

Aurora Spine Corporation Announces Fourth Quarter and Fiscal 2023 Financial Results

NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES WIRE SERVICES

CARLSBAD, Calif., April 29, 2024 — Aurora Spine Corporation (“Aurora Spine” or the “Company”) (TSXV: ASG) (OTCQB: ASAPF), a leader in spine and interventional spine technology that improves spinal surgery outcomes, today announced its financial results for fiscal 2023 ended December 31, 2023. The company experienced strong, successive, quarter over quarter revenue growth, while overcoming early year obstacles. This has led to much improved cash generation from revenue operations. Aurora also officially launched its new SiLO TFX SI joint product, hired new sales staff and completed extensive surgeon training throughout the year.

All figures are in U.S. dollars.

Financial and Business Highlights

- **Positive growth in Revenue and EBITDAC** - After weaker sales in Q1 resulting from supplier backorders with our Apollo plate and lower surgeon demand for our Ti-Nano PEEK interbody cages combined with reimbursement issues on SI allograft systems, we posted steadily improving quarter over quarter revenues and improved EBITDAC. EBITDAC improved from negative \$377,871 in Q1 to positive \$109,734 in Q4, a swing of more than \$480,000.
- **Increased margin** - Margins increased to 56.5% for 2023 from 52.5% in 2022 due to lower inventory costs of 9.9% of sales in 2023 compared to 11.9% in 2022, and lower commissions to distributors of 26.4% of sales in 2023 compared to 30.1% in 2022. These increases are offset by an increase in royalty expense of 4.4% of sales in 2023 compared to 3.1% of sales in 2022.
- **SiLO-TFX release** - The Company released the SiLO-TFX SI joint product in 2023. With full release in Q2, SI joint products sales were 27.2% of sales in 2023 (SiLO-TFX and SiLO allograft) compared to 21.7% in 2022 (SiLO allograft).
- **IRB Study** - Received IRB approval to commence the multicenter study for the DEXA-C cervical interbody system and continue to enroll patients in the study.
- **Sales force** - The Company hired new management in early 2023 to lead the sales team, added net new sales staff and reorganized its structure and compensation programs. This led to higher sales in Q4 2023 of \$4,044,234 compared to \$3,609,514 in Q4 2022. The Company will continue to expand its salesforce in 2024.
- **Training** - Compared to 2022, the Company conducted more advanced training

sessions and cadaver labs that introduced leading orthopedic, neurosurgical, and pain management physicians to the ZIP™ and SiLO™ implants.

Management Commentary

Trent Northcutt, CEO and President at Aurora Spine said, “Aurora Spine’s commitment to innovation is exemplified by its state-of-the-art technology platform, renowned for its superior performance and clinical efficacy. The ZIP, SiLO-TFX, and DEXA technologies are leading the way to increased revenues and margins. Our sales team is growing and focused on expanding our market presence targeting key regions and healthcare institutions where demand for sacroiliac fusion solutions is on the rise. Aurora continues to cultivate strategic alliances with healthcare providers, surgical centers, and distributors to amplify our reach and accessibility, especially within the growing sacroiliac fusion market.”

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, “The last half of the fiscal year showed two consecutive months of positive EBITDAC and sales growth. Margins continue to improve as the Company sees increased pricing and strong sales of higher margin implants. We continue to invest in training and expanding the sales force, while preparing for growth in the coming year.”

Financial Results

Total revenues for the fourth quarter of 2023 were \$4.04 million, an increase of 12.0% when compared to \$3.61 million in the same quarter one year ago. The improvement in revenues over 2023 were due to more procedures conducted in ambulatory surgical and pain centers that incorporated Aurora products like the ZIP and SiLO TFX. The Company targeted the pain market with increased marketing, training, new product releases, and an increase in the sales staff.

Total revenues for fiscal 2023 were \$14.52 million compared to \$14.88 million for fiscal 2022, a small decrease of \$356,888 or -2.4% primarily due to medical coding changes in the SiLO allograft product and decreased cervical implant sales. The year saw medical coding changes for the SiLO allograft implant that led to decreased sales, however the Company released the SiLO TFX implant that was sold under the existing medical coding. The SiLO allograft implant was given a permanent code in 2024.

