



# Assure Holdings Reports Fourth Quarter and Full Year 2018 Financial Results

## 2018 Managed Case Volume Increased 79% to 2,799, Expanded into Five States

DENVER, April 15, 2019 (GLOBE NEWSWIRE) -- Assure Holdings Corp. (the "Company" or "Assure") (TSXV: IOM; OTCQB: ARHH), a provider of intraoperative neuromonitoring services, reported financial results for the fourth quarter and full year ended December 31, 2018.

### Cash Collections Analysis Results in Change in Accounting Estimates

In 2016-2018, Assure recognized a set amount of revenue for each technical and professional case based upon historical collection information for technical and professional cases that the Company received from its billing and collection company. During the fourth quarter of 2018, as it did at the end of each prior year, Assure reviewed its own collection experience for technical and professional cases in 2017 and 2018. The analysis determined that the original estimate of revenue was higher than the Company's current actual cash collection experience.

As such, the Company revised its estimate of revenue for each open technical and professional case downward to the actual cash collection experience being realized at the end of 2018. This resulted in a \$9.6 million revenue adjustment being recorded during the fourth quarter of 2018. Of this amount, \$3.0 million related to 2017, with the balance attributed to claims in 2018. This analysis also reduced revenue by \$2.3 million in the fourth quarter of 2018 in Assure's Physician Network Entities (PNEs).

### Fourth Quarter 2018 Financial Summary vs. Fourth Quarter 2017

- Total revenue was \$(3.0) million versus a revised \$4.7 million. The fourth quarter of 2018 included a \$9.6 million reduction in revenue to the revised estimate per monitoring case with actual cash collected for cases in 2018 and 2017. Excluding this reduction, revenue would have been up 40% to \$6.6 million.
- Managed cases increased 62% to 838 versus 517.
- Earnings from equity method of investment in PNEs were \$(1.1) million compared to a revised \$0.7 million. This amount is net of a \$2.3 million reduction in revenue in the fourth quarter of 2018 related to the aforementioned alignment of accruals with actual cash collected for cases in 2018 and 2017.
- Net loss was \$5.0 million compared to a revised net loss of \$10.2 million. 2018 was burdened by \$11.9 million in reduced revenue for the aforementioned alignment of accruals with cash collected. 2017 was burdened by a \$16.0 million charge for the value of performance shares awarded to certain members of management.
- Net loss per share improved to \$0.11 compared to a revised loss of \$0.31 per share.
- Adjusted EBITDA was \$(6.5) million versus a revised \$4.2 million.

### Full Year 2018 Financial Summary vs. Full Year 2017

- Total revenue was \$14.8 million versus a revised \$15.8 million. Excluding a reduction in revenue to align the revised estimate per monitoring case with actual cash collected for cases in 2018 and 2017, and a related bad debt expense, revenue would have been up 65% to \$26.0 million.
- Managed cases increased 79% to 2,799 versus 1,562.
- Earnings from equity method of investment in PNEs were \$1.2 million compared to a revised \$2.3 million. This amount is net of \$2.3 million related to the aforementioned alignment of accruals with actual cash collected for cases in 2018 and 2017.
- Net income increased significantly to \$4.3 million, or \$0.10 per diluted share, compared to a revised net loss of \$5.5 million, or \$(0.17) per diluted share.
- Adjusted EBITDA was \$6.7 million versus a revised \$12.0 million. Excluding the cash collection analysis mentioned above, adjusted EBITDA was up 42% to \$17.0 million.

### Management Commentary

"2018 proved to be a challenging yet transformative year for Assure, highlighted by significant progress in our expansion efforts outside of Colorado and a 79% increase in managed case volume," said John A. Farlinger,

Assure's executive chairman and interim CEO. "In fact, we executed a multi-state expansion that saw us perform cases in five different states with Colorado comprising 64% of our revenue versus 100% in 2017. We also bolstered the company's board and leadership team with the appointments of Scott Page and Dr. Chris Rumana to our board, along with bringing on Trent Carman as our CFO. In addition, in early 2019 we added Paul Webster as our new VP of strategy.

