



# Q3 2024 EARNINGS CALL

OCTOBER 31, 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 and 2025 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, CINGAL, HYAFF, HYALOFAST, INTEGRITY, MONOVISC, ORTHOVISC, PARCUS MEDICAL 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.

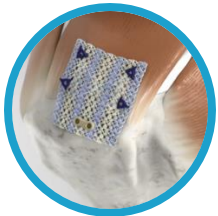
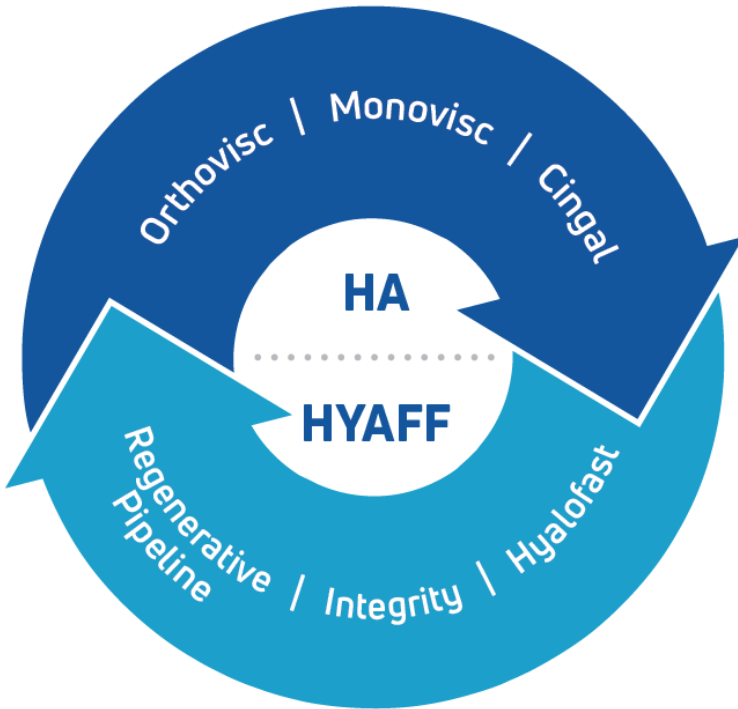
# Q3 STRATEGIC UPDATE

## DRIVING FOCUS ON PRODUCTS THAT DELIVER HIGHEST RETURN ON INVESTED CAPITAL

- Completed Sale of ArthroSurface Business and Announced Planned Sale of Parcus Medical
  - Result of previously announced strategic review to drive highest total return on invested capital to our shareholders
- Rightsizing to Dedicate Resources on Development, Manufacturing, Sales and Marketing of our HA-products
  - Global headcount to reduce from ~325 to ~225
  - Optimized to drive strategic focus on profitable, core HA technology, and advance differentiated and growing Regenerative Solutions portfolio
- New Revenue Classifications
  - **Commercial Channel:** Delivering 17% annual growth through highly differentiated products sold globally through our commercial leaders, direct sales representatives and independent distributors
  - **OEM Channel:** High margin cash generative products developed and manufactured for OEM partners governed by long-term agreements

# Q3 BUSINESS HIGHLIGHTS

## DIFFERENTIATED HA PRODUCTS DRIVING BOTH NEAR AND LONG-TERM GROWTH



Integrity™



Hyalofast®



Cingal®

### ➤ **Integrity – 40%+ growth in Q3**

- Superior regenerative properties and strength compared to collagen scaffolds
- Greater than 40% sequential growth, ~200 surgeries in Q3, 500+ globally since launch; commercial pull from sales force and surgeons
- Pipeline leverages core HA technology expanding near-term growth opportunities

### ➤ **International OA Pain Management Strength**

- Geographic expansion and market share gains delivering 14% growth through first nine months of 2024

### ➤ **Hyalofast – Initial PMA Module Filed October 28th**

- Single-stage, off-the-shelf, 100% Hyaff scaffold for cartilage repair
- Sold in over 35 countries outside the US
- 1<sup>st</sup> PMA module filing in 2024, final clinical module in 2025, launch by 2026

### ➤ **Cingal – Important Hurdle Addressed on NDA Filing Path**

- Fast-acting, long-lasting, non-opioid OA pain injection product
- Combination of Monovisc and fast-acting steroid (TH)
- Sold in over 40 countries outside the US
- Navigated newly imposed FDA requirement for bioequivalence bridging study
- Final non-clinical toxicology testing to commence in Q1 2025

