

# Q1 2023 EARNINGS CALL

MAY 9, 2023



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 2023 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).

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# Q1 2023 BUSINESS HIGHLIGHTS

## ✓ Positive Start to 2023 Revenue Growth (reported growth up 3%, core<sup>1</sup> growth up 9% vs. Q1 '22)

- OA Pain Management<sup>2</sup> up 8%
- Joint Preservation and Restoration up 11%
- Non-Orthopedic<sup>2</sup> down 49%

## ✓ OA Pain Management

- #1 U.S. market share<sup>3</sup> position with single-injection Monovisc and multi-injection Orthovisc
- Actively engaging with FDA on Cingal and exploring partnerships in U.S. and select Asian markets

## ✓ Joint Preservation and Restoration

- X-Twist Fixation System full market release building traction and adoption with positive clinical feedback
- RevoMotion Reverse Shoulder System receiving very positive clinical feedback in LMR
- Tactoset received an additional 510(k) clearance for use with autologous bone marrow aspirate (BMA) for regenerative healing

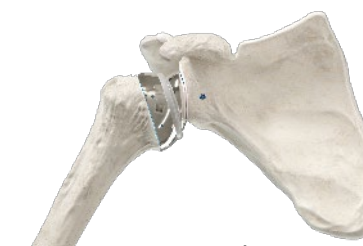
## ✓ Appointed Gary Fischetti to Board of Directors (subsequent to quarter end)



CINGAL®



X-Twist™  
Fixation System



RevoMotion™  
Reverse Shoulder System

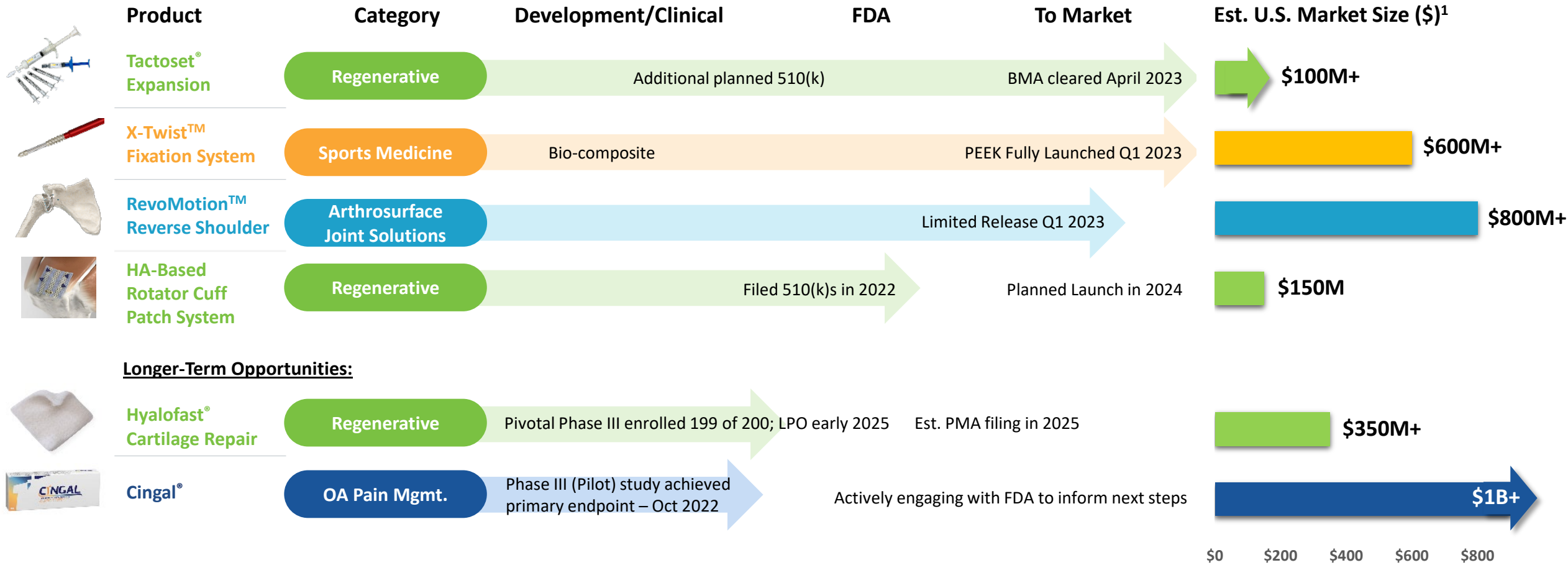
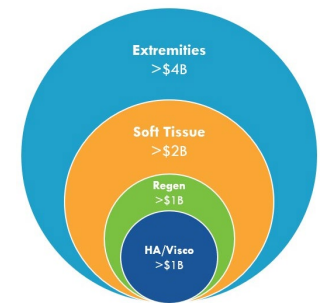
<sup>1</sup> Core revenue growth excludes Non-Orthopedic revenues

