



Investor Presentation
May 6, 2021

Forward Looking Statements

This presentation contains forward-looking statements, which involve numerous risks and uncertainties. Included are statements relating to opening of new clinics, availability of personnel and reimbursement environment. The forward-looking statements are based on the Company's current views and assumptions and the Company's actual results could differ materially from those anticipated as a result of certain risks, uncertainties, and factors, which include, but are not limited to: general economic, business, and regulatory conditions; public health crises and epidemics/pandemics, such as the novel strain of COVID-19; competition; reimbursement conditions; federal and state regulation; acquisitions; clinic closures, availability, terms, and use of capital; availability and cost of skilled physical and occupational therapists; and weather. See Risk Factors in Item 1A of our Annual Report of Form 10-K for the year ended December 31, 2020.

Investment Highlights

Established Company

- 564 outpatient physical and occupational therapy clinics across 39 states
- One of the largest owner/operator of PT clinics
- Only publicly-traded, pure play provider

Attractive Market Dynamics

- US rehab market > \$30B in annual revenue
- Highly fragmented; No company with >10% market share
- Favorable demographics – aging and active population

Proven Business Model

- Partner with experienced physical therapists
- Driven by organic growth and acquisitions
- Approximately one-half of clinics were de novo start-ups

Solid Financial Position

- Strong cash flow and balance sheet
- Diversified payor mix, 33% of net patient revenue from Medicare and Medicaid

Focused Business Model

- Specialize in trauma, sports, work-related and pre and post surgical cases
- Partner with experienced physical therapists
 - Drive volume via referrals
 - Augment sales with marketing reps
- Historical focus on organic growth via lower cost de novo (start-up) clinics
- Strategic acquisitions structured like de novos as partnerships with significant ownership retained by founders



Large and Growing Market Opportunity

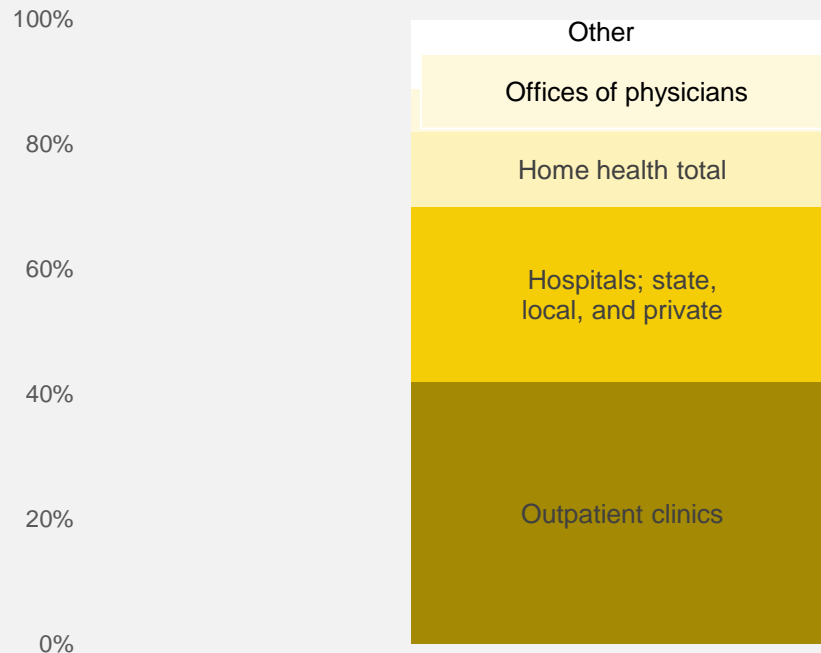
- \$30B+ U.S. rehab market with projected growth
- Favorable demographics – physically active, aging and obese population segments
- Untapped market potential – each year ~50% of Americans over the age of 18 develop a musculoskeletal injury that lasts more than 3 months; only 10% use outpatient physical therapy services⁽¹⁾
- Healthcare delivery shifting towards lower cost, high quality outpatient providers



(1) Source: "Industry Trends in M&A and Total Addressable Market Study" (Bain & Company, WebPT)

Setting for Physical Therapy Care

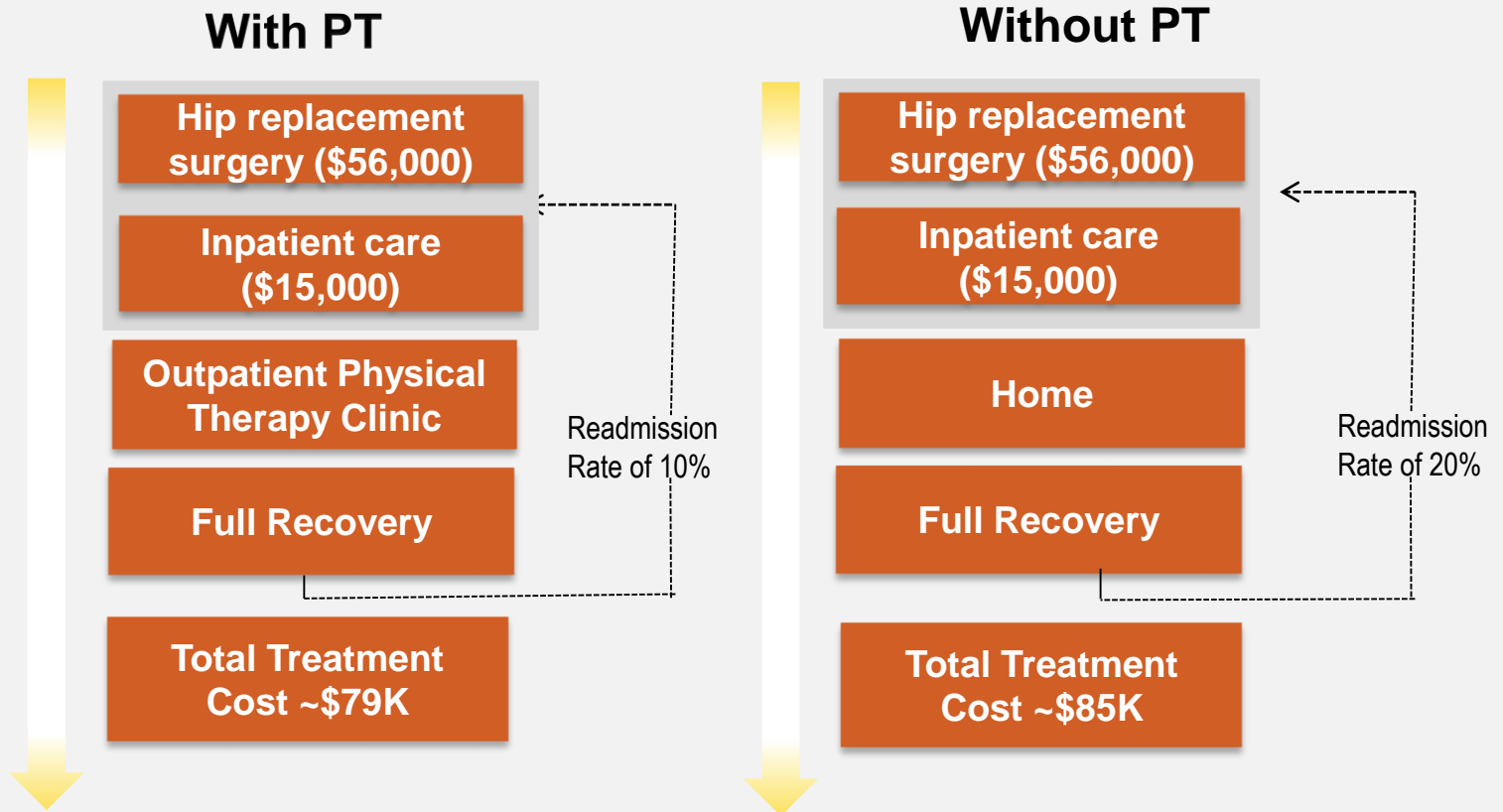
Within physical therapy, outpatient cliics are the leading setting for care.



