



# Q4 AND YEAR-END 2022 EARNINGS CALL

MARCH 6, 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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# VALUE CREATION INFLECTION POINT WITH PRODUCT LAUNCHES UNDERWAY

## Leadership in OA Pain Market

- #1 market share<sup>1</sup> in U.S. and strong growth OUS with Orthovisc® and Monovisc®
- Cingal® commercialized in 35+ countries outside the U.S.
- Advancing Cingal for commercialization in the U.S.

## Building a Best-in-Class Portfolio and Advancing Commercial Execution

- Advancing pipeline in Regenerative, Sports Medicine, and Arthroscopic Joint Solutions
  - Successful product launches: Tactoset®, WristMotion®, X-Twist™, RevoMotion™ (Limited Release)
  - Near-term product launches: Regenerative Rotator Cuff Patch System, Tactoset expansion
  - Longer term opportunities: Hyalofast®, Cingal
- Accelerating in-person medical education and focus on delivering value to the ASC

## Strong Financial Foundation and Disciplined Capital Allocation

- Healthy balance sheet with solid cash position and no debt

Mature, profitable OA Pain Management funding high growth opportunities  
in Joint Preservation and Restoration



# Q4 AND YEAR-END 2022 BUSINESS HIGHLIGHTS

## ✓ Revenue growth of 11% in the fourth quarter, 6% for the year (all comparisons to 2021)

- OA Pain Management<sup>1</sup> up 20% in Q4, up 9% for the year
- Joint Preservation and Restoration up 8% in Q4, up 4% for the year
- Non-Orthopedic<sup>1</sup> down 46% in Q4, down 18% for the year on prior year last-time buys of legacy products

## ✓ OA Pain Management

- #1 U.S. market share<sup>2</sup> position with single-injection Monovisc and multi-injection Orthovisc
- With Cingal having met Phase III endpoints, engaging with FDA and exploring partnerships in U.S. and select Asian markets

## ✓ Joint Preservation and Restoration

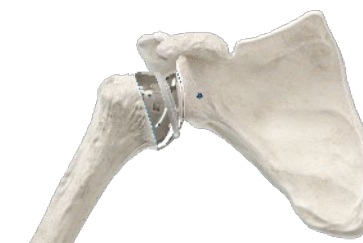
- Tactoset continues successful market penetration with revenue up 28% for full year
- Commenced full launch of X-Twist Fixation System in early 2023 following successful LMR with positive surgeon feedback
- After quarter end, initiated limited market release of new RevoMotion Reverse Shoulder Arthroplasty system with first surgeries performed in Q1 2023; addresses the over \$800+ million reverse shoulder market<sup>2</sup>
- Hyalofast received Breakthrough Device designation from the FDA; approaching full enrollment in pivotal Phase III clinical trial with 199 of 200 subjects enrolled; on-track to file for a PMA with FDA in 2025
- Medical education activities culminated in over 450 U.S. surgeons trained in 2022 on the safe/effective use of Anika products



CINGAL®



X-Twist™  
Fixation System



RevoMotion™  
Reverse Shoulder System



Hyalofast®

<sup>1</sup> OA Pain Management was previously referred to as Joint Pain Management; Non-Orthopedic was previously referred to as Other