# Q3 FY2024 FINANCIAL HIGHLIGHTS

\$MM unless noted

Three months ended September 30,

	2024	2023	Change
OA Pain Management	\$24.4	\$24.9	(\$0.5), (2%)
Joint Preservation and Restoration	\$12.0	\$13.5	(\$1.5), (11%)
Non-Orthopedic	\$2.4	\$3.1	(\$0.7), (24%)
<b>Total Revenue</b>	<b>\$38.8</b>	<b>\$41.5</b>	<b>(\$2.7), (7%)</b>
Gross Margin/Adjusted Gross Margin <sup>1</sup>	4%/65%	60%/66%	(56pts)/(1 pt)
Research and Development	\$7.2	\$7.8	(\$0.6)
Selling, General and Administrative	\$19.1	\$24.8	(\$5.7)
Impairment of long-lived assets	\$3.1	-	\$3.1
<b>Total Operating Expenses</b>	<b>\$29.4</b>	<b>\$32.6</b>	<b>(\$3.2)</b>
Net Loss/Adjusted Net Income (loss) <sup>1</sup>	(\$29.9)/(\$3.8)	(\$6.6)/\$3.3	(\$23.3)/(\$7.1)
Earnings per share/Adjusted EPS <sup>1</sup>	(\$2.03)/(\$0.25)	(\$0.45)/\$0.23	(\$1.58)/(\$0.48)
Adjusted EBITDA <sup>1</sup> /Adjusted EBITDA <sup>1</sup> %	\$5.4/14%	\$4.7/11%	\$0.7/3pt
Operating Cash Flow	\$5.0	\$6.5	(\$1.5)
Purchase of Property and Equipment	(\$1.2)	(\$0.7)	(\$0.5)
Free Cash Flow <sup>2</sup>	\$3.8	\$5.8	(\$2.0)
Ending Cash Balance	\$62.4		

## 3Q24 Highlights

- Lower OA Pain driven by partner JNJ Medtech volume and pricing pressure, partially offset by +7% international growth
- Joint Preservation (11%) driven by ArthroSurface and Sports Medicine softness offset by Integrity
- On track to deliver \$10M annualized cost savings
- 14% Adjusted EBITDA margin
- \$3.1M impairment of ArthroSurface long-lived assets and \$24.3M impairment of other ArthroSurface assets
- Operating Cash Flows down \$1.5M on lower revenue
- Capital expenditures to support OA Pain and Regenerative Solutions growth

