



# FOURTH QUARTER AND YEAR-END 2021 EARNINGS CALL MATERIALS

MARCH 8, 2022

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 2022 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**

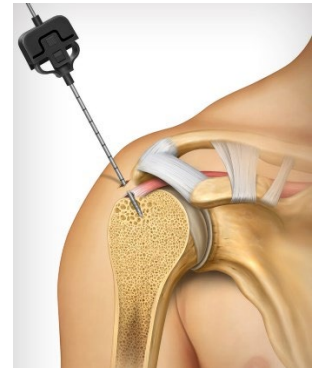
This presentation refers to certain non-GAAP financial measures. These non-GAAP financial measures should not be considered replacements for, and should be read together with, the most comparable GAAP financial measures. A reconciliation of these non-GAAP financial measures to the most directly comparable 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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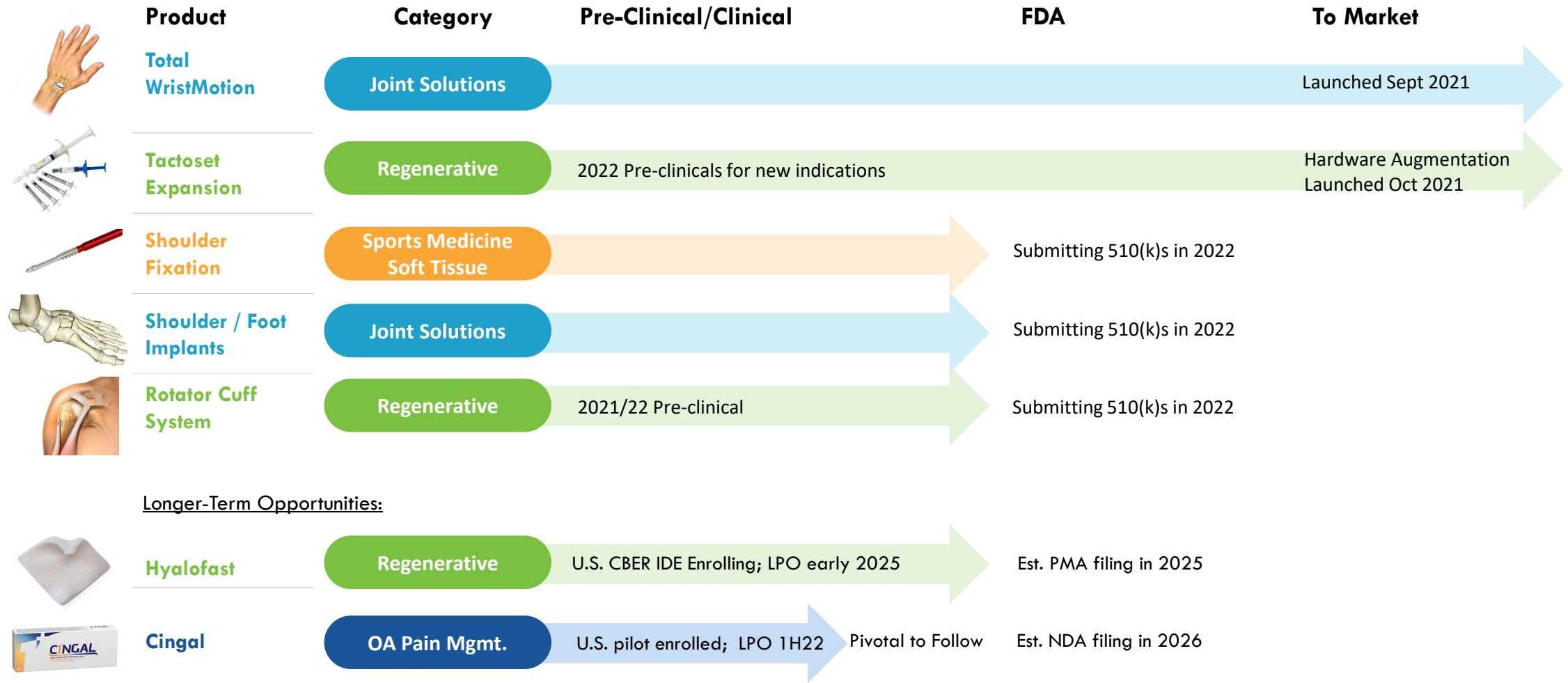


