

# **Aurora Spine Corporation Announces Second Quarter 2021 Financial Results**

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CARLSBAD, Calif., Aug. 26, 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 second quarter ended June 30, 2021. All figures are in U.S. dollars.

### **Business Highlights**

- Revenues for second quarter 2021 increased 53.5% over Q2 2020 to \$2.43 million
- Continue to sell more proprietary Aurora products, 64.5% were proprietary during Q2 of 2021, versus 47.0% in Q2 of 2020.
- Received Institutional Review Board (IRB) approval to commence registration for multicenter study of its SiLO™ Device for SI Joint Pain.
- Subsequent to second quarter end, company received FDA 510(k) clearance for DEXA-C™ Cervical Interbody System.
- Company has commenced patient enrollment for multicenter study of ZIP® Interspinous Fixation Device.

### **Management Commentary**

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “Our second quarter was another improved quarter for Aurora, as the company continued to get back to pre-covid revenue levels. That said, while pandemic headwinds still persist, we continue to be highly focused on developing more proprietary products. In addition, we are investing on proving out our proprietary products and have embarked on conducting multicenter studies of two key products: the Zip and SiLO. Our goal is to develop and prove that Aurora’s products are best for patients and surgeons alike. We have focused resources in our new division, Aurora Pain, which is focused specifically on the emerging pain care market. We believe Aurora is well positioned to capitalize on the emergence of the pain interventionalist market, as interventionalists are looking for solutions to treat patients suffering from back pain in a minimally invasive method. As we develop this new vertical, we anticipate improving margins over the long-term by selling more proprietary products.”

Mr. Northcutt added, “We continue to monitor the pace of elective surgeries due to the Covid-19 delta variant, which has created some disruptions, we are focused on the long-term

industry trends, which point to providing better and efficient healthcare to patients. Aurora has been focused on developing new, proprietary products. One example of this is our first DEXA-based product, DEXA-C, a new line of cervical cages for anterior cervical discectomy with fusion (ACDF) procedures, which was recently received FDA clearance. This approval was of utmost importance as it was the first product using Aurora's patented DEXA technology. This patented technology allows us to create a series of implants manufactured with varying densities in order to match a patient's bone density and DEXA T-Score, which should provide superior fixation and promote quicker bone growth. We have begun to produce the product and anticipate it reaching the market in the coming months. We also are developing and awaiting approval of a non-bone version of our SI Joint device, called SiLO-TFX™, which is highly anticipated among our customers. We continue to be very optimistic about the future and expect to launch of several new products and initiatives during the remainder of fiscal 2021."

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, "Revenue momentum continued into the second quarter as more elective surgeries were performed coming out of the winter wave of Covid. The financial performance of the company shows a transitioning from third party products to selling more newly approved products that are proprietary to Aurora. Expenses increased in the quarter as we prepare for the launch of new products under FDA review. We believe these expenditures will create renewed growth and long-term profitability for the company."

## **Outlook**

While the company doesn't issue formal guidance, improved revenue growth should resume during the remainder of fiscal 2021. The company believes that revenues in 2021 should be improved relative to 2020 levels. The company is investing for the future by improving sales and marketing efforts to achieve higher revenues. Margins should also improve as more proprietary products are approved and sold into the marketplace. The company is cautiously optimistic that as the pandemic subsides, elective surgeries should continue to recover. While the scheduling of these procedures has been inconsistent in the past year and continue to be so with the delta variant, the pain that patients are experiencing hasn't disappeared and many of the procedures are going to be resolved at some point. Aurora is well positioned to help pain interventionalists and spine/neurosurgeons and offer them the latest technologies to safely and quickly improve their patient's lives.

## **Financial Results**

Total revenues for the second quarter of 2021 were \$2.425 million and increase of 53.5% when compared to \$1.580 million in the second quarter of 2020, and 7.2% sequential improvement from \$2.262 million for the first quarter of 2021. Improvement in revenues were from more elective surgeries being conducted coming out of the winter covid wave and

prior year lockdowns.

Gross margin on total revenues were 41.4% for the second quarter of 2021, compared to 40.9% during the second quarter of 2020. There was a slight improvement in gross margin was attributable to the company's strategy of converting third party product sales to more proprietary, Aurora Spine products, but margins were impacted by some interim headwinds from additional shipping costs for moving sets more often, higher royalty expenses and supply chain issues from remaining third party products.

Total operating expenses were \$1.879 million for the second quarter of 2021, which included \$0.180 million of non-cash expenses, compared to \$0.831 million, which included \$0.132 million of non-cash expenses for the second quarter of 2020. The change in operating expenses were elevated during the quarter as the company incurred higher general and administrative, research and development expenses related to new studies and marketing and professional fees related to the launch of three new products.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$(0.48) million for the second quarter of 2021, compared to \$(0.05) million in the second quarter of 2020.

Net loss was \$(0.70) million for the second quarter of 2021, compared to a net gain of \$0.03 million in the second quarter of 2020. Basic and diluted net income per share was \$(0.01) per share in the second quarter of 2021 and \$0.00 per share for the second quarter of 2020.

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, 2021 \$	March 31, 2021 \$	December 31, 2020 \$
Cash	644,325	1,175,638	1,710,146
Trade receivables	1,713,363	2,032,889	1,658,124
Prepaid expenses and deposits	634,260	297,001	231,256
Inventory	1,651,108	1,601,190	1,596,365
Current assets	4,643,056	5,106,718	5,195,891
Intangible assets	861,639	865,292	868,946
Property and equipment	1,117,786	1,055,574	1,090,312
Total assets	6,622,481	7,027,584	7,155,149
Current liabilities	2,042,440	1,797,782	1,561,471
Long-term liabilities	2,312,693	2,311,580	2,312,374
Share capital	22,007,831	22,007,747	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	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$	Septembe r 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$	Decembe r 31, 2019 \$	Septembe r 30, 2019 \$
Revenue	<b>2,425,397</b>	2,261,890	2,437,228	2,368,692	1,580,450	2,259,251	<b>2,632,649</b>	2,530,602
Cost of goods sold	<b>(1,421,393)</b>	(1,151,572)	(1,533,983)	(1,230,824)	(934,058)	(1,478,037)	<b>(2,550,418)</b>	(1,518,986)
Gross profit	<b>1,004,004</b>	1,110,318	903,245	1,137,868	646,392	781,214	<b>82,231</b>	1,011,616
Operating expenses	<b>1,879,479</b>	1,672,131	1,400,165	1,146,672	831,239	1,341,757	<b>669,399*</b>	1,429,015
EBITDAC**	<b>(480,837)</b>	(191,430)	185,104	477,060	170,549	(294,721)	<b>(837,587)</b>	(116,189)
Net income (loss)	<b>(700,405)</b>	(386,743)	(42,181)	336,163	34,475	(560,543)	<b>(587,168)</b>	(417,399)
Basic and diluted income (loss) per share***	<b>(0.01)</b>	(0.01)	(0.00)	0.01	0.00	(0.01)	<b>(0.03)</b>	(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.

## 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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