# 2024 FULL YEAR GUIDANCE - UPDATED

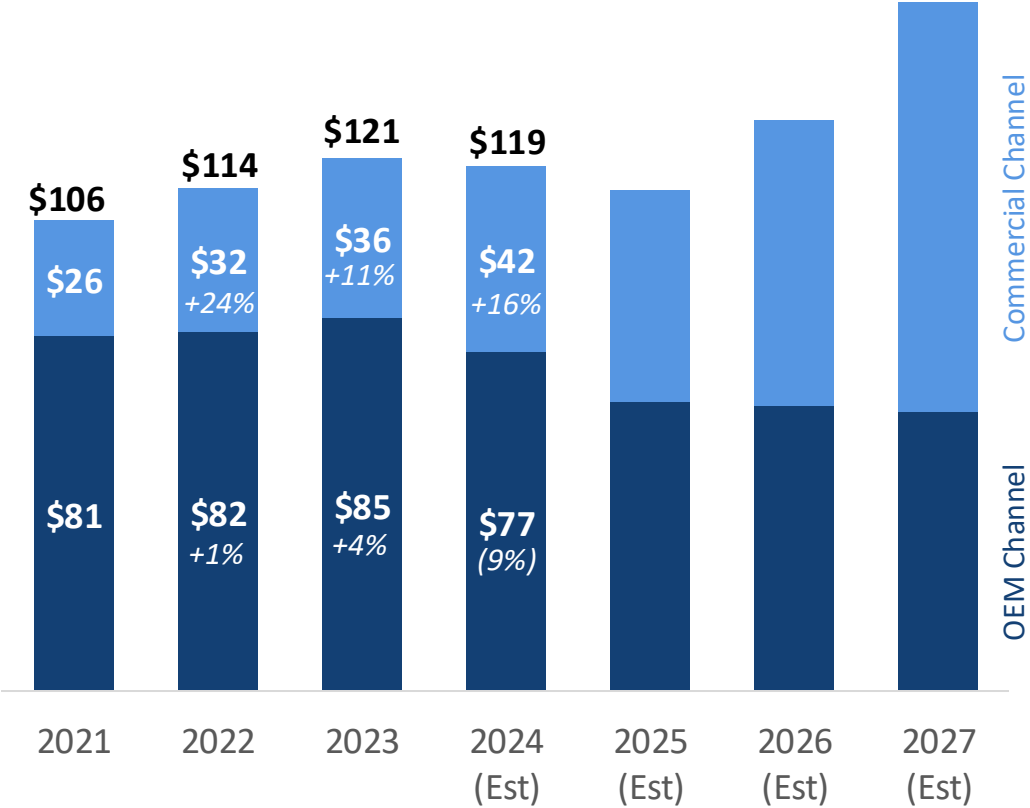
## FY2024 Guidance<sup>1</sup>

<b>Total Revenue</b>	<b>\$117 to \$121M</b>	<b>(3%) to 0%</b>
Commercial Channel	\$41 to \$43M	+14% to +19%
OEM Channel	\$76 to \$78M	(8%) to (10%)
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$16 to \$18M</b>	

## FY2025<sup>1</sup> Y/Y V%      FY2026-27<sup>1</sup> Y/Y V%

<b>Total Revenue</b>		
Commercial Channel	+12 to +18%	+20% to +30%
OEM Channel	(12%) to (18%)	Flat to modestly lower
<b>Adjusted EBITDA %<sup>2</sup></b>	<b>Low Double Digit %</b>	

## Revenue Trend<sup>3</sup>



Commercial Channel +18% CAGR 2021-2023; expect +16% in 2024 (at mid-point of guidance)

(1) Variances represent year over year change  
 (2) Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q3 2024 earnings press release  
 (3) 2024 Estimates assuming the mid-point of updated guidance; 2025-2027 for illustrative purposes of updated long-range guidance



# NON-GAAP RECONCILIATION AND SUPPLEMENTAL DATA



# 2024 FULL YEAR GUIDANCE – PRIOR REVENUE CLASSIFICATION

	Prior FY2024 Guidance <sup>1</sup>		Updated FY2024 Guidance <sup>1,3</sup>	
<b>Total Revenue</b>	\$168 to \$173M	+1% to +4%	\$117 to \$121M	(3%) to 0%
OA Pain Management	\$102 to \$104M	0% to +2%	\$98.5 to \$100.5M	(1%) to (3%)
Joint Preservation and Restoration	\$58 to \$60.5M	+6% to +10%	N/A	N/A
Regenerative Solutions (included in Joint Preservation and Restoration)	N/A	N/A	\$10.5 to \$11.5M	+18% to +29%
Non-Orthopedic	\$8 to \$8.5M	(14%) to (19%)	\$8 to \$9M	(9%) to (19%)
<b>Adjusted EBITDA<sup>2</sup>/ Adjusted EBITDA<sup>2</sup> %</b>	Towards the lower end of the previous \$25 to \$30M range/ ~15%		\$16 to \$18M	

(1) Variances represent year over year change

(2) Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q3 2024 earnings press release

(3) Assumes results of ArthroSurface and Parcus Medical are not included in Continuing Operations, still to be finalized during the fourth quarter 2024

# 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,	
	2024	2023	2024	2023
Revenue	\$ 38,753	\$ 41,465	\$ 121,197	\$ 123,691
Cost of Revenue	37,313	16,521	67,764	46,932
Gross Profit	1,440	24,944	53,433	76,759
Operating expenses:				
Research and development	7,244	7,791	22,806	25,105
Selling, general and administrative	19,112	24,827	60,445	75,512
Impairment of long-lived assets	3,101	-	3,101	-
Total operating expenses	29,457	32,618	86,352	100,617
Loss from operations	(28,017)	(7,674)	(32,919)	(23,858)
Interest and other income (expense), net	406	635	1,593	1,735
Loss before income taxes	(27,611)	(7,039)	(31,326)	(22,123)
Provision for (benefit from) income taxes	2,307	(463)	3,194	(2,456)
Net loss	\$ (29,918)	\$ (6,576)	\$ (34,520)	\$ (19,667)
Net loss per share:				
Basic	\$ (2.03)	\$ (0.45)	\$ (2.34)	\$ (1.34)
Diluted	\$ (2.03)	\$ (0.45)	\$ (2.34)	\$ (1.34)
Weighted average common shares outstanding:				
Basic	14,768	14,635	14,769	14,659
Diluted	14,768	14,635	14,769	14,659