# BUSINESS HIGHLIGHTS

- ✓ Revenue growth of 10% in the fourth quarter, 13% for the year, exceeding previous expectations, with revenue growth by product family as follows:
  - Joint Preservation and Restoration up 1% in Q4, up 23% full year
  - OA Pain Management<sup>1</sup> increased 17% in Q4, up 8% full year
  - Non-Orthopedic<sup>1</sup> increased 5% in Q4, up 20% full year
- ✓ Completed enrollment of Cingal pilot study in Q4
- ✓ Launched effort to advance ESG strategy in Q4, completing “Materiality Assessment” validating key environmental, social and governance issues
- ✓ Successful new product launches of Tactoset for suture anchor augmentation in Q4 and WristMotion Total Wrist Arthroplasty system in Q3
- ✓ Received FDA 510(k) clearance for a reverse shoulder system in Q3, a foundation for the development and expansion of our shoulder implant portfolio targeted for the ASC
- ✓ Continued to strengthen our leadership team and board of directors throughout the year
- ✓ Rolled out existing global ERP system, SAP, to Arthrosurface and Parcus operations in Q3

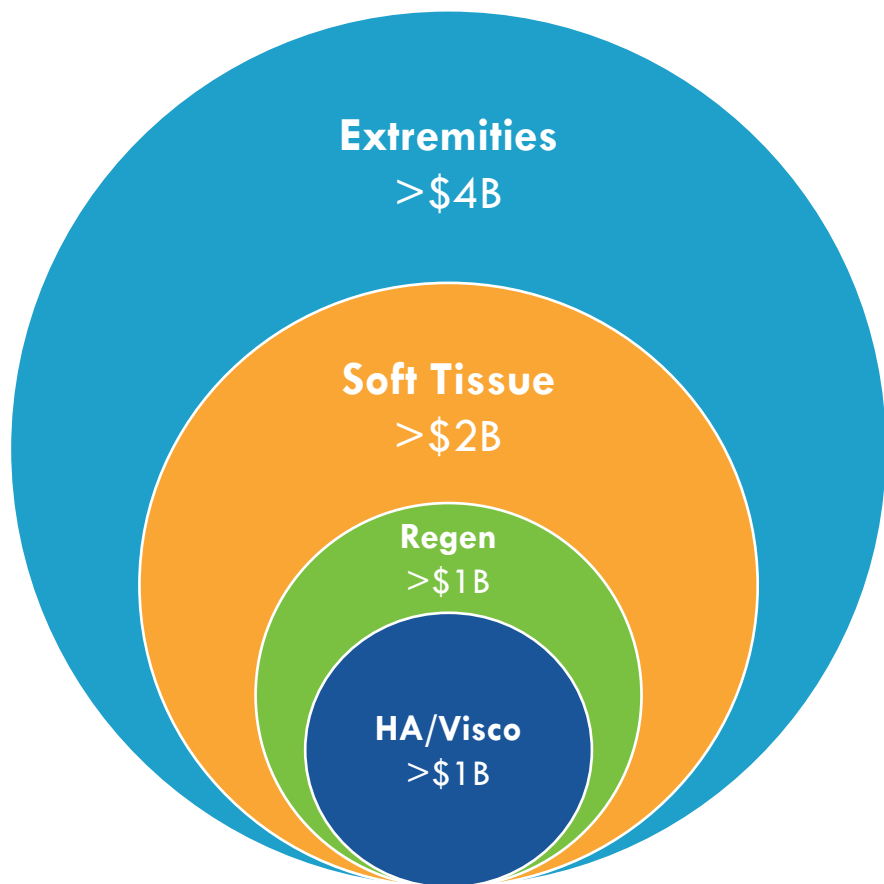


# KEY PRODUCT DEVELOPMENT AND CLINICAL TRIAL TIMELINE



# TARGETED HIGH OPPORTUNITY SPACES: EXISTING AND FUTURE MARKETS

**\$8B+ Market Opportunity<sup>1</sup>**



## Targeted High Opportunity Spaces

### Shoulder

Market Opportunities	U.S. Market Size 2020E <sup>2</sup>
Reverse Shoulder	\$500M
Lateral Row	\$200M
Rotator Cuff System	\$150M+
All-Suture Soft Tissue Anchors	\$150M+
Tactoset Platform Expansion	\$100M+ <sup>3</sup>

