

Aurora Spine Corporation Announces Fourth Quarter and Fiscal 2020 Financial Results

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CARLSBAD, Calif., April 30, 2021 — 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 the fourth quarter and fiscal year ended December 31, 2020. All figures are in U.S. dollars.

Business Highlights

- Converted majority of revenues to proprietary products, 53.4% during FY20 versus 45.7% in FY19.
- Created new interventional Pain Care Division focused on the rapidly growing segment of pain care.
- Commenced major Multicenter Clinical Study for Aurora’s proprietary ZIP™ Interspinous Fixation Device for relief of back pain.
- Commercially launched its proprietary SOLO™ 3D printed ALIF Stand-Alone Cage system.
- The World’s First DEXA Technology™ Patient-Matched Implant Technology; Aurora received United States Patent No: 10,779,954 entitled “Body Density Scan Result-Matched Orthopedic Implants and Methods of Use.”

Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “Fiscal 2020 was a challenging year for Aurora and the world at large, but I’m proud of our company, our employees and our accomplishments during such trying times. Despite the obstacles, we were able to keep the company on strong financial footing and proceed with our short and long term goals, including converting several third party products into proprietary Aurora products. We were also able to work on developing several key initiatives that will help the company resume its growth trajectory and add value to our franchise for years to come. We were also able to work on these initiatives while maintaining strict expense controls and preserving our capital, leaving the company in a position to pursue and expand upon these growth initiatives in fiscal 2021.”

Mr. Northcutt continued, “While the scheduling of elective surgeries was extremely erratic during 2020, we made great strides to add more proprietary products to our arsenal and implement simulation studies for doctors to learn about Aurora products and practice in

cadaver labs. One of our most exciting events during 2020 for Aurora was receiving a patent for the world's first DEXA Technology™ Patient-Matched Implant Technology. This patent enables us to create three sets of implants each with different densities that a surgeon can then match up to a patient's specific bone density based on the patient's DEXA Scan/T-score. It is our belief that this technology will allow for the best bone fusion treatment in the marketplace. We have already begun to pursue creating products around this patent and anticipate launching our initial product in the coming quarters. We also commenced a new multicenter clinical study for our ZIP™ Interspinous Fixation device for patients suffering from back pain due to symptomatic degenerative disc disease. The study is underway and we anticipate to enroll in excess of 100 patients with initial results towards the end of 2021."

Mr. Northcutt concluded, "Fiscal 2021 is off to a solid start. We have begun to see a recent increase in procedures and anticipate that gaining momentum into the summer months. We are highly focused on delivering additional new proprietary Aurora products, including our first DEXA-based product slated for market entry later this year. In addition, the launch of our SI Joint device, SiLO™, has been successful and look forward to building upon this product with a non-bone version called SiLO-FX™ in the coming quarters. We are also focused on reaching out to more doctors/surgeons and making them aware of our products and will do this by offering more cadaver labs in various cities across the U.S. We have conducted several labs in the past few quarters and all have been a successful means to educate the medical community about Aurora and build adoption of our newer, proprietary products. We are very optimistic about our future as we expect to launch several new products and initiatives, which should also lead to sizable revenue and gross profit margin improvements over the long-term."

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, "The fourth quarter and fiscal year was a solid report for Aurora. This was accomplished by improved gross profit margin, which continued to increase since the company implemented a shift into producing more proprietary products. Expense controls were also a contributing factor and as a result the company's cash burn was muted for both periods. Now that more states have opened up and elective surgeries have resumed, we expect operating expenses to increase to more normalized levels in the coming quarters to support the company's launch of several new products and initiatives, which should also lead to continued revenue and gross profit margin improvements."

Outlook

While the company doesn't yield formal guidance, first quarter results should be in-line with those reported for Q4 of 2020. The start of the first quarter was a little slower than expected, due to many healthcare professionals and their staffs getting vaccinated during the early part of the quarter, but the company exited the quarter with renewed momentum, nearing pre-Covid revenue levels. The company is cautiously optimistic that as the pandemic subsides,

elective surgeries should continue to recover. While the scheduling of these procedures has been erratic in the past year, the pain that patients are experiencing hasn't gone away and many of the procedures are going to be resolved at some point. Aurora is well positioned to help pain interventionalists and spine/neuro surgeons alike in offering them the latest technologies to quickly improve their patient's lives and the company plans on announcing several new products and initiatives throughout 2021.