<sup>2</sup> 2022 SmartTRAK Data

# REVOMOTION REVERSE SHOULDER ARTHROPLASTY SYSTEM LAUNCH

ADDRESSING THE OVER \$800M+ U.S. REVERSE SHOULDER MARKET



**Bone Preserving Design - Smallest Diameter Baseplate**



**Personalized Options - Anatomic Mid-Lay Humeral**



**Enhanced Facility Efficiency - Two Instrument Tray Design**

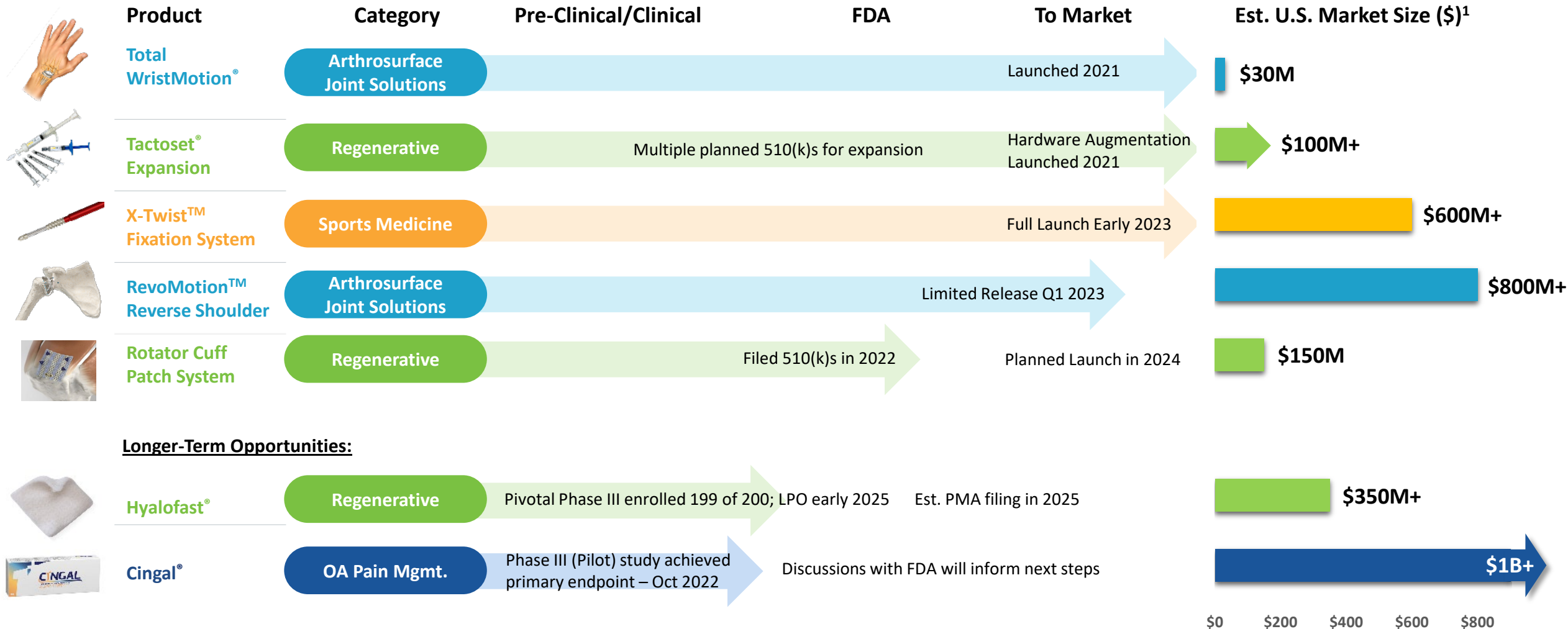
“The next big leap in reverse shoulder arthroplasty design is bone preservation and implants more individualized to the patient. RevoMotion now has the smallest threaded baseplate available on the market, allowing me to preserve glenoid bone stock and position the implant where I desire, with excellent fixation. Innovations like this truly advance patient care.”