### Foot & Ankle

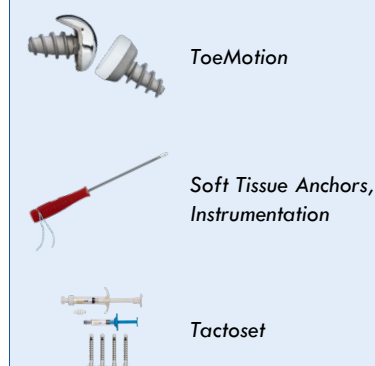
Market Opportunities	U.S. Market Size 2020E <sup>2</sup>
Hammertoe	\$200M
Bunion Solutions	\$200M
Tissue Augmentation Scaffold	\$25M+
Biocomposite Suture Anchors	\$250M+
Tactoset Platform Expansion	\$100M+ <sup>3</sup>



#### Key Commercial Drivers



#### Key Commercial Drivers



**OPPORTUNITY TO DRIVE SIGNIFICANT REVENUE IN FOCUSED CALL POINT**

# MULTI-YEAR STRATEGY FOR VALUE CREATION

2020 – 2021

## Transform

### KEY FOCUS AREAS

- Assembled talented/ experienced leadership team
- Integrated Arthrosurface and Parcus to accelerate growth
- Transform commercial execution
- Increased and aligned R&D, quality, and operations to scale
- Drove revenue diversification

2021 – 2023

## Build Foundation for Accelerated Growth

### KEY FOCUS AREAS

- Strengthen commercial capabilities
- Launch new products to expand existing portfolio targeting ASC call point
- Expand into additional geographic markets
- Invest in clinical data and execute clinical trials for Hyalofast and Cingal for approval in the U.S. market

2023 – 2024+

## Accelerate Revenue Growth and Profitability

### KEY FOCUS AREAS

- Launch new products leveraging HA regenerative capabilities into the joint preservation market
- Expand into additional geographic markets
- Continue clinical trials for Cingal and Hyalofast approval for the U.S. market

# PROGRESSING ON OUR TRANSFORMATION STRATEGY IN 2022



Sustaining #1 U.S. market share position in OA Pain Management with Monovisc and Orthovisc



Commercial execution and focus on delivering value to the Ambulatory Surgery Center (ASC)



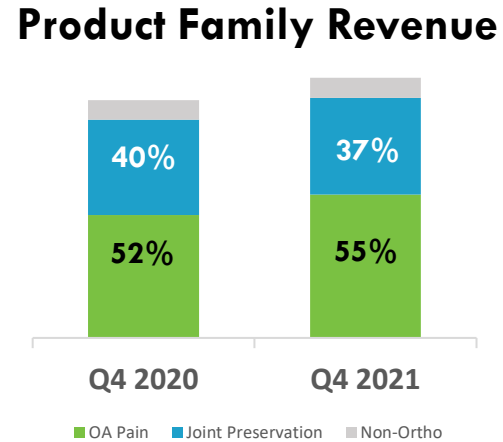
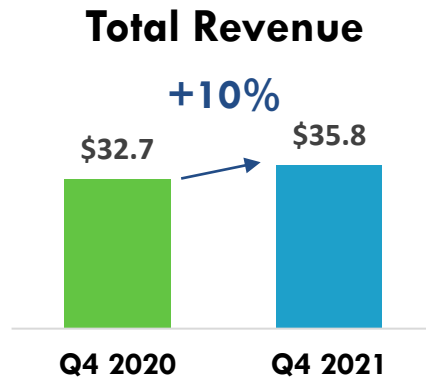
Advancing product pipeline in regenerative, sports medicine soft tissue and joint solutions



Cingal pilot trial data to be available in the fall



# Q4 2021 FINANCIAL HIGHLIGHTS



**\$94.4 million**  
Cash Balance as of  
Dec. 31, 2021

Dollars in millions

- Total revenue increased 10% to \$35.8 million
  - OA Pain Management revenue of \$19.7 million, up 17% on favorable year-over-year order timing
  - Joint Preservation and Restoration revenue of \$13.3 million, up 1% despite COVID headwinds
  - Non-Orthopedic revenue of \$2.8 million, up 5%
- Gross margin of 51% includes \$1.8 million of acquisition related expenses and \$0.4 million of product rationalization charges; Adjusted gross margin<sup>1</sup> of 57%, primarily reflecting unfavorable volume, supply chain and staffing challenges, and related reserves
- Net loss of (\$5.8) million, (\$0.40) per share; Adjusted net loss<sup>1</sup> of (\$3.2) million, (\$0.23) per share; Adjusted EBITDA<sup>1</sup> loss of (\$0.2) million
- Operating cash flow of \$5.0 million; cash balance of \$94.4 million



