

A low-angle, close-up shot of several runners' legs and feet as they jog on a paved track. The focus is sharp on the runner in the foreground, showing their blue shorts and bright green socks. Other runners in various colored shorts and shoes are visible in the background, slightly out of focus. The scene is brightly lit, suggesting a sunny day.

# THIRD QUARTER 2021 EARNINGS CALL PRESENTATION

November 4, 2021

ANIKA. RESTORE ACTIVE LIVING.

# SAFE HARBOR STATEMENTS

## **Cautionary Note on Forward-looking Statements**

The statements made in, and during the course of, this presentation that are not statements of historical fact, including those related to the Company's commercial capabilities, initiatives and production, its product pipeline and associated timelines, its upcoming corporate milestones, and its growth strategy and projections, are forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in "believe," "will," "would," "expect," "anticipate," "intend," "estimate," "plan," "likely," and other expressions, which are predictions of, or indicate future events and trends, and which do not constitute historical matters, identify forward-looking statements, including, without limitation, relating to the impact of the COVID-19 global pandemic and related developments on our ongoing business, clinical studies and future expectations with respect to its 2021 business objectives and financial performance, those statements related to the Company's product pipeline, the regulatory status, including plans for expanded indications, of the Company's products, the market potential of the Company's products, and management's discussion of the Company's growth and strategic plans. The Company's actual results could differ materially from any anticipated future results, performance or achievements described in the forward-looking statements as a result of a number of factors, both known and unknown, including, without limitation, future strategic decisions made by the Company, the results of its research and development efforts and the timing of regulatory approvals.

## **Cautionary Note on Non-GAAP Financial Measures**

This presentation refers to certain non-GAAP financial measures. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, calculated and presented in accordance with GAAP, is available under the "Quarterly Results" tab in the Investor Relations section of the Company's website at [www.anika.com](http://www.anika.com).



# Q3 2021 HIGHLIGHTS

- ✓ Revenue growth of 25% over prior year
  - ✓ Joint Pain Management up 42% on favorable order timing
  - ✓ Joint Preservation and Restoration lower by 4% on COVID Delta headwinds
- ✓ Adjusted gross margin<sup>1</sup> of 66%, positive adjusted EBITDA<sup>1</sup> with positive operating cash flow
- ✓ Full market launch of WristMotion<sup>®</sup> Total Wrist Arthroplasty system
- ✓ Tactoset<sup>®</sup> received additional 510(k) clearance for hardware augmentation
- ✓ Attended American Academy of Orthopedic Surgeons (AAOS) in August showcasing full Anika portfolio
- ✓ Continued to strengthen Anika's leadership team through the addition of Anne Nunes as VP of Operations and appointment of Sheryl Conley as independent director to the board, both with extensive orthopedic experience
- ✓ Roll out of existing global ERP system, SAP, to ArthroSurface and Parcus operations



(1) Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Third Quarter 2021 earnings press release