- Dr. Anthony Miniaci, M.D., Baptist Health, Boca Raton, Florida

First surgeries completed with limited market release underway

# KEY PRODUCT DEVELOPMENT AND CLINICAL TRIAL TIMELINE

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

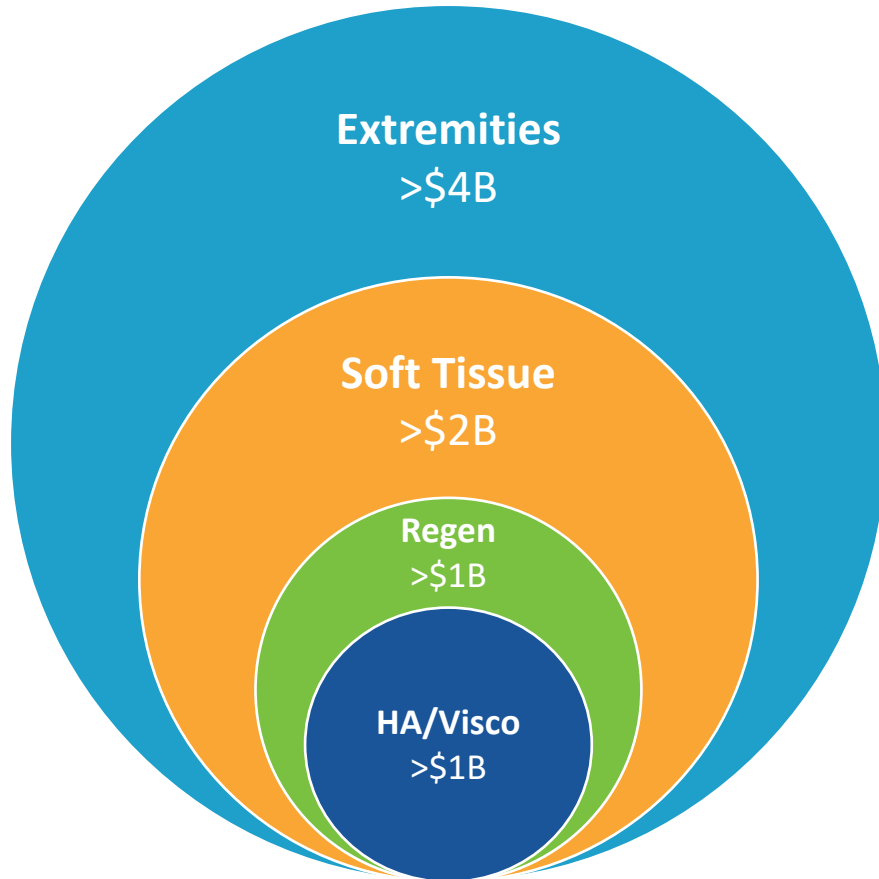


Note: Last Patient Out (LPO).

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

# EXPANDING MARKET OPPORTUNITY IN JOINT PRESERVATION

FROM \$1B IN 2019 TO \$8B+ TODAY  
IN GLOBAL MARKET OPPORTUNITY<sup>1</sup>



## ANIKA PORTFOLIO

### OA Pain Management (HA/Visco)

- Monovisc<sup>®</sup>
- Orthovisc<sup>®</sup>
- Cingal<sup>®</sup> (International)
- ▶ Cingal (U.S.)

### Regenerative Solutions

- Tactoset<sup>®</sup>
- Hyalofast<sup>®</sup> (International)
- ▶ Rotator Cuff System
- ▶ Hyalofast (U.S.)

### Sports Medicine (Soft Tissue)

- X-Twist<sup>™</sup> Fixation System
- Suture Anchors
- ▶ Biocomposite Anchors
- ▶ Implants, Instruments and Kits

### Arthrosurface Joint Solutions (Extremities)

- OVOMotion<sup>®</sup> Shoulder
- RevoMotion<sup>™</sup> Reverse Shoulder
- WristMotion<sup>®</sup> Arthroplasty
- Upper and Lower Extremity Implants
- ▶ Shoulder, Foot and Ankle Implants

