

**TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

| State     | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|-----------|---|--|---|
| Wisconsin | 2   | 1  | 0   |
| Total     | 174   | 60   | 0   |

Notes to Tables:

1. In 2021, 16 Franchise Agreements were terminated before the Clinics opened. In 2023, 10 Franchise Agreements were terminated before the Clinics opened.
2. In 2021, 1 franchised Clinic in Colorado was transferred twice during the course of the year.
3. In 2021, 1 franchised Clinic opened in North Carolina and was reacquired by the franchisor before the end of the year.
4. The franchised Clinic in Texas that closed in 2021 was located in Austin International Airport, a Captive Venue.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have endorsed the National Franchise Advisory Board (NFAB), which is staffed by franchisees. You may contact the NFAB by emailing its President, LS Carper, at [ls.carper@thejoint.com](mailto:ls.carper@thejoint.com).

On April 28, 2023, we received notification regarding the creation of the Aligned Franchisee Association (AFA), which is an independent franchisee organization. The notification did not specify the number or identity of the constituent franchisees other than Board members Alexander Klaus, Philip Davis and Chris O'Neal. AFA does not have any operational or decision-making authority.

Except for the NFAB and AFA, there are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

**ITEM 21 FINANCIAL STATEMENTS**

Our fiscal year ends on December 31<sup>st</sup>. Attached to this Disclosure Document as EXHIBIT "G" are: (1) our consolidated audited financial statements as of and for the fiscal years ended December 31, 2023 and 2022, which have been taken from Item 8 of our 10-K Annual Report for 2023; and (2) our consolidated audited financial statements as of and for the fiscal years ended December 31, 2022 and 2021, which have been taken from Item 8 of our 10-K/A Annual Report for 2022. [In addition, an unaudited balance sheet as of March 31, 2024, an unaudited income statement and statement of operations and statement of cash flows from January 1, 2024 through March 31, 2024, which have been taken from Item 1 of our 10-Q Quarterly Report, are attached to](#)

[this Disclosure Document as Exhibit D.](#)

## **ITEM 22      CONTRACTS**

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

### Exhibits to Disclosure Document

|               |                               |
|---------------|-------------------------------|
| EXHIBIT "C"   | Franchise Agreement           |
| EXHIBIT "D"   | Area Development Agreement    |
| EXHIBIT "H"-1 | State Addenda                 |
| EXHIBIT "H"-2 | Managed Clinic Addendum       |
| EXHIBIT "H"-3 | Waiver Agreement              |
| EXHIBIT "H"-4 | Sample Management Agreement   |
| EXHIBIT "H"-5 | Asset Purchase Agreement      |
| EXHIBIT "H"-6 | General Release               |
| EXHIBIT "H"-7 | Letter of Intent              |
| EXHIBIT "H"-8 | Third Party Vendor Agreements |

### Attachments to Franchise Agreement

|                |                              |
|----------------|------------------------------|
| ATTACHMENT "B" | Site Acceptance Notice       |
| ATTACHMENT "C" | Lease Addendum               |
| ATTACHMENT "D" | Franchise Owner Agreement    |
| ATTACHMENT "E" | ACH Authorization Form       |
| ATTACHMENT "F" | Confidentiality Agreement    |
| ATTACHMENT "G" | Business Associate Agreement |

## **ITEM 23      RECEIPT**

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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**PART I: FINANCIAL INFORMATION**

