



# Q1 2024 EARNINGS CALL

MAY 8, 2024

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).

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# Q1 2024 BUSINESS HIGHLIGHTS

## REVENUE AND ADJUSTED EBITDA ON-TRACK FOR THE YEAR

- ✓ **Overall Revenue up 7% on growing demand and favorable order timing**
- ✓ **Strengthening Leadership Position in OA Pain Management**
  - Extended exclusive distribution agreement with our established Canadian commercial partner, Pendopharm, to sell **Cingal®**, **Monovisc®** and **Orthovisc®** through 2030, building on the existing market leadership in Canada
  - Continued engagement with FDA regarding **Cingal®** on proposed non-clinical next steps for U.S. regulatory approval following a Type C meeting with the FDA in early 2023
- ✓ **Advancing a Highly Differentiated Portfolio of HA-Based Regenerative Solutions**
  - **Integrity™ Implant System**, our regenerative hyaluronic acid (HA)-based patch system for the augmentation of rotator cuff and other tendon repairs, has completed over 200 cases with over 40 surgeons; on track for full launch in mid-2024
- ✓ **Launched X-Twist Biocomposite in Sports Medicine and Achieved Sales Milestone**
  - **X-Twist™ Fixation System** with over 10,000 anchors implanted globally since launch in early 2023; X-Twist Biocomposite full market release began May 2024; addressing the full \$600+ million U.S. rotator cuff market<sup>1</sup>



CINGAL®



Integrity™  
Implant System



X-Twist™  
Biocomposite Anchor

# Q1 FY2024 FINANCIAL HIGHLIGHTS

Three months ended March 31,

	2024	2023	Change
OA Pain Management	\$24.3M	\$22.6M	\$1.7M, up 7%
Joint Preservation and Restoration	\$13.8M	\$13.5M	\$0.3M, up 3%
Non-Orthopedic	\$2.4M	\$1.8M	\$0.6M, up 29%
<b>Total Revenue</b>	<b>\$40.5M</b>	<b>\$37.9M</b>	<b>\$2.6M, up 7%</b>
Gross Margin/Adjusted Gross Margin <sup>1</sup>	61%/62%	60%/64%	1 pt/(2pt)
Research and Development	\$8.2M	\$8.4M	(\$0.2)M
Selling, General and Administrative	\$21.5M	\$27.0M	(\$5.5)M
<b>Total Operating Expenses</b>	<b>\$29.7M</b>	<b>\$35.4M</b>	<b>(\$5.7)M</b>
Net Loss/Adjusted Net Income (loss) <sup>1,2</sup>	(\$4.5)M/\$1.2M	(\$10.4)M/(\$2.2)M	\$5.9M/\$3.4M
Earnings per share/Adjusted EPS <sup>1,2</sup>	(\$0.31)/\$0.09	(\$0.71)/(\$0.14)	\$0.40/\$0.23
Adjusted EBITDA <sup>1</sup> /Adjusted EBITDA <sup>1</sup> Margin	\$2.5M/6%	(\$1.2M)/(3%)	\$3.7M/9pt
Operating Cash Flow	(\$0.1)M	(\$3.6)M	\$3.5M
Purchase of Property and Equipment	(\$1.8)M	(\$1.4)M	(\$0.4)M
Free Cash Flow <sup>3</sup>	(\$1.9)M	(\$5.0)M	\$3.1M
Ending Cash Balance	\$68.6M		

<sup>1</sup> Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q1 2024 earnings press release