<sup>2</sup> Veterinary product revenue historically reported in OA Pain Management is now reported in the Non-Orthopedic product family

<sup>3</sup> SmartTRAK Q3 2022 data

# KEY PRODUCT DEVELOPMENT AND CLINICAL TRIAL TIMELINE

NEW PRODUCT LAUNCHES ACCELERATE JOINT PRESERVATION GROWTH IN 2023-2024+



\$0 \$200 \$400 \$600 \$800

Note: Last Patient Out (LPO)

<sup>1</sup> SmartTRAK 2022 and internal estimates

# A ROBUST AND DIFFERENTIATED SHOULDER PORTFOLIO WITH A SPECIFIC FOCUS ACROSS THE CONTINUUM OF ROTATOR CUFF DISEASE

**~\$2.0B**

Market Opportunity Across  
Shoulder Continuum Of Care

Prevalence and progression of  
rotator cuff disease needs  
multiple strategies and  
solutions

Anika is building a robust and  
differentiated portfolio

- Sports Medicine
- Regenerative
- Arthroscopic Joint Solutions

## RevoMotion Reverse Shoulder

**~99,000**

ANNUAL PROCEDURES<sup>1</sup>

**\$800M+**

MARKET<sup>1</sup>

↑ 11%

5-YR CAGR

## OVOMotion Anatomic Shoulder

**~80,000**

ANNUAL PROCEDURES<sup>1</sup>

**\$450M+**

MARKET<sup>1</sup>

↑ 6%

5-YR CAGR

## X- Twist Fixation System

**~700,000**

ANNUAL PROCEDURES<sup>1</sup>

**\$600M+**

MARKET<sup>1</sup>

↑ 5%

5-YR CAGR

## Tactoset Bone Substitute

**~30,000**

ANNUAL PROCEDURES<sup>1</sup>

**\$100M+**

MARKET<sup>1</sup>

↑ 3%

5-YR CAGR

## Regenerative Rotator Cuff Patch System<sup>2</sup>

**~75,000**

ANNUAL PROCEDURES<sup>1</sup>

**\$150M+**

MARKET<sup>1</sup>

↑ 7%

5-YR CAGR

<sup>1</sup> SmartTRAK 2022 and internal estimates for U.S. market only; CAGR 2021-2026

<sup>2</sup> Anika's HA-based regenerative rotator cuff patch system includes multiple 510(k) filings and has not yet been cleared for sale in the U.S. The Company expects this system to launch in 2024.

# Q1 FY2023 FINANCIAL HIGHLIGHTS

|   | Three months ended March 31, |                          |                          |
|---|------------------------------|--------------------------|--------------------------|
|   | 2023                         | 2022                     | Change                   |
| OA Pain Management  | \$22.6M                      | \$21.0M                  | 8%                       |
| Joint Preservation and Restoration                              | \$13.5M                      | \$12.1M                  | 11%                      |
| Non-Orthopedic  | \$1.8M                       | \$3.6M                   | (49%)                    |
| <b>Total Revenue</b>  | <b>\$37.9M</b>               | <b>\$36.7M</b>           | <b>3%</b>                |
| <b>Gross Margin/Adjusted Gross Margin<sup>1</sup></b>           | <b>60%/64%</b>               | <b>59%/64%</b>           | <b>1 pts/0 pts</b>       |
| <b>Operating Expenses</b>                                       | <b>\$35.4M<sup>2</sup></b>   | <b>\$25.4M</b>           | <b>\$10.0M</b>           |
| <b>Net Income (loss)/Adjusted Net Income (loss)<sup>1</sup></b> | <b>(\$10.4)M/(\$5.3)M</b>    | <b>(\$2.9)M/(\$1.6)M</b> | <b>(\$7.5)M/(\$3.7)M</b> |
| <b>Earnings per share/Adjusted EPS<sup>1</sup></b>              | <b>(\$0.71)/(\$0.36)</b>     | <b>(\$0.20)/(\$0.11)</b> | <b>(\$0.51)/(\$0.25)</b> |
| <b>Adjusted EBITDA<sup>1</sup></b>                              | <b>(\$1.2)M</b>              | <b>\$2.6M</b>            | <b>(\$3.8)M</b>          |
| <b>Cash Balance</b>   | <b>\$79.7M</b>               | <b>\$86.3M</b>           | <b>(\$6.6)M</b>          |
| <b>Operating Cash Flow</b>                                      | <b>\$(3.6)M</b>              | <b>(\$1.9)M</b>          | <b>(\$1.7)M</b>          |

