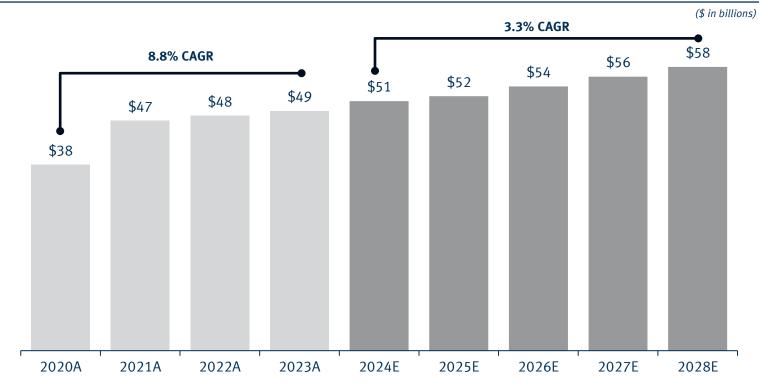


Physical TherapyMARKET OVERVIEW



Physical Therapy Market Overview

Growing U.S. Market...



...Providing Compelling Characteristics for Investment



Large \$37B TAM, wide ranging patient base spanning all ages and levels of physical fitness with additional room for growth as 1 in 2 American adults are affected by a musculoskeletal condition that can be improved by physical therapy



Favorable healthcare delivery dynamics with a shift towards lower cost, less invasive treatments and increasing technology driving forms of care



Expanding accessibility supported by regulatory changes including new rules around reimbursement, as well as virtual physical therapy solutions increasing access to care



Highly fragmented U.S. market with 38,000+ outpatient physical therapy clinics

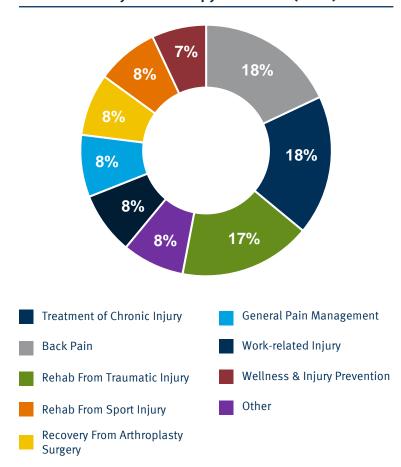
Diversified Demographical Patient Base

Physical Therapy Service Type	Description
Orthopedic Therapy	Diagnose, manage and treat disorders and injuries of joints, muscles, tendons, bones & ligaments
Geriatric Therapy	Treatment for normal adult aging experiencing decrease in strength, coordination and reaction timing
Sports Therapy	Work to heal injuries suffered while exercising or playing sports
Pediatric Therapy	Specialize in the diagnosis, treatment and management of infants, children and adolescents
Neurological Therapy	Specialized type of physical therapy that helps people with nervous system injuries or diseases

Commentary

- From 2030 to 2060, the U.S. population aged 65+ is projected to grow by 25% (representing almost 25% of the U.S. population)
 - As individuals get older, it become more challenging to recover from ailments and injuries due to natural age-related declines in strength, as well as being more prevalent to chronic pain
 - According to a survey, 60% of Americans aged 55+ have received physical therapy by its age group
- The U.S. has also become more increasingly more aware of living healthier lifestyles, which strongly equates to physical activity
 - From 2020-2023, sports & recreational injuries increased 35%
- Physical therapy encompasses both nondiscretionary and discretionary services and with its diversification in both its patient population and treatment options makes for a recession-resistant business model

Reasons for Physical Therapy Treatment (2023)



Critical Solution in Payor's Drive to Improve Patient Care



Personalized

Individualized care treatments and education about disease management, proposing home exercise programs to help strengthen the injured area(s); preventing re-injury and creating a safer discharge plan



Cost Efficient

Not only is physical therapy a cheaper alternative than invasive surgery or injections in the short-term, but for at least a year after initial diagnosis it saves patients and payors on average 18% over treatments that begin with injections and 50% over treatments that begin with surgery



Enhanced Safety

Provides a safer alternative in lieu of pain medications with an increasing demand for non-opioid alternatives as the United States has designated opioids an epidemic; use of early physical therapy is linked with a ~10% statistically significant reduction in subsequent opioid use



Stable Reimbursement

For initial visits, physical therapists use one of three evaluation codes (2024 reimbursement of \$98.56) or a reevaluation code (2024 reimbursement of \$68.44): low-complexity (97161), moderate-complexity (97162), high-complexity (97163), and reevaluation (97164); reimbursement for commonly billed treatment codes remain strong with \$28.82 for therapeutic exercises, manual therapy and gait training (97110, 97140 & 97116)



