

Correction: Aurora Spine Corporation Announces Fourth Quarter and Fiscal 2022 Financial Results

CARLSBAD, Calif., May 01, 2023 —

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- ***Company reports record annual revenues of \$14.9 million, showing 41% growth -***
- ***Management to host conference call today, May 1, 2023 at 12:00 PM ET -***

CARLSBAD, Calif. - May 1, 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 fiscal 2022 ended December 31, 2022. All figures are in U.S. dollars.

Financial and Business Highlights

- **41% Annual Sales Growth** - The Company has experienced strong sales in each quarter in 2022. Compared to the previous year sales grew more than 41% from \$10.5 million in 2021 to \$14.9 million in 2022. The increases have been led by a 21% increase of ZIP sales to the pain management market and a 200% increase in sales of the SiLO Joint fusion system.
- **Increased Margin** - Margins increased to 52.5% for 2022 from 45.8% in 2021 due to higher margin sales to surgery centers and increased pricing on certain products.
- **Dexa-C release** - The Company released the Dexa-C cervical implant on a limited basis in Q1 2022 and it accounted for 8% of overall sales in 2022.
- **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** - The Company received FDA 510(k) clearance for its patented SiLO TFX MIS Sacroiliac Joint Fixation System.
- **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.
- **Zip Stenosis Indication** - The Company received FDA clearance of a new Lumbar Spinal Stenosis Indication for Use for its ZIP™ family of MIS implants.

- **Award** - The Company received the 2022 Best New Spine Technology Award for its DEXA bone density-matched spine implant innovation at the annual North American Spine Society (NASS) meeting.
- **Training** - The Company continued to conduct advanced training sessions and cadaver labs that introduced leading orthopedic, neurosurgical, and pain management physicians to the ZIP™ and SiLO™ implants.

Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “Fiscal 2022 was an exceptional year for Aurora Spine. We were able to emerge from the pandemic and deliver our proprietary products to the marketplace. We were also very successful in obtaining FDA clearances for a few key products, including the SiLO TFX, which we believe will pave the way for future growth. As a result, the company now has several new products and platforms that enabled us to pivot and focus more on commercialization and profitability. Along those lines, the company has made some key improvements and additions to bolster its sales efforts. We believe we are still in the early stages in many of our initiatives, including SiLO TFX, which has recently been successfully implanted into patients.”

Mr. Northcutt continued, “Our other product lines, including ZIP and DEXA, have also contributed nicely to our results. ZIP continues to grow its applications, as it received FDA clearance for a new stenosis indication. In addition, we received positive interim results from a clinical study that is using the ZIP for interspinous fusion therapy as a treatment of lumbar spinal stenosis. So far initial results show the ZIP to be effective and safe and this data will assist us in detailing it to surgeons and pain interventionalists. Looking at DEXA, we were very honored to receive the 2022 Best New Spine Technology Award at this year’s NASS meeting. We have several kits for DEXA-C in the marketplace and was a great contributor to Aurora during 2022 on a beta-launch basis. We have several more kits ready to ship and are in the midst of placing them over the next few months.”

Mr. Northcutt concluded, “We are very pleased with the progress we are making at Aurora Spine. We accomplished many things in 2022, including several successful product launches and we believe 2023 will be another year of growth. As we look to 2023 and beyond, we have been working diligently in making key improvements to get the company to the next level and experience continued growth for many years to come. Our focus is now executing on growing revenues through the commercialization of the products that received approvals in 2022, especially SiLO TFX. We have many positive accomplishments in 2022 and are well positioned to capitalize in 2023 and beyond.”

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, “Fiscal 2022 was a strong financial year for Aurora, with revenues growing 41% and achieving improved gross margins. We also invested heavily back into the business, using our cash flow to improve our sales

team, attend more industry tradeshows, but also ramp up several clinical studies, which will provide additional data on our products. Also, subsequent to the fiscal year end, the company also received approximately \$700,000 in proceeds from exercised warrants, which has enhanced our capital structure.”

Financial Results

Total revenues for the fourth quarter of 2022 were \$3.61 million an increase of 21.7% when compared to \$2.96 million in the same quarter one year ago. The improvement in revenues over 2021 were due to more procedures conducted in ambulatory surgical and pain centers that incorporated Aurora products like the ZIP and SiLO. In addition, due to increased marketing and development (clinical studies) efforts, the company experienced increases in ZIP sales in the quarter. Total revenues for fiscal 2022 were \$14.88 million compared to \$10.54 million for fiscal 2021, an increase of 41.1%, primarily due to increased activity at surgical centers and pain centers, where patients stays are much shorter in duration through the usage of Aurora products like ZIP and SiLO.