- Orthopedic rehab is the primary driver of physical therapy services, representing approximately 60% of visits

Source: "Industry Trends in M&A and Total Addressable Market Study" (Bain & Company, WebPT)

Payers See Significant ROI for Physical Therapy



Source: "Industry Trends in M&A and Total Addressable Market Study" (Bain & Company, WebPT)

Competitive Landscape

- Highly fragmented U.S. outpatient rehab market with 37,000 + clinics⁽¹⁾
- No company with >10% market share
- USPh is one of the largest owner/operator of PT clinics
 - Select Medical/Physio 1,788 Clinics
 - ATI 875 Clinics
 - USPh 564 Clinics

⁽¹⁾Source: “Industry Trends in M&A and Total Addressable Market Study” (Bain & Company, WebPT)

Growth Strategy

Drive organic growth through de novo PT/OT clinic openings, utilize true partnership model

Maximize profits of existing facilities by growing patient volume, improving pricing and increasing efficiencies

Augment organic growth through strategic acquisitions

USPh Partnership Advantages

Less Administrative Burden

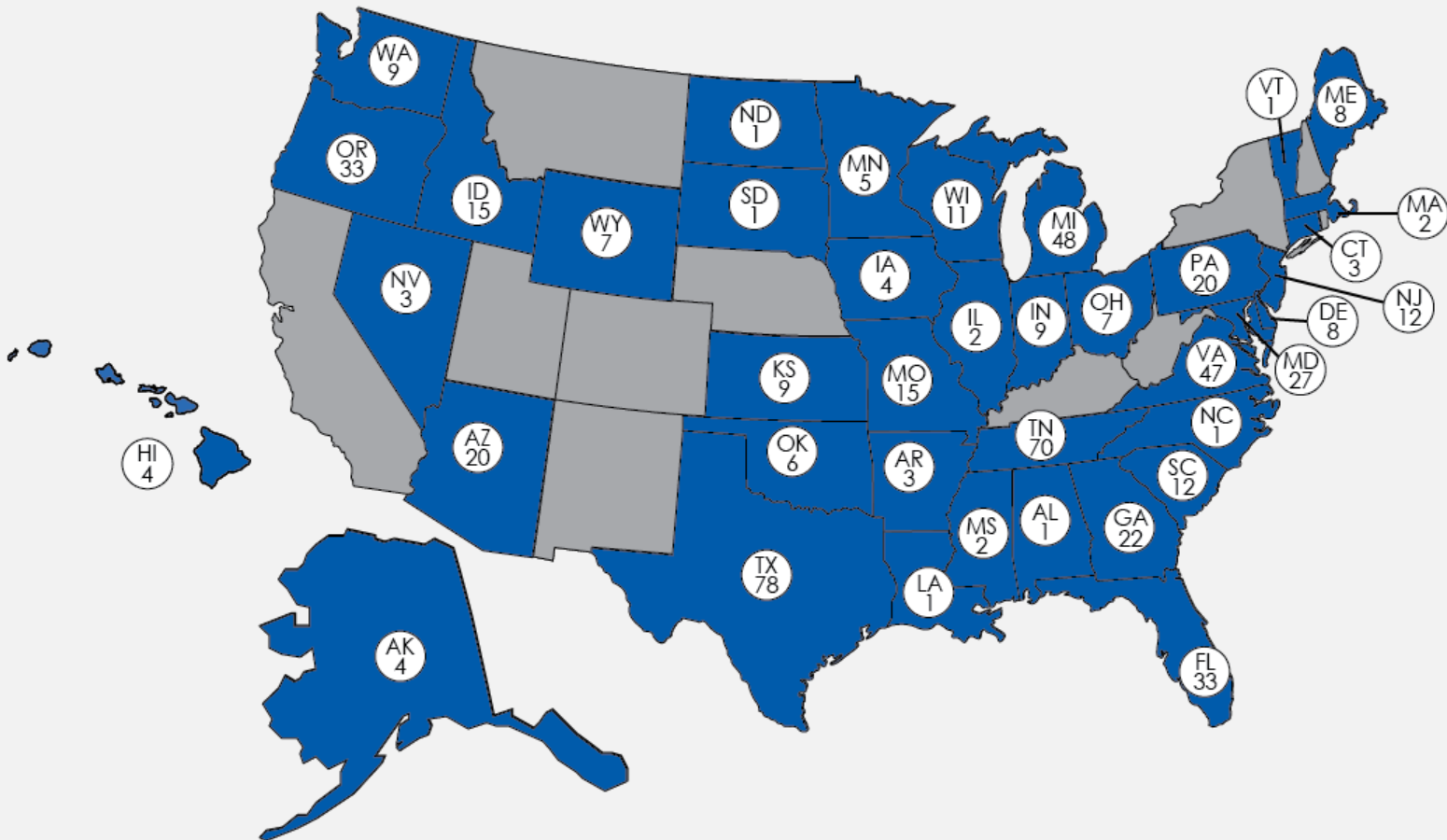
- ✓ Accounting
- ✓ HR
- ✓ Real Estate
- ✓ Construction
- ✓ Purchasing
- ✓ Marketing
- ✓ Compliance
- ✓ Legal
- ✓ IT



More Resources

- ✓ Access to Capital for Development of Additional Clinics
- ✓ Less Personal Financial Risk
- ✓ Unlimited Earnings Potential
- ✓ Full Benefit Package
- ✓ Ongoing Guidance within Semi-Autonomous Work Environment

National Footprint



564 Clinics in 39 States as of March 31, 2021

Acquisition Strategy

- Completed 37 acquisitions since 2005
- Range in size from 3 to 52 clinics
- Acquisition criteria:
 - ✓ Owner therapists continue to operate clinics and retain significant equity interest
 - ✓ Immediately accretive to earnings
 - ✓ Further de novo growth opportunities



