

ASSURE HOLDINGS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Three and Nine Months Ended September 30, 2020

This Management's Discussion and Analysis ("MD&A") explains the variations in the condensed interim consolidated operating results and financial position and cash flows of Assure Holdings Corp. ("Assure" or the "Company") as of and for the three and nine months ended September 30, 2020 and 2019. This analysis should be read in conjunction with Assure's condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and 2019 and related notes (the "condensed interim consolidated financial statements"). The condensed interim consolidated financial statements of Assure and extracts of those condensed interim consolidated financial statements provided in this MD&A, were prepared in United States dollars and in accordance with International Financial Reporting Standards ("IFRS"). Readers are cautioned that this MD&A contains certain forward-looking information. Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A.

The condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances and transactions have been eliminated on consolidation.

The information in this report is dated as of November 27, 2020.

Amounts are stated in thousands of US dollars, except per share amounts.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our MD&A includes "forward-looking statements" that are subject to risks and uncertainties that may result in actual results differing from the statements we make. Certain information included or incorporated by reference in this report may contain forward-looking statements. This information may involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Certain risks underlying our assumptions are highlighted below; if risks materialize, or if assumptions prove otherwise to be untrue, our results will differ from those suggested by our forward-looking statements and our results and operations may be negatively affected.

Forward-looking statements in this report include statements regarding profitability, additional acquisitions, increasing revenue and adjusted EBITDA, continued growth of our business in line with historical growth rates, trends in our industry, financing plans, our anticipated needs for working capital and leveraging our capabilities. Actual events or results may differ materially from those discussed in forward-looking statements. There can be no assurance that the forward-looking statements currently contained in this report

will in fact occur. The Company bases its forward-looking statements on information currently available to it. The Company disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this document. Such information involves significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved.

A number of factors could cause actual results to differ materially from the results discussed in forward-looking information, including, without limitation: our need for additional financing and our estimates regarding our capital requirements, future revenues and profitability; if our patient volume or cases do not grow as expected, or decreases, this could impact revenue and profitability; if we are unable to complete transactions with new physician practices, this could impact our future revenue growth and profitability; unfavorable economic conditions could have an adverse effect on our business; risks related to increased leverage resulting from incurring additional debt; the policies of health insurance carriers may affect the amount of revenue the Company receives; our ability to successfully market and sell our products and services; we may be subject to competition and technological risk which may impact the price and amount of services we can sell and the nature of services we can provide; regulatory changes that are unfavorable in the states where our operations are conducted or concentrated; our ability to comply and the cost of compliance with extensive existing regulation and any changes or amendments thereto; changes within the medical industry and third-party reimbursement policies and our estimates of associated timing and costs with the same; risks related to the Company's reliance on third-party billing and collection companies to appropriately bill healthcare payers and to maximize reimbursement during the collections process; risks related to the Affordable Care Act (the "ACA") or any replacement legislation in terms of patient volume and reimbursement and the corresponding effect on our business; changes in key United States federal or state laws, rules, and regulations; our ability to establish, maintain and defend intellectual property rights; risks related to United States antitrust regulations; risks related to record keeping and confidentiality by our affiliated physicians; our ability to recruit and retain qualified personnel and other resources to provide our services; risks related to any affiliated physicians leaving our affiliated Provider Network Entities ("PNEs"); our ability to enforce non-competition and other restrictive covenants in our agreements; contracts with PNEs, or other customers may be terminated, or may not be renewed, by the counterparty; risks related to corporate practice of medicine and our ability to renew and maintain agreements our contractors; our ability to adequately forecast expansion and the Company's management of anticipated growth; risks related to our dependence on complex information systems; our senior management has been key to our growth and we may be adversely affected if we are unable to retain them, conflicts of interest develop or we lose any key member of our senior management team; risks associated with our dependence on third-party suppliers; changes in the industry and the economy may affect the Company's business; risks related to the competitive nature of the medical industry; evolving practices and regulation of corporate governance and public disclosure may result in additional corporate expenses; adverse events relating to our product or services could result in risks relating to product liability, medical malpractice, other legal claims, insurance and other liabilities; various risks associated with legal, regulatory or investigative proceedings; risks associated with governmental or other investigations or inquiries into marketing and other business practices; we are subject to health and safety risks within our industry; our ability to successfully identify and complete future transactions and integrate our acquisitions; anti-takeover

