

ANI Pharmaceuticals, Inc. and Subsidiaries
Table 1: US GAAP Income Statement
(unaudited, in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Revenues	\$ 51,337	\$ 50,703	\$ 158,581	\$ 144,454
Operating Expenses				
Cost of sales (excl. depreciation and amortization)	15,002	15,605	45,359	52,891
Research and development	4,982	4,667	15,128	11,906
Selling, general, and administrative	14,357	11,769	41,829	30,687
Depreciation and amortization	9,473	8,548	35,048	25,056
Cortrophin pre-launch charges	195	-	195	-
Total Operating Expenses	<u>44,009</u>	<u>40,589</u>	<u>137,559</u>	<u>120,540</u>
Operating Income	7,328	10,114	21,022	23,914
Other Expense, Net				
Interest expense, net	(3,336)	(3,768)	(10,096)	(11,132)
Other (expense)/income, net	<u>(33)</u>	<u>20</u>	<u>(117)</u>	<u>(71)</u>
Income Before (Provision)/Benefit for Income Taxes	3,959	6,366	10,809	12,711
(Provision)/Benefit for Income Taxes	<u>(64)</u>	<u>(1,329)</u>	<u>120</u>	<u>(2,647)</u>
Net Income	<u>\$ 3,895</u>	<u>\$ 5,037</u>	<u>\$ 10,929</u>	<u>\$ 10,064</u>
Earnings Per Share				
Basic Earnings Per Share	\$ 0.32	\$ 0.43	\$ 0.91	\$ 0.85
Diluted Earnings Per Share	\$ 0.32	\$ 0.42	\$ 0.89	\$ 0.85
Basic Weighted-Average Shares Outstanding	11,879	11,706	11,826	11,659
Diluted Weighted-Average Shares Outstanding	<u>12,085</u>	<u>11,804</u>	<u>12,060</u>	<u>11,767</u>

ANI Pharmaceuticals, Inc. and Subsidiaries
Table 2: US GAAP Balance Sheets
(unaudited, in thousands)

	September 30, 2019	December 31, 2018
Current Assets		
Cash and cash equivalents	\$ 59,673	\$ 43,008
Accounts receivable, net	70,700	64,842
Inventories, net	46,174	40,503
Prepaid income taxes, net	814	-
Prepaid expenses and other current assets	5,025	4,524
Total Current Assets	182,386	152,877
Property and equipment, net	39,754	38,090
Restricted cash	5,025	5,021
Deferred tax assets, net of deferred tax liabilities and valuation allowance	36,002	27,964
Intangible assets, net	188,372	201,604
Goodwill	3,580	3,580
Other non-current assets	1,656	1,468
Total Assets	\$ 456,775	\$ 430,604
Current Liabilities		
Current component of Term Loan, net of deferred financing costs	\$ 4,154	\$ 3,256
Convertible notes, net of discount and deferred financing costs	117,586	112,463
Accounts payable	10,953	8,884
Accrued expenses and other	3,368	1,707
Accrued royalties	5,527	8,456
Accrued compensation and related expenses	3,494	3,524
Current income taxes payable, net	-	5,022
Accrued government rebates	9,184	8,974
Returned goods reserve	15,945	12,552
Deferred revenue	496	711
Total Current Liabilities	170,707	165,549
Term Loan, net of deferred financing costs and current component	64,873	67,296
Other non-current liabilities	8,065	496
Total Liabilities	243,645	233,341
Stockholders' Equity		
Common stock	1	1
Treasury stock	(723)	(659)
Additional paid-in capital	197,470	186,812
Retained earnings	22,419	11,488
Accumulated other comprehensive loss, net of tax	(6,037)	(379)
Total Stockholders' Equity	213,130	197,263
Total Liabilities and Stockholders' Equity	\$ 456,775	\$ 430,604

ANI Pharmaceuticals, Inc. and Subsidiaries
Table 3: Adjusted non-GAAP EBITDA Calculation and US GAAP to Non-GAAP Reconciliation
(unaudited, in thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net Income	<u>\$ 3,895</u>	<u>\$ 5,037</u>	<u>\$ 10,929</u>	<u>\$ 10,064</u>
Add back				
Interest expense, net	3,336	3,768	10,096	11,132
Other expense/(income), net	33	(20)	117	71
(Provision)/Benefit for income taxes	64	1,329	(120)	2,647
Depreciation and amortization	9,473	8,548	35,048	25,056
Cortrophin pre-launch charges	195	-	195	-
Expensed FDA approval milestone payment	329	-	329	-
Add back				
Stock-based compensation	2,470	1,795	6,773	4,954
Acquired IPR&D expense	-	-	2,324	1,335
Excess of fair value over cost of acquired inventory	-	44	-	5,689
Transaction and integration expenses	-	928	84	1,269
Adjusted non-GAAP EBITDA	<u>\$ 19,795</u>	<u>\$ 21,429</u>	<u>\$ 65,775</u>	<u>\$ 62,217</u>

ANI Pharmaceuticals, Inc. and Subsidiaries

Table 4: Adjusted non-GAAP Net Income and Adjusted non-GAAP Diluted Earnings per Share Reconciliation

(unaudited, in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Income	\$ 3,895	\$ 5,037	\$ 10,929	\$ 10,064
Add back				
Non-cash interest expense	1,871	1,980	5,525	5,839
Depreciation and amortization expense	9,473	8,548	35,048	25,056
Cortrophin pre-launch charges	195	-	195	-
Expensed FDA approval milestone payment	329	-	329	-
Acquired IPR&D expense	-	-	2,324	1,335
Stock-based compensation	2,470	1,795	6,773	4,954
Excess of fair value over cost of acquired inventory	-	44	-	5,689
Transaction and integration expenses	-	928	84	1,269
Less				
Tax impact of add back items	(3,441)	(3,058)	(12,067)	(10,153)
Discrete tax benefit related to ANI Canada transfer pricing agreement	-	-	(1,653)	-
Adjusted non-GAAP Net Income	\$ 14,792	\$ 15,274	\$ 47,487	\$ 44,053
Diluted Weighted-Average				
Shares Outstanding	12,085	11,804	12,060	11,767
Less dilutive effect of notes	(78)	-	(128)	-
Adjusted Diluted Weighted-Average				
Shares Outstanding	12,007	11,804	11,932	11,767
Adjusted non-GAAP				
Diluted Earnings per Share	\$ 1.23	\$ 1.29	\$ 3.98	\$ 3.74

ANI Pharmaceuticals, Inc. and Subsidiaries
Table 5: Cortrophin® Gel Re-Commercialization Milestone Update

Objective	Duration	Steps / Details	Status
Manufacture commercial-scale batches of corticotropin API	2-3 months per batch	<ul style="list-style-type: none"> • Scale-up manufacturing process 5x to projected commercial scale • Finalize API manufacturing process & initiate PV / registration batches • Method development for API characterization methods • Method validation for API release / stability methods • Perform viral clearance studies and validation 	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>
Manufacture Commercial Scale Cortrophin® Gel Drug Product	1 month per batch	<ul style="list-style-type: none"> • Finalize drug product manufacturing process • Initiate process validation • Method validation for API release / stability methods • Manufacture three API and three drug product registration batches 	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>
Registration stability for sNDA	6 months	<ul style="list-style-type: none"> • Initiate registration stability studies • Demonstrate 6 months accelerated and real-time stability prior to sNDA submission 	<p>Complete</p> <p>On Track</p>
sNDA submission		<ul style="list-style-type: none"> • Target date: March 2020 • Filing - four month PDUFA date 	<p>On Track</p>