"Despite our substantial growth, during the fourth quarter of 2018, we performed a cash collection analysis for our historical out-of-network billings which showed that the amount of revenue we collected was less than the amount accrued in 2017 and 2018. We have taken swift actions to address this gap by lowering initial revenue accruals on all cases going forward, retaining an additional billing and collections provider, and hiring Paul Webster as our vice president of strategy and Kelsie Jas as our director of revenue cycle management—both who come to us with very strong healthcare and revenue cycle management backgrounds. We will continue to allocate the necessary time and resources to enhance the collections process through strengthening our staff and quicker resolution of claims.

"The improvement of our processes and controls around collections is a large focus in 2019, as will the management of a procedure pipeline that we expect to grow rapidly. In fact, we project to nearly double the amount of procedures performed in 2019 to approximately 5,000 and enter into at least three new states. As our reputation for being a best-in-class intraoperative neuromonitoring provider continues to spread, we also look forward to executing on various expansion opportunities into new verticals in 2019."

#### **Fourth Quarter 2018 Financial Results**

Total revenue was \$(3.0) million compared to a revised \$4.7 million in the fourth quarter of 2017. The decrease was driven by a \$9.6 million reduction in revenue to the revised estimate per monitoring case with actual cash collected for cases in 2018 and 2017. Excluding the reduction, total revenue would have increased 40% to \$6.6 million due to the continued increase in cases generated from the Company's existing surgeon network, the onboarding of additional surgeons, and the continued expansion in new states.

Revenue generated outside Colorado was 48% of total revenue in the fourth quarter of 2018. In the fourth quarter of 2017, nearly all revenues were generated from the Colorado market. Managed cases increased 62% to 838 versus 517 in the fourth quarter of 2017, primarily driven by continued expansion efforts.

Gross margin in the fourth quarter of 2018 excluding the reduction in revenue due to the cash collection analysis decreased slightly to 83.7% compared to a revised 84.7% in the same quarter last year as a result of the additional technicians to support the Company's expansion.

Total operating expenses increased to \$2.4 million compared to \$0.7 million in the same quarter in 2017, which excludes the expense recorded for the performance shares issued to management. This was primarily due to staffing additions to support the growth of the business, commission expenses for expansion efforts, legal and professional fees.

Net loss improved to \$5.0 million or \$(0.11) per share, compared to a revised net loss of \$10.2 million or \$(0.31) per share in the fourth quarter of 2017. The fourth quarter of 2018 was burdened by reduced revenue for the aforementioned cash collection analysis and related bad debt expense, whereas the fourth quarter of 2017 had \$16.0 million of expenses related to performance shares issued to management.

Adjusted EBITDA was \$(6.5) million compared to a revised \$4.2 million in the same quarter in 2017. Excluding the reduction in revenue due to the cash collections analysis, adjusted EBITDA would have been up 7% to \$4.5 million due to the aforementioned increase in cases and expansion efforts.

During the fourth quarter of 2018, Assure collected \$2.6 million of cash from its accounts receivable balance compared to \$0.9 million in the fourth quarter of 2017.

#### **Full Year 2018 Financial Results**

Total revenue in 2018 was \$14.8 million compared to a revised \$15.8 million in 2017. The decrease was driven by an \$11.2 million reduction in revenue due to the aforementioned cash collection analysis and related bad debt expense. Excluding the reduction, revenue would have been up 65% to \$26.0 million compared to 2017 due to the expansion into five new states and a 79% increase in managed case volume to 2,799 cases.

Gross margin was 76.0% compared to 83.4% in 2017 primarily due to the reduction in revenue as a result of the cash collection analysis. Absent this reduction in revenue, gross margin in 2018 would have been approximately 83%. Additionally, the Company incurred certain startup costs associated with its expansion into Texas,

Pennsylvania, Michigan, Louisiana and Utah.