Reduced Readmission Rate

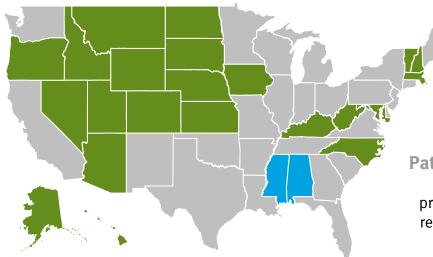
Patients participating in outpatient physical therapy after a surgery/injury have significantly lower readmission rates, which is expected to drive payors to increasingly rely on physical therapy as a source of initial treatment

Improved Direct Access to Physical Therapist Services in the U.S.

Commentary

- All states and Washington D.C. provide for some level of direct access
- Notably, the ability to access a physical therapist directly varies state to state with some having considerable restrictions to direct access and others having none
 - Some limitations for specific treatments, such as spinal manipulation, while others require a therapist to refer to the appropriate provider if reasonable progress is not being made within a certain time frame
 - Certain insurances also require a physician's order for physical therapy or follow up with a physician after initial evaluation
- Physical therapy programs are evolving, awarding doctorate degrees, enabling them to see patients in a direct access manner
- States with enhanced access to physical therapy have shown that early and evidenced-based treatment decreases pain and manages musculoskeletal diseases with positive outcomes
 - Direct access to physical therapy showed reduced physical therapy costs, total health care costs, and number of physical therapy visits compared to physician-first systems
 - Functional outcomes improve more with direct access
- Direct access in states will continue to grow as therapists continue to work with state legislators and demonstrate the importance and efficacy of this model

State by State Patient Access to Physical Therapy (2024)



Unrestricted Patient Access (21 States)

No restrictions or limitations whatsoever for treatment absent a referral

Patient Access With Provisions (27 States)

Access to evaluation and treatment with some provisions such as a time or visit limit, or referral requirement for a specific treatment intervention such as needle EMG or spinal manipulation

Limited Patient Access (2 States)

Access to evaluation, fitness and wellness, and limited treatment only to certain patient populations or under certain circumstances (e.g., treatment restricted to patients with a previous medical diagnosis or subject of a previous physician referral)



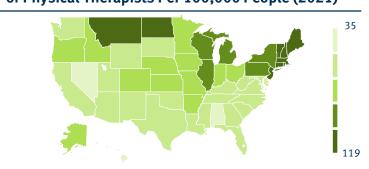
Large and Growing TAM Supported by Continued Demand for Physical Therapists



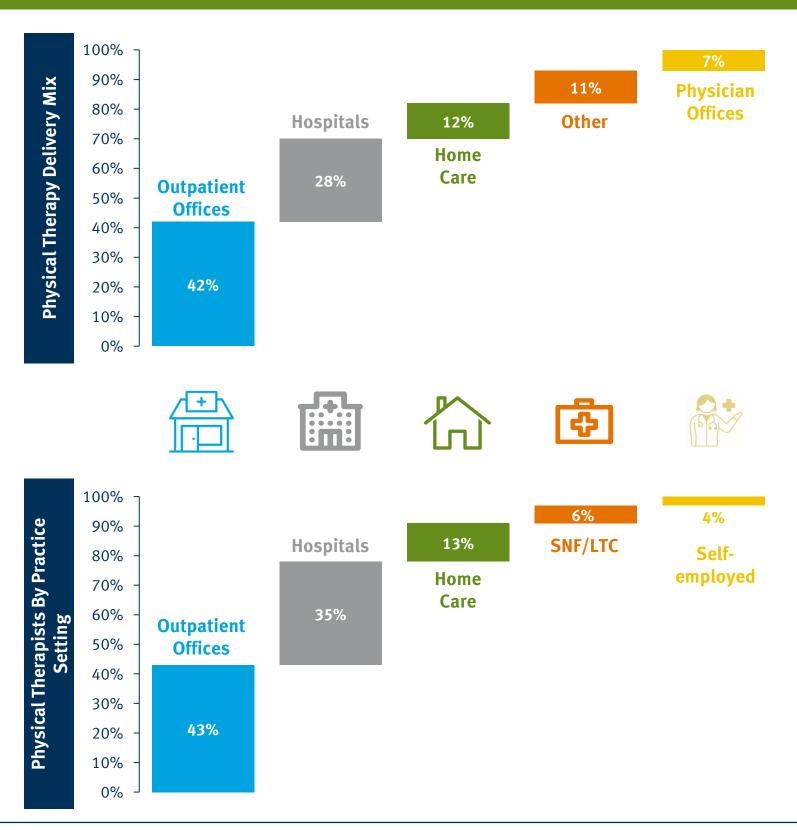
Growth in # of U.S. Physical Therapists (2017-2021)