Gross margin on total revenues were 50.6% for the fourth quarter of 2022, compared to 46.0% in Q4 of 2021. Gross margin on total revenues for fiscal year 2022 were 52.5%, compared to 45.8% for fiscal 2021. The year-over-year improvement in gross margins is attributable to the company’s strategy of selling more proprietary, Aurora Spine products and into the markets with improved pricing, like ambulatory surgery centers. 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 \$2.67 million for the fourth quarter of 2022, compared to \$2.267 million in the fourth quarter of 2021. Total operating expenses for fiscal 2022 were \$9.379 million, which included \$1.010 million of non-cash expenses, compared to \$7.543 million, which included \$0.790 million of non-cash expenses for fiscal 2021. Operating expenses increased during the fourth quarter primarily due to an increase in ZIP study fees.

EBITDAC (a non-GAAP figure non IFRS measure defined as Earnings before Interest, Tax, Depreciation, Amortization and Stock based compensation) was \$(0.36) million for the fourth quarter of 2022, compared to \$(0.57) million in the fourth quarter of 2021. EBITDAC was \$(0.26) million for fiscal 2022, compared to \$(1.76) million in fiscal 2021. EBITDAC improvements were due to higher revenue and gross margin levels from selling more proprietary products.

Net loss was \$(0.840) million for the fourth quarter of 2022, compared to the fourth quarter of 2021 with a loss of \$(0.903) million. Basic and diluted net (loss) income per share was \$(0.01) per share in the fourth quarter of 2022 and \$(0.01) per share for the fourth quarter of 2021. Net loss was \$(1.501) million for fiscal 2022, compared to a loss of \$(2.359) million in fiscal 2021. Basic and diluted net (loss) income per share was \$(0.02) per share for fiscal

2022 and \$(0.04) per share in fiscal 2021.

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, 2022 \$USD	September 30, 2022 \$USD	December 31, 2021 \$USD
Cash	423,401	644,669	3,172,575
Trade receivables	3,666,310	3,736,634	2,668,174
Prepaid expenses and deposits	186,800	678,150	674,687
Inventory	3,054,173	2,708,416	1,889,640
Current assets	7,330,684	7,767,988	8,405,076
Intangible assets	881,354	945,464	854,331
Property and equipment	1,910,940	2,202,319	1,304,242
Total assets	10,122,978	10,915,652	10,563,649
Current liabilities	3,029,599	3,136,410	2,627,281
Long-term liabilities	2,773,919	2,769,376	2,367,056
Share capital	25,218,093	25,087,474	25,087,474

SELECTED ANNUAL 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 year for the last two fiscal years are presented in the table below.

Fiscal year ended	December 31, 2022 \$	December 31, 2021 \$
Revenue	14,877,324	10,544,807
Cost of goods sold	(7,067,596)	(5,711,255)
Gross profit	7,809,728	4,833,552
Operating expenses	9,379,029	7,543,017
EBITDAC**	(265,311)	(1,760,222)
Net income (loss)	(1,501,466)	(2,359,325)
Basic and diluted income (loss) per share***	(0.02)	(0.04)

** 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.

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 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 30, 2021	September 30, 2021	June 30, 2021	March 31, 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	3,609,514	3,648,680	4,067,166	3,551,964	2,964,980	2,892,540	2,425,397	2,261,890
Cost of goods sold	(1,783,881)	(1,706,677)	(1,926,683)	(1,650,355)	(1,602,047)	(1,536,244)	(1,421,393)	(1,151,572)
Gross profit	1,825,632	1,942,003	2,140,483	1,901,609	1,362,933	1,356,296	1,004,004	1,110,318
Operating expenses	2,665,203	2,057,655	2,367,985	2,288,186	2,266,897	1,724,513	1,879,479	1,672,131
EBITDAC**	(358,311)	150,687	96,285	(153,972)	(566,569)	(171,247)	(480,837)	(191,430)
Net income (loss)	(839,570)	(115,652)	(159,667)	(386,577)	(903,964)	(368,217)	(700,405)	(386,743)
Basic and diluted income (loss) per share***	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

* Adjusted by gains and (losses) on sale of equipment.

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Conference Call Details

Date and Time: Monday, May 1, 2023, at 12:00 pm ET/9:00 am PT

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/bnqyeKXxQ2N> 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 8, 2023, at (877) 344-7529 or (412) 317-0088, replay access code 7462834. 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/bnqyeKXxQ2N> 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.

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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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