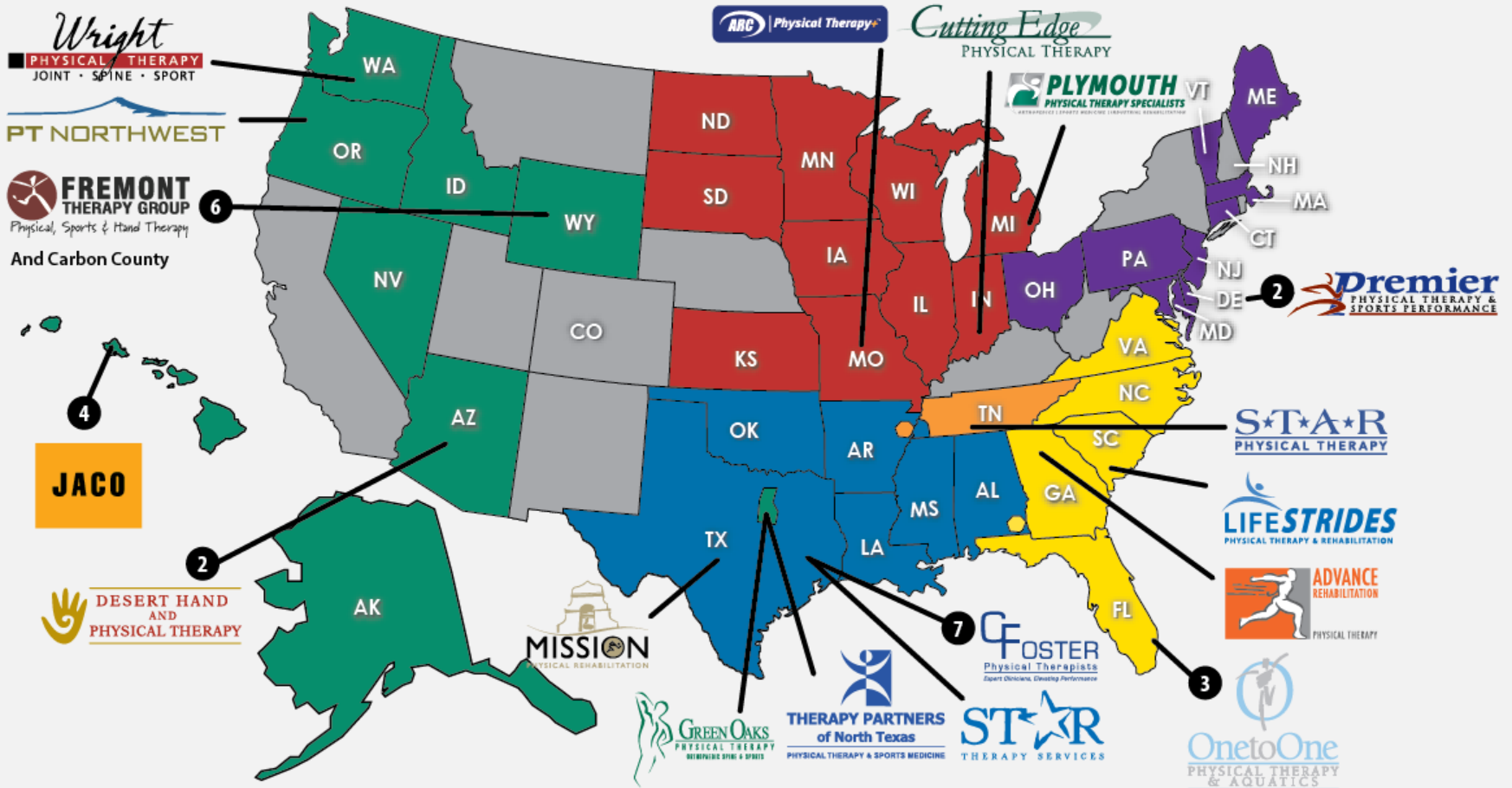
Scale Advantages Create a Robust Business Case for Consolidation

- Increased likelihood of selection for payer networks
 - Scale is cited as a core criterion by specialty network managers and payers.
 - Some limited leverage in negotiations with payers for reimbursement
- Higher likelihood of referrer activity and advocacy
- More efficient, patient-centric care model -- including clinic, home and telehealth options
- Enhanced compliance capabilities
- Centralized infrastructure to limit costs and improve operational efficiencies
- Increased patient awareness and high brand recognition

Source: "Industry Trends in M&A and Total Addressable Market Study" (Bain & Company, WebPT)

New Clinics / Brands 2021

2020 Through 03/31/2021



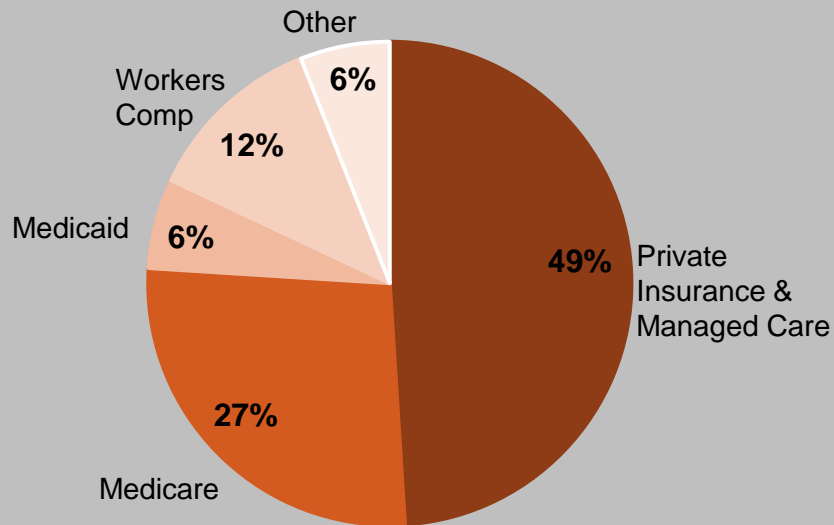
564 Clinics in 39 States as of March 31, 2021

Executive Management

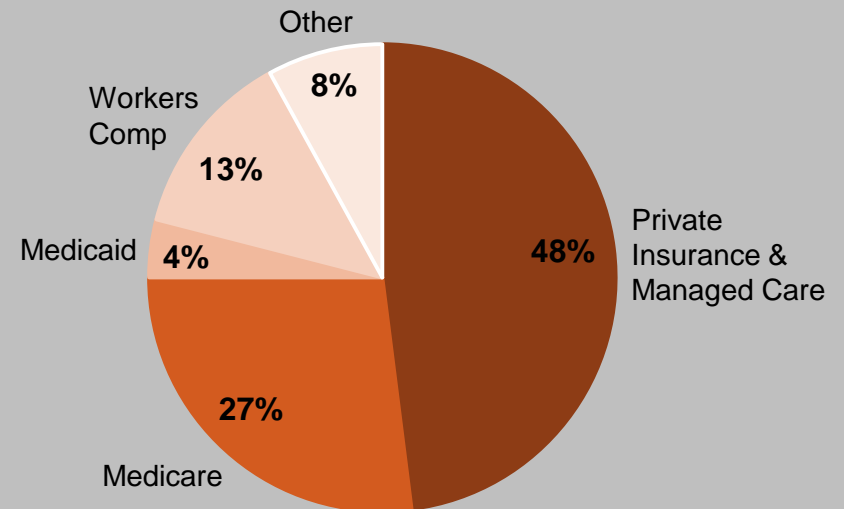
- **Chris Reading – Chief Executive Officer**
 - Joined USPh as COO in November 2003
 - Promoted to CEO and Board in November 2004
 - Previously Senior Vice President of Operations with HealthSouth, managed over 200 facilities including OP, ASC, DX Imaging and rehab hospital operations.
 - BS Physical Therapy
- **Carey Hendrickson – Chief Financial Officer**
 - Joined USPh as CFO in November 2020
 - Previously served as CFO for Capital Senior Living Corporation (**NYSE:CSU**) and Belo Corp. (**NYSE: BLC**)
 - BBA & MBA
- **Glenn McDowell – Chief Operating Officer – Central/West Regions**
 - Joined USPh as Vice President - West Region in October 2003
 - Promoted to COO in January 2005
 - Previously Vice President of Operations with HealthSouth, managed 165 facilities including ASC, DX Imaging, OP and occupational medicine facilities.
 - BS & Masters Physical Therapy
- **Graham Reeve – Chief Operating Officer – East Region**
 - Joined USPh in March 2018
 - Previously President & Chief Executive Officer of Baptist Health System in San Antonio, TX. Managed six hospitals with a \$1.32B annual operating budget.
 - BS Physical Therapy & MBA

