

Aurora Spine Corporation Announces Record First Quarter Fiscal 2022 Financial Results

Company reports highest quarterly revenue in Company's history of \$3.55 million, 57% year over year increase and 20% sequential growth from Q4 - Management to host conference call today, May 24, 2022 at 11:00 AM ET -

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CARLSBAD, Calif., May 24, 2022 — 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 first quarter ended March 31, 2022. All figures are in U.S. dollars.

Q1 Financial and Business Highlights

- **Record Revenues** - Strong sales from Zip and SiLO, especially in March, helped the company report highest quarterly revenue in company's history of \$3.55 million.
- **Sales Growth** - Strong quarter over quarter sales and comparable quarter growth in 2021. Sales grew 19.8% from Q4 2021 to Q1 2022 and 57% over Q1 2021.
- **Increased Margin** - Margins increased to 53.5% for Q1 from 46.0% in Q4 2021 and 49.1% Q1 2021, due to higher margin sales to surgery centers.
- **SiLO™ sales increase** - Sales of the SiLO™ SI joint fusion device increased by 26% over Q4 2021.
- **Zip sales increase** - Sales of the ZIP device in Q1 2022 increased by 78.9% over Q1 2021.
- **Dexa-C release** - The Company released the Dexa-C cervical implant on a limited basis in Q1 2022 and it accounted for 7.9% of sales in Q1.
- **Training** - Aurora continued to conduct advanced training sessions and cadaver labs that introduced leading orthopedic, neurosurgical, and pain management physicians to the ZIP™ and SiLO™ implants.

Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, "First quarter results were stellar, as we reported the highest revenue quarter in the company's history. These results really demonstrate the strategy implemented over the past couple of years of focusing on proprietary products that help patients and doctors alleviate back pain in a minimally invasive manner."

Mr. Northcutt continued, "The ZIP® is leading the charge for Aurora and was approximately one-third of our sales. Our clinical study for this product is returning solid data about the

benefits of the product. SiLO™, our SI Joint device was an important contributor to the company's growth, with its revenues increasing by 26% sequentially from the fourth quarter of 2021. Another key highlight into the record quarter was the initial contribution of our new DEXA-C, which is our first biomimetic product using our patented, DEXA Technology™ Patient-Matched Implant Technology, which creates customized products based upon a patient's bone-density score."

Mr. Northcutt concluded, "We are very excited about the company's future, despite seeing ongoing headwinds in the form of an increase in costs related to travel and hospitality in Q1, as well as persistent supply chain manufacturing delays that our industry continues to experience. Aurora conducted 10 physician and surgeon training sessions to date in 2022, and we are well positioned for a full rollout of DEXA-C and newer versions of the SiLO, including our next generation device, which will be a titanium/non-bone version called SiLO-TFX™."

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, "We are very pleased with the first quarter financial results, which was a record revenue quarter for Aurora. We reported top line growth coming out of the pandemic and improved gross margins through selling more proprietary Aurora products. Operating expenses in the first quarter were higher as compared to last year, but stable compared to Q4 of 2021."

Financial Results

Total revenues for the first quarter of 2022 were \$3.55 million an increase of 57.0% when compared to \$2.26 million in the same quarter one year ago and compared to \$2.96 million for the fourth quarter of 2021, an increase of 20.0%. The improvement in revenues were due to more procedures incorporating Aurora products like the ZIP and SiLO.

Gross margin on total revenues were 53.5% for the first quarter of 2022, compared to 49.1% in Q1 of 2021 and compared to 46.0% during the fourth quarter of 2021. The improvements in gross margins is attributable to the company's strategy of selling more proprietary, Aurora Spine products. 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 \$2.288 million for the first quarter of 2022, compared to \$1.672 million in the first quarter of 2021, and compared to \$2.267 million for the fourth quarter of 2021. Operating expenses increased from the first quarter one year ago due to a return to normalized operations, the addition of new key salespeople, as well as higher research and development costs from new products and clinical trials.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax,

Depreciation, Amortization and Stock based compensation) was \$(0.15) million for the first quarter of 2022, compared to \$(0.19) million in the first quarter of 2021 and \$(0.57) million in the fourth quarter of 2021. EBITDAC improved sequentially due to improved sales and gross profit.

Net loss was \$(0.387) million for the first quarter of 2022, compared to a loss of \$(0.903) million in the fourth quarter of 2021 and flat compared to first quarter of 2021 of a loss of \$(0.387). Basic and diluted net (loss) income per share was \$(0.01) per share in the first quarter of 2022 and \$(0.01) per share for the fourth quarter of 2021 and \$(0.01) per share in the first quarter of 2021.

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	March 31, 2022 \$USD	December 31, 2021 \$USD	December 31, 2020 \$USD
Cash	1,436,568	3,172,575	1,710,146
Trade receivables	3,687,321	2,668,174	1,658,124
Prepaid expenses and deposits	874,088	674,687	231,256
Inventory	2,336,767	1,889,640	1,596,365
Current assets	8,498,077	8,405,076	5,195,892
Intangible assets	850,678	854,331	868,946
Property and equipment	1,383,640	1,304,242	1,090,312
Total assets	10,569,062	10,563,649	7,155,149
Current liabilities	2,996,425	2,627,281	1,561,471
Long-term liabilities	2,352,821	2,367,056	2,312,374
Share capital	25,087,474	25,087,474	22,007,747

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	March 31, 2022 \$	December 30, 2021 \$	September 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$	September 30, 2020 \$	June 30, 2020 \$
Revenue	3,551,964	2,964,980	2,892,540	2,425,397	2,261,890	2,437,228	2,368,692	1,580,450
Cost of goods sold	(1,650,355)	(1,602,047)	(1,536,244)	(1,421,393)	(1,151,572)	(1,533,983)	(1,230,824)	(934,058)
Gross profit	1,901,609	1,362,933	1,356,296	1,004,004	1,110,318	903,245	1,137,868	646,392

Operating expenses	2,288,186	2,266,897	1,724,513	1,879,479	1,672,131	1,400,165	1,146,672	831,239
EBITDAC**	(153,972)	(566,569)	(171,247)	(480,837)	(191,430)	185,104	477,060	170,549
Net income (loss)	(386,577)	(903,964)	(368,217)	(700,405)	(386,743)	(42,181)	336,163	34,475
Basic and diluted income (loss) per share***	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	0.01	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.

Conference Call Details

Date and Time: Tuesday, May 24, 2022, at 11:00 a.m. ET/8:00am Pacific Time

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 via the following link: <https://app.webinar.net/1emqxN5L7wD> or at 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 31, 2022, at (877) 344-7529 or (412) 317-0088, replay access code 8277312. Additionally, a replay of the webcast will be available at: <https://app.webinar.net/1emqxN5L7wD> or in the Investor Relations section of the Company's website at <https://www.aurora-spine.com/investors-v02> for 90 days.

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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