provisions create risks related to lost opportunities; we may not continue to attract PNEs and other licensed providers to provide our services resulting in slower than expected growth; risks associated with the trading of our common shares on a public marketplace which could result in changes to stock prices unrelated to our performance; risks related to the reduction in the reimbursement of our service procedure codes; changes in our effective income tax rates; risks related to our ability to retain and manage third-party service providers; risks related to the failure of our employees and third-party contractors to appropriately record or document services that they provide; the uncertainty surrounding the future spread of COVID-19 and the potential impact that it may have on the Company's future operations; risks that while the primary market for the Company's common stock is the TSX Venture Exchange and the Company is a "reporting issuer" in Canada, the Company is a Nevada corporation and its principal business is located in the United States, subject to United States federal and state securities laws, there may be uncertainty regarding the application of the federal and state securities laws to the shares of common stock issued in connection with the qualifying transaction between Assure Holdings, Inc. and Montreux Capital Corp. on May 26, 2017; and risks related to criminal or civil sanctions in connection with failure to comply with privacy regulations regarding the use and disclosure of personal identifiable or other patient information.

COVID-19

In March 2020, there was a global outbreak of COVID-19 (Coronavirus) that has resulted in changes in global supply of certain products. The pandemic is having an unprecedented impact on the U.S. economy as federal, state, and local governments react to this public health crisis, which has created significant uncertainties. These uncertainties include, but are not limited to, the potential adverse effect of the pandemic on the economy, our healthcare partners, our employees and patients. As the pandemic continues to grow, consumer fear about becoming ill with the virus and recommendations and/or mandates from federal, state, and local authorities to avoid large gatherings of people or self-quarantine are continuing to increase, which has already affected, and may continue to affect, the number of procedures performed. In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property.

Although Assure saw over a 70% decline in the number of procedures performed in March and April due to a downturn in elective procedures driven by the COVID-19 pandemic, the volume of cases performed for May and June increased back to an almost normal operating level.

Health and safety measures taken at Assure include:

- Cancellation of all non-essential travel.
- Indefinite work from home policy for all employees not engaged in on-site medical facility activities.
- Mandatory self-quarantine for anyone who has experienced any flu-like symptoms or has had contact with anyone believed to have been exposed to COVID-19.

The Company has taken the following actions to increase its cash position and preserve financial flexibility:

- The Company implemented salary reductions, salary deferments and a selective employee furlough program, designed to reduce corporate spending by 20% compared to the third quarter of 2019. The actions continued until June 16, 2020.
- Assure amended the promissory note with the Sellers of Neuro-Pro to postpone \$700 of its March 31, 2020 payment to May 15, 2020 (Note 8 to the condensed interim consolidated financial statements).
- The Company received a \$1,211 loan in April 2020 pursuant to the Payroll Protection Program (Notes 7 and 11 to the condensed interim consolidated financial statements).

OVERVIEW

Assure is focused on providing physicians with a comprehensive suite of services for Intraoperative Neuromonitoring (“IONM”). IONM is a service that has been well established as a standard of care for over 20 years as a risk mitigation tool during invasive surgeries such as spine, ear, nose, and throat, cardiovascular, and other parts of the human body. The Company’s operations consist of a single reportable segment. Assure Neuromonitoring employs a technical staff that is on site in the operating room during each procedure and covers the case using industry standard, diagnostic machinery. The technical staff are certified by a third-party credentialing agency. Since 2015, Assure has addressed the Professional IONM component of its business via a series of investments in and management service agreements with Provider Network Entities (“PNEs”). These PNEs are contracted with offsite neurologists/readers to provide IONM coverage from a remote location as a level of redundancy and risk mitigation in addition to the onsite technical services of the technical company. Collectively, the technical and professional IONM services offered and rendered provide a turnkey platform to help make surgeries safer. The Company’s goal is to establish Assure as the premier provider of IONM services by offering a value-added platform that handles every component from scheduling to coverage, to billing and collections. The Company’s strategy focuses on utilizing best of breed staff and partners to deliver outcomes that are beneficial to all stakeholders including patients, physicians, and shareholders.

The Company has primarily been engaged in the neuromonitoring of spine and neurosurgeries. The expansion into additional surgical verticals is part of Assure’s growth strategy. By applying its neuromonitoring platform to additional surgical verticals such as vascular, ear nose and throat, and several others, the addressable market for Assure’s service is greatly expanded. The Company has operations in Louisiana, Michigan, Pennsylvania, Texas, Colorado, South Carolina, Arizona, and Utah. In October 2019, the Company acquired Neuro-Pro Monitoring (“Neuro-Pro”). Neuro-Pro has historically operated in Texas. The Company believes that continued geographic expansion initiatives coupled with the surgical vertical expansion efforts and selective acquisitions will combine to generate substantial growth opportunities going forward.