# FULL YEAR 2021 RESULTS

	2021 Results	2021 Guidance	Comments
Total Revenue	\$147.8M / up 13%	9% - 11%	Above guidance on stronger finish
Joint Preservation and Restoration	\$48.6M / up 23%	Upper-teens %	Stronger finish despite COVID volatility
OA Pain Management	\$89.5M / up 8%	Mid Single digit %	Recovery from initial COVID impact, timing
Non-Orthopedic	\$9.7M / up 20%	Mid Single digit %	Last-time buys and order timing
Adjusted Gross Margin <sup>1</sup>	66% <sup>1</sup>	NA	Volume and supply chain challenges
Adjusted EBITDA <sup>1</sup> %	11.1%	NA	Volume/supply chain challenges in GM; funding growth initiatives
Operating Cash Flow	\$9.0M	NA	Positive cash flow while funding investments
Cash Balance	\$94.4M	NA	Strong balance sheet with no debt



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

# 2022 REVENUE OUTLOOK

## Revenue Growth

<b>TOTAL COMPANY</b>	<b>Up Low to Mid-Single Digit %</b>
<b>Joint Preservation &amp; Restoration</b>	<b>Up Mid-Single to Low-Double Digit %</b>
<b>OA Pain Management</b>	<b>Up Low-Single Digit %</b>
<b>Non-Orthopedic</b>	<b>Down approx. 30% due largely to legacy product rationalization</b>

There remains volatility and uncertainty in the global market associated with the direct and indirect impacts of the COVID pandemic. The Company's outlook for fiscal 2022 is subject to the changing dynamics associated with COVID including COVID variants, vaccine distribution, staffing shortages, supply chain disruption, and other related developments.



# SUMMARY

01

Anika is laser focused on becoming the leader in joint preservation – one of the highest opportunity spaces in orthopedics

02

2022 is a foundational year of execution on our product pipeline and commercial strategy to deliver targeted value to the ASC in early intervention orthopedics

03

Emerge with a broad, differentiated product portfolio, exciting pipeline, and established commercial team focused on the joint preservation continuum of care

04

Positioning to accelerate to above market (mid-teens) revenue growth, growing both EBITDA margin and cash flows

# NON-GAAP RECONCILIATION AND SUPPLEMENTAL DATA

# STATEMENT OF OPERATIONS

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

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 35,821	\$ 32,688	\$ 147,794	\$ 130,457
Cost of Revenue	17,687	15,944	64,851	61,431
Gross Profit	18,134	16,744	82,943	69,026
Operating expenses:				
Research and development	6,000	7,632	27,327	23,431
Selling, general and administrative	20,432	15,179	74,096	60,063
Goodwill impairment	-	24,376	-	42,520
Change in fair value of contingent consideration	825	(12,490)	(21,095)	(28,666)
Total operating expenses	27,257	34,697	80,328	97,348
Income (loss) from operations	(9,123)	(17,953)	2,615	(28,322)
Interest and other expense, net	(47)	(184)	(188)	(302)
Income (loss) before income taxes	(9,170)	(18,137)	2,427	(28,624)
Income taxes	(3,377)	(2,481)	(1,707)	(4,642)
Net income (loss)	\$ (5,793)	\$ (15,656)	\$ 4,134	\$ (23,982)
Net income (loss) per share:				
Basic	\$ (0.40)	\$ (1.10)	\$ 0.29	\$ (1.69)
Diluted	\$ (0.40)	\$ (1.10)	\$ 0.28	\$ (1.69)
Weighted average common shares outstanding:				
Basic	14,438	14,275	14,401	14,222
Diluted	14,438	14,275	14,634	14,222

