

July 14, 2020



# Assure Holdings Reports First Quarter 2020 Financial Results

## First Quarter 2020 Managed Case Volume Increased 77% to 2,087

DENVER, July 14, 2020 (GLOBE NEWSWIRE) -- Assure Holdings Corp. (the “**Company**” or “**Assure**”) (TSXV: IOM; OTCQB: ARHH), a provider of intraoperative neuromonitoring services (**IONM**), reported financial results for the first quarter ended March 31, 2020.

### First Quarter 2020 Financial Highlights vs. First Quarter 2019

- Total revenue was \$4.3 million versus \$6.0 million.
- Managed cases increased 77% to a quarterly record of 2,087 versus 1,177.
- Equity method of investment in Provider Network Entities (**PNEs**) was (\$0.1) million compared to \$0.2 million.
- Net loss of (\$0.6) million compared to net income of \$1.7 million.
- Net loss per diluted share was (\$0.02) compared to net income of \$0.04 per diluted share.
- Adjusted EBITDA was \$0.2 million versus \$3.0 million.

### Management Commentary

“During this time of healthcare crisis, Assure has been focused on delivering exceptional support to our surgeons, the best possible outcome for our patients and protecting the health and well-being of our team members,” said John A. Farlinger, Assure’s executive chairman and CEO. “Despite disruptions to elective procedures due to COVID-19 (“**COVID**”) driving a steep decline in cases in March and April, Assure’s operations returned to pre-pandemic levels in terms of number of procedures in May and June. Thus far in July, the Company has experienced only a fairly modest pullback that has been concentrated in one particular market. We will continue to monitor and update the market should conditions change.”

“While the Company’s managed case volume grew 77% in the period, our first quarter results were negatively impacted by a number of factors including: first, the steep COVID-related decline in elective procedures that began in March; second, the reserving for receivables against current quarter revenue that we automatically write-down when aged two years reflects poor performance from the legacy 3rd party billing provider that we terminated; third, the previously disclosed impact of reserving claims from a private health insurance company that failed to reimburse Assure; and fourth and finally, Neuro-Pro, the IONM company we acquired in late 2019, accrues and realizes a lower revenue per procedure rate compared to the main Assure business.”

“Although these factors are expected to continue influencing Assure’s results through 2020,

and the outlook for COVID is continually changing, the Company is proactively addressing and making progress on the matters we can influence. Since taking control of revenue cycle management after terminating the legacy 3rd party billing provider in the autumn of 2019, Assure has renewed and expanded collection efforts on 2018 receivables and we are confident that a share of these claims that are reserved will ultimately be recovered. In addition, we have resumed negotiations with the private health insurance company on the disputed claims, and while there is no guarantee of reaching an agreement, we are confident that a portion of these claims will ultimately be reimbursed. And finally, for Neuro-Pro, we are successfully negotiating higher professional fee rates on these cases and expect this improvement to be reflected in our financials later in 2020.”

“Further, we are continuing to make important progress executing against the Company’s three key corporate objectives: improving the performance of our billing and collections function, development of an in-network revenue stream and scaling our platform through both organic growth and M&A. In the first half of 2020, excluding cash collected from PNEs for professional IONM services which are recorded separately, Assure collected more than \$6.9 million for technical IONM services, including a quarterly record \$4.0 million in the second quarter alone, compared to \$8.0 million for all twelve months of 2019. In addition, Assure has generated positive monthly cash flow for four consecutive months, from March through June 2020, and we see that trend accelerating in the second half of the year. Additionally, in June, Assure announced the signing of our second in-network insurance [agreement](#) with First Health Group. We also expanded our scale substantially in the first half of 2020, by organically growing our operational footprint to our seventh and eighth states, [South Carolina](#) and [Arizona](#), and completing the [acquisition](#) of Neuro-Pro. We expect to demonstrate further improvement across all three objectives in 2020.”

### **First Quarter 2020 Financial Results**

Total revenue was \$4.3 million compared to \$6.0 million in the first quarter of 2019. Revenue during the period was negatively impacted by the restrictions placed on elective surgeries that began in March as a result of the COVID pandemic. In addition, during the first quarter of 2020, the Company reserved \$2.2 million of accounts receivable that had aged two years. This compares to \$1.4 million in the first quarter of 2019.