Financial Results

Total revenues for the fourth quarter of 2020 were \$2.43 million compared to \$2.63 million for the fourth quarter of 2019, a decrease of 7.7%, but a slight sequential increase of 2.5% from third quarter 2020 of \$2.37 million, as elective surgeries resumed from the Covid-19 shutdown that occurred in the first half of the fiscal year. Total revenues for fiscal 2020 were \$8.65 million compared to \$11.15 million for fiscal 2019, a decrease of 22.4%, mostly due to the Covid-19 shutdown in the first half of the fiscal year.

Gross margin on total revenues were 40.1% for the fiscal 2020, compared to 31.8% for fiscal 2019. The improvements in gross margins is attributable to the company's strategy of converting third party product sales to more proprietary, Aurora Spine products.

Total operating expenses were \$1.400 million for the fourth quarter of 2020, which included \$0.188 million of non-cash expenses, compared to \$0.669 million, which included \$0.137 million of non-cash expenses for the fourth quarter of 2019. Total operating expenses for fiscal 2020 were \$4.720 million, which included \$0.683 million of non-cash expenses, compared to \$4.801 million, which included \$0.479 million of non-cash expenses for the fiscal 2019. The change in operating expenses were elevated during the fourth quarter as the company incurred higher general and administrative expenses for due to an increase in marketing and professional fees related to legal work for new products.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$0.19 million for the fourth quarter of 2020, compared to \$(0.84) million in the fourth quarter of 2019. EBITDAC was \$0.54 million for fiscal 2020, compared to \$(0.60) million for fiscal 2019.

Net loss was \$(0.042) million for the fourth quarter of 2020, compared to a loss of \$(0.59) million in the fourth quarter of 2019. Basic and diluted net income per share was (\$0.00) per share in the fourth quarter of 2020 and \$(0.03) per share for the fourth quarter of 2019. Net loss was \$(0.232) million for fiscal 2020, compared to a loss of \$(1.254) million for fiscal 2019. Basic and diluted net income per share was (\$0.00) per share for fiscal 2020 and \$(0.03) per share for fiscal 2019.

Full financial statements can be found on SEDAR at (www.sedar.com).

SELECTED BALANCE SHEET INFORMATION

The following table summarizes selected key financial data.

As at	December 31, 2020	September 30, 2020	December 31, 2019
	\$	\$	\$
Cash	1,710,146	2,085,552	444,741
Trade receivables	1,658,124	1,585,613	2,443,096
Prepaid expenses and deposits	231,256	179,959	262,217
Inventory	1,596,365	1,721,999	1,529,474
Current assets	5,195,891	5,573,123	4,679,528
Intangible assets	868,946	827,954	838,915
Property and equipment	1,090,312	1,143,618	1,155,249
Total assets	7,155,149	7,544,695	6,673,692
Current liabilities	1,561,471	1,946,025	2,523,223
Long-term liabilities	2,312,374	2,313,005	2,382,444
Share capital	22,007,747	21,850,680	20,669,713

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 ended	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	2,437,228	2,368,692	1,580,450	2,259,251	2,632,649	2,530,602	3,260,247	2,729,221
Cost of goods sold	(1,533,983)	(1,230,824)	(934,058)	(1,478,037)	(2,550,418)	(1,518,986)	(1,971,382)	(1,564,504)
Gross profit	903,245	1,137,868	646,392	781,214	82,231	1,011,616	1,288,865	1,164,717
Operating expenses	1,400,165	1,146,672	831,239	1,341,757	669,399*	1,429,015	1,332,970	1,370,318*
EBITDAC**	185,104	477,060	170,549	(294,721)	(837,587)	(116,189)	259,250	86,433
Net income (loss)	(42,181)	336,163	34,475	(560,543)	(587,168)	(417,399)	(44,105)	(205,601)
Basic and diluted income (loss) per share***	(0.00)	0.01	0.00	(0.01)	(0.03)	(0.01)	(0.00)	(0.00)

* Adjusted by gains and (losses) on sale of equipment.

** 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.

About Aurora Spine

Aurora Spine is focused on bringing new solutions to the spinal implant market through a series of innovative, minimally invasive, regenerative spinal implant technologies. Additional information can be accessed at www.aurora-spine.com or www.aurorapaincare.com.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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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