The Company has financed its cash requirements primarily from revenues generated from its services, by utilizing a bank promissory note and line of credit, from the issuances of convertible debentures, and from the sale of common stock. The Company’s ability to maintain the carrying value of its assets is dependent on successfully marketing its services and maintaining future profitable operations, the outcome of which

cannot be predicted at this time. The Company has also stated its intention to grow its operations by developing additional PNE relationships and directly contracting with hospitals and surgery centers for services. In the future, it may be necessary for the Company to raise additional funds for the continuing development of its business plan. For further information about Assure, please visit www.sedar.com and www.otcmarkets.com.

RESULTS OF OPERATIONS

Financial and operating highlights for the three and nine months ended September 30, 2020 and 2019 and to the date of this report

The following table provides selected financial information from the condensed interim consolidated financial statements of income for the three and nine months ended September 30, 2020 and 2019.

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Revenue				
Patient service fees, net	\$ 2,965	\$ 6,932	\$ (6,342)	\$ 20,066
Hospital, management and other	998	1,019	3,902	2,318
Total revenue	3,963	7,951	(2,440)	22,384
Cost of revenues	(2,232)	(1,275)	(5,062)	(4,466)
Gross (loss) margin	1,731	6,676	(7,502)	17,918
Operating expenses				
General and administrative	1,957	1,570	5,853	5,090
Sales and marketing	349	394	801	1,067
Depreciation and amortization	249	116	769	332
Total operating expenses	2,555	2,080	7,423	6,489
Income/(loss) from operations	(824)	4,596	(14,925)	11,429
Other income/(expenses)				
Earnings/(loss) from equity method investments	(232)	285	(1,449)	1,192
Other income/(expense)	(3)	(56)	50	5
Interest, net	(285)	(62)	(783)	(163)
Total other income/(expense)	(520)	167	(2,182)	1,034
Income/(loss) before income taxes	(1,344)	4,763	(17,107)	12,463
Income tax benefit (expense)	367	(1,094)	2,570	(3,022)
Net income/(loss)	\$ (977)	\$ 3,669	\$ (14,537)	\$ 9,441
Basic income/(loss) per common share	\$ (0.03)	\$ 0.11	\$ (0.42)	\$ 0.27
Diluted income/(loss) per common share	\$ (0.03)	\$ 0.09	\$ (0.42)	\$ 0.23

Except where otherwise indicated, all financial information discussed below is 100% of the consolidated results of the Company.

NON-IFRS FINANCIAL MEASURES

The following are non-IFRS measures. Investors are cautioned not to place undue reliance on them and are urged to read all IFRS accounting disclosures present in the condensed interim consolidated financial statements and accompanying notes to the condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 and 2019. In addition to results reported in accordance with IFRS, the Company uses certain non-IFRS financial measures as supplemental indicators of its financial and operating performance. These non-IFRS financial measures include Adjusted EBITDA and Adjusted Operating Expenses. The Company believes these supplementary financial measures reflect the Company's

ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in its business. The Company defines Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, share based compensation, and related expenses. The Company discloses Adjusted EBITDA to capture the pre-tax profitability of its business before the impact of working capital changes and financing charges. The Company defines Adjusted Operating Expenses as operating expenses before share based compensation, depreciation and amortization and fair value adjustments. The Company discloses Adjusted Operating Expenses to capture the cash basis operating expense separately from the non-cash operating expenses. Adjusted EBITDA and Adjusted Operating Expenses do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. The Company cautions readers to consider these non-IFRS financial measures in addition to, and not as an alternative for, measures calculated in accordance with IFRS.

The non-IFRS measures for the three and nine months ended September 30, 2020 and 2019 are reconciled to reported IFRS figures in the tables below.

Adjusted EBITDA

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Reported net income/(loss)	\$ (977)	\$ 3,669	\$ (14,537)	\$ 9,441
Interest, net	285	62	783	163
Depreciation and amortization	249	116	769	332
Share based compensation	88	204	456	952
Income tax (benefit) expense	(367)	1,094	(2,570)	3,022
Provision for broker warrant fair value	-	-	-	14
Provision for stock option fair value	3	56	(50)	(19)
	<u>\$ (719)</u>	<u>\$ 5,201</u>	<u>\$ (15,149)</u>	<u>\$ 13,905</u>

