

## **Aurora Spine Corporation Announces Record Second Quarter Fiscal 2022 Financial Results**

Company reports highest quarterly revenue in Company's history of \$4.1 million, 68% year over year increase and 15% sequential growth from Q1

- **Management to host conference call today, August 29, 2022 at 11:00 AM ET**

CARLSBAD, Calif. , Aug. 29, 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 second quarter ended June 30, 2022. All figures are in U.S. dollars.

### **Q2 Financial and Business Highlights**

- **Sales Growth** - Strong quarter over quarter sales and comparable quarter growth. Sales grew 14.5% from Q1 2022 to Q2 2022 and 67.7% over Q2 2021.
- **Positive EBITDAC** - \$96,285 in Q2 compared to (\$153,972) in Q1 and (\$480,837) in Q2 2021. EBITDAC is a non-GAAP financial measure (defined below).
- **Zip Stenosis Indication** - The Company received FDA clearance of a new Lumbar Spinal Stenosis Indication for Use for its ZIP™ family of MIS implants.
- **Patent Issued** - the issuance of United States Patent No: 11,331,199 entitled "Spinal Implant for Motion Preservation or Fusion." This patent covers Aurora's ZIPFlex™ Technology for a minimally invasive posterior interlaminar implant for motion preservation that could be adapted into a fusion or non-fusion device while implanted in a patient via a small modular attachment.
- **FDA 510(K) Clearance** - received FDA 510(k) clearance for its DEXA SOLO-L™ spinal fusion system. The 3D printed standalone anterior lumbar interbody fusion device (ALIF) was developed as part of the world's first bone density matched implant based on Aurora's patented DEXA Technology Platform.

### **Management Commentary**

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, "The second quarter results continued Aurora's momentum with another record revenue quarter. These results stem directly from the sales and marketing strategy we established during 2021 and the industry's emergence from the pandemic. Our proprietary products continue to be utilized by surgeons and pain interventionalists and we are seeing adoption of our products from more doctors that have participated in our nationwide training sessions."

Mr. Northcutt continued, "During the second quarter we continued to enhance the company's intellectual property, which will add value over the longer term. We obtained FDA 510(k)

clearance on our second product in our DEXA series, the DEXA SOLO-L, which is a 3D printed standalone anterior lumbar interbody fusion device using Aurora's proprietary DEXA technology to match these implants against a patient's bone density score. We also received FDA clearance on another indication for ZIP, Lumbar Spinal Stenosis, and expect this to expand the usage for our ZIP family of MIS implants. Finally, in addition, a patent was issued by the USPTO covering Aurora's ZIPFlex Technology, a spinal implant that can be easily interchanged between acting as a motion preservation or fusion device. Advancing these new products in our pipeline is very important to our company's strategy and we anticipate that many of these products will pave the way for future growth for years to come."

Mr. Northcutt concluded, "As the second quarter results demonstrated, we are executing on our plan and are very excited about our future. We are experiencing continued momentum heading into the second half of 2022 and into 2023. We have several catalysts in place for additional growth, one of them being the SiLO-TFX™, a titanium/non-bone version of our SiLO SI Joint product, which we expect to be available later this year. We also continue to expand our training sessions and anticipate surpassing our goal of meeting with 400 doctors by the end of 2022."

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, "Second quarter results were again record revenues for Aurora and cashflow positive for the quarter. We continue to make key investments for the future including building certain inventories to create additional instrument kits to ship to new customers later this year and into 2023. While receivables continued to rise, we are keenly focused on collections and expect to see a reduction in the receivables balance."

## **Financial Results**

Total revenues for the second quarter of 2022 were \$4.07 million an increase of 67.7% when compared to \$2.43 million in the same quarter one year ago and compared to \$3.55 million for the first quarter of 2022, an increase of 14.5%. The improvement in revenues were due to more procedures incorporating Aurora products like the ZIP and SiLO and the hospitals and surgery centers returning to more normal operations post-pandemic and as more procedures using Aurora products being done in surgery centers.

Gross margin on total revenues were 52.6% for the second quarter of 2022, compared to 41.4% in Q2 of 2021 and compared to 53.5% during the first quarter of 2022. The year-over-year improvement 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 \$2.368 million for the second quarter of 2022, compared to

\$1.879 million in the second quarter of 2021, and compared to \$2.288 million for the first quarter of 2022. Operating expenses increased from the second 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 for new products and clinical studies.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$0.10 million for the second quarter of 2022, compared to \$(0.48) million in the second quarter of 2021 and \$(0.15) million in the first quarter of 2022. EBITDAC improved sequentially due to improved sales and gross profit.

Net loss was \$(0.160) million for the second quarter of 2022, compared to a loss of \$(0.387) million in the first quarter of 2022 and improved from the second quarter of 2021 of a loss of \$(0.700) million. Basic and diluted net (loss) income per share was \$(0.00) per share in the second quarter of 2022 and \$(0.01) per share for the first quarter of 2021 and \$(0.01) per share in the second quarter of 2021.

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	June 30, 2022 \$USD	March 31, 2022 \$USD	December 31, 2021 \$USD
Cash	758,980	1,436,568	3,172,575
Trade receivables	4,057,976	3,687,321	2,668,174
Prepaid expenses and deposits	699,302	874,088	674,687
Inventory	2,856,730	2,336,767	1,889,640
Current assets	8,372,988	8,498,077	8,405,076
Intangible assets	949,117	850,678	854,331
Property and equipment	1,937,480	1,383,640	1,304,242
Total assets	11,259,585	10,569,062	10,563,649
Current liabilities	3,450,121	2,996,425	2,627,281
Long-term liabilities	2,721,942	2,352,821	2,367,056
Share capital	25,087,474	25,087,474	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 ended	June 30, 2022	March 31, 2022	December 30, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	<b>4,067,166</b>	3,551,964	2,964,980	2,892,540	<b>2,425,397</b>	2,261,890	2,437,228	2,368,692
Cost of goods sold	<b>(1,926,683)</b>	(1,650,355)	(1,602,047)	(1,536,244)	<b>(1,421,393)</b>	(1,151,572)	(1,533,983)	(1,230,824)
Gross profit	<b>2,140,483</b>	1,901,609	1,362,933	1,356,296	<b>1,004,004</b>	1,110,318	903,245	1,137,868
Operating expenses	<b>2,367,985</b>	2,288,186	2,266,897	1,724,513	<b>1,879,479</b>	1,672,131	1,400,165	1,146,672
EBITDAC**	<b>96,285</b>	(153,972)	(566,569)	(171,247)	<b>(480,837)</b>	(191,430)	185,104	477,060
Net income (loss)	<b>(159,667)</b>	(386,577)	(903,964)	(368,217)	<b>(700,405)</b>	(386,743)	(42,181)	336,163
Basic and diluted income (loss) per share***	<b>(0.00)</b>	(0.01)	(0.01)	(0.01)	<b>(0.01)</b>	(0.01)	(0.00)	0.01

\* 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:** Monday, August 29, 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/0617xnKbZaA> 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 September 5, 2022, at (877) 344-7529 or (412) 317-0088, replay access code 2888677. Additionally, a replay of the webcast will be available at: <https://app.webinar.net/0617xnKbZaA> 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](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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