous federal and state laws, regulations, standards and other legal obligations govern the collection, dissemination, use, access to, confidentiality, security and processing of personal information, including cybersecurity breach notification and targeted advertising. For example, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) imposes extensive privacy and security requirements governing the transmission, use and disclosure of health information by covered entities in the healthcare industry. While we have determined that we are not a “covered entity” and thus do not currently fall under the purview of HIPAA, we may have access to sensitive data regarding our patients, and we recognize that some of the standards established by HIPAA represent “best practices” for our business. Even when entities are not covered by HIPAA, the Federal Trade Commission (the “FTC”) has taken the position that a failure to take appropriate steps to keep consumers’ personal information secure may constitute unfair acts or practices in or affecting commerce in violation of the Federal Trade Commission Act. The FTC expects a company’s data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

The California Consumer Privacy Act of 2018 (the “CCPA”) creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA regime became more complex as of January 1, 2023, pursuant to amendments adopted pursuant to the California Privacy Rights Act (the “CPRA”). The CPRA imposes additional data protection obligations on covered businesses, including additional consumer rights processes, limitations on data uses, new audit requirements for higher risk data, and opt outs for certain uses of sensitive data. The CPRA also creates a new California data protection agency to implement and enforce the CCPA and the CPRA, which could result in increased privacy and information security enforcement. The CCPA has prompted a number of proposals for new privacy legislation. A new Virginia privacy law, the Virginia Consumer Data Protection Act (“VCDPA”), and a new Colorado law, the Colorado Privacy Act (“CPA”), impose many similar obligations regarding the processing and storing of personal information as the CCPA and the CPRA. Other states have enacted or are considering enacting privacy laws. All 50 states and the District of Columbia have adopted some form of breach notification laws, requiring businesses to notify individuals of security breaches of personal information.

We expect that the regulatory focus on privacy, security and data use issues will continue to increase and laws and regulations concerning the protection of personal information will expand and become more complex. Such new privacy laws add additional requirements, restrictions and potential legal risk and require additional investment in resources for compliance programs.

We believe that our operations comply with legally required standards for privacy and security of personal information to the extent applicable under federal or state law, and we strive to comply with additional standards that we identify as “best practices.” Such ongoing compliance involves significant time, effort and expense.

Despite the security measures we have in place to ensure compliance with applicable laws and rules, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism, vandalism or theft, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. For example, in November 2022, one of our marketing vendors notified us that it had suffered a data breach that resulted in the release of certain information (names, email addresses, physical addresses consisting of city state, and zip codes, phone numbers and birthdates) of many of our patients and employees. The vendor further notified us that the information that had been released did not include credit card or bank account numbers, social security numbers or similar sensitive personal information. In addition, our vendor reported that they had quickly identified the source of the breach and rectified the situation, preventing the disclosure of additional information. We believe that a very limited number of affected individuals (all of whom had thejoint.com domain email address, with the exception of one) received ransom demands. Upon learning the details of the breach, we immediately embarked on an investigation and retained outside legal counsel to provide guidance with respect to any applicable legal obligations. Based on our investigation and the legal guidance we received, it was determined that the breach did not result in the release of “personal information,” as defined in the relevant data breach notification laws of all but two states. With respect to those two states, on or about May 1, 2023, counsel for The Joint Corp. delivered notices to the respective state Offices of the Attorneys General in compliance with state disclosure regulations. As of the current date, neither state has issued a response. Upon receipt of the root cause analysis from the vendors, we followed up with its leadership team to ensure that the specific breach had been remediated and to confirm that related processes and practices for future data protection had been updated. Based upon our investigation, we believe that the data breach did not have a material adverse effect on our business or result in any material damage to us. Furthermore, we are entitled to indemnification under the contract with the vendor for costs we incurred in addressing the data breach, including any costs with respect to breach notification.

State Regulations on Corporate Practice of Chiropractic

In states that regulate the “corporate practice of chiropractic,” chiropractic services are provided solely by legal entities organized under state laws as professional corporations (“PCs”) or their equivalents. Each of the PCs in our system is wholly owned by one or more licensed chiropractors and employs or contracts with chiropractors in one or more offices. We do not own any capital stock of (or have any other ownership interest in) any such PC. We and our franchisees that are not owned by chiropractors enter into

management services agreements with PCs to provide the PCs on an exclusive basis with all non-clinical administrative services needed by the chiropractic practice.

In February 2020, the State of Washington Chiropractic Quality Assurance Commission delivered notices that it was investigating complaints made against three chiropractors who own clinics, or are (or were) employed by clinics, in Washington. These clinics receive management services from our franchisees that are not owned by chiropractors. The notices contained allegations of fee-splitting, specifically targeting a provision in our Franchise Disclosure Document (“FDD”) providing for the payment of royalty fees based on revenue derived from the furnishing of chiropractic care. The notices appeared to question our business model. The Commission posed a number of questions to the chiropractors and requested documentation describing the fee structure and related matters. All three chiropractors responded to the Commission, and the Commission has since closed the investigations with respect to two of the chiropractors, finding that the evidence did not support any claim of violation. It appears that the investigation with respect to the third chiropractor has either been closed or gone dormant.

In February 2019, a bill was introduced in the Arkansas state legislature prohibiting the ownership and management of a chiropractic corporation by a non-chiropractor. The bill was drafted by the Arkansas State Board of Chiropractic Examiners. This bill has since been withdrawn. While it is questionable whether the prohibition would have been applicable to our business model in Arkansas, the bill could have been interpreted to challenge that model if it had passed in its proposed form. We have no assurance that another bill posing a similar or greater challenge to our business model will not be introduced in the future. Previously, in 2015, the Arkansas Board had questioned whether our business model might violate Arkansas law in its response to an inquiry we made on behalf of one of our franchisees. While the Arkansas Board did not thereafter pursue the matter of a possible violation, it might choose to do so at any time in the future.

In February 2019, the North Carolina Board of Chiropractic Examiners delivered notices alleging certain violations to sixteen chiropractors working for clinics in North Carolina for which our franchisees that are not owned by chiropractors provide management services. We retained legal counsel in this matter, and a preliminary hearing was conducted on February 21, 2019. The North Carolina Board issued its findings to each of the individual chiropractors, which generally included an overall finding that probable cause existed to show that the chiropractors violated one or more of the North Carolina Board’s rules. The findings each also proposed an Informal Settlement Agreement in lieu of proceeding to a full hearing before the North Carolina Board. On April 22, 2019, each of the chiropractors, through their attorneys, delivered to the North Carolina Board notices refuting the North Carolina Board’s findings and seeking revisions to the Settlement Agreement. The North Carolina Board replied with certain counterproposals, and all chiropractors have since accepted the terms. While the allegations consisted primarily of quality of care and advertising issues, it is possible that the actions of the North Carolina Board arose out of concerns related to our business model, and if so, we have no assurance that the North Carolina Board will not pursue other claims against the chiropractors in the future.

In November 2018, the Oregon Board of Chiropractic Examiners adopted changes to its rules to prohibit a chiropractor from owning or operating a chiropractic practice as a surrogate for a non-chiropractor. As in the case of the proposed Arkansas bill, it is questionable whether this prohibition is applicable to our business model in Oregon; however, depending upon how the amended rules are interpreted, they could similarly pose a threat. Since our franchisees began operating in Oregon, the Oregon Board has made several inquiries with respect to our business model. We have typically satisfied these inquiries by providing a brief response or documentation. In February 2018, the Oregon Board asked us for clarification regarding ownership of our franchise locations operating in Oregon, and we responded with the requested clarification. The Oregon Board has not taken any further action, but we have no assurance that it will not do so in the future or that we have satisfied the Oregon Board’s concerns. One of our franchisees received a letter from the Oregon Board alleging a violation of the rules against the corporate practice of chiropractic, but after a further exchange of correspondence with the franchisee, the Oregon Board notified the franchisee in August 2018 that the case was closed.

In November 2015, the California Board of Chiropractic Examiners commenced an administrative proceeding to which we were not a party, in which it claimed that the doctor who owns the PC that we manage in southern California violated California’s prohibition on the corporate practice of chiropractic, among other claims, because our management of the clinics operated by his PC involved the exercise of control over certain clinical aspects of his practice. The claims were subsequently dismissed congruent with the decision of the administrative law judge who conducted the proceeding; however, we cannot assure you that similar claims will not be made in the future, either against us or our affiliated PCs.

In a June 2015 Assurance of Discontinuance with the New York Attorney General, Aspen Dental Management, a provider of business support services to independently owned dental practices, agreed to settle claims that it improperly made business decisions impacting clinical matters, illegally engaged in fee-splitting with dental practices and required the dental practices to use the “Aspen Dental” trade name in a manner that had the potential to mislead consumers into believing that the “Aspen Dental”- branded offices were under common ownership with the provider. Pursuant to the settlement, Aspen Dental paid a substantial fine and agreed to change its business and branding practices, including changes to its website and marketing materials in order to make clear that the Aspen-

branded dental offices were independently owned and operated. While it has not done so to date, we cannot assure you that the New York Attorney General will not similarly choose to challenge our contractual relationships with our affiliated PCs in New York and, in particular, to question whether use of The Joint trademark by our affiliated PCs misleads consumers, causing them to incorrectly conclude that we are the provider of chiropractic treatment.

The Kansas Healing Arts Board, in response to a third-party complaint about one of our franchisees, sent a letter to the franchisee in February 2015 questioning whether the franchise business model might violate Kansas law regarding the unauthorized practice of chiropractic care. At the time, we and the franchisee had several communications with the Kansas Board with respect to modifying the management agreement to address its concerns. While we have had no further communications with the Board since that time, we have also received no assurance that changes to the agreement satisfied all of its concerns, and thus we cannot assure you that similar claims will not be made in the future, either against us or our affiliated PCs.

While the effect of the Arkansas bill if passed, the Oregon rules changes, and the proceedings in Washington, North Carolina, California, New York and Kansas may be that our business practices in those states are under stricter scrutiny than elsewhere, we believe we are in substantial compliance with all applicable laws relating to the corporate practice of chiropractic.

Please see the risk factor in Item 1A for additional discussion of the “Risks Related to State Regulations on the Corporate Practice of Chiropractic” as they relate to our business model.

Regulation Relating to Franchising

We are subject to the rules and regulations of the FTC and various state laws regulating the offer and sale of franchises. The FTC and various state laws require that we furnish an FDD containing certain information to prospective franchisees, and a number of states require registration of the FDD at least annually with state authorities. Included in the information required to be disclosed in our FDD is our business experience, material litigation, all fees due to us from franchisees, a franchisee’s estimated initial investment, restrictions on sources of products and services we impose on franchisees, development and operating obligations of franchisees, whether we provide financing to franchisees, our training and support obligations and other terms and conditions of our franchise agreement. We are operating under exemptions from registration in several states based on our qualifications for exemption as set forth in those states’ laws. As of December 31, 2024, we were registered to sell franchises in every state (where registrations are required) except for Wyoming, North and South Dakota and could sell franchises in 47 of all 50 states.

Substantive state laws regulating the franchisor-franchisee relationship presently exist in many states. State laws often limit, among other things, the duration and scope of non-competition provisions and the ability of a franchisor to terminate or refuse to renew a franchise. A policy from the North American Securities Administrators Association, Inc. (“NASAA”) rejects the use of required representations or waivers of claims by franchisees in franchise agreements for the purpose of insulating a franchisor from liability in disputes related to alleged fraud or misrepresentations during the offer and sale of a franchise. Although NASAA has no legal authority to prohibit such provisions, it is likely that state regulators will follow NASAA’s guidance and limit their use, as California has already done. Franchisors risk exposure to unfair trade practice claims by state regulators if they try to use a franchisee’s representations in a manner that offends NASAA’s policy. The use of such offending representations also could increase the likelihood of successful lawsuits against franchisors by franchisees over claims of fraud or misrepresentation. Bills also have been introduced in Congress from time to time providing for protection of franchisee rights, including certain currently pending bills seeking to establish what are described as fair franchise practices. Compliance with new, complex and changing laws may cause our expenses to increase, and non-compliance with such laws could result in penalties or enforcement actions against us. However, we believe that our FDD and franchising procedures currently comply in all material respects with both the FTC guidelines and all applicable state laws regulating franchising in those states in which we have offered franchises. As those guidelines and laws change, we will revise our FDD and franchising procedures accordingly.

Other Federal, State and Local Regulation

We are subject to varied federal regulations affecting the operation of our business. We are subject to the U.S. Fair Labor Standards Act (the “FLSA”), the U.S. Immigration Reform and Control Act of 1986, the Occupational Safety and Health Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990 and various other federal and state laws governing such matters as minimum wage requirements, overtime, fringe benefits, workplace safety and other working conditions and citizenship requirements. A significant number of our clinic service personnel are paid at rates related to the applicable minimum wage, and increases in the minimum wage are likely to increase our labor costs. As of January 1, 2024, the minimum wage increased in a number of states, the District of Columbia and local municipalities, with many of these wage increases triggered automatically by increases in the cost of living due to high inflation. Many of our smaller franchisees qualify for exemption from the requirement to either provide health insurance benefits or pay a penalty to the IRS if not provided because of their small number of employees. The imposition of any requirement that we or our franchisees provide health insurance benefits to our or their employees that are more extensive than the

health insurance benefits that we currently provide to our employees or that franchisees may or may not provide, or the imposition of additional employer paid employment taxes on income earned by our employees, could have an adverse effect on our results of operations and financial position. Our distributors and suppliers also may be affected by higher minimum wage and benefit standards, which could result in higher costs for goods and services supplied to us.

Joint Employer Rules

Background. As a franchisor, we could be liable for certain employment law and other labor-related claims against our franchisees if we are found to be a joint employer of our franchisees' employees. A July 2014 decision by the United States National Labor Relations Board (the "NLRB") held that McDonald's Corporation could be held liable as a "joint employer" for labor and wage violations by its franchisees under the FLSA. After this decision, the NLRB issued a number of complaints against McDonald's Corporation in connection with these violations, although these complaints were ultimately settled without any admission of liability by McDonald's. Additionally, an August 2015 decision by the NLRB held that Browning-Ferris Industries was a "joint employer" for purposes of collective bargaining under the National Labor Relations Act (the "NLRA") and, thus, obligated to negotiate with the Teamsters union over workers supplied by a contract staffing firm within one of its recycling plants.

In an effort to effectively reverse the McDonald's Corporation decision, in 2020, the Department of Labor (the "DOL") issued a final rule narrowing the meaning of "joint employer" in the FLSA. Much of the new rule relating to "joint employer" status was then vacated by the United States District Court for the Southern District of New York in a lawsuit brought by various state attorneys general. Similarly, in an effort to effectively reverse the Browning-Ferris decision, in 2020, the NLRB issued a final rule, narrowing the meaning of "joint employer" in the collective bargaining context under the NLRA.

Current Status of Joint Employer Rules. On October 27, 2023, the NLRB published a final rule redefining joint employment standards under the NLRA. This rule, which has not yet become effective due to pending litigation, resurrects the broader standards from the NLRB's 2015 Browning-Ferris Industries decision, which include considerations of indirect or potential control in determining joint employment. If two entities are deemed joint employers, both could be jointly liable for unfair labor practices and may be required to participate in collective bargaining, sharing legal responsibilities for the affected employees.

The rule's proposal has sparked legal challenges from different directions. The Service Employees International Union (SEIU) has filed a lawsuit challenging the NLRB's joint employer rule, arguing that it is not expansive enough. In contrast, the U.S. Chamber of Commerce, along with other trade groups, has initiated legal action, contending that the rule contradicts the NLRA and is arbitrary and capricious, thereby violating the Administrative Procedure Act. The time frame for the resolution of these lawsuits is dependent on the courts and we are not able to comment further.

Effective on September 28, 2021, the DOL withdrew the joint employer final rules under the FLSA, which had narrowed the definition of "joint employer" under the FLSA. Key provisions of the joint employer final rules had already been vacated by the United States District Court for the Southern District of New York in a lawsuit brought by various state attorneys general. The DOL has not proposed to replace the withdrawn rule with any new guidance, reverting to a legal landscape which includes a more expansive definition of "joint employer." Under a more expansive definition, a franchisor could be held jointly liable with its franchisee for minimum wages and overtime pay violations by the franchisee, depending on the extent of control and supervision the franchisor is able to exercise over the franchisee's employees.

Significance of Joint Employer Rules for our Business Model. The replacement or withdrawal of the NLRA and FLSA rules or new standards under federal and state discrimination statute (such as Title VII), which include or reinstate expansive definitions of "joint employer," have implications for our business model. If we are considered a joint employer, we could have responsibility for damages, reinstatement, back pay and penalties in connection with labor law and employment discrimination violations by our franchisees. Furthermore, it may be easier for our franchisees' employees to organize into unions, require us to participate in collective bargaining with those employees, provide those employees and their union representatives with bargaining power to request that we have our franchisees raise wages, and make it more expensive and less profitable to operate a franchised clinic.

California AB-5. California adopted Assembly Bill 5 ("AB-5"), which took effect on January 1, 2020. This legislation codifies the standard established in a California Supreme Court case (*Dynamex Operations West v. Superior Court*) for determining whether workers should be classified as employees or independent contractors, with a strict test that puts the burden of proof on employers to establish that workers are not employees. The law is aimed at the so-called "gig economy" where workers in many industries are treated as independent contractors, rather than employees, and lack the protections of wage and hour laws, although California voters approved a ballot initiative, now under court review, to exclude app-based drivers from the application of AB-5. AB-5 is not a franchise-specific law and does not address joint employer liability; however, a significant concern exists in the franchise industry that an expansive interpretation of AB-5 could be used to hold franchisors jointly liable for the labor law violations of its franchisees.

Courts addressing this issue have come to differing conclusions, and while it remains uncertain as to how the joint employer issue will finally be resolved in California, potential new federal laws or regulations may ultimately be controlling on this issue.

AB-5 has been the subject of widespread national discussion. Other states are considering similar approaches. Some states have adopted similar laws in narrower contexts, and a handful of other states have adopted similar laws for broader purposes. All of these laws or proposed laws may similarly raise concerns with respect to the expansion of joint liability to the franchise industry. Furthermore, there have been private lawsuits in which parties have alleged that a franchisor and its franchisee “jointly employ” the franchisee’s staff, that the franchisor is responsible for the franchisees’ staff (under theories of apparent agency, ostensible agency, or actual agency), or otherwise.

Americans with Disabilities Act

We are required to comply with the accessibility standards mandated by the Americans with Disabilities Act of 1990 and related federal and state statutes, which generally prohibit discrimination on the basis of disability in places of public accommodation. We may, in the future, have to modify our clinics to provide service to or make reasonable accommodations for disabled persons. While these expenses could be material, our current expectation is that any such actions will not require us to expend substantial funds.

Competition

The chiropractic industry is highly fragmented. According to the September 2024 IBIS market research report, the Top 50 industry practices accounted for only 4% of total industry revenue. Our competitors include approximately 38,245 independent chiropractic offices currently open throughout the United States, according to a 2024 Kentley Insights market research report, as well as certain multi-unit operators. We may also face competition from traditional medical practices, outpatient clinics, physical therapists, med-spas, massage therapists and sellers of devices intended for home use to address back and joint discomfort. Our four largest multi-unit competitors are Airrosti, HealthSource Chiropractic, 100% Chiropractic and ChiroOne all of which are insurance-based models.

We have identified six competitors who are attempting to duplicate our cash-only, low cost, appointment-free model. Based on publicly available information, five of these competitors each operate fewer than 15 clinics as franchises, and the largest competitor operated 34 clinics as franchises as of December 31, 2024. We anticipate that other direct competitors will join our industry as our visibility, reputation and perceived advantages become more widely known. We believe our first mover advantage, proprietary operations systems and strong unit level economics will continue to accelerate our growth even with the spawning of additional competition.

Human Capital Resources

We believe that a strong culture of engagement and alignment to be essential to the ongoing success of our business. Therefore, it is important to attract, develop and retain a diverse and engaged workforce at all levels of our business. To facilitate talent attraction and retention, we are committed to fostering a workplace where our employees feel aligned with our mission, proud of our culture and engaged in their work, with opportunities to grow and develop in their careers, supported by competitive compensation and benefits.

Workforce

As of December 31, 2024, we and our consolidated VIEs employed approximately 443 persons on a full-time basis and approximately 293 persons on a part-time basis. None of our employees are members of unions or participate in other collective bargaining arrangements.

Recruitment

We believe our employees are among our most valuable resources and are critical to our continued success. We focus significant attention on attracting and retaining talented and experienced individuals to operate our clinics and support our operations, and our management believes in a continuous improvement culture and routinely reviews employee turnover rates at various levels of the organization.

In order to continue our growth through clinic development and, in light of the recent shortage of qualified chiropractors, it is crucial that we continue to attract and retain qualified chiropractors. We strive to make The Joint Chiropractic the career path of choice for chiropractors, with opportunities for our chiropractors to grow and develop in their careers, supported by competitive compensation and benefits, and with our simple business model that allows our chiropractors to focus on patient care. Our competitive employment program for chiropractors includes (i) full time and flexible hours, with full benefits and paid time off, (ii) part time and flexible hours with some benefits, (iii) company-paid malpractice insurance, (iv) tuition reimbursement, sign-on and referral bonuses in certain

circumstances, and (v) a competitive starting base salary. We have also bolstered our recruitment function, and we continue to fine-tune and re-strategize our search for chiropractors. In addition, we continue to expand and strengthen our relationship with chiropractic colleges to increase engagement with students and to increase the applicant flow of qualified candidates.

In order to ensure that we are meeting our human capital objectives, we will continue to utilize engagement surveys to understand the perception of our brand as an employer and the effectiveness of our employee and compensation programs and to learn where we can improve across the company.

Talent Management and Development

Our employees’ personal and professional growth is critical for the success of our business. Our approach to performance and development is designed to motivate our employees to develop, leverage their strengths, and support a coaching and feedback culture. We offer numerous online courses and encourage our employees to attend conferences, training courses, and continuing education classes. Additionally, we conduct periodic assessments to identify talent needs and growth paths for our employees.

Compensation, Benefits, and Equity

We are committed to providing market competitive compensation and benefits. To ensure we remain competitive, we conduct periodic benchmarking to analyze our compensation data and take steps to ensure gender and other demographic equality is addressed. Our compensation practices are intended to be merit-based, focused on roles, responsibilities, experience and performance, with no consideration given to gender, age, ethnicity or other similar factors. We use a combination of fixed and incentive pay, including base salary, bonuses, and stock-based compensation. The principal purposes of our equity incentive plans are to attract, retain and motivate selected leaders through the granting of stock-based compensation awards. Our benefit offerings include comprehensive medical coverage, paid time off, a retirement savings plan, free family wellness membership at our clinics and flexible work schedules.

Code of Conduct & Ethics

In 2024, we updated our Code of Conduct to reinforce our commitment to adhering to moral and ethical principles. We hold ourselves to the highest standards of acting with integrity as outlined in our core values statements.

Facilities

We lease the property for our corporate headquarters and all of the properties on which we own or manage clinics. As of December 31, 2024, we leased 129 facilities in which we currently operate or manage, with our corporate headquarters being the only leased property that will remain after the completion of our refranchising strategy. We are obligated under one additional lease for facilities in which we have ceased clinic operations.

Our corporate headquarters are located at 16767 N. Perimeter Center Drive, Suite 110, Scottsdale, Arizona 85260. The term of our lease for this location expires on December 31, 2025. In February 2025, we executed an amendment to the lease agreement to extend the term of our lease commencing January 1, 2026 and terminating on May 31, 2031. The primary functions performed at our corporate headquarters are finance and accounting, treasury, marketing, operations, human resources, information systems support, and legal.

We are also obligated under non-cancellable leases for the clinics which we own or manage. Our clinics are on average 1,200 square feet. Our clinic leases generally have an initial term of five years, include one to two options to renew for terms of five years, and require us to pay a proportionate share of real estate taxes, insurance, common area maintenance charges and other operating costs.

As of December 31, 2024, we had 967 franchised or company-owned or managed clinics in operation in 41 states and the District of Columbia. All of our locations are leased.

Intellectual Property

Trademarks, Trade Names and Service Marks

Our registered trademarks include the following in the United States:

| Trademark | Registration Date | Registration Number |
|-----------|-------------------|---------------------|
| 12 | | |

| | | |
|------------------------------------------------|----------------|---------|
| DON'T DO PAIN. DO YOU. | August 2022 | 6810062 |
| THE JOINT CHIROPRACTIC | December 2016 | 5095943 |
| THE JOINT CHIROPRACTIC (STYLIZED-BLACK BOX) | April 2021 | 6331815 |
| THE JOINT CHIROPRACTIC (STYLIZED-HORIZ LOGO) | April 2021 | 6331917 |
| THE JOINT CHIROPRACTIC (STYLIZED-STCKD LOGO) | April 2021 | 6331918 |
| YOU'RE BACK, BABY. | August 2020 | 6131833 |
| YOU'RE BACK, BABY | December 2019 | 5940161 |
| BACK-TOBER | September 2018 | 5571732 |
| RELIEF RECOVERY WELLNESS | February 2018 | 5398367 |
| PAIN RELIEF IS AT HAND | February 2018 | 5395995 |
| WHAT LIFE DOES TO YOUR BODY, WE UNDO | February 2018 | 5396012 |
| RELIEF. ON SO MANY LEVELS. | December 2015 | 4871809 |
| THE JOINT | April 2015 | 4723892 |
| THE JOINT... THE CHIROPRACTIC PLACE (STYLIZED) | April 2013 | 4323810 |
| THE JOINT... THE CHIROPRACTIC PLACE | February 2011 | 3922558 |

Our registered trademarks include the following in Canada:

| | | |
|-----------------------------------|-----------|------------|
| THE JOINT | July 2019 | TMA1044029 |
| THE JOINT CHIROPRACTIC | July 2019 | TMA1044040 |
| THE JOINT CHIROPRACTIC and Design | July 2019 | TMA1044026 |

Corporate Information

We are a Delaware corporation. Our common stock is traded on the NASDAQ Capital Market under the symbol "JYNT." Our corporate offices headquarters are located at 16767 N. Perimeter Center Drive, Suite 110, Scottsdale, Arizona 85260, and our telephone number is (480) 245-5960. Our website is www.thejoint.com. Except as specifically indicated otherwise, the information on, or that can be accessed through, our website or any other website identified herein is not incorporated by reference into this Form 10-K/A.

Available Information

We make available free of charge, through our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The SEC's website, www.sec.gov, contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

RISKS RELATED TO OPERATING OUR BUSINESS

The nationwide labor shortage has negatively impacted our ability to recruit chiropractors and other qualified personnel, and the measures we have taken in response have reduced our net revenues.

The current nationwide labor shortage and, in particular the shortage of qualified chiropractors, has negatively impacted our ability and the ability of our franchisees to recruit and retain qualified chiropractors, wellness coordinators and other qualified personnel. This shortage has limited our ability to open new clinics and has required us to enhance wages and benefits and shorten clinic operating hours. All of these measures have reduced our net revenues and increased our operating expenses and may continue to do so if labor shortages continue.

Inflation has led to increased labor costs and interest rates and may lead to reduced discretionary spending, all of which may negatively impact our business.

The primary inflationary factor affecting our operations is labor costs. Beginning in the fourth quarter of 2021 and through 2024, company-owned or managed clinics were negatively impacted by wage increases, which increased our general and administrative expenses and decreased profitability. A significant number of our clinic service personnel are paid at rates related to the applicable minimum wage, and increases in the minimum wage could increase our labor costs. As of January 1, 2024, the minimum wage increased in a number of states, the District of Columbia and local municipalities, with many of these wage increases triggered automatically by increases in the cost of living due to high inflation. Such wage increases likely will further increase our general and administrative expenses in the affected jurisdictions. A continued increase in labor costs is likely to continue to have an adverse impact on profitability and may result in additional price increases to offset their impact. Further, should we fail to continue to increase our wages competitively in response to any continued increase in wage rates, the quality of our workforce could decline, causing our patient services to suffer.