Adjusted Operating Expenses

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Reported operating expenses	\$ 2,555	\$ 2,080	\$ 7,423	\$ 6,489
Share based compensation	(88)	(204)	(456)	(952)
Depreciation and amortization	(249)	(116)	(769)	(332)
	<u>\$ 2,218</u>	<u>\$ 1,760</u>	<u>\$ 6,198</u>	<u>\$ 5,205</u>

Revenue

Patient service fee revenue is generated from rendering Technical IONM services to patients that have a private insurance carrier and that private insurance carrier does not have an in-network contract with the Company. Patient service fee revenue is also generated from rendering Professional IONM services through Assure's four wholly-owned PNEs. Hospital, management and other revenue is primarily billings to hospital and surgery centers at contracted rates for cases in which private pay insurers are not involved. The Company also bills management, billing, equipment and supply fees to the PNEs that it does not have an ownership interest in and are not included in the Company's consolidated operations.

The Company records out-of-network technical and professional revenue per case based upon its historical collection rates from private insurance carriers. Prior to June 30, 2020, the collection rates that the

Company used to record its technical and professional revenue were based upon all cash receipts for cases that were between 2-3 years old at the time of the calculation. During the second quarter of 2020, the Company noticed that the average cash collection rates for its technical and professional insurance cases between 1-2 years old had decreased in comparison to the average collection rates for its cases that were between 2-3 years old. Part of this decline relates to the poor billing and collection practices by the legacy third-party billing company and part of the decline relates to lower average payments by the private insurance carriers. Based upon this information, the Company proactively decided to change its revenue estimation process for out-of-network revenue and to use the collection experience from insurance cases that are between 1-2 years old and management believes the more recent collection experience is more indicative of future per case collection rates. This resulted in the Company recording approximately \$15,000 of additional reserves against its accounts receivable and patient service fee revenue during the three months ended June 30, 2020. In addition, the PNEs saw a similar decline in their average cash collection rates. The PNEs proactively recorded similar reserve adjustments and the impact to the Company was a reduction in management fee revenue of approximately \$2,200 and a reduction in earnings (loss) from equity method investments of approximately \$900 during the three months ended June 30, 2020.

Historically, the Company performed its collection analysis semi-annually. Commenting September 30, 2020, the analysis is now performed on a quarterly basis. This more frequent analysis should reduce the risk of volatile fluctuations as compare to when the analysis was performed semi-annually. It is important to note that the collection rates will vary somewhat in the future due to the states where the Company is operating in, the type of neuromonitoring procedure being performed, the type of insurance that the patient has and if the Company is in-network or out-of-network with the insurance provider. Changes in the historical collection rates will be applied against all open accounts receivable and any differences will be recorded in the period in which the historical collection rates are updated. The collection rate analysis completed for the three months ended September 30, 2020 for out-of-network revenues resulted in decreased revenue per case of approximately 2.5%. For services rendered to patients that have insurance coverage and that the Company has an in-network contract with, the Company records patient service fee revenue pursuant to the contract rate. The Company also records professional revenue for the PNEs in a similar fashion. In addition to the collection estimation policies, the Company reserves all open accounts receivable balances once they are aged two years from the date of service.

For the three months ended September 30, 2020, Assure managed 2,305 technical cases and 380 professional cases where it retained 100% of the professional revenue compared to 1,237 technical cases and 282 professional cases where it retained 100% of the professional revenue in the same period in the prior year, a 77% increase in case volume. For the nine months ended September 30, 2020, Assure managed 5,977 technical cases and 786 professional cases where it retained 100% of the professional revenue compared to 3,401 technical cases and 771 professional cases where it retained 100% of the professional revenue in the same period in the prior year, a 62% increase in case volume. Of this expansion, Neuro-Pro was responsible for 672 and 1,815 of the increased technical cases for the three and nine months ended September 30, 2020, respectively.

Revenue from hospital, management and other of \$998 during the three months ended September 30, 2020, was comparable to \$1,019 for the three months ended September 30, 2019. Revenue from hospital, management and other increased to \$3,502 during the nine months ended September 30, 2020, as compared

to \$2,318 for the nine months ended September 30, 2019. The primary reason for this increase relates to the expanding number of PNE entities that pay the Company a management fee, including Neuro-Pro's PNE entity, as opposed to the Company having an ownership interest and recording its share of the PNE entity operating results. With the increased case counts during the three and nine months ended September 30, 2020, there were also more cases billed to hospitals. Additionally, the Company has recently commenced charging certain PNEs billing, equipment and supply fees.