**ITEM 1. UNAUDITED FINANCIAL STATEMENTS**

**THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES  
CONDENSED CONSOLIDATED BALANCE SHEETS**

|   | March 31,<br>2024 | December 31,<br>2023 |
|---|-------------------|----------------------|
|   | (unaudited)       |                      |
| <b>ASSETS</b>   |                   |                      |
| <b>Current assets:</b>  |                   |                      |
| Cash and cash equivalents   | \$ 18,742,884     | \$ 18,153,609        |
| Restricted cash   | 923,958           | 1,060,683            |
| Accounts receivable, net  | 3,265,800         | 3,718,924            |
| Deferred franchise and regional development costs, current portion  | 1,046,156         | 1,047,430            |
| Prepaid expenses and other current assets   | 2,926,719         | 2,439,837            |
| Assets held for sale  | 17,726,238        | 17,915,055           |
| Total current assets  | 44,631,755        | 44,335,538           |
| Property and equipment, net   | 10,303,746        | 11,044,317           |
| Operating lease right-of-use asset  | 12,214,619        | 12,413,221           |
| Deferred franchise and regional development costs, net of current portion   | 5,016,644         | 5,203,936            |
| Intangible assets, net  | 4,573,725         | 5,020,926            |
| Goodwill  | 7,226,701         | 7,352,879            |
| Deferred tax assets (\$1.1 million and \$1.1 million attributable to VIEs as of March 31, 2024 and December 31, 2023)                   | 960,621           | 1,031,648            |
| Deposits and other assets   | 755,743           | 748,394              |
| Total assets  | \$ 85,683,554     | \$ 87,150,859        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                   |                      |
| <b>Current liabilities:</b>   |                   |                      |
| Accounts payable  | \$ 1,281,198      | \$ 1,625,088         |
| Accrued expenses  | 1,964,005         | 1,963,009            |
| Co-op funds liability   | 923,958           | 1,060,683            |
| Payroll liabilities (\$1.0 million and \$0.7 million attributable to VIEs as of March 31, 2024 and December 31, 2023)                   | 4,511,015         | 3,485,744            |
| Operating lease liability, current portion  | 3,750,477         | 3,756,328            |
| Finance lease liability, current portion  | 25,763            | 25,491               |
| Deferred franchise fee revenue, current portion   | 2,528,468         | 2,516,554            |
| Deferred revenue from company clinics (\$1.6 million and \$1.6 million attributable to VIEs as of March 31, 2024 and December 31, 2023) | 4,603,602         | 4,463,747            |
| Upfront regional developer fees, current portion  | 340,040           | 362,326              |
| Other current liabilities   | 585,110           | 483,249              |
| Liabilities to be disposed of (\$3.7 million and \$3.6 million attributable to VIEs as of March 31, 2024 and December 31, 2023)         | 12,832,986        | 13,831,863           |
| Total current liabilities   | 33,346,622        | 33,574,082           |
| Operating lease liability, net of current portion   | 10,606,889        | 10,914,997           |
| Finance lease liability, net of current portion   | 31,471            | 38,016               |
| Debt under the Credit Agreement   | —                 | 2,000,000            |
| Deferred franchise fee revenue, net of current portion  | 13,316,975        | 13,597,325           |
| Upfront regional developer fees, net of current portion   | 940,662           | 1,019,316            |

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|  |               |               |
|--|---------------|---------------|
| Other liabilities (\$1.2 million and \$1.2 million attributable to VIE as of March 31, 2024 and December 31, 2023)   | 1,235,241     | 1,235,241     |
| Total liabilities  | 59,477,860    | 62,378,977    |
| 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 March 31, 2024 and December 31, 2023  | —             | —             |
| Common stock, \$0.001 par value; 20,000,000 shares authorized, 14,968,547 shares issued and 14,935,716 shares outstanding as of March 31, 2024 and 14,783,757 shares issued and 14,751,633 outstanding as of December 31, 2023 | 14,967        | 14,783        |
| Additional paid-in capital   | 47,991,362    | 47,498,151    |
| Treasury stock 32,831 shares as of March 31, 2024 and 32,124 shares as of December 31, 2023, at cost   | (867,037)     | (860,475)     |
| Accumulated deficit  | (20,958,598)  | (21,905,577)  |
| Total The Joint Corp. stockholders' equity   | 26,180,694    | 24,746,882    |
| Non-controlling Interest   | 25,000        | 25,000        |
| Total equity   | 26,205,694    | 24,771,882    |
| Total liabilities and stockholders' equity   | \$ 85,683,554 | \$ 87,150,859 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
(unaudited)