In addition to relief and recovery, our services emphasize preventive and maintenance care, which is generally not a medical necessity, and may be viewed as a discretionary medical expenditure. Discretionary spending is negatively impacted by, among other things, those factors disclosed in this Form 10-K/A under the caption “Recent Events” in Management’s Discussion and Analysis of Financial Condition and Results of Operations -- unfavorable global economic or political conditions, such as labor shortages, inflation and other cost increases, and increases in interest rates. As further disclosed under the aforementioned caption, we anticipate that fiscal 2025 will continue to be a volatile macroeconomic environment and expect elevated levels of cost inflation to persist for 2025. Reductions in discretionary spending may adversely impact our business, financial condition, or results of operations. Rising interest rates also will make it more expensive for potential franchisees to finance new clinic acquisitions and thus may reduce the pool of available franchisees, which also could adversely impact our business.

In the event that a continued deterioration of economic conditions causes a significant decrease in demand for our services, this could negatively impact our ability to meet the financial covenants in our credit facility, although we were in compliance as of December 31, 2024. Furthermore, a deterioration of equity and credit markets may make other debt or equity financing difficult to obtain in a timely manner and on favorable terms, if at all, and if obtained, may be more costly or more dilutive. If we are unable to access our credit facility as a result of noncompliance with its covenants or are unable to obtain other debt or equity financing, this could limit our opportunity to acquire more clinics and regional developer rights and to pursue other corporate initiatives.

New clinics, once opened, may not be profitable, and the increases in average clinic sales and comparable clinic sales that our franchisees have experienced in the past may not be indicative of future results.

Our clinics continue to demonstrate increases in comparable clinic sales even as they mature. Our annual Comp Sales for the full year 2024, for clinics that have been open for at least 13 full months, was 4%. However, for clinics that have been open for greater than 48 months, our annual Comp Sales for the full 2024 year was (2)%. As such, we cannot assure you that increases in comparable clinic sales will continue for our existing clinics or that clinics that are opened in the future will see similar results. In new markets, the length of time before average sales for new clinics stabilize is less predictable and can be longer than we expect because of our limited knowledge of these markets and consumers’ limited awareness of our brand. New clinics may not be profitable, and their sales performance may not follow historical patterns. In addition, our average clinic sales and comparable clinic sales for existing clinics may deteriorate from the rates achieved over the past several years. Our ability to operate new franchisee clinics profitably and increase average clinic sales and comparable clinic sales depends on many factors, some of which are beyond our control, including: (i) consumer awareness and understanding of our brand and changes in consumer preferences and discretionary spending; (ii) general economic conditions, which can affect clinic traffic, local rent

and labor costs and prices we pay for the supplies we use; (iii) competition, either from our competitors in the chiropractic industry or our own and our franchisees' clinics; (iv) the identification and availability of attractive sites for new facilities and the anticipated commercial, residential and infrastructure development near our new facilities; (v) changes in government regulation; (vi) in certain regions, decreases in demand for our services due to inclement weather; and (vii) other unanticipated increases in costs, any of which could give rise to delays or cost overruns.

If our new clinics do not perform as planned, our business and future prospects could be harmed. In addition, if we are unable to achieve our expected average clinics sales, our business, financial condition and results of operations could be adversely affected.

Our failure to manage our growth effectively could harm our business and operating results.

Our growth plan includes a significant number of new franchised clinics. Our existing clinic management systems, administrative staff, financial and management controls and information systems may be inadequate to support our continued expansion. Those demands on our infrastructure and resources may also adversely affect our ability to manage our existing clinics. Managing our growth effectively will require us to continue to enhance these systems, procedures and controls and to hire, train and retain managers and team members. We may not respond quickly enough to the changing demands that our expansion will impose on our management, clinic teams and existing infrastructure which could harm our business, financial condition and results of operations. We replaced and upgraded our IT platform in 2021, but we cannot provide assurances that our on-going improvements and enhancements efforts will be executed without delays, difficulties or service interruptions.

Our expansion into new markets may be more costly and difficult than we currently anticipate, which would result in slower growth than we expect.

Clinics our franchisees open in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy, marketing or operating costs than clinics opened in existing markets, thereby affecting our overall profitability. New markets may have competitive conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. We may need to make greater investments than we originally planned in advertising and promotional activity in new markets to build brand awareness. If we do not successfully execute our plans to enter new markets, our business, financial condition and results of operations could be materially adversely affected

Opening new clinics in existing markets may negatively affect revenue at existing clinics.

The target area of our franchised clinics varies by location and depends on a number of factors, including population density, other available retail services, area demographics and geography. As a result, the opening of a new clinic in or near markets in which our franchisees already have clinics could adversely affect the revenues of those existing clinics. Existing clinics could also make it more difficult to build the patient base for a new clinic in the same market. Our business strategy does not entail opening new franchised clinics that we believe will materially affect revenue at existing clinics, but we may selectively open new franchised clinics in and around areas of existing clinics that are operating at or near capacity to effectively serve the patients. Revenue "cannibalization" between clinics may become significant in the future as we continue to expand our operations and could affect our revenue growth, which could, in turn, adversely affect our business, financial condition and results of operations.

Damage to our reputation or our brand in existing or new markets could negatively impact our business, financial condition and results of operations.

We believe we have built our reputation on high quality, empathetic patient care, and we must protect and grow the value of our brand to continue to be successful in the future. Our brand may be diminished if we do not continue to make investments in areas such as marketing and advertising, as well as the day-to-day investments required for facility operations, equipment upgrades and staff training. Any incident, real or perceived, regardless of merit or outcome, that erodes our brand, such as failure to comply with federal, state or local regulations including allegations or perceptions of non-compliance or failure to comply with ethical and operating standards, could significantly reduce the value of our brand, expose us to adverse publicity and damage our overall business and reputation. Further, our brand value could suffer and our business could be adversely affected if patients perceive a reduction in the quality of service or staff.

Our marketing programs may not be successful.

We incur costs and expend other resources in our marketing efforts to attract and retain patients. Our marketing activities are principally focused on increasing brand awareness and driving patient volumes. As we open new clinics, we undertake

aggressive marketing campaigns to increase community awareness about our growing presence. We plan to continue to utilize targeted marketing efforts within local neighborhoods through channels such as radio, digital media, community sponsorships and events, and a robust online/social media presence. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenue. Our ability to market our services may be restricted or limited by federal or state law.

We will be subject to risks associated with leasing space subject to long-term non-cancelable leases for clinics that we intend to operate.

We do not own, and we do not intend to own, any of the real property where our company-owned or managed clinics operate. We anticipate that our leases generally will have an initial term of five or ten years and generally can be extended only in five-year increments (at increased rates). We expect that all of our leases will require a fixed annual rent, although some may require the payment of additional rent if clinic sales exceed a negotiated amount. We expect that our leases will typically be net leases, which require us to pay all of the costs of insurance, taxes, maintenance and utilities, and that these leases will not be cancellable by us. If a future company-owned or managed clinic is not profitable, resulting in its closure, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. These risks are heightened as we continue to increase our refranchising efforts which may adversely affect our financial condition or results of operations. In addition, we are secondarily liable on certain franchisees' clinic lease agreements, including lease agreements that we have guaranteed or assigned to franchisees, and our operating results and/or growth prospects could be impacted by any rent obligations to the extent such franchisees default on these lease agreements.

Changes in economic conditions and adverse weather and other unforeseen conditions could materially affect our ability to maintain or increase sales at our clinics.

Our services emphasize maintenance therapy, which is generally not a medical necessity, and should be viewed as a discretionary medical expenditure. The United States in general or the specific markets in which we operate may suffer from depressed economic activity, recessionary economic cycles, higher fuel or energy costs, low consumer confidence, high levels of unemployment, reduced home values, increases in home foreclosures, investment losses, personal bankruptcies, reduced access to credit or other economic factors that may affect consumer discretionary spending. As noted in a previous risk factor, the current period of high inflation, which is expected to persist through at least 2025, is likely to reduce consumer discretionary spending. Traffic in our clinics could decline if consumers choose to reduce the amount they spend on non-critical medical procedures. Negative economic conditions might cause consumers to make long-term changes to their discretionary spending behavior, including reducing medical discretionary spending on a permanent basis. In addition, given our geographic concentrations in the West, Southwest, Southeast, and mid-Atlantic regions of the United States, economic conditions in those particular areas of the country could have a disproportionate impact on our overall results of operations, and regional occurrences such as local strikes, terrorist attacks, increases in energy prices, adverse weather conditions, tornadoes, earthquakes, hurricanes, floods, droughts, fires or other natural or man-made disasters could materially adversely affect our business, financial condition and results of operations. All of our clinics depend on visibility and walk-in traffic, and the effects of adverse weather may decrease visits to malls in which our clinics are located and negatively impact our revenues. If clinic sales decrease, our profitability could decline as we spread fixed costs across a lower level of revenues. Reductions in staff levels and potential clinic closures could result from prolonged negative clinic sales, which could materially adversely affect our business, financial condition and results of operations.

RISKS RELATED TO USE OF THE FRANCHISE BUSINESS MODEL

Our dependence on the success of our franchisees exposes us to risks, including the loss of royalty revenue and harm to our brand.

A substantial portion of our revenues comes from royalties generated by our franchised clinics, which royalties are based on the revenues generated by those clinics. We anticipate that franchise royalties will represent a substantial part of our revenues in the future. As of December 31, 2024, we had franchisees operating or managing 842 clinics. We rely on the performance of our franchisees in successfully opening and operating their clinics and paying royalties and other fees to us on a timely basis. Our franchise system subjects us to a number of risks as described here and in the next four risk factors. These risks include a significant further decline in our franchisees' revenue, which occurred in 2020 as a result of the COVID-19 pandemic. Furthermore, in 2020, we took additional actions to support our franchisees that experienced challenges during the COVID-19 pandemic, further reducing our royalty revenues and other fees from franchisees. In 2020, for a period of time, we waived minimum royalty requirements, monthly software fees for clinics forced to close temporarily due to the pandemic, and minimum required marketing expenditures. We may need to re-implement, expand or extend these accommodations to franchisees, further reducing our revenues from franchised clinics and reducing the visibility of "The Joint" brand in the marketplace. Any new or re-implemented accommodations and the occurrence of any of the other events described here and in

the next four risk factors could impact our ability to collect royalty payments from our franchisees, harm the goodwill associated with our brand, and materially adversely affect our business and results of operations.

Our franchisees are independent operators over whom we have limited control.

Franchisees are independent operators, and their employees are not our employees. Accordingly, their actions are outside of our control. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their approved locations, and state franchise laws may limit our ability to terminate or modify these franchise agreements. Moreover, despite our training, support and monitoring, franchisees may not successfully operate clinics in a manner consistent with our standards and requirements, or may not hire and adequately train qualified personnel. The failure of our franchisees to operate their franchises successfully and the actions taken by their employees could have a material adverse effect on our reputation, our brand and our ability to attract prospective franchisees, and on our business, financial condition and results of operations.

We are subject to the risk that our franchise agreements may be terminated or not renewed.

Each franchise agreement is subject to termination by us as the franchisor in the event of a default, generally after expiration of applicable cure periods, although under certain circumstances a franchise agreement may be terminated by us upon notice without an opportunity to cure. The default provisions under the franchise agreements are drafted broadly and include, among other things, any failure to meet operating standards and actions that may threaten our intellectual property. In addition, each franchise agreement has an expiration date. Upon the expiration of the franchise agreement, we or the franchisee may, or may not, elect to renew the franchise agreement. If the franchise agreement is renewed, the franchisee will receive a new franchise agreement for an additional term. Such option, however, is contingent on the franchisee's execution of the then- current form of franchise agreement (which may include increased royalty payments, advertising fees and other costs) and the payment of a renewal fee. If a franchisee is unable or unwilling to satisfy any of the foregoing conditions, we may elect not to renew the expiring franchise agreement, in which event the franchise agreement will terminate upon expiration of its term. The termination or non-renewal of a franchise agreement could result in the reduction of royalty payments we receive.

Our franchisees may not meet timetables for opening their clinics, which could reduce the royalties we receive.

Our franchise agreements specify a timetable for opening the clinic. Failure by our franchisees to open their clinics within the specified time limit would result in the reduction of royalty payments we would have otherwise received and could result in the termination of the franchise agreement. As of December 31, 2024, we had active licenses and letters-of-intent for 145 clinics which we believe to be developable within the specified time periods, but we cannot be certain of this.

Our regional developers are independent operators over whom we have limited control.

Our regional developers are independent operators. Accordingly, their actions are outside of our control. We depend upon our regional developers to sell a minimum number of franchises within their territories and to assist the purchasers of those franchises to develop and operate their clinics. The failure by regional developers to sell the specified minimum number of franchises within the time limits set forth in their regional developer license agreements would reduce the franchise fees we would otherwise receive, delay the payment of royalties to us and result in a potential event of default under the regional developer license agreement. Of our total of 16 regional developers as of December 31, 2024, six had not met their minimum franchise sales requirements within the time periods specified in their regional developer agreements.

FINANCIAL RISK FACTORS

Our level of debt could impair our financial condition and ability to operate.

As of December 31, 2024, we had access to draw \$20.0 million under the Credit Agreement (defined at Note 7, *Debt*). Our level of debt could have important consequences to investors, including:

- requiring a portion of our cash flows from operations be used for the payment of interest on our debt, thereby reducing the funds available to us for our operations or other capital needs;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate because our available cash flow, after paying principal and interest on our debt, may not be sufficient to make the capital and other expenditures necessary to address these changes;

- increasing our vulnerability to general adverse economic and industry conditions, since we will be required to devote a proportion of our cash flow to paying principal and interest on our debt during periods in which we experience lower earnings and cash flow;
- limiting our ability to obtain additional financing in the future to fund working capital, capital expenditures, acquisitions, and general corporate requirements; and
- placing us at a competitive disadvantage to other relatively less leveraged competitors that have more cash flow available to fund working capital, capital expenditures, acquisitions, and general corporate requirements.

We have identified a material weakness in our internal control over financial reporting. If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results, prevent fraud, or maintain investor confidence.

We are subject to the internal control requirements of Section 404 of the Sarbanes-Oxley Act of 2002, which require management to assess the effectiveness of our internal control over financial reporting. Furthermore, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404, since as of December 31, 2023, we became an accelerated filer.

Internal controls related to the operation of financial reporting and accounting systems are critical to maintaining adequate internal control over financial reporting. As discussed in Part II, Item 9A of this Form 10-K/A, our management concluded that our internal controls over financial reporting were not effective as of December 31, 2024 due to a material weakness in internal controls related to the accounting treatment in significant and complex areas. We did not design, implement and maintain effective controls to analyze and account for non-routine, unusual or complex transactions. Specifically, we did not design, implement and maintain controls to timely analyze and account for the impairment associated with certain assets held for sale within discontinued operations and for the application of valuation methodologies impacting impairment charges related to assets held for sale. We have undertaken, and will continue to implement, remediation measures to address the material weakness, which measures will result in additional resources and other compliance expenses. While we expect that our remediation plan will successfully remediate the material weakness, it will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We cannot provide assurances that the material weakness will be effectively remediated.

If we are unable to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price.

Internal controls related to the operation of financial reporting and accounting systems are critical to maintaining adequate internal control over financial reporting. We cannot provide any assurance that additional material weaknesses will not occur in the future.

Our balance sheet includes intangible assets and goodwill. A decline in the estimated fair value of an intangible asset or a reporting unit could result in an impairment charge recorded in our operating results, which could be material.

Goodwill is tested for impairment annually and between annual tests if an event occurs or circumstances change that would indicate the carrying amount may be impaired. Also, we review our amortizable intangible assets for impairment if an event occurs or circumstances change that would indicate the carrying amount may not be recoverable. If the carrying amount of our goodwill or another intangible asset were to exceed its fair value, the asset would be written down to its fair value, with the impairment charge recognized as a noncash expense in our operating results. Adverse changes in future market conditions or weaker operating results compared to our expectations may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a potentially material impairment charge if we are unable to recover the carrying value of our goodwill and other intangible assets.

Our balance sheet includes a significant number of long-lived assets in our corporate clinics, including operating lease right-of-use assets and property, plant and equipment. A decline in the current and projected cash flows in our corporate clinics could result in impairment charges, which could be material.

Long-lived assets, such as operating lease right-of-use (“ROU”) assets and property, plant and equipment in our corporate clinics, are tested for impairment if an event occurs or circumstances change that would indicate the carrying amount may not

be recoverable. If the carrying amount of a long-lived asset were to exceed its fair value, the asset would be written down to its fair value and an impairment charge recognized as a noncash expense in our operating results. Adverse changes in future market conditions or weaker operating results compared to our expectations may impact our projected cash flows and estimates of weighted average cost of capital, which could result in a potentially material impairment charge if we are unable to recover the carrying value of our long-lived assets.

Our increased reliance on sources of revenue other than from company-owned or managed clinics exposes us to risks including the loss of revenue and reduction of working capital.

As our portfolio of company-owned or managed clinics has matured, we have placed more reliance on revenues from company-owned or managed clinics. As we execute on our refranchising strategy, we will place a greater reliance on revenue from franchise fees and royalties. As company-owned or managed clinics are sold to franchisees, the total amount of revenue will decrease. In addition, the length of time to complete the refranchising efforts could be in excess of our current expectations, and result in increased levels of general and administrative expenses for longer than anticipated. We may experience insufficient working capital to fully implement our growth plans, and our business, financial condition and results of operations could be adversely affected.

We have experienced net losses and may not achieve or sustain profitability in the future.

We have experienced periods of net losses in the past, and while we have achieved profitability from 2018 through 2022, we have experienced net losses in both 2023 and 2024. As we execute on our refranchising strategy, the total amount of revenue will decrease and our ability to decrease our general and administrative expenses accordingly will drive our ability to achieve profitability in the future. Our ability to achieve profitability will be affected by the other risks and uncertainties described in this section and in Management's Discussion and Analysis. If we are not able to achieve or sustain profitability, our business will be materially adversely affected and the price of our common stock may decline.

Any audit by the IRS with respect to our receipt of an employee retention credit ("ERC") under The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") could result in additional taxes or costs to our company.

We received an ERC pursuant to the CARES Act. Please see Note 12, *Employee Retention Credit* in the Notes to the consolidated financial statements included in Item 8 of this Form 10-K/A for a description of the ERC. Our eligibility to receive the ERC remains subject to audit by the IRS for a period of five years. If the IRS audits us during that time, it may find that we were not eligible to receive some or all of the ERC, in which case we would be required to return some or all of the ERC to the IRS. Additionally, 20% of the ERC was paid to an outside third party as a consulting fee. In the event we are required to return some or all of the ERC, we may not be able to recoup the consulting fee.

RISKS RELATED TO INDUSTRY DYNAMICS AND COMPETITION

Our clinics and chiropractors compete for patients in a highly competitive environment that may make it more difficult to increase patient volumes and revenues.

The business of providing chiropractic services is highly competitive in each of the markets in which our clinics operate. The primary bases of such competition are quality of care, reputation, price of services, marketing and advertising strategy implementation, convenience, traffic flow, visibility of office locations, and hours of operation. Our clinics compete with all other chiropractors in their local market. Many of those chiropractors have established practices and reputations in their markets. Some of these competitors and potential competitors may have financial resources, affiliation models, reputations or management expertise that provide them with competitive advantages over us, which may make it difficult to compete against them. Our four largest multi-unit competitors are Airrosti, which currently operates 150 clinics; HealthSource Chiropractic, which currently operates 133 clinics; 100% Chiropractic, which currently operates 106 clinics; and ChiroOne, which currently operates 102 clinics. All of these competitors are currently operating under an insurance-based model, including two of which also accept private pay. In addition, a number of other chiropractic franchises and chiropractic practices that are attempting to duplicate or follow our business model are currently operating in our markets and in other parts of the country and may enter our existing markets in the future.

Our success is dependent on the chiropractors who control the PCs, or PC owners, with whom we enter into management services agreements, and we may have difficulty locating qualified chiropractors to replace PC owners.

In states that regulate the corporate practice of chiropractic, our chiropractic services are provided by legal entities organized under state laws as PCs and their equivalents. Each PC employs or contracts with chiropractors in one or more offices. Each of the PCs is wholly owned by one or more licensed chiropractors, or medical professionals as state law may require, and we do

not own any capital stock of any PC. We and our franchisees that are not owned by chiropractors enter into management services agreements with PCs, to provide to the PCs on an exclusive basis, all non-clinical services of the chiropractic practice. The PC owner is critical to the success of a clinic because he or she has control of all clinical aspects of the practice of chiropractic and the provision of chiropractic services. Upon the departure of a PC owner, we may not be able to locate one or more suitably qualified licensed chiropractors to hold the ownership interest in the PC and maintain the success of the departing PC owner.

RISKS RELATED TO STATE REGULATION OF THE CORPORATE PRACTICE OF CHIROPRACTIC

Our management services agreements, under which we provide non-clinical services to affiliated PCs, could be challenged by a state or chiropractor under laws regulating the practice of chiropractic. Some state chiropractic boards have made inquiries concerning our business model or have proposed or adopted changes to their rules that could be interpreted to pose a threat to our business model.

The laws of every state in which we operate contain restrictions on the practice of chiropractic and control over the provision of chiropractic services. The laws of many states where we operate permit a chiropractor to conduct a chiropractic practice only as an individual, a member of a partnership or an employee of a PC, limited liability company or limited liability partnership. These laws typically prohibit chiropractors from splitting fees with non-chiropractors and prohibit non-chiropractic entities, such as chiropractic management services organizations, from owning or operating chiropractic clinics or engaging in the practice of chiropractic and from employing chiropractors. The specific restrictions against the corporate practice of chiropractic, as well as the interpretation of those restrictions by state regulatory authorities, vary from state to state. However, the restrictions are generally designed to prohibit a non-chiropractic entity from controlling or directing clinical care decision-making, engaging chiropractors to practice chiropractic or sharing professional fees. The form of management agreement that we utilize, and that we recommend to our franchisees that are management service organizations, explicitly prohibits the management service organization from controlling or directing clinical care decisions. However, there can be no assurance that all of our franchisees that are management service organizations will strictly follow the provisions in our recommended form of management agreement. The laws of many states also prohibit chiropractic practitioners from paying any portion of fees received for chiropractic services in consideration for the referral of a patient. Any challenge to our contractual relationships with our affiliated PCs by chiropractors or regulatory authorities could result in a finding that could have a material adverse effect on our operations, such as voiding one or more management services agreements. Moreover, the laws and regulatory environment may change to restrict or limit the enforceability of our management services agreements. We could be prevented from affiliating with chiropractor-owned PCs or providing comprehensive business services to them in one or more states. Please see “Part I, Item 1 - Business - Regulatory Environment - State regulations on corporate practice of chiropractic” for a description of certain of these actions by states, including state legislatures, state chiropractic regulatory bodies and a state attorney general, to regulate and restrict the corporate practice of chiropractic.

RISKS RELATED TO OTHER LEGAL AND REGULATORY MATTERS

Uncertainties with federal regulations under the new presidential administration expanding the meaning of “joint employer” and evolving state laws increase our potential liability for employment law violations by our franchisees and the likelihood that we may be required to participate in collective bargaining with our franchisees’ employees.

Please see “Part I, Item 1 - Business - Regulatory Environment – Joint Employer Rules” for a detailed description of the background and current status of federal and state “joint employer” laws and regulations.

As discussed in the above-cited section, the proposed rules issued under the NLRA and the withdrawal of the Trump-era rules issued under the FLSA include or reinstate expansive definitions of “joint employer,” which could be used to deem a franchisor to be a joint employer of a franchisee’s employees. In the event of a finding of joint employer status under the NLRA, a franchisor would be required to collectively bargain or otherwise deal with a union that does not represent the franchisor’s own employees, lose the protections against union picketing of neutral employers in the event of a labor disagreement between a franchisee and a franchisee’s employees, and share in liability for labor and employment violations committed by a franchisee. Under the reversion to a more expansive definition of “joint employer” under the FLSA, a franchisor could be held jointly liable with its franchisee for minimum wages and overtime pay violations by the franchisee, depending on the extent of control and supervision the franchisor is able to exercise over the franchisee’s employees. Furthermore, there is an expectation that new rules will be issued by the Equal Employment Opportunity Commission, similarly expanding “joint liability” with respect to the enforcement of anti-discrimination laws.

Such expansions of joint employer liability have implications for our business model. We could have responsibility for damages, reinstatement, back pay and penalties in connection with labor law and employment discrimination violations by our

franchisees over whom we have limited control. Furthermore, it may be easier for our franchisees' employees to organize into unions, require us to participate in collective bargaining with those employees, provide those employees and their union representatives with bargaining power to request that we have our franchisees raise wages, and make it more expensive and less profitable to operate a franchised clinic.

Similarly, state laws, such as California's AB-5 and similar laws adopted or being considered for adoption in other states, raise concerns with respect to the expansion of joint liability to the franchise industry. While AB-5 is not a franchise-specific law and does not address joint employer liability, a significant concern exists in the franchise industry that an expansive interpretation of AB-5 or similar law could be used to hold franchisors jointly liable for the labor law violations of its franchisees. Courts addressing this issue have come to differing conclusions, and it remains uncertain as to how the joint employer issue will finally be resolved in California, although potential new federal laws or regulations may ultimately be controlling on this issue. Furthermore, there have been private lawsuits in which parties have alleged that a franchisor and its franchisee "jointly employ" the franchisee's staff, that the franchisor is responsible for the franchisees' staff (under theories of apparent agency, ostensible agency, or actual agency), or otherwise.

Evolving labor and employment laws, rules and regulations, and theories of liability could result in expensive litigation and potential claims against us as a franchisor for labor and employment-related and other liabilities that have historically been borne by franchisees. This could negatively impact the franchise business model, which could materially and adversely affect our business, financial condition and results of operations.

An increased regulatory focus on the establishment of fair franchise practices could increase our risk of liability in disputes with franchisees and the risk of enforcement actions and penalties.

Recently, there has been an increased focus on unfair franchise practices. A policy from NASAA rejects the use of required representations or waivers of claims by franchisees in franchise agreements for the purpose of insulating a franchisor from liability in disputes related to alleged fraud or misrepresentations during the offer and sale of a franchise. It is expected that state regulators will follow NASAA's guidance and limit their use, as California has already done. We risk exposure to unfair trade practice claims by state regulators if we try to use a franchisee's representations in a manner that offends NASAA's policy. The use of such offending representations also could increase the likelihood of successful lawsuits against us by our franchisees over claims of fraud or misrepresentation. Bills also have been introduced in Congress from time to time providing for protections of franchisee rights, including certain currently pending bills seeking to establish what are described as fair franchise practices. Compliance with new, complex and changing laws may cause our expenses to increase, and non-compliance with such laws could result in penalties or enforcement actions against us. Please see "Part I, Item 1 - Business - Regulatory Environment – Regulation relating to franchising" for a description of other federal and state regulation related to franchising.

We conduct business in a heavily regulated industry, and if we fail to comply with these laws and government regulations, we could incur penalties or be required to make significant changes to our operations.

We, our franchisees and the chiropractor-owned PCs to which we and our franchisees provide management services are subject to extensive federal, state and local laws, rules and regulations, including: (i) federal and state laws governing the franchisor-franchisee relationship; (ii) state regulations on the practice of chiropractic; (iii) federal and state laws governing the collection, dissemination, use, security and confidentiality of sensitive personal information; (iv) federal and state laws which contain anti-kickback and fee-splitting provisions and restrictions on referrals; (v) the federal Fair Debt Collection Practices Act and similar state laws that restrict the methods that we and third-party collection companies may use to contact and seek payment from patients regarding past due accounts; and (v) federal and state labor laws, including wage and hour laws.

Many of the above laws, rules and regulations applicable to us, our franchisees and our affiliated PCs are ambiguous, have not been definitively interpreted by courts or regulatory authorities and vary from jurisdiction to jurisdiction. Accordingly, we may not be able to predict how these laws and regulations will be interpreted or applied by courts and regulatory authorities, and some of our activities could be challenged. In addition, we must consistently monitor changes in the laws and regulations that govern our operations. Furthermore, a review of our business by judicial, law enforcement or regulatory authorities could result in a determination that could adversely affect our operations. Although we have tried to structure our business and contractual relationships in compliance with these laws, rules and regulations in all material respects, if any aspect of our operations were found to violate applicable laws, rules or regulations, we could be subject to significant fines or other penalties, required to cease operations in a particular jurisdiction, prevented from commencing operations in a particular state or otherwise be required to revise the structure of our business or legal arrangements. Our efforts to comply with these laws, rules and regulations may impose significant costs and burdens, and failure to comply with these laws, rules and regulations may result in fines or other charges being imposed on us.