▶ Denotes Product Development Roadmap

## MARKET GROWTH RATES<sup>2</sup>

~1% CAGR

~8% CAGR

~5% CAGR

~7% CAGR

# 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.



# Q4 FY2022 FINANCIAL HIGHLIGHTS

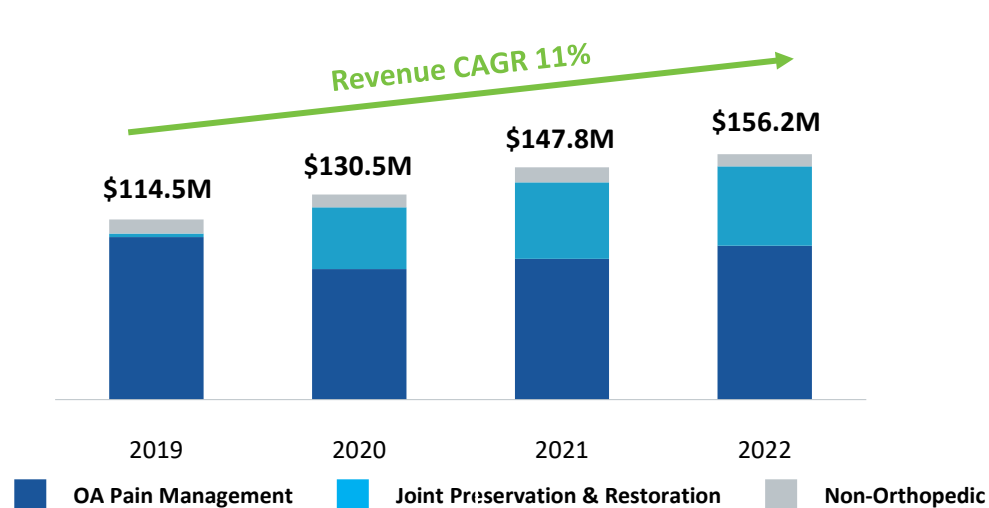
	Three months ended December 31,		
	2022	2021	Change
<b>Total Revenue</b>	\$39.6M	\$35.8M	11%
OA Pain Management	\$23.7M	\$19.7M	20%
Joint Preservation and Restoration	\$14.3M	\$13.3M	8%
Non-Orthopedic	\$1.5M	\$2.8M	(46%)
<b>Gross Margin/Adjusted Gross Margin</b>	61%/66%	51%/57%	10 pts/9 pts
<b>Operating Expenses</b>	\$30.8M	\$27.3M	\$3.5M
R&D and SG&A Expenses	\$30.8M	\$26.5M	\$4.3M
Change in contingent consideration	--	\$0.8M	(\$0.8M)
<b>Net Income (loss)/Adjusted Net Income (loss)</b>	(\$4.9M)/(\$3.0M)	(\$5.8M)/(\$3.2M)	15%/6%
<b>Earnings per share/Adjusted EPS</b>	(\$0.34)/(\$0.21)	(\$0.40)/(\$0.23)	15%/9%
<b>Adjusted EBITDA</b>	\$1.4M	(\$0.2M)	\$1.6M
<b>Cash Balance</b>	\$86.3M	\$94.4M	(\$8.1M)
<b>Operating Cash Flow</b>	\$0.5M	\$4.5M	(\$4.0M)

# FISCAL 2022 FULL YEAR RESULTS

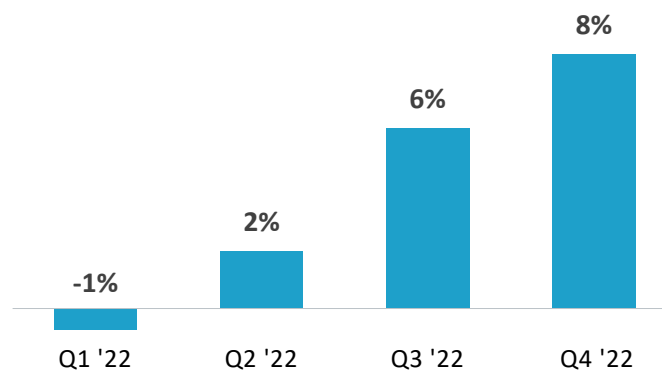
## Fiscal 2022 Results

## 2022 Guidance

<b>Total Revenue</b>	\$156.2M / up 6%	Low to mid single-digit % (upper end)
OA Pain Management	\$97.9M / up 9%	Mid to upper single digit %
Joint Preservation and Restoration	\$50.4M / up 4%	Low to mid single-digit %
Non-Orthopedic	\$7.9M /down 18%	Down ~20%
<b>Adjusted Gross Margin<sup>1</sup></b>	66% <sup>1</sup>	Mid 60% range
<b>Adjusted EBITDA<sup>1</sup> %</b>	8%	Mid single-digit %



### Accelerating Joint Preservation and Restoration Growth Through 2022



### Strong Financial Foundation: Positive Op. Cash Flow, No Debt

**Operating Cash Flow of \$4.4M**

**\$86.3 million**  
Cash Balance as of December 31, 2022

# 2023 REVENUE OUTLOOK

## Revenue Growth

<b>TOTAL COMPANY</b>	<b>\$158 to \$163 million (Growth of 1% to 4%)</b>
<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>

\* Beginning in the first quarter of 2023, revenue from veterinary products historically reported in OA Pain Management will be reported in the Non-Orthopedic product family to provide investors a more accurate representation of the performance of our business. The Company's growth outlook for 2023 reflects this reclassification for both 2023 and 2022. Veterinary revenue included in OA Pain Management in 2022 was \$5.9 million.