The continued acceptance of Assure's neuromonitoring platform has led to an increasing number of relationships in the state of Colorado and expansion into Louisiana, Michigan, Pennsylvania, South Carolina, Arizona, Texas, and Utah. Additionally, the Company acquired Neuro-Pro in late 2019 and they operate exclusively in Texas. The Company plans to continue to expand its physician network and case count through increased physician acceptance of the Company's services, expansion into other verticals and expansion into other states or regions of the country and through selective acquisitions.

In September 2019, the Company announced that it had entered into its first in-network agreement with Aetna Network Services LLC that covers certain services in Michigan on a contracted fee basis. The Company and the PNEs now have seven direct in-network agreements with insurance companies and 21 indirect in-network agreements with third-party paying entities. Based on the Company's historical operations, these in-network contracts cover approximately 17% of the Company's technical cases. While in-network agreements may result in lower reimbursement rates than historically experienced, they typically result in fewer denials of cases, assurity of collections and faster collections after the applicable bills have been submitted to the insurance carriers. The Company anticipates expanding its in-network billing with other insurance providers in the future months.

Cost of Revenues

Cost of revenues for the three months ended September 30, 2020 were \$2,232 compared to \$1,275 for the same period in 2019. Cost of revenues for the nine months ended September 30, 2020 were \$5,062 compared to \$4,466 for the same period in 2019. Cost of revenues consist primarily of third-party billing fees, the cost of the Company's internal billing and collection department, technician wages, and medical supplies. Third party billing fees are recorded as a percentage of revenue recorded and therefore, also vary materially when the Company changes its allowance against accounts receivable. Technical wages and medical supplies vary with the number of neuromonitoring cases. The cost of the Company's internal billing and collection department has been increasing during 2020 as the Company has ramped up this department and as the number of cases that they are responsible for billing increases. During 2020, the number of neuromonitoring cases increased 62% compared to 2019. The cost of revenues decreased by over \$1,000 during the nine months ended September 30, 2020 due to the reversal of the third-party billing fees that had previously been accrued on the \$15,000 of revenue that was reserved during the three months ended June 30, 2020.

Adjusted Operating Expenses

For the three months ended September 30, 2020, adjusted operating expenses were \$2,218, compared to \$1,760 for the three months ended September 30, 2019. For the nine months ended September 30, 2020, adjusted operating expenses were \$6,198, compared to \$5,205 for the nine months ended September 30,

2019. Adjusted operating expenses primarily consist of professional fees, general and administrative salaries and expenses related to various overhead functions, sales and marketing expenses, and other related expenses. The increase in adjusted operating expenses during the three and nine months ended September 30, 2020 versus 2019 relate primarily to additional employees to support the Company's growth and to higher professional expenses associated with the Company's fund raising activities. The Company expects adjusted operating expenses to increase as the Company continues to invest in activities designed to increase demand, expand its footprint, and increase commercial acceptance of its turnkey IONM platform.

The Company expects sales and marketing expenses to increase in aggregate as this is the primary source of business development outside of selective acquisitions. The Company does not typically rely on any forms of marketing such as trade shows, publications, or event sponsorship, but rather it tries to leverage its existing relationships and cater to prospective professional partners. In addition, there is an ongoing component of the sales and marketing expense that is devoted to retention of these key partnerships. To date, there have been very few clients that have left the Company. Management attributes this to a high level of service and a high degree of overall value and satisfaction generated by the Assure platform.

Earnings/(loss) from Equity Method Investments

Assure recognizes its pro-rata share of the net income (loss) generated by the non-wholly-owned PNEs. During the three and nine months ended September 30, 2020, the Company recognized \$232 and \$1,449 of loss from equity method investments, respectively, compared to \$285 and \$1,192 for the three and nine months ended September 30, 2019, respectively. The decreases are primarily associated with the previously mentioned reserves that were recorded in 2020. For the nine months ended September 30, 2020 and 2019, the Company received cash distributions from the PNEs of \$424 and \$888, respectively.

Adjusted EBITDA

The Adjusted EBITDA is net income/(loss) before interest, taxes, depreciation and amortization, share based compensation, and provisions for broker warrant and stock option fair value. For the three and nine months ended September 30, 2020, the Company generated negative \$719 and \$15,149 of Adjusted EBITDA, respectively, compared to \$5,201 and \$13,905 for the three and nine months ended September 30, 2019. The decrease relates primarily to the previously mentioned reserves recorded in 2020 and to lower revenue accrual rates in 2020 as compared to those in 2019.

