

# Q4 AND YEAR-END 2023 EARNINGS CALL

MARCH 13, 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 our ongoing business, clinical studies and future expectations with respect to its 2024 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).

Note: This document contains proprietary information of Anika Therapeutics, Inc. Unauthorized use, duplication, dissemination or disclosure to third parties is strictly prohibited. © 2024 Anika Therapeutics, Inc. All rights reserved. ANIKA THERAPEUTICS, ANIKA, ARTHROSURFACE, CINGAL, HYALOFAST, INTEGRITY, MONOVISC, ORTHOVISC, PARCUS MEDICAL, REVOMOTION, TACTOSET, X-TWIST and the Anika logo are trademarks of Anika Therapeutics, Inc. or its subsidiaries or are licensed to Anika Therapeutics, Inc. for its use. This document may also contain trademarks and service marks that are the property of other companies. The use of third-party trademarks does not constitute an endorsement or imply a relationship or other affiliation.



# Q4 AND YEAR-END 2023 BUSINESS HIGHLIGHTS

## STRONG PERFORMANCE ROUNDS OUT RECORD YEAR IN OA PAIN

### ✓ Revenue and Adj. EBITDA<sup>1</sup> Beat Expectations; Q4 Revenue up 8%, Full Year 7%; Q4 Adj. EBITDA<sup>1</sup> Margin 13%, Full Year 9%

- OA Pain Management up 12% in Q4, up 11% for the year, on growing global commercial adoption and some order timing
- Joint Preservation and Restoration up 7% in Q4, up 9% for the year, driven by new products such as X-Twist
- Non-Orthopedic down 8% in Q4, down 29% for the year, on timing and last-time-buys in 2022

### ✓ Strengthening Leadership Position in OA Pain Management, Achieving Record Revenues of \$102 Million

- **#1 U.S. market share<sup>2</sup>** position with single-injection Monovisc<sup>®</sup> and multi-injection Orthovisc<sup>®</sup>
- **Cingal<sup>®</sup>** Consistent double-digit % OUS growth; awaiting feedback from the FDA on proposed non-clinical next steps for U.S. regulatory approval while continuing to explore commercial partnerships in the U.S. and select Asian markets

### ✓ Establishing a Differentiated Portfolio of HA-Based Regenerative Solutions

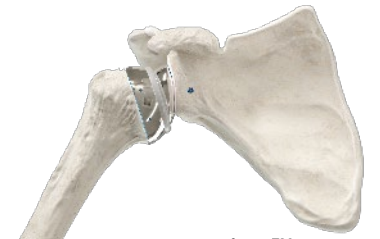
- Successfully completed over 100 cases with the **Integrity<sup>™</sup> Implant System**, our regenerative hyaluronic acid (HA)-based patch system for the augmentation of rotator cuff and other tendon repairs, since the limited release in late November 2023; on track for full launch in mid-2024
- **Hyalofast<sup>®</sup>**, HA cartilage repair product, phase III clinical trial fully enrolled and on schedule, with launch planned by 2026

### ✓ Launched Key Products in Sports Medicine and Arthroscopic Joint Solutions

- **X-Twist<sup>™</sup>** Biocomposite Fixation System launched in Q1-2024; complements PEEK version launched in Q1-2023, addressing the full \$600+ million U.S. rotator cuff market<sup>2</sup>
- Full market release of **RevoMotion<sup>™</sup>** Reverse Shoulder Arthroplasty System at the 2023 Orthopaedic Summit: Evolving Technologies (OSET) annual meeting in September with very positive surgeon feedback



X-Twist<sup>™</sup>  
Biocomposite Anchor



RevoMotion<sup>™</sup>  
Reverse Shoulder System



Integrity<sup>™</sup>  
Rotator Cuff Patch System



CINGAL<sup>®</sup>

<sup>1</sup> Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q4 2023 earnings press release

