



Dear U. S. Physical Therapy Shareholder,

It is rapidly approaching 20 years since being blessed to lead our wonderful Company as its CEO. A lot has changed in the world since 2004, but the foundational elements of our Company remain as strong as ever...we believe that people matter. Our people, and in particular our clinician partners, are the center-point of our care delivery around the country. We get to make a difference in the lives of those whom we work so hard to serve. In our 671 outpatient facilities, this enables us to touch the lives of hundreds of thousands of individuals and families each year generating more than 5 million visits in 2023. We believe in service to others...daily to our patients and families in our many clinics across the country and inside the hundreds of national and regional companies in all 50 states and across parts of Canada with our growing complement of injury prevention services. Our injury prevention services keep workers healthy, productive and able to engage and perform at work for the companies they serve, and at home for their families.

We believe that physical therapy makes a difference not only in the individual lives that we get to touch but to the healthcare system overall.

Consider this: In a multi-year program enacted by a large, self-insured healthcare employer with Anthem Blue Cross Blue Shield providing analysis for 333,768 claims over a 6-year period in a model where patients were incentivized (by eliminating copays) to use "PT first" to address a variety of musculoskeletal (MSK) diagnoses, they found that:

1. Total MSK costs were 58% less when PT is first in the line of care. The employers enrolled in these programs saved an average of \$1,403 per case and the member saved \$828 on average.
2. In cases where PT precedes surgery, the overall surgical costs are reduced by 29%. In chronic cases that number rose dramatically to a remarkable 74% reduction when opting for PT ahead of surgical intervention for a case which was deemed to be chronic in nature.

Finally, one of the driving factors to patients choosing PT first is education. Helping those patients to understand the diagnostic and treatment capabilities of Physical Therapists doubles the likelihood of choosing PT over an orthopedic surgeon or primary care physician for an MSK issue.

In a study performed by the Moran Group (commissioned by The Alliance for Physical Therapy Quality and Innovation), 38,000 Medicare beneficiaries' cases were reviewed with a primary diagnosis of lumbago or "low back pain". Notably, those who completed a complete course of physical therapy demonstrated a 14-32% lower average total Medicare spend with those who didn't access PT... the PT-engaged population remained "healthier" and spent significantly less on all things medically related as compared to the non-PT group.

I could go on and on...the fact is that Physical Therapy SHOULD be increasing in our country as a means to get and keep people healthy. We must continue to work with a variety of federal agencies to drive that very important point home, since, for the past several years, our industry has endured annual Medicare reimbursement cuts that have made things notably more difficult. Despite those Medicare reimbursement headwinds, we have continued forward to focus on getting our patients healthy.

U.S.*Ph*YSICAL THERAPY, INC.

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Our current year earnings guidance includes several acquisitions, including the one we most recently announced at the end of March, along with other improvements we are working hard to make, most notably in our commercial contracts to offset the Medicare reductions that we have been absorbing for several years now. Our year ending 2023 contained a number of highlights (outlined below) upon which we continue to build:

- Average daily visits/clinic/day achieved record levels in EVERY quarter in 2023 allowing us to end the year at a record-high average of 30.
- We added 46 new clinics through a combination of acquisitions as well as denovo expansions across our strongest local brands.
- We completed a very successful secondary offering of our stock, raising approximately \$165MM which allowed us to pay off our most expensive debt and leaving us with a lot of growth-related capital to deploy directionally for acquisitions and expansion of both parts of our business (IIP as well as PT). This comes at a time when many of our competitors are balance sheet constrained.
- We grew our IIP business with another acquisition, including a young software company that we are excited about as an addition to our service offerings. Our IIP business has grown significantly since we embarked on this service line in early 2017 with a gross profit of less than \$1.5MM. Through solid organic growth as well as several follow-on acquisitions, this important service line now represents about 13 percent of our revenue and delivered gross profit of \$16.4 million in 2023.
- We renegotiated many of our commercial contracts and accomplished reimbursement increases throughout 2023 which we believe will continue through 2024.

Please know that our entire team is working hard to create a great workplace, deliver exceptional patient and client value, be good stewards of our opportunity and our responsibility to make the world better through the delivery of exceptional care and service, and to do all of this with a servant's heart strengthened by the knowledge that we are improving lives and making a difference. We understand our challenges as well as our opportunities. I am blessed to be surrounded by an amazing group of colleagues who strive to make things better every day. They, along with our dedicated team of partners, directors, clinicians and support staff truly care about making a difference and making the world a better place by restoring function, preventing injuries and making impossibilities possible again.

We also appreciate the trust that you have placed in us. Please rest assured that we don't take any of it for granted and we will continue to strive to do the best for our patients, our many stakeholders, and to the extent that we are able, for the industry at large.

Thank you for your continued trust and support! God Bless!



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