Year	# of Physical Therapists	U.S. Population ⁽¹⁾	# of Physical Therapists per 100,000 People
2017	209,670	325.0	64.52
2018	217,671	326.7	66.63
2019	223,751	328.2	68.17
2020	232,470	331.5	70.13
2021	238,256	332.0	71.76

of Physical Therapists Per 100,000 People (2021)



Outpatient Offices Are the Primary Location for Physical Therapy Services



Digital Health Footprint in Physical Therapy Services

Low

The Case For Virtual Physical Therapy Solutions

High

Early Access

- Timely assessment and early use of physical therapy can improve health outcomes and avoid unnecessary spending
- For instance, timely physical therapy can accelerate improvement of acute MSK disorders, such as low back pain

Expense

- Even when physical therapy appointments are available, courses of treatment can require 12+ sessions, and each session may require a copay and lead to missed work
- A survey found that nearly half of people suffering from MSK pain indicated that inperson physical therapy was too expensive to pursue

Demographic Disparities

- 13% of lower income individuals used inperson physical therapy compared to 29% of higher income individuals
- 12% of women used in-person physical therapy compared to 26% of men
- 7% of individuals aged 57 and older used inperson physical therapy compared to 29% of people aged 26-40

Difficultly of Access

- People live in areas with limited access to convenient in-person physical therapy or face transportation or mobility issues
- Scheduling challenges around busy schedules, work and coordinating childcare make it difficult to schedule appointments during the weekday

Illustrative Virtual Musculoskeletal Solutions

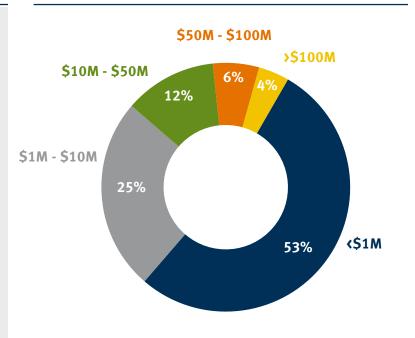
Solutions	Companies	Observations on Efficacy
App-Based Exercise Therapy	dario kaia health	 Improves pain, but less effective in mobilization/improved functioning Not a realistic alternative to more comprehensive forms of physical therapy
Physical Therapist Guided Solutions / RTM-Augmented Physical Therapy Solutions	Hinge omada (3) recoveryone vori health Limber sword	 Improves both pain and function, comparable to in-person physical therapy Has the potential to decrease net spending relative to in-person physical therapy with savings from avoided care

Fragmented Outpatient Physical Therapy Services Market

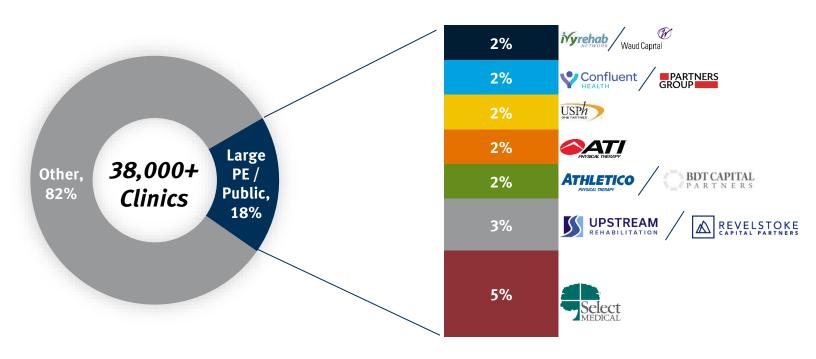
Commentary

- Despite continued consolidation in outpatient physical therapy over the last few years, the market is still ripe for consolidation with 80%+ of clinics having less than 2% market share
 - The public players (Select Medical, ATI & USPH)
 make up ~10% of the outpatient physical therapy
 market
- Over 50% of outpatient physical therapy companies generate less than \$1M in annual revenue
 - For these practices, partnering with a strategic can increasing scale and enable stronger payor relationships, amongst a plethora of other backoffice capability benefits
- The public companies and large private equity backed platforms will look to benefit from this fragmentation to gain regional and national market share

