

# Aurora Spine Corporation Announces Second Quarter Fiscal 2023 Financial Results

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- **Management to host conference call for investors in coming week, details to follow -**

CARLSBAD, Calif., Aug. 23, 2023 — 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 its second quarter fiscal 2023 ended June 30, 2023. All figures are in U.S. dollars.

### Financial and Business Highlights

- **Increase in Sequential Revenues** - Sales rose 21% in Q2 when compared to Q1 of 2023.
- **Continued Strength in Zip Sales** - Sales of the ZIP™ line of implants continued to be strong, with sales increasing by 32.6% in Q2 2023 over Q2 2022.
- **Improved Product Mix** - Gross margin percentage increased to 56.9% in Q2 2023 compared to 52.6% in Q2 2022. Sale of higher margin implants and increased pricing with certain facilities have accounted for a lower cost of goods sold.
- **Commercial Launch of SiLO TFX** - After initial surgeries during Q1, sales of SiLO TFX have seen increases month over month to date. SI Joint products were 22.3% of sales in Q2 2023 and the full release is expected in Q4.
- **Initiated DEXA IRB Study** - Received IRB approval to commence the multicenter study for the DEXA-C cervical interbody system and commenced enrollment of initial patients.

### Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “The second quarter demonstrated improved results from the first quarter in part due to stronger sales of our line of ZIP products and increasing SiLO TFX surgeries. We have additional SiLO TFX instrument kits ordered which should be fully deployed during the fourth quarter. In the interim, we have been adding and training more doctors on TFX and have been experiencing strong adoption with those we have already trained. As a result, sales of TFX increased month over month during the second quarter and into the third quarter as well. We are extremely excited about this initiative and expect the additional 30 instrument kits to be completed in the coming weeks for deployment.”

Mr. Northcutt continued, "Sales of our ZIP family of products continued to act as a key workhorse for the company, as more doctors are recognizing the value proposition this versatile product series offers them, both on the neuro/spine side as well as pain intervention. We are pleased with the traction the product series has obtained and believe that the true vision and intent of this product is now coming to fruition. Regarding our DEXA franchise, we are highly focused on getting more instrument kits in service. While placing these kits is important, we are prioritizing our efforts on creating a strong internal sales team to establish closer, direct ties with the users of our products. We have made key hires and anticipate adding more sales personnel in the coming months. We believe this direct-to-market approach will add value to building our sales efforts and establishing the necessary relationships to give our customers the capabilities of using more Aurora products."

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, "We continue to manage the company's finances with fiscal prudence as we work diligently to reach profitability. We have made certain cost containment measures in order to budget for additional sales personnel. The company continues to be financially stable and we remain sensible with our expenses, while simultaneously making sure we invest appropriately to grow our portfolio of products."

## **Financial Results**

Total revenues for the second quarter of 2023 were \$3.57 million a decrease of 12.3% when compared to \$4.07 million in the same quarter one year ago. Most of the decrease was in the ortho/neuro side of the company's business, which was offset by gains with pain doctors and interventional radiologists. The net decrease is due to lower sales of lumbar screws, cervical cages, and cervical plates due to a number of factors including product delays resulting in a loss of surgeries and necessitating sourcing onshore production.

Gross margin on total revenues were 56.9% for the second quarter of 2023, compared to 52.6% in Q2 of 2022. The year-over-year change in gross margins was attributable to the product mix in the quarter with increased sales of higher margin products, like ZIP and SiLO TFX. NTD - how can increased sales of higher margin products offset the increase in gross margins?

Total operating expenses were \$2.514 million for the second quarter of 2023, compared to \$2.368 million in the second quarter of 2022. Operating expenses increased during the second quarter primarily due to additional expenses incurred from the hiring of new sales personnel.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$(0.16) million for the second quarter of 2023, compared to \$0.09 million in the second quarter of 2022.

Net loss was \$(0.482) million for the second quarter of 2023, compared to the second quarter

of 2022 with a loss of \$(0.160) million. Basic and diluted net (loss) income per share was \$(0.01) per share in the second quarter of 2023 and \$(0.00) per share for the second quarter of 2022. NTD: Table below shows loss per share of 0 for Q2, 2022

Full financial statements can be found on SEDAR+ at ([www.sedarplus.ca](http://www.sedarplus.ca)).

## SELECTED BALANCE SHEET INFORMATION

The following table summarizes selected key financial data.

As at	June 30, 2023 \$USD	December 31, 2022 \$USD	June 30, 2022 \$USD
Cash	386,631	423,401	758,980
Trade receivables	3,468,552	3,666,310	4,057,976
Prepaid expenses and deposits	183,325	186,800	699,302
Inventory	3,230,090	3,054,173	2,856,730
Current assets	7,268,538	7,330,684	8,372,988
Intangible assets	824,486	881,354	949,117
Property and equipment	2,516,837	1,910,940	1,937,480
Total assets	10,609,921	10,122,978	11,259,585
Current liabilities	3,267,057	3,029,599	3,450,121
Long-term liabilities	3,387,368	2,773,919	2,721,942
Share capital	26,105,376	25,218,093	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, 2023 \$	March 31, 2023 \$	December 31, 2022 \$	September 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$	December 30, 2021 \$	September 30, 2021 \$
Revenue	<b>3,568,583</b>	2,958,088	3,609,514	3,648,680	<b>4,067,166</b>	3,551,964	2,964,980	2,892,540
Cost of goods sold	<b>(1,537,410)</b>	(1,429,987)	(1,783,881)	(1,706,677)	<b>(1,926,683)</b>	(1,650,355)	(1,602,047)	(1,536,244)
Gross profit	<b>2,031,173</b>	1,528,101	1,825,632	1,942,003	<b>2,140,483</b>	1,901,609	1,362,933	1,356,296
Operating expenses	<b>2,513,587</b>	2,191,039	2,665,203	2,057,655	<b>2,367,985</b>	2,288,186	2,266,897	1,724,513
EBITDAC**	<b>(163,660)</b>	(377,871)	(420,601)	150,687	<b>96,285</b>	(153,972)	(566,569)	(171,247)
Net income (loss)	<b>(482,414)</b>	(662,938)	(839,570)	(115,652)	<b>(159,667)</b>	(386,577)	(903,964)	(368,217)

Basic and diluted income (loss) per share***	<b>(0.01)</b>	(0.01)	(0.01)	(0.00)	<b>(0.00)</b>	(0.01)	(0.01)	(0.01)
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\* 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:** Due to management travel schedules, a date and time for a conference call with investors will be announced in the coming week.

## About Aurora Spine

Aurora Spine is focused on bringing new solutions to the spinal and SI joint implant market through a series of innovative, minimally invasive, regenerative spinal implant technologies. Aurora's goal is to improve patients' quality of life by developing and distributing implants using its proprietary technologies to relieve back pain and preserve spinal bone structure and anatomy. The company's fully developed product portfolio primarily addresses the market need for minimally invasive spinal and SI joint surgical devices. 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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