Our chiropractors are subject to ethical guidelines and operating standards which, if not complied with, could adversely affect our business.

The chiropractors who work in our system are subject to ethical guidelines and operating standards of professional and trade associations and private accreditation agencies. Compliance with these guidelines and standards is often required by our contracts with our chiropractors, patients and franchise owners (and their contractual relationships) and serve to maintain our reputation. The guidelines and standards governing the provision of healthcare services may change significantly in the future. New or changed guidelines or standards may materially and adversely affect our business. In addition, a review of our business by accreditation authorities could result in a determination that could adversely affect our operations.

We, along with our affiliated PCs and their chiropractors, are subject to malpractice and other similar claims and may be unable to obtain or maintain adequate insurance against these claims.

The provision of chiropractic services by chiropractors entails an inherent risk of potential malpractice and other similar claims. While we do not have responsibility for compliance by affiliated PCs and their chiropractors with regulatory and other requirements directly applicable to chiropractors, claims, suits or complaints relating to services provided at the offices of our franchisees or affiliated PCs may be asserted against us. We have experienced a number of malpractice claims since our founding in March 2010, which we have defended or are vigorously defending and do not expect their outcome to have a material adverse effect on our business, financial condition or results of operations. The assertion or outcome of these claims could result in higher administrative and legal expenses, including settlement costs or litigation damages. Although we maintain insurance in amounts that we believe are reasonable, we may not be able to maintain such insurance on acceptable terms, and claims may exceed the amount of insurance coverage available to us. Our current minimum professional liability insurance coverage required for our franchisees, affiliated PCs and company-owned clinics is \$1.0 million per occurrence and \$3.0 million in annual aggregate. In addition, we have a corporate business owner's policy with coverage of \$2.0 million per occurrence and \$4.0 million in annual aggregate. If we are unable to obtain adequate insurance, our franchisees or franchisee doctors fail to name our company as an additional insured party, or if there is an increase in the future cost of insurance to us and the chiropractors who provide chiropractic services or an increase in the amount we have to self-insure, there may be a material adverse effect on our business and financial results.

Events or rumors relating to our brand names or our ability to defend successfully against intellectual property infringement claims by third parties could significantly impact our business.

Recognition of our brand names, including "THE JOINT CHIROPRACTIC," and the association of those brands with quality, convenient and inexpensive chiropractic maintenance care, are an integral part of our business. The occurrence of any events or rumors that cause patients to no longer associate the brands with quality, convenient and inexpensive chiropractic maintenance care may materially adversely affect the value of the brand names and demand for chiropractic services at our franchisees or their affiliated PCs.

Our ability to compete effectively depends in part upon our intellectual property rights, including but not limited to our trademarks. Our use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, unfair competition, trade secret and other laws to protect our intellectual property rights may not be adequate. Litigation may be necessary to enforce our intellectual property rights, or to defend against claims by third parties that the conduct of our businesses or our use of intellectual property infringes upon such third party's intellectual property rights. Any intellectual property litigation or claims brought against us, whether or not meritorious, could result in substantial costs and diversion of our resources, and there can be no assurances that favorable final outcomes will be obtained in all cases. Our business, financial condition or results of operations could be adversely affected as a result.

RISKS RELATED TO INFORMATION TECHNOLOGY, CYBERSECURITY AND DATA PRIVACY

Our failure to comply with applicable federal and state data privacy and security laws could result in civil or criminal sanctions or damage awards, and the proliferation of such laws increases our costs of compliance.

The data protection landscape is rapidly evolving, and we are or may become subject to numerous state and federal laws and regulations governing the collection, use, disclosure, retention, and security of personal information, including health-related information. While we have determined that we are not currently regulated as a covered entity under HIPAA and thus are not subject to its requirements or penalties, any entity may be prosecuted under HIPAA's criminal provisions either directly or under aiding-and-abetting or conspiracy principles. Consequently, depending on the facts and circumstances, we could face substantial criminal penalties if we knowingly receive individually identifiable health information from a HIPAA-covered healthcare provider that has not satisfied HIPAA's requirements for disclosure of individually identifiable health information.

Even when entities are not covered by HIPAA, the FTC has taken the position that a failure to take appropriate steps to keep consumers' personal information secure may constitute unfair acts or practices in or affecting commerce in violation of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities. The FTC has broad authority to seek monetary redress for affected consumers and injunctive relief.

In addition, many states impose restrictions related to the confidentiality of personal information that apply more broadly than HIPAA. Please see "Part I, Item 1 – Business – Regulatory Environment – HIPAA and State Privacy and Breach Notification Rules" for a description of some of these state privacy rules. Such information may include certain identifying information and financial information of our patients. These state laws may impose notification requirements in the event of a breach of such personal information. Violations of these laws may result in criminal, civil and administrative sanctions and also may provide individuals with a private right of action with respect to disclosures of personal information. Failure to comply with such data confidentiality, security and breach notification laws may result in substantial monetary penalties or awards of damages.

We expect that the regulatory focus on privacy, security and data use issues will continue to increase and laws and regulations concerning the protection of personal information will expand and become more complex. Such new privacy laws add additional requirements, restrictions and potential legal risk and require additional investment in resources for compliance programs.

Our business model depends on proprietary and third-party management information systems that we use to, among other things, track financial and operating performance of our clinics, and any failure to successfully design and maintain these systems or implement new systems could materially harm our operations.

We depend on integrated management information systems, some of which are provided by third parties, and standardized procedures for operational and financial information, patient records and billing operations. In 2021, we replaced, upgraded and rolled out our new IT platform, and any problems with system performance could cause disruptions in our business operations, given the pervasive impact of the new system on our processes. In general, we may experience unanticipated delays, complications, data breaches or expenses in replacing, upgrading, implementing, integrating, and operating our systems. Our management information systems regularly require modifications, improvements or replacements that may require both substantial expenditures as well as interruptions in operations. Our ability to implement these systems is subject to the availability of skilled information technology specialists to assist us in creating, implementing and supporting these systems. Our failure to successfully design, implement and maintain all of our systems could have a material adverse effect on our business, financial condition and results of operations.

If we fail to properly maintain the integrity of our data or to strategically implement, upgrade or consolidate existing information systems, our reputation and business could be materially adversely affected.

We increasingly use electronic means to interact with our customers and collect, maintain and store individually identifiable information, including, but not limited to, personal financial information and health-related information. Despite the security measures we have in place to ensure compliance with applicable laws and rules, our facilities and systems, and those of our third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism, vandalism or theft, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Please see "Part I, Item 1 – Business – Regulatory Environment – HIPAA and State Privacy and Breach Notification Rules" for a description of the November 2022 data breach suffered by one of our vendors, which resulted in the release of certain information with respect to our patients and employees. Additionally, the collection, maintenance, use, disclosure and disposal of individually identifiable data by our businesses are regulated at the federal and state levels as well as by certain financial industry groups, such as the Payment Card Industry organization. Federal, state and financial industry groups may also consider from time-to-time new privacy and security requirements that may apply to our businesses. Compliance with evolving privacy and security laws, requirements, and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our collection, disclosure and use of individually identifiable information that is housed in one or more of our databases. Noncompliance with privacy laws, financial industry group requirements or a security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive and/or confidential information, whether by us or by one of our vendors, could have material adverse effects on our business, operations, reputation and financial condition, including decreased revenue; material fines and penalties; increased financial processing fees; compensatory, statutory, punitive or other damages; adverse actions against our licenses to do business; and injunctive relief whether by court or consent order.

If our security systems are breached, we may face civil liability and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract and retain patients.

Techniques used to gain unauthorized access to corporate data systems are constantly evolving, and there is a potential for increased cyber-attacks and security challenges as our employees and employees of our vendors and franchisees work remotely from non-corporate managed networks. We may be unable to anticipate or prevent unauthorized access to data pertaining to our patients, including credit card and debit card information and other personally identifiable information. Our systems, which are supported by our own systems and those of third-party vendors, are vulnerable to computer malware, trojans, viruses, worms, break-ins, phishing attacks, denial-of-service attacks, attempts to access our servers in an unauthorized manner, or other attacks on and disruptions of our and third-party vendor computer systems (as in the case of the November 2022 data breach of a vendor's computer system referenced in the preceding risk factor), any of which could lead to system interruptions, delays, or shutdowns, causing loss of critical data or the unauthorized access to personally identifiable information. If an actual or perceived breach of security occurs on our systems or a vendor's systems, we could face civil liability and reputational damage, either of which would negatively affect our ability to attract and retain patients. We also could be required to expend resources, time and/or effort to mitigate the breach of security and to address related matters, as we did in the case of the aforementioned November 2022 data breach, although we are entitled to indemnification under the contract with the vendor for costs incurred in the case of the November 2022 breach.

We may not be able to effectively control the unauthorized actions of third parties who may have access to the patient data we collect. Any failure, or perceived failure, by us to maintain the security of data relating to our patients and employees, and to comply with our posted privacy policy, laws and regulations, rules of self-regulatory organizations, industry standards and contractual provisions to which we may be bound, could result in the loss of confidence in us, or result in actions against us by governmental entities or others, all of which could result in litigation and financial losses, and could potentially cause us to lose patients, revenue and employees.

We are subject to a number of risks related to credit card and debit card payments we accept.

We accept payments through credit and debit card transactions. For credit and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees would require us to either increase the prices we charge for our services, which could cause us to lose patients and revenue, or absorb an increase in our operating expenses, either of which could harm our operating results.

If we or any of our processing vendors have problems with our billing software, or the billing software malfunctions, it could have an adverse effect on patient satisfaction and could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if our billing software fails to work properly, and as a result, we do not automatically process monthly membership fees to our patients' credit cards on a timely basis or at all, or there are issues with financial insolvency of our third-party vendors or other unanticipated problems or events, we could lose revenue, which would harm our operating results.

We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it more difficult for us to comply. Based on the self-assessment completed as of March 3, 2025, we are currently in compliance with the Payment Card Industry Data Security Standard, or PCI DSS, the payment card industry's security standard for companies that collect, store or transmit certain data regarding credit and debit cards, credit and debit card holders and credit and debit card transactions. There is no guarantee that we will maintain PCI DSS compliance. Our failure to comply fully with PCI DSS in the future could violate payment card association operating rules, federal and state laws and regulations and the terms of our contracts with payment processors and merchant banks. Such failure to comply fully also could subject us to fines, penalties, damages and civil liability and could result in the suspension or loss of our ability to accept credit and debit card payments. Although we do not store credit card information and we do not have access to our patients' credit card information, there is no guarantee that PCI DSS compliance will prevent illegal or improper use of our payment systems or the theft, loss, or misuse of data pertaining to credit and debit cards, credit and debit card holders and credit and debit card transactions.

If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures and significantly higher credit card-related costs, each of which could adversely affect our business, financial condition and results of operations. If we are unable to maintain our chargeback or refund rates at acceptable levels, credit and debit card companies may increase our transaction fees, impose monthly fines until resolved or terminate their relationships with us. Any increases in our credit and debit card fees could adversely affect our results of operations, particularly if we elect not to raise our rates for our service to offset the increase. The termination of our ability to process payments on any major credit or debit card would significantly impair our ability to operate our business.

GENERAL RISK FACTORS

We have restated our Previously Issued Financial Statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price.

As discussed in Note 2 to our consolidated financial statements included in Item 8 of this Form 10-K/A, we have restated our Previously Issued Financial Statements as of and for the year ended December 31, 2024 (the “Restated Period”). The determination to restate the financial statements for the Restated Period was made by our Audit Committee and our Board of Directors upon management’s recommendation following the identification of an error over the application of asset valuation accounting related to assets held for sale reported in discontinued operations that impacted impairment charges. Our management, after consultation with our independent registered accountants, concluded that our Previously Issued Financial Statements for the Restated Period should no longer be relied upon. The Original Form 10-K has been amended by this Form 10-K/A to, among other things, reflect the restatement of our financial statements for the Restated Period.

On September 26, 2023, we restated our consolidated financial statements as of and for the years ended December 31, 2022 and 2021 and for the quarterly periods within the fiscal years ended December 31, 2022 and 2021 (the “Restated Periods”). The determination to restate the financial statements for the Restated Periods was made by our Audit Committee and our Board of Directors upon management’s recommendation following the identification of an error related to our method of accounting for the reacquisition of regional developer rights and transfer pricing adjustments for our VIEs. Our management, after consultation with our independent registered accountants, concluded that our previously issued financial statements for the Restated Periods should no longer be relied upon. Our Annual Report on Form 10-K for the years ended December 31, 2022 and 2021 has been amended by Form 10-K/A filed on September 26, 2023 to, among other things, reflect the restatement of our financial statements for the Restated Periods.

The restatement of our previously issued financial statements has been time-consuming and expensive and could expose us to additional risks that could materially adversely affect our financial position, results of operations and cash flows, including unanticipated costs for accounting and legal fees in connection with or related to the restatement and the risk of potential stockholder litigation. If lawsuits are filed, we may incur additional substantial defense costs regardless of the outcome of such litigation. Likewise, such events might cause a diversion of our management’s time and attention. If we do not prevail in any such litigation, we could be required to pay substantial damages or settlement costs. In addition, the restatement may lead to a loss of investor confidence and have negative impacts on the trading price of our common stock.

Short-selling strategies and negative opinions posted on the internet may drive down the market price of our common stock and could result in class action lawsuits.

Short selling occurs when an investor borrows a security and sells it on the open market, with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares. Because it is in the short seller’s best interests for the price of the stock to decline, some short sellers publish, or arrange for the publication of, opinions or characterizations regarding an issuer, its business prospects, and similar matters which may create a negative depiction of the company. This information is often widely distributed, including through platforms that mainly serve as hosts seeking advertising revenue. Issuers who have limited trading volumes and are thus susceptible to higher volatility levels than large-cap stocks can be particularly vulnerable to such short seller attacks.

We may be subject to short selling strategies that may drive down the market price of our common stock. In 2021, we were the target of negative allegations posted on an internet platform designed to advise short sellers, which precipitated a decline in the price of our stock. Shortly thereafter, several plaintiffs’ law firms announced investigations into potential securities laws violations based on these allegations. While we believe these allegations are without merit, and no litigation has been commenced to date regarding such allegations, we still face the potential (albeit a diminishing one, given the passage of time) for litigation to be initiated against us. While we would vigorously defend against any such litigation, regardless of outcome, litigation can be costly and time-consuming, divert the attention of our management team, adversely impact our reputation and brand, and if a plaintiff claim were successful, could result in significant liability, all of which could harm our business and financial condition.

Future sales of our common stock may depress our stock price and our share price may decline due to the large number of shares eligible for future sale or exchange.

The market price of our common stock could decline as a result of sales of a large number of shares of common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, might also make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. As of December 31, 2024, we had 15,159,878 outstanding shares of common stock and are authorized to sell up to 20,000,000 shares of common stock. The trading volume of shares of our common stock averaged approximately 65,747 shares per day during the year ended December 31, 2024. Accordingly, sales of even small amounts of shares of our common stock by existing stockholders may drive down the trading price of our common stock.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. In addition, we have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our Board of Directors. Under the terms of such indemnification agreements, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of the state of Delaware, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director or officer of our company or any of its subsidiaries or was serving at our request in an official capacity for another entity. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims and may reduce the amount of money available to us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our Chief Technology Officer ("CTO") is responsible for cybersecurity within our company, including information technology risks, controls, strategies and procedures. The Cybersecurity Subcommittee of the Board of Directors oversees cybersecurity for our company and meets with the CTO at least quarterly to discuss the status of cybersecurity efforts as well as any security incidents. Cybersecurity Subcommittee materials are provided to the Audit Committee as well as the full Board of Directors. The members of the Cybersecurity Subcommittee brings at least 40 years of expertise and executive-level experience in information technology and cybersecurity to successfully support the CTO to maintain strong a cybersecurity strategy within our company. The Board of Directors believes that a strong cyber strategy based on industry accepted best practices is vital to protect our business, customers and assets.

Our CTO Leverages more than 20 years of technology experience in the healthcare and financial services industries involving managing information security, developing cybersecurity strategy, implementing effective information and cybersecurity programs and managing within highly regulated global environments. He has managed technology compliance under the regulatory governance of frameworks such as HIPAA, GDPR, FDA, CCPA and TJC Hospital Accreditation. Management has responsibility to manage risk and bring to the Board's attention the most material near-term and long-term risks to the Company. The Company's CTO leads management's assessment and management of cybersecurity risk. The CTO reports to the Company's Chief Executive Officer. The CTO regularly reviews cybersecurity matters with management.

A dedicated team of technology professionals works throughout the year to monitor all matters of risk relating to cybersecurity. We completed our ISO 27001 Information Security Management certification project culminating in a primary and secondary audit against the standard. We expect to complete the final remediation and updates to policies and procedures and achieve our certification in March 2025. Additionally, we operate and are compliant under the following provisions: HIPAA attestation for the HIPAA Security Rule and the Health Information Technology for Economic and Clinical Health Act (HITECH) Breach Notification requirements.

Vendors that have access to our information are required to manage such information in accordance with laws and appropriate privacy and security standards. Standards are applied on a per-contract basis and include requirements to have an information security program and report to us any incidents in which its confidential information or systems are compromised. Depending on the nature of the vendors' access to our information, we monitor and evaluate the controls and governance established with the vendors ranging from a continuous cadence to at least quarterly.

We have not directly encountered any incidents from cybersecurity threats to date, but in November 2022, a breach was suffered by one of our vendors, which resulted in the release of certain information with respect to our patients and employees. This breach is discussed in more detail in Item 1. Business, under Regulatory Environment entitled "HIPAA and State Privacy and Breach Notification Rules". Based upon our investigation and the cooperation with our vendor, we believe the data breach did not have a material adverse effect on our business or result in any material damage to us and do not believe are reasonably likely to materially affect our business strategy, results of operations, or financial condition. Although we have not yet been

materially impacted by any cybersecurity incident, we are subject to cybersecurity threats, as discussed in Item 1A. Risk Factors, including in the risk factor entitled “If we fail to properly maintain the integrity of our data or to strategically implement, upgrade or consolidate existing information systems, our reputation and business could be materially adversely affected” and “If our security systems are breached, we may face civil liability and public perception of our security measures could be diminished, either of which would negatively affect our ability to attract and retain patients”.

We annually assess our cybersecurity programs against third-party requirements, including HIPAA and the Sarbanes-Oxley Act (SOX). We test multiple aspects of cybersecurity regularly, including annual pen testing over our proprietary information systems and our technical recovery and incident response procedures annually.

We maintain a robust privacy compliance program. Employees receive periodic email communications, which train them to detect and report malware, ransomware and other malicious software and social engineering attempts that may compromise our information technology systems. In the second quarter of 2024, we implemented the KnowBe4 security training system and completed our first annual training in August 2024. In 2025, we plan to move to a quarterly testing regimen.

Currently, we rely on an established major incident management and communication process to address any potential cybersecurity incidents. This established process includes the use of third party partnerships to make available the distinct skill sets needed to assist in properly responding to any cybersecurity threat. We have established defined response procedures to effectively address any cyber threat that may occur regardless of the safeguards in place that minimize the chance of a successful cyberattack. The response procedures are designed to identify, analyze, contain and remediate such cyber incidents expeditiously. These procedures and approach to safeguard our information and assets will be continuously monitored by management and updated to evolve with the current cyber landscape in alignment with the ISO 27001 standard mentioned above.

ITEM 2. PROPERTIES

We lease the property for our corporate headquarters and all of the properties on which we own or manage clinics. As of December 31, 2024, we leased 129 facilities in which we operate, with our corporate headquarters being the only leased property that will remain after the completion of our refranchising strategy. We are obligated under one additional lease for facilities in which we have ceased clinic operations.

Our corporate headquarters are located at 16767 N. Perimeter Center Drive, Suite 110, Scottsdale, Arizona 85260. The term of our lease for this location expires on December 31, 2025. In February 2025, we executed an amendment to the lease agreement to extend the term of our lease commencing January 1, 2026 and terminating on May 31, 2031. The primary functions performed at our corporate headquarters are financial, accounting, treasury, marketing, operations, human resources, information systems support and legal.

We are also obligated under non-cancellable leases for the clinics which we own or manage. Our clinics are on average 1,200 square feet. Our clinic leases generally have an initial term of five years, include one to two options to renew for terms of five years, and require us to pay a proportionate share of real estate taxes, insurance, common area maintenance charges and other operating costs.

ITEM 3. LEGAL PROCEEDINGS

Information regarding our legal proceedings is discussed in Note 10 in the Notes to the consolidated financial statements, which is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Capital Market under the symbol "JYNT."

Holders

As of December 31, 2024, there were approximately 36 holders of record of our common stock and 15,159,878 shares of our common stock outstanding.

Dividends

Since our initial public offering, we have not declared nor paid dividends on our common stock, and we do not expect to pay cash dividends on our common stock in the foreseeable future.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition for the years ended December 31, 2024 and 2023 should be read in conjunction with the consolidated financial statements and the notes thereto, and other financial information contained elsewhere in this Amendment.

Overview

We are a rapidly growing franchisor that uses a private pay, non-insurance, cash-based model. We seek to be the leading provider of chiropractic care in the markets we serve and to become the most recognized brand in our industry. We delivered over 14.7 million patient visits in 2024, up from 13.6 million patient visits in 2023, generating over \$530.3 million and \$488 million of system-wide sales, respectively, across our highly franchised network. We will continue the rapid and franchised focused expansion of chiropractic clinics in key markets throughout North America and potentially abroad. We saw 957,000 new patients in 2024, with approximately 36% of new patients visiting a chiropractor for the first time. We are not only increasing our percentage of market share, but are expanding the chiropractic market.

Key Performance Measures. We receive monthly performance reports from our system and our clinics, which include key performance indicators per clinic, including gross sales, Comp Sales, number of new patients, conversion percentage and member attrition. In addition, we review monthly reporting related to system-wide sales, clinic openings, clinic license sales and various earnings metrics in the aggregate and per clinic. We believe these indicators provide us with useful data with which to measure our performance and to measure our franchisees' and clinics' performance. System-wide 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. While gross sales from franchised clinics are not recorded as revenues by us, management believes the information is important in understanding the overall brand's financial performance, because these sales are the basis on which we calculate and record royalty fees and are indicative of the financial health of the franchisee base.

Key Clinic Development Trends. As of December 31, 2024, we and our franchisees operated or managed 967 clinics, of which 842 were operated or managed by franchisees and 125 were operated as company-owned or managed clinics. Our franchisees opened 57 clinics during 2024. This compares to 114 clinics opened in 2023, 104 franchised clinics and 10 company-owned or managed clinics. Of the 125 company-owned or managed clinics at December 31, 2024, 58 were constructed and developed by us, and 67 were acquired from franchisees.

Our current strategy is to grow through the sale and development of additional franchises. After evaluating options for improvement, during 2023 the board authorized management to initiate a plan to rebrand or sell the majority of our company-owned or managed clinics. During the third quarter of 2024, the Company expanded the rebranding plan to include the full portfolio of our company-owned or managed clinics, marketing the clinics in large clusters grouped by geographic territory. This refined strategy will leverage our greatest strength — our capacity to build a franchise — to drive long-term growth for both our franchisees and The Joint as a public company. We have created a robust framework for the rebranding effort, organizing clinics into clusters, and generating comprehensive disclosure packets for marketing efficiency. We had given

initial preference to existing franchisees and in the third quarter of 2024 expanded the marketing efforts to larger multi-unit, multi-brand operators and certain private equity firms interested in purchasing and operating large market-based clinic clusters and have received significant interest to date in most markets. Subsequent to the balance sheet date, we have received draft letters of intent (“LOIs”) for our full portfolio of company-owned or managed clinics and as of the filing of this Form 10-K/A are in the financial stages of LOI term negotiations.

Our goal will be to generate significant processes that will provide us with value creating capital allocation opportunities. These opportunities could include, but are not limited to, reinvestment in the brand and related marketing, continued investment in our IT platforms, the repurchase of RD territories, certain merger or acquisition opportunities and/or a stock repurchase program.

The number of franchise licenses sold for the year ended December 31, 2024 was 46, compared with 55 and 75 licenses for the years ended December 31, 2023 and 2022, respectively. We ended 2024 with 16 regional developers who were responsible for 30% of the 46 licenses sold during the year. We will continue to leverage the power of the regional developer program to accelerate the number of clinics sold, and eventually opened, across the country.

We believe that we continue to have a sound business concept and will benefit from the fundamental changes taking place in the manner in which Americans access chiropractic care and their growing interest in seeking effective, affordable natural solutions for general wellness. These trends join with the preference we have seen among chiropractic doctors to reject the insurance-based model produce a combination that benefits the consumer and the service provider alike. We believe that these forces create an important opportunity to accelerate the growth of our network.

Restatement of Previously Issued Consolidated Financial Statements

We concluded that our previously issued financial statements for the year ended December 31, 2024 should be restated to correct a historical error over the application of asset valuation accounting related to assets held for sale reported in discontinued operations that impacted impairment charges. The discussion of financial results presented herein is reflective of the restatement adjustments.

Recent Events

Recent events that may impact our business include unfavorable global economic or political conditions, such as uncertainties that come with changes to the presidential administration, labor shortages, and inflation and other cost increases. We anticipate that 2025 will continue to be a volatile macroeconomic environment.

The primary inflationary factor affecting our operations is labor costs. In 2023 and 2024, clinics owned or managed by us or our franchisees were negatively impacted by labor shortages and wage increases, which increased our general and administrative expenses. Further, should we fail to continue to increase our wages competitively in response to increasing wage rates, the quality of our workforce could decline, causing our patient service to suffer. While we anticipate that these continued headwinds can be partially mitigated by pricing actions, there can be no assurance that we will be able to continue to take such pricing actions. A continued increase in labor costs could have an adverse effect on our operating costs, financial condition and results of operations.

In addition, the increase in interest rates and the expectation that interest rates will continue to remain elevated may adversely affect patients’ financial conditions, resulting in reduced spending on our services. While the impact of these factors continues to remain uncertain, we will continue to evaluate the extent to which these factors will impact our business, financial condition, or results of operations. These and other uncertainties with respect to these recent events could result in changes to our current expectations.

Significant Events and/or Recent Developments

For the year ended December 31, 2024:

- Comp Sales of clinics that have been open for at least 13 full months increased 4%.
- Comp Sales for mature clinics open 48 months or more decreased 2%.
- System-wide sales for all clinics open for any amount of time grew 9% to \$530.3 million.

We saw 957,000 new patients in 2024, compared with 932,000 new patients in 2023, with approximately 36% of new patients having never been to a chiropractor before. We are not only increasing our percentage of market share, but expanding the chiropractic market.

On June 24, 2024, we entered into an agreement pursuant to which we repurchased the right to develop franchises in various counties in Maryland. The total consideration for the transaction was \$0.6 million. We carried an upfront regional developer fee liability balance associated with this transaction of \$0.1 million, representing the unrecognized fee collected upon the execution of the regional developer agreement. We accounted for the termination of development rights associated with unsold or undeveloped franchises as a cancellation, and the associated upfront regional developer fee liability was netted against the aggregate purchase price. We recognized the net amount of \$0.5 million as a general and administrative expense for the year ended December 31, 2024.

Effective October 10, 2024, Peter D. Holt resigned as the President and Chief Executive Officer of the Company and as a member of the Company's Board of Directors.

Effective October 14, 2024, the Board of Directors of the Company appointed Sanjiv Razdan as President and Chief Executive Officer of the Company and as a member of the Company's Board of Directors.

On November 6, 2023, we discussed certain strategic initiatives with the Board of Directors and were authorized to initiate a plan to rebrand the majority of our company-owned or managed clinics with plans to retain a small portion of high-performing clinics. During the third quarter of 2024, the Company, with the authorization of the Board of Directors, expanded the rebranding plan to include the full portfolio of our company-owned or managed clinics, marketing the clinics in clusters grouped by proximity to larger private equity firms. We had given initial preference to existing franchisees and in third quarter of 2024, we have expanded the marketing efforts to larger private equity firms interested in purchasing and operating large market-based clinic clusters and have received significant interest to date in most markets. Subsequent to the balance sheet date, we have received draft letters of intent ("LOIs") for our full portfolio of company-owned or managed clinics and as of the filing of the Original Form 10-K on March 14, 2025, were in the financial stages of LOI term negotiations.