Additionally, the Company’s revenue accrual rate per case has decreased during the first quarter of 2020 versus the first quarter of 2019. This was primarily driven by four factors: first, the continuation of a previously disclosed dispute with three state affiliates of a private health insurance company that failed to reimburse Assure, second, the acquisition of Neuro-Pro Monitoring in late 2019 which has a lower revenue accrual rate, third, a decline in the average cash collection rate per case since March 31, 2019, and fourth, the impact of poor performance from the legacy 3<sup>rd</sup> party billing company terminated in the autumn of 2019 which only pursued a small portion of these claims. Managed cases increased 77% to 2,087 versus 1,177 in the first quarter of 2020, primarily driven by Assure’s existing network and the acquisition of Neuro-Pro.

Gross margin in the first quarter of 2020 was 58.7% compared to a gross margin of 76.1% in the same quarter last year due to the revenue adjustments mentioned previously.

Total operating expenses increased to \$2.7 million compared to \$2.3 million in the year-ago quarter. This increase was primarily due to staffing additions to support the Company’s

growth and professional fees associated with the Company's fundraising activities.

Net loss the quarter was (\$0.6) million or (\$0.02) per diluted share, compared to net income of \$1.7 million or \$0.04 per diluted share in the first quarter of 2019.

Adjusted EBITDA was \$0.2 million compared to \$3.0 million in the same quarter of 2019 due to the aforementioned revenue adjustments, higher general & administrative expenses to support the Company's growth and higher professional expenses associated with Assure's recent fundraising activities.

During the first quarter of 2020, Assure collected \$2.9 million of cash from its accounts receivable balance compared to \$2.4 million in the first quarter of 2019.

Assure has also filed its year-end 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).

### **Operational Guidance**

The Company reiterates its guidance for full-year 2020 total procedures to exceed 10,500, a record number representing a nearly 65% increase in cases compared with 2019. This guidance reflects the impact to-date of COVID, but not a substantial future disruption relating to the pandemic. Second quarter procedure results will be impacted by a decline in cases performed during the month of April.

Assure anticipates that the lingering impact of poor performance from the legacy 3<sup>rd</sup> party billing company terminated in the autumn of 2019 will put downward pressure on accounts receivable and revenue per procedure in calendar year 2020. The Company has renewed and expanded collection efforts on 2018 receivables and Assure is confident that a share of these claims that are reserved will ultimately be recovered.

### **Impact of COVID-19**

The adverse impact of the global pandemic on people and businesses has been extensive and far-reaching. Beginning in March and accelerating in April, Assure saw a decline of more than 70% in its number of procedures performed; however, the Company's weekly case volumes in May and June exceeded average weekly case rates in January and February. Thus far in July, as COVID cases have increased in the United States, it has caused disruption in certain markets, primarily Texas, with a pullback of approximately 10% in terms of procedures. Assure is continuing to carefully monitor the impact of COVID in all states within its operational footprint. The Company anticipates that the majority of the procedures that were postponed in March and April will be rescheduled for a later date in 2020.

As a result of the decline in number of procedures that Assure experienced in March and April 2020, the Company took proactive steps to reduce costs and increase its financial flexibility. This included the implementation of salary reductions and a selective employee furlough program designed to reduce corporate spending by 20% compared to the third quarter of 2019.

In April 2020, Assure received a \$1.2 million loan under the United States Small Business Administration Paycheck Protection Program pursuant to the Coronavirus Aid, Relief, and Economic Security Act. Assure expects all or a portion of the loan to be forgiven as the Company has maintained its employment and compensation within designated parameters. In addition, Assure is reviewing other government funding opportunities associated with COVID-19 relief.

### **Completed Acquisition of Neuro-Pro**

In February 2020, Assure completed the previously announced acquisition of all assets of Neuro-Pro Monitoring (“**Neuro-Pro**”), one of the largest IONM service providers in Texas.