Annual Revenue by Company



Market Share Based on Clinic Count









rship	Sponsor			
Ownership	Date			
	Headquarters			
	Founded			
	Locations			
Company Information	Additional Commentary	Contact the Stifel	Multi-Site Healthcare	Team for Details
Сотр	# of States			
	Geographical Footprint			







rship	Sponsor			
Ownership	Date			
	Headquarters			
	Founded			
	Locations			
Company Information	Additional Commentary	Contact the Stifel	Multi-Site Healthcare	Team for Details
Сотр	# of States			
	Geographical Footprint			







Ownership	Sponsor			
Owne	Date			
	Headquarters			
	Founded			
	Locations			
Company Information	Additional Commentary	Contact the Stifel	Multi-Site Healthcare	Team for Details
Сотр	# of States			
	Geographical Footprint			







Ownership	Sponsor			
Owne	Date			
	Headquarters			
	Founded			
	Locations			
Company Information	Additional Commentary	Contact the Stifel	Multi-Site Healthcare	Team for Details
Сотр	# of States			
	Geographical Footprint			





rship	Sponsor
Ownership	Date
	Headquarters
	Founded
	Locations
Company Information	Additional Commentary
Сотра	# of States
	Geographical Footprint

Case Study: Hinge Health (NYSE:HNGE) Initial Public Offering

\$502,908,800

Hinge Health™

Initial Public Offering Joint Bookrunning Manager May 2025 Stifel Served as a Joint Bookrunning Manager on Hinge Health's (NYSE:HNGE) \$503 Million Initial Public Offering

Company Overview

Hinge Health ("Hinge" or the "Company") is a leading musculoskeletal care platform for individuals seeking to treat and prevent joint and muscle pain. Hinge blends its software-led, AI-powered delivery model and wearable device with expert clinical care (including licensed physical therapists, physicians and board-certified health coaches) to help people move beyond pain

Use of Primary Proceeds

Marketing Timeline

the sale of the sale of

Key Performance Indicators⁽¹⁾

Offering Summary

Contact the Stifel Multi-Site Healthcare Team for Details

Stifel's Dedicated Multi-Site Healthcare Coverage Team

Coverage Team



Patrick Krause *Managing Director*

Address:

One Montgomery Street, San Francisco, CA 94104

Contact Information:

(415) 364-7174 krausepa@stifel.com

Focus at Stifel

Patrick is a senior investment banker at Stifel where he focuses on healthcare services transactions. He specializes in M&A and capital raising, working closely with key stakeholders across a range of healthcare industry subverticals including specialty physician groups, behavioral healthcare, and other healthcare services enabling the care of patients.

Career Background

Over the past 15+ years, Patrick has had increasingly senior roles in healthcare and investment banking. Most recently, Patrick led the Healthcare Services practice at MHT Partners. Prior to joining MHT Partners, Patrick worked for Novartis' Molecular Diagnostics group (now part of Grifols). From 2003 to 2011, he worked for Deloitte, where he served many of the firm's largest healthcare clients. Through these engagements, Patrick provided an array of strategic, financial, and technology advisory services to healthcare leaders at hospitals, commercial payors, technology, and life sciences companies.

Education

MBA, University of California – Haas School of Business BA, Economics, Organizational Studies, University of Michigan, Ann Arbor

Select Multi-Site Healthcare Experience























Physical TherapyMARKET OVERVIEW



Stifel collectively refers to Stifel, Nicolaus & Company, Incorporated and other affiliated broker-dealer subsidiaries of Stifel Financial Corp. The information and statistical data contained herein have been obtained from sources that Stifel believes are reliable, but Stifel makes no representation or warranty as to the accuracy or completeness of any such information or data and expressly disclaims any and all liability relating to or resulting from your use of these materials. The information and data contained herein are current only as of the date(s) indicated, and Stifel has no intention, obligation, or duty to update these materials after such date(s). These materials do not constitute an offer to sell or the solicitation of an offer to buy any securities, and Stifel is not soliciting any action based on this material. Stifel may be a market-maker in certain of these securities, and Stifel may have provided investment banking services to certain of the companies listed herein. Stifel and/or its respective officers, directors, employees, and affiliates may at any time hold a long or short position in any of these securities and may from time-to-time purchase or sell such securities. This material was prepared by Stifel Investment Banking and is not the product of the Stifel Research Department. It is not a research report, and should not be construed as such. This material may not be distributed without Stifel's prior written consent.