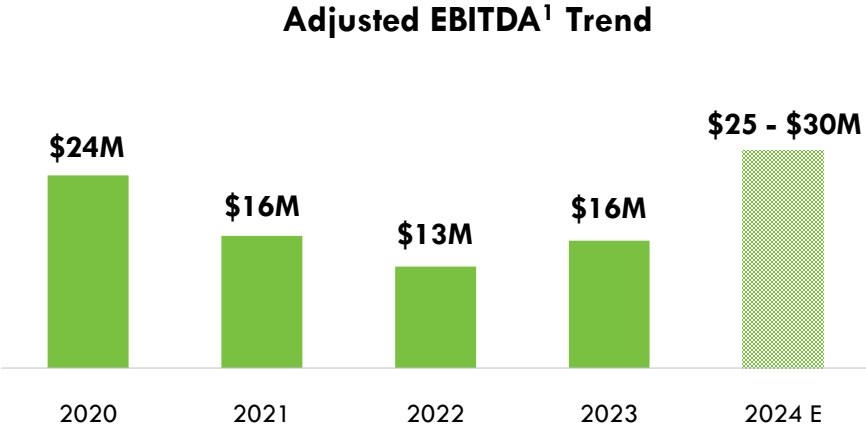
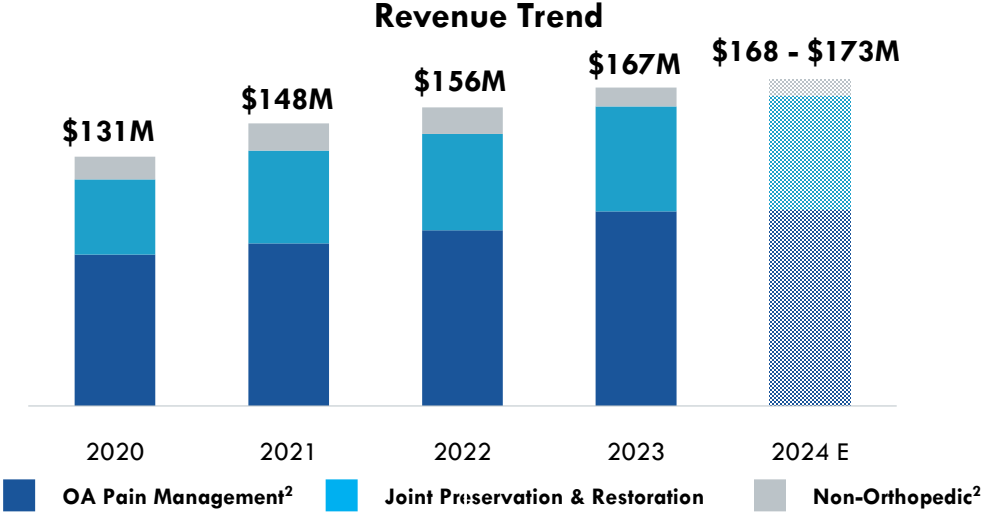
<sup>2</sup> Adjusted net income(loss) and adjusted EPS now exclude stock-based compensation expense for all periods as described in Q4 2023 earnings call

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

# 2024 FULL YEAR GUIDANCE - UNCHANGED

## FY2024 Guidance

<b>Total Revenue</b>	\$168 to \$173M, up 1% to 4%
OA Pain Management	\$102 to \$104M, up 0% to 2%
Joint Preservation and Restoration	\$58 to \$60.5M, up 6% to 10%
Non-Orthopedic	\$8 to \$8.5M, down 14% to 19%
Adjusted Gross Margin <sup>1</sup>	66% to 66.5%
Adjusted EBITDA <sup>1</sup> / Adjusted EBITDA <sup>1</sup> %	\$25 to \$30M, midpoint up >75%/ 15%+, up >6 pts

