

# Aurora Spine Corporation Announces First Quarter Fiscal 2023 Financial Results

Management to host conference call today, May 24, 2023 at 12:00 PM ET

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CARLSBAD, Calif., May 24, 2023 — Aurora Spine Corporation (“Aurora Spine” or the “Company”) (TSXV: ASG) (OTCQB: ASAPF), a designer and manufacturer of innovative medical devices that improve spinal surgery outcomes, today announced the financial results for its first quarter fiscal 2023 ended March 31, 2023. All figures are in U.S. dollars.

### Financial and Business Highlights

- **Product mix** - Sales of higher margin Aurora Spine products made up 83% of sales in Q1 2023 compared to 75% of sales in Q1 2022, decreasing the cost of goods percentage to 11.9% compared to 12.9% in the previous comparable period.
- **SiLO TFX** - Initial surgeries using the SiLO TFX device occurred in March 2023 with a larger release scheduled in Q3 2023. The SiLO TFX was introduced to over 20 surgeons/physicians and received favorable reviews with agreements to use in their practice.
- **IRB Study** - Received IRB approval to commence the multicenter study for the DEXA-C cervical interbody system.
- **Zip Sales** - Sales of the Zip line of implants remains strong at 40.2% of sales in Q1 2023 compared to 33.7% in Q1 2022.

### Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “First quarter was a transitional quarter for Aurora, where the industry had to manage certain reimbursement changes that affected our SI joint division. We also added new sales personnel during this time frame and started to establish new relationships to renew our sales strategy. We believe that these changes and investments will be beneficial to the company later this fiscal year and in the long-term. Despite these short-term issues, the company has several key initiatives that were positive events, including the initial surgeries of our new SiLO TFX product, which were successfully implanted into patients. We are currently building inventory to ramp up for a full release of the products slated for the third quarter of 2023.”

Mr. Northcutt continued, “Looking at our other product lines, ZIP continued to act as a key contributor to the company’s sales, as the product has recently received improved

reimbursements, but its versatility is starting to gain momentum in the marketplace, as more professionals, including neuro, ortho and pain interventionalists, are recognizing the value the ZIP line of products have to offer. We believe that the true vision and intent of this product is now coming to fruition. Regarding our DEXA technology, we are highly focused on getting more kits shipped. There is a delicate balance by making sure these kits are placed with appropriate doctors that understand what DEXA has to offer, but also aligning with the appropriate healthcare facilities. This has been a challenge, but it is a top priority of the sales team.”

Mr. Northcutt concluded, “We are very pleased with the progress we are making at Aurora Spine. We have more work to accomplish, but we believe we’ve made the necessary changes to improve our sales reach. We believe we are embarking on the right pathway forward with many new products that are beneficial to the patient and practitioner. We remain optimistic that 2023 can be another year of growth.”

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, “We are working diligently to maintain a lean structure and improve our collections process to lower our receivables over time. We remain prudent with our expenses while simultaneously making sure we invest appropriately in our multicenter studies and trainings for our portfolio of products.”

## **Financial Results**

Total revenues for the first quarter of 2023 were \$2.96 million a decrease of 16.7% when compared to \$3.55 million in the same quarter one year ago. The decrease is due to 22% lower sales of the SiLO allograft system in Q1 2023 compared to Q1 2022 due to the change in the reimbursement coding. SiLO allograft sales were lower by 49% in Q1 2023 as compared to Q4 2022. In addition, the sales have decreased in the spine division and the Company has initiated changes to the sales organization to address the issue.

Gross margin on total revenues were 52.2% for the first quarter of 2023, compared to 53.5% in Q1 of 2022.

Total operating expenses were \$2.191 million for the first quarter of 2023, compared to \$2.288 million in the first quarter of 2022. Operating expenses decreased during the first quarter primarily due to less general and administrative fees and marketing expenses.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$(0.38) million for the first quarter of 2023, compared to \$(0.15) million in the first quarter of 2022.

Net loss was \$(0.663) million for the first quarter of 2023, compared to the first quarter of 2022 with a loss of \$(0.387) million. Basic and diluted net (loss) income per share was \$(0.01) per share in the first quarter of 2023 and \$(0.01) per share for the first quarter of 2022.

Full financial statements can be found on SEDAR at ([www.sedar.com](http://www.sedar.com)).

## SELECTED BALANCE SHEET INFORMATION

The following table summarizes selected key financial data.