<sup>1</sup> Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q1 2023 earnings press release

<sup>2</sup> Operating Expenses in Q1 2023 included \$5.8M of non-recurring corporate costs (\$3.3M Arbitration settlement, \$0.8M Shareholder activism costs, \$1.7M other corporate costs)

# 2023 REVENUE OUTLOOK

## Product Families

|   |  |
|---|--|
| <b>OA Pain Management</b>                 | <b>\$93.5 to \$96 million (Growth of 2% to 4%) *</b> |
| <b>Joint Preservation and Restoration</b> | <b>\$55.5 to \$58 million (Growth of 10% to 15%)</b> |
| <b>Non-Orthopedic</b>                     | <b>Approximately \$9 million (Down ~35%) *</b>       |
| <b>Total Company</b>                      | <b>\$158 to \$163 million (Growth of 1% to 4%)</b>   |

\* Effective January 1, 2023, the Company began to report revenue from product sales to veterinary customers within the Non-Orthopedic product family whereas such revenue had been previously reported within the OA Pain Management product family. The Company's growth outlook reflects this reclassification for both 2023 and 2022.

# ANIKA'S COMPELLING INVESTMENT THESIS

## Expanding Market Opportunity in Joint Preservation and Restoration

- Acquisitions and new products expand TAM from \$1 billion in 2019 to \$8+ billion<sup>1</sup> market today with ~5-7% market CAGR
- Positioned to accelerate growth in 2023 and beyond

## Leadership Position in OA Pain Management Market

- #1 market share in U.S. with Monovisc and Orthovisc
- Strong growth OUS with Cingal, Monovisc and Orthovisc

## Diversified Best-in-Class Portfolio with Robust R&D Pipeline

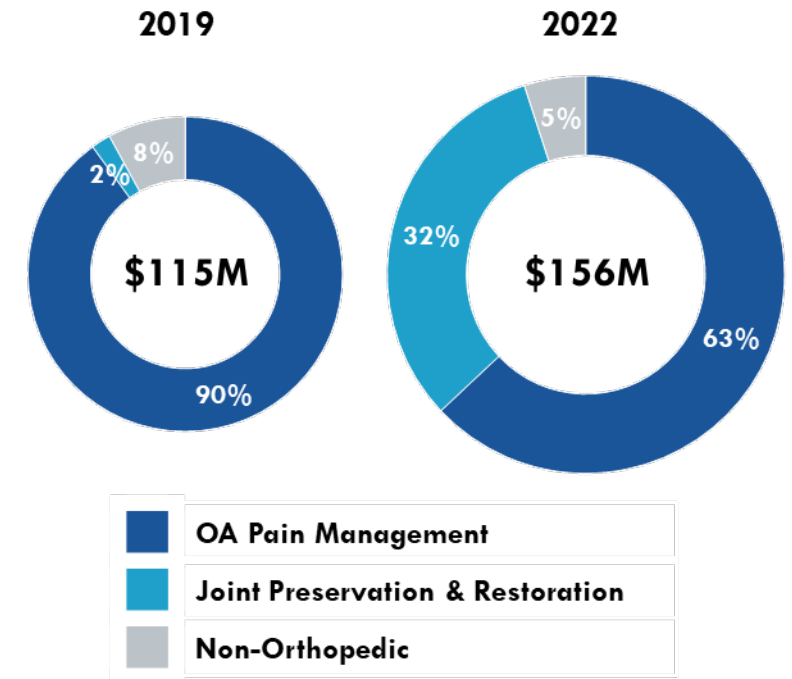
- Broad, differentiated product portfolio with OA Pain Management, Regenerative Solutions, Sports Medicine, and Arthroscopic Joint Solutions
- Multiple new product introductions over next 18 months
- Work ongoing to bring Hyalofast and Cingal to market in the U.S.