On June 15, 2023, we entered into an agreement under which we repurchased the right to develop franchises in various counties in Wisconsin. The total consideration for the transaction was \$1.0 million. We carried an upfront regional developer fee liability balance associated with this transaction of \$0.3 million, representing the unrecognized fee collected upon the execution of the regional developer agreement. We accounted for the termination of development rights associated with unsold or undeveloped franchises as a cancellation, and the associated upfront regional developer fee liability was netted against the aggregate purchase price. We recognized the net amount of \$0.7 million as a general and administrative expense on June 15, 2023.

On May 22, 2023, we entered into an Asset and Franchise Purchase Agreement under which we repurchased from the sellers three operating franchised clinics in California. We operate the franchises as company-managed clinics. The total purchase price for the transaction was \$1,188,764, less \$28,997 of net deferred revenue, resulting in total purchase consideration of \$1,159,767. Based on the terms of the purchase agreement, the acquisition has been treated as an asset purchase.

Factors Affecting Our Performance

Our operating results may fluctuate significantly as a result of a variety of factors, including the timing of new clinic sales, openings, closures, markets in which they are contained and related expenses, general economic conditions, cost inflation, labor shortages, consumer confidence in the economy, consumer preferences, competitive factors, and disease epidemics and other health-related concerns, such as the COVID-19 pandemic.

Significant Accounting Policies and Estimates

The preparation of consolidated financial statements requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure 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. We base our accounting estimates on historical experience and other factors that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. We have discussed the development and selection of significant accounting policies and estimates with our Audit Committee.

Acquisitions

We allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on estimated fair values at the acquisition date, with the excess of purchase price over the estimated fair value of the identifiable net assets acquired recorded as goodwill. When an acquisition is accounted for in accordance with the acquisition of assets rather than a business, goodwill is not recognized and instead, any excess of the cost of the acquisition over the fair value of net assets acquired is allocated to certain assets on the basis of relative fair values. The allocation of the purchase price requires us to make significant estimates and assumptions to determine the fair value of assets acquired and liabilities assumed and the related useful lives of the acquired assets, when applicable, as of the acquisition date.

Examples of critical estimates used in valuing certain intangible assets we have acquired or may acquire in the future include, but are not limited to, future expected cash flows and member relationships, revenue growth rates, the period of time the acquired member relationships will continue to be used, anticipated member attrition rates, and discount rates used to determine the present value of estimated future cash flows. We engage third-party valuation experts to assist in determining the fair value associated with our acquisitions and related identifiable intangible assets. These estimates are inherently uncertain and unpredictable, and if different estimates were used, the purchase price for the acquisition could be allocated to the acquired assets and assumed liabilities differently from the allocation that we have made.

Intangible Assets

Intangible assets consist primarily of reacquired franchise rights and customer relationships. We amortize the fair value of reacquired franchise rights over the remaining contractual terms of the reacquired franchise rights at the time of the acquisition, which range from one to ten years. The fair value of customer relationships is amortized over their estimated useful life which ranges from two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises treated as a business combination under GAAP. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. As required, we perform an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. No impairments of goodwill were recorded for the years ended December 31, 2024 and 2023.

Long-Lived Assets

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. We look primarily to estimated undiscounted future cash flows in the assessment of whether or not long-lived assets are recoverable. We record an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value.

Stock-Based Compensation

We account for share-based payments by recognizing compensation expense based on the estimated fair value of the awards on the date of grant. We determine the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. We recognize compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Revenue Recognition

We generate revenue through royalties, franchise fees, advertising fund contributions, IT-related income and computer software fees from our franchisees. Additionally, as we execute on our strategy to rebrand and divest from all of our company-owned and managed clinics, we generate revenue through our company-owned or managed clinics in Loss from discontinued operations before income tax expense.

Revenues from Company-Owned or Managed Clinics. We earn revenue from clinics that we own and operate or manage throughout the United States. In those states where we own and operate the clinic, revenues are recognized when services are performed. We offer a variety of membership and wellness packages which feature discounted pricing as compared with our single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and

recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. We recognize a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which we have an ongoing performance obligation. We recognize this contract liability, and recognize revenue, as the patient consumes his or her visits related to the package and we perform the services. If we determine that it is not subject to unclaimed property laws for the portion of wellness package that we do not expect to be redeemed (referred to as “breakage”), then we recognize breakage revenue in proportion to the pattern of exercised rights by the patient.

Franchise Fees. We require the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. Our services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. We provide no financing to franchisees and generally offer no guarantees on their behalf. The services we provide are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

Software Fees. We collect a monthly fee from our franchisees for use of our proprietary chiropractic software, computer support, and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Regional Developer Fees

We have a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Regional developer fees are non-refundable and amortized on a straight-line basis over the term of the regional developer agreement and recognized as a decrease to franchise and regional developer cost of revenues.

In addition, we pay regional developers fees, which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory, and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of gross sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur, which is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, the revenue associated from the sale of the royalty stream is recognized over the remaining life of the respective franchise agreements.

Leases

The accounting guidance for leases requires lessees to recognize an ROU asset and a lease liability in the balance sheet for most leases. The lease liability is measured at the present value of the fixed lease payments over the lease term and the ROU asset is measured at the lease liability amount, adjusted for lease prepayments, lease incentives received and the lessee’s initial direct costs. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at our sole discretion and, as such, we typically determine that exercise of these renewal options is not reasonably certain. As a result, we do not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the ROU asset and lease liability. When available, we use the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of our leases. In such cases, we estimate our incremental borrowing rate as the interest rate we would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic environment. We estimate these rates using available evidence such as rates imposed by third-party lenders in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to our estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, we recognize lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Income Taxes

We recognize deferred tax assets and liabilities for both the expected impact of differences between the financial statement amount and the tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax losses and tax credit carryforwards.

We record a valuation allowance against deferred tax assets when it is considered more likely than not that all or a portion of our deferred tax assets will not be realized. In making this determination, we are required to give significant weight to evidence that can be objectively verified. It is generally difficult to conclude that a valuation allowance is not needed when there is significant negative evidence, such as cumulative losses in recent years. Forecasts of future taxable income are considered to be less objective than past results. Therefore, cumulative losses weigh heavily in the overall assessment.

In addition to considering forecasts of future taxable income, we are also required to evaluate and quantify other possible sources of taxable income in order to assess the realization of our deferred tax assets, namely the reversal of existing temporary differences, the carry back of losses and credits as allowed under current tax law, and the implementation of tax planning strategies. Evaluating and quantifying these amounts involves significant judgments. Each source of income must be evaluated based on all positive and negative evidence; this evaluation involves assumptions about future activity. The actual realization of deferred tax assets may differ from the amounts we have recorded.

Significant judgment is also required in evaluating our uncertain tax positions. We establish accruals for uncertain tax positions when we believe that the full amount of the associated tax benefit may not be realized. If we prevail in matters for which accruals have been established previously or pay amounts in excess of reserves, there could be an effect on our income tax provisions in the period in which such determination is made.

We regularly assess the tax risk of our tax return filing positions, and we have identified \$0.9 million and \$1.2 million in uncertain tax positions as of December 31, 2024 and 2023, respectively.

Loss Contingencies

Accounting Standards Codification 450, Contingencies (“ASC 450”), governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. We record an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within the range. Moreover, even if an accrual is not required, we provide additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on us. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Results of Operations

The following discussion and analysis of our financial results encompasses our consolidated results and results of our business segment: Franchise Operations. All financial results and metrics discussed below are on a continuing operation basis.

As discussed further in Note 4, *Acquisitions and Divestitures*, in the Notes to consolidated financial statements, during the fourth quarter of 2024, the Company classified its corporate clinic business segment as held for sale. The results of operations of the corporate clinic business segment are reported in (Loss) income from discontinued operations before income tax expense in its consolidated income statement for all periods presented and the related assets and liabilities associated with discontinued operations are classified as discontinued operation assets and liabilities, current and net of current, in the consolidated balance sheet for all periods presented. The consolidated statement of cash flows includes cash flows related to the discontinued operations and accordingly, cash flow amounts for discontinued operations are disclosed in Note 4, *Acquisitions and Divestitures*, in the Notes to consolidated financial statements.

Total Revenues

Components of revenues for the year ended December 31, 2024, as compared to the year ended December 31, 2023, were as follows:

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|--------------------------|-------------------------|----------------------|---------------------------|-----------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| Revenues: | | | | |
| Royalty fees | 32,144,796 | 29,160,832 | 2,983,964 | 10.2 % |
| Franchise fees | 2,997,850 | 2,882,895 | 114,955 | 4.0 % |
| Advertising fund revenue | 9,180,281 | 8,321,043 | 859,238 | 10.3 % |
| Software fees | 5,687,326 | 5,086,562 | 600,764 | 11.8 % |
| Other revenues | 2,153,177 | 1,526,145 | 627,032 | 41.1 % |
| Total revenues | <u>\$ 52,163,430</u> | <u>\$ 46,977,477</u> | <u>\$ 5,185,953</u> | 11.0 % |

The reasons for the significant changes in our components of total revenues were as follows:

- Total revenues increased by \$5.2 million, primarily due to the continued expansion and revenue growth of our franchise base.
- Royalty fees and advertising fund revenue increased due to an increase in the number of franchised clinics in operation during 2024, along with continued sales growth in existing franchised clinics. As of December 31, 2024 and 2023, there were 842 and 800 franchised clinics in operation, respectively.
- Franchise fees revenue increased due to the continued increase in active franchise licenses and the impact of accelerated revenue recognition resulting from the terminated franchise license agreements, with 24 and 21 franchise license agreements terminated during the years ended December 31, 2024 and 2023, respectively.
- Software fees revenue increased due to an increase in our franchised clinic base and the related revenue recognition over the term of the franchise agreement as described above.
- Other revenues primarily consisted of merchant income associated with credit card transactions and during the year ended December 31, 2024 also included conference fee revenue for our national franchisee conference held in 2024.

Cost of Revenues

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|------------------|-------------------------|---------------|---------------------------|-----------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| Cost of Revenues | \$ 11,516,848 | \$ 10,480,645 | \$ 1,036,203 | 9.9 % |

For the year ended December 31, 2024, as compared with the year ended December 31, 2023, the total cost of revenues increased due to an increase in regional developer royalties and sales commissions.

Selling and Marketing Expenses

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|--------------------------------|-------------------------|--------------|---------------------------|-----------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| Selling and Marketing Expenses | \$ 10,973,610 | \$ 8,689,664 | \$ 2,283,946 | 26.3 % |

Selling and marketing expenses increased \$2.3 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023, driven by an increase in advertising fund expenditures from a larger franchise base and increased marketing expenditures expanding our franchise marketing efforts.

Depreciation and Amortization Expenses

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|----------------------------------------|--------------------------------|--------------|-----------------------------------|-------------------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| Depreciation and Amortization Expenses | \$ 1,371,389 | \$ 1,278,148 | \$ 93,241 | 7.3 % |

Depreciation and amortization expenses increased \$0.1 million for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to depreciation expenses related to development of internal use software made available for use in the first half of 2024.

General and Administrative Expenses

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|-------------------------------------|--------------------------------|---------------|-----------------------------------|-------------------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| General and Administrative Expenses | \$ 30,124,589 | \$ 26,231,615 | \$ 3,892,974 | 14.8 % |

General and administrative expenses increased during the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to the increases in the following expenses to support the Company's continued efforts in executing on its strategy to become a pure-play franchisor: (i) payroll and related expenses of \$1.5 million; (ii) restructuring costs of \$0.6 million; (iii) professional and advisory fees of \$1.2 million primarily related to additional IT outsourced resources to support the Company's proprietary chiropractic software and help desk; and (iv) accounting services expenses of \$0.4 million. As a percentage of revenue, general and administrative expenses were 58% and 56% during the year ended December 31, 2024 and 2023, respectively.

Net Loss (Gain) on Disposition or Impairment

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|----------------------------------------------|--------------------------------|-------------|-----------------------------------|-------------------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| Net Loss (Gain) on Disposition or Impairment | \$ 66,019 | \$ (20,894) | \$ 86,913 | (416.0)% |

Net loss on disposition or impairment nominally changed for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to the disposal of property and equipment.

(Loss) Income from Operations

| | Year Ended December 31, | | Change from Prior Year | Percent Change from Prior Year |
|-------------------------------|--------------------------------|-------------|-----------------------------------|-------------------------------------------|
| | 2024 | 2023 | | |
| | <i>(As Restated)</i> | | | |
| (Loss) Income from Operations | \$ (1,889,025) | \$ 318,299 | \$ (2,207,324) | (693.5)% |

Income from operations decreased by \$2.2 million for the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to the following:

- an increase of \$1.0 million related to the cost of revenue due to an increase in regional developer royalties and sales commissions,
- an increase of \$2.3 million in selling and marketing expenses resulting from a larger franchise base and increased marketing expenditures expanding our franchise marketing efforts,
- an increase of \$0.1 million in depreciation expenses related to additional development of internal use software made available for use in the first half of 2024,
- an increase of \$3.9 million in general and administration expenses primarily due to (i) payroll and related expenses of \$1.5 million; (ii) restructuring costs of \$0.6 million; (iii) professional and advisory fees of \$1.2 million primarily related to additional IT outsourced resources to support the Company's proprietary chiropractic software and help desk; and (iv) accounting services expense of \$0.4 million to support compliance requirements as a public company, partially offset by
- An increase of \$5.2 million in total revenues due to an increase in the number of franchised clinics in operation, along with continued sales growth in existing franchised clinics.

Other Income (loss), Net

| | Year Ended December 31, | | | Change from | Percent Change |
|--------------------------|-------------------------|-------------|------------|-------------|-----------------|
| | 2024 | 2023 | | Prior Year | from Prior Year |
| Other Income (Loss), net | \$ 280,287 | \$ (64,293) | \$ 344,580 | | (536.0)% |

Other income (loss), net increased during the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to decreased interest expense due to the pay down of the outstanding balance on our Debt under the Credit Agreement in the first quarter of 2024.

Income Tax Expense

| | Year Ended December 31, | | | Change from | Percent Change |
|--------------------|-------------------------|---------------|-----------------|-------------|-----------------|
| | 2024 | 2023 | | Prior Year | from Prior Year |
| Income Tax Expense | \$ 5,606 | \$ 11,023,411 | \$ (11,017,805) | | (99.9)% |

For the years ended December 31, 2024 and 2023, the effective tax rates were (0.3)% and 4,339.9%, respectively. The fluctuation in the effective rate was primarily attributable to state taxes, including the change in rates, stock-based compensation, the officer's compensation limit under Section 162(m), change in valuation allowance and uncertain tax positions during the year ended December 31, 2024, as compared to the year ended December 31, 2023.

The high effective tax rate for the year ended December 31, 2023 was primarily driven by the establishment of a valuation allowance against the Company's deferred tax assets, resulting in a one-time increase in income tax expense. In contrast, the absence of this adjustment for the year ended December 31, 2024 led to an effective tax rate that remained within a more comparable range. Please see Note 9, *Income Taxes*, in the Notes to consolidated financial statements included in Item 8 of this Form 10-K/A for further discussion.

Non-GAAP Financial Measures

The table below reconciles net loss from continuing operations to Adjusted EBITDA from continuing operations for the years ended December 31, 2024 and 2023.

| | Year Ended December 31, | | | | | |
|---------------------------------------|-------------------------------------------------------|---------------------------------------------------------|----------------------------------------|-------------------------------|---------------------------------|----------------|
| | 2024 | | | 2023 | | |
| | from Continuing Operations <i>(As Restated)</i> | from Discontinued Operations <i>(As Restated)</i> | Net Operations <i>(As Restated)</i> | from Continuing Operations | from Discontinued Operations | Net Operations |
| Non-GAAP Financial Data: | | | | | | |
| (Loss) Income | \$ (1,614,344) | \$ (4,182,549) | \$ (5,796,893) | \$ (10,769,405) | \$ 1,017,208 | \$ (9,752,197) |
| Net interest | (280,287) | 2,114 | (278,173) | 64,293 | 3,168 | 67,461 |
| Depreciation and amortization expense | 1,371,389 | 3,350,748 | 4,722,137 | 1,278,148 | 7,304,055 | 8,582,203 |
| Income tax expense | 5,606 | 210,263 | 215,869 | 11,023,411 | 367,542 | 11,390,953 |
| EBITDA | (517,636) | (619,424) | (1,137,060) | 1,596,447 | 8,691,973 | 10,288,420 |
| Stock compensation expense | 1,679,005 | — | 1,679,005 | 1,737,682 | — | 1,737,682 |
| Acquisition related expenses | 478,710 | — | 478,710 | 811,547 | 61,667 | 873,214 |
| Net loss on disposition or impairment | 66,019 | 7,714,555 | 7,780,574 | (20,894) | 2,653,498 | 2,632,604 |
| Costs related to restatement filings | — | — | — | 380,221 | — | 380,221 |
| Restructuring Costs | 607,231 | 495,097 | 1,102,328 | — | 72,880 | 72,880 |
| Litigation expenses | — | 1,481,000 | 1,481,000 | — | — | — |
| Other income related to the ERC | — | — | — | — | (3,779,304) | (3,779,304) |
| Adjusted EBITDA | \$ 2,313,329 | \$ 9,071,228 | \$ 11,384,557 | \$ 4,505,003 | \$ 7,700,714 | \$ 12,205,717 |

Adjusted EBITDA from continuing operations consists of net loss from continuing operations before interest, income taxes, depreciation and amortization, acquisition related expenses (which includes contract termination costs associated with reacquired regional developer rights), stock-based compensation expense, bargain purchase gain, (gain) loss on disposition or impairment, costs related to restatement filings, restructuring costs, and litigation expenses (consisting of legal and related fees for specific proceedings that arise outside of the ordinary course of our business). We have provided Adjusted EBITDA, a non-GAAP measure of financial performance because it is commonly used for comparing companies in our industry. You should not consider Adjusted EBITDA as a substitute for operating profit as an indicator of our operating performance or as an alternative to cash flows from operating activities as a measure of liquidity. We may calculate Adjusted EBITDA differently from other companies.

We believe that the use of Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with other outpatient medical clinics, which may present similar non-GAAP financial measures to investors. In addition, you should be aware when evaluating Adjusted EBITDA, in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate Adjusted EBITDA in the same manner.

Our management does not consider Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of Adjusted EBITDA is that it excludes significant expenses and income that are required by GAAP to be recorded in our financial statements. Some of these limitations include the following:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- Adjusted EBITDA does not reflect the (gain) loss on disposition or impairment, which represents the impairment of assets as of the reporting date. We do not consider this to be indicative of our ongoing operations; and
- While not included in the presented periods, Adjusted EBITDA would not reflect any bargain purchase gain, which would represent the excess of the fair value of net assets acquired over the purchase consideration.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only supplementally. You should review the reconciliation of Net loss to Adjusted EBITDA above and not rely on any single financial measure to evaluate our business.

Liquidity and Capital Resources

Sources of Liquidity

As of December 31, 2024, we had cash and short-term bank deposits of \$25.1 million. We generated \$9.4 million of cash flow from operating activities from both continuing and discontinued operations in the year ended December 31, 2024. While unfavorable global economic or political conditions create potential liquidity risks, as discussed further below, we believe that our existing cash and cash equivalents, our anticipated cash flows from operations and amounts available under our line of credit will be sufficient to fund our anticipated operating and investment needs for at least the next 12 months.

While the interruptions, delays and/or cost increases resulting from political instability and geopolitical tensions, adverse weather conditions, economic weakness, inflationary pressures, increase in interest rates and other factors have created uncertainty as to general economic conditions for 2025, as of the date of this Form 10-K/A, we believe we have adequate capital resources and sufficient access to external financing sources to satisfy our current and reasonably anticipated requirements for funds to conduct our operations and meet other needs in the ordinary course of our business. For 2025, we expect to use or redeploy our cash resources to support our business within the context of prevailing market conditions, which, given the ongoing uncertainties described above, could rapidly and materially deteriorate or otherwise change. Our long-term capital requirements, primarily for acquisitions and other corporate initiatives, could be dependent on our ability to access additional funds through the debt and/or equity markets. If the equity and credit markets deteriorate, including as a result of economic weakness, political unrest or war, or any other reason, it may make any necessary equity or debt financing more difficult to obtain in a timely manner and on favorable terms, if at all, and if obtained, it may be more costly or more dilutive. From time to time, we consider and evaluate transactions related to our portfolio and capital structure, including debt financings, equity issuances, purchases and sales of assets, and other transactions. Given the ongoing uncertainties described above, the levels of our cash flows from operations for 2025 may be impacted. There can be no assurance that we will be able to generate sufficient cash flows or obtain the capital necessary to meet our short and long-term capital requirements.

Analysis of Cash Flows

Net cash provided by operating activities for both continuing and discontinued operations was \$9.4 million for the year ended December 31, 2024, compared to net cash provided by operating activities for both continuing and discontinued operations of \$14.7 million for the year ended December 31, 2023. The decrease was primarily attributable to the decrease in net income, net of non-cash charges, from both continuing and discontinued operations in the year ended December 31, 2024 of \$8.3 million versus \$13.9 million in the prior year period offset by the increases in operating assets and liabilities of \$1.1 million in the year ended December 31, 2024 versus \$0.8 million in the prior year period. The increase in operating assets and liabilities from both continuing and discontinued operations for the year ended December 31, 2024 is primarily attributable to (i) an increase in accrued expenses of \$4.6 million, mainly driven by accruals relating to two litigation settlements, (ii) an increase in accounts receivable of \$1.6 million primarily related to a receivable recorded from the Company's insurance related to medical injury claim settlement, and (iii) an increase in payroll liabilities of \$2.4 million, mostly due to the short-term incentive compensation accrual in the current year (without the comparable accrual as of December 31, 2023), payroll cycle timing and restructuring cost accruals. These increases in operating assets and liabilities were partially offset by the decreases in (i) operating lease liabilities of \$3.8 million related to monthly rent payments against the lease liabilities held for sale, (ii) a decrease in deferred revenue of \$0.6 million and a decrease in deferred franchise cost of \$0.5 million both primarily related to the decreased sales of franchise licenses during the year, and (iii) a decrease in upfront regional developer fees of \$0.4 million.

Cash provided by operating activities is subject to variability period over period as a result of the timing of collections and payments related to accounts receivable, accrued expenses, and other operating assets and liabilities. Royalties and other fees are collected from our franchisees semi-monthly, two working days after each sales period has ended.

Net cash used in investing activities was \$0.6 million and \$6.2 million during the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, this included purchases of property and equipment for \$1.2 million partially offset by proceeds from the sale of company-owned and managed clinics of \$0.6 million. For the year ended December 31, 2023, this included clinic acquisitions for \$1.2 million and purchases of property and equipment for \$5.0 million.

Net cash used for financing activities was \$2.0 million and net cash provided by financing activities was \$0.2 million during the years ended December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, this related to the repayment of debt under the Credit Agreement of \$2.0 million. For the year ended December 31, 2023, this included proceeds from the exercise of stock options of \$0.2 million.

The following table summarizes our material contractual obligations from continuing operations at December 31, 2024 and the effect that such obligations are expected to have on our liquidity and cash flows in future periods:

Material Contractual Cash Requirements from Continuing Operations

| | Payments Due by Fiscal Year | | | | | | |
|--------------------------------|-----------------------------|------------|-----------|-----------|-----------|-----------|------------|
| | Total | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
| Operating leases (as restated) | \$ 902,111 | \$ 518,527 | \$ 60,225 | \$ 62,032 | \$ 63,893 | \$ 65,810 | \$ 131,624 |

Recent Accounting Pronouncements

Please see Note 1, *Nature of Operations and Summary of Significant Accounting Policies* in the Notes to consolidated financial statements included in Item 8 of this Form 10-K/A for information regarding recently issued accounting pronouncements that may impact our financial statements.

Off-Balance Sheet Arrangements

During the year ended December 31, 2024, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial instruments held by us as of December 31, 2024 include cash and cash equivalents and short-term borrowings. A portion of our cash is affected by short-term interest rates, which are currently low. Given the low interest income generated from our cash, any reduction in interest rates would not have a material impact on our interest income.

Borrowings under the Credit Agreement bear interest at a rate equal to an applicable margin plus a variable rate. As such, the Revolver exposes us to market risk for changes in interest rates. As we do not maintain a debt position under the Credit Agreement as of December 31, 2024, the effect of a change in interest rates would not have an impact to our interest expense.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Joint Corp. (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of income, changes in stockholders’ equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 13, 2025, except as to the effect of the material weakness, which is dated August 11, 2025 expressed an adverse opinion thereon.

Restatement to Correct 2024 Misstatement

As discussed in Note 2 to the consolidated financial statements, the 2024 consolidated financial statements have been restated to correct a misstatement.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment of Long-Lived Assets Held for Sale

As described in Notes 1, 4, and 6 to the consolidated financial statements, the Company recorded an estimated net loss on disposal on assets and liabilities held for sale of \$4.5 million for the year ended December 31, 2024. Long-lived assets that meet the criteria for the held for sale designation are reported at the lower of their carrying value or fair value less estimated cost to sell. The estimated fair values of the certain long-lived assets, including company-owned or managed clinics, is determined by management using fair values derived from an income approach based on a discounted cash flow model and a market approach

based upon a multiple of earnings assumption using historical financial performance of the clinic and historical acquisition trends based on previous reacquired franchise clinic purchases.

We identified the impairment of long-lived assets held for sale as a critical audit matter. Significant judgments are required to be made by management to determine the fair value for company-owned or managed clinics including the discount rate assumption used in the income approach and the multiple of earnings assumption used in the market approach. Auditing management's assumptions used in the impairment of long-lived assets held for sale involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address this matter and the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Assessing the reasonableness of the multiple of earnings assumption by comparing to historical acquisitions of previous reacquired franchise clinic purchases.
- Utilizing professionals with specialized skill and knowledge to assist in assessing the reasonableness of the discount rate and multiple of earnings assumptions.

Impairment of Goodwill - Corporate Clinic Reporting Unit

As described in Notes 1 and 4 to the consolidated financial statements, the Company's consolidated goodwill balance was \$8.5 million as of December 31, 2024. The Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. During the fourth quarter of 2024, the Company determined it was necessary to re-evaluate goodwill of the corporate clinics reporting unit due to the reporting unit meeting the criteria to be classified as a discontinued operation at December 31, 2024.

