

Q3 2023 EARNINGS CALL

NOVEMBER 2, 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.

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Q3 2023 BUSINESS HIGHLIGHTS

✓ Revenue Growth Exceeded Expectations with Momentum Building Across the Business including Double Digit Joint Preservation and Restoration (JPR) Growth; Raising Full-Year 2023 Financial Guidance

- Joint Preservation and Restoration up 14% (up 10% year-to-date through Q3)
- OA Pain Management¹ up 2% (up 11% year-to-date through Q3)
- Non-Orthopedic¹ down 22% (down 34% year-to-date through Q3)

✓ Joint Preservation and Restoration Key Products Launching on Regulatory Success

- **RevoMotion™** Reverse Shoulder Arthroplasty System successful full market release at the Orthopaedic Summit: Evolving Technologies (OSET) in September attracts strong interest from surgeons
- **Integrity™** Implant System, a regenerative hyaluronic acid (HA)-based patch system for the augmentation of rotator cuff and other tendon repairs, now fully cleared by the FDA; on-track for Q1-2024 launch
- **X-Twist™** Biocomposite Fixation System received 510(k) clearance, on-track for Q1-2024 launch; complements PEEK version released in Q1-2023, addressing the full \$600+ million U.S. rotator cuff market
- **Expanding Medical Education** nationally with more than 500 surgeons trained in 2023 on the safe and effective use of Anika's full Joint Preservation and Restoration product portfolio

✓ OA Pain Management Outperformance Continues

- **Increasing #1 U.S. market share²** position with single-injection Monovisc® and multi-injection Orthovisc®
- **Cingal®**: 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



X-Twist™
Biocomposite Anchor



RevoMotion™
Reverse Shoulder System



Integrity™
Rotator Cuff Patch System



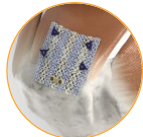
CINGAL®

Integrity™ Regenerative Rotator Cuff Patch System Launching Q1-2024

Arthroscopic, HA-based, efficient system; increased regenerative capacity compared to collagen patches

Leveraged our expertise in hyaluronic acid (HA) and sports medicine to design a superior patch and an improved, easier-to-use delivery system

Integrity is generating substantial surgeon interest leading up to market launch, attracted to the inherent patch strength, regenerative capacity, and the ability to confidentially manipulate and affix the patch



Strong

Hybrid*, HYAFF®/PET structure provides superior implant handling strength vs. collagen-based products



Versatile

Differentiated lateral-to-medial fixation and technique via tacks and darts provides confidence across the continuum of tears



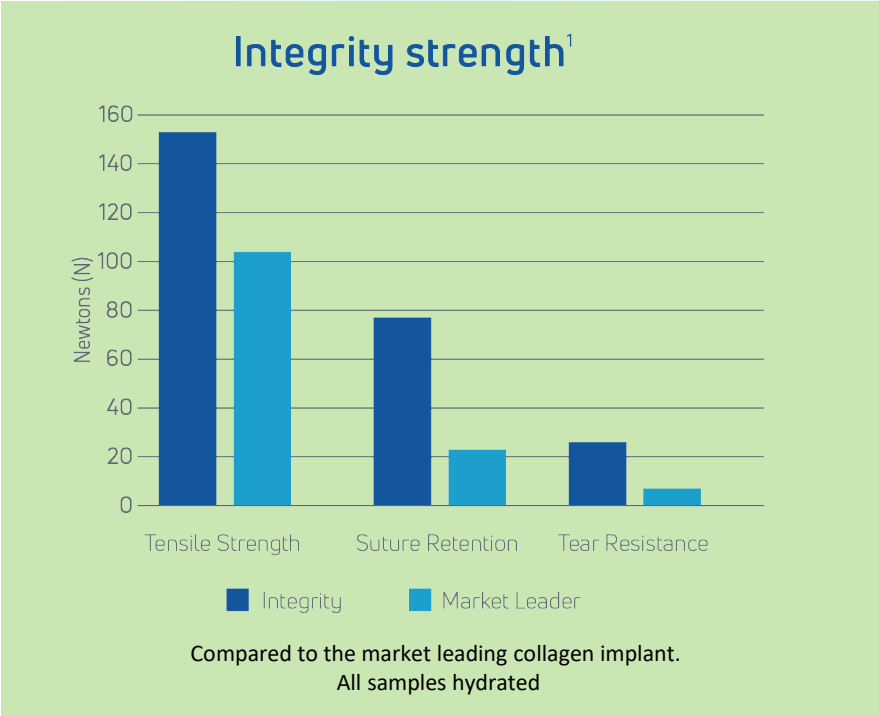
Regenerative

Higher regenerative capacity vs. first generation collagen patches.¹ Composed of proven HYAFF® material with 15 years of safe clinical use²