The acquisition of Neuro-Pro had three primary impacts: First, it strengthened and diversified Assure’s revenue stream with a substantial increase in number of procedures, second, it expanded Assure’s scale in Texas, which the Company expects will create more opportunity for in-network negotiations with insurance companies, and third it is anticipated to be accretive to earnings and cash flow in 2020 and beyond.

In 2019, on an unaudited basis, Neuro-Pro generated approximately \$6 million of incremental cash receipts from revenue and roughly \$3 million in net income. Neuro-Pro’s total number of procedures was approximately 2,800 in 2019.

Assure utilized vendor financing for the transaction, avoiding restrictive and expensive term debt or paying for the acquisition with dilutive equity financing. To date, Assure has already paid \$2.7 million of the \$7.7 million owed for Neuro-Pro. The Company’s expectation is that the monthly payments of approximately \$328,000 owed between July 2020 and April 2021 will be paid using Neuro-Pro’s own cash flow. There is also a final lump sum payment of \$1.7 million due on May 31, 2021.

### **Subsequent Events: Assure Appointed Scott Page Lead Director of the Board of Directors, Closed First Tranche of Private Placement with Surgeon Partners and Entered into Debt Agreement with an arm’s length creditor**

The board of directors of the Company (the **Board**) has appointed Scott Page, a member of the Board since 2018, as Lead Director of the Board, effective as of Friday, July 10, 2020. In this role, Page will work closely with the Chairman of the Board to oversee the Board’s independence from the Company’s management team. In addition to serving on the Board, Page has held a series of executive positions, and is currently the CEO of Central Bank & Trust where he is responsible for overseeing credit quality, leadership development and the bank’s overall strategic direction for growth.

Assure Holdings Corp. has closed the first tranche (the **First Tranche Closing**) of its previously announced non-brokered private placement (the **Offering**) of units (each, a **Unit** and collectively, the **Units**) at a price of US\$0.81 per Unit, with two orthopedic spine surgeons Assure has worked with over a multi-year period for aggregate gross proceeds of US\$102,000. In connection with the Offering, the Company issued an aggregate of 125,924 common shares and 62,962 common share purchase warrants.

No commissions or fees were paid in connection with the First Tranche Closing. The net proceeds of the Offering will be used for general working capital requirements. For further

details concerning the Offering, please refer to the Company's news release dated June 24, 2020.

Separately, the Company announces that it has entered into a shares for debt agreement (the "**Agreement**") with an arm's length creditor ("**Creditor**") in relation to the settlement of certain unpaid consulting fees in the amount of US\$40,500 owed to Creditor (the "**Debt**"). Pursuant to the Agreement, the Company has agreed to settle the Debt by way of issuing 50,000 common shares in the capital of the Company (the "**Common Shares**") to Creditor at a deemed price of US\$0.81 per share, which will represent the full and final settlement of the Debt.

All securities issued pursuant to the Agreement and the Offering and all securities issued upon exercise thereof will be subject to a hold period of twelve months following the date of issuance thereof, in accordance with the policies of the TSX Venture Exchange (the "**TSXV**") and applicable Canadian and U.S. securities laws. The Offering, the Agreement and the issuance of the Common Shares to Creditor are subject to final approval of the TSXV.

This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and applicable U.S. state securities laws. Assure will not make any public offering of the securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This news release should be read in conjunction with Assure's condensed interim consolidated financial statements, which are attached hereto as Schedule A and its management's discussion and analysis for the three months ended March 31, 2020, which can be found on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). All monetary amounts are expressed in US Dollars unless otherwise specified.

## **Conference Call**

The Company will hold a conference call today, July 14, 2020, at 11:00 a.m. Eastern time to discuss its first quarter 2020 results.

Date: Tuesday, July 14, 2020

Time: 11:00 a.m. Eastern time (9:00 a.m. Mountain time)

Toll-free dial-in number: 1-877-407-0792

International dial-in number: 1-201-689-8263

Conference ID: 13706490

Please call the conference telephone number 5-10 minutes prior to the start time. An operator will register your name and organization.

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

A replay of the conference call will be available after 2:00 p.m. Eastern time on the same

day through July 28, 2020.

