

## Risk Factors Comparison 2025-03-14 to 2024-03-08 Form: 10-K

**Legend:** New Text Removed Text Unchanged Text Moved Text Section

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 ~~2023~~ **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, ~~2023~~ **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 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 ~~the Ukraine War, the Israel- Gaza conflict~~, labor shortages, inflation and other cost increases, and increases in interest rates. As further disclosed under the aforementioned caption, we anticipate that fiscal ~~2024~~ **2025** will continue to be a volatile macroeconomic environment and expect elevated levels of cost inflation to persist for ~~2024~~ **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, ~~2023~~ **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 ~~we~~ **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 ~~2023~~ **2024**, for clinics that have been open for at least 13 full months, was 4 % . **However**, ~~and~~ for clinics that have been open for greater than 48 months, **our annual Comp Sales for the full 2024 year** was ( ~~1~~ **2** ) % . ~~However~~ **As such**, we cannot assure you that ~~this~~ **increases in comparable clinic sales** will continue for our existing clinics or that clinics ~~we~~ **that are open** ~~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~~ **deteriorate from** ~~not increase at~~ the rates achieved over the past several years. Our ability to operate new **franchisee** clinics , ~~especially company- owned or managed 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 clinic 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 ~~we~~ **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 ~~we open~~ **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. ~~We may find it more difficult in new markets to hire, motivate and keep qualified employees who share our vision and culture. We may also incur higher costs from entering new markets, particularly with company-owned or managed clinics if, for example, we hire and assign regional managers to manage comparatively fewer clinics than in more developed markets. For these reasons, some of our new clinics were less successful than our existing clinics or have achieved target rates of patient visits at a slower rate.~~ 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 ~~our~~ 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 ~~we~~ **our franchisees** already have clinics could adversely affect the revenues of those existing clinics. Existing clinics could also make it more difficult to build ~~our 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 ~~our~~ 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 ~~our the~~ patients. Revenue “cannibalization” between ~~our~~ 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 ~~we~~ **are secondarily liable** ~~may fail to negotiate renewals as each of our leases expires, either on commercially acceptable terms certain franchisees’ clinic lease agreements, including lease agreements that we have guaranteed or assigned to franchisees, and or our at all, which operating results and / or growth prospects~~ could cause us **to be impacted by any rent obligations to the extent such franchisees default on** ~~pay increased occupancy costs or to close clinics in desirable locations. These these lease agreements potential increases in occupancy costs and the cost of closing company-owned or managed clinics could materially adversely affect our business, financial condition or results of operations.~~ Changes in economic conditions and adverse weather and other unforeseen conditions could materially affect our ability to maintain or increase sales at our clinics ~~or open new 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 2024-2025, 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, ~~asset impairment charges~~ 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, 2023-2024, we had franchisees operating or managing 800-842 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, 2023-2024, we had active licenses and letters-of-intent for 172-145 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 17-16 regional developers as of December 31, 2023-2024, three-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, 2023-2024, we had ~~access to draw~~ draw \$ 2-20.0 million under the Credit Agreement (defined in Note 7-6, 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 previously identified material weaknesses 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 ~~now~~ 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, our management previously concluded that our internal controls over financial reporting were not effective as of December 31, 2022 due to material weaknesses in internal controls related to (i) the accounting treatment in significant complex areas, and (ii) the identification of uncertain tax positions. We did not design and maintain effective controls over the accounting of complex areas, including accounting for revenue recognition and we did not design and maintain effective controls over the identification of uncertain tax positions. During 2023, management implemented our previously disclosed remediation plan that included modifying internal controls to address completeness of documentation on uncertain tax positions, revenue and acquisition related transactions over adoptions of the appropriate respective accounting standards, specifically through the utilization of subject matter experts to review conclusions over complex accounting policies. During the fourth quarter of 2023, we completed our testing of the operating effectiveness of the implemented controls and found them to be effective. As a result, we have concluded the material weaknesses have been remediated as of December 31, 2023. ~~We previously reported in our Annual Report on Form 10-K as of December 31, 2021 material weaknesses in internal control that have since been remediated, except those internal controls related to complex accounting areas. Specifically, these material weaknesses related to: (i) risk assessment and scoping- we did not effectively design and maintain controls in response to the risks of material misstatement. Specifically, the design of existing controls or the implementation of new controls has not been sufficient to respond to the risks of material misstatement related to the incremental borrowing rate for our leases, deferred costs and related expenses, other revenues, breakage revenue, intangible asset amortization, determination of reporting units, reassessment of our VIEs, stock option exercises, and the accuracy and completeness of certain financial statements; (ii) segregation of duties- we did not design and maintain effective controls such that all accounting duties are sufficiently segregated within our business processes and certain financial applications. Specifically, we failed to have the appropriate personnel monitor users with administrative access to certain financial applications and data, and we did not design and maintain effective controls such that all accounting duties are sufficiently segregated; (iii) accounting related to significant complex accounting areas- we did not design and maintain effective controls over the accounting of complex accounting areas, including taxes and business combination and asset acquisition transactions. Specifically, we failed to properly design controls to appropriately determine the proper accounting treatment for certain revenue streams and leases. During 2022, we completed the remediation measures related to the material weakness described in this paragraph. Completion of remediation does not provide assurance that our remediation or other controls will continue to operate properly.~~ 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 ~~re-franchising~~ **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 ~~re-franchising~~ **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 ~~since 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** ~~may not grow and we may not maintain our ability to decrease our general and administrative expenses accordingly will drive our ability to achieve~~ profitability in the future. Our ability to ~~maintain-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 or increase~~ 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")~~ **Act** could result in additional taxes or costs to our company. We received an ERC pursuant to the CARES ~~ACT~~ **Act**. Please see Note ~~12-11~~, "Employee Retention Credit" in the Notes to the consolidated financial statements included in Item 8 of this Form 10-K 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~~ **will be** 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 ~~three-four~~ **largest multi-unit competitors are Airrosti, which currently operates 150 clinics; HealthSource Chiropractic, which currently operates 131-133 clinics; and 100 % Chiropractic, which currently operates 125-106 clinics; and ChiroOne, which currently operates 102 clinics. Two 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 Proposed and expected new federal regulations under the Biden 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 **EEOC- 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 **new 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. 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 ~~January 22~~ **March 3, 2024-2025**, 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 prior consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price. 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 errors 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, 2023-2024, we had 14-15, 751-159, 633-878 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 136-65, 520-747 shares per day during the year ended December 31, 2023-2024. 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. ~~The delayed filing of our quarterly report has made us currently ineligible to use a registration statement on Form S-3 to register the offer and sale of securities, which could adversely affect our ability to raise future capital or complete acquisitions. As a result of the delayed filing of our quarterly report with the SEC, we will not be eligible to register the offer and sale of our securities using a registration statement on Form S-3 until one year from the date we regain and maintain status as a current filer. Should we wish to register the offer and sale of our securities to the public prior to the time we are eligible to use Form S-3, both our transaction costs and the amount of time required to complete the transaction could increase, making it more difficult to execute any such transaction successfully and potentially harming our financial condition.~~