Income Tax Expense

For the three and nine months ended September 30, 2020, the Company recorded income tax benefits of \$367 and \$2,570, respectively. The income tax benefit was recorded to the extent of previously recorded deferred tax liabilities, but not to the extent to create a deferred tax asset as utilization of that asset in future periods is not reasonably assured. For the three and nine months ended September 30, 2019, the Company recorded income tax expense of \$1,094 and \$3,022, respectively. The Company's estimated annual tax rate is impacted primarily by the amount of taxable income earned in each jurisdiction the Company operates in, changes in deferred tax assets and liabilities, and to permanent differences between financial statement carrying amounts and the tax basis.

In conjunction with the recent filing of the Company's 2019 Federal income tax return, the Company requested a refund of approximately \$147 previously paid for Federal income taxes.

Net Income/(Loss) and Earnings/(Loss) Per Basic Common Share

For the three months ended September 30, 2020, the Company recorded a net loss of \$977 or \$0.03 per share, compared to a net income of \$3,669 or \$0.11 per share for the same period in 2019. For the nine months ended September 30, 2020, the Company recorded net a loss of \$14,537 or \$0.42 per share, compared to a net income of \$9,441 or \$0.27 per share for the same period in 2019. The estimated after tax net impact of the additional reserves recorded during the three months ended June 30, 2020 was approximately \$11,250 or \$0.32 per share.

The following tables show the historical revenue, net income (loss) attributable to Assure stockholders, adjusted EBITDA and basic earnings (loss) per common share for the previous eight quarters:

Summary of Quarterly Results

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenue, net of accounts receivable valuation allowance	\$ 3,963	\$ (10,736)	\$ 4,333	\$ (4,658)
Net income/(loss)	(977)	(12,977)	(583)	(6,793)
Adjusted EBITDA	(719)	(14,596)	166	(8,134)
Basic earnings/(loss) per common share	(0.03)	(0.37)	(0.02)	(0.20)
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenue, net of accounts receivable valuation allowance	\$ 7,951	\$ 8,389	\$ 6,044	\$ (3,026)
Net income/(loss)	3,669	4,033	1,739	(5,039)
Adjusted EBITDA	5,201	5,683	3,021	(6,495)
Basic earnings/(loss) per common share	0.11	0.12	0.05	(0.14)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at September 30, 2020 was \$148 compared to the December 31, 2019 cash balance of \$59. Working capital decreased to \$9,027 as of September 30, 2020 from \$22,106 as of December 31, 2019 due to a \$16,243 decrease in net accounts receivables and a decrease in current liabilities of \$1,686. The Company relies on payments from multiple private insurers and hospital systems that have payment policies and payment cycles that vary widely. Because the Company is primarily an out-of-network biller to private insurance carriers, the collection times for its claims can last in excess of 24 months.

For the nine months ended September 30, 2020, the Company collected approximately \$10,000 of cash from its accounts receivable balance compared to collecting approximately \$6,700 in the same prior year period. The Company had \$424 of cash distributions from its PNE entities for the nine months ended September 30, 2020 compared to \$888 for the same prior year period.

The Company has financed its operations primarily from revenues generated from services rendered and through equity and debt financings. The Company expects to meet its short-term obligations, through cash generated through operating activities, debt financings, issuances of convertible debentures, and stock sales. As of September 30, 2020, the Company has drawn \$1,978 on its Operating Line and \$2,122 on its Term

Loan. No additional amount can currently be drawn under the Company's Loan Facility with Central Bank. See Notes 7 and 11 to the condensed interim consolidated financial statements for discussion.

Cash used in operating activities for nine months ended September 30, 2020 was \$1,910 compared to cash used in operating activities of \$2,691 for the same period in the preceding year. Cash has historically been used to fund working capital increases primarily in accounts receivable related to the growth of the Company.

Cash used in investing activities of \$3,309 for the nine months ended September 30, 2020 was primarily due to payments of acquisition debt, partially offset by distributions received from equity method investments. Cash provided by investing activities of \$415 for the nine months ended September 30, 2019 was due to distributions received from equity method investments, partially offset by payments of acquisition debt.

Cash provided by financing activities of \$5,308 for nine months ended September 30, 2020 was primarily due to net proceeds from the issuance of convertible debentures, net proceeds from bank indebtedness, and the PPP Loan, offset by payments associated with lease liabilities and debt obligations. Cash provided by financing activities of \$1,932 for the nine months ended September 30, 2019 related to net proceeds from a bank promissory note and payments associated with lease liabilities and the payoff of the Company previous credit facility.