USPH Physical Therapy Net Revenue Mix

Percentage of Revenue For
Three Months Ended March 31, 2021



Percentage of Revenue For
Year Ended December 31, 2020



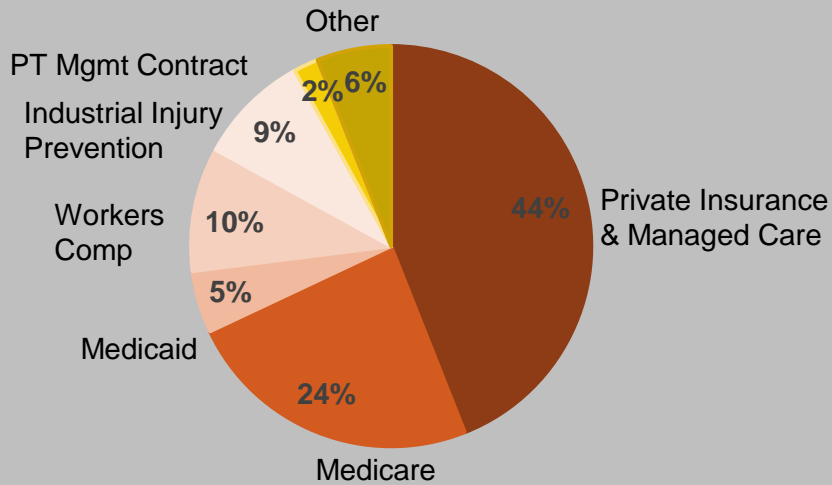
Industrial Injury Prevention & Worker's Comp



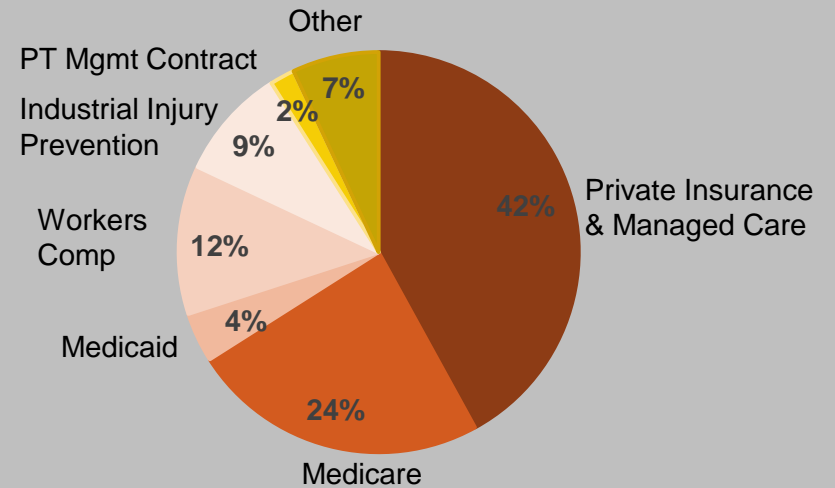
- Both internally and through acquisition, USPh has expanded its industry-focused Industrial Injury Prevention and Worker's Comp business.
- In March 2017, April 2018 and April 2019 USPh acquired leading providers of Industrial Injury Prevention services.
- Industrial Injury Prevention (Briotix Health) services include rehabilitation, performance optimization and ergonomic assessments. Services are performed onsite at more than 600 client locations.
- Worker's Comp (Fit2WRK) Services provided in our physical therapy clinics include job specific rehabilitation, work hardening/conditioning, post-offer pre-employment screening and functional capacity evaluations ("FCE"). National approach with local care delivery, 1-800-centralized scheduling-fast, easy and convenient.
- Industrial Injury Prevention and Worker's Comp combined accounted for 19% of USPh's total revenue for the three months ended March 31, 2021.

USPH Total Revenue Mix

Percentage of Revenue For
Three Months Ended March 31, 2021



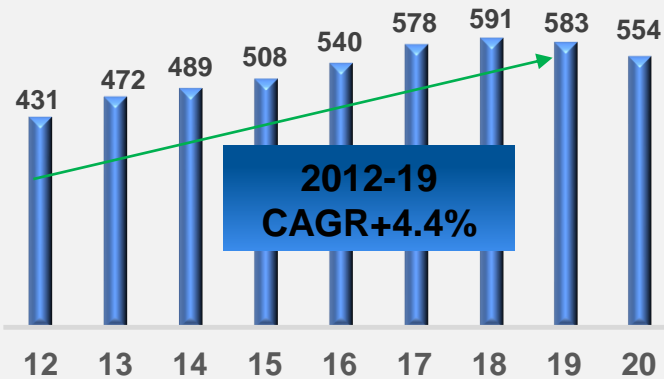
Percentage of Revenue For
Year Ended December 31, 2020