|   | Three Months Ended |                     |
|---|--------------------|---------------------|
|   | March 31,          |                     |
|   | 2024               | 2023                |
| Revenues:   |                    |                     |
| Revenues from company-owned or managed clinics      | \$ 17,537,504      | \$ 17,127,957       |
| Royalty fees  | 7,587,547          | 6,866,023           |
| Franchise fees                                      | 655,873            | 754,425             |
| Advertising fund revenue                            | 2,166,473          | 1,952,406           |
| Software fees                                       | 1,386,776          | 1,210,005           |
| Other revenues                                      | 387,993            | 390,004             |
| Total revenues                                      | <u>29,722,166</u>  | <u>28,300,820</u>   |
| Cost of revenues:                                   |                    |                     |
| Franchise and regional development cost of revenues | 2,341,765          | 2,140,835           |
| IT cost of revenues                                 | 374,311            | 333,850             |
| Total cost of revenues                              | <u>2,716,076</u>   | <u>2,474,685</u>    |
| Selling and marketing expenses                      | 3,886,113          | 4,160,244           |
| Depreciation and amortization                       | 1,403,906          | 2,215,055           |
| General and administrative expenses                 | 20,263,692         | 20,038,476          |
| Total selling, general and administrative expenses  | <u>25,553,711</u>  | <u>26,413,775</u>   |
| Net loss on disposition or impairment               | 362,103            | 65,469              |
| Income (loss) from operations                       | 1,090,276          | (653,109)           |
| Other income, net                                   | 35,630             | 3,821,162           |
| Income before income tax expense                    | 1,125,906          | 3,168,053           |
| Income tax expense                                  | 178,927            | 841,889             |
| Net income  | <u>\$ 946,979</u>  | <u>\$ 2,326,164</u> |
| Earnings per share:                                 |                    |                     |
| Basic earnings per share                            | \$ 0.06            | \$ 0.16             |
| Diluted earnings per share                          | \$ 0.06            | \$ 0.16             |
| Basic weighted average shares                       | 14,801,354         | 14,566,185          |
| Diluted weighted average shares                     | 15,011,286         | 14,861,734          |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(unaudited)**

|  | Common Stock |           | Additional Paid In Capital | Treasury Stock |              | Accumulated Deficit | Total The Joint Corp. stockholders' equity | Non-controlling interest | Total         |
|--|--------------|-----------|----------------------------|----------------|--------------|---------------------|--|--------------------------|---------------|
|  | Shares       | Amount    |                            | Shares         | Amount       |                     |  |                          |               |
| 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                       | —            | —         | 493,395                    | —              | —            | —                   | 493,395                                    | —                        | 493,395       |
| Issuance of restricted stock                           | 184,790      | 184       | (184)                      | —              | —            | —                   | —  | —                        | —             |
| Exercise of stock options                              | —            | —         | —                          | —              | —            | —                   | —  | —                        | —             |
| Purchases of treasury stock under employee stock plans | —            | —         | —                          | 707            | (6,562)      | —                   | (6,562)                                    | —                        | (6,562)       |
| Net income   | —            | —         | —                          | —              | —            | 946,979             | 946,979                                    | —                        | 946,979       |
| Balances, March 31, 2024 (unaudited)                   | 14,968,547   | \$ 14,967 | \$ 47,991,362              | 32,831         | \$ (867,037) | \$ (20,958,598)     | \$ 26,180,694                              | \$ 25,000                | \$ 26,205,694 |

|  | Common Stock |           | Additional Paid In Capital | Treasury Stock |              | Accumulated Deficit | Total The Joint Corp. stockholders' equity | Non-controlling interest | Total         |
|--|--------------|-----------|----------------------------|----------------|--------------|---------------------|--|--------------------------|---------------|
|  | Shares       | Amount    |                            | Shares         | Amount       |                     |  |                          |               |
| 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                       | —            | —         | 266,210                    | —              | —            | —                   | 266,210                                    | —                        | 266,210       |
| Issuance of restricted stock                           | 95,386       | 95        | (95)                       | —              | —            | —                   | —  | —                        | —             |
| Exercise of stock options                              | 15,621       | 16        | 138,441                    | —              | —            | —                   | 138,457                                    | —                        | 138,457       |
| Purchases of treasury stock under employee stock plans | —            | —         | —                          | 169            | (2,637)      | —                   | (2,637)                                    | —                        | (2,637)       |
| Net Income   | —            | —         | —                          | —              | —            | 2,326,164           | 2,326,164                                  | —                        | 2,326,164     |
| Balances, March 31, 2023 (unaudited)                   | 14,671,360   | \$ 14,671 | \$ 45,962,861              | 32,035         | \$ (859,279) | \$ (9,827,216)      | \$ 35,291,037                              | \$ 25,000                | \$ 35,316,037 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