<sup>2</sup> SmartTRAK Q3 2023 data

# Q4 FY2023 FINANCIAL HIGHLIGHTS

Three months ended December 31,

	2023	2022	Change
OA Pain Management	\$25.1M	\$22.5M	\$2.6M, up 12%
Joint Preservation and Restoration	\$15.3M	\$14.3M	\$1.0M, up 7%
Non-Orthopedic	\$2.6M	\$2.8M	(\$0.2)M, down 8%
<b>Total Revenue</b>	<b>\$43.0M</b>	<b>\$39.6M</b>	<b>\$3.4M, up 8%</b>
Gross Margin/Adjusted Gross Margin <sup>1</sup>	61%/65%	61%/66%	-(1pt)
Research and Development	\$7.6M	\$7.8M	(\$0.2)M
Selling, General and Administrative	\$20.3M	\$23.0M	(\$2.7)M
Impairment of Intangible Assets	\$62.2M <sup>2</sup>	-	\$62.2M
<b>Total Operating Expenses</b>	<b>\$90.1M<sup>2</sup></b>	<b>\$30.8M</b>	<b>\$59.3M</b>
Net Loss/Adjusted Net Income (loss) <sup>1</sup>	(\$63.0)M <sup>2</sup> /\$0.8M	(\$4.9)M/(\$3.0)M	(\$58.1)M/\$3.8M
Earnings per share/Adjusted EPS <sup>1</sup>	(\$4.30) <sup>2</sup> /\$0.05	(\$0.34)/(\$0.21)	(\$3.96)/\$0.26
Adjusted EBITDA <sup>1</sup> /Adjusted EBITDA <sup>1</sup> Margin	\$5.8M <sup>2</sup> /13%	\$1.4M/4%	\$4.4M/9pts
Operating Cash Flow	\$3.6M	\$0.5M	\$3.1M
Purchase of Property and Equipment	(\$1.8)M	(\$2.5)M	\$0.7M
Free Cash Flow <sup>3</sup>	\$1.8M	(\$2.0)M	\$3.8M
<b>Ending Cash Balance</b>	<b>\$72.9M</b>	<b>\$86.3M</b>	<b>(\$13.4)M</b>

<sup>1</sup> Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q4 2023 earnings press release

<sup>2</sup> Operating expenses, net loss and EPS include a one-time, non-cash impairment charge of \$62.2M, pre-tax, for the intangible assets from the 2020 acquisitions of ArthroSurface and Parcus Medical. Adjusted net loss, adjusted EPS and adjusted EBITDA exclude intangible-related charges.

<sup>3</sup> Free Cash Flow represents operating cash flow less purchases of property and equipment