We identified the impairment of goodwill specific to the corporate clinic reporting unit as a critical audit matter. Significant judgments are required to be made by management to determine the fair value for the corporate clinic reporting unit, including a multiple of earnings assumption. Auditing management's assumption used in the impairment assessment of goodwill involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address this matter and the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Assessing the reasonableness of the multiple of earnings assumption by comparing to historical acquisitions of previous reacquired franchise clinic purchases.
- Utilizing professionals with specialized skill and knowledge to assist in assessing the reasonableness of the multiple of earnings assumption.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 13, 2025, except for the effects of the restatement described in Long-Lived Assets and (Loss) Earnings per Common Share paragraphs of Note 1, Note 2, Note 3, Note 4, Note 5, Note 6, Note 9, Note 10 and Note 11 as to which the date is August 11, 2025

THE JOINT CORP.
CONSOLIDATED BALANCE SHEETS

| | December 31, 2024 | December 31, 2023 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | <i>(As Restated)</i> | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 25,051,355 | \$ 18,153,609 |
| Restricted cash | 945,081 | 1,060,683 |
| Accounts receivable, net | 2,586,381 | 2,580,589 |
| Deferred franchise and regional development costs, current portion | 1,055,582 | 1,047,430 |
| Prepaid expenses and other current assets | 1,787,994 | 1,844,340 |
| Discontinued operations current assets (\$1.1 million attributable to VIEs as of December 31, 2024) | 43,151,055 | 19,648,887 |
| Total current assets | 74,577,448 | 44,335,538 |
| Property and equipment, net | 3,206,754 | 3,805,887 |
| Operating lease right-of-use asset | 555,536 | 466,268 |
| Deferred franchise and regional development costs, net of current portion | 4,513,891 | 5,203,936 |
| Discontinued operations noncurrent assets (\$1.1 million attributable to VIEs as of December 31, 2023) | — | 33,142,084 |
| Deposits and other assets | 300,779 | 254,299 |
| Total assets | <u>\$ 83,154,408</u> | <u>\$ 87,208,012</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,750,938 | \$ 1,253,816 |
| Accrued expenses | 1,505,827 | 1,157,822 |
| Co-op funds liability | 945,082 | 1,060,683 |
| Payroll liabilities | 3,551,173 | 858,862 |
| Operating lease liability, current portion | 483,337 | 412,601 |
| Deferred franchise fee revenue, current portion | 2,546,926 | 2,516,554 |
| Upfront regional developer fees, current portion | 288,095 | 362,326 |
| Other current liabilities | 603,250 | 483,249 |
| Discontinued operations current liabilities (\$7.1 million and \$5.9 million attributable to VIEs as of December 31, 2024 and 2023) | 37,367,459 | 25,468,169 |
| Total current liabilities | 49,042,087 | 33,574,082 |
| Operating lease liability, net of current portion | 311,689 | 448,308 |
| Debt under the Credit Agreement | — | 2,000,000 |
| Deferred franchise fee revenue, net of current portion | 12,450,179 | 13,597,325 |
| Upfront regional developer fees, net of current portion | 672,334 | 1,019,316 |
| Discontinued operations liabilities, net of current portion (\$1.2 million attributable to VIEs as of December 31, 2023) | — | 11,739,946 |
| Deferred tax liabilities | — | 57,153 |
| Total liabilities | 62,476,289 | 62,436,130 |
| Commitments and contingencies (Note 10) | | |
| Stockholders' equity: | | |
| Series A preferred stock, \$0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2024 and 2023 | — | — |
| Common stock, \$0.001 par value; 20,000,000 shares authorized, 15,192,893 shares issued and 15,159,878 shares outstanding as of December 31, 2024 and 14,783,757 shares issued and 14,751,633 outstanding as of December 31, 2023 | 15,192 | 14,783 |
| Additional paid-in capital | 49,210,455 | 47,498,151 |
| Treasury stock 33,015 shares as of December 31, 2024 and 32,124 shares as of December 31, 2023, at cost | (870,058) | (860,475) |
| Accumulated deficit | <u>(27,702,470)</u> | <u>(21,905,577)</u> |

| | December 31, 2024 | December 31, 2023 |
|--------------------------------------------|----------------------|----------------------|
| Total The Joint Corp. stockholders' equity | 20,653,119 | 24,746,882 |
| Non-controlling Interest | 25,000 | 25,000 |
| Total equity | 20,678,119 | 24,771,882 |
| Total liabilities and stockholders' equity | \$ 83,154,408 | \$ 87,208,012 |

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED INCOME STATEMENTS

| | Year Ended December 31, | |
|----------------------------------------------------------------------|--------------------------------|-----------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Revenues: | | |
| Royalty fees | \$ 32,144,796 | \$ 29,160,832 |
| Franchise fees | 2,997,850 | 2,882,895 |
| Advertising fund revenue | 9,180,281 | 8,321,043 |
| Software fees | 5,687,326 | 5,086,562 |
| Other revenues | 2,153,177 | 1,526,145 |
| Total revenues | 52,163,430 | 46,977,477 |
| Cost of revenues: | | |
| Franchise and regional developer cost of revenues | 10,063,644 | 9,063,375 |
| IT cost of revenues | 1,453,204 | 1,417,270 |
| Total cost of revenues | 11,516,848 | 10,480,645 |
| Selling and marketing expenses | 10,973,610 | 8,689,664 |
| Depreciation and amortization | 1,371,389 | 1,278,148 |
| General and administrative expenses | 30,124,589 | 26,231,615 |
| Total selling, general and administrative expenses | 42,469,588 | 36,199,427 |
| Net loss (gain) on disposition or impairment | 66,019 | (20,894) |
| (Loss) income from operations | (1,889,025) | 318,299 |
| Other (income) loss, net | (280,287) | 64,293 |
| (Loss) income before income tax expense | (1,608,738) | 254,006 |
| Income tax expense | 5,606 | 11,023,411 |
| Net loss from continuing operations | \$ (1,614,344) | \$ (10,769,405) |
| Discontinued Operations: | | |
| (Loss) income from discontinued operations before income tax expense | (3,972,286) | 1,384,750 |
| Income tax expense from discontinued operations | 210,263 | 367,542 |
| Net (loss) income from discontinued operations | (4,182,549) | 1,017,208 |
| Net loss | \$ (5,796,893) | \$ (9,752,197) |
| Net loss from continuing operations per common share: | | |
| Basic | \$ (0.11) | \$ (0.73) |
| Diluted | \$ (0.11) | \$ (0.72) |
| Net (loss) income from discontinued operations per common share: | | |
| Basic | \$ (0.28) | \$ 0.07 |
| Diluted | \$ (0.28) | \$ 0.07 |
| Net loss per common share: | | |
| Basic | \$ (0.39) | \$ (0.66) |
| Diluted | \$ (0.38) | \$ (0.65) |
| Basic weighted average shares outstanding | 14,919,091 | 14,688,115 |
| Diluted weighted average shares outstanding | 15,147,247 | 14,935,217 |

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

| | Common Stock | | | Treasury Stock | | | Total The Joint Corp. stockholder's equity | Non-controlling Interest | Total |
|--------------------------------------------------------|--------------|-----------|----------------------------|----------------|--------------|---------------------|--------------------------------------------|--------------------------|--------------|
| | Shares | Amount | Additional Paid In Capital | Shares | Amount | Accumulated Deficit | | | |
| Balances, December 31, 2022 | 14,560,353 | \$ 14,560 | \$ 45,558,305 | 31,866 | \$ (856,642) | \$ (12,153,380) | \$ 32,562,843 | \$ 25,000 | \$32,587,843 |
| Stock-based compensation expense | — | — | 1,737,682 | — | — | — | 1,737,682 | — | 1,737,682 |
| Issuance of restricted stock | 197,781 | 198 | (198) | — | — | — | — | — | — |
| Exercise of stock options | 25,623 | 25 | 202,362 | — | — | — | 202,387 | — | 202,387 |
| Purchases of treasury stock under employee stock plans | — | — | — | 258 | (3,833) | — | (3,833) | — | (3,833) |
| Net loss | — | — | — | — | — | (9,752,197) | (9,752,197) | — | (9,752,197) |
| Balances, December 31, 2023 | 14,783,757 | 14,783 | 47,498,151 | 32,124 | (860,475) | (21,905,577) | 24,746,882 | 25,000 | 24,771,882 |
| Stock-based compensation expense | — | — | 1,679,005 | — | — | — | 1,679,005 | — | 1,679,005 |
| Issuance of restricted stock | 181,184 | 181 | (181) | — | — | — | — | — | — |
| Exercise of stock options | 227,952 | 228 | 33,480 | — | — | — | 33,708 | — | 33,708 |
| Purchases of treasury stock under employee stock plans | — | — | — | 891 | (9,583) | — | (9,583) | — | (9,583) |
| Net loss (as restated) | — | — | — | — | — | (5,796,893) | (5,796,893) | — | (5,796,893) |
| Balances, December 31, 2024 (as restated) | 15,192,893 | \$ 15,192 | \$ 49,210,455 | 33,015 | \$ (870,058) | \$ (27,702,470) | \$ 20,653,119 | \$ 25,000 | \$20,678,119 |

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year Ended December 31, | |
|---------------------------------------------------------------------------------|--------------------------------|--------------------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Cash flows from operating activities: | | |
| Net loss | \$ (5,796,893) | \$ (9,752,197) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 4,722,137 | 8,582,203 |
| Net loss on disposition or impairment (non-cash portion) | 7,780,574 | 2,632,604 |
| Net franchise fees recognized upon termination of franchise agreements | (239,335) | (217,827) |
| Deferred income taxes | (55,556) | 10,896,504 |
| Provision for credit losses on accounts receivable | 220,893 | — |
| Stock based compensation expense | 1,679,005 | 1,737,682 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (1,645,078) | 192,348 |
| Prepaid expenses and other current assets | 101,167 | (341,478) |
| Deferred franchise costs | 499,285 | 355,952 |
| Deposits and other assets | 8,827 | 1,492 |
| Accounts payable | 68,258 | (1,381,836) |
| Accrued expenses | 4,609,759 | 793,679 |
| Payroll liabilities | 2,398,765 | 1,455,234 |
| Operating lease liabilities | (3,796,648) | (107,735) |
| Upfront regional developer fees | (421,213) | (598,778) |
| Deferred revenue | (597,489) | 301,095 |
| Other liabilities | (121,408) | 128,647 |
| Net cash provided by operating activities | 9,415,050 | 14,677,589 |
| Cash flows from investing activities: | | |
| Acquisition of CA clinics | — | (1,188,765) |
| Proceeds from sale of clinics | 554,100 | — |
| Purchase of property and equipment | (1,185,647) | (4,999,070) |
| Net cash used in investing activities | (631,547) | (6,187,835) |
| Cash flows from financing activities: | | |
| Payments of finance lease obligation | (25,484) | (24,432) |
| Purchases of treasury stock under employee stock plans | (9,583) | (3,833) |
| Proceeds from exercise of stock options | 33,708 | 202,386 |
| Repayment of debt under the Credit Agreement | (2,000,000) | — |
| Net cash (used in) provided by financing activities | (2,001,359) | 174,121 |
| Increase in cash | 6,782,144 | 8,663,875 |
| Cash, cash equivalents and restricted cash, beginning of period | 19,214,292 | 10,550,417 |
| Cash, cash equivalents and restricted cash, end of period | \$ 25,996,436 | \$ 19,214,292 |
| | December 31, 2024 | December 31, 2023 |
| Reconciliation of cash, cash equivalents and restricted cash: | | |
| Cash and cash equivalents | \$ 25,051,355 | \$ 18,153,609 |
| Restricted cash | 945,081 | 1,060,683 |
| Total cash, cash equivalents and restricted cash | \$ 25,996,436 | \$ 19,214,292 |

Supplemental cash flow disclosures:

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

| | Year Ended December 31, | |
|----------------------------------------------------------|-------------------------|------------|
| | 2024 | 2023 |
| Net cash paid for: | | |
| Interest | \$ 69,445 | \$ 173,062 |
| Income taxes | 610,492 | 569,765 |
| Non-cash investing and financing activity: | | |
| Unpaid purchases of property and equipment | 124,699 | 140,055 |
| Stock option exercise receivable | 896,766 | — |
| Non-cash investment in acquisition of franchised clinics | — | 28,997 |

See notes to consolidated financial statements.

THE JOINT CORP.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 1: Nature of Operations and Summary of Significant Accounting Policies*****Basis of Presentation***

These financial statements represent the consolidated financial statements of The Joint Corp. (“The Joint”), which includes its variable interest entities (“VIEs”), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the “Company”). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management’s best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 3, *Revenue Disclosures*, Note 9, *Income Taxes*, and Note 10, *Commitments and Contingencies*.

The results of operations of the corporate clinic segment are reported in (Loss) income from discontinued operations before income tax expense in its consolidated income statement for all periods presented and the related assets and liabilities associated with discontinued operations are classified as discontinued operation assets and liabilities, current and noncurrent, in the consolidated balance sheets at December 31, 2024 and 2023. The consolidated statement of cash flows includes cash flows related to the discontinued operations and accordingly, cash flow amounts for discontinued operations are disclosed in Note 4, *Acquisitions and Divestitures*. All results and information in the consolidated financial statements are presented as continuing operations and exclude the corporate clinic segment unless otherwise noted specifically as discontinued operations. For additional information, refer to Note 4, *Acquisitions and Divestitures*.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations (“ASC 810”). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive Loss

Net loss and comprehensive loss are the same for the years ended December 31, 2024 and 2023.

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2024 and 2023. All company-owned or managed clinics operations are recorded as discontinued operations:

| | Year Ended December 31, | |
|-------------------------------------------------------|-------------------------|------|
| | 2024 | 2023 |
| Franchised clinics: | | |
| Clinics open at beginning of year | 800 | 712 |
| Opened during the year | 57 | 104 |
| Acquired during the year | 3 | — |
| Sold during the year | — | (3) |
| Closed during the year | (18) | (13) |
| Clinics in operation at the end of the year | 842 | 800 |
| Company-owned or managed clinics: | | |
| Clinics open at beginning of year | 135 | 126 |
| Opened during the year | — | 10 |
| Acquired during the year | — | 3 |
| Sold during the year | (3) | — |
| Closed during the year | (7) | (4) |
| Clinics in operation at the end of the year | 125 | 135 |
| Total clinics in operation at the end of the year | 967 | 935 |
| Clinic licenses sold but not yet developed | 92 | 132 |
| Executed letters of intent for future clinic licenses | 53 | 40 |

Variable Interest Entities

Certain states prohibit the “corporate practice of chiropractic,” which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management agreements with professional corporations (“PCs”) that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with four PCs. If an entity is deemed to be the primary beneficiary of a VIE, the entity is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE’s economic performance, and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: (1) the fees are compensation for services provided and are commensurate with the level of effort required to provide those services; (2) the decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE’s expected losses or receive more than an insignificant amount of the VIE’s expected residual returns; and (3) the service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm’s length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and has an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are VIEs for which the Company is the primary beneficiary and are consolidated by the Company.

The revenues of VIEs represent the revenues of company-managed clinics in states that prohibit the corporate practice of chiropractic. The Company’s involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded as revenues from company-owned or managed clinics and general and administrative expenses, which are principally comprised of payroll and related expenses, merchant card fees and insurance expense, all of which are reported in (Loss) income from discontinued operations before income tax expense in its consolidated income statement. The management fees/income provided by the management agreements are considered intercompany transactions and therefore eliminated upon consolidation of VIEs.

VIE net income (including the management fee) of \$1.4 million and \$1.2 million for the years ended December 31, 2024 and 2023, respectively, is included in (Loss) income from discontinued operations before income tax expense and income tax expense from discontinued operations in the consolidated income statements as follows:

| | Year Ended December 31, | |
|---------------------------------------------------------------|-------------------------|--------------|
| | 2024 | 2023 |
| Income from discontinued operations before income tax expense | \$ 1,641,325 | \$ 1,505,635 |
| Income tax expense from discontinued operations | 210,263 | 310,388 |

The carrying amount of the VIEs' assets and liabilities is included in discontinued operations as of December 31, 2024 and December 31, 2023, in the consolidated balance sheets as follows:

| | December 31, | |
|-------------------------------------------------------------|--------------|-----------|
| | 2024 | 2023 |
| Discontinued operations current assets | \$ 1,087,203 | \$ — |
| Discontinued operations noncurrent assets | — | 1,088,801 |
| Discontinued operations current liabilities | 7,125,071 | 5,908,789 |
| Discontinued operations liabilities, net of current portion | — | 1,235,241 |

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2024 and 2023.

Restricted Cash

Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable primarily represent amounts due from franchisees for royalty and software fees. Receivables are unsecured; however, the franchise agreements provide the Company the right to withdraw funds from the franchisee's bank account or to terminate the franchise for nonpayment. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2024, the Company had a \$0.2 million allowance for credit losses on accounts receivable. As of December 31, 2023, the Company had no allowance for credit losses on accounts receivable.

The following table provides a reconciliation of the activity related to the Company's accounts receivable allowance for credit losses:

| | Accounts receivable allowance for credit losses |
|---------------------------------------------|----------------------------------------------------------------|
| Balance at December 31, 2022 | \$ — |
| Bad debt expense recognized during the year | — |
| Write-off of uncollectible amounts | — |
| Balance at December 31, 2023 | \$ — |
| Bad debt expense recognized during the year | 220,893 |
| Write-off of uncollectible amounts | — |
| Balance at December 31, 2024 | <u>\$ 220,893</u> |

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost and relate mostly to the corporate headquarters leasehold improvements, its furniture and fixtures and other office and computer equipment. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income. The Company recorded Net loss (gain) on disposition or impairment of \$17,087 and \$(20,894) in its consolidated income statement related to continuing operations property or equipment disposed of other than by sale or retired related to continuing operations for the years ended December 31, 2024 and December 31, 2023, respectively.

Capitalized Software

The Company capitalizes certain software development costs, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Internally developed software is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinics in the portfolio. The Company recognizes a right-of-use ("ROU") asset and lease liability for all leases. The lease for its corporate office space is recognized as a ROU and lease liability in its consolidated balance sheet as continuing operations while all other leases for each of the company-owned or managed clinics are reported in discontinued operations. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the ROU asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic

environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased corporate office space are expensed as incurred in general and administrative expenses on the consolidated income statements. Any variable costs associated with the leased property for company-owned or managed clinics are expensed as incurred and are included in (Loss) income from discontinued operations before income tax expense in its consolidated income statement.

During the year ended December 31, 2024, certain leases related to discontinued operations were terminated early with the landlord as a result of corporate clinic closures. The net losses to terminate the leases were recorded in (Loss) income from discontinued operations before income tax expense in its consolidated income statement of \$0.4 million. No leases were terminated during the year ended December 31, 2023.

Intangible Assets

Intangible assets consist primarily of reacquired franchise rights and customer relationships. All of the Company's intangible assets are reported in discontinued operations. The Company amortizes the fair value of reacquired franchise rights over the remaining contractual terms of the reacquired franchise rights at the time of the acquisition, which generally range from one to nine years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs.

During the fourth quarter of 2024, we determined it was necessary to re-evaluate goodwill of the corporate clinics reporting unit due to the reporting unit meeting the criteria to be classified as a discontinued operation at December 31, 2024. Therefore, we performed a quantitative assessment of the fair value of the reporting unit using a market approach with assumptions that are considered Level 3 inputs and concluded that the fair value of the corporate clinic reporting unit exceeded its carrying value. The fair value of the reporting unit was determined by applying a multiple of earnings assumption using historical financial performance of the clinic and historical acquisition trends based on previous reacquired franchise clinic purchases.

No impairments of goodwill were recorded for the years ended December 31, 2024 and 2023.

Discontinued Operations

In determining whether a group of assets which has been disposed of (or is to be disposed of) should be presented as discontinued operations, the Company first analyzes whether the group of assets being disposed of represents a component of the entity or group of components of the entity. A component typically has historic operations and cash flows that are clearly distinguishable for both operations and financial reporting purposes. In addition, the Company considers whether the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results. This strategic shift could include a disposal of a major geographical area, a major line of business, a major equity method investment or other major parts of an entity.

The Company reports financial results for discontinued operations separately from continuing operations to distinguish the financial impact of disposal transactions from ongoing operations. The assets and liabilities of a discontinued operation held for sale, other than goodwill, are measured at the lower of its carrying amount or fair value less cost to sell. When a portion of a reporting unit that constitutes a business is to be disposed of, the goodwill associated with that business is included in the carrying amount of the business based on the relative fair values of the business to be disposed of and the portion of the reporting unit that will be retained. See Note 4, *Acquisitions and Divestitures*, for additional information.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2024, certain long-lived asset groups were determined to not be recoverable and were written down from their carrying values to their respective fair values resulting in the following non-cash impairment losses which are included in Net loss (gain) on disposition or impairment related to continuing operations.

| Year Ended December 31, 2024 | | | |
|------------------------------------------------------------------------------|----------------|---------------|------------------------------------------------------------------------|
| | Carrying Value | Fair Value | Net loss on disposition or impairment related to continuing operations |
| | (As Restated) | (As Restated) | (As Restated) |
| Property and equipment, net | \$ 57,959 | \$ 40,872 | \$ 17,087 |
| Operating lease right-of-use asset | 703,682 | 667,314 | 36,368 |
| Intangible assets, net | 12,564 | — | 12,564 |
| Total Net loss on disposition or impairment related to continuing operations | | | \$ 66,019 |

No impairment losses on long-lived assets were recognized from continuing operations during the year ended December 31, 2023.

During the year ended December 31, 2024, certain long-lived assets groups classified as held and used were determined to not be recoverable and were written down from their carrying values to their respective fair values resulting in the following non-cash impairment losses which are included in (Loss) income from discontinued operations before income tax expense in the consolidated income statement.

| Year Ended December 31, 2024 | | | |
|-----------------------------------------------------------------------------------------|----------------|---------------|--------------------------------------------------------------------------|
| | Carrying Value | Fair Value | Net loss on disposition or impairment related to discontinued operations |
| | (As Restated) | (As Restated) | (As Restated) |
| Property and equipment, net | \$ 3,929,036 | \$ 2,755,318 | \$ 1,173,718 |
| Operating lease right-of-use asset | 5,779,712 | 4,347,457 | 1,432,255 |
| Intangible assets, net | 298,510 | 252,746 | 45,764 |
| Total Net loss (income) on disposition or impairment related to discontinued operations | | | \$ 2,651,737 |

During the year ended December 31, 2023, certain long-lived asset groups classified as held and used were determined to not be recoverable were written down from their carrying values to their respective fair values resulting in the following non-cash impairment losses which are included in (Loss) income from discontinued operations before income tax expense in the consolidated income statement.

| Year Ended December 31, 2023 | | | |
|-----------------------------------------------------------------------------------------|----------------|--------------|--------------------------------------------------------------------------|
| | Carrying Value | Fair Value | Net loss on disposition or impairment related to discontinued operations |
| Property and equipment, net | \$ 2,893,779 | \$ 1,233,438 | \$ 1,660,341 |
| Operating lease right-of-use asset | 80,449 | — | 80,449 |
| Total Net loss (income) on disposition or impairment related to discontinued operations | | | \$ 1,740,790 |

Long-lived assets that meet the criteria for the held for sale designation are reported at the lower of their carrying value or fair value less estimated cost to sell. As a result of its evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the clinics estimated fair values, the Company recorded an estimated net loss on disposal,

which is included in (Loss) income from discontinued operations before income tax expense in the consolidated income statement:

| | Years Ended | |
|-----------------------------------------------------------------------------------|----------------------|------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Net loss (income) on disposition or impairment related to discontinued operations | \$ 4,540,530 | \$ 657,620 |

A valuation allowance of \$5.1 million and \$0.7 million as of December 31, 2024 and 2023, respectively, are included in Discontinued operations current assets on the consolidated balance sheet.

The following table shows a reconciliation of the Company's impairment losses and disposal gains and losses recorded in (Loss) income from discontinued operations before income tax expense for the years ended December 31, 2024 and 2023:

| | Years Ended | |
|--------------------------------------------------------------------------------|----------------------|--------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| <i>Impairment on long-lived assets held for use</i> | | |
| Property and equipment, net | \$ 1,173,718 | \$ 1,660,341 |
| Operating lease right-of-use asset | 1,432,255 | 80,449 |
| Intangible assets, net | 45,764 | — |
| <i>Impairment on assets held for sale</i> | | |
| Assets held for sale | 4,540,530 | 657,620 |
| <i>Loss on disposal of assets other than by sale</i> | | |
| Property and equipment, net | 161,057 | 255,088 |
| Operating lease right-of-use asset | 406,038 | — |
| <i>Gain on sale of assets</i> | (44,807) | — |
| Total net loss on disposition or impairment related to discontinued operations | \$ 7,714,555 | \$ 2,653,498 |

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchises have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through company-owned or managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues from clinics that the Company owns and operates are recognized when services are performed and are related to discontinued operations. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a

contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as “breakage”) then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company’s performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company’s services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company’s sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Upfront Regional Developer Rights Fees

The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Upon granting of the exclusive rights to develop a territory, a regional developer will pay an upfront fee to the Company. Upfront regional developer fees represent consideration received from a vendor to act as the Company’s agent within an exclusive territory. The upfront regional developer rights fee is accounted for as a reduction of cost of revenues, in franchise and regional development cost of revenues, to offset the respective future commissions paid to the regional developer. The fees are ratably recognized over the term of the related regional developer agreement.

Regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, fees collected from the sale of the royalty stream is recognized as a decrease to franchise and regional developer cost of revenues over the remaining life of the respective franchise agreements.

Regional Developer Rights Contract Termination Costs

From time to time, subject to the Company’s strategy, regional developer rights are reacquired by the Company, resulting in a termination of the contract. The termination costs to reacquire the regional developer rights are recognized at fair value, less any unrecognized upfront regional developer fee liability balance, as a general and administrative expense in the period in which the contract is terminated in accordance with the contract terms and are recorded within general and administrative expenses.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were \$0.8 million and \$0.4 million, for the years ended December 31, 2024 and 2023, respectively.

Income Taxes

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company applied the intra-period allocation rules under ASC 740-20-45-1 to allocate the tax provision between continuing operations and discontinued operations. The tax provision amount reported as Income tax expense and disclosed at Note 9, *Income Taxes* is all related to continuing operations and the remaining provision amount is allocated as discontinued operations and reported as Income tax expense from discontinued operations for the years ended December 31, 2024 and 2023.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has identified \$0.9 million and \$1.2 million in uncertain tax positions related to its VIEs in discontinued operations as of December 31, 2024 and 2023, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2024, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2021 and 2020, respectively.

(Loss) Earnings per Common Share

Basic (loss) earnings per common share is computed by dividing net (loss) income by the weighted-average number of common shares outstanding during the period. Diluted (loss) earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

| | Year Ended December 31, | |
|------------------------------------------------------|-------------------------|-----------------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Net loss from continuing operations | \$ (1,614,344) | \$ (10,769,405) |
| Net (loss) income from discontinued operations | (4,182,549) | 1,017,208 |
| Net loss | <u>\$ (5,796,893)</u> | <u>\$ (9,752,197)</u> |
| Weighted average common shares outstanding — basic | 14,919,091 | 14,688,115 |
| Effect of dilutive securities: | | |
| Unvested restricted stock and stock options | 228,156 | 247,102 |
| Weighted average common shares outstanding — diluted | <u>15,147,247</u> | <u>14,935,217</u> |
| (Loss) earnings per share: | | |
| Basic (loss) earnings per share: | | |
| Continuing operations | \$ (0.11) | \$ (0.73) |
| Discontinued operations | \$ (0.28) | \$ 0.07 |
| Net loss per share | \$ (0.39) | \$ (0.66) |
| Diluted (loss) earnings per share | | |
| Continuing operations | \$ (0.11) | \$ (0.72) |
| Discontinued operations | \$ (0.28) | \$ 0.07 |
| Net loss per share | \$ (0.38) | \$ (0.65) |

Potentially dilutive securities excluded from the calculation of diluted net (loss) income per common share as the effect would be anti-dilutive were as follows:

| | Year Ended December 31, | |
|---------------|-------------------------|--------|
| | 2024 | 2023 |
| Stock options | 87,651 | 89,152 |

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the “401(k) Plan”), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants’ contributions in an amount determined at the sole discretion of the Company. The Company matched participants’ contributions for the years ended December 31, 2024 and 2023, up to a maximum of 4% of the employee’s eligible compensation. Employer contributions for both continuing and discontinued operations totaled \$635,038 and \$570,877, for the years ended December 31, 2024 and 2023, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of ROU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations. Deferred revenue related to breakage, goodwill and intangible assets are related to discontinued operations. Refer to Note 4, *Acquisitions and Divestitures* for more information on discontinued operations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities to provide greater disaggregation within their annual rate reconciliation, including new requirements to present reconciling items on a gross basis in specified categories, disclose both percentages and dollar amounts, and disaggregate individual reconciling items by jurisdiction and nature when the effect of the items meet a quantitative threshold. The guidance also requires disaggregating the annual disclosure of income taxes paid, net of refunds received, by federal (national), state, and foreign taxes, with separate presentation of individual jurisdictions that meet a quantitative threshold. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis, with a retrospective option, and early adoption is permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities with a single reportable segment to provide all the disclosures required by this standard and all existing segment disclosures in Topic 280 on an interim and annual basis, including new requirements to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker (“CODM”) and included within the reported measure(s) of a segment’s profit or loss, the amount and composition of any other segment items, the title and position of the CODM, and how the CODM uses the reported measure(s) of a segment’s profit or loss to assess performance and decide how to allocate resources. The guidance is effective for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024, applied retrospectively with early adoption permitted. We have adopted the ASU for the annual period 2024 and have identified no material effect on our consolidated financial statements or disclosures.

Note 2: Restatement of Previously Issued Consolidated Financial Statements for the Fiscal Year Ended December 31, 2024

Subsequent to the issuance of our consolidated financial statements as of and for the year ended December 31, 2024, included in the Annual Report on Form 10-K filed with the SEC on March 14, 2025, an error was identified resulting from the misapplication of accounting guidance related to the valuation methodology used in connection with the fair value measurement of certain assets held for sale within discontinued operations. Upon further evaluation, the Company determined that the original valuation methodology—which relied on an earnings multiple approach based on the clinic’s historical financial performance and prior acquisition trends from reacquired franchise clinics—was not consistent with the relevant requirements of GAAP. As such, adjustments were necessary to accurately reflect our financial position and results of operations. The valuation methodology was updated to include and equally weight both a market approach using a multiple of earnings assumption as well as an income approach using a discounted cash flow model that more appropriately reflects the expected future economic benefits of the assets held for sale reported in discontinued operations.

