

Aurora Spine Corporation Announces Third Quarter Fiscal 2022 Financial Results

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

- *Management to host conference call today, November 21, 2022 at 11:00 AM ET* -

CARLSBAD, Calif. – November 21, 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 third quarter ended September 30, 2022. All figures are in U.S. dollars.

Q3 and Recent Highlights

- **Sales Growth** – Sales remained strong in Q3 growing at 26% over Q3 2021.
- **Positive EBITDAC** – Second consecutive quarter of positive EBITDAC at \$150,687 in Q3 and \$96,285 in Q2 compared to (\$153,972) in Q1 and (\$171,247) in Q3 2021. EBITDAC is a non-GAAP financial measure (defined below).
- **DEXA Sales** – DEXA sales increased to 10.5% of total sales for the quarter as compared to 5.3% in Q2 2022. This was accomplished with new sales with no reduction in the Discovery PEEK cervical cage.
- **Award** – Aurora Spine 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.
- **FDA Clearance Zip** – Received new FDA indication clearance of Lumbar Spinal Stenosis for its ZIP™ series of MIS implants.
- **FDA Clearance SiLO TFX** – FDA 510K clearance for the patented SiLO TFX MIS Sacroiliac Joint Fixation System.

Management Commentary

Mr. Trent Northcutt, President and Chief Executive Officer of Aurora Spine, stated, “Third quarter results were a solid showing considering the anticipated slowdown in procedures early in the quarter stemming from extended vacation schedules in the medical industry. We continue to make progress on the sales front and as we prepare for 2023, we are in the midst of improving our sales staff by seeking additions to our team. We want to bolster our sales efforts as the company has several key new products that will act as growth catalysts, including the recently FDA-cleared SiLO TFX, which we believe has significant promise in an emerging, minimally invasive procedure in the industry that is just starting to evolve.”

Mr. Northcutt continued, “During the third quarter we worked diligently on moving forward on our DEXA series. During the third quarter, we prepared for the company’s presence at North American Spine

Society (NASS), a major annual industry conference. We believe it was a very successful event for the company, as we had in-hand both SiLO TFX and DEXA products to highlight and share with the medical community. We came out of NASS with many new relationships and are working on developing adoption of Aurora products. Another highlight out of NASS was that the company received the 2022 Best New Spine Technology Award for its DEXA bone density-matched spine implant innovation, which added credibility to the innovative products we develop at Aurora and has brought further exposure to the DEXA technology platform.”

Mr. Northcutt concluded, “We are pleased with the progress we are making at Aurora Spine. We have been able to obtain FDA approvals on new products and are working diligently to bring them to the marketplace. Our focus is now preparing for 2023 and executing on our plan to grow revenues and commercialize the products that received approval in 2022, especially SiLO TFX. We have many positive accomplishments in 2022 and are in a very solid position headed into 2023 and looking forward to another year of strong growth.”

Mr. Chad Clouse, Chief Financial Officer of Aurora Spine, added, “The third quarter results were again EBITDAC positive for the quarter. We achieved this through improving our gross profit margin due to strong product mix and were successful in lowering R&D expenses now that certain projects have been completed. The company’s capital structure remains solid and we continue to make progress on lowering the accounts receivables through recent collections. We expect to see a reduction in the receivables balance moving forward.”

Financial Results

Total revenues for the third quarter of 2022 were \$3.65 million an increase of 26% when compared to \$2.89 million in the same quarter one year ago and compared to \$4.07 million for the second quarter of 2022. The improvement in revenues over 2021 were due to more procedures incorporating Aurora products like the ZIP and SiLO and the hospitals and surgery centers returning to more normal operations post-pandemic and as more procedures using Aurora products being done in surgery centers.

Gross margin on total revenues were 53.2% for the third quarter of 2022, compared to 46.9% in Q3 of 2021 and compared to 52.6% during the second quarter of 2022. The year-over-year improvement 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, dependent upon sales mix and shipping costs.

Total operating expenses were \$2.058 million for the third quarter of 2022, compared to \$1.724 million in the third quarter of 2021, and compared to \$2.368 million for the second quarter of 2022. Operating expenses increased from the third quarter one year ago due to the addition of new key salespeople, as well as higher marketing expenses, but was lower sequentially from the second quarter of 2022 due to lower research and development costs.

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 third quarter of 2022, compared

to \$(0.17) million in the third quarter of 2021 and \$0.10 million in the second quarter of 2022. EBITDAC improved sequentially due to improved gross margin and a decrease in certain operating expenses.

Net loss was \$(0.116) million for the third quarter of 2022, compared to a loss of \$(0.160) million in the second quarter of 2022 and improved from the third quarter of 2021 of a loss of \$(0.368) million. Basic and diluted net (loss) income per share was \$(0.00) per share in the second quarter of 2022 and \$(0.00) per share for the second quarter of 2022 and \$(0.01) per share in the third quarter of 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	September 30, 2022 \$USD	June 30, 2022 \$USD	December 31, 2021 \$USD
Cash	644,669	758,980	3,172,575
Trade receivables	3,736,634	4,057,976	2,668,174
Prepaid expenses and deposits	678,150	699,302	674,687
Inventory	2,708,416	2,856,730	1,889,640
Current assets	7,767,988	8,372,988	8,405,076
Intangible assets	945,464	949,117	854,331
Property and equipment	2,202,319	1,937,480	1,304,242
Total assets	10,915,652	11,259,585	10,563,649
Current liabilities	3,136,410	3,450,121	2,627,281
Long-term liabilities	2,769,376	2,721,942	2,367,056
Share capital	25,087,474	25,087,474	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	September 30, 2022 \$	June 30, 2022 \$	March 31, 2022 \$	December 30, 2021 \$	September 30, 2021 \$	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$
Revenue	3,648,680	4,067,166	3,551,964	2,964,980	2,892,540	2,425,397	2,261,890	2,437,228
Cost of goods sold	(1,706,677)	(1,926,683)	(1,650,355)	(1,602,047)	(1,536,244)	(1,421,393)	(1,151,572)	(1,533,983)
Gross profit	1,942,003	2,140,483	1,901,609	1,362,933	1,356,296	1,004,004	1,110,318	903,245
Operating expenses	2,057,655	2,367,985	2,288,186	2,266,897	1,724,513	1,879,479	1,672,131	1,400,165
EBITDAC**	150,687	96,285	(153,972)	(566,569)	(171,247)	(480,837)	(191,430)	185,104
Net income (loss)	(115,652)	(159,667)	(386,577)	(903,964)	(368,217)	(700,405)	(386,743)	(42,181)
Basic and diluted income (loss) per share***	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)

* 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, November 21, 2022, at 11:00 a.m. ET/8:00am Pacific Time

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/Rx9E6Lbwn4k> 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 November 28, 2022, at (877) 344-7529 or (412) 317-0088, replay access code 5080066. 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/Rx9E6Lbwn4k> 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.

Contact:

Aurora Spine Corporation

Trent Northcutt
President and Chief Executive Officer
(760) 424-2004

Chad Clouse
Chief Financial Officer
(760) 424-2004
www.aurora-spine.com

Adam Lowensteiner
LYTHAM PARTNERS, LLC
Phoenix | New York
Telephone: 646-829-9700
asapf@lythampartners.com