## Strong Financial Foundation and Disciplined Capital Allocation

- Healthy balance sheet with solid cash position and no debt

## Revenue Growth and Diversification

~11% CAGR



<sup>1</sup> SmartTRAK and internal estimates

RESTORING ACTIVE LIVING FOR PEOPLE AROUND THE WORLD



# 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)

|   | <b>For the Three Months Ended March 31,</b> |             |
|---|---|-------------|
|   | <b>2023</b>                                 | <b>2022</b> |
| Revenue                                     | \$ 37,924                                   | \$ 36,693   |
| Cost of Revenue                             | 15,081                                      | 14,889      |
| Gross Profit                                | 22,843                                      | 21,804      |
| <i>% revenue</i>                            | <i>60%</i>                                  | <i>59%</i>  |
| Operating expenses:                         |   |             |
| Research and development                    | 8,400                                       | 6,157       |
| Selling, general and administrative         | 26,996                                      | 19,201      |
| Total operating expenses                    | 35,396                                      | 25,358      |
| Loss from operations                        | (12,553)                                    | (3,554)     |
| Interest and other income (expense), net    | 539   | (154)       |
| Loss before income taxes                    | (12,014)                                    | (3,708)     |
| Benefit from income taxes                   | (1,664)                                     | (775)       |
| Net loss                                    | \$ (10,350)                                 | \$ (2,933)  |
| Net loss per share:                         |   |             |
| Basic                                       | \$ (0.71)                                   | \$ (0.20)   |
| Diluted                                     | \$ (0.71)                                   | \$ (0.20)   |
| Weighted average common shares outstanding: |   |             |
| Basic                                       | 14,640                                      | 14,466      |
| Diluted                                     | 14,640                                      | 14,466      |

# BALANCE SHEET

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

| <b>ASSETS</b>                                  | <b>March 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|---------------------------|------------------------------|
| Current assets:                                |                           |                              |
| Cash, cash equivalents and investments         | \$ 79,737                 | \$ 86,327                    |
| Accounts receivable, net                       | 30,629                    | 34,627                       |
| Inventories, net                               | 41,319                    | 39,765                       |
| Prepaid expenses and other current assets      | <u>8,646</u>              | <u>8,828</u>                 |
| Total current assets                           | 160,331                   | 169,547                      |
| Property and equipment, net                    | 48,803                    | 48,279                       |
| Right-of-use assets                            | 30,175                    | 30,696                       |
| Other long-term assets                         | 18,131                    | 17,219                       |
| Deferred tax assets                            | 1,519                     | 1,449                        |
| Intangible assets, net                         | 72,653                    | 74,599                       |
| Goodwill                                       | <u>7,462</u>              | <u>7,339</u>                 |
| Total assets                                   | <u>\$ 339,074</u>         | <u>\$ 349,128</u>            |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>    |                           |                              |
| Current liabilities:                           |                           |                              |
| Accounts payable                               | \$ 8,948                  | \$ 9,074                     |
| Accrued expenses and other current liabilities | <u>19,745</u>             | <u>18,840</u>                |
| Total current liabilities                      | 28,693                    | 27,914                       |
| Other long-term liabilities                    | 399                       | 398                          |
| Deferred tax liability                         | 4,114                     | 6,436                        |
| Lease liabilities                              | 28,280                    | 28,817                       |
| Stockholders' equity:                          |                           |                              |
| Common stock, \$0.01 par value                 | 147                       | 146                          |
| Additional paid-in-capital                     | 83,243                    | 81,141                       |
| Accumulated other comprehensive loss           | (6,171)                   | (6,443)                      |
| Retained earnings                              | <u>200,369</u>            | <u>210,719</u>               |
| Total stockholders' equity                     | 277,588                   | 285,563                      |
| Total liabilities and stockholders' equity     | <u>\$ 339,074</u>         | <u>\$ 349,128</u>            |