The Company assessed the impact of the error on its previously issued financial statements and determined it to be material to 2024 based on its analysis of Staff Accounting Bulletin (“SAB”) No. 99, “Materiality,” and SAB No. 108, “Considering the

Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements”. The error has been corrected in the accompanying consolidated balance sheets as of December 31, 2024 and the consolidated income statements, statements of changes in stockholders’ equity, and statements of cash flows for the year then ended.

In the restated presentation, the Company also recorded previously uncorrected misstatements that were determined to be immaterial to the financial statements.

The following table summarizes the effect of the error on the Company's consolidated balance sheet as of December 31, 2024:

| | December 31, 2024 | | December 31, 2024 |
|----------------------------------------------------------------------------------|------------------------------|-------------|------------------------------|
| | As Previously Reported | Adjustments | As Restated |
| Current assets: | | | |
| Prepaid expenses and other current assets | \$ 1,729,079 | \$ 58,915 | \$ 1,787,994 |
| Discontinued operations current assets (\$1.1 million attributable to VIEs) | 40,827,044 | 2,324,011 | 43,151,055 |
| Total current assets | 72,194,522 | 2,382,926 | 74,577,448 |
| Property and equipment, net | 3,166,882 | 39,872 | 3,206,754 |
| Operating lease right-of-use asset | 245,384 | 310,152 | 555,536 |
| Total assets | 80,421,458 | 2,732,950 | 83,154,408 |
| Current liabilities: | | | |
| Operating lease liability, current portion | 448,285 | 35,052 | 483,337 |
| Discontinued operations current liabilities (\$7.1 million attributable to VIEs) | 37,714,200 | (346,741) | 37,367,459 |
| Total current liabilities | 49,353,776 | (311,689) | 49,042,087 |
| Operating lease liability, net of current portion | — | 311,689 | 311,689 |
| Total liabilities | 62,476,289 | — | 62,476,289 |
| Accumulated deficit | (30,435,420) | 2,732,950 | (27,702,470) |
| Total The Joint Corp. stockholders' equity | 17,920,169 | 2,732,950 | 20,653,119 |
| Total equity | 17,945,169 | 2,732,950 | 20,678,119 |
| Total liabilities and stockholders' equity | 80,421,458 | 2,732,950 | 83,154,408 |

The following table summarizes the effect of the error on the Company's consolidated income statement for the year ended December 31, 2024:

| | Year Ended December 31, 2024 | | Year Ended December 31, 2024 |
|----------------------------------------------------------------------|------------------------------------|--------------|------------------------------------|
| | As Previously Reported | Adjustments | As Restated |
| Revenues: | | | |
| Other revenues | \$ 1,886,352 | \$ 266,825 | \$ 2,153,177 |
| Total revenues | 51,896,605 | 266,825 | 52,163,430 |
| Cost of revenues: | | | |
| IT cost of revenues | 1,453,011 | 193 | 1,453,204 |
| Total cost of revenues | 11,516,655 | 193 | 11,516,848 |
| Selling and marketing expenses | 10,923,342 | 50,268 | 10,973,610 |
| Depreciation and amortization | 1,363,453 | 7,936 | 1,371,389 |
| General and administrative expenses | 29,833,570 | 291,019 | 30,124,589 |
| Total selling, general, and administrative expenses | 42,120,365 | 349,223 | 42,469,588 |
| Net loss on disposition or impairment | 14,642 | 51,377 | 66,019 |
| Loss from operations | (1,755,057) | (133,968) | (1,889,025) |
| Loss before income tax expense | (1,474,770) | (133,968) | (1,608,738) |
| Income tax expense | 62,142 | (56,536) | 5,606 |
| Net loss from continuing operations | (1,536,912) | (77,432) | (1,614,344) |
| Discontinued Operations: | | | |
| (Loss) income from discontinued operations before income tax expense | (6,780,289) | 2,808,003 | (3,972,286) |
| Income tax expense from discontinued operations | 212,642 | (2,379) | 210,263 |
| Net loss from discontinued operations | (6,992,931) | 2,810,382 | (4,182,549) |
| Net loss | \$ (8,529,843) | \$ 2,732,950 | \$ (5,796,893) |
| Net loss from continuing operations per common share: | | | |
| Basic | \$ (0.10) | \$ (0.01) | \$ (0.11) |
| Diluted | \$ (0.10) | \$ (0.01) | \$ (0.11) |
| Net (loss) income from discontinued operations per common share: | | | |
| Basic | \$ (0.47) | \$ 0.19 | \$ (0.28) |
| Diluted | \$ (0.46) | \$ 0.18 | \$ (0.28) |
| Net (loss) income per common share: | | | |
| Basic | \$ (0.57) | \$ 0.18 | \$ (0.39) |
| Diluted | \$ (0.56) | \$ 0.17 | \$ (0.38) |

The following table summarizes the effect of the error on the Company's consolidated statements of stockholders' equity as of December 31, 2024:

| | Accumulated Deficit | Total The Joint Corp. stockholder's equity | Total Equity |
|------------------------------------------------------|------------------------|-----------------------------------------------|---------------|
| Balances, December 31, 2024 (as previously reported) | \$ (30,435,420) | \$ 17,920,169 | \$ 17,945,169 |
| Adjustment due to error correction | 2,732,950 | 2,732,950 | 2,732,950 |
| Balances, December 31, 2024 (as restated) | \$ (27,702,470) | \$ 20,653,119 | \$ 20,678,119 |

The following table summarizes the effect of the error on the Company's consolidated statement of cash flows for the year ended December 31, 2024:

| | Year Ended December 31, 2024 | | Year Ended December 31, 2024 |
|---------------------------------------------------------------------------------|------------------------------------|--------------|------------------------------------|
| | As Previously Reported | Adjustments | As Restated |
| Cash flows from operating activities: | | | |
| Net loss | \$ (8,529,843) | \$ 2,732,950 | \$ (5,796,893) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Net loss on disposition or impairment (non-cash portion) | 10,454,609 | (2,674,035) | 7,780,574 |
| Prepaid expenses and other current assets | 160,082 | (58,915) | 101,167 |
| Net cash provided by operating activities | 9,415,050 | — | 9,415,050 |
| Increase in cash | 6,782,144 | — | 6,782,144 |

Note 3: Revenue Disclosures

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

As of December 31, 2024, we had 842 franchised clinics in operation, 92 clinic licenses sold but not yet developed and 53 executed letters of intent for future clinic licenses. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees, (b) continuing franchise fees (royalties), (c) advertising fees, and (d) software fees. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which otherwise requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price).

The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.
- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, neither of which requires estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Capitalized Sales Commissions

Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2024 and 2023. Other revenues primarily consist of merchant income associated with preferred vendor royalties associated with franchisees' credit card transactions.

The following table shows the Company's revenues disaggregated according to the timing of transfer of services:

| | December 31, | |
|---------------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Revenue recognized at a point in time | \$ 43,478,254 | \$ 39,008,020 |
| Revenue recognized over time | 8,685,176 | 7,969,457 |
| Total revenue | \$ 52,163,430 | \$ 46,977,477 |

Rollforward of Accounts Receivable

Changes in the Company's accounts receivable, net during the years ended December 31, 2024 and 2023 were as follows:

| | Accounts Receivable, Net |
|---------------------------------------------------------------------------------|-------------------------------------|
| Balance at December 31, 2022 | \$ 2,388,163 |
| Cash received against accounts receivable included at the beginning of the year | (2,170,108) |
| Net increase during the year ended December 31, 2023 | 2,362,534 |
| Balance at December 31, 2023 | \$ 2,580,589 |
| Cash received against accounts receivable included at the beginning of the year | (2,387,577) |
| Net increase during the year ended December 31, 2024 | 2,614,262 |
| Allowance for credit losses | (220,893) |
| Balance at December 31, 2024 | \$ 2,586,381 |

Changes in the Company's contract liability for deferred franchise fees during the years ended December 31, 2024 and 2023 were as follows:

| | Deferred Revenue short and long-term |
|---------------------------------------------------------------------------------------------|-------------------------------------------------|
| Balance at December 31, 2022 | \$ 16,629,735 |
| Revenue recognized that was included in the contract liability at the beginning of the year | (2,709,080) |
| Net increase during the year ended December 31, 2023 | 2,193,224 |
| Balance at December 31, 2023 | \$ 16,113,879 |
| Revenue recognized that was included in the contract liability at the beginning of the year | (2,841,085) |
| Net increase during the year ended December 31, 2024 | 1,724,311 |
| Balance at December 31, 2024 | \$ 14,997,105 |

The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2024 and 2023 were as follows:

| | Deferred Franchise and Development Costs short and long-term |
|------------------------------------------------------|-----------------------------------------------------------------------------|
| Balance at December 31, 2022 | \$ 6,761,738 |
| Recognized as cost of revenue during the year | (1,135,592) |
| Net increase during the year ended December 31, 2023 | 625,220 |
| Balance at December 31, 2023 | \$ 6,251,366 |
| Recognized as cost of revenue during the year | (1,221,140) |
| Net increase during the year ended December 31, 2024 | 539,247 |
| Balance at December 31, 2024 | \$ 5,569,473 |

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2024. The Company has elected to exclude short term contracts, sales and usage based royalties and any other variable consideration recognized on an "as invoiced" basis.

| Contract liabilities expected to be recognized in | Amount |
|----------------------------------------------------------|---------------|
| 2025 | \$ 2,546,926 |
| 2026 | 2,458,740 |
| 2027 | 2,352,593 |
| 2028 | 2,187,901 |
| 2029 | 1,835,345 |
| Thereafter | 3,615,600 |
| Total | \$ 14,997,105 |

Note 4: Acquisitions and Divestitures

2023 Acquisitions

On May 22, 2023, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the sellers three operating franchised clinics in California (the "2023 CA Clinics Purchase"). As of the acquisition date, the Company operates the franchises as company-managed clinics. The total purchase price for the transaction was \$1,188,764 to the seller less \$28,997 of net deferred revenue, resulting in total purchase consideration of \$1,159,767.

Based on the terms of the purchase agreement, the 2023 CA Clinics Purchase has been treated as an asset purchase under GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of the 2023 CA Clinics Purchase was as follows:

| | |
|----------------------------------------------------|--------------|
| Property and equipment | \$ 313,995 |
| Operating lease right-of-use asset | 317,662 |
| Intangible assets | 1,004,513 |
| Total assets acquired | 1,636,170 |
| Deferred revenue | (158,365) |
| Operating lease liability - current portion | (118,081) |
| Operating lease liability - net of current portion | (199,957) |
| Net purchase consideration | \$ 1,159,767 |

Intangible assets in the table above primarily consist of reacquired franchise rights of \$0.7 million amortized over their estimated useful lives of six to seven years, customer relationships of \$0.1 million amortized over an estimated useful life of two years and assembled workforce of \$0.2 million amortized over an estimated useful life of two years.

Corporate Clinic Segment Divestiture

In 2023, the Company initiated plans to rebrand the majority of its company-owned or managed clinics with plans to retain a small portion of high-performing clinics. During the third quarter of 2024, the Company expanded the rebranding plan to include additional clinic markets of company-owned or managed clinics, marketing the clinics in clusters grouped by proximity to larger private equity firms. Because the Company has formalized a plan to sell its entire corporate clinic reportable segment, the Company has concluded that the overall rebranding plan represents a strategic shift that will have a major effect on the Company's operations and financial results.

As of December 31, 2024, the corporate clinics classified as held for sale or already sold under the rebranding plan represent, in the aggregate, a strategic shift that will have a major effect on the Company's operations and financial results. Accordingly, the results of the corporate clinic segment and its assets and liabilities are reported separately as discontinued operations in the consolidated income statements and consolidated balance sheets. As permitted, the Company elected not to adjust the consolidated statements of cash flows for the years ended December 31, 2024 and 2023 to exclude cash flows attributable to discontinued operations. Accordingly, the Company disclosed the depreciation and amortization, capital expenditures and significant operating and investing non-cash items related to the corporate clinic segment below.

The key components of Net (loss) income from discontinued operations that were included in the Company's consolidated income statements are as follows:

| | Year Ended December 31, | |
|--------------------------------------------------------------------|--------------------------------|---------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Revenues: | | |
| Revenues from company-owned or managed clinics | \$ 69,982,344 | \$ 70,718,879 |
| Total revenues | 69,982,344 | 70,718,879 |
| Cost of revenues: | | |
| IT cost of revenues | 47,817 | 65,912 |
| Total cost of revenues | 47,817 | 65,912 |
| Selling and marketing expenses | 7,850,616 | 7,852,327 |
| Depreciation and amortization | 3,350,748 | 7,304,056 |
| General and administrative expenses | 54,988,780 | 55,234,472 |
| Total selling, general and administrative expenses | 66,190,144 | 70,390,855 |
| Net loss on disposition or impairment from discontinued operations | 7,714,555 | 2,653,497 |
| Loss from discontinued operations | (3,970,172) | (2,391,385) |
| Other expense (income), net | 2,114 | (3,776,135) |
| (Loss) income before income tax expense | (3,972,286) | 1,384,750 |
| Income tax expense from discontinued operations | 210,263 | 367,542 |
| Net (loss) income from discontinued operations | \$ (4,182,549) | \$ 1,017,208 |

The following table summarizes the major classes of assets and liabilities of discontinued operations that were included in the Company's consolidated balance sheets:

| | December 31, 2024 | December 31, 2023 |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | (As Restated) | |
| ASSETS | | |
| Accounts receivable | \$ 2,484,248 | \$ 1,138,335 |
| Prepaid expenses and other current assets | 549,605 | 595,497 |
| Assets held for sale | 38,395,986 | 17,915,055 |
| Property and equipment, net | 208,074 | — |
| Deferred tax assets (attributable to VIEs) | 1,087,204 | — |
| Deposits and other assets | 425,938 | — |
| Total current assets, discontinued operations | 43,151,055 | 19,648,887 |
| Property and equipment, net | — | 7,238,430 |
| Operating lease right-of-use asset | — | 11,946,953 |
| Intangible assets, net | — | 5,020,926 |
| Goodwill | — | 7,352,879 |
| Deferred tax assets (attributable to VIEs) | — | 1,088,801 |
| Deposits and other assets | — | 494,095 |
| Total noncurrent assets, discontinued operations | — | 33,142,084 |
| Total assets, discontinued operations | \$ 43,151,055 | \$ 52,790,971 |
| LIABILITIES | | |
| Accounts payable | \$ 67,107 | \$ 371,272 |
| Accrued expenses | 5,066,941 | 805,187 |
| Payroll liabilities (\$0.9 million and \$0.7 million attributable to VIEs as of December 31, 2024 and 2023) | 2,333,335 | 2,626,882 |
| Operating lease liability, current portion | 153,517 | 3,343,727 |
| Finance lease liability, current portion | 38,015 | 25,491 |
| Deferred revenue from company clinics (\$0.0 million and \$1.6 million attributable to VIEs as of December 31, 2024 and 2023) | — | 4,463,747 |
| Other current liabilities (attributable to VIEs) | 1,079,441 | — |
| Liabilities to be disposed of (\$5.2 million and \$3.6 million attributable to VIEs as of December 31, 2024 and 2023) | 28,629,103 | 13,831,863 |
| Total current liabilities, discontinued operations | 37,367,459 | 25,468,169 |
| Operating lease liability, net of current portion | — | 10,466,689 |
| Finance lease liability, net of current portion | — | 38,016 |
| Other liabilities, noncurrent (attributable to VIEs) | — | 1,235,241 |
| Total noncurrent liabilities, discontinued operations | — | 11,739,946 |
| Total liabilities, discontinued operations | \$ 37,367,459 | \$ 37,208,115 |

The key components of cash flows from discontinued operations are as follows:

| | Year Ended December 31, | |
|-----------------------------------------------------------|-------------------------|--------------|
| | 2024 | 2023 |
| | (As Restated) | |
| Depreciation and amortization | \$ 3,350,748 | \$ 7,304,056 |
| <u>Capital expenditures</u> | | |
| Acquisition of CA clinics | — | 1,188,765 |
| Purchase of property and equipment | 664,423 | 3,857,005 |
| <u>Significant operating and investing non-cash items</u> | | |
| Net loss on disposition or impairment | 7,714,555 | 2,653,497 |

The clustered clinics are in varying stages of sales negotiations with approximately all of the Company's corporate clinic portfolio expected to be recognized as a completed sale within one year with an estimated fair value of \$27.2 million at December 31, 2024. Effective with the designation as held for sale, the Company discontinued recording depreciation on property and equipment, net, amortization of intangible assets, net and amortization of ROU assets for the clinics as required by GAAP. The Company reported the related assets and liabilities of the clinics as held for sale as discontinued operations in its December 31, 2024 and 2023 consolidated balance sheets.

Long-lived assets that meet the criteria for the held for sale designation are reported at the lower of their carrying value or fair value less estimated cost to sell. As a result of its evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the clinics estimated fair values, the Company recorded an estimated loss on disposal of \$4.5 million and \$0.7 million for the years ended December 31, 2024 and 2023, respectively, in Loss from discontinued operations before income tax expense in its consolidated income statements and a valuation allowance included in discontinued operations current assets in its consolidated balance sheets.

During the year ended December 31, 2024, in connection with the sale of company-owned or managed clinics classified as held for sale as of December 31, 2023 for a combined sales price of \$0.6 million, the Company sold \$1.3 million assets held for sale, net of a \$0.1 million valuation allowance and \$0.8 million of liabilities to be disposed of in the consolidated balance sheets as of December 31, 2023. As a result of the sales, the Company recorded a gain of \$0.1 million included in (Loss) income from discontinued operations before income tax expense on the consolidated income statement for the year ended December 31, 2024.

The principal components of the held for sale assets and liabilities to be disposed of as of December 31, 2024 and December 31, 2023 were as follows:

| | December 31, 2024 | December 31, 2023 |
|----------------------------------------------------|--------------------------|--------------------------|
| | <i>(As Restated)</i> | |
| Assets | | |
| Property and equipment, net | \$ 8,457,627 | \$ 4,887,220 |
| Operating lease right-of-use asset | 19,643,917 | 9,193,496 |
| Intangible assets, net | 6,906,807 | 3,351,430 |
| Goodwill | 8,459,238 | 1,140,529 |
| Valuation allowance | (5,071,603) | (657,620) |
| Total assets held for sale | <u>\$ 38,395,986</u> | <u>\$ 17,915,055</u> |
| Liabilities | | |
| Operating lease liability, current and non-current | \$ 20,526,714 | \$ 10,209,382 |
| Deferred revenue from company clinics | 8,102,389 | 3,622,481 |
| Total liabilities to be disposed of | <u>\$ 28,629,103</u> | <u>\$ 13,831,863</u> |

The pre-tax income of the clinics designated as held for sale as of December 31, 2024 is \$7.5 million and \$7.3 million for the years ended December 31, 2024 and 2023, respectively, the results of which exclude the allocation of overhead.

Note 5: Property and Equipment

Property and equipment consist of the following:

| | December 31, | |
|-------------------------------------------|----------------------|--------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Office and computer equipment | \$ 937,551 | \$ 940,451 |
| Leasehold improvements | 1,585,609 | 1,529,904 |
| Internally developed software | 5,914,254 | 5,388,039 |
| | 8,437,414 | 7,858,394 |
| Accumulated depreciation and amortization | (5,982,533) | (4,649,658) |
| | 2,454,881 | 3,208,736 |
| Construction in progress | 751,873 | 597,151 |
| Property and Equipment, net | \$ 3,206,754 | \$ 3,805,887 |

Depreciation expense was \$1,371,389 and \$1,278,148 for the years ended December 31, 2024 and 2023, respectively.

Construction in progress at December 31, 2024 and December 31, 2023 related primarily to internal use software in development.

Note 6: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, accounts payable, accrued expenses and debt under the Credit Agreement. The carrying amounts of its financial instruments, excluding the debt under the Credit Agreement, approximate their fair value due to their short maturities. The carrying value of the Company's debt under the Credit Agreement approximates fair value due to its interest rate being calculated from observable quoted prices for similar instruments, which is considered a Level 2 fair value measurement.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2024 and 2023, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, included in both continuing and discontinued operations, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease ROU assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

The assets and liabilities resulting from the Acquisitions (see Note 4, *Acquisitions and Divestitures*), included in discontinued operations, were recorded at fair values on a nonrecurring basis at the date of acquisition and are considered Level 3 within the fair value hierarchy.

Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. The estimated fair values of the company-owned or managed clinics classified as Held for Sale (see Note 4, *Acquisitions and Divestitures*) were recorded in discontinued operations current assets at fair values on a nonrecurring basis and are based upon Level 2 inputs, which includes a potential buyer agreed upon selling price or Level 3 inputs, which includes a market approach using a multiple of earnings assumption based on clinic-level historical financial performance as well as an income approach using discounted cash flow ("DCF") models that use significant unobservable inputs and assumptions. Key inputs in the DCF models included projected cash flows over a 10-year forecast period, based on clinic-level historical financial performance and management's expectations of future operating results. A terminal value was estimated using a terminal year cash flow multiple for locations with positive cash flows. For locations with projected negative cash flows, no terminal value was assigned, as these clinics were assumed to cease operations upon lease termination. The future cash flows and terminal value were discounted to present value using a discount rate of 14.5% that reflects the risk profile of the underlying operations and market conditions as of the measurement date. The Company, as appropriate, equally weights the market approach and income approach in its valuation. The fair value measurement of the assets held for sale as of December 31, 2024, which included all company-owned or managed clinics, was recorded as \$0.4 million based upon Level 2 inputs and \$26.9 million based upon Level 3 inputs. As a result, the Company maintains a valuation allowance of \$5.1 million to adjust the carrying value of the disposal group to fair value less cost to sell as of December 31, 2024. The fair value measurement of the assets held for sale as of December 31, 2023, which included 55 company-owned or managed clinics, was valued as \$0.2 million based upon Level 2 inputs and \$30.4 million based upon Level 3 inputs as of December 31, 2023. As a result, the Company recorded a valuation allowance of \$0.7 million to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2023.

Long-lived assets classified as held and used where the asset group was not determined to be recoverable are tested for impairment. During the years ended December 31, 2024 and 2023, in connection with the planned sale or determined closure of certain company-owned or managed clinics, the Company recorded an impairment loss of \$2.7 million and \$1.7 million, respectively, included in (Loss) income from discontinued operations before income tax expense in its consolidated income statements for impairment of long-lived assets classified as held and used where the asset group was not determined recoverable. The asset group was determined to be the clinic level, as this is the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The long-lived assets fair values were determined by the following: Level 1 inputs, which included observable inputs from executed lease termination agreements; Level 2 inputs where available, which included using a valuation multiple (e.g. price per square foot) based on observable prices for comparable long-lived assets; and Level 3 inputs, which included a multiple of earnings assumption using the Company's historical earnings trend data, comparable historical asset sales by the Company and franchisees that were not exact matches, and (for calculating the fair value of intangible assets specifically) the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates. Generally, a change in the assumption used for the multiple inputs would have resulted in a directionally similar change of the fair value measurement where a multiple of earnings assumption was used.

The carrying values of these asset groups impaired to their fair value during the year ended December 31, 2024 included ROU assets of \$5.8 million that were written down to \$4.3 million determined by Level 1 and Level 2 inputs. The carrying values of these asset groups impaired to their fair value also included property and equipment, net of \$3.9 million that were written down to \$2.8 million and reacquired rights of \$298,510 that were written down to \$252,746 both determined by Level 3 inputs discussed above. The carrying value for nearly all company-owned and managed asset groups were reclassified to assets held for sale as of December 31, 2024.

The carrying values of these asset groups impaired to their fair value during the year ended December 31, 2023 included fixed assets of \$2.9 million that were written down to \$1.2 million determined by the Level 3 inputs discussed above. The carrying value for these company-owned and managed asset groups were reclassified to discontinued operations noncurrent assets for the year ended December 31, 2023.

Note 7: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provided for senior secured credit facilities (the "Credit Facilities") in the amount of \$7,500,000, including a \$2,000,000 revolver (the "Revolver") and \$5,500,000 development line of credit (the "Line of Credit"). The Revolver included amounts available for letters of credit of up to \$1,000,000 and an uncommitted additional amount of \$2,500,000. All outstanding principal and interest on the Revolver were due on February 28, 2022.

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the “2022 Credit Facility”) with the Lender. Under the 2022 Credit Facility, the Revolver increased to \$20,000,000 (from \$2,000,000), the portion of the Revolver available for letters of credit increased to \$5,000,000 (from \$1,000,000), the uncommitted additional amount increased to \$30,000,000 (from \$2,500,000) and the developmental line of credit of \$5,500,000 was terminated. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses. At the option of the Company, borrowings under the 2022 Credit Facility bear interest at: (i) the adjusted Secured Overnight Financing Rate (“SOFR”), which is the daily simple SOFR, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three-month anniversary of the beginning of any six-month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 continued to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027). On January 17, 2024, the Company paid down the outstanding balance on its Debt under the Credit Agreement of \$2,000,000.

The Credit Facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets (as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable. The Credit Facilities are collateralized by substantially all of the Company’s assets, including the assets in the Company’s company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs. The interest rate for funds borrowed under the Revolver as of December 31, 2024 was 6.2%. As of December 31, 2024, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and there is no outstanding balance as of December 31, 2024.

In connection with the issuance of the Credit Facilities and the 2022 Credit Facility, the Company incurred debt issuance costs of \$52,648 and \$76,415, respectively. Interest expense and amortization expense related to debt issuance costs are being amortized to “Other expense, net” and was \$78,845 and \$207,555 for the years ended December 31, 2024 and 2023, respectively.

Note 8: Stock-Based Compensation

The Company grants stock-based awards under its 2024 Incentive Stock Plan (the “2024 Plan”). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company’s common stock.

The Company may grant the following types of incentive awards under the 2024 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2024 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2024 Plan are classified as equity awards, which are recorded in stockholders’ equity in the Company’s consolidated balance sheets. Through December 31, 2024, the Company has granted under the 2024 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stock. There were no stock appreciation rights and restricted stock units granted under the 2024 Plan as of December 31, 2024.

Stock Options

The Company’s closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company’s share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company’s common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient comparable historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally

ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

The Company did not grant options during the year ended December 31, 2023. The Company has computed the fair value of all options granted using the Black-Scholes-Merton model during the year ended December 31, 2024, using the following assumptions:

| | Year Ended December 31, 2024 |
|-----------------------|---------------------------------|
| Expected volatility | 64% |
| Expected dividends | None |
| Expected term (years) | 6.25 |
| Risk-free rate | 3.86% |

The information below summarizes the stock options activity:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value |
|--------------------------------------------------|---------------------|------------------------------------------|------------------------------------------------------|------------------------------|
| Outstanding at December 31, 2022 | 531,923 | \$ 9.2 | 4.7 | \$ 3,797,904 |
| Granted at market price | — | | | |
| Exercised | (25,623) | 7.90 | | \$ 205,191 |
| Expired | (12,591) | 13.07 | | |
| Cancelled | (7,375) | 28.58 | | |
| Outstanding at December 31, 2023 | 486,334 | \$ 8.88 | 3.7 | \$ 1,903,699 |
| Granted at market price | 38,059 | 10.51 | | |
| Exercised | (227,952) | 4.08 | | \$ 1,435,074 |
| Expired | (9,201) | 26.52 | | |
| Cancelled | (5,263) | 41.18 | | |
| Outstanding at December 31, 2024 | 281,977 | \$ 11.80 | 3.26 | \$ 777,566 |
| Exercisable at December 31, 2024 | 239,901 | \$ 11.39 | 2.18 | \$ 777,566 |
| Vested and expected to vest at December 31, 2024 | 277,773 | \$ 11.81 | 3.16 | \$ 777,566 |

The weighted-average grant-date fair value of the Company's stock options granted during the year ended December 31, 2024 was \$6.21. The Company did not grant any options during the year ended December 31, 2023.