As at	March 31, 2023	December 31, 2022	December 31, 2021
	\$	\$	\$
Cash	361,986	423,401	3,172,575
Receivables	3,567,411	3,666,310	2,668,174
Prepaid and other current assets	281,293	186,800	674,687
Inventory	3,037,445	3,054,173	1,889,640
Current Assets	7,248,135	7,330,684	8,405,076
Intangible Assets	857,876	881,354	854,331
Property and Equipment	1,842,826	1,910,940	1,304,242
Total Assets	9,948,837	10,122,978	10,563,649
Current Liabilities	2,795,546	3,029,599	2,627,281
Non-Current Liabilities	2,747,114	2,773,919	2,367,056
Share Capital	26,105,376	25,218,093	25,087,474

**SELECTED QUARTERLY INFORMATION** The Company's functional currency is the US dollar (USD). The functional currency of the Company's US subsidiary Aurora is USD.

Operating results for each quarter for the last two fiscal years are presented in the table below.

Quarters End	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	2,958,088	<b>3,609,514</b>	3,648,680	4,067,166	3,551,964	<b>2,964,980</b>	2,892,540	2,425,397
Cost of goods sold	(1,429,987)	<b>(1,783,881)</b>	(1,706,677)	(1,926,683)	(1,650,355)	<b>(1,602,047)</b>	(1,536,244)	(1,421,393)
Gross profit	1,528,101	<b>1,825,632</b>	1,942,003	2,140,483	1,901,609	<b>1,362,933</b>	1,356,296	1,004,004
Operating expenses	2,191,039	<b>2,665,203</b>	2,057,655	2,367,985	2,288,186	<b>2,266,897</b>	1,724,513	1,879,479
EBITDAC*	(377,871)	<b>(358,311)</b>	150,687	96,285	(153,972)	<b>(566,569)</b>	(171,247)	(480,837)
Net loss	(662,938)	<b>(839,570)</b>	(115,652)	(159,667)	(386,577)	<b>(903,964)</b>	(368,217)	(700,405)
Basic and diluted loss per share**	(0.01)	<b>(0.01)</b>	(0.00)	(0.00)	(0.01)	<b>(0.01)</b>	(0.01)	(0.01)

\* EBITDAC is a non-GAAP, non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation. This amount includes Gains (losses) on sale of property and equipment and Other income (expense).

\*\* Outstanding options and warrants have not been included in the calculation of the diluted loss per share as they would have the effect of being anti-dilutive.

## Conference Call Details

**Date and Time:** Wednesday, May 24, 2023, at 12:00 pm ET/9:00 am PT

**Call-in Information:** Interested parties can access the conference call by dialing (844) 861-5497 or (412) 317-5794.

**Webcast:** Interested parties can access the conference call via a live webcast, which is available via the following link: <https://app.webinar.net/Ly4jA39g1da> or in the Investor Relations section of the Company's website at <https://www.aurora-spine.com/investors-v02>.

**Replay:** A teleconference replay of the call will be available until May 8, 2023, at (877) 344-7529 or (412) 317-0088, replay access code 7462834. Additionally, a replay of the webcast will be available in the Investor Relations section of the Company's website at <https://www.aurora-spine.com/investors-v02> or at <https://app.webinar.net/Ly4jA39g1da> for 90 days.

## About Aurora Spine

Aurora Spine is focused on bringing new solutions to the spinal and SI joint implant market through a series of innovative, minimally invasive, regenerative spinal implant technologies. Aurora's goal is to improve patients' quality of life by developing and distributing implants using its proprietary technologies to relieve back pain and preserve spinal bone structure and anatomy. The company's fully developed product portfolio primarily addresses the market need for minimally invasive spinal and SI joint surgical devices. Additional information can be accessed at [www.aurora-spine.com](http://www.aurora-spine.com) or [www.aurorapaincare.com](http://www.aurorapaincare.com).

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## Forward-Looking Statements

*This news release contains forward-looking information that involves substantial known and unknown risks and uncertainties, most of which are beyond the control of Aurora Spine, including, without limitation, those listed under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Information" in Aurora Spine's final prospectus (collectively, "forward-looking information"). Forward-looking information in this news release includes information concerning the proposed use and success of the company's products in surgical procedures. Aurora Spine cautions investors of Aurora Spine's securities about important factors that could cause Aurora Spine's actual results to differ materially from those projected in any forward-looking statements included in this news release. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-*

*looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ unilaterally from those expressed in such forward-looking statements. No assurance can be given that the expectations set out herein will prove to be correct and, accordingly, prospective investors should not place undue reliance on these forward-looking statements. These statements speak only as of the date of this press release and Aurora Spine does not assume any obligation to update or revise them to reflect new events or circumstances.*

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