Easy to Use

Pliable, soft matrix supports arthroscopic insertion



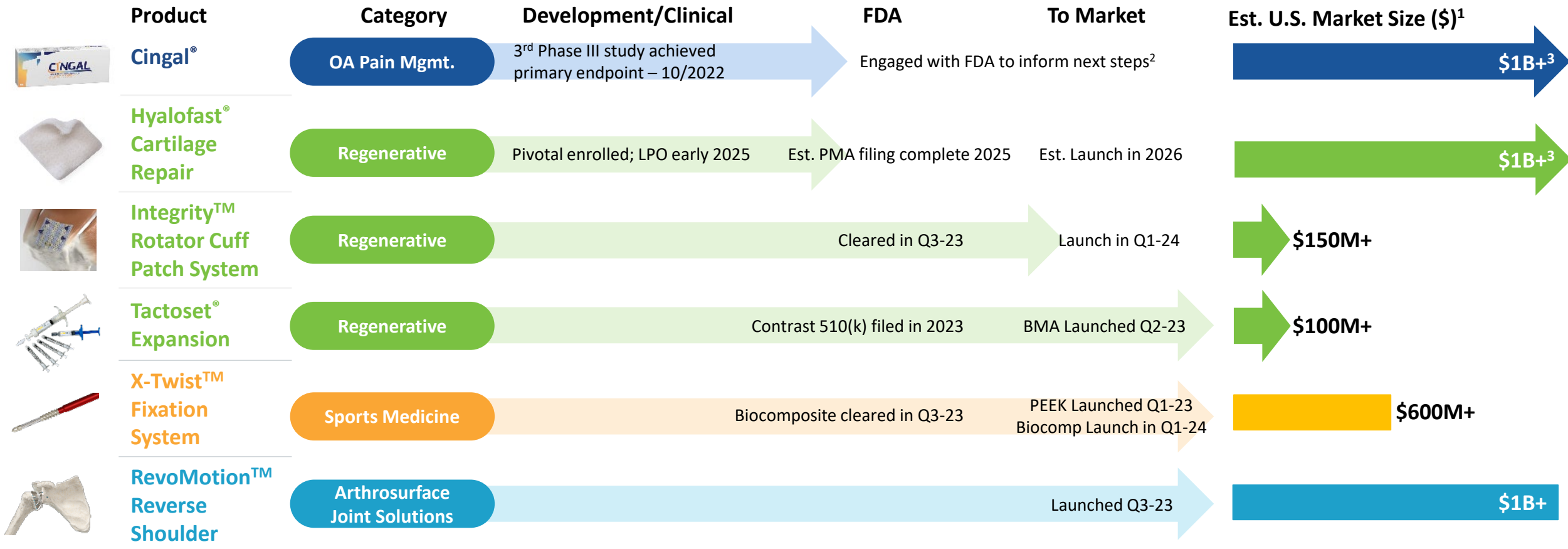
* 80% Hyaff / 20% PET v/v

¹ Data on file

² Clinical data on file

HIGHLY DIFFERENTIATED PIPELINE SOLVES UNMET NEEDS IN EARLY INTERVENTION ORTHOPEDICS

\$3B+ MARKET OPPORTUNITY OPENED BY SUCCESSIVE PRODUCT LAUNCH CADENCE



Note: Last Patient Out (LPO)

¹ SmartTRAK 2023 and internal estimates for current market size

² Overall timing is unknown, largely dependent upon nonclinical testing plan and FDA's feedback on scientific bridging study proposal

³ SmartTRAK 2023 and internal estimates for market size by 2027

Committed Path to Profitability, Driving Commercial Execution While Actively Managing Costs

Positioning to drive significant growth in coming years

- Targeting sustained double-digit JPR growth, with RevoMotion, Tactoset, and X-Twist PEEK now launched and Integrity and X-Twist Biocomposite coming to market in early 2024
- Continued above-market growth in OA Pain Management led by Monovisc globally and Cingal OUS

Following significant operational progress, actively managing OpEx spend

- Significant progress in launching key products and addressing Medical Device Regulations (MDR) enables savings and improved operating leverage
- Continue cost-conscious hybrid sales model while enhancing focus
 - Executing on hiring very targeted direct sales reps focused on regenerative solutions and sports medicine to augment our hybrid channel and penetrate underperforming accounts and/or geographies
 - Addition of direct sales resources will not increase overall OpEx spend