# 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

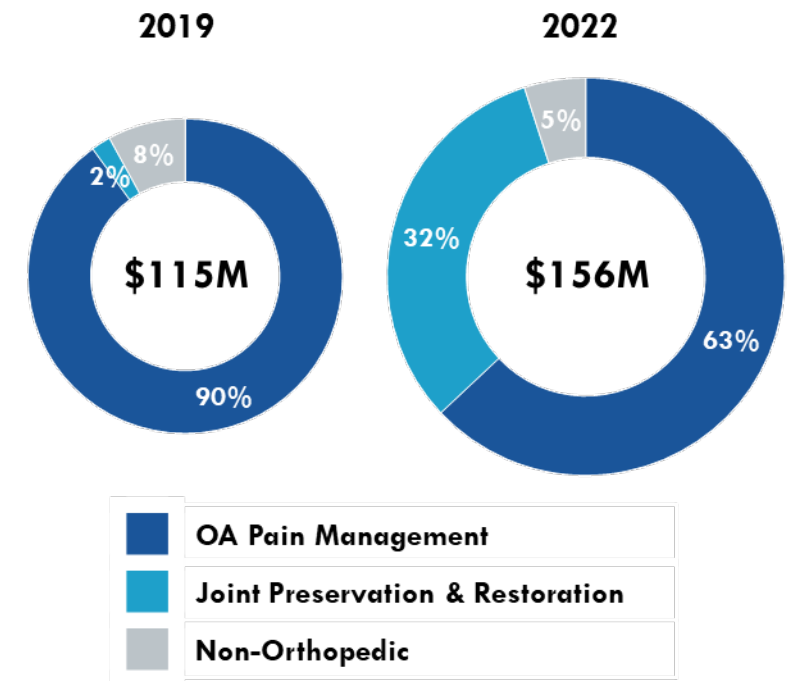
- Broad, differentiated product portfolio with OA Pain Management, Regenerative Solutions, Sports Medicine, and Arthroscopic Joint Solutions
- Multiple new product introductions over next 18 months
- Work ongoing to bring Hyalofast and Cingal to market in the U.S.

## 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)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2022	2021	2022	2021
Revenue	\$ 39,622	\$ 35,821	\$ 156,236	\$ 147,794
Cost of Revenue	15,491	17,687	62,660	64,851
Gross Profit	24,131	18,134	93,576	82,943
<i>% revenue</i>	<i>61%</i>	<i>51%</i>	<i>60%</i>	<i>56%</i>
Operating expenses:				
Research and development	7,749	6,000	28,182	27,327
Selling, general and administrative	23,049	20,432	84,794	74,096
Change in fair value of contingent consideration	-	825	-	(21,095)
Total operating expenses	30,798	27,257	112,976	80,328
(Loss) income from operations	(6,667)	(9,123)	(19,400)	2,615
Interest and other income (expense), net	276	(47)	654	(188)
(Loss) income before income taxes	(6,391)	(9,170)	(18,746)	2,427
(Benefit from) provision for income taxes	(1,483)	(3,377)	(3,887)	(1,707)
Net (loss) income	\$ (4,908)	\$ (5,793)	\$ (14,859)	\$ 4,134
Net (loss) income per share:				
Basic	\$ (0.34)	\$ (0.40)	\$ (1.02)	\$ 0.29
Diluted	\$ (0.34)	\$ (0.40)	\$ (1.02)	\$ 0.28
Weighted average common shares outstanding:				
Basic	14,640	14,438	14,561	14,401
Diluted	14,640	14,438	14,561	14,634