Total operating expenses in 2018 decreased to \$6.5 million compared to \$19.7 million in 2017. The significant decrease was a result of a \$16.0 million non-cash charge related to performance share compensation in 2017. Excluding the non-cash charge, total operating expenses increased in 2018 primarily driven by staffing additions, along with expenses related to growing the business and legal and professional fees.

Net income in 2018 increased to \$4.3 million or \$0.10 per diluted share, compared to a revised net loss of \$5.5 million or \$(0.17) per share in 2017. The significant increase was a result of the aforementioned \$16.0 million one-time charge.

Adjusted EBITDA for 2018 was \$6.7 million compared to a revised \$12.0 million in 2017. Excluding the reduction in revenue as a result of the cash collection analysis, adjusted EBITDA was up 59% to \$19.1 million.

For the full year ended December 31, 2018, the Company collected \$9.0 million of cash from its accounts receivable balance compared to collecting \$4.5 million in the prior year.

Assure has also filed its audited financial statements and management discussion & analysis (MD&A) with SEDAR and the OTC. This information can be found at [www.sedar.com](http://www.sedar.com) and [www.OTCmarkets.com](http://www.OTCmarkets.com).

### **Conference Call**

The Company will hold a conference call today, April 15, 2019, at 4:30 p.m. Eastern time to discuss its fourth quarter and full year 2018 results.

Date: Monday, April 15, 2019  
Time: 4:30 p.m. Eastern time (2:30 p.m. Mountain time)  
Toll-free dial-in number: 1-877-407-0792  
International dial-in number: 1-201-689-8263  
Conference ID: 13689740

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Liolios at 1-949-574-3860.

The conference call will be broadcast live and available for replay [here](#).

A replay of the conference call will be available after 7:30 p.m. Eastern time on the same day through April 29, 2019.

Toll-free replay number: 1-844-512-2921  
International replay number: 1-412-317-6671  
Replay ID: 13689740

### **About Assure Holdings**

Assure Holdings Corp. is a Colorado-based company that works with neurosurgeons and orthopedic spine surgeons to provide a turnkey suite of services that support intraoperative neuromonitoring activities during invasive surgeries. Assure employs its own staff of technologists and uses its own state-of-the-art monitoring equipment, handles 100% of intraoperative neuromonitoring scheduling and setup, and bills for all technical services provided. While Assure focuses primarily on supporting spinal and vascular surgeries, plans are in place to support other classes of medicine that rely on the standard of care that intraoperative neuromonitoring provides. For more information, visit the company's website at [www.assureneuromonitoring.com](http://www.assureneuromonitoring.com).

### **Non-IFRS Measures**

Adjusted EBITDA is defined as net income/(loss) excluding interest, taxes, depreciation, share-based compensation, performance share compensation, provision for broker warrant fair value, provision for stock option fair value and deemed shares costs related to the reverse takeover merger

### **Forward-Looking Statements**

This news release contains certain statements that may constitute forward-looking information and forward-looking statements under applicable securities laws. All statements, other than those of historical fact, which address

activities, events, outcomes, results, developments, performance or achievements that Assure anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information and forward-looking statements. Such information or statements may involve, but is not limited to, comments with respect to strategies, expectations, planned operations and future actions of the Company. Often, but not always, forward-looking information or forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the forgoing) be taken, occur, be achieved, or come to pass. Forward-looking information and forward-looking statements are based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this news release, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of Assure to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information and the forward-looking statements. Such factors may be based on information currently available to Assure, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. The forward-looking statements in this news release speak only as of the date of this release and Assure undertakes no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this release. Any and all forward-looking information contained in this press release is expressly qualified by this cautionary statement.