Confident in margin expansion as Anika pivots to accelerated top and bottom-line growth

- Committed path to profitability, driving operating leverage as growth accelerates and costs stabilize



Q3 FY2023 FINANCIAL HIGHLIGHTS

Three months ended September 30,

	2023	2022	Change
OA Pain Management	\$24.9M	\$24.5M	2%
Joint Preservation and Restoration	\$13.5M	\$11.8M	14%
Non-Orthopedic	\$3.1M	\$4.0M	(22%)
Total Revenue	\$41.5M	\$40.3M	3%
Gross Margin/Adjusted Gross Margin¹	60%/66%	57%/67%	3pts/(1pt)
Operating Expenses	\$32.6M²	\$28.6M	\$4.0M
Net Loss/Adjusted Net Income (loss)¹	(\$6.6M)/\$0.0M	(\$4.2M)/(\$0.7M)	(\$2.4M)/\$0.7M
Earnings per share/Adjusted EPS¹	(\$0.45)/\$0.00	(\$0.29)/(\$0.05)	(\$0.16)/\$0.05
Adjusted EBITDA/Adjusted EBITDA Margin¹	\$4.7M/11%	\$4.1M/10%	\$0.6M/1pt
Operating Cash Flow	\$6.5M	\$2.7M	\$3.8M
Purchase of Property and Equipment	(\$0.7)M	(\$1.7)M	\$1.0M
Free Cash Flow³	\$5.8M	\$1.0M	\$4.8M
Ending Cash Balance	\$70.7M		

Notable Year-To-Date Metrics
(Nine months ended Sept. 30, 2023)

Revenue Growth:

OA Pain Management	11%
Joint Preservation	10%
Non-Orthopedic	(34%)
Total Revenue Growth	6%

Adj. Gross Margin¹ 66%

Adj. EBITDA Margin¹ 8%

Adj. Net Loss¹ (\$4.7)M

¹ Non-GAAP measure; see reconciliation schedule at the end of this presentation and as part of the Q3 2023 earnings press release

² Operating Expenses in Q3 2023 includes \$4.5M charge for a discontinued software development project

³ Free Cash Flow represents operating cash flow less purchases of property and equipment