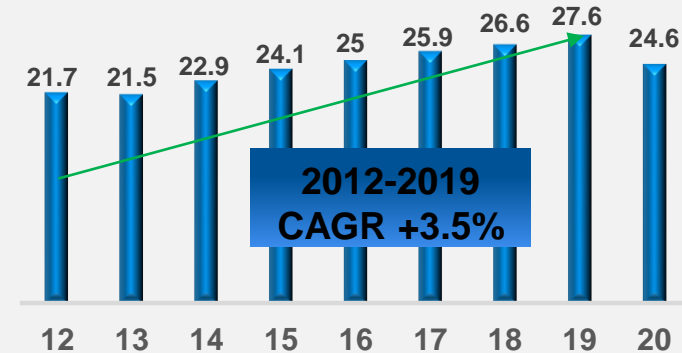
USPH Physical Therapy Growth Drivers

Prior to Covid-19 pandemic each driver showed robust growth historically

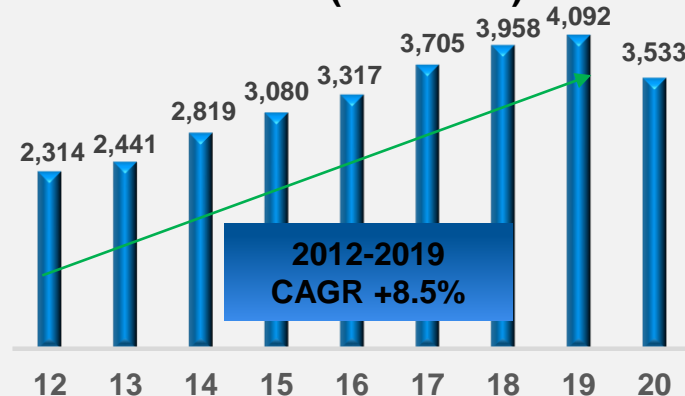
Number of Clinics*



Daily Patient Visits Per Clinic



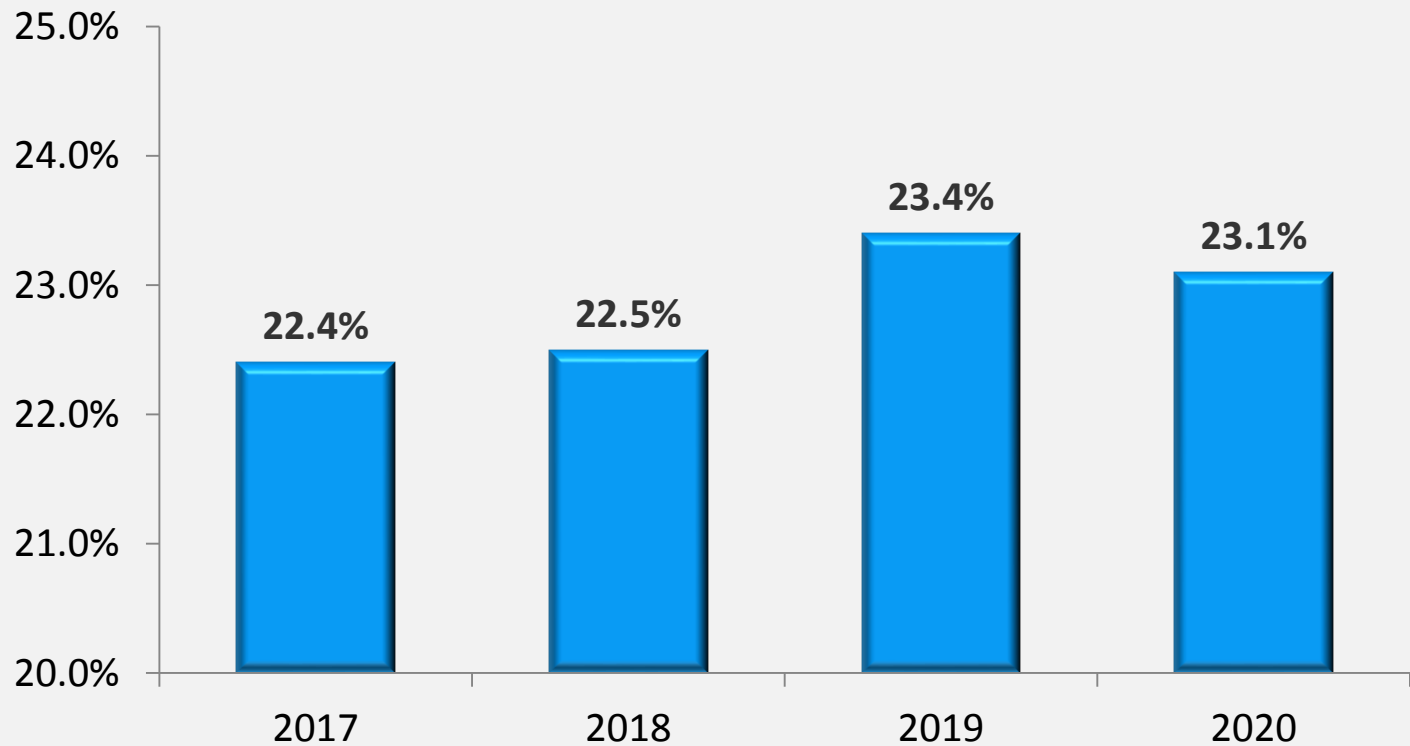
Number of Visits (thousand)



*In 2019, the Company sold interest in a partnership, which operated 30 clinics. In 2020, the Company sold 14 previously closed clinics and closed 34 clinics.

USPH Physical Therapy Clinic Level Margin

Annual Margins



Note: Includes physical therapy management contracts

USPH Physical Therapy Clinic Level Margin

First Quarter Margins

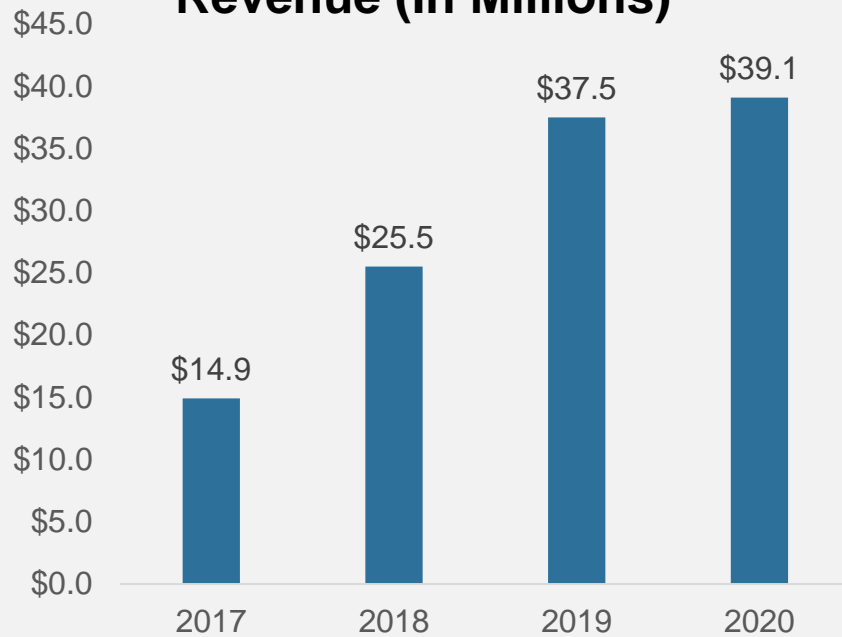


Note: Includes physical therapy management contracts

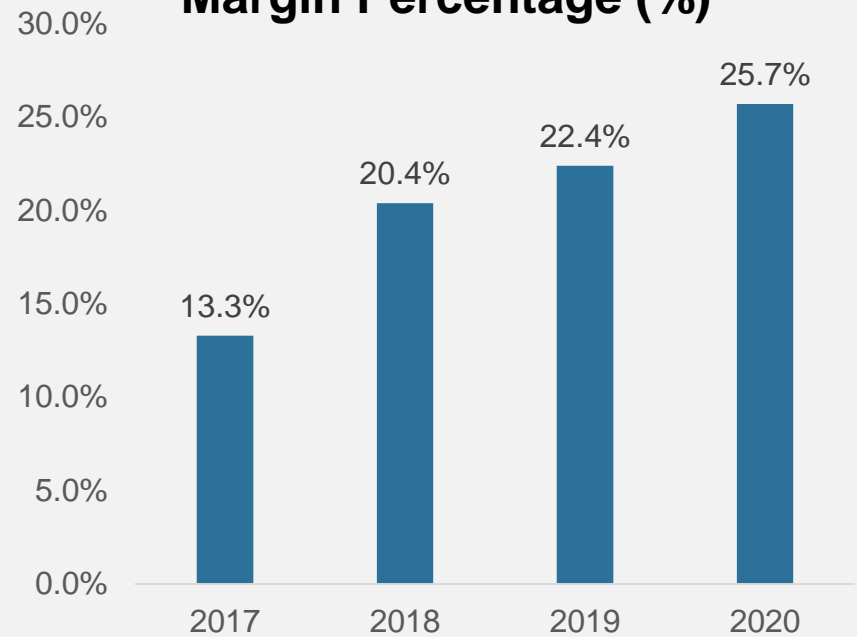
Industrial Injury Prevention

Annual Progression

Revenue (In Millions)