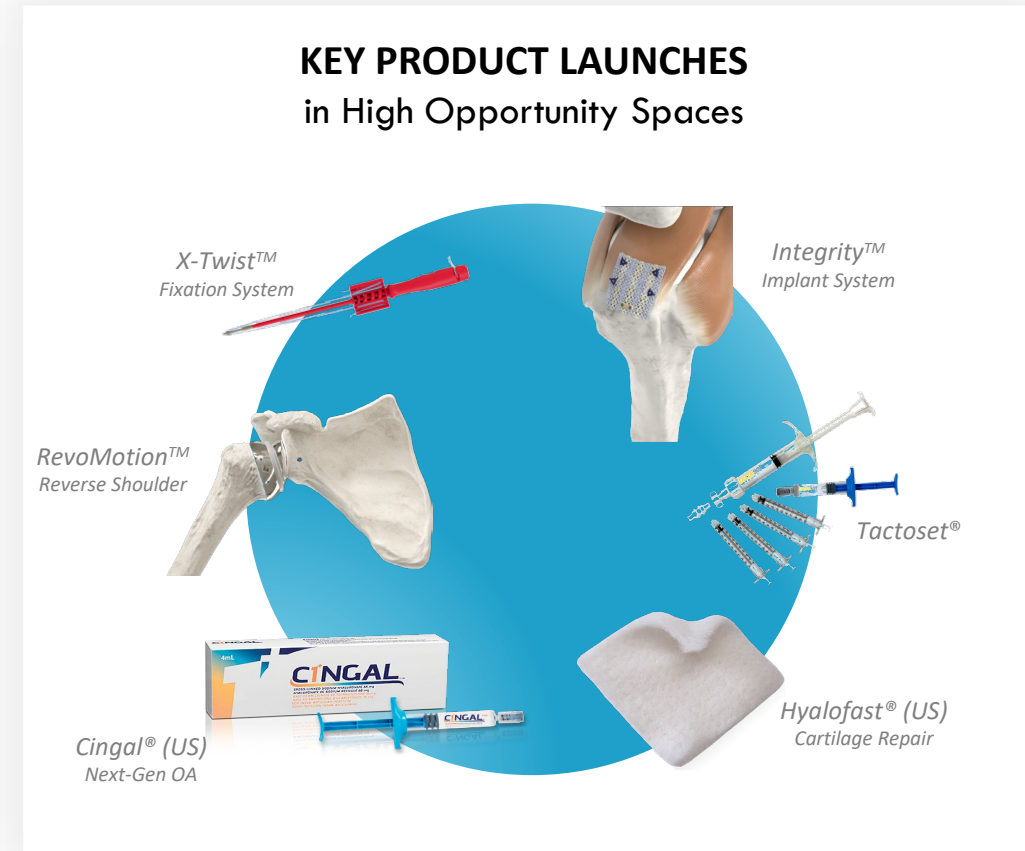


(1) Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q1 2024 earnings press release  
 (2) Veterinary revenue historically reported in OA Pain Management is now reported in Non-Orthopedic; the trend chart has been adjusted to reflect this classification for all periods shown



# ANIKA IS POSITIONED FOR SIGNIFICANT VALUE CREATION

- **On-track to achieve full year guidance, with Adjusted EBITDA up over 75% at the midpoint**
- **Accelerating profitability in 2024 and beyond**
- **Expanding leadership position in OA Pain Mgmt.**
- **Significant progress with new Regenerative portfolio**
- **Strong clinical feedback on new product launches**
- **Focusing strategy to optimize performance**



**TAKING DECISIVE ACTION TO REFOCUS OUR STRATEGY FOR ORDERLY VALUE MAXIMIZATION**

# 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>2024</b>	<b>2023</b>
Revenue	\$ 40,523	\$ 37,924
Cost of Revenue	15,895	15,081
Gross Profit	24,628	22,843
Operating expenses:		
Research and development	8,164	8,400
Selling, general and administrative	21,527	26,996
Total operating expenses	29,691	35,396
Loss from operations	(5,063)	(12,553)
Interest and other income (expense), net	592	539
Loss before income taxes	(4,471)	(12,014)
Provision for (benefit from) income taxes	43	(1,664)
Net loss	\$ (4,514)	\$ (10,350)
Net loss per share:		
Basic	\$ (0.31)	\$ (0.71)
Diluted	\$ (0.31)	\$ (0.71)
Weighted average common shares outstanding:		
Basic	14,698	14,653
Diluted	14,698	14,653