The Company's near-term cash requirements relate primarily to payroll expenses, trade payables, debt payments, capital lease payments, and general corporate obligations. Approximately 70% and 80% of the trade and other payables as of September 30, 2020 and 2019, respectively, consist of accrued billing fees to third party billing companies. These fees will not be due and payable until the underlying accounts receivable is collected.

The following table summarizes the relative maturities of the financial liabilities, including interest, as applicable, of the Company:

	September 30, 2020					
	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 4 years</u>	<u>4 - 5 years</u>	<u>Over 5 years</u>	
Trade and other payables	\$ 1,239	\$ 1,239	\$ -	\$ -	\$ -	
Bank debt	4,100	4,100	-	-	-	
PPP note	1,211	-	1,211	-	-	
Convertible debt	3,450	-	3,450	-	-	
Lease liabilities	1,084	561	523	-	-	
Acquisition liability	3,880	3,880	-	-	-	
Other liabilities	181	181	-	-	-	
	<u>\$ 15,145</u>	<u>\$ 9,961</u>	<u>\$ 5,184</u>	<u>\$ -</u>	<u>\$ -</u>	

December 31, 2019

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 4 years</u>	<u>4 - 5 years</u>	<u>Over 5 years</u>
Trade and other payables	\$ 4,365	\$ 4,365	\$ -	\$ -	\$ -
Bank debt	2,418	1,664	754	-	-
Convertible debt	965	-	965	-	-
Lease liabilities	1,055	524	531	-	-
Acquisition liability	7,459	5,030	2,429	-	-
Other liabilities	81	81	-	-	-
	<u>\$ 16,343</u>	<u>\$ 11,664</u>	<u>\$ 4,679</u>	<u>\$ -</u>	<u>\$ -</u>

As of September 30, 2020, the Company has no material cash contractual obligations, other than those obligations relating to its debt and lease liabilities as described above.

OUTSTANDING SHARE CAPITAL

As of September 30, 2020, there were 34,971,237 (December 31, 2019: 34,795,313) common shares issued and outstanding. The Company has 3,385,000 options and 1,967,329 warrants outstanding under the terms described in Note 9 to the condensed interim consolidated financial statements as of September 30, 2020.

Performance share compensation – As part of a reverse takeover transaction (“RTO”) during 2016 (see Note 2 to the Consolidated Financial Statements for the year ended December 31, 2018 as filed on April 15, 2019 on SEDAR at www.sedar.com), the Company entered into a one-time stock grant agreement with two executives (Messrs. Preston Parsons and Matthew Willer) on November 8, 2016, each of which defines a bonus share threshold as follows: should the Company meet or exceed a 2017 fiscal year EBITDA threshold of C\$7,500, the Company would issue 6,000,000 common shares of the surviving issuer at the trailing 30-day average closing price. The performance share grant was structured as part of the RTO transaction to provide additional equity to management conditioned upon performance achievements. As the Company achieved the EBITDA threshold for the year ended December 31, 2017, the Company has recorded a liability of approximately \$16,000 for the value of the shares to be issued while the agreements are modified and the cash collected threshold is achieved, which the Company deems probable.

During March 2019, Mr. Parsons agreed to amend his performance share agreement whereby the 5 million common shares due to him will be distributed based upon the Company collecting \$9,800 of cash receipts and achieving certain other milestones. As of March 31, 2019, the Company had collected over 100% of the required cash receipts. However, by consent of Mr. Parsons and the Company, no performance shares have been issued through September 30, 2020. Additionally, Mr. Parsons has voluntarily decided to distribute 1,000,000 performance shares to certain original employees of the Company, 300,000 performance shares to John Farlinger, Chief Executive Officer, and 200,000 performance shares to each of Trent Carman, Chief Financial Officer, and Alex Rasmussen, Vice President of Operations.

In June 2020, the Company launched a non-brokered private placement of units of the Company (the “June Units”) for gross proceeds of up to \$300 (the “June Offering”). Each June Unit was offered at a price of \$0.81 and consisted of one common share and one-half of one share purchase warrant (each whole share purchase warrant, “Warrant”). Each Warrant entitles the holder to acquire one common share at an exercise

price of \$1.13 per share of a period of 24 months. The Company raised \$102 from the issuance of 125,924 common shares related to the June Offering, which closed in July 2020, from two surgeons who are the majority owners of one of the PNEs.

During September 30, 2020, the Company issued 50,000 common shares to settle \$40 of outstanding accounts payable.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

The Company does have receivables from related parties and equity investments in PNEs that are due and payable upon those entities collecting on their own accounts receivable. To the extent that these entities are unable to collect on their accounts receivable or there is an impairment in the valuation of those accounts receivable, the Company will need to reduce its related party receivables and/or its equity investments in the PNEs.