The aggregate fair value of the Company's stock options vested during 2024 and 2023 was \$318,633 and \$407,166, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2024 and 2023, stock-based compensation expense for stock options was \$141,094 and \$322,574, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2024 was \$249,983, which is expected to be recognized ratably over the next 3.45 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments, although on May 25, 2023, the Company granted 51,401 shares of restricted stock as part of a special award to certain high performing employees that vest in

one installment on the first anniversary of the grant. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

The information below summarizes the restricted stock activity:

| Restricted Stock Awards | Shares | Weighted Average Grant-Date Fair Value per Award |
|---------------------------------|---------------|---------------------------------------------------------|
| Non-vested at December 31, 2022 | 70,312 | \$ 29.05 |
| Granted | 204,122 | 14.54 |
| Vested | (33,869) | 22.06 |
| Cancelled | (8,664) | 28.46 |
| Non-vested at December 31, 2023 | 231,901 | 17.32 |
| Granted | 285,656 | 9.95 |
| Vested | (107,103) | 16.17 |
| Cancelled | (104,472) | 14.05 |
| Non-vested at December 31, 2024 | 305,982 | \$ 11.97 |

For the years ended December 31, 2024 and 2023, stock-based compensation expense for restricted stock was \$1,537,911 and \$1,415,108, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2024 was \$2,637,153 to be recognized ratably over 2.73 years.

Tax Benefits

Net (loss) income for 2024 and 2023 included pre-tax expense related to stock-based compensation of \$1.7 million and \$1.7 million, respectively. The Company recognized federal income tax benefits of \$0.1 million and zero from the exercises of stock options and restricted stock awards for 2024 and 2023, respectively.

Note 9: Income Taxes

Income tax expense reported in the consolidated income statements is comprised of the following:

| | December 31, | |
|------------------------------------|----------------------|---------------|
| | 2024 | 2023 |
| | <i>(As Restated)</i> | |
| Current expense: | | |
| Federal | \$ — | \$ — |
| State, net of state tax credits | 62,759 | 101,232 |
| Total current expense | 62,759 | 101,232 |
| Deferred expense (benefit): | | |
| Federal | (57,153) | 8,545,086 |
| State | — | 2,377,093 |
| Total deferred expense (benefit) | (57,153) | 10,922,179 |
| Total income tax expense | \$ 5,606 | \$ 11,023,411 |

The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes reported in the consolidated balance sheets:

| | December 31, | |
|----------------------------------------------------------|---------------|--------------|
| | 2024 | 2023 |
| | (As Restated) | |
| Deferred income tax assets: | | |
| Accrued expenses | \$ 1,607,324 | \$ 424,865 |
| Deferred revenue | 3,909,555 | 4,269,104 |
| Lease liability | 5,710,136 | 6,697,111 |
| Goodwill - component 2 | 55,368 | 63,328 |
| Nonqualified stock options | 322,376 | 378,208 |
| Net operating loss carryforwards | 3,029,413 | 3,337,155 |
| Tax credits | 35,850 | 35,850 |
| Intangibles | 3,921,742 | 3,932,350 |
| Restricted stock compensation | 139,038 | 65,886 |
| Total deferred income tax assets | 18,730,802 | 19,203,857 |
| Deferred income tax liabilities: | | |
| Lease right-of-use asset | (5,392,996) | (5,852,353) |
| Deferred franchise costs | (75,284) | (108,148) |
| Goodwill - component 1 | (807,824) | (673,278) |
| Asset basis difference related to property and equipment | (147,143) | (1,853,103) |
| Total deferred income tax liabilities | (6,423,247) | (8,486,882) |
| Valuation allowance | (12,307,555) | (10,774,128) |
| Net deferred tax liabilities | \$ — | \$ (57,153) |

A valuation allowance of \$12.3 million and \$10.8 million was recorded against the deferred tax asset balance of The Joint Corp., without its VIEs, as of December 31, 2024 and 2023, respectively. As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets in each reporting jurisdiction. A significant piece of objective evidence evaluated was the cumulative loss incurred in each jurisdiction over the three-year period ended December 31, 2024. Such objective evidence limits the ability to consider other subjective evidence, such as projections for future growth, in evaluating the need for a valuation allowance. As a result, management has determined that it is more likely than not that The Joint Corp. will not realize its deferred tax assets as of December 31, 2024, and has recorded a valuation allowance after consideration of any recorded deferred tax liabilities.

Additionally, deferred tax assets attributable to its VIEs of \$1.1 million and \$1.1 million were classified as discontinued operations as of December 31, 2024 and 2023, respectively. These deferred tax assets related to deferred revenue. See Note 4, *Acquisitions and Divestitures* for more information on discontinued operations.

The Joint Corp, without the VIEs, has federal gross net operating loss carryforwards of \$12.3 million and \$13.4 million as of December 31, 2024 and 2023, respectively. Federal tax effected of these net operating losses were \$2.6 million and \$2.8 million as of December 31, 2024 and 2023, respectively. \$7.9 million of the federal net operating loss is subject to a 20-year carryforward, with a portion beginning to expire in 2036. \$4.3 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without the VIEs, has various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of \$14,229 that will begin to expire in 2031 and \$21,621 California AMT credits that do not expire.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net (loss) income, compared to the income tax expense in the consolidated income statements:

| | For the Years Ended December 31, | | | |
|-------------------------------------------------------|----------------------------------|--------------------------|----------------------|------------------|
| | 2024 | | 2023 | |
| | Amount (As Restated) | Percent (As Restated) | Amount | Percent |
| Expected federal tax expense | \$ (337,835) | 21.0 % | \$ 53,341 | 21.0 % |
| Meals and entertainment | 30,462 | (1.9)% | 31,055 | 12.2 % |
| State tax provision (benefit), net of federal benefit | 62,759 | (3.9)% | 69,794 | 27.5 % |
| Section 162(m) limitation on compensation | 85,992 | (5.3)% | — | — % |
| Other permanent differences | 26,576 | (1.7)% | 15,664 | 6.2 % |
| Change in VA | (40,208) | 2.5 % | 10,692,253 | 4,209.5 % |
| Stock compensation | (119,263) | 7.4 % | (2,030) | (0.8)% |
| Change in tax rate | 123,722 | (7.7)% | 171,007 | 67.3 % |
| Return to provision | (25,025) | 1.6 % | (146,638) | (57.7)% |
| Uncertain tax position - net impact | 212,687 | (13.2)% | 138,585 | 54.6 % |
| Other adjustments | (14,261) | 0.9 % | 380 | 0.1 % |
| Expense | <u>\$ 5,606</u> | <u>(0.3)%</u> | <u>\$ 11,023,411</u> | <u>4,339.9 %</u> |

Changes in the Company's income tax expense relate primarily to state income taxes (net of federal tax and permanent differences), changes in tax rates, stock compensation, the officer's compensation limit under Section 162(m), change in valuation allowance and uncertain tax positions during the year ended December 31, 2024, as compared to the year ended December 31, 2023. For the years ended December 31, 2024 and December 31, 2023, effective tax rates were (0.3)% and 4,339.9%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to the uncertain tax position net impact for the year ended December 31, 2024. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to the valuation allowance, change in tax rate and uncertain tax position for the year ended December 31, 2023.

For the years ended December 31, 2024 and December 31, 2023, the Company had gross uncertain tax positions attributable to the VIEs, recorded as discontinued operations, of \$0.9 million and \$1.2 million, respectively.

| | December 31, | |
|----------------------------------------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Beginning balances | <u>\$ 1,175,766</u> | <u>\$ 1,314,351</u> |
| Increases related to tax positions taken during a prior year | — | — |
| Decreases related to tax positions taken during a prior year | — | — |
| Increases related to tax positions taken during a current year | — | — |
| Decreases related to settlements with taxing authorities | — | — |
| Decreases related to expiration of the statute of limitations | (227,584) | (138,585) |
| Ending balances | <u>\$ 948,182</u> | <u>\$ 1,175,766</u> |

At December 31, 2024 and December 31, 2023, there were \$22,078 and \$19,433, respectively, of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. Accrued interest and penalties was \$201,746 and \$142,213 for the years ended December 31, 2024 and December 31, 2023 and recorded as other liabilities.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2024, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2021 and 2020, respectively.

Note 10: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2024 and December 31, 2023:

| | | Years Ended December 31, | |
|------------------------|-----------------------------------------------------------|--------------------------|------------|
| | Line Item in the Company's Consolidated Income Statements | 2024 | 2023 |
| Operating lease costs: | | (As Restated) | |
| Operating lease costs | General and administrative expenses | \$ 325,396 | \$ 257,112 |
| Total lease costs | | \$ 325,396 | \$ 257,112 |

Supplemental information and balance sheet location related to leases for the years ended December 31, 2024 and December 31, 2023 was as follows:

| | Years Ended December 31, | |
|----------------------------------------------------------|--------------------------|------------|
| | 2024 | 2023 |
| <i>(As Restated)</i> | | |
| Operating Leases: | | |
| Operating lease right-of -use asset | \$ 555,536 | \$ 466,268 |
| Operating lease liability, current portion | \$ 483,337 | \$ 412,601 |
| Operating lease liability, net of current portion | 311,689 | 448,308 |
| Total operating lease liability | \$ 795,026 | \$ 860,909 |
| Weighted average remaining lease term (in years): | | |
| Operating leases | 3.6 | 2.0 |
| Weighted average discount rate: | | |
| Operating leases | 6.5 % | 5.7 % |

Supplemental cash flow information related to leases for the years ended December 31, 2024 and December 31, 2023 were as follows:

| | Years Ended December 31, | |
|-------------------------------------------------------------------------------------|--------------------------|------------|
| | 2024 | 2023 |
| <i>(As Restated)</i> | | |
| Cash paid for amounts included in measurement of liabilities: | | |
| Operating cash flows from operating leases | \$ 505,577 | \$ 437,833 |
| Non-cash transactions: ROU assets obtained in exchange for lease liabilities | | |
| Operating lease | — | — |
| Finance lease | — | — |

Maturities of lease liabilities as of December 31, 2024 were as follows:

| | Operating Leases |
|----------------------------|-------------------------|
| | <i>(As Restated)</i> |
| 2025 | \$ 518,527 |
| 2026 | 60,225 |
| 2027 | 62,032 |
| 2028 | 63,893 |
| 2029 | 65,810 |
| Thereafter | 131,624 |
| Total lease payments | 902,111 |
| Less: Imputed interest | (107,085) |
| Total lease obligations | 795,026 |
| Less: Current obligations | (483,337) |
| Long-term lease obligation | \$ 311,689 |

Guarantee in Connection with the Sale of the Divested Business

In connection with the sale of a company-managed clinic in 2022, the Company guaranteed one future operating lease commitment assumed by the buyers. The Company is obligated to perform under the guarantee if the buyers fail to perform under the lease agreement at any time during the remainder of the lease agreement, which expires on May 31, 2027. At the date of sale, the undiscounted maximum potential future payments totaled \$247,296. As of the year ended December 31, 2024, the undiscounted remaining lease payments under the agreement totaled \$133,896. The Company had not recorded a liability with respect to the guarantee obligation as of December 31, 2024, as the Company concluded that payment under the lease guarantee was not probable.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims, subject to policy limits.

During the second quarter of 2024, the Company entered into settlement agreements from litigation related to employment matters of \$1.5 million that was outside the normal course of business which the Company has accrued for in discontinued operations current liabilities as of December 31, 2024. Additionally, ongoing litigation related to a medical injury claim between a patient (“the Claimant”) and the Company filed on September 5, 2023 reached a settlement agreement on February 25, 2025. Per the terms of the settlement agreement, the Company and the Company’s insurance will pay the claimant \$3.4 million. The Company has accrued the settlement recorded in discontinued operations current liabilities for \$3.4 million as of December 31, 2024. The expense from the accrual is offset by a receivable recorded as discontinued operations current assets from the Company’s insurance for \$1.9 million.

During the year ended December 31, 2024, the Company incurred litigation expenses, including settlement costs related to employment matters that were outside the normal course of business and a medical injury claim, of \$3.0 million, included as (Loss) income from discontinued operations before income tax expense in its consolidated income statement.

Note 11: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker (“CODM”) to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

Historically, the Company had two operating business segments: (1) Corporate Clinics, and (2) Franchise Operations. The Corporate Clinics segment is comprised of the activities of the company-owned or managed clinics. In the fourth quarter of 2024, as part of the Company’s refranchising strategy, all but one of the company-owned or managed clinics in the Corporate Clinic segment met the criteria to be reported as discontinued operations as of December 31, 2024 (Refer to Note 4, *Acquisitions and Divestitures* for financial information on the discontinued operating Corporate Clinics segment). Therefore, as

of December 31, 2024, the Company has one reportable segment: Franchise Operations. In accordance with Accounting Standards Codification 205-20, Discontinued Operations, expenses that in prior periods were partially allocated to the Corporate Clinic segment that are not wholly related to the activity of the segment have been recast to be presented in continuing operations, which is now Franchise Operations. Additionally, any expenses previously identified as Corporate Unallocated have been allocated entirely to the Franchise Operations segment.

The Franchise Operations segment is comprised of the operating activities of the franchise business unit. The Franchise Operations segment derives revenue primarily from customers by providing access to the Company's franchise license, which represents symbolic intellectual property (See Note 3, *Revenue Disclosures* for additional details). The Franchise Operations segment is managed on a consolidated basis because all operations are located within a similar economic and regulatory environment, provide the same services and share the same business model and pricing strategies. As of December 31, 2024, the franchise system consisted of 842 clinics in operation. The accounting policies for the franchise segment are the same as those described in Note 1, *Nature of Operations and Summary of Significant Accounting Policies*. The CODM uses the following metrics to assess performance and determine how to allocated resources; Net Income, Gross Profit, Operating Income, and Adjusted EBITDA. Net Income, Gross Profit, and Operating Income are reported on the Consolidated Income Statement. Adjusted EBITDA is presented in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Non-GAAP Financial Measures* and is reconciled back to consolidated net income (loss) from continuing operations on the consolidated income statement. The measure of segment assets is reported on the balance sheet as total consolidated assets. The CODM uses these financial measures to evaluate income generated from segment assets (return on assets) in deciding whether to reinvest profits in the Franchise Segment or into other parts of the entity, such as new products or services, expanding into new geographic territories, acquisitions or reacquisitions, or stock buybacks. Net Income and Adjusted EBITDA are used to monitor budget verses actual results. The CODM also uses Net Income and Adjusted EBITDA in conjunction with certain non-financial metrics in competitive analysis by benchmarking to the Company's competitors. The competitive analysis along with the monitoring of budgeted verses actual results are used in assessing performance of the segment and in establishing management's compensation.

The following table summarizes total revenue and significant expense categories and amounts for the Company's reportable segment that aligns with the segment level information that is regularly provided to the CODM:

| | Years Ended December 31, | |
|-------------------------------------------------------------------------|--------------------------|-----------------------|
| | 2024 | 2023 |
| | (As Restated) | |
| Revenue | \$ 52,163,430 | \$ 46,977,477 |
| Less: | | |
| Franchise and regional developer cost of revenues | 10,063,644 | 9,063,375 |
| IT cost of revenues | 1,453,204 | 1,417,270 |
| Selling and marketing expenses | 10,973,610 | 8,689,664 |
| Adjusted General and administrative expenses | 27,359,643 | 23,302,165 |
| Stock compensation expense | 1,679,005 | 1,737,682 |
| Other segment items, net ^(a) | 871,673 | 1,235,167 |
| Depreciation and amortization expense | 1,371,389 | 1,278,148 |
| Income tax expense | 5,606 | 11,023,411 |
| Segment Loss | \$ (1,614,344) | \$ (10,769,405) |
| Reconciliation of loss | | |
| Consolidated Net loss from continuing operations | (1,614,344) | (10,769,405) |
| Net (loss) income from discontinued operations after income tax expense | (4,182,549) | 1,017,208 |
| Net loss | <u>\$ (5,796,893)</u> | <u>\$ (9,752,197)</u> |

^(a)Other segment items, net includes Other (income) loss, net, Acquisition related expenses, Net loss on disposition or impairment, Costs related to restatement filings, and Restructuring costs

Note 12: Employee Retention Credit

The employee retention credit (“ERC”), as originally enacted through the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the ERC for qualified wages paid from January 1, 2021 to June 30, 2021 and the credit was increased to 70% of qualified wages an eligible employer paid to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the ERC through December 31, 2021.

In October 2022, the Company filed an application with the IRS for the ERC. Employers are eligible for the credit if they experienced full or partial suspension or modification of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on a comparison of quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The Company’s ERC application was equal to 70% of qualified wages paid to employees during the period from January 1, 2021 to June 30, 2021 for a maximum quarterly credit of \$7,000 per employee. In March 2023, the Company received notice and refunds from the IRS related to the overpayment of Federal Employment Tax plus interest in the amount of \$4.8 million related to the ERC application. The \$4.8 million ERC is subject to a 20% consulting fee. The Company’s eligibility remains subject to audit by the IRS for a period of five years.

Since there are no generally accepted accounting principles for for-profit business entities that receive government assistance that is not in the form of a loan, an income tax credit or revenue from a contract with a customer, we determined the appropriate accounting treatment by analogy to other guidance. We accounted for the ERC by analogy to International Accounting Standards (“IAS”) 20, Accounting for Government Grants and Disclosure of Government Assistance, of International Financial Reporting Standards.

Under an IAS 20 analogy, a business entity would recognize the ERC on a systematic basis over the periods in which the entity recognizes the payroll expenses for which the grant (i.e., tax credit) is intended to compensate when there is reasonable assurance (i.e., it is probable) that the entity will comply with any conditions attached to the grant and the grant (i.e., tax credit) will be received.

We have accounted for the \$3.8 million ERC, net of the consulting fee, for the year ended December 31, 2023 as (Loss) income from discontinued operations before income tax expense on the consolidated income statement when the Company was reasonably assured that the Company met all requirements of the ERC and the grant would be received. The ERC refund is not taxable; however, the credit is subject to expense disallowance rules which increased income tax expense as a discrete item by \$0.9 million, net of the consulting expense deduction, for the year ended December 31, 2023.

Note 13: Related Party Transaction

Mr. Jefferson Gramm, Managing Partner of Bandera Partners LLC who is a beneficial holder of more than 5% of our outstanding common stock (approximately 26% as of December 31, 2024) was appointed to the Board of Directors effective as of January 2, 2024.

In December 2020, we sold two franchise licenses at \$39,900 and \$29,900 each (which reflects the \$10,000 multi-unit discount for the second license per the Franchise Disclosure Document) to Marshall Gramm, who is a family member of Mr. Jefferson Gramm. In April 2020 and 2021, we sold two franchise licenses at \$39,900 and \$29,900, respectively (which reflects the \$10,000 multi-unit discount for the second license per the Franchise Disclosure Document), to a franchisee of which Mr. Jefferson Gramm is a 50% co-partner in the business. In the fourth quarter of 2024, Mr. Jefferson Gramm divested of his interest in the clinics to which he is a 50% co-partner in the business.

These transactions involved terms no less favorable to us than those that would have been obtained in the absence of such affiliation. Although we have no way of estimating the aggregate amount of franchise fees, royalties, advertising fund fees, IT related income and computer software fees that these franchisees will pay over the life of the franchise licenses, the franchisees affiliated with Mr. Gramm are subject to such fees under the same terms and conditions as all other franchisees.

In October 2020, Mr. Gramm loaned approximately \$370,000 to an unaffiliated franchisee that owns and operates one franchise clinic. The loan is not secured by the assets of the business and there are no foreclosure rights. As of December 31, 2024, the remaining balance on the unsecured loan was \$270,800.

Note 14: Quarterly Financial Data (Unaudited)

Selected quarterly financial data has been recast for discontinued operations for the years ended December 31, 2024 and December 31, 2023 and is summarized below:

| | 2024 | | | | | 2023 | | | | |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total |
| | | | | (As Restated) | (As Restated) | | | | | |
| Total revenues | \$ 12,184,716 | \$ 12,610,036 | \$ 12,654,396 | \$ 14,714,282 | \$ 52,163,430 | \$ 11,172,863 | \$ 11,504,267 | \$ 11,591,646 | \$ 12,708,701 | \$ 46,977,477 |
| Total costs of revenues | 2,704,512 | 2,812,389 | 2,814,963 | 3,184,984 | 11,516,848 | 2,464,319 | 2,584,772 | 2,591,567 | 2,839,987 | 10,480,645 |
| Selling and marketing expenses | 2,237,583 | 3,440,391 | 2,504,168 | 2,791,468 | 10,973,610 | 2,315,052 | 2,470,188 | 2,240,656 | 1,663,768 | 8,689,664 |
| Depreciation and amortization | 329,634 | 342,454 | 345,835 | 353,466 | 1,371,389 | 314,796 | 314,894 | 318,539 | 329,919 | 1,278,148 |
| General and administrative expenses | 7,339,308 | 7,793,465 | 7,478,669 | 7,513,147 | 30,124,589 | 6,336,586 | 6,547,337 | 6,444,614 | 6,903,078 | 26,231,615 |
| Total selling, general and administrative expenses | 9,906,525 | 11,576,310 | 10,328,672 | 10,658,081 | 42,469,588 | 8,966,434 | 9,332,419 | 9,003,809 | 8,896,765 | 36,199,427 |
| Net loss (gain) on disposition or impairment | 275 | 662 | 3,581 | 61,501 | 66,019 | — | 1,713 | 87 | (22,694) | (20,894) |
| (Loss) income from operations | (426,596) | (1,779,325) | (492,820) | 809,716 | (1,889,025) | (257,890) | (414,637) | (3,817) | 994,643 | 318,299 |
| Other (income) loss, net | (36,259) | (80,471) | (83,828) | (79,729) | (280,287) | (42,748) | 105,695 | 5,484 | (4,138) | 64,293 |
| (Loss) income before income tax expense | (390,337) | (1,698,854) | (408,992) | 889,445 | (1,608,738) | (215,142) | (520,332) | (9,301) | 998,781 | 254,006 |
| Income tax expense | 8,582 | 11,169 | 5,391 | (19,536) | 5,606 | (42,187) | (95,823) | (15,971) | 11,177,392 | 11,023,411 |
| Net income (loss) from continuing operations | (398,919) | (1,710,023) | (414,383) | 908,981 | (1,614,344) | (172,955) | (424,509) | 6,670 | (10,178,611) | (10,769,405) |
| Income (loss) from discontinued operations before income tax expense | 1,516,243 | (1,719,222) | (2,693,562) | (1,075,745) | (3,972,286) | 3,383,195 | 39,258 | (894,990) | (1,142,713) | 1,384,750 |
| Income tax expense from discontinued operations | 170,345 | 167,153 | 57,194 | (184,429) | 210,263 | 884,076 | (64,762) | (172,047) | (279,725) | 367,542 |
| Net income (loss) from discontinued operations | 1,345,898 | (1,886,375) | (2,750,756) | (891,316) | (4,182,549) | 2,499,119 | 104,020 | (722,943) | (862,988) | 1,017,208 |
| Net income (loss) | 946,979 | (3,596,398) | (3,165,139) | 17,665 | (5,796,893) | 2,326,164 | (320,489) | (716,273) | (11,041,599) | (9,752,197) |
| Net income (loss) from continuing operations per common share | | | | | | | | | | |
| Basic | \$ (0.03) | \$ (0.11) | \$ (0.03) | \$ 0.06 | \$ (0.11) | \$ (0.01) | \$ (0.03) | \$ — | \$ (0.69) | \$ (0.73) |
| Diluted | \$ (0.03) | \$ (0.11) | \$ (0.03) | \$ 0.06 | \$ (0.11) | \$ (0.01) | \$ (0.03) | \$ — | \$ (0.68) | \$ (0.72) |
| Net income (loss) from discontinued operations per common share: | | | | | | | | | | |
| Basic | \$ 0.09 | \$ (0.13) | \$ (0.18) | \$ (0.06) | \$ (0.28) | \$ 0.17 | \$ 0.01 | \$ (0.05) | \$ (0.06) | \$ 0.07 |
| Diluted | \$ 0.09 | \$ (0.12) | \$ (0.18) | \$ (0.06) | \$ (0.28) | \$ 0.17 | \$ 0.01 | \$ (0.05) | \$ (0.06) | \$ 0.07 |
| Net income (loss) per common share: | | | | | | | | | | |
| Basic | \$ 0.06 | \$ (0.24) | \$ (0.21) | \$ 0.00 | \$ (0.39) | \$ 0.16 | \$ (0.02) | \$ (0.05) | \$ (0.75) | \$ (0.66) |
| Diluted | \$ 0.06 | \$ (0.24) | \$ (0.21) | \$ 0.00 | \$ (0.38) | \$ 0.16 | \$ (0.02) | \$ (0.05) | \$ (0.74) | \$ (0.65) |

For the calendar year ended December 31, 2023, we utilized the discrete effective tax rate method, as allowed by Accounting Standards Codification (“ASC”) 740-270-30-18, “Income Taxes—Interim Reporting,” to calculate our interim income tax provision. The discrete method treats the year-to-date period as if it was the annual period and determines the income tax expense or benefit on that basis. The Company believes that the use of this discrete method is more appropriate than the annual effective tax rate method due to the sensitivity of tax adjustments to marginal pre-tax book profitability anticipated for the year.

Note 15: Subsequent Events

On February 5, 2025, the Company executed an amendment to its corporate headquarters lease agreement that extended the term of our lease commencing January 1, 2026 and terminating on May 31, 2031.

The following table summarizes our material contractual obligations from continuing operations subsequent to the execution of the amendment to the corporate headquarters lease agreement and the effect that such obligations are expected to have on our liquidity and cash flows in future periods:

| | Payments Due by Fiscal Year | | | | | | |
|------------------|-----------------------------|------------|------------|------------|------------|------------|------------|
| | Total | 2025 | 2026 | 2027 | 2028 | 2029 | Thereafter |
| Operating leases | \$ 2,881,783 | \$ 460,056 | \$ 268,791 | \$ 467,453 | \$ 479,129 | \$ 491,076 | \$ 715,278 |

On February 25, 2025, litigation related to a medical injury claim between a patient (“the Claimant”) and the Company filed on September 5, 2023 reached a settlement agreement. Per the terms of the settlement agreement, the Company and the Company’s insurance will pay the claimant \$3.4 million. The Company has accrued the settlement recorded in discontinued operations current liabilities for \$3.4 million as of December 31, 2024. The expense from the accrual is offset by a receivable recorded as discontinued operations current assets from the Company’s insurance for \$1.9 million.

Subsequent to the balance sheet date, we have received draft LOIs for our full portfolio of company-owned or managed clinics and as of the filing of this Form 10-K/A are in the financial stages of LOI term negotiations.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES**Evaluation of disclosure controls and procedures (Restated)**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2024.

Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded at the time the Company filed the Original Form 10-K that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) were effective as of December 31, 2024.

Subsequent to the filing of the Original Form 10-K, management identified a material weakness in internal control over financial reporting in connection with the restatement of the previously filed consolidated financial statements for the year ended December 31, 2024. As a result, management reevaluated the effectiveness of the Company’s disclosure controls and procedures and internal control over financial reporting, as further described in this Amendment and concluded that our disclosure controls and procedures were not effective as of December 31, 2024 because of the material weakness described in “Management’s Report on Internal Control over Financial Reporting” (as restated) below.

Notwithstanding the material weakness, and based on the additional analyses and other procedures management performed, we have concluded that our consolidated financial statements included in this Annual Report on Form 10-K/A present fairly, in all material respects, our financial position, results of operations and cash flows for each of the periods presented herein.

Management’s Report on Internal Control Over Financial Reporting (Restated)

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, our management used the criteria set forth in the *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In Management's Report on Internal Control Over Financial Reporting included in the Original Form 10-K, management concluded that we maintained effective internal control over financial reporting as of December 31, 2024 based on the COSO criteria.

The Company has reevaluated the effectiveness of its internal control over financial reporting and identified a material weakness in the Company's internal control over financial reporting and concluded that our internal control over financial reporting was not effective as of December 31, 2024. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified the following material weakness in internal control over financial reporting as of December 31, 2024:

We did not adequately design, implement and maintain effective controls to analyze and account for non-routine, unusual or complex transactions. Specifically, we did not adequately design, implement and maintain controls to timely analyze and account for the impairment associated with certain assets held for sale within discontinued operations and for the application of valuation methodologies impacting impairment charges related to assets held for sale.