# KEY PRODUCT DEVELOPMENT AND CLINICAL TRIAL TIMELINE

**Investments  
for Growth  
through 2024**



## Product

**6 Soft Tissue  
Repair Products**

**Total  
WristMotion**



**Tactoset  
Expansion**



**Rotator Cuff  
System**

## Category

Soft Tissue

Bone Preserving

Regenerative

Regenerative

## Pre-Clinical/Clinical

2021 Pre-clinical Study

U.S. CBER IDE Enrolling; LPO early 2025

U.S. Pilot Enrolling; LPO 1H22 Pivotal to Follow

## FDA

510(k) Cleared

510(k) Cleared

510(k) Cleared for augmentation  
Submitting addit'l 510(k) in 2022

Submitting 510(k) in 2022

Estimated PMA Filing in 2025

Estimated NDA Filing in 2026

## To Market

Launched 4Q20

Launched Sept 2021

Launched in Oct 2021

**Additional 2022-2024 NPD Projects in Soft Tissue Repair, Regenerative Solutions and Bone Preserving Implants**

**Investments  
for Growth  
2024+**



**Hyalofast**



**Cingal**

Regenerative

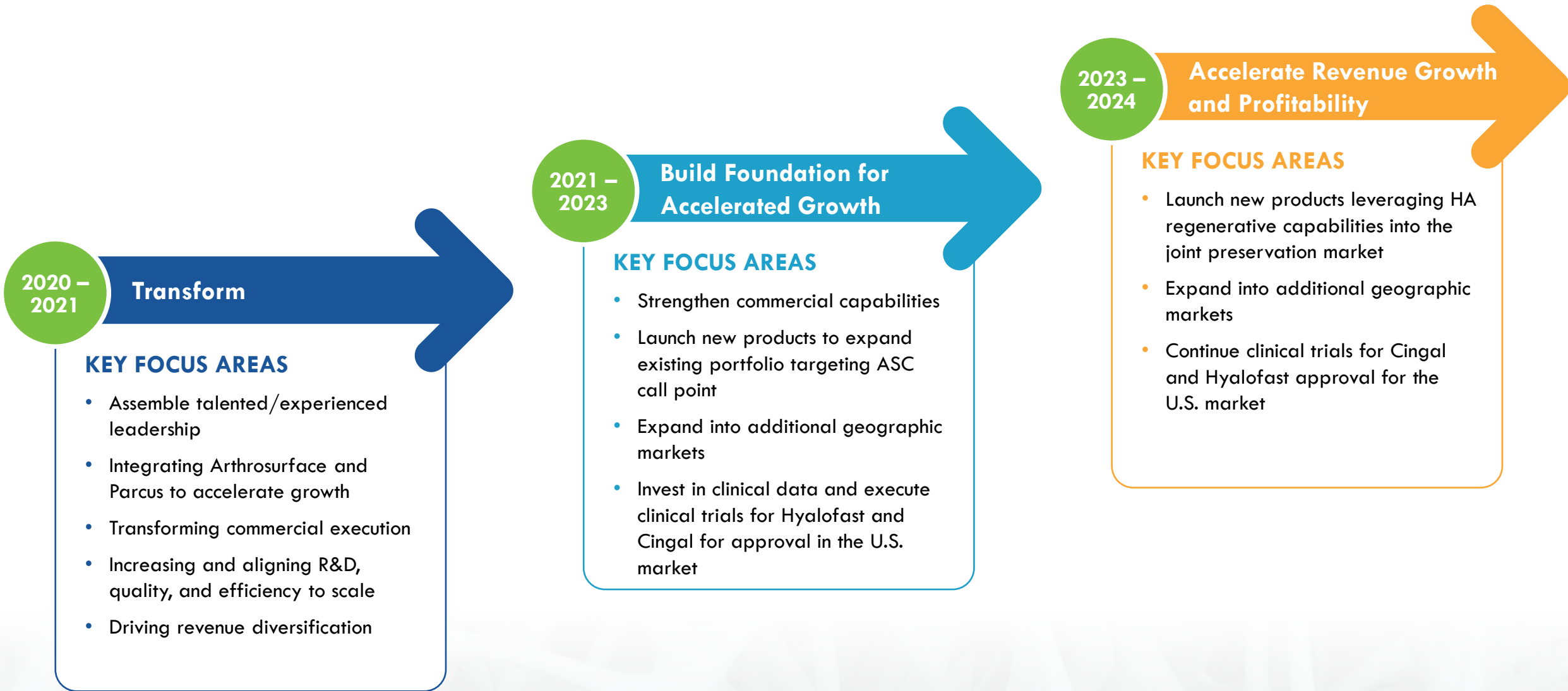
Pain Management

**Meaningful Solutions in  
Early Intervention Orthopedic Care**

**Delivering New Soft Tissue and Regenerative  
Solutions Leveraging Proprietary HA Technology**

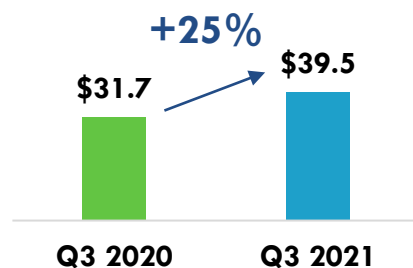
**2024 Financial Targets Do Not Include Pipeline  
Opportunities from Cingal and Hyalofast in U.S.**