Toll-free replay number: 1-844-512-2921

International replay number: 1-412-317-6671

Replay ID: 13706490

## **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. Assure Neuromonitoring is recognized as providing the highest level of patient care in the industry and has earned The Joint Commission's Gold Seal of Approval<sup>®</sup>. For more information, visit the Company's website at [www.assureneuromonitoring.com](http://www.assureneuromonitoring.com).

## **Non-IFRS Measures**

This press release includes certain measures which have not been prepared in accordance with International Financial Reporting Standards ("IFRS") such as Adjusted EBITDA, equity method of investment in PNEs, case volume, cases and managed cases. The non-IFRS measures presented are unlikely to be comparable to similar measures presented by other issuers. References to Adjusted EBITDA are to net income/(loss) excluding interest, taxes, depreciation, share-based compensation, performance share compensation, provision for broker warrant fair value and provision for stock option fair value. Reference to equity method of investment in PNEs, case volume, cases and managed cases are to procedures monitored by the Company. None of the foregoing non-IFRS measures is an earnings measure recognized by IFRS and do not have a standardized meaning prescribed by IFRS. Management believes that Adjusted EBITDA, equity method of investment in PNEs, case volume, managed cases and cases are appropriate measure in evaluating the Company's performance. Readers are cautioned that Adjusted EBITDA, equity method of investment in PNEs, managed cases, case volume and cases should not be construed as alternatives to net income (as determined under IFRS), as indicators of financial performance or to cash flow from operating activities (as determined under IFRS) or as measures of liquidity and cash flow.

## **Forward-Looking Statements**

This news release may contain "forward-looking statements" within the meaning of applicable securities laws, including, but not limited to, our financing plans, the acquisition of Neuro-Pro and the effects thereof, the offering of the Units and the common shares and warrants issued thereunder, the proposed use of proceeds of the Offering, other expected effects of the Offering, the Agreement and the issuance of the Common Shares thereunder, and the expected effects of the Agreement, comments with respect to strategies, expectations, planned operations and future actions of the Company, including, but not limited to: the impact of COVID; the rescheduling of postponed procedures; the total number of procedures for 2020 to exceed 10,500, improvement across the Company's three objectives in 2020 (the performance of its billing and collections function, development of an in-network revenue stream and scaling its platform through organic growth and M&A

(collectively, the “**Growth Objectives**”); collections of accounts receivable; that there are no other significant reserves in the Company’s accounts receivable and that the Company has strong organic expansion opportunities and is well positioned to accelerate growth in 2020. Forward-looking statements may generally be identified by the use of the words "anticipates," "expects," "intends," "plans," "should," "could," "would," "may," "will," "believes," "estimates," "potential," "target," or "continue" and variations or similar expressions. These statements are based upon the current expectations and beliefs of management and are subject to certain risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, postponed procedures may not be rescheduled in 2020 or at all, the ability to maintain reduced corporate spending, the Company’s ability to complete 10,500 procedures in 2020, the Company’s ability to continue to implement and achieve the Growth Objectives, the Company may not continue to generate positive cash flow in the second half of the year, the Company’s ability to collect past due accounts receivable, the Company’s ability to continue to expand organically and accelerate growth in 2020, the accuracy of the adjustments made to the Company’s estimate of revenue for each open technical and professional case, the cash flow generated by Neuro-Pro may not cover the payments associated with the acquisition of Neuro-Pro, the Company may not be able to make the payments associated with the acquisition of Neuro-Pro, aggregate amount of Units sold pursuant to the Offering, the dilution arising from the Offering, the Company may not receive final approval from the TSXV with respect to the Offering, the Agreement and the issuance of the Common Shares to Creditor pursuant to the Agreement, all or a portion of the Company’s loan under the United States Small Business Administration Paycheck Protection Program pursuant to the Coronavirus Aid, Relief, and Economic Security Act may not be forgiven and the Company may not receive any other government funded relief in connection with COVID, the uncertainty surrounding the spread of COVID and the impact it will have on the Company’s operations and economic activity in general, and risks and uncertainties discussed in our most recent annual and quarterly reports filed with the Canadian securities regulators and available on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), which risks and uncertainties are incorporated herein by reference. Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, Assure does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events.

