

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

*- Revenue of \$2.9 million in quarter was second highest in company's history and highest level in over two years. -*

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

CARLSBAD, Calif., Nov. 16, 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 third quarter ended September 30, 2021. All figures are in U.S. dollars.

### **Business Highlights**

- Revenues for third quarter increased 22.1% to \$2.9 million over same quarter one year ago and 19% sequential improvement from Q2.
- Continue to sell more proprietary Aurora products, 69% were proprietary during Q3 of 2021, and as high as 75% in the month of September.
- Commenced enrollment of patients into a pivotal multi-center study of its ZIP Interspinous Fixation Device.
- Received FDA 510(k) clearance for DEXA-C™ Cervical Interbody System.
- Participated at two key industry conferences ASPN Conference and NASS Annual Meeting
- Strengthened balance sheet through capital raise of \$5.1 million.

### **Management Commentary**

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “The third quarter was another improved quarter for Aurora, reporting the second highest revenue quarter in the company’s history and a level not seen in over two years. During 2020 Aurora established the Aurora Pain division, a rapidly growing and emerging field in the medical marketplace. Aurora has two key products that are helping pain interventionalists treat their patients with back pain: the SiLO™, a Posterior SI-Fusion system, and the ZIP® interspinous fusion device. It has been our experience that many spine care practices have established a pain care offering within their practices to implement new treatments to treat back pain before sending a patient to surgery. Aurora’s products assist pain interventionists when treating patients in a quick and seamless manner. This treatment avoids the need for longer surgeries and limits the recovery time and use of opioids for the patient. We believe our

focus on the pain care market will allow us to leverage Aurora's proprietary products into the pain care marketplace and offer patients and doctors more solutions to helping them treat chronic back pain."

Mr. Northcutt added, "Despite the ongoing challenges related to the Covid pandemic, Aurora advanced our DEXA technology™. Last year we obtained a patent for our DEXA technology and quickly developed our first DEXA product, DEXA-C, which obtained FDA clearance during the quarter. 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 employ superior fixation and promote quicker bone growth. We are now working towards commercialization of this product and plan on securing its use in an initial surgery before the end of the year. In addition, we are identifying several key proprietary Aurora products and assessing which will be offered using the DEXA technology. We are also looking to leverage the technology by pursuing licensing opportunities with other medtech companies that would like to have their patients benefit from the customization features the DEXA technology offers."

Mr. Northcutt concluded, "Overall, I'm pleased with the third quarter results and very excited about Aurora's future. I think the company has several opportunities to build upon the revenue levels generated in the third quarter. The successful capital raise in the quarter will allow the company to deliver on the high interest in our proprietary products as well as add key personnel to get Aurora products into more doctor's hands. We also are developing and awaiting approval of a patented metal 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 and into 2022."

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, "Revenue momentum continued into the third quarter as Aurora's customers performed more procedures using Aurora's proprietary products. Expenses increased in the quarter as we had a few new products that were under FDA review and Aurora participated at industry conferences, which have returned to in-person events. We ended the quarter with nearly \$4 million in cash and have begun to deploy capital by adding inventory to meet market demand and add new key hires to improve the company's sales force. We believe these investments will translate into renewed growth and profitability in the long-term 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 plans on continuing to invest for the future to improve sales and marketing efforts to achieve higher revenues. Margins should also improve

as more proprietary products are 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 erratic in the past year and continue to be so with the delta variant, the back pain that patients are experiencing usually doesn't disappear and many of the cases are going to require some sort of procedure to improve patient care. 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 third quarter of 2021 were \$2.893 million and increase of 22.1% when compared to \$2.369 million in the third quarter of 2020, and 19.3% sequential improvement from \$2.425 million for the second quarter of 2021. Improvement in revenues were from more elective surgeries being conducted coming out of the winter covid wave and prior year lockdowns, but also from more proprietary products being used by pain interventionalists.

Gross margin on total revenues were 46.9% for the third quarter of 2021 compared to and 41.4% for the second quarter of 2021 and 48.0% during the third quarter of 2020. The sequential 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 are still being impacted by some interim headwinds from additional shipping costs for moving sets more often and higher royalty expenses.

Total operating expenses were \$1.724 million for the third quarter of 2021, which included \$0.197 million of non-cash expenses, compared to \$1.879 million for the second quarter of 2021, which included \$0.180 million of non-cash expenses and compared to \$1.147 million, which included \$0.140 million of non-cash expenses for the third 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 several new products. Marketing expenses were also higher due to a major industry conference the company attended in the quarter, which are now being conducted in-person as the economy opens up coming out of covid.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$(0.17) million for the third quarter of 2021, compared to \$.48 million in the third quarter of 2020.

Net loss was \$(0.37) million for the third quarter of 2021, lower than the \$(0.70) million for the second quarter of 2021, but higher than the \$0.34 million from the third quarter in 2020, which included \$0.34 million in PPP loans proceeds. Basic and diluted net income per share was \$(0.02) per share in the third quarter of 2021 and \$0.01 per share for the third 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	Sept. 30, 2021 \$	June 30, 2021 \$	December 31, 2020 \$
Cash	3,668,706	644,325	1,710,146
Trade receivables	2,672,912	1,713,363	1,658,124
Prepaid expenses and deposits	610,785	634,260	231,256
Inventory	1,813,208	1,651,108	1,596,365
Current assets	8,765,611	4,643,056	5,195,891
Intangible assets	857,985	861,639	868,946
Property and equipment	1,058,634	1,117,786	1,090,312
Total assets	10,682,230	6,622,481	7,155,149
Current liabilities	1,934,038	2,042,440	1,561,471
Long-term liabilities	2,316,129	2,312,693	2,312,374
Share capital	24,907,100	22,007,831	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	September 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$	September 30, 2020 \$	June 30, 2020 \$	March 31, 2020 \$	December 31, 2019 \$
Revenue	<b>2,892,540</b>	2,425,397	2,261,890	2,437,228	2,368,692	1,580,450	2,259,251	2,632,649
Cost of goods sold	<b>(1,536,244)</b>	(1,421,393)	(1,151,572)	(1,533,983)	(1,230,824)	(934,058)	(1,478,037)	(2,550,418)
Gross profit	<b>1,356,296</b>	1,004,004	1,110,318	903,245	1,137,868	646,392	781,214	82,231
Operating expenses	<b>1,724,513</b>	1,879,479	1,672,131	1,400,165	1,146,672	831,239	1,341,757	669,399*
EBITDAC**	<b>(368,217)</b>	(480,837)	(191,430)	185,104	477,060	170,549	(294,721)	(837,587)
Net income (loss)	<b>7)</b>	(700,405)	(386,743)	(42,181)	336,163	34,475	(560,543)	(587,168)
Basic and diluted income (loss) per share***	<b>(0.02)</b>	(0.01)	(0.01)	(0.00)	0.01	0.00	(0.01)	(0.03)

\* 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, November 16, 2021, at 4:30 p.m. ET

**Live Webcast Information:** Interested parties can access the conference call via a live webcast, which is available in the Investor Relations section of the Company's website at <https://www.aurora-spine.com/investors-v02> or via the following link:  
<https://www.webcaster4.com/Webcast/Page/2422/43658>.

**Replay:** A replay of the webcast will be available in the Investor Relations section of the Company's website at <https://www.aurora-spine.com/investors-v02> or at <https://www.webcaster4.com/Webcast/Page/2422/43658> for 90 days.

Investors that would like to pose questions to the management team on the webcast are encouraged to do so by emailing [ASAPF@Lythampartners.com](mailto:ASAPF@Lythampartners.com).

## **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).

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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