# MULTI-YEAR STRATEGY FOR VALUE CREATION

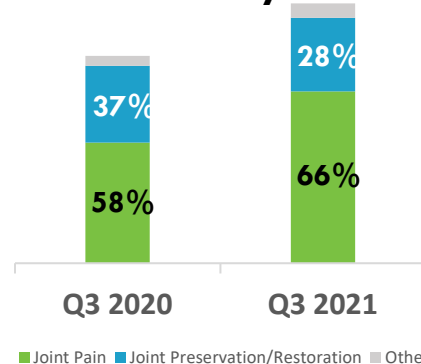


# Q3 2021 FINANCIAL HIGHLIGHTS

## Total Revenue



## Product Family Revenue



**\$91.0 million**  
Cash Balance as of Sept. 30, 2021

Dollars in millions

- Total revenue increased 25% to \$39.5 million
  - Joint Pain Management revenue of \$26.2 million, higher by 42% on favorable order timing
  - Joint Preservation and Restoration revenue of \$11.2 million, lower by 4%, due to COVID Delta headwinds
  - Other revenue increased to \$2.2 million
- Gross margin of 58% includes \$3.0 million of acquisition related expenses; Adjusted gross margin<sup>1</sup> of 66%
- Net income of \$0.6 million, \$0.04 per share; Adjusted net income<sup>1</sup> of \$0.8 million, \$0.05 per share; Adjusted EBITDA<sup>1</sup> of \$5.7 million
  - Net income benefitted by reduction in value of contingent consideration of \$1.9 million, net of tax
- Cash balance of \$91.0 million; operating cash flow of \$2.1 million, net of \$2.8 million associated with earn-out payment

(1) Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q3 2021 earnings press release

# 2021 REVENUE OUTLOOK - REVISED

## Revenue Growth

**TOTAL COMPANY** 9% - 11% (lowered due to COVID Delta headwinds; previously 11-14%)

- Joint Preservation & Restoration** Upper-Teens % Growth
- Joint Pain Management** Mid Single-digit % Growth
- Other** Mid Single-digit % Growth

There remains continued uncertainty in the global market associated with the impact of the COVID pandemic, and the Company's outlook for fiscal 2021 is subject to changing dynamics associated with COVID including COVID variants, vaccine distribution and other related developments.



**ON TRACK TO ACHIEVE 2024 TARGET OF DOUBLING 2019 REVENUE**



# TRANSFORMATIONAL GROWTH STORY DRIVES SIGNIFICANT STAKEHOLDER VALUE

## Strong 2024 Targets to Accelerate Revenue Growth with Growing Profitability; Building Opportunity Set for Beyond

- ✓ Expanded market **opportunity from \$1B to \$8B+**
- ✓ **Continuing to sustain #1 position** in U.S. joint pain management injectables market
- ✓ **Strengthened commercial organization;** will deliver differentiated orthopedic surgical solutions
- ✓ **Robust innovation pipeline leveraging our HA and implant expertise** across early intervention orthopedics
- ✓ Delivering game changing solutions **Hyalofast** and **Cingal** in U.S. for **additional growth beyond 2024**