RAISING 2023 REVENUE OUTLOOK

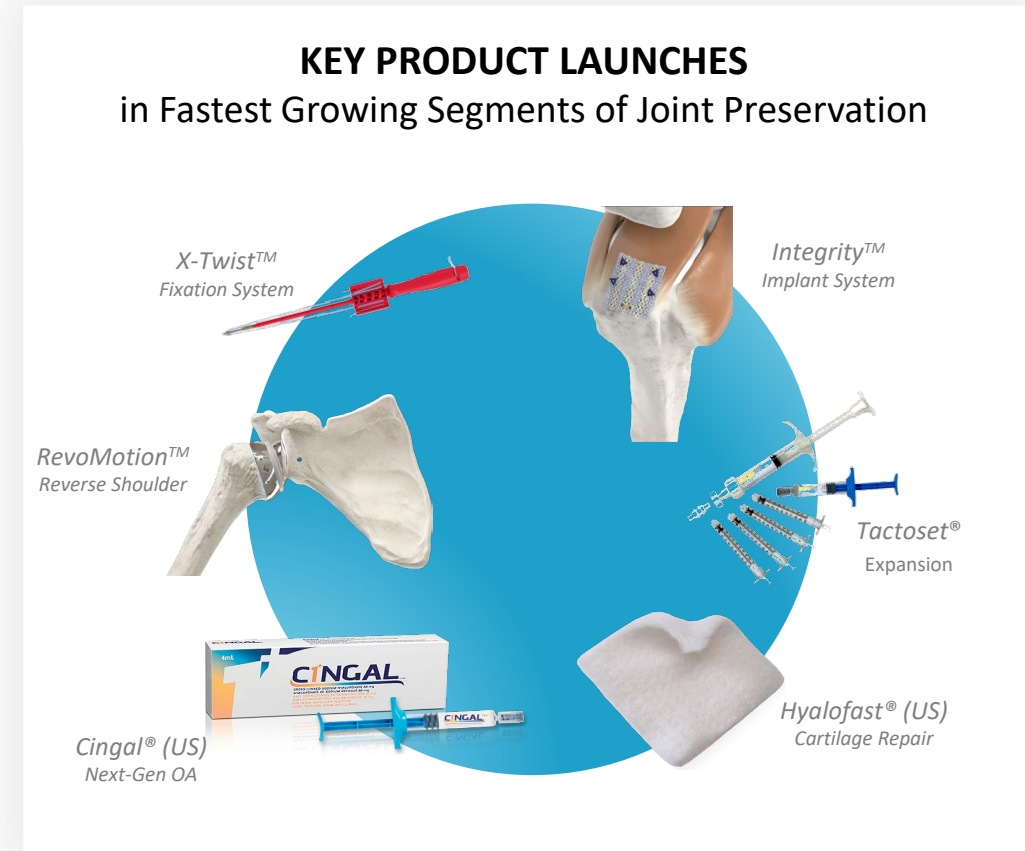
Product Families

OA Pain Management	\$99.75 to \$101 million (Growth of 8% to 10%)
Joint Preservation and Restoration	\$54.75 to \$55.5 million (Growth of 9% to 10%)
Non-Orthopedic	~\$9.5 million (Down ~30%)
Total Company	\$164 to \$166 million (Growth of 5% to 6%)

- Effective January 1, 2023, the Company began to report revenue from product sales to veterinary customers within the Non-Orthopedic product family whereas such revenue had been previously reported within the OA Pain Management product family. The Company’s growth outlook reflects this reclassification for both 2023 and 2022.
- Previous outlook provided on August 8, 2023: Total Company \$159.5 - \$163 million (growth 2% to 4%), OA Pain \$96 - \$97.5 million (growth 4% to 6%), Joint Preservation and Restoration \$54 - \$55.5 million (growth 7% - 10%), Non-Orthopedic approximately \$9.5-\$10 million (down ~30%)

ANIKA'S COMPELLING INVESTMENT THESIS

- **Joint Preservation and Restoration Accelerating Growth**
- **Increasing Leadership in OA Pain Management**
- **Highly Differentiated HA-Based Regenerative Portfolio**
- **High Value Cingal, Next-Gen Non-Opioid OA Pain Product, with Leading Clinical Data**
- **Committed Path to Profitability**
- **Healthy Balance Sheet with No Debt**



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 September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 41,465	\$ 40,264	\$ 123,691	\$ 116,614
Cost of Revenue	16,521	17,485	46,932	47,169
Gross Profit	24,944	22,779	76,759	69,445
Operating expenses:				
Research and development	7,791	7,301	25,105	20,433
Selling, general and administrative	24,827	21,276	75,512	61,745
Total operating expenses	32,618	28,577	100,617	82,178
Loss from operations	(7,674)	(5,798)	(23,858)	(12,733)
Interest and other income (expense), net	635	436	1,735	378
Loss before income taxes	(7,039)	(5,362)	(22,123)	(12,355)
Benefit from income taxes	(463)	(1,187)	(2,456)	(2,404)
Net loss	\$ (6,576)	\$ (4,175)	\$ (19,667)	\$ (9,951)
Net loss per share:				
Basic	\$ (0.45)	\$ (0.29)	\$ (1.34)	\$ (0.68)
Diluted	\$ (0.45)	\$ (0.29)	\$ (1.34)	\$ (0.68)
Weighted average common shares outstanding:				
Basic	14,635	14,603	14,659	14,542
Diluted	14,635	14,603	14,659	14,542

BALANCE SHEET

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

ASSETS	September 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 70,651	\$ 86,327
Accounts receivable, net	34,682	34,627
Inventories, net	43,724	39,765
Prepaid expenses and other current assets	7,721	8,828
Total current assets	<u>156,778</u>	<u>169,547</u>
Property and equipment, net	45,937	48,279
Right-of-use assets	29,053	30,696
Other long-term assets	18,951	17,219
Deferred tax assets	1,424	1,449
Intangible assets, net	68,762	74,599
Goodwill	7,253	7,339
Total assets	<u>\$ 328,158</u>	<u>\$ 349,128</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,251	\$ 9,074
Accrued expenses and other current liabilities	19,813	18,840
Total current liabilities	<u>28,064</u>	<u>27,914</u>
Other long-term liabilities	400	398
Deferred tax liability	1,955	6,436
Lease liabilities	27,253	28,817
Stockholders' equity:		
Common stock, \$0.01 par value	146	146
Additional paid-in-capital	85,852	81,141
Accumulated other comprehensive loss	(6,564)	(6,443)
Retained earnings	191,052	210,719
Total stockholders' equity	<u>270,486</u>	<u>285,563</u>
Total liabilities and stockholders' equity	<u>\$ 328,158</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)