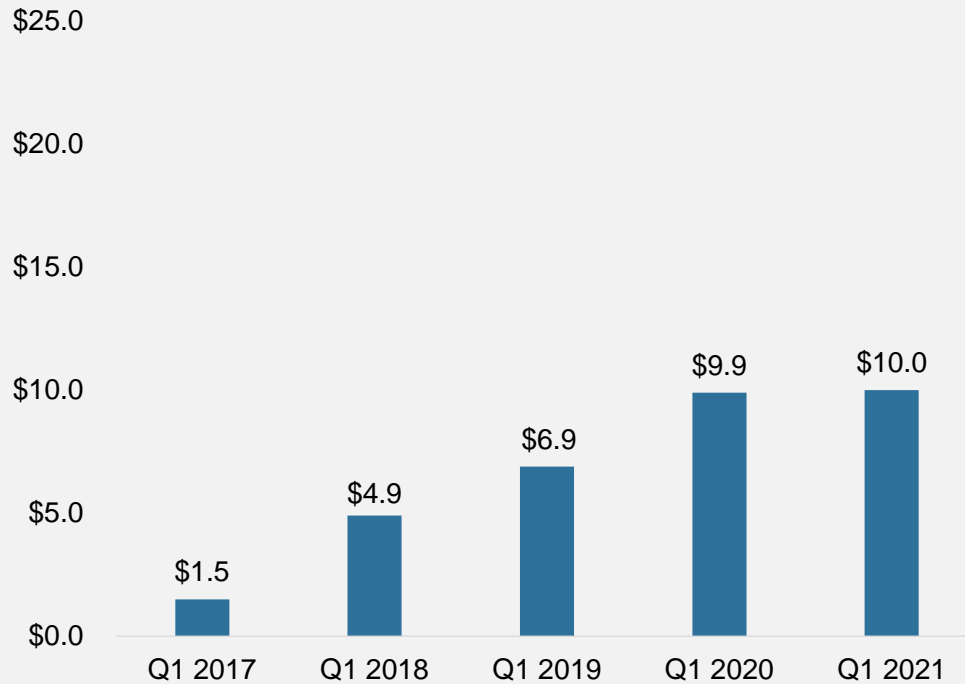
Margin Percentage (%)



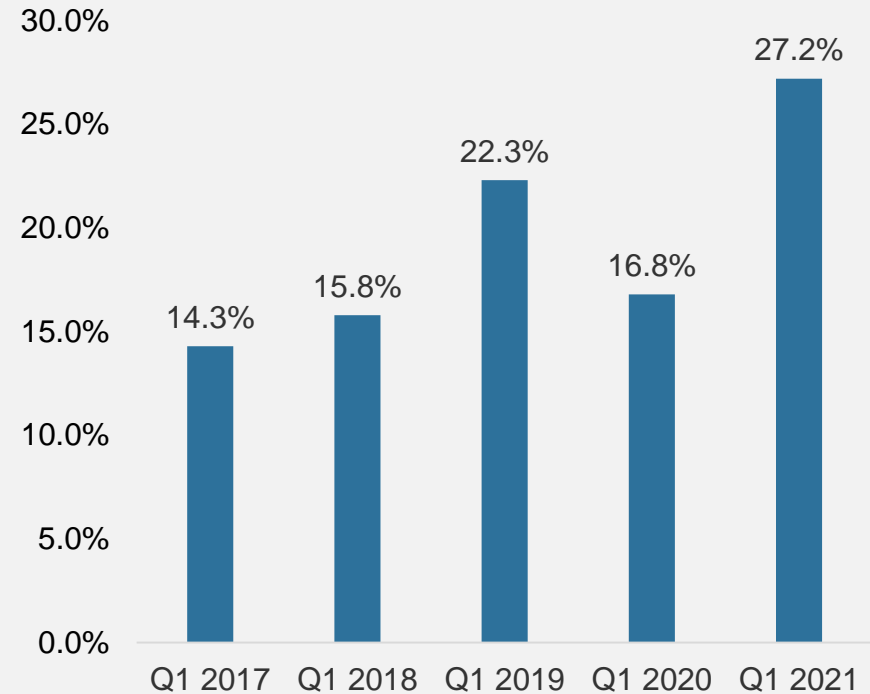
Industrial Injury Prevention

First Quarter Progression

Revenue (in \$millions)



Margin Percentage (%)



Dividend

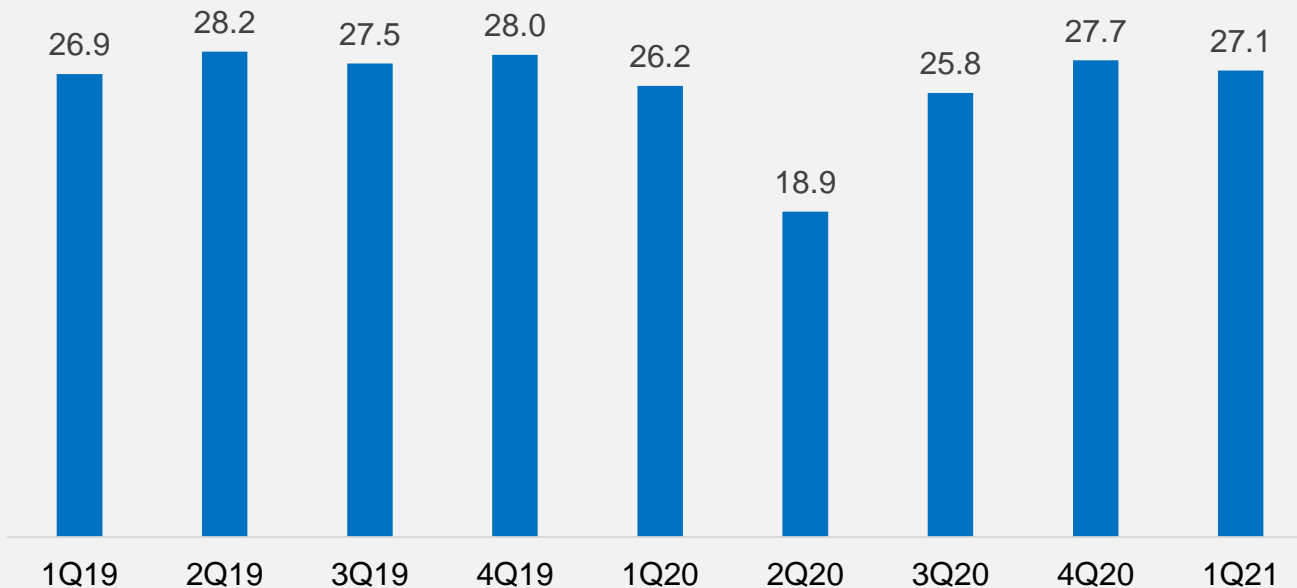
- The Company initiated a quarterly dividend in 2011, and subsequently increased the quarterly dividend rate each year.
- Temporarily suspended quarterly dividend after Q1 2020 due to uncertainty associated with Covid-19 pandemic
- Reinstated the quarterly dividend in Q1 2021 at \$0.35 per share, an increase of 9.4% from previous dividend paid
- Dividend seen as an additional way to increase returns to shareholders as Company is under-leveraged and has excellent net free cash flow
- Dividends do not impact our ability to continue to grow internally through de novo clinic development and externally through acquisitions