## 2024 TARGETS

**Doubling 2019 Revenue on Mid-Teens Revenue CAGR**

**Adj. Gross Margin<sup>1</sup> Expands to 70%+**

**Double-digit Adj. EBITDA<sup>1,2</sup> Growth Run Rate by 2024; >20% Adj. EBITDA Margin**



# NON-GAAP RECONCILIATION AND SUPPLEMENTAL DATA

# STATEMENT OF OPERATIONS

Anika Therapeutics, Inc. and Subsidiaries  
 Consolidated Statements of Operations  
 (in thousands, except per share data)  
 (unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 39,536	\$ 31,694	\$ 111,973	\$ 97,769
Cost of Revenue	16,513	14,351	47,164	45,487
Gross Profit	23,023	17,343	64,809	52,282
Operating expenses:				
Research and development	7,673	5,217	21,327	15,799
Selling, general and administrative	17,500	15,903	53,664	44,884
Goodwill impairment	-	-	-	18,144
Change in fair value of contingent consideration	(3,450)	4,150	(21,920)	(16,176)
Total operating expenses	21,723	25,270	53,071	62,651
Income (loss) from operations	1,300	(7,927)	11,738	(10,369)
Interest and other expense, net	(48)	(228)	(141)	(118)
Income (loss) before income taxes	1,252	(8,155)	11,597	(10,487)
Income taxes	694	(1,744)	1,670	(2,161)
Net income (loss)	\$ 558	\$ (6,411)	\$ 9,927	\$ (8,326)
Net income (loss) per share:				
Basic	\$ 0.04	\$ (0.45)	\$ 0.69	\$ (0.59)
Diluted	\$ 0.04	\$ (0.45)	\$ 0.68	\$ (0.59)
Weighted average common shares outstanding:				
Basic	14,429	14,205	14,389	14,202
Diluted	14,647	14,205	14,588	14,202



# BALANCE SHEET

Anika Therapeutics, Inc. and Subsidiaries  
 Consolidated Balance Sheets  
 (in thousands, except per share data)  
 (unaudited)

ASSETS	September 30, 2021	December 31, 2020
Current assets:		
Cash, cash equivalents and investments	\$ 90,976	\$ 98,318
Accounts receivable, net	32,352	24,102
Inventories, net	35,019	46,209
Prepaid expenses and other current assets	7,433	8,754
Total current assets	165,780	177,383
Property and equipment, net	49,111	50,613
Right-of-use assets	21,397	22,619
Other long-term assets	23,671	15,420
Intangible assets, net	85,021	91,157
Goodwill	7,950	8,413
Total assets	<u>\$ 352,930</u>	<u>\$ 365,605</u>
		-
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7,942	\$ 8,984
Accrued expenses and other current liabilities	17,339	14,793
Contingent consideration	3,490	13,090
Total current liabilities	28,771	36,867
Other long-term liabilities	1,489	1,244
Contingent consideration	-	22,320
Deferred tax liability	12,972	11,895
Lease liabilities	19,638	20,879
Stockholders' equity:		
Common stock, \$0.01 par value	144	143
Additional paid-in-capital	63,864	55,355
Accumulated other comprehensive loss	(5,319)	(4,542)
Retained earnings	231,371	221,444
Total stockholders' equity	290,060	272,400
Total liabilities and stockholders' equity	<u>\$ 352,930</u>	<u>\$ 365,605</u>





# RECONCILIATION TABLES – GAAP GROSS PROFIT TO ADJUSTED GROSS PROFIT AND ADJUSTED GROSS MARGIN

**Anika Therapeutics, Inc. and Subsidiaries**  
**Reconciliation of GAAP Gross Profit to Adjusted Gross Profit**  
**(per share data)**  
(unaudited)

<i>in thousands</i>	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Gross Profit	\$ 23,023	\$ 17,343	\$ 64,809	\$ 52,282
Product rationalization related charges	-	-	2,063	1,920
Acquisition related intangible asset amortization	1,562	1,562	4,686	4,283
Acquisition related inventory step up	1,458	3,273	6,244	7,396
Adjusted Gross Profit	<u>\$ 26,043</u>	<u>\$ 22,178</u>	<u>\$ 77,802</u>	<u>\$ 65,881</u>
Adjusted Gross Margin	66%	70%	69%	67%