PROPOSED TRANSACTIONS

Other than the transaction disclosed below in Subsequent Events, the Company has no material undisclosed transactions in process.

TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its wholly owned and controlled subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below:

	September 30, 2020 (unaudited)	December 31, 2019
Due from PNEs, net (a)	\$ 3,381	\$ 2,489
Due from management and Board, net (b)	349	128
Due from related parties, net	<u>\$ 3,730</u>	<u>\$ 2,617</u>

- (a) Amount due from or to a PNE is interest-free and subject to repayment upon the PNE receiving reimbursement from the private insurance payers that they bill for their services. Most of this balance relates to PNEs that the Company manages but has no ownership interest. During July 2020, two surgeons who are the majority owners of one of the PNEs purchased 125,924 shares of the Company's common shares for \$102.
- (b) Amount due from management and Board relate to personal expenses, distributions and compensation not authorized by an employment agreement or otherwise, in addition to amounts owed to Board members and advances from certain members of the Company's management team.

During March 2019, Mr. Willer agreed to settle his \$375 indebtedness to the Company. Prior to the settlement, Mr. Willer was owed 1,000,000 common shares pursuant to a performance share agreement. As part of the settlement, Mr. Willer agreed to reduce the number of common shares owed to him pursuant to the performance share agreement by 250,000 common shares. The Company will account for this settlement at closing. The closing had not yet occurred as of November 30, 2020.

During 2019, two members of the Company's management team advanced the Company approximately \$190. As of September 30, 2020, the advances had been completely repaid.

- (c) Compensation to family members of the Company's Founder and former Executive Chairman for business development services and patient advocate services rendered during the three months ended September 30, 2020 and 2019 totaled \$75 and \$81, respectively, and \$216 and \$216 during the nine months ended September 30, 2020 and 2019, respectively.
- (d) In August 2020, the Company entered into a \$6,500 Loan Facility with Colorado based, Central Bank & Trust, a part of Farmers & Stockmens Bank ("Central Bank"). A former member of the Company's Board of Directors is the Chief Executive Officer of Central Bank. See Subsequent Events, below, for further discussion

LEGAL PROCEEDINGS

The Company is a party to a variety of agreements in the ordinary course of business under which it may be obligated to indemnify third parties with respect to certain matters. These obligations include, but are not limited to, contracts entered into with physicians where the Company agrees, under certain circumstances, to indemnify a third party, against losses arising from matters including but not limited to medical malpractice and product liability. The impact of any such future claims, if made, on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to final outcome of these potential claims. The Company maintains general liability insurance policies in accordance with the standards and policy limits set forth by each hospital at which it renders services. The Company has not been a party to any legal proceedings since inception.

SUBSEQUENT EVENTS

During September 2020, the Company received notice from Central Bank that the reserves recorded by the Company against its accounts receivable during the quarter ended June 30, 2020 constituted a material adverse change in the assets of the Company and thereby triggered an event of default under the Loan Facility. Central Bank has not demanded repayment of amounts advanced under the Loan Facility. The Company and Central Bank are currently working on certain terms of the Loan Facility. Currently, no additional amounts may be borrowed under the Loan Facility. As a result of this notice of default, the Company has classified the entire outstanding balance of the Loan Facility as a current liability. In conjunction with the notice from Central Bank, Mr. Scott Page, the Chief Executive Officer of Central Bank, resigned from the Company's Board of Directors.

During November 2020, the Company filed an application for forgiveness of its PPP Loan. The Company was subsequently notified that the PPP Loan had been forgiven. The loan forgiveness will be recorded during the fourth quarter of 2020.

The Company is currently in settlement discussions with a major insurance provider regarding lack of payment for insurance claims billed. As part of the settlement, the Company is expecting to receive approximately \$1,000. The Company has previously reserved this entire amount and will recognize any settlement amounts as additional income upon execution of the settlement documents.

In November 2020, the Company initiated a private placement of units of the Company (the “November Units”) for gross proceeds of up to \$10,500 (the (November Offering”). Each November Unit was offered at a price of \$0.64 and consisted of one common share and one share purchase warrant (“Warrant”). Each Warrant entitles the holder to acquire one common share at an exercise price of \$0.78 per common share for a period of 60 months.

Three members of Company’s management and two members of the Company’s Board of Directors are participating in the private placement and they are planning to purchase up to 781,000 shares of stock.