COVID-19

- With the March onset of the pandemic, the Company took a number of actions to preserve cash and mitigate losses including staffing adjustments and clinic closures
- Initially, 70 out of 585 clinics were closed (30 temporarily and 40 permanently) based on the presumption of lower patient volumes for a sustained period of time. All temporarily closed clinics have reopened. In 2020, we closed a total of 48 clinics, of which 14 were sold.
- The Company adjusted its workforce at the onset of the pandemic through furloughs and a reduction-in-force. At December 31, 2019, we employed approximately 5,400 people, of which approximately 3,200 were full-time employees. As of December 31, 2020, we employed approximately 4,630 people, of which approximately 2,550 were full-time employees. As of March 31, 2021, we employed approximately 4,850 people, of which approximately 2,590 were full-time employees.
- Salary reductions were also implemented for Corporate support personnel and certain operational leadership roles, including 35% to 40% reductions for executives.

COVID-19 RECOVERY

Average Visits per Clinic per Day



- In April 2020, patient volumes were approximately 45% of pre-COVID volumes. Volumes grew consistently from May through December 2020.
- In March 2021, the Company achieved record-high average visits per clinic per day of 29.3.
- The Company's industrial injury prevention services business has been less affected by the pandemic.

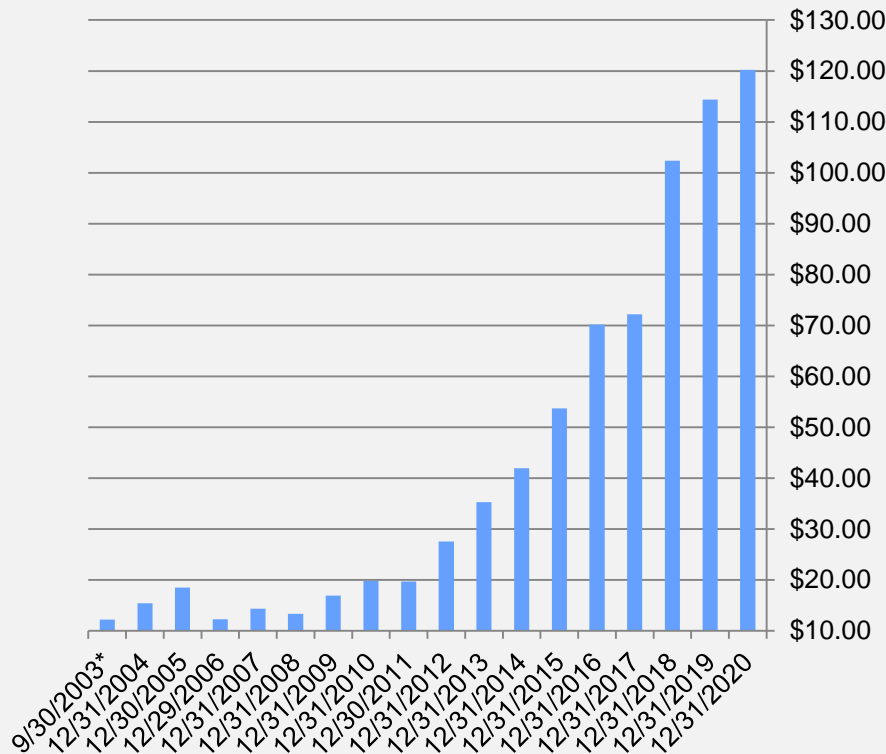
Strong Cash Flow and Balance Sheet

- At March 31, 2021, we had \$17.9 million in cash and \$16.0 million outstanding on our line of credit.
- Both de novo clinics and acquisitions financed primarily through free cash flow.
- In 2020, the Company generated Adjusted EBITDA⁽¹⁾ of \$70.0 million inclusive of Relief Funds (without Relief Funds = \$56.5 million).
- In First Quarter 2021, the Company generated adjusted EBITDA of \$15.6 million.

(1) Adjusted EBITDA is defined as net income attributable to USPh shareholders before interest income, interest expense, taxes, depreciation, amortization, equity-based awards compensation expense and write-off of goodwill related to clinic closures.

Strong Return to Shareholders

Average Annual Rate of Return to Shareholders 54.3% Per Year



* CEO and COO-West joined Company in Fall of 2003; COO-East in Spring of 2018; and CFO in Fall of 2020.

Total Cumulative Return through December, 2020 including dividends is \$114.46.

Total Cumulative Return Percentage is 937.4%

Average Annual Return is 54.3%

Market Cap increase during time period is from \$154.7 million to \$1.5 billion or by \$1.4 billion (899%)

First Quarter 2021 Results

	<u>Three Months Ended</u>	
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Revenue	\$ 112.4 M	\$ 112.7 M
Gross Margin	\$ 25.9 M	\$ 15.7 M
Operating Income	\$ 15.0 M	\$ 4.0 M
Net Income (GAAP)*	\$ 8.2 M	\$ 1.0 M
Operating Results**	\$ 8.3 M	\$ 3.9 M
EPS (Operating Results)	\$ 0.64	\$ 0.30
EPS (GAAP)	\$ 0.21	\$ 0.20
Adjusted EBITDA***	\$ 15.6 M	\$ 8.0 M

*Attributable to USPH shareholder

**Operating Results, a non-Generally Accepted Accounting Principles ("GAAP") measure, equals net income attributable to USPH shareholders per the consolidated statements of net income plus charges incurred for clinic closure costs, less gain on the sale of partnership interests and clinics, less allocated non-controlling interests and excludes expenses incurred for the 2020 CFO transition, all net of tax. Operating Results also excludes the impact of the revaluation of redeemable non-controlling interest.

***Adjusted EBITDA is defined as net income attributable to USPH shareholders before interest income, interest expense, taxes, depreciation, amortization, equity-based awards compensation expense and write-off of goodwill related to clinic closures.

Full Year 2020 Results

	<u>Year Ended</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Revenue	\$ 423.0 M	\$ 482.0 M
Gross Margin	\$ 94.5 M	\$ 112.5 M
Operating Income	\$ 52.4 M	\$ 67.4 M
Net Income (GAAP)*	\$ 35.2 M	\$ 40.0 M
Operating Results (w/o Relief Funds)**	\$ 30.6 M	\$ 36.0 M
Operating Results (w/Relief Funds)	\$ 38.4 M	\$ 36.0 M
EPS (Operating Results w/o Relief Funds)	\$ 2.39	\$ 2.82
EPS (Operating Results w/Relief Funds)	\$ 2.99	\$ 2.82
EPS (GAAP)	\$ 2.48	\$ 2.45
Adjusted EBITDA (w/o Relief Funds)***	\$ 56.5 M	\$ 72.8 M
Adjusted EBITDA (w/Relief Funds)	\$ 70.0 M	\$ 72.8 M

*Attributable to USPH shareholder

**Operating Results, a non-Generally Accepted Accounting Principles (“GAAP”) measure, equals net income attributable to USPH shareholders per the consolidated statements of net income plus charges incurred for clinic closure costs, less gain on the sale of partnership interests and clinics, less allocated non-controlling interests and excludes expenses incurred for the 2020 CFO transition, all net of tax. Operating Results also excludes the impact of the revaluation of redeemable non-controlling interest.