# BALANCE SHEET

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

ASSETS	September 30, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	\$ 62,368	\$ 72,867
Accounts receivable, net	28,357	35,961
Inventories, net	39,629	46,386
Prepaid expenses and other current assets	5,752	8,095
Total current assets	<u>136,106</u>	<u>163,309</u>
Property and equipment, net	44,572	46,198
Right-of-use assets	27,208	28,767
Other long-term assets	11,310	18,672
Deferred tax assets	1,472	1,489
Intangible assets, net	3,081	4,626
Goodwill	7,656	7,571
Total assets	<u>\$ 231,405</u>	<u>\$ 270,632</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 6,805	\$ 9,860
Accrued expenses and other current liabilities	18,688	21,199
Total current liabilities	<u>25,493</u>	<u>31,059</u>
Other long-term liabilities	806	404
Lease liabilities	25,242	26,904
Stockholders' equity:		
Common stock, \$0.01 par value	147	147
Additional paid-in-capital	91,886	90,009
Accumulated other comprehensive loss	(5,701)	(5,943)
Retained earnings	93,532	128,052
Total stockholders' equity	<u>179,864</u>	<u>212,265</u>
Total liabilities and stockholders' equity	<u>\$ 231,405</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)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross Profit	\$ 1,440	\$ 24,944	\$ 53,433	\$ 76,759
Product rationalization related charges	-	748	472	748
Writedown of inventories	23,438	-	23,438	-
Acquisition related intangible asset amortization	153	1,561	464	4,684
Adjusted Gross Profit	<u>\$ 25,031</u>	<u>\$ 27,253</u>	<u>\$ 77,807</u>	<u>\$ 82,191</u>
Unadjusted Gross Margin	4%	60%	44%	62%
Adjusted Gross Margin	65%	66%	64%	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)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (29,918)	\$ (6,576)	\$ (34,520)	\$ (19,667)
Interest and other (income) expense, net	(406)	(635)	(1,593)	(1,735)
Provision for (benefit from) income taxes	2,307	(463)	3,194	(2,456)
Depreciation and amortization	2,045	1,755	5,800	5,282
Stock-based compensation	3,394	3,561	10,875	11,428
Product rationalization	-	748	472	748
Arbitration settlement	-	-	-	3,250
Acquisition related intangible asset amortization	143	1,787	509	5,361
Impairment/writedown of assets	27,401	-	27,401	-
Discontinuation of software development project	-	4,473	(1,404)	4,473
Non-recurring professional fees	465	-	465	-
Severance costs	-	-	839	-
Costs of shareholder activism	-	-	2,185	3,033
Adjusted EBITDA	\$ 5,431	\$ 4,650	\$ 14,223	\$ 9,717

# 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)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Net loss	\$ (29,918)	\$ (6,576)	\$ (34,520)	\$ (19,667)
Product rationalization, tax effected	-	699	392	665
Arbitration settlement, tax effected	-	-	-	2,889
Share-based compensation, tax effected	2,820	3,327	9,037	10,159
Acquisition related intangible asset amortization, tax effected	119	1,669	423	4,767
Impairment/writedown of assets, tax effected	22,770	-	22,770	-
Discontinuation of software development project, tax effected	-	4,179	(1,167)	3,976
Non-recurring professional fees, tax effected	386	-	386	-
Severance costs, tax effected	-	-	697	-
Costs of shareholder activism, tax effected	-	-	1,816	2,696
Adjusted net income	<u>\$ (3,822)</u>	<u>\$ 3,298</u>	<u>(165)</u>	<u>\$ 5,485</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.

# 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 September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
Diluted net loss per share	\$ (2.03)	\$ (0.45)	\$ (2.34)	\$ (1.33)
Product rationalization, tax effected	-	0.05	0.03	0.05
Arbitration settlement, tax effected	-	-	-	0.20
Share-based compensation, tax effected	0.19	0.23	0.61	0.69
Acquisition related intangible asset amortization, tax effected	0.01	0.11	0.03	0.32
Impairment/writedown of assets, tax effected	1.55	-	1.55	-
Discontinuation of software development project, tax effected	-	0.29	(0.08)	0.27
Non-recurring professional fees, tax effected	0.03	-	0.02	-
Severance costs, tax effected	-	-	0.05	-
Costs of shareholder activism, tax effected	\$ -	-	0.12	0.18
Adjusted diluted net income per share	<u>\$ (0.25)</u>	<u>\$ 0.23</u>	<u>\$ (0.01)</u>	<u>\$ 0.37</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 September 30,				For the Nine Months Ended September 30,			
	2024	2023	\$ change	% change	2024	2023	\$ change	% change
OA Pain Management	\$ 24,428	\$ 24,888	\$ (460)	-2%	\$ 75,404	\$ 76,855	\$ (1,451)	-2%
Joint Preservation and Restoration	11,950	13,470	(1,520)	-11%	39,345	39,583	(238)	-1%
Non-Orthopedic	2,375	3,107	(732)	-24%	6,448	7,253	(805)	-11%
Revenue	\$ 38,753	\$ 41,465	\$ (2,712)	-7%	\$ 121,197	\$ 123,691	\$ (2,494)	-2%