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

**Reconciliation of GAAP Gross Profit to Adjusted Gross Profit**  
(in thousands)  
(unaudited)

|   | <b>For the Three Months Ended March 31,</b> |                  |
|---|---|------------------|
|   | <b>2023</b>                                 | <b>2022</b>      |
| Gross Profit                                      | \$ 22,843                                   | \$ 21,804        |
| Acquisition related intangible asset amortization | 1,562                                       | 1,562            |
| Adjusted Gross Profit                             | <u>\$ 24,405</u>                            | <u>\$ 23,366</u> |
| Unadjusted Gross Margin                           | 60%   | 59%              |
| Adjusted Gross Margin                             | 64%   | 64%              |

# RECONCILIATION TABLES – GAAP NET INCOME TO ADJUSTED EBITDA

**Reconciliation of GAAP Net Income to Adjusted EBITDA**  
**(in thousands)**  
**(unaudited)**

|   | <b>For the Three Months Ended March 31,</b> |                 |
|---|---|-----------------|
|   | <b>2023</b>                                 | <b>2022</b>     |
| Net loss  | \$ (10,350)                                 | \$ (2,933)      |
| Interest and other (income) expense, net          | (539)                                       | 154             |
| Benefit from income taxes                         | (1,664)                                     | (775)           |
| Depreciation and amortization                     | 1,764                                       | 1,830           |
| Stock-based compensation                          | 3,717                                       | 2,545           |
| Arbitration settlement                            | 3,250                                       | -               |
| Acquisition related intangible asset amortization | 1,787                                       | 1,787           |
| Costs of shareholder activism                     | 831   | -               |
| Adjusted EBITDA                                   | <u>\$ (1,204)</u>                           | <u>\$ 2,608</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)**  
**(unaudited)**

|   | <b>For the Three Months Ended March 31,</b> |             |
|---|---|-------------|
|   | <b>2023</b>                                 | <b>2022</b> |
| Net loss  | \$ (10,350)                                 | \$ (2,933)  |
| Arbitration settlement, tax effected                            | 2,776                                       | -           |
| Acquisition related intangible asset amortization, tax effected | 1,526                                       | 1,345       |
| Shareholder activism costs, tax effected                        | 710   | -           |
| Adjusted net (loss) income                                      | \$ (5,338)                                  | \$ (1,588)  |

# RECONCILIATION TABLES – GAAP EPS TO ADJUSTED EPS

**Reconciliation of GAAP Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share**  
(per share data)  
(unaudited)

|   | <b>For the Three Months Ended March 31,</b> |                  |
|---|---|------------------|
|   | <b>2023</b>                                 | <b>2022</b>      |
| Diluted loss per share  | \$ (0.71)                                   | \$ (0.20)        |
| Arbitration settlement, tax effected                            | 0.19  | -                |
| Acquisition related intangible asset amortization, tax effected | 0.11  | 0.09             |
| Costs of shareholder activism, tax effected                     | 0.05  | -                |
| Adjusted diluted loss per share                                 | <u>\$ (0.36)</u>                            | <u>\$ (0.11)</u> |

# REVENUE BY PRODUCT FAMILY

**Anika Therapeutics, Inc. and Subsidiaries**  
**Revenue by Product Family**  
(in thousands, except percentages)  
(unaudited)

|                                    | <b>For the Three Months Ended March 31,</b> |                  |                  |                 |
|------------------------------------|---|------------------|------------------|-----------------|
|                                    | <b>2023</b>                                 | <b>2022</b>      | <b>\$ change</b> | <b>% change</b> |
| OA Pain Management                 | \$ 22,633                                   | \$ 20,964        | \$ 1,669         | 8%              |
| Joint Preservation and Restoration | 13,453                                      | 12,139           | 1,314            | 11%             |
| Non-Orthopedic                     | 1,838                                       | 3,590            | (1,752)          | -49%            |
| Revenue                            | <u>\$ 37,924</u>                            | <u>\$ 36,693</u> | <u>\$ 1,231</u>  | <u>3%</u>       |

Note: Effective January 1, 2023, the Company began to report revenue from product sales to veterinary customers within the Non-Orthopedic product family whereas such revenue had been previously reported within the OA Pain Management product family. Revenue from product sales to veterinary customers amounted to \$0.5 million and \$1.8 million for the three months ended March 31, 2023 and 2022, respectively, and is reflected within Non-Orthopedic for all periods presented.