|   | Three Months Ended<br>March 31, |                      |
|---|---------------------------------|----------------------|
|   | 2024                            | 2023                 |
| <b>Cash flows from operating activities:</b>                                      |                                 |                      |
| Net income  | \$ 946,979                      | \$ 2,326,164         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |                      |
| Depreciation and amortization   | 1,403,906                       | 2,215,055            |
| Net loss on disposition or impairment (non-cash portion)                          | 362,103                         | 65,469               |
| Net franchise fees recognized upon termination of franchise agreements            | (39,456)                        | (73,095)             |
| Deferred income taxes   | 71,027                          | 733,390              |
| Stock based compensation expense  | 493,395                         | 266,210              |
| Changes in operating assets and liabilities:                                      |                                 |                      |
| Accounts receivable   | 453,124                         | 385,629              |
| Prepaid expenses and other current assets   | (487,954)                       | (1,370,390)          |
| Deferred franchise costs  | 201,718                         | (27,255)             |
| Deposits and other assets   | (7,349)                         | 801                  |
| Assets and liabilities held for sale, net   | (911,166)                       | —                    |
| Accounts payable  | (348,824)                       | (1,189,662)          |
| Accrued expenses  | 996                             | 818,784              |
| Payroll liabilities   | 1,025,270                       | 1,540,498            |
| Deferred revenue  | (102,277)                       | 437,838              |
| Upfront regional developer fees   | (100,940)                       | (47,116)             |
| Other liabilities   | (150,222)                       | (57,727)             |
| Net cash provided by operating activities   | <u>2,810,330</u>                | <u>6,024,593</u>     |
| <b>Cash flows from investing activities:</b>                                      |                                 |                      |
| Proceeds from sale of clinics   | 50,100                          | —                    |
| Purchase of property and equipment  | (395,046)                       | (1,200,215)          |
| Net cash used in investing activities   | <u>(344,946)</u>                | <u>(1,200,215)</u>   |
| <b>Cash flows from financing activities:</b>                                      |                                 |                      |
| Payments of finance lease obligation  | (6,272)                         | (6,011)              |
| Purchases of treasury stock under employee stock plans                            | (6,562)                         | (2,637)              |
| Proceeds from exercise of stock options   | —                               | 138,457              |
| Repayment of debt under the Credit Agreement                                      | (2,000,000)                     | —                    |
| Net cash provided by (used in) financing activities                               | <u>(2,012,834)</u>              | <u>129,809</u>       |
| Increase in cash, cash equivalents and restricted cash                            | 452,550                         | 4,954,187            |
| Cash, cash equivalents and restricted cash, beginning of period                   | 19,214,292                      | 10,550,417           |
| Cash, cash equivalents and restricted cash, end of period                         | <u>\$ 19,666,842</u>            | <u>\$ 15,504,604</u> |
| <b>Reconciliation of cash, cash equivalents and restricted cash:</b>              |                                 |                      |
|   | <b>March 31,</b>                | <b>March 31,</b>     |
|   | <b>2024</b>                     | <b>2023</b>          |
| Cash and cash equivalents   | \$ 18,742,884                   | \$ 14,773,225        |
| Restricted cash   | 923,958                         | 731,379              |
|   | <u>\$ 19,666,842</u>            | <u>\$ 15,504,604</u> |

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**Supplemental cash flow disclosures:**

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

|  | Three Months Ended |             |
|--|--------------------|-------------|
|  | March 31,          |             |
|  | 2024               | 2023        |
| Net cash paid for (refunded):              |                    |             |
| Interest:                                  | \$ 19,098          | \$ 81,651   |
| Income taxes                               | \$ —               | \$ (41,246) |
| Non-cash investing and financing activity: |                    |             |
| Unpaid purchases of property and equipment | \$ 4,934           | \$ 167,959  |

The accompanying notes are an integral part of these condensed consolidated financial statements.

## MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.