***Adjusted EBITDA is defined as net income attributable to USPH shareholders before interest income, interest expense, taxes, depreciation, amortization, equity-based awards compensation expense and write-off of goodwill related to clinic closures.

Summary

Only publicly-traded, pure play operator of rehab clinics

Proven business model, driven by organic growth and acquisitions

Significant scale with national footprint

Large and growing market/favorable demographics

Strong cash flow and balance sheet

Reconciliation of Non-GAAP Financial Measures – Adjusted EBITDA

	Three Months Ended March 31, (amounts in 000's)	
	<u>2021</u>	<u>2020</u>
Net revenues	\$ 112,368	\$112,717
Net Income attributable to USPh	\$ 8,173	\$ 1,016
Depreciation and amortization	\$ 2,681	\$ 2,607
Interest income	\$ (54)	\$ (43)
Closure cost – write-off of goodwill	\$ -	\$ 1,859
Interest expense – debt and other	\$ 247	\$ 427
Equity grant expense	\$ 1,651	\$ 1,886
Provision for income taxes	<u>\$ 2,944</u>	<u>\$ 292</u>
Adjusted EBITDA (without relief funds)	\$ 15,642	\$ 8,044
Relief Funds	<u>\$ -</u>	<u>\$ -</u>
Adjusted EBITDA (with relief funds)	<u>\$ 15,642</u>	<u>\$ 8,044</u>

Adjusted EBITDA is defined as net income attributable to USPh shareholders before interest income, interest expense, taxes, depreciation, amortization, equity-based awards compensation expense and write-off of goodwill related to clinic closures.

Reconciliation of Non-GAAP Financial Measures – Adjusted EBITDA

Year Ended
December 31,
(amounts in 000's)

	<u>2020</u>	<u>2019</u>
Net Revenues	\$ 422,969	\$ 481,969
Net Income Attributable to USPh	\$ 35,194	\$ 40,039
Depreciation and Amortization	\$ 10,533	\$ 10,095
Relief Funds	\$ (13,500)	\$ -
Interest Income	\$ (142)	\$ (46)
Closure Costs – write off goodwill	\$ 1,859	\$ -
Interest expense – debt and other	\$ 1,634	\$ 2,079
Equity grant expense	\$ 13,022	\$ 13,647
Provision for Income Taxes	<u>\$ 7,917</u>	<u>\$ 6,985</u>
Adjusted EBITDA (without Relief Funds)	\$ 56,517	\$ 72,799
Relief Funds	<u>\$ 13,500</u>	<u>\$ -</u>
Adjusted EBITDA (with Relief Funds)	<u>\$ 70,017</u>	<u>\$ 72,799</u>

Adjusted EBITDA is defined as net income attributable to USPh shareholders before interest income, interest expense, taxes, depreciation, amortization, equity-based awards compensation expense and write-off of goodwill related to clinic closures.

Reconciliation of Non-GAAP Financial Measures – Operating Results

	Three Months Ended March 31,	
	(in 000's except per share data)	
	<u>2021</u>	<u>2020</u>
Computation of earnings per share – USPh shareholders:		
Net Income attributable to USPh Shareholders	\$ 8,173	\$ 1,016
Charges (credits) to retained earnings:		
Revaluation of redeemable non-controlling interest	\$ (7,270)	\$ 2,129
Tax effect at statutory rate (federal and state) of 25.55% and 26.25%, respectively	\$ 1,857	\$ (559)
	<u>\$ 2,760</u>	<u>\$ 2,586</u>
Earnings per share (basic and diluted)	<u>\$ 0.21</u>	<u>\$ 0.20</u>
Adjustments:		
Expenses related to CFO transition	\$ -	\$ 133
Closure Costs	\$ 37	\$ 3,752
Relief Fund	\$ -	\$ -
Revaluation of redeemable non-controlling interest	\$ 7,270	\$ (2,129)
Tax effect at statutory rate (federal and state) of 26.25%	\$ (1,867)	\$ (461)
Operating results (without relief funds)*	<u>\$ 8,200</u>	<u>\$ 3,881</u>
Basic and diluted operating results per share (with relief funds)	<u>\$ 0.64</u>	<u>\$ 0.30</u>
Shares used in computation	<u>12,870</u>	<u>12,796</u>

*Operating Results, a non-Generally Accepted Accounting Principles (“GAAP”) measure, equals net income attributable to USPh shareholders per the consolidated statements of net income plus charges incurred for clinic closure costs, less gain on the sale of partnership interests and clinics, less allocated non-controlling interests and excludes expenses incurred for the 2020 CFO transition, all net of tax. Operating Results also excludes the impact of the revaluation of redeemable non-controlling interest.

Reconciliation of Non-GAAP Financial Measures – Operating Results

	<u>Year Ended</u> <u>December 31,</u>	
	(in 000's, except per share data)	
	<u>2020</u>	<u>2019</u>
Computation of earnings per share – USPh shareholders:		
Net Income attributable to USPh Shareholders	\$ 35,194	\$ 40,039
Charges (credits) to retained earnings:		
Revaluation of redeemable non-controlling interests	\$ (4,632)	(11,893)
Tax effect at statutory rate (federal and state) of 26.25%	<u>\$ 1,216</u>	<u>3,121</u>
	<u>\$ 31,778</u>	<u>\$ 31,267</u>
Earnings per share (basic and diluted)	<u>\$ 2.48</u>	<u>\$ 2.45</u>
Adjustments:		
Charges related to CFO transition	\$ 1,331	\$ -
Closure Costs	\$ 3,931	\$ -
Gain on sale of partnership interest and clinics	\$ (1,091)	\$ (5,514)
Relief funds	\$ (13,500)	\$ -
Allocation to non-controlling interest	\$ 3,116	\$ -
Revaluation of redeemable non-controlling interest	\$ 4,632	\$ 11,893
Tax effect at statutory rate (federal and state) of 26.25%	<u>\$ 415</u>	<u>\$ (1,674)</u>
Operating results (without relief funds)	\$ 30,612	\$ 35,972
Relief Funds	\$ 13,500	\$ -
Allocation to non-controlling interest	\$ (2,893)	\$ -
Tax effect at statutory rate (federal and state) of 26.25%	<u>\$ (2,784)</u>	<u>\$ -</u>
	<u>\$ 38,435</u>	<u>\$ 35,972</u>
Basic and diluted operating results (without relief funds) per share	<u>\$ 2.39</u>	<u>\$ 2.82</u>
Basic and diluted operating results (with relief funds) per share	<u>\$ 2.99</u>	<u>\$ 2.82</u>
Shares used in computation	<u>\$ 12,835</u>	<u>\$ 12,756</u>

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USPh
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