# 2023 FULL YEAR RESULTS AND 2024 FULL YEAR GUIDANCE

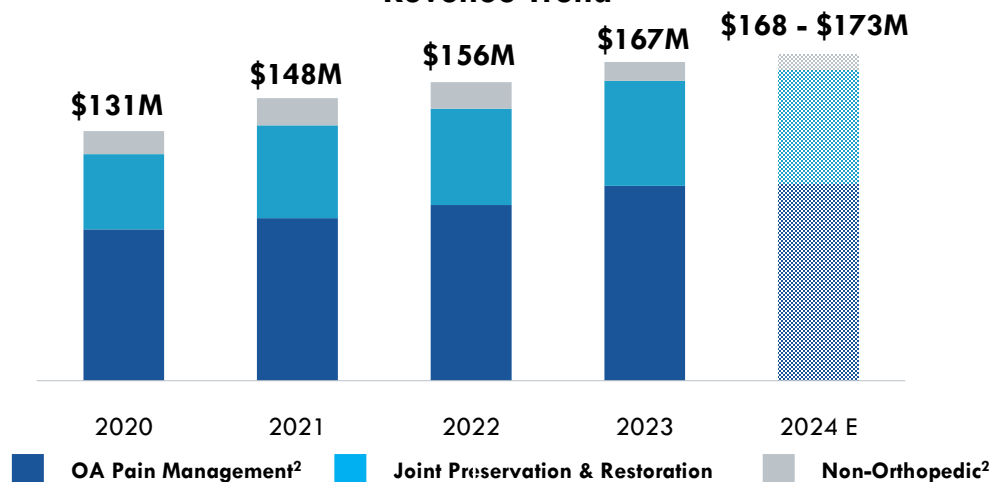
## FY2023 Guidance

## FY2023 Results

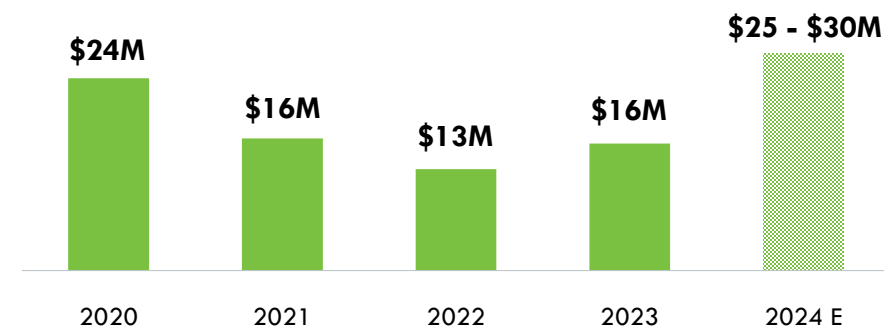
## FY2024 Guidance

	FY2023 Guidance	FY2023 Results	FY2024 Guidance
<b>Total Revenue</b>	\$164 to \$166M, up 5% to 6%	\$166.7M, up 7%	\$168 to \$173M, up 1% to 4%
OA Pain Management	\$99.75 to \$101M, up 8% to 10%	\$101.9M, up 11%	\$102 to \$104M, up 0% to 2%
Joint Preservation and Restoration	\$54.75 to \$55.5M, up 9% to 10%	\$54.9M, up 9%	\$58 to \$60.5M, up 6% to 10%
Non-Orthopedic	~\$9.5M, down ~30%	\$9.9M, down 29%	\$8 to \$8.5M, down 14% to 19%
Gross Margin/Adjusted Gross Margin <sup>1</sup>	Not provided/ 66%	62%/ 66%	Not provided/ 66% to 66.5%
Adjusted EBITDA <sup>1</sup> / Adjusted EBITDA <sup>1</sup> %	Not provided/ 6% to 8%	\$15.5M/ 9%	\$25 to \$30M, midpoint up >75%/ 15%+, up >6 pts