# RECONCILIATION TABLES – GAAP NET INCOME TO ADJUSTED EBITDA

**Anika Therapeutics, Inc. and Subsidiaries**  
**Reconciliation of GAAP Net Income to Adjusted EBITDA**  
**(in thousands, except per share data)**  
(unaudited)

<i>in thousands, except per share data</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 558	\$ (6,411)	\$ 9,927	\$ (8,326)
Interest and other expense, net	48	228	141	118
Provision (benefit) for income taxes	694	(1,744)	1,670	(2,161)
Depreciation and amortization	1,789	1,718	5,226	5,132
Share-based compensation	2,863	1,920	7,919	3,953
Product rationalization	-	-	2,063	2,892
Acquisition related expenses	-	-	-	4,157
Acquisition related intangible asset amortization	1,787	1,760	5,361	4,831
Acquisition related inventory step up	1,458	3,273	6,244	7,396
Goodwill impairment	-	-	-	18,144
Change in fair value of contingent consideration	(3,450)	4,150	(21,920)	(16,176)
Adjusted EBITDA	<u>\$ 5,747</u>	<u>\$ 4,894</u>	<u>\$ 16,631</u>	<u>\$ 19,960</u>

# RECONCILIATION TABLES – GAAP NET INCOME TO ADJUSTED NET INCOME

**Anika Therapeutics, Inc. and Subsidiaries**  
**Reconciliation of GAAP Net Income to Adjusted Net Income**  
**(in thousands, except per share data)**  
(unaudited)

<i>in thousands, except per share data</i>	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net income (loss)	\$ 558	\$ (6,411)	\$ 9,927	\$ (8,326)
Product rationalization, tax effected	-	-	1,590	2,377
Acquisition related expenses, tax effected	-	-	-	3,174
Acquisition related intangible asset amortization, tax effected	1,146	1,340	3,898	3,688
Acquisition related inventory step up, tax effected	935	2,492	4,626	5,646
Goodwill impairment, tax effected	-	-	-	15,773
Change in fair value of contingent consideration, tax effected	(1,865)	3,336	(17,152)	(13,873)
Adjusted net income	<u>\$ 774</u>	<u>\$ 757</u>	<u>\$ 2,889</u>	<u>\$ 8,459</u>



# RECONCILIATION TABLES – GAAP EPS TO ADJUSTED EPS

**Anika Therapeutics, Inc. and Subsidiaries**  
**Reconciliation of GAAP Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share**  
**(per share data)**  
(unaudited)

<i>in thousands, except per share data</i>	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Diluted earnings (loss) per share (EPS)	\$ 0.04	\$ (0.45)	\$ 0.68	\$ (0.59)
Product rationalization, tax effected	-	-	0.11	0.17
Acquisition related expenses per share, tax effected	-	-	-	0.22
Acquisition related intangible asset amortization, tax effected	0.08	0.09	0.27	0.26
Acquisition related inventory step up, tax effected	0.06	0.18	0.32	0.40
Goodwill impairment, tax effected	-	-	-	1.11
Change in fair value of contingent consideration, tax effected	(0.13)	0.23	(1.18)	(0.98)
Adjusted diluted EPS	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.20</u>	<u>\$ 0.59</u>

# REVENUE BY PRODUCT FAMILY

Revenue by Product Family  
(in thousands, except percentages)  
(unaudited)

<i>in thousands</i>	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2021	%	2020	%	2021	%	2020	%
Joint Pain Management	\$ 26,153	66%	\$ 18,439	58%	\$ 69,790	62%	\$ 66,168	68%
Joint Preservation and Restoration	11,193	28%	11,715	37%	35,296	32%	26,233	27%
Other	2,190	6%	1,540	5%	6,887	6%	5,368	5%
Revenue	\$ 39,536	100%	\$ 31,694	100%	\$ 111,973	100%	\$ 97,769	100%