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**ASSURE HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 (in United States Dollars)

|                              | December 31,<br>2018 | December 31,<br>2017 |
|------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                |                      |                      |
| <b>Current assets</b>        |                      |                      |
| Cash                         | \$ 830,966           | \$ 215,326           |
| Accounts receivable, net     | 22,175,379           | 16,624,006           |
| Prepaid expenses             | 85,238               | 130,060              |
| Due from related parties     | 2,965,630            | 2,256,117            |
| Total current assets         | 26,057,213           | 19,225,509           |
| Equity method investments    | 2,255,819            | 2,259,663            |
| Equipment and furniture, net | 679,881              | 499,123              |
| Total assets                 | \$ 28,992,913        | \$ 21,984,295        |

## LIABILITIES AND SHAREHOLDERS' EQUITY

### LIABILITIES

#### Current liabilities

|   |               |               |
|---|---------------|---------------|
| Accounts payable and accrued liabilities    | \$ 3,015,794  | \$ 2,504,519  |
| Line of credit                              | 273,699       | -             |
| Current portion of finance leases           | 205,841       | 181,787       |
| Income taxes payable                        | 267,190       | 22,475        |
| Total current liabilities                   | 3,762,524     | 2,708,781     |
| Finance leases, net of current portion      | 381,453       | 291,063       |
| Provision for fair value of stock options   | 245,525       | 325,515       |
| Provision for performance share issuance    | 16,011,500    | 16,011,500    |
| Provision for fair value of broker warrants | 56,130        | 128,062       |
| Deferred tax liability, net                 | 665,839       | 92,276        |
| Total liabilities                           | 21,122,971    | 19,557,197    |
| <b>SHAREHOLDERS' EQUITY</b>                 |               |               |
| Capital stock                               | 35,562        | 35,505        |
| Additional paid-in capital                  | 7,202,134     | 6,079,115     |
| Retained earnings/(accumulated deficit)     | 632,246       | (3,687,522 )  |
| Total shareholders' equity                  | 7,869,942     | 2,427,098     |
| Total liabilities and shareholders' equity  | \$ 28,992,913 | \$ 21,984,295 |

**ASSURE HOLDINGS INC.**  
**CONSOLIDATED STATEMENT OF INCOME/(LOSS)**  
(in United States Dollars)

|  | Three Months<br>Ended<br>December 31,<br>2018 | Three Months<br>Ended<br>December 31,<br>2017 | Year Ended<br>December 31,<br>2018 | Year Ended<br>December 31,<br>2017 |
|--|---|---|------------------------------------|------------------------------------|
| <b>Revenue</b>                               |   |   |                                    |                                    |
| Out-of-Network fees, net                     | \$ (3,484,645 )                               | \$ 4,597,048                                  | \$ 13,898,843                      | \$ 15,394,640                      |
| Contract fees                                | 458,557                                       | 113,532                                       | 913,391                            | 401,180                            |
| Total revenue                                | (3,026,088 )                                  | 4,710,580                                     | 14,812,234                         | 15,795,820                         |
| Cost of revenues                             | (305,790 )                                    | (722,090 )                                    | (3,551,278 )                       | (2,618,715 )                       |
| Gross margin                                 | (3,331,878 )                                  | 3,988,490                                     | 11,260,956                         | 13,177,105                         |
| <b>Operating expenses</b>                    |   |   |                                    |                                    |
| General and administrative                   | 1,989,647                                     | 429,403                                       | 5,311,884                          | 3,092,222                          |
| Provision for performance share compensation | -   | 16,011,500                                    | -                                  | 16,011,500                         |
| Depreciation and amortization                | 125,193                                       | 66,867  | 406,967                            | 205,836                            |
| Sales and marketing                          | 276,667                                       | 144,949                                       | 807,285                            | 398,731                            |
| Total operating expenses                     | 2,391,507                                     | 16,652,719                                    | 6,526,136                          | 19,708,289                         |
| Income/(loss) from operations                | (5,723,385 )                                  | (12,664,229 )                                 | 4,734,820                          | (6,531,184 )                       |
| <b>Other income/(expenses)</b>               |   |   |                                    |                                    |
| Earnings from equity method investments      | (1,149,752 )                                  | 722,820                                       | 1,167,448                          | 2,266,035                          |
| Provision for broker warrant fair value      | 16,978  | (2,491 )                                      | 61,583                             | (1,195,080 )                       |
| Provision for stock option fair value        | 66,202  | (85,540 )                                     | 79,990                             | (261,866 )                         |
| Deemed share costs related to RTO            | -   | -   | -                                  | (1,551,126 )                       |
| Interest, net                                | (5,929 )                                      | (17,049 )                                     | 7,150                              | (48,780 )                          |
| Total other income/(expenses)                | (1,072,501 )                                  | 617,740                                       | 1,316,171                          | (790,817 )                         |
| Income/(loss) before income taxes            | (6,795,886 )                                  | (12,046,489 )                                 | 6,050,991                          | (7,322,001 )                       |
| Income tax (expense)/benefit                 | 1,756,377                                     | 1,820,843                                     | (1,731,223 )                       | 1,820,843                          |
| Net income/(loss)                            | \$ (5,039,509 )                               | \$ (10,225,646 )                              | \$ 4,319,768                       | \$ (5,501,158 )                    |
| Basic income/(loss) per common share         | \$ (0.14 )                                    | \$ (0.33 )                                    | \$ 0.12                            | \$ (0.17 )                         |
| Fully diluted income/(loss) per common share | \$ (0.11 )                                    | \$ (0.31 )                                    | \$ 0.10                            | \$ (0.17 )                         |