### Revenue Trend



### Adjusted EBITDA<sup>1</sup> Trend

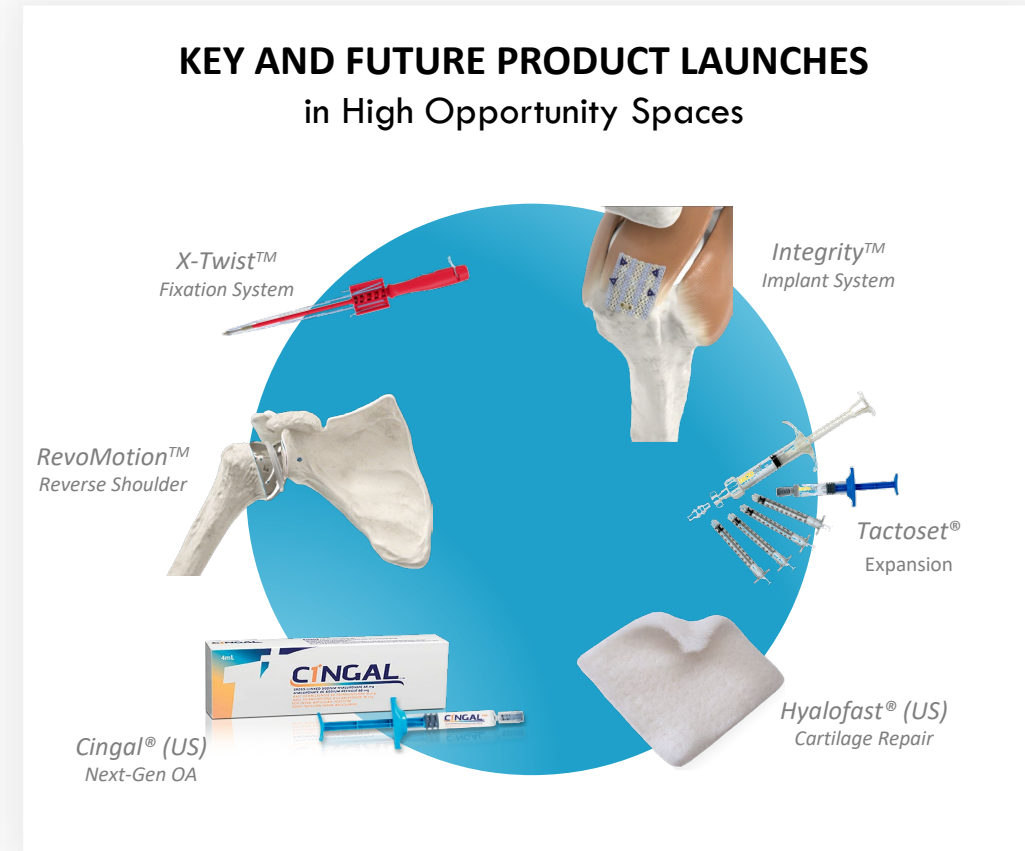


(1) Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Fourth Quarter 2023 earnings press release

(2) Veterinary revenue historically reported in OA Pain Management is now reported in Non-Orthopedic; the trend chart has been adjusted to reflect this classification for all periods shown

# ANIKA IS POSITIONED FOR SIGNIFICANT VALUE CREATION

- **Strong 4th quarter and FY 2023 performance**
- **Record year in OA Pain Management**
- **Significant progress with new Regenerative portfolio**
- **Strong clinical feedback on new product launches**
- **Focusing strategy to optimize performance**
- **Accelerating profitability in 2024 and beyond**



**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)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue	\$ 42,971	\$ 39,622	\$ 166,662	\$ 156,236
Cost of Revenue	16,642	15,491	63,574	62,660
Gross Profit	26,329	24,131	103,088	93,576
Operating expenses:				
Research and development	7,585	7,749	32,690	28,182
Selling, general and administrative	20,335	23,049	95,847	84,794
Impairment of intangible assets	62,190	-	62,190	-
Total operating expenses	90,110	30,798	190,727	112,976
Loss from operations	(63,781)	(6,667)	(87,639)	(19,400)
Interest and other income (expense), net	577	276	2,312	654
Loss before income taxes	(63,204)	(6,391)	(85,327)	(18,746)
Benefit from income taxes	(204)	(1,483)	(2,660)	(3,887)
Net loss	\$ (63,000)	\$ (4,908)	\$ (82,667)	\$ (14,859)
Net loss per share:				
Basic	\$ (4.30)	\$ (0.34)	\$ (5.64)	\$ (1.02)
Diluted	\$ (4.30)	\$ (0.34)	\$ (5.64)	\$ (1.02)
Weighted average common shares outstanding:				
Basic	14,647	14,640	14,656	14,561
Diluted	14,647	14,640	14,656	14,561



# BALANCE SHEET

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

ASSETS	December 31, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 72,867	\$ 86,327
Accounts receivable, net	35,961	34,627
Inventories, net	46,386	39,765
Prepaid expenses and other current assets	8,095	8,828
Total current assets	<u>163,309</u>	<u>169,547</u>
Property and equipment, net	46,198	48,279
Right-of-use assets	28,767	30,696
Other long-term assets	18,672	17,219
Deferred tax assets	1,489	1,449
Intangible assets, net	4,626	74,599
Goodwill	7,571	7,339
Total assets	<u>\$ 270,632</u>	<u>\$ 349,128</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 9,860	\$ 9,074
Accrued expenses and other current liabilities	21,199	18,840
Total current liabilities	<u>31,059</u>	<u>27,914</u>
Other long-term liabilities	404	398
Deferred tax liability	-	6,436
Lease liabilities	26,904	28,817
Stockholders' equity:		
Common stock, \$0.01 par value	147	146
Additional paid-in-capital	90,009	81,141
Accumulated other comprehensive loss	(5,943)	(6,443)
Retained earnings	128,052	210,719
Total stockholders' equity	<u>212,265</u>	<u>285,563</u>
Total liabilities and stockholders' equity	<u>\$ 270,632</u>	<u>\$ 349,128</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**  
(in thousands)  
(unaudited)