# BALANCE SHEET

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

ASSETS	December 31, 2021	December 31, 2020
Current assets:		
Cash, cash equivalents and investments	\$ 94,386	\$ 98,318
Accounts receivable, net	29,843	24,102
Inventories, net	36,010	46,209
Prepaid expenses and other current assets	8,289	8,754
Total current assets	168,528	177,383
Property and equipment, net	47,602	50,613
Right-of-use assets	20,957	22,619
Other long-term assets	20,285	15,420
Intangible assets, net	82,382	91,157
Goodwill	7,781	8,413
Total assets	<u>\$ 347,535</u>	<u>\$ 365,605</u>
		-
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7,633	\$ 8,984
Accrued expenses and other current liabilities	17,847	14,793
Contingent consideration	4,315	13,090
Total current liabilities	29,795	36,867
Other long-term liabilities	1,258	1,244
Contingent consideration	-	22,320
Deferred tax liability	10,157	11,895
Lease liabilities	19,240	20,879
Stockholders' equity:		
Common stock, \$0.01 par value	144	143
Additional paid-in-capital	67,081	55,355
Accumulated other comprehensive loss	(5,718)	(4,542)
Retained earnings	225,578	221,444
Total stockholders' equity	287,085	272,400
Total liabilities and stockholders' equity	<u>\$ 347,535</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>	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2021	2020	2021	2020
Gross Profit	\$ 18,134	\$ 16,744	\$ 82,943	\$ 69,026
Product rationalization related charges	382	-	2,445	1,920
Acquisition related intangible asset amortization	1,562	1,562	6,248	5,844
Acquisition related inventory step up	221	3,686	6,465	11,082
Adjusted Gross Profit	<u>\$ 20,299</u>	<u>\$ 21,992</u>	<u>\$ 98,101</u>	<u>\$ 87,872</u>
Adjusted Gross Margin	57%	67%	66%	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 December 31,		For the Years Ended December 31,	
	2021	2020	2021	2020
Net income (loss)	\$ (5,793)	\$ (15,656)	\$ 4,134	\$ (23,982)
Interest and other expense, net	47	184	188	302
Provision (benefit) for income taxes	(3,377)	(2,481)	(1,707)	(4,642)
Depreciation and amortization	1,943	1,714	7,169	6,844
Share-based compensation	3,166	1,433	11,085	5,386
Product rationalization	382	-	2,445	2,892
IPR&D impairment	600	1,414	600	1,414
Acquisition related expenses	-	-	-	4,168
Acquisition related intangible asset amortization	1,787	1,789	7,148	6,620
Acquisition related inventory step up	221	3,697	6,465	11,082
Goodwill impairment	-	24,376	-	42,520
Change in fair value of contingent consideration	825	(12,490)	(21,095)	(28,666)
Adjusted EBITDA (loss)	\$ (199)	\$ 3,980	\$ 16,432	\$ 23,938



# 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>	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2021	2020	2021	2020
Net income (loss)	\$ (5,793)	\$ (15,656)	\$ 4,134	\$ (23,982)
Product rationalization, tax effected	311	-	1,830	2,376
IPR&D impairment, tax effected	448	1,414	448	1,414
Acquisition related expenses, tax effected	-	-	-	3,146
Acquisition related intangible asset amortization, tax effected	1,488	1,304	5,386	4,997
Acquisition related inventory step up, tax effected	184	2,696	4,810	8,365
Goodwill impairment, tax effected	-	21,929	-	37,702
Change in fair value of contingent consideration, tax effected	173	(9,999)	(16,979)	(23,872)
Adjusted net (loss) income	<u>\$ (3,189)</u>	<u>\$ 1,687</u>	<u>\$ (371)</u>	<u>\$ 10,146</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>	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2021	2020	2021	2020
Diluted earnings (loss) per share (EPS)	\$ (0.40)	\$ (1.10)	\$ 0.28	\$ (1.69)
Product rationalization, tax effected	0.02	-	0.13	0.17
IPR&D impairment, tax effected	0.03	0.10	0.03	0.10
Acquisition related expenses per share, tax effected	-	-	-	0.22
Acquisition related intangible asset amortization, tax effected	0.10	0.09	0.37	0.35
Acquisition related inventory step up, tax effected	0.01	0.19	0.33	0.59
Goodwill impairment, tax effected	-	1.54	-	2.65
Change in fair value of contingent consideration, tax effected	0.01	(0.70)	(1.16)	(1.68)
Adjusted diluted earnings (loss) per share (EPS)	<u>\$ (0.23)</u>	<u>\$ 0.12</u>	<u>\$ (0.02)</u>	<u>\$ 0.71</u>

# REVENUE BY PRODUCT FAMILY

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

<i>in thousands</i>	For the Three Months Ended December 31,				For the Years Ended December 31,			
	2021	% of Total	2020	% of Total	2021	% of Total	2020	% of Total
OA Pain Management	\$ 19,713	55%	\$ 16,861	52%	\$ 89,503	61%	\$ 83,029	64%
Joint Preservation and Restoration	13,292	37%	13,135	40%	48,588	33%	39,368	30%
Non-Orthopedic	2,816	8%	2,692	8%	9,703	6%	8,060	6%
Revenue	<u>\$ 35,821</u>	<u>100%</u>	<u>\$ 32,688</u>	<u>100%</u>	<u>\$ 147,794</u>	<u>100%</u>	<u>\$ 130,457</u>	<u>100%</u>