# BALANCE SHEET

**Consolidated Balance Sheets**  
(in thousands, except per share data)  
(unaudited)

<b>ASSETS</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Current assets:		
Cash and cash equivalents	\$ 68,629	\$ 72,867
Accounts receivable, net	32,077	35,961
Inventories, net	49,408	46,386
Prepaid expenses and other current assets	8,848	8,095
Total current assets	<u>158,962</u>	<u>163,309</u>
Property and equipment, net	46,057	46,198
Right-of-use assets	28,181	28,767
Other long-term assets	17,571	18,672
Deferred tax assets	1,273	1,489
Intangible assets, net	4,297	4,626
Goodwill	7,403	7,571
Total assets	<u>\$ 263,744</u>	<u>\$ 270,632</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 10,022	\$ 9,860
Accrued expenses and other current liabilities	18,438	21,199
Total current liabilities	<u>28,460</u>	<u>31,059</u>
Other long-term liabilities	404	404
Lease liabilities	26,344	26,904
Stockholders' equity:		
Common stock, \$0.01 par value	148	147
Additional paid-in-capital	91,165	90,009
Accumulated other comprehensive loss	(6,315)	(5,943)
Retained earnings	123,538	128,052
Total stockholders' equity	<u>208,536</u>	<u>212,265</u>
Total liabilities and stockholders' equity	<u>\$ 263,744</u>	<u>\$ 270,632</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 March 31,</b>	
	<b>2024</b>	<b>2023</b>
Gross Profit	\$ 24,628	\$ 22,843
Product rationalization related charges	472	-
Acquisition related intangible asset amortization	157	1,562
Adjusted Gross Profit	\$ 25,257	\$ 24,405
Gross Margin	61%	60%
Adjusted Gross Margin	62%	64%

# 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 March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net loss	\$ (4,514)	\$ (10,350)
Interest and other (income) expense, net	(592)	(539)
Provision for (benefit from) income taxes	43	(1,664)
Depreciation and amortization	1,866	1,764
Stock-based compensation	3,590	3,717
Product rationalization	472	-
Arbitration settlement	-	3,250
Acquisition related intangible asset amortization	197	1,787
Severance costs	839	-
Costs of shareholder activism	601	831
Adjusted EBITDA	<u>\$ 2,502</u>	<u>\$ (1,204)</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>2024</b>	<b>2023</b>
Net loss	\$ (4,514)	\$ (10,350)
Product rationalization, tax effected	477	-
Arbitration settlement, tax effected	-	2,776
Share-based compensation, tax effected	3,624	3,175
Acquisition related intangible asset amortization, tax effected	199	1,526
Severance costs, tax effected	847	-
Costs of shareholder activism, tax effected	607	710
Adjusted net income (loss)	\$ 1,240	\$ (2,163)

Note: Beginning in Q1-2024, adjusted net income and adjusted EPS were revised to exclude stock-based compensation expense, net of tax, and this revised calculation is reflected for all periods presented.

# 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)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Diluted net loss per share	\$ (0.31)	\$ (0.71)
Product rationalization, tax effected	0.03	-
Arbitration settlement, tax effected	-	0.19
Share-based compensation, tax effected	0.25	0.22
Acquisition related intangible asset amortization, tax effected	0.02	0.11
Severance costs, tax effected	0.06	-
Costs of shareholder activism, tax effected	0.04	0.05
Adjusted diluted net income (loss) per share	<u>\$ 0.09</u>	<u>\$ (0.14)</u>

Note: Beginning in Q1-2024, adjusted net income and adjusted EPS were revised to exclude stock-based compensation expense, net of tax, and this revised calculation is reflected for all periods presented.

# REVENUE BY PRODUCT FAMILY

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

	For the Three Months Ended March 31,			
	<u>2024</u>	<u>2023</u>	<u>\$ change</u>	<u>% change</u>
OA Pain Management	\$ 24,318	\$ 22,633	\$ 1,685	7%
Joint Preservation and Restoration	13,841	13,453	388	3%
Non-Orthopedic	<u>2,364</u>	<u>1,838</u>	<u>526</u>	<u>29%</u>
Revenue	<u>\$ 40,523</u>	<u>\$ 37,924</u>	<u>\$ 2,599</u>	<u>7%</u>