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Gross Profit	\$ 26,329	\$ 24,131	\$ 103,088	\$ 93,576
Product rationalization related charges	-	563	748	3,199
Acquisition related intangible asset amortization	1,560	1,560	6,244	6,240
Adjusted Gross Profit	<u>\$ 27,889</u>	<u>\$ 26,254</u>	<u>\$ 110,080</u>	<u>\$ 103,015</u>
Unadjusted Gross Margin	61%	61%	62%	60%
Adjusted Gross Margin	65%	66%	66%	66%

# RECONCILIATION TABLES – GAAP NET INCOME TO ADJUSTED EBITDA

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

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net loss	\$ (63,000)	\$ (4,908)	\$ (82,667)	\$ (14,859)
Interest and other (income) expense, net	(577)	(276)	(2,312)	(654)
Benefit from income taxes	(204)	(1,483)	(2,660)	(3,887)
Depreciation and amortization	1,787	1,880	7,069	7,340
Stock-based compensation	3,815	3,813	15,243	14,315
Product rationalization	-	563	748	3,199
Arbitration settlement	-	-	3,250	-
Acquisition related intangible asset amortization	1,787	1,786	7,148	7,147
Impairment of intangible assets	62,190	-	62,190	-
Discontinuation of software development project	-	-	4,473	-
Costs of shareholder activism	-	-	3,033	-
Adjusted EBITDA	<u>\$ 5,798</u>	<u>\$ 1,375</u>	<u>\$ 15,515</u>	<u>\$ 12,601</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 December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net loss	\$ (63,000)	\$ (4,908)	\$ (82,667)	\$ (14,859)
Product rationalization, tax effected	-	456	725	2,410
Arbitration settlement, tax effected	-	-	3,148	-
Acquisition related intangible asset amortization, tax effected	1,781	1,446	6,926	5,386
Impairment of intangible assets, tax effected	61,991	-	60,250	-
Discontinuation of software development project, tax effected	-	-	4,333	-
Costs of shareholder activism, tax effected	-	-	2,938	-
Adjusted net income (loss)	<u>\$ 772</u>	<u>\$ (3,006)</u>	<u>\$ (4,347)</u>	<u>\$ (7,063)</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**  
**(in thousands, except per share data)**  
**(unaudited)**

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2023	2022	2023	2022
Diluted net loss per share	\$ (4.30)	\$ (0.34)	\$ (5.64)	\$ (1.02)
Product rationalization, tax effected	-	0.03	0.05	0.17
Arbitration settlement, tax effected	-	-	0.21	-
Acquisition related intangible asset amortization, tax effected	0.12	0.10	0.47	0.36
Impairment of intangible assets, tax effected	4.23	-	4.11	-
Discontinuation of software development project, tax effected	-	-	0.30	-
Costs of shareholder activism, tax effected	-	-	0.20	-
Adjusted diluted net income (loss) per share	<u>\$ 0.05</u>	<u>\$ (0.21)</u>	<u>\$ (0.30)</u>	<u>\$ (0.49)</u>
Stock-based compensation, tax effected	3,803	3,088	14,767	10,783
Stock-based compensation (EPS impact)	\$ 0.26	\$ 0.21	\$ 1.01	\$ 0.74

# REVENUE BY PRODUCT FAMILY

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

	For the Three Months Ended December 31,				For the Twelve Months Ended December 31,			
	<u>2023</u>	<u>2022</u>	<u>\$ change</u>	<u>% change</u>	<u>2023</u>	<u>2022</u>	<u>\$ change</u>	<u>% change</u>
OA Pain Management	\$ 25,072	\$ 22,451	\$ 2,621	12%	\$ 101,927	\$ 91,984	\$ 9,943	11%
Joint Preservation and Restoration	15,296	14,347	949	7%	54,879	50,402	4,477	9%
Non-Orthopedic	<u>2,603</u>	<u>2,824</u>	<u>(221)</u>	<u>-8%</u>	<u>9,856</u>	<u>13,850</u>	<u>(3,994)</u>	<u>-29%</u>
Revenue	<u>\$ 42,971</u>	<u>\$ 39,622</u>	<u>\$ 3,349</u>	<u>8%</u>	<u>\$ 166,662</u>	<u>\$ 156,236</u>	<u>\$ 10,426</u>	<u>7%</u>