Gross margin on total revenues were 56.7% for the fourth quarter of 2023, compared to 50.6% in Q4 of 2022. Gross margin on total revenues for fiscal year 2023 were 56.5%, compared to 52.5% for fiscal 2022. The year-over-year improvement in gross margins is attributable to the company’s strategy of selling more proprietary, Aurora Spine products and into the markets with improved pricing, like ambulatory surgery centers. As the company continues to focus on growing sales of proprietary products, gross margin has the capabilities for additional improvements, dependent upon sales mix and shipping costs.

Total operating expenses were \$2.58 million for the fourth quarter of 2023, compared to \$2.67 million in the fourth quarter of 2022. Total operating expenses for fiscal 2023 were \$9.892 million, which included \$1.328 million of non-cash expenses, compared to \$9.379 million, which included \$1.010 million of non-cash expenses for fiscal 2022. Operating expenses increased during the fourth quarter primarily due to an increase in ZIP study fees.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$0.11 million for the fourth quarter of 2023, compared to \$(0.36) million in the fourth quarter of 2022. EBITDAC was \$(0.31) million for fiscal 2023, compared to \$(0.26) million in fiscal 2022. EBITDAC improvements were due to higher gross margin levels from selling more proprietary products.

Net loss was \$(0.285) million for the fourth quarter of 2023, compared to the fourth quarter of 2022 with a loss of \$(0.840) million. Basic and diluted net (loss) income per share was \$(0.00) per share in the fourth quarter of 2023 and \$(0.01) per share for the fourth quarter of 2022. Net loss was \$(1.680) million for fiscal 2023, compared to a loss of \$(1.501) million in fiscal 2022. Basic and diluted net (loss) income per share was \$(0.02) per share for fiscal 2023 and \$(0.02) per share in fiscal 2022.

Full financial statements can be found on SEDAR at (www.sedarplus.ca).

SELECTED STATEMENT OF FINANCIAL POSITION INFORMATION

The following table summarizes selected key financial data.

As at	December 31, 2023	December 31, 2022	December 31, 2021
	\$USD	\$USD	\$USD
Cash	766,829	423,401	3,172,575
Receivables	3,968,439	3,666,310	2,668,174
Prepaid and other current assets	204,173	186,800	674,687
Inventory	3,562,349	3,054,173	1,889,640
Current Assets	8,501,790	7,330,684	8,405,076
Intangible Assets	753,180	881,354	854,331
Property and Equipment	2,275,478	1,910,940	1,304,242
Total Assets	11,985,076	10,122,978	10,563,649
Current Liabilities	3,273,058	3,029,599	2,627,281
Non-Current Liabilities	3,414,695	2,773,919	2,367,056
Share Capital	27,657,591	25,218,093	25,087,474

SELECTED ANNUAL 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 year for the last two fiscal

years are presented in the table below.

Fiscal year ended	December 31, 2023	December 31, 2022
	\$USD	\$USD
Revenue	14,520,436	14,877,324
Cost of goods sold	(6,309,144)	(7,067,596)
Gross profit	8,211,292	7,809,728
Operating expenses	9,891,855	9,379,029
EBITDAC*	(311,001)	(265,311)
Net loss	(1,680,563)	(1,501,466)
Basic and diluted loss per share**	(0.02)	(0.02)

* 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.

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	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	4,044,234	3,949,530	3,568,583	2,958,088	3,609,514	3,648,680	4,067,166	3,551,964
Cost of goods sold	(1,749,216)	(1,592,530)	(1,537,410)	(1,429,987)	(1,783,881)	(1,706,677)	(1,926,683)	(1,650,355)
Gross profit	2,295,018	2,357,000	2,031,173	1,528,101	1,825,632	1,942,003	2,140,483	1,901,609
Operating expenses	2,580,613	2,606,618	2,513,587	2,191,039	2,665,203	2,057,655	2,367,985	2,288,186
EBITDAC*	109,734	120,796	(163,660)	(377,871)	(358,311)	150,687	96,285	(153,972)
Net loss	(285,595)	(249,618)	(482,414)	(662,938)	(839,570)	(115,652)	(159,667)	(386,577)
Basic and diluted loss per share**	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(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

The Company plans to release Q1 2024 on May 13, 2024, and will have a combined Q4 2023 and Q1 2024 call on May 14, 2024.

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.

Contact:

Aurora Spine Corporation

Trent Northcutt
President and Chief Executive Officer
(760) 424-2004

Chad Clouse
Chief Financial Officer

(760) 424-2004

www.aurora-spine.com