**ASSURE HOLDINGS CORP.**  
**ADJUSTED EBITDA**  
(in United States Dollars)

|   | <b>Three Months<br/>Ended<br/>December 31,<br/>2018</b> | <b>Three Months<br/>Ended<br/>December 31,<br/>2017</b> | <b>Year Ended<br/>December 31,<br/>2018</b> | <b>Year Ended<br/>December 31,<br/>2017</b> |
|---|---|---|---|---|
| Reported net income/(loss)              | \$ (5,039,508 )   | \$ (10,225,644 )  | \$ 4,319,768                                | \$ (5,501,158 )                             |
| Interest, net                           | 5,929   | 17,048  | (7,150 )                                    | 48,780                                      |
| Depreciation and amortization           | 125,193   | 66,867  | 406,967                                     | 205,836                                     |
| Share based compensation                | 252,902   | 23,539  | 364,167                                     | 74,148                                      |
| Performance share compensation          | -   | 16,011,500  | -   | 16,011,500                                  |
| Income tax expense/(benefit)            | (1,756,377 )  | (1,820,843 )  | 1,731,223                                   | (1,820,843 )                                |
| Deemed share costs related to RTO       | -   | -   | -   | 1,551,126                                   |
| Provision for broker warrant fair value | (16,978 )   | 2,491   | (61,583 )                                   | 1,195,080                                   |
| Provision for stock option fair value   | (66,202 )   | 85,540  | (79,990 )                                   | 261,866                                     |
|   | <b>\$ (6,495,041 )</b>                                  | <b>\$ 4,160,498</b>                                     | <b>\$ 6,673,402</b>                         | <b>\$ 12,026,335</b>                        |

**ASSURE HOLDINGS CORP.**  
**EARNINGS PER SHARE**  
(in United States Dollars)

|  | <b>Year Ended<br/>December 31,<br/>2018</b> | <b>Year Ended<br/>December 31,<br/>2017</b> |
|--|---|---|
| Income/(loss) attributable to common shareholders                  |   |   |
| Basic  | \$ 4,319,768                                | \$ (5,501,158 )                             |
| Weighted average common share outstanding                          | 35,552,234                                  | 33,225,195                                  |
| Basic earnings/(loss) per common share                             | \$ 0.12                                     | \$ (0.17 )                                  |
| Income/(loss) attributable to common shareholders                  |   |   |
| Basic  | \$ 4,319,768                                | \$ (5,501,158 )                             |
| Weighted average common shares outstanding                         | 35,552,234                                  | 33,225,195                                  |
| Dilutive effect of stock options, warrants, and performance shares | 9,384,000                                   | -   |
| Weighted average common shares outstanding assuming dilution       | 44,936,234                                  | 33,225,195                                  |
| Fully diluted earnings/(loss) per common share                     | \$ 0.10                                     | \$ (0.17 )                                  |



Source: Assure Holdings Corp.