	For the Three Months Ended Sep 30,		For the Nine Months Ended Sep 30,	
	2023	2022	2023	2022
Gross Profit	\$ 24,944	\$ 22,779	\$ 76,759	\$ 69,445
Product rationalization related charges	748	2,636	748	2,636
Acquisition related intangible asset amortization	1,561	1,562	4,684	4,686
Adjusted Gross Profit	<u>\$ 27,253</u>	<u>\$ 26,977</u>	<u>\$ 82,191</u>	<u>\$ 76,767</u>
Unadjusted Gross Margin	60%	57%	62%	60%
Adjusted Gross Margin	66%	67%	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)

	For the Three Months Ended Sep 30,		For the Nine Months Ended Sep 30,	
	2023	2022	2023	2022
Net loss	\$ (6,576)	\$ (4,175)	\$ (19,667)	\$ (9,951)
Interest and other (income) expense, net	(635)	(436)	(1,735)	(378)
Benefit from income taxes	(463)	(1,187)	(2,456)	(2,404)
Depreciation and amortization	1,755	1,549	5,282	4,980
Stock-based compensation	3,561	3,876	11,428	10,502
Product rationalization	748	2,636	748	2,636
Arbitration settlement	-	-	3,250	-
Acquisition related intangible asset amortization	1,787	1,787	5,361	5,361
Discontinuation of software development project	4,473	-	4,473	-
Costs of shareholder activism	-	-	3,033	-
Adjusted EBITDA	<u>\$ 4,650</u>	<u>\$ 4,050</u>	<u>\$ 9,717</u>	<u>\$ 10,746</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)

	For the Three Months Ended Sep 30,		For the Nine Months Ended Sep 30,	
	2023	2022	2023	2022
Net loss	\$ (6,576)	\$ (4,175)	\$ (19,667)	\$ (9,951)
Product rationalization, tax effected	699	2,056	665	1,947
Arbitration settlement, tax effected	-	-	2,889	-
Acquisition related intangible asset amortization, tax effected	1,669	1,394	4,766	3,960
Discontinuation of software development project, tax effected	4,179	-	3,976	-
Costs of shareholder activism, tax effected	-	-	2,696	-
Adjusted net income (loss)	<u>\$ (29)</u>	<u>\$ (725)</u>	<u>\$ (4,674)</u>	<u>\$ (4,044)</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)

	For the Three Months Ended Sep 30,		For the Nine Months Ended Sep 30,	
	2023	2022	2023	2022
Diluted net loss per share	\$ (0.45)	\$ (0.29)	\$ (1.34)	\$ (0.68)
Product rationalization, tax effected	0.05	0.14	0.05	0.13
Arbitration settlement, tax effected	-	-	0.20	-
Acquisition related intangible asset amortization, tax effected	0.11	0.10	0.33	0.27
Discontinuation of software development project, tax effected	0.29	-	0.27	-
Costs of shareholder activism, tax effected	-	-	0.19	-
Adjusted diluted net income (loss) per share	<u>\$ 0.00</u>	<u>\$ (0.05)</u>	<u>\$ (0.32)</u>	<u>\$ (0.28)</u>

REVENUE BY PRODUCT FAMILY

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

	For the Three Months Ended Sep 30,				For the Nine Months Ended Sep 30,			
	<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	\$ 24,888	\$ 24,476	\$ 412	2%	\$ 76,855	\$ 69,533	\$ 7,322	11%
Joint Preservation and Restoration	13,470	11,821	1,649	14%	39,583	36,055	3,528	10%
Non-Orthopedic	<u>3,107</u>	<u>3,967</u>	<u>(860)</u>	<u>-22%</u>	<u>7,253</u>	<u>11,026</u>	<u>(3,773)</u>	<u>-34%</u>
Revenue	<u>\$ 41,465</u>	<u>\$ 40,264</u>	<u>\$ 1,201</u>	<u>3%</u>	<u>\$ 123,691</u>	<u>\$ 116,614</u>	<u>\$ 7,077</u>	<u>6%</u>

Note: Effective January 1, 2023, the Company began to report revenue from product sales to veterinary customers within the Non-Orthopedic product family whereas such revenue had been previously reported within the OA Pain Management product family. Revenue from product sales to veterinary customers amounted to \$1.6 million and \$1.2 million for the three months ended September 30, 2023 and 2022, respectively, and \$3.1 million and \$4.6 million for the nine months ended September 30, 2023 and 2022 respectively, and are included within the Non-Orthopedic product family for all periods presented.