Remediation plan for the material weakness

With the oversight of the Audit Committee of the Board of Directors, management is in the process of developing a detailed remediation plan to address the material weakness. Elements of the plan include the following:

- We will design, implement and maintain enhanced internal controls to timely analyze and account for non-routine, unusual or complex transactions.
- We will design, implement and maintain enhanced internal controls to timely review the application of valuation methodologies impacting impairment charges, including those, but not limited to assets held for sale.

While we will devote significant time and attention to these remediation efforts, the material weakness will not be considered remediated until management completes the design and implementation of the actions described above and the controls operate for a sufficient period of time, and management has concluded, through testing, that these controls are effective.

Limitations on effectiveness of controls and procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of our controls and procedures relative to their costs.

Changes in Internal Controls over Financial Reporting

Other than the material weakness described above, there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the fourth quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on Internal Control over Financial Reporting

We have audited The Joint Corp.’s (the “Company’s”) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO criteria”). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria. In our report dated March 13, 2025, we expressed an unqualified opinion on the effectiveness of internal control over financial reporting as of December 31, 2024. Subsequent to March 13, 2025, the Company identified a material misstatement in its annual consolidated financial statements for 2024, requiring restatement of such financial statements. Management revised its assessment of internal control over financial reporting due to the identification of a material weakness, as described below, in connection with the financial statement restatement. Accordingly, our opinion on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 expressed herein is different from that expressed in our previous report.

We do not express an opinion or any other form of assurance on management’s statements referring to any corrective actions taken by the Company after the date of management’s assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, changes in stockholders’ equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as “the consolidated financial statements”), and our report dated March 13, 2025, except for the effects of the restatement described in Long-lived Assets and (Loss) Earnings per Common Share paragraphs of Note 1, Note 2, Note 3, Note 4, Note 5, Note 6, Note 9, Note 10 and Note 11 as to which the date is August 11, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness regarding management’s failure to design, implement and maintain effective controls to analyze and account for non-routine, unusual or complex transactions related to the impairment associated with certain assets held for sale within discontinued operations has been identified and described in management’s revised assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2024 consolidated financial statements (as restated).

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.
Phoenix, Arizona

March 13, 2025, except as to the effect of the material weakness, which is dated August 11, 2025

ITEM 9B. OTHER INFORMATION

During the quarter ended December 31, 2024, no director or officer of our company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, defined in Item 408 of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be included in our Proxy Statement to be filed pursuant to Regulation 14A within 120 days after our year ended December 31, 2024 in connection with our 2025 Annual Meeting of Stockholders (the “2025 Proxy Statement”) and is incorporated herein by reference.

Code of Ethics and Business Conduct

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference, except for the information required by Item 402(v) of Regulation S-K, which is specifically not incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be included in the 2025 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) Documents filed as part of this report.
- (1) *Financial Statements*. The consolidated financial statements listed on the index to Item 8 of this Form 10-K/A are filed as a part of this Annual Report.
- (2) *Financial Statement Schedules*. All financial statement schedules have been omitted since the information is either not applicable or required or is included in the consolidated financial statements or notes thereof.

(3) *Exhibits.*

EXHIBIT INDEX

| Exhibit Number | Description | Incorporated by Reference | | | | Provided Herewith |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------|------------|-------------|-------------------|
| | | Form | File No. | Exhibit(s) | Filing Date | |
| 3.1 | Amended and Restated Certificate of Incorporation of the Registrant. | S-1 | 333-198860 | 3.2 | 9/19/2014 | |
| 3.2 | Fourth Amended and Restated Bylaws | 10-Q | 001-36724 | 3.2 | 9/26/2023 | |
| 4.1 | Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 | 10-K | 001-36724 | 4.1 | 3/6/2020 | |
| 10.1# | Form of Indemnification Agreement between the Registrant and each of its directors and officers and related schedule. | S-1 | 333-198860 | 10.1 | 9/19/2014 | |
| 10.2# | 2012 Stock Plan. | S-1 | 333-198860 | 10.2 | 9/19/2014 | |
| 10.3# | Amended and Restated 2014 Incentive Stock Plan. | 8-K | 001-136724 | 10.1 | 5/25/2023 | |
| 10.4# | Amendment to Amended and Restated 2014 Incentive Stock Plan | 10-K | 001-36724 | 10.6 | 3/6/2020 | |
| 10.5# | Amendment to Amended and Restated 2014 Incentive Stock Plan | 10-K | 001-36724 | 10.5 | 3/14/2022 | |
| 10.6# | Form of Incentive Stock Option Agreement under 2014 Stock Plan. | S-1 | 333-207632 | 10.4 | 10/27/2015 | |
| 10.7# | Form of Incentive Stock Option Agreement under Amended and Restated 2014 Stock Plan | 8-K | 333-207632 | 10.1 | 4/3/2019 | |
| 10.8# | 2020 Amended Form of Incentive Stock Option Agreement under Amended and Restated 2014 Stock Plan | 10-K | 001-36724 | 10.9 | 3/6/2020 | |
| 10.9# | Form of Nonstatutory Stock Option Agreement under 2014 Stock Plan. | S-1 | 333-207632 | 10.5 | 10/27/2015 | |
| 10.10# | Form of Nonstatutory Stock Option Agreement under Amended and Restated 2014 Stock Plan | 8-K | 333-207632 | 10.2 | 4/3/2019 | |
| 10.11# | Amended Form of Nonstatutory Stock Option Agreement under Amended and Restated 2014 Stock Plan | 10-K | 001-36724 | 10.12 | 3/6/2020 | |
| 10.12# | Form of Nonstatutory Stock Option Agreement under 2014 Stock Plan for Article 7, Annual Option Grants. | S-1 | 333-207632 | 10.6 | 10/27/2015 | |
| 10.13# | Form of Restricted Stock Award under Amended and Restated 2014 Stock Plan | 10-K | 001-36724 | 10.54 | 3/9/2018 | |
| 10.14# | 2019 Amended Form of Restricted Stock Award Agreement under Amended and Restated 2014 Stock Plan | 8-K | 333-207632 | 10.3 | 4/3/2019 | |
| 10.15# | 2020 Amended Form of Restricted Stock Award Agreement under Amended and Restated 2014 Stock Plan | 10-K | 001-36724 | 10.16 | 3/6/2020 | |
| 10.16# | Executive Short-Term Incentive Plan (amended January 25, 2021) | 8-K | 001-36724 | 10.1 | 1/27/2021 | |
| 10.17# | Executive Short-Term Incentive Plan (amended May 2, 2021) | 10-Q | 001-36724 | 10.1 | 8/6/2021 | |
| 10.18# | Employment Letter Agreement between The Joint Corp. and Jake Singleton dated November 6, 2018 | 8-K | 001-36724 | 10.1 | 11/8/2018 | |
| 10.19# | Confidentiality, Noncompetition and Nonsolicitation Agreement between the Registrant and Jake Singleton dated November 6, 2018 | 8-K | 001-36724 | 10.2 | 11/8/2018 | |
| 10.20# | Amendment to Employment Letter Agreement between the Registrant and Jake Singleton dated March 3, 2020 | 10-K | 001-36724 | 10.32 | 3/6/2020 | |

| | | | | | |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------|-------|-----------|
| 10.21# | Employment Letter Agreement between the Registrant and Peter Holt dated December 11, 2018 | 8-K | 001-36724 | 10.1 | 12/6/2018 |
| 10.22# | Confidentiality, Noncompetition and Nonsolicitation Agreement between the Registrant and Peter Holt dated December 11, 2018 | 10-K | 001-36724 | 10.47 | 3/11/2019 |
| 10.23 | Lease Agreement dated May 17, 2019 between the Registrant and Terra Verde Owner LLC for the Registrant's office located at 16767 North Perimeter Drive, Suite 110, Scottsdale, Arizona 85260 | 10-K | 001-36724 | 10.20 | 3/6/2020 |
| 10.24 | Form of the Registrant's Regional Developer License Agreement | 10-K/A | 001-36724 | 10.2 | 9/26/2023 |
| 10.25 | Form of the Registrant's Franchise Agreement | 10-K/A | 001-36724 | 10.3 | 9/26/2023 |
| 10.26 | Credit Agreement, dated as of February 28, 2020, among the Registrant JPMorgan Chase Bank, N.A., as the Lender, and JPMorgan Chase Bank, N.A., as Administrative Agent and Sole Bookrunner and Sole Lead Arranger | 8-K | 001-36724 | 10.1 | 3/3/2020 |
| 10.27 | Pledge and Security Agreement, dated as of February 28, 2020, among the Registrant and JPMorgan Chase Bank, N.A., as Administrative Agent | 8-K | 001-36724 | 10.2 | 3/3/2020 |
| 10.28 | Term A Loan Note dated February 28, 2020 | 8-K | 001-36724 | 10.3 | 3/3/2020 |
| 10.29 | Revolving Loan Note dated February 28, 2020 | 8-K | 001-36724 | 10.4 | 3/3/2020 |
| 10.30 | Loan Note dated as of April 9, 2020 | 8-K | 001-36724 | 10.1 | 4/15/2020 |
| 10.31 | Corrected Second Amendment to Credit Agreement, dated as of February 28, 2022 (the "2022 Amendment") with Annex 1 Credit | 10-Q | 001-36724 | 10.1 | 5/6/2022 |
| 10.32 | Amended and Restated Revolving Loan Note dated February 28, 2022 | 8-K | 001-36724 | 10.2 | 3/4/2022 |
| 10.33 | Asset Purchase Agreement dated July 17, 2019, by and among the Registrant, TJ of Savannah – Twelve Oaks, LLC, a Georgia limited liability company, TJ of Pooler, LLC, a Georgia limited liability company, and TJ of Bluffton, LLC, a Georgia limited liability company, Robyn Meglin and Allen Meglin, as amended | 8-K | 001-36724 | 10.1 | 7/23/2019 |
| 10.34 | Asset and Franchise Purchase Agreement, dated August 1, 2019, among the Registrant, RJJ, LLC a South Carolina limited liability company, Robin Willey and Judy Willey | 8-K | 001-36724 | 10.1 | 8/5/2019 |
| 10.35 | North Carolina Regional Developer License Purchase Agreement dated as of December 31, 2020 by and among the Registrant as purchaser, Wellness Incorporated, a North Carolina corporation as seller, and Paul Trindel as guarantor | 10-K | 001-36724 | 10.40 | 3/5/2021 |

| | | | | | |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------|-------|------------|
| 10.36 | Georgia Regional Developer License Purchase Agreement dated as of January 1, 2021 by and among the Registrant as purchaser, Midtown Health Solutions, Inc., a Georgia corporation as seller, and Dr. Patrick Greco as guarantor | 10-K | 001-36724 | 10.41 | 3/5/2021 |
| 10.37 | Asset and Franchise Purchase Agreement dated May 19, 2022 among the Registrant, SJV Tempe Marketplace, LLC, an Arizona limited liability company (“TM”), Shakarian Joint Ventures, LLC, an Arizona limited liability company (“SJV”), SJV East Mesa, LLC, an Arizona limited liability company (“EM”), SJV Apache Junction, LLC, an Arizona limited liability company (“AJ”), Dr. Aaron Shakarian, an individual and Stacie Shakarian, an individual (TM, SJV, EM, AJ, Dr. Aaron Shakarian and Stacie Shakarian, collectively, the “Seller”), and Shakarian Holdings, LLC, an Arizona limited liability company, Dr. Aaron Shakarian, an individual and Stacie Shakarian, an individual (collectively, the “Shareholder”) | 10-Q | 001-36724 | 10.1 | 8/5/2022 |
| 10.38# | Executive Short-Term Incentive Plan (STIP) (Amended March 7, 2023) | 10-Q/A | 001-36724 | 10.2 | 10/30/2023 |
| 10.39 | Confidentiality Agreement | 8-K | 001-36724 | 10.2 | 11/8/2023 |
| 10.40# | The Joint Corp. 2024 Incentive Stock Plan | 8-K | 001-36724 | 10.1 | |
| 10.41# | Form of Stock Option Agreement (Incentive Stock Option Granted Under The Joint Corp. 2024 Incentive Stock Plan) | | | | |
| 10.42# | Form of Stock Option Agreement (Nonstatutory Stock Option Granted Under The Joint Corp. 2024 Incentive Stock Plan) | | | | |
| 10.43# | Form of Restricted Stock Award (The Joint Corp. 2024 Incentive Stock Plan) | | | | |
| 10.44# | Form of Confidentiality and Nonsolicitation Agreement | | | | |
| 10.45# | Separation Agreement and Release, dated October 13, 2024, by and between the Registrant and Peter D. Holt | 8-K | 001-36724 | 10.1 | 10/15/2024 |
| 10.46# | Employment Agreement, dated October 14, 2024, by and between the Registrant and Sanjiv Razdan | 8-K | 001-36724 | 10.2 | 10/15/2024 |
| 10.47# | Restricted Stock Award Grant Agreement, dated as of October 14, 2024, by and between the Registrant and Sanjiv Razdan | 8-K | 001-36724 | 10.3 | 10/15/2024 |
| 10.48# | Stock Option Agreement, dated as of October 14, 2024, by and between the Registrant and Sanjiv Razdan | 8-K | 001-36724 | 10.4 | 10/15/2024 |
| 10.49# | Confidentiality and Nonsolicitation Agreement, dated as of October 14, 2024, by and between the Registrant and Sanjiv Razdan | 8-K | 001-36724 | 10.5 | 10/15/2024 |
| 10.50 | Amended and Restated Nomination and Standstill Agreement, dated as of December 19, 2024, by and amount The Joint Corp., Bandera Master Fund L.P., Bandera Partners LLC, Gregory Bylinsky, and Jefferson Gramm | 8-K | 001-36724 | 10.1 | 12/23/2024 |
| 10.51# | Executive Short-Term Incentive Plan (STIP) (Amended March 10, 2025) | | | | |
| 19.1 | Insider trading policies and procedures | | | | |
| 21 | List of subsidiaries of the Registrant | S-1 | 333-198860 | 21.1 | 9/19/2014 |

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| | | |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| 23.1 | Consent of BDO USA, P.C. | X |
| 31.1 | Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X |
| 31.2 | Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | X |
| 32** | Certification by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | X |
| 97 | The Joint Corp. Executive Officer Clawback Policy | X |
| 101.INS | XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document) | X |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | X |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document | X |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document | X |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document | X |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document | X |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | X |
| # Management contract or compensatory plan or arrangement | | |
| ** Furnished, not filed | | |

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on August 11, 2025.

The Joint Corp.

By: /s/ Scott Bowman
 Scott Bowman, Chief Financial Officer
 (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------|
| <u>/s/ Sanjiv Razdan</u> Sanjiv Razdan | President, Chief Executive Officer and Director (Principal Executive Officer) and Director | August 11, 2025 |
| <u>/s/ Scott Bowman</u> Scott Bowman | Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) | August 11, 2025 |
| <u>*</u> Matthew E. Rubel | Lead Director | August 11, 2025 |
| <u>*</u> Ronald V. DaVella | Director | August 11, 2025 |
| <u>*</u> Suzanne M. Decker | Director | August 11, 2025 |
| <u>*</u> Jefferson Gramm | Director | August 11, 2025 |
| <u>/s/ Christopher Grandpre</u> Christopher Grandpre | Director | August 11, 2025 |
| <u>*</u> Abe Hong | Director | August 11, 2025 |
| <u>/s/ Sandi Karrmann</u> Sandi Karrmann | Director | August 11, 2025 |

*By: /s/ Sanjiv Razdan
 Sanjiv Razdan, Attorney-in-Fact

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-225898 and 333-208262) of The Joint Corp. (the Company) of our reports dated March 13, 2025, except for the effects of the restatement described in Long-lived Assets and (Loss) Earnings per Common Share paragraphs of Note 1, Note 2, Note 3, Note 4, Note 5, Note 6, Note 9, Note 10 and Note 11, as to which the date is August 11, 2025, relating to the consolidated financial statements, and the effectiveness of the Company's internal control over financial reporting, which appear in this Annual Report on Form 10-K/A.

Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2024.

/s/ BDO USA, P.C.

Phoenix, Arizona

August 11, 2025

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sanjiv Razdan, certify that:

1. I have reviewed this annual report on Form 10-K/A of The Joint 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 officer(s) 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 officer(s) 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 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: August 11, 2025

/s/ Sanjiv Razdan

Sanjiv Razdan
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Bowman, certify that:

1. I have reviewed this annual report on Form 10-K/A of The Joint 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 officer(s) 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 officer(s) 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 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: August 11, 2025

/s/ Scott Bowman

Scott Bowman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

For purposes of Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of The Joint Corp., a Delaware corporation (“Company”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 10-K/A for the fiscal year ended December 31, 2024 (“Form 10-K/A”) 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-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 11, 2025

/s/ Sanjiv Razdan

Sanjiv Razdan
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 11, 2025

/s/ Scott Bowman

Scott Bowman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

The Joint Corp.
Executive Officer Clawback Policy

Effective as of December 1, 2023 (the "Adoption Date")

I. Purpose

This Executive Officer Clawback Policy describes the circumstances under which Covered Persons of The Joint Corp. and any of its direct or indirect subsidiaries (the "Company") will be required to repay or return Erroneously-Awarded Compensation to the Company.

This Policy and any terms used in this Policy shall be construed in accordance with any SEC regulations promulgated to comply with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules adopted by Nasdaq.

Each Covered Person of the Company shall sign an Acknowledgement and Agreement to the Executive Officer Clawback Policy in the form attached hereto as Exhibit A as a condition to his or her participation in any of the Company's incentive-based compensation programs.

II. Definitions

For purposes of this Policy, the following capitalized terms shall have the meaning set forth below:

- a. "**Accounting Restatement**" shall mean an accounting restatement (i) due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).
 - b. "**Adoption Date**" shall have the meaning set forth under the title of this Policy.
 - c. "**Board**" shall mean the Board of Directors of the Company.
 - d. "**Clawback-Eligible Incentive Compensation**" shall mean, in connection with an Accounting Restatement, any Incentive-Based Compensation Received by a Covered Person (regardless of whether such Covered Person was serving at the time that Erroneously-Awarded Compensation is required to be repaid) (i) on or after the Nasdaq Effective Date, (ii) after beginning service as a Covered Person, (iii) while the Company has a class of securities listed on a national securities exchange or national securities association, and (iv) during the Clawback Period.
 - e. "**Clawback Period**" shall mean, with respect to any Accounting Restatement, the three completed fiscal years immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.
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- f. “**Committee**” shall mean the Compensation Committee of the Board.
 - g. “**Company**” shall have the meaning set forth in Section I above.
 - h. “**Covered Person**” shall mean any person who is, or was at any time, during the Clawback Period, an Executive Officer of the Company. For the avoidance of doubt, Covered Person may include a former Executive Officer that left the Company, retired, or transitioned to an employee role (including after serving as an Executive Officer in an interim capacity) during the Clawback Period.
 - i. “**Erroneously-Awarded Compensation**” shall mean the amount of Clawback-Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts. This amount must be computed without regard to any taxes paid.
 - j. “**Executive Officer**” shall mean the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person (including an officer of the Company’s parent(s) or subsidiaries) who performs similar policy-making functions for the Company. For the sake of clarity, at a minimum, all persons who would be executive officers pursuant to Rule 401(b) under Regulation S-K shall be deemed “Executive Officers.”
 - k. “**Financial Reporting Measures**” shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and all other measures that are derived wholly or in part from such measures. For purposes of this Policy, Financial Reporting Measures shall include stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return).
 - l. “**Incentive-Based Compensation**” shall have the meaning set forth in Section III below.
 - m. “**Nasdaq**” shall mean The Nasdaq Stock Market LLC.
 - n. “**Nasdaq Effective Date**” shall mean October 2, 2023.
 - o. “**Policy**” shall mean this Executive Officer Clawback Policy, as the same may be amended and/or restated from time to time.
 - p. “**Received**” shall mean Incentive-Based Compensation received, or deemed to be received, in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation is attained, even if the payment or grant occurs after the fiscal period.
 - q. “**Repayment Agreement**” shall have the meaning set forth in Section V(d) below.
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- r. “**Restatement Date**” shall mean the earlier of (i) the date the Board, a committee of the Board, or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date that a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.
- s. “**SARs**” shall mean stock appreciation rights.
- t. “**SEC**” shall mean the U.S. Securities and Exchange Commission.

III. Incentive-Based Compensation

“Incentive-Based Compensation” shall mean any compensation that is granted, earned, or vested wholly or in part upon the attainment of a Financial Reporting Measure.

For purposes of this Policy, specific examples of Incentive-Based Compensation include, but are not limited to:

- Non-equity incentive plan awards that are earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- Bonuses paid from a “bonus pool,” the size of which is determined, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal;
- Other cash awards based on satisfaction of a Financial Reporting Measure performance goal;
- Restricted stock, restricted stock units, performance share units, stock options, and SARs that are granted or become vested, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal; and
- Proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based, wholly or in part, on satisfaction of a Financial Reporting Measure performance goal.

For purposes of this Policy, Incentive-Based Compensation excludes:

- Any base salaries (except with respect to any salary increases earned, wholly or in part, based on satisfaction of a Financial Reporting Measure performance goal);
- Bonuses paid solely at the discretion of the Committee or Board that are not paid from a “bonus pool” that is determined by satisfying a Financial Reporting Measure performance goal;
- Bonuses paid solely upon satisfying one or more subjective standards and/or completion of a specified employment period;
- Non-equity incentive plan awards earned solely upon satisfying one or more strategic measures or operational measures; and
- Equity awards that vest solely based on the passage of time and/or satisfaction of one or more non-Financial Reporting Measures.

I Determination and Calculation of Erroneously-Awarded Compensation

In the event of an Accounting Restatement, the Committee shall promptly determine the amount of any Erroneously-Awarded Compensation for each Executive Officer in connection with such Accounting Restatement and shall promptly thereafter provide each Executive Officer with a written notice containing the amount of Erroneously-Awarded Compensation and a demand for repayment or return, as applicable.

- (a) **Cash Awards**. With respect to cash awards, the Erroneously-Awarded Compensation is the difference between the amount of the cash award (whether payable as a lump sum or over time) that was Received and the amount that should have been received applying the restated Financial Reporting Measure.
- (b) **Cash Awards Paid From Bonus Pools**. With respect to cash awards paid from bonus pools, the Erroneously-Awarded Compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.
- (c) **Equity Awards**. With respect to equity awards, if the shares, options, or SARs are still held at the time of recovery, the Erroneously-Awarded Compensation is the number of such securities Received in excess of the number that should have been received applying the restated Financial Reporting Measure (or the value in excess of that number). If the options or SARs have been exercised, but the underlying shares have not been sold, the Erroneously-Awarded Compensation is the number of shares underlying the excess options or SARs (or the value thereof). If the underlying shares have already been sold, then the Committee shall determine the amount which most reasonably estimates the Erroneously-Awarded Compensation.
- (d) **Compensation Based on Stock Price or Total Shareholder Return**. For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return, where the amount of Erroneously-Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Committee shall maintain documentation of such determination of that reasonable estimate and provide such documentation to Nasdaq in accordance with applicable listing standards).

V. Recovery of Erroneously-Awarded Compensation

Once the Committee has determined the amount of Erroneously-Awarded Compensation recoverable from the applicable Covered Person, the Committee shall take all necessary actions to recover the Erroneously-Awarded Compensation. Unless otherwise determined by the Committee, the Committee shall pursue the recovery of Erroneously-Awarded Compensation in accordance with the below:

- (a) **Cash Awards**. With respect to cash awards, the Committee shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Committee agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date or (ii) if approved by the Committee, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a
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reasonable time as determined by the Committee, the Company shall countersign such Repayment Agreement.

- (b) **Unvested Equity Awards.** With respect to those equity awards that have not yet vested, the Committee shall take all necessary action to cancel, or otherwise cause to be forfeited, the awards in the amount of the Erroneously-Awarded Compensation.
- (c) **Vested Equity Awards.** With respect to those equity awards that have vested and the underlying shares have not been sold, the Committee shall take all necessary action to cause the Covered Person to deliver and surrender the underlying shares in the amount of the Erroneously-Awarded Compensation.

In the event that the Covered Person has sold the underlying shares, the Committee shall either (i) require the Covered Person to repay the Erroneously-Awarded Compensation in a lump sum in cash (or such property as the Committee agrees to accept with a value equal to such Erroneously-Awarded Compensation) reasonably promptly following the Restatement Date or (ii) if approved by the Committee, offer to enter into a Repayment Agreement. If the Covered Person accepts such offer and signs the Repayment Agreement within a reasonable time as determined by the Committee, the Company shall countersign such Repayment Agreement.

- (d) **Repayment Agreement.** “Repayment Agreement” shall mean an agreement (in a form reasonably acceptable to the Committee) with the Covered Person for the repayment of the Erroneously-Awarded Compensation as promptly as possible without unreasonable economic hardship to the Covered Person.
- (e) **Effect of Non-Repayment.** To the extent that a Covered Person fails to repay all Erroneously-Awarded Compensation to the Company when due (as determined in accordance with this Policy), the Company shall, or shall cause one or more other members of the Company to, take all actions reasonable and appropriate to recover such Erroneously-Awarded Compensation from the applicable Covered Person. The applicable Covered Person may be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously-Awarded Compensation in accordance with the immediately preceding sentence, in the Company’s sole discretion.

The Committee shall have broad discretion to determine the appropriate means of recovery of Erroneously-Awarded Compensation based on all applicable facts and circumstances and taking into account the time value of money and the cost to shareholders of delaying recovery. However, in no event may the Company accept an amount that is less than the amount of Erroneously-Awarded Compensation in satisfaction of a Covered Person’s obligations hereunder.

VI. Discretionary Recovery.

Notwithstanding anything herein to the contrary, the Company shall not be required to take action to recover Erroneously-Awarded Compensation if any one of the following conditions are met and the Committee determines that recovery would be impracticable:

- (i) The direct expenses paid to a third party to assist in enforcing this Policy against a Covered Person would exceed the amount to be recovered, after the Company has made a reasonable attempt to recover the applicable Erroneously-Awarded Compensation, documented such attempts, and provided such documentation to Nasdaq;
- (ii) Recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously-Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in such a violation and a copy of the opinion is provided to Nasdaq; or
- (iii) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

VII. Reporting and Disclosure Requirements

The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including the disclosure required by the applicable filings required to be made with the SEC.

VIII. Effective Date

This Policy shall apply to any Incentive-Based Compensation Received on or after the Nasdaq Effective Date.

IX. No Indemnification

The Company shall not indemnify any Covered Person against the loss of Erroneously-Awarded Compensation and shall not pay, or reimburse any Covered Persons for premiums, for any insurance policy to fund such Covered Person's potential recovery obligations.

X. Administration

The Committee has the sole discretion to administer this Policy and ensure compliance with Nasdaq Rules and any other applicable law, regulation, rule, or interpretation of the SEC or Nasdaq promulgated or issued in connection therewith. Actions of the Committee pursuant to this Policy shall be taken by the vote of a majority of its members. The Committee shall, subject to the provisions of this Policy, make such determinations and interpretations and take such actions as it deems necessary, appropriate, or advisable. All determinations and interpretations made by the Committee shall be final, binding, and conclusive.

XI. Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary, including as and when it determines that it is legally required by any federal securities laws, SEC rule, or the rules of any national securities exchange or national securities association on which

the Company's securities are then listed. The Board may terminate this Policy at any time. Notwithstanding anything in this Section XI to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule, or the rules of any national securities exchange or national securities association on which the Company's securities are then listed.

XII. Other Recoupment Rights; No Additional Payments

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or any other agreement entered into on or after the Adoption Date shall, as a condition to the grant of any benefit thereunder, require a Covered Person to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other rights under applicable law, regulation, or rule or pursuant to the terms of any similar policy in any employment agreement, equity plan, equity award agreement, or similar arrangement and any other legal remedies available to the Company. However, this Policy shall not provide for recovery of Incentive-Based Compensation that the Company has already recovered pursuant to Section 304 of the Sarbanes-Oxley Act or other recovery obligations.

XIII. Successors

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators, or other legal representatives.

Exhibit A

**ACKNOWLEDGEMENT AND AGREEMENT
TO THE
EXECUTIVE OFFICER CLAWBACK POLICY
OF
THE JOINT CORP.**

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of The Joint Corp. Executive Officer Clawback Policy (the “Policy”). Capitalized terms used but not otherwise defined in this Acknowledgement and Agreement (this “Acknowledgement Form”) shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously-Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy.

Signature _____

Name _____

Date _____