

Correction: Aurora Spine Corporation Announces Fourth Quarter and Fiscal 2021 Financial Results

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- ***Company reports strong revenue growth of 22% in Q4 and expects sequential increase in revenues for Q1 2022 -***
- ***Management to host conference call on Monday, May 2, 2022 at 11:00 AM ET -***

CARLSBAD, Calif., April 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 fourth quarter and fiscal year ended December 31, 2021. All figures are in U.S. dollars.

Financial and Business Highlights

- **21% Annual Sales Growth** – The Company has experienced quarter over quarter sales growth each quarter in 2021 from \$2.3 million in Q1 to approximately \$3.0 million in Q4. Compared to the previous year sales grew more than 21% from \$8.6 million in 2020 to \$10.5 million in 2021. The increases have been led by rapid growth of ZIP sales to the pain management market and the introduction of the SiLO Joint fusion system.
- **Strong Q4** – The fourth quarter 2021 was one of our largest revenue quarters ever. Q4 saw an increase in sales to approximately \$3.0 million or an 17.8% increase over the fourth quarter 2020 (the strongest quarter in 2020). Sales of Aurora products made up 70% of sales for the quarter. This increased margins 8.9% for Q4 2021.
- **Product Development** – SiLO Posterior SI Joint Fusion System (SiLO) – In 2021 the company released its innovative SI Joint Fusion System. The SiLO is designed specifically for posterior sacroiliac joint fusion. Sales increased by 35%, quarter over quarter during 2021.
- **Apollo System** – The company received US Food and Drug Administration (FDA) 510K clearance for its proprietary Apollo anterior cervical plate system (ACP). The first surgery using the Apollo cervical plate occurred in January 2022.
- **DEXA-C** – In August 2021, the company received US Food and Drug Administration (FDA) 510K clearance for its proprietary DEXA-C cervical interbody system. The product is the first in the world using Aurora’s proprietary and patented DEXA Technology™ for custom made implants based upon matching a patient’s bone density. The first surgery using the DEXA-C cervical interbody device occurred in March 2022.

- In February 2021, the Company applied for and received a second Payroll Protection Program (PPP) loan in the amount of \$350,140. This was used for the intended purpose of supporting payroll for the covered period. The loan was forgiven in March 2022 and no balance is owed.
- IRB – The Company has received Institutional Review Board (IRB) approval for its new multicenter study of its ZIP® interspinous fixation device for patients suffering from back pain due to symptomatic degenerative disc disease. The company has started enrolling patients in the study.
- Training – Aurora continues to conduct advanced training sessions and cadaver labs that introduce leading orthopedic, neurosurgical and pain management physicians to the ZIP® and SiLO™ implants.
- Private Placement – On September 17, 2021, the Company completed a private placement for \$5.1 million, the proceeds of which will be used to increase inventory, expand the sales force, conduct physician training, and fund research and development to continue acceleration of the Company’s top line growth.
- OTCQB Listing in the United States – Aurora spine was listed on the OTCQB in the United States in early 2021 making its stock more accessible to the American market.

Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “Fiscal 2021 was a pivotal year for Aurora Spine, as we positioned the Company for continued growth in 2022. Our strategy of focusing on developing proprietary products is paying off as revenues have experienced renewed growth due to our key products: ZIP, SiLO and most recently DEXA-C.”

Mr. Northcutt continued, “Our clinical study for the ZIP is demonstrating success as several doctors have had positive experiences using the ZIP and have begun to adopt it’s use in their practices. ZIP sales were very robust during the year at \$3.8 million, which represented 36% of total sales for the year, and a 146% increase over the prior year. Our SI Joint device, SiLO™, has been a key contributor recently and we believe has a very positive future ahead, as the SI Joint procedure continues to be adopted by pain doctors. As we continue to educate doctors on SiLO, we are very excited about our next generation device, which will be a titanium/non-bone version called SiLO-TFX™. “

“On the new product front, we continue to be highly innovative to deliver additional new proprietary Aurora products. Our first product using Aurora’s proprietary DEXA Technology™ Patient-Matched Implant Technology, the DEXA-C Cervical Interbody Fusion Device, was recently implanted and has received positive feedback. We plan on ramping up marketing programs for DEXA-C, and we have recently experienced some initial traction with doctors

starting to utilize the product and we believe the DEXA-C should help contribute to our growth in 2022”, said Northcutt.