# BALANCE SHEET

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

<b>ASSETS</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets:		
Cash, cash equivalents and investments	\$ 86,327	\$ 94,386
Accounts receivable, net	34,627	29,843
Inventories, net	39,765	36,010
Prepaid expenses and other current assets	8,828	8,289
Total current assets	169,547	168,528
Property and equipment, net	48,279	47,602
Right-of-use assets	30,696	20,957
Other long-term assets	17,219	20,285
Deferred tax assets	1,449	-
Intangible assets, net	74,599	82,382
Goodwill	7,339	7,781
Total assets	<u>\$ 349,128</u>	<u>\$ 347,535</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 9,074	\$ 7,633
Accrued expenses and other current liabilities	18,840	17,847
Contingent consideration	-	4,315
Total current liabilities	27,914	29,795
Other long-term liabilities	398	1,258
Deferred tax liability	6,436	10,157
Lease liabilities	28,817	19,240
Stockholders' equity:		
Common stock, \$0.01 par value	146	144
Additional paid-in-capital	81,141	67,081
Accumulated other comprehensive loss	(6,443)	(5,718)
Retained earnings	210,719	225,578
Total stockholders' equity	285,563	287,085
Total liabilities and stockholders' equity	<u>\$ 349,128</u>	<u>\$ 347,535</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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Gross Profit	\$ 24,131	\$ 18,134	\$ 93,576	\$ 82,943
Product rationalization related charges	563	382	3,199	2,445
Acquisition related intangible asset amortization	1,560	1,562	6,240	6,248
Acquisition related inventory step up	-	221	-	6,465
Adjusted Gross Profit	<u>\$ 26,254</u>	<u>\$ 20,299</u>	<u>\$ 103,015</u>	<u>\$ 98,101</u>
Unadjusted Gross Margin	61%	51%	60%	56%
Adjusted Gross Margin	66%	57%	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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net (loss) income	\$ (4,908)	\$ (5,793)	\$ (14,859)	\$ 4,134
Interest and other expense, net	(276)	47	(654)	188
Benefit from income taxes	(1,483)	(3,377)	(3,887)	(1,707)
Depreciation and amortization	1,880	1,943	7,340	7,169
Stock-based compensation	3,813	3,166	14,315	11,085
Product rationalization	563	382	3,199	2,445
IPR&D impairment	-	600	-	600
Acquisition related intangible asset amortization	1,786	1,787	7,147	7,148
Acquisition related inventory step up	-	221	-	6,465
Change in fair value of contingent consideration	-	825	-	(21,095)
Adjusted EBITDA	<u>\$ 1,375</u>	<u>\$ (199)</u>	<u>\$ 12,601</u>	<u>\$ 16,432</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>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net (loss) income	\$ (4,908)	\$ (5,793)	\$ (14,859)	\$ 4,134
Product rationalization, tax effected	456	311	2,410	1,830
IPR&D impairment, tax effected	-	448	-	448
Acquisition related intangible asset amortization, tax effected	1,446	1,488	5,385	5,386
Acquisition related inventory step up, tax effected	-	184	-	4,810
Change in fair value of contingent consideration, tax effected	-	173	-	(16,979)
Adjusted net (loss) income	<u>\$ (3,006)</u>	<u>\$ (3,189)</u>	<u>\$ (7,063)</u>	<u>\$ (371)</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)**

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Diluted (loss) earnings per share (EPS)	\$ (0.34)	\$ (0.40)	\$ (1.02)	\$ 0.28
Product rationalization, tax effected	0.03	0.02	0.17	0.13
IPR&D impairment, tax effected	-	0.03	-	0.03
Acquisition related intangible asset amortization, tax effected	0.10	0.10	0.36	0.37
Acquisition related inventory step up, tax effected	-	0.01	-	0.33
Change in fair value of contingent consideration, tax effected	-	0.01	-	(1.16)
Adjusted diluted (loss) earnings per share (EPS)	<u>\$ (0.21)</u>	<u>\$ (0.23)</u>	<u>\$ (0.49)</u>	<u>\$ (0.02)</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 December 31,</b>				<b>For the Twelve Months Ended December 31,</b>			
	<b>2022</b>	<b>2021</b>	<b>\$ change</b>	<b>% change</b>	<b>2022</b>	<b>2021</b>	<b>\$ change</b>	<b>% change</b>
OA Pain Management	\$ 23,748	\$ 19,713	\$ 4,035	20%	\$ 97,887	\$ 89,503	\$ 8,384	9%
Joint Preservation and Restoration	14,347	13,292	1,055	8%	50,401	48,588	1,813	4%
Non-Orthopedic	1,527	2,816	(1,289)	-46%	7,948	9,703	(1,755)	-18%
Revenue	<u>\$ 39,622</u>	<u>\$ 35,821</u>	<u>\$ 3,801</u>	<u>11%</u>	<u>\$ 156,236</u>	<u>\$ 147,794</u>	<u>\$ 8,442</u>	<u>6%</u>

Note: OA Pain Management revenue for the three months ended December 31, 2022 and 2021, includes veterinary product revenue of \$1,297 and \$1,512, respectively. OA Pain Management revenue for the twelve months ended December 31, 2022 and 2021, includes veterinary product revenue of \$5,903 and \$4,419, respectively.