

May 29, 2020



Assure Holdings Reports Fourth Quarter and Full Year 2019 Financial Results

Full Year 2019 Managed Case Volume Increased 111% to 6,414

DENVER, May 29, 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 fourth quarter and full year ended December 31, 2019.

Cash Collections Analysis and Reserve for One Payor

Assure's financial results in the fourth quarter and full-year 2019 were primarily impacted by two factors, a 2020 dispute with a payor that has triggered the re-evaluation of accounts receivable as of December 31, 2019, and the Company's bi-annual review of its own collection experience for technical and professional cases completed over the previous 24-months.

The Company is in a protracted negotiation with a private health insurance company over a dispute in which cases were performed, services were rendered by Assure and appropriate claims were then submitted, but reimbursement associated with the technical services performed by Assure were not subsequently made by the payor. The disputed claims, representing approximately \$10.3 million of outstanding accounts receivable, primarily relate to this payor's Louisiana affiliate, and to a far lesser degree, include claims associated with the payor's Michigan and Texas affiliates. Assure is pursuing other forms of dispute resolution. The Company has chosen the conservative approach of reserving the full amount of the accounts receivable in question at December 31, 2019. This action was taken rather than wait for the associated receivables to be automatically reserved per Assure's internal policy of reserving all accounts receivable in excess of 24-months from the date of service.

Additionally, Assure performed its regular cash collection analysis at the end of 2019, to evaluate if the actual cash collections for its historical technical and professional cases was consistent with the amount of revenue that had been recognized for those cases. This analysis showed that the actual amount of cash collections was lower than the amount of revenue recorded for those cases. 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 2019. This resulted in a \$6.0 million revenue adjustment being recorded during the fourth quarter of 2019.

Overall, 2019 cash collections and payor reserve adjustments reduced full-year revenue by \$19.1 million. In 2018, cash collections impacted fourth quarter and full-year revenue by \$9.6 million.

Full Year 2019 Financial Summary vs. Full Year 2018

- Total revenue increased 20% to \$17.7 million versus revenue of \$14.8 million.
- Managed cases increased 111% to an annual record of 6,414 versus 3,044.
- Earnings from equity method of investment in PNEs increased to \$1.3 million compared to \$1.2 million.
- Net income decreased 41% to \$2.5 million compared to net income of \$4.3 million.
- Net income per diluted share decreased to \$0.06 compared to \$0.10 per diluted share.
- Adjusted EBITDA was \$5.7 million versus \$6.7 million.

Fourth Quarter 2019 Financial Highlights vs. Fourth Quarter 2018

- Total revenue was \$(4.7) million versus \$(3.0) million. The fourth quarter of 2019 included a \$10.3 million reserve relating to a private health insurance company and its affiliates in Louisiana, Texas and Michigan and a \$6.0 million reduction in revenue related to the revised estimate per monitoring case based upon actual cash collections. The fourth quarter of 2018 included a \$9.6 million reduction in revenue related to the revised estimate per monitoring case based upon actual cash collections.
- Managed cases increased 132% to a quarterly record of 2,242 versus 965.
- Earnings from equity method of investment in PNEs was \$0.1 million compared to \$(1.1) million. In the fourth quarter of 2018 there was a \$2.3 million reduction in revenue related to the aforementioned alignment of accruals based upon actual cash collections.
- Net loss was \$6.8 million compared to \$5.0 million. The fourth quarter of 2019 was burdened by a \$10.3 million reserve relating to a dispute with a private health insurance company and its affiliates in Louisiana, Texas and Michigan and a \$6.0 million reduction in revenue to the revised estimate per monitoring case based upon actual cash collections for cases. The fourth quarter of 2018 was burdened by \$9.6 million in reduced revenue for the aforementioned alignment of accruals with cash collections.
- Net loss per diluted share was \$0.17 compared to a loss of \$0.11 per diluted share.
- Adjusted EBITDA was \$(8.1) million versus \$(6.5) million.

Management Commentary

“2019 was a transformational year for Assure, highlighted by a 111% year-over-year increase in managed case volume, but also one in which the Company faced challenges, including resistance from a major payor to compensate us for services provided,” said John A. Farlinger, Assure’s executive chairman and CEO. “We made significant progress executing against the three key corporate objectives we established as part of our 2019 growth plan: 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. However, we are clearly not satisfied and expect to demonstrate further improvement across all three objectives in 2020.”

“As the world continues to confront the challenges brought on by COVID-19, Assure’s top priority is the health and well-being of our employees and the doctors, patients and hospitals we serve. While this pandemic has presented serious challenges, including a steep downturn in elective procedures in March and April, demand for our industry leading IONM

services has returned to pre-pandemic levels in May in terms of number of cases performed.”

“The Company has taken numerous proactive steps to improve its financial flexibility during this difficult period. This includes reducing corporate spending by 20% compared to the third quarter of 2019. We also brought revenue cycle management in-house because of poor performance from the legacy 3rd party vendor we used until the autumn of 2019 and implemented a revamped collections process that has generated an increase of more than 40% in cash collections for the first five months of 2020 compared to the year-earlier period. Our collections effort encompasses legacy cases in which services were provided, but we had not yet been compensated. The effort has already assisted the Company in collecting over \$1.1 million from 2016 and 2017 receivables. This will be categorized as new revenue and income in 2020, as these amounts had previously been reserved and written-off. Whether with these legacy claims or the one major payor with whom we have a dispute, Assure is enforcing our rights and will be aggressive in collecting money we believe is owed to us for services provided.”

“We are committed to taking a conservative approach with regards to our balance sheet. Reflecting that, we were decisive in our decision to reserve accounts receivable associated with a single large payor with whom our negotiations had reached an impasse. Assure is confident in its pursuit of these claims and we are not aware of issues with other payors regarding payments.”

“With consistently positive cash flow over the past three months, an improving outlook in terms of elective procedures, strong organic expansion opportunities within our existing operational footprint and in additional states, continued strong performance from our recently [acquired](#) Neuro-Pro business, and more than \$1.2 million in cash and treasury as of May 27, 2020, Assure is poised to accelerate growth in 2020.”

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 and www.OTCmarkets.com.

Operational Metrics and Guidance

In 2019, Assure managed 6,414 cases, and at the end of that year, had worked with 98 surgeons across 53 hospitals and medical facilities, supported by 50 technologists. Comparatively, in 2018, the Company managed 3,044 cases, and at the end of that year worked with 51 surgeons at 33 hospitals and medical facilities, supported by 35 technologists.

The Company forecasts total procedures for full-year 2020 to exceed 10,500, a record number representing a nearly 65% increase in cases compared with 2019.

Impact of COVID-19

The adverse impact of the global pandemic on people and businesses has been widespread and global. 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 at the end of May are on par with average weekly case rates in January and February. 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.

Subsequent Event: Filing of Interim Financial Statements for First Quarter 2020

As a result of the COVID-19 pandemic, Assure has experienced delays associated with the limited availability of certain employees critical to Company processes due to quarantine. In response to similar issues experienced by other businesses, the Canadian Securities Administrators and U.S. Securities and Exchange Commission granted blanket relief (the “**Blanket Relief**”) for all market participants, providing up to a 45-day extension for periodic filings normally required to be made on or before June 1, 2020.

In accordance with the Blanket Relief, the Company will delay the filing of its interim financial statements for the three-month period ended March 31, 2020, the management’s discussion and analysis for the corresponding period, and related certification filings (collectively, the “**Filings**”). Assure expects to be able to complete the Filings on or before June 30, 2020. Until such time as the Filings are made, Assure’s management and other insiders are subject to a trading blackout that reflects the principles contained in section 9 of National Policy 11-207 – *Failure to File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

Other than as disclosed in the Company’s press releases, there have not been any material business developments since the date on which the Company filed its annual financial statements for the year ended December 31, 2019.

Conference Call

The Company will hold a conference call today, May 29, 2020, at 12:00 p.m. Eastern time to discuss its fourth quarter and full year 2019 results.

Date: Friday, May 29, 2020

Time: 12:00 p.m. Eastern time (10:00 a.m. Mountain time)

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

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

Conference ID: 13704317

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 link [here](#).

A replay of the conference call will be available after 3:00 p.m. Eastern time on the same day through June 12, 2020.

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

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[®]. For more information, visit the Company's website at 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, 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 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, case volume, managed cases and cases are appropriate measure in evaluating the Company's performance. Readers are cautioned that adjusted EBITDA, 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 filing of the Filings on or before June 30, 2020, 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, 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, uncertainty as to timing of completion of the Filings,

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 improve the Growth Objectives, the Company's ability to collect past due accounts receivable, the Company's ability to expand organically and accelerate growth in 2020, the uncertainty surrounding the results of the negotiations with the private health insurance company, the accuracy of the adjustments made to the Company's estimate of revenue for each open technical and professional case, the uncertainty surrounding the spread of COVID-19 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, 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.

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ASSURE HOLDINGS CORP. CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in thousands of United States Dollars)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 59	\$ 831
Accounts receivable, net	30,863	22,175
Other assets	168	85
Due from related parties	2,617	2,966
Total current assets	33,707	26,057
Equity method investments	2,360	2,256
	871	680
Property, plant and equipment, net		
Intangibles	4,587	-
Goodwill	2,857	-
Total assets	\$ 44,382	\$ 28,993

LIABILITIES AND SHAREHOLDERS' EQUITY**LIABILITIES****Current liabilities**

Accounts payable and accrued liabilities	\$ 4,365	\$ 3,016
Debt	1,664	274
Current portion of lease liability	461	206
Income taxes payable	-	267
Current portion of acquisition liability	5,030	-
Other current liabilities	81	-
Total current liabilities	11,601	3,763
Lease liability, net of current portion	500	381
Debt, net of current portion	1,160	-
Acquisition debt, net of current portion	2,429	-
Provision for acquisition share issuance	540	-
Provision for fair value of stock options	66	246
Provision for performance share issuance	16,011	16,011
Provision for fair value of broker warrants	-	56
Deferred tax liability, net	2,184	666
Total liabilities	34,491	21,123

SHAREHOLDERS' EQUITY

Capital stock	35	36