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, “From a financial perspective, Aurora had a great fourth quarter and fiscal year 2021. We reported top line growth coming out of the pandemic and improved gross margins through selling more proprietary Aurora products. As a result, of these investments, operating expenses in the fourth quarter were elevated and expected to be at these levels as the company incurs some R&D expenses to conduct the ZIP clinical trial and the release of recently cleared FDA products. We believe these added expenditures will enable us to grow revenues and achieve higher margins and profitability. In the interim, the balance sheet remains strong with ample capital to invest in new products and growth initiatives.”

Financial Results

Total revenues for the fourth quarter of 2021 were \$2.96 million compared to \$2.43 million for the fourth quarter of 2020, an increase of 21.7%, as elective surgeries resumed from the Covid-19 shutdown that occurred in the first half of the fiscal year. Total revenues for fiscal 2021 were \$10.54 million compared to \$8.65 million for fiscal 2020, an increase of 22.0%, mostly due to the emergence from the Covid-19 shutdown.

Gross margin on total revenues were 46.0% for the fourth quarter of 2021, compared to 37.1% during the fourth quarter of 2020. Gross margin on total revenues were 45.8% for the fiscal 2021, compared to 40.1% for fiscal 2020. 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.

Total operating expenses were \$2.267 million for the fourth quarter of 2021, which included \$0.649 million of non-cash expenses, compared to \$1.400 million, which included \$0.188 million of non-cash expenses for the fourth quarter of 2020. Total operating expenses for fiscal 2021 were \$7.543 million, which included \$0.790 million of non-cash expenses, compared to \$4.720 million, which included \$0.683 million of non-cash expenses for the fiscal 2020. The increases in operating expenses during the fourth quarter and fiscal year were from 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 \$(0.57) million for the fourth quarter of 2021, compared to \$(0.27) million in the fourth quarter of 2020. EBITDAC was \$(1.410) million for fiscal 2021, compared to \$0.538 million for fiscal 2020.

Net loss was \$(0.903) million for the fourth quarter of 2021, compared to a loss of \$(0.042)

million in the fourth quarter of 2020. Basic and diluted net (loss) income per share was \$(0.04) per share in the fourth quarter of 2021 and \$0.00 per share for the fourth quarter of 2020. Net loss was \$(2.359) million for fiscal 2021, compared to a loss of \$(0.232) million for fiscal 2020. Basic and diluted net (loss) income per share was \$(0.04) per share for fiscal 2021 and \$0.00 per share for fiscal 2020.

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	December 31, 2021	December 31, 2020	December 31, 2019
	\$USD	\$USD	\$USD
Cash	3,172,575	1,710,146	444,741
Trade receivables	2,668,174	1,658,124	2,443,096
Prepaid expenses and deposits	674,687	231,256	262,217
Inventory	1,889,640	1,596,365	1,529,474
Current assets	8,405,076	5,195,892	4,679,528
Intangible assets	854,331	868,946	838,915
Property and equipment	1,304,242	1,090,312	1,155,249
Total assets	10,563,649	7,155,149	6,673,692
Current liabilities	2,627,281	1,561,471	2,523,223
Long-term liabilities	2,367,056	2,312,374	2,382,444
Share capital	25,087,474	22,007,747	20,669,713

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	December 30, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	2,964,980	2,892,540	2,425,397	2,261,890	2,437,228	2,368,692	1,580,450	2,259,251
Cost of goods sold	(1,602,047)	(1,536,244)	(1,421,393)	(1,151,572)	(1,533,983)	(1,230,824)	(934,058)	(1,478,037)
Gross profit	1,362,933	1,356,296	1,004,004	1,110,318	903,245	1,137,868	646,392	781,214
Operating expenses	2,266,897	1,724,513	1,879,479	1,672,131	1,400,165	1,146,672	831,239	1,341,757
EBITDAC**	(566,569)	(171,247)	(480,837)	(191,430)	185,104	477,060	170,549	(294,721)
Net income (loss)	(903,964)	(368,217)	(700,405)	(386,743)	(42,181)	336,163	34,475	(560,543)

Basic and diluted income (loss) per share***	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	0.01	0.00	(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: Monday, May 2, 2022, at 11:00 a.m. ET

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, which is available via the following link: <https://app.webinar.net/q7jDAGmNKQY> or in 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 9, 2022, at (877) 344-7529 or (412) 317-0088, replay access code 3855078. Additionally, 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://app.webinar.net/q7jDAGmNKQY> 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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