*Neither the 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.*

## **Contact**

Scott Kozak, Investor and Media Relations  
Assure Holdings Corp.  
1-720-287-3093  
[Scott.Kozak@assureiom.com](mailto:Scott.Kozak@assureiom.com)

SCHEDULE A

**ASSURE HOLDINGS CORP.**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(in thousands of United States Dollars)

	<b>March 31, 2020 (unaudited)</b>	<b>December 31, 2019</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 581	\$ 59
Accounts receivable, net	30,654	30,863
Other assets	129	168
Due from related parties	3,689	2,617
Total current assets	35,053	33,707
Equity method investments	2,068	2,360
Property, plant and equipment, net	1,058	871
Intangibles	4,467	4,587
Goodwill	2,857	2,857
Total assets	\$ 45,503	\$ 44,382
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,521	\$ 4,365
Debt	1,673	1,664
Current portion of lease liability	561	461
Current portion of acquisition liability	4,992	5,030
Other current liabilities	60	81
Total current liabilities	11,807	11,601
Lease liability, net of current portion	585	500
Debt, net of current portion	1,907	1,160
Acquisition debt, net of current portion	2,055	2,429
Provision for acquisition share issuance	540	540
Provision for fair value of stock options	9	66
Provision for performance share issuance	16,011	16,011
Deferred tax liability, net	2,463	2,184
Total liabilities	35,377	34,491
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	35	35
Additional paid-in capital	7,500	6,682
Retained earnings	2,591	3,174
Total shareholders' equity	10,126	9,891
Total liabilities and shareholders' equity	\$ 45,503	\$ 44,382

**ASSURE HOLDINGS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME/(LOSS)**  
(in thousands of United States Dollars, except per share amounts)

	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
<b>Revenue</b>		
Out-of-Network fees, net	\$ 2,346	\$ 5,572
Contract fees and other	1,987	472
Total revenue	4,333	6,044
Cost of revenues	(1,791)	(1,447)
Gross margin	2,542	4,597
<b>Operating expenses</b>		
General and administrative	2,185	1,981
Sales and marketing	289	257
Depreciation and amortization	259	102
Total operating expenses	2,733	2,340
Income/(loss) from operations	(191)	2,257
<b>Other income/(expenses)</b>		
Earnings/(loss) from equity method investments	(107)	185
Other income/(expense)	57	(28)
Interest, net	(238)	(37)
Total other income/(expense)	(288)	120
Income/(loss) before income taxes	(479)	2,377
Income tax expense	(104)	(638)
Net income/(loss)	\$ (583)	\$ 1,739
Basic income/(loss) per common share	\$ (0.02)	\$ 0.05
Diluted income/(loss) per common share	\$ (0.02)	\$ 0.04

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

	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
Reported net income	\$ (583)	\$ 1,739
Interest, net	238	37
Depreciation and amortization	259	102
Share based compensation	205	477
Income tax expense	104	638
Provision for broker warrant fair value	-	21
Provision for stock option fair value	(57)	7
	<u>\$ 166</u>	<u>\$ 3,021</u>

**ASSURE HOLDINGS CORP.  
EARNINGS PER SHARE**

(in thousands of United States Dollars, except per share amounts)

	<b>Three Months Ended March 31, 2020</b>	<b>Three Months Ended March 31, 2019</b>
Income attributable to common shareholders		
Basic	\$ (583)	\$ 1,739
Weighted average common share outstanding	34,795,313	34,364,136
Basic earnings per common share	\$ (0.02)	\$ 0.05
Income attributable to common shareholders		
Basic	\$ (583)	\$ 1,739
Weighted average common shares outstanding	34,795,313	34,364,136
Dilutive effect of stock options, warrants, and performance shares	-	9,388,800
Weighted average common shares outstanding assuming dilution	<u>34,795,313</u>	<u>43,752,936</u>
Fully diluted earnings per common share	\$ (0.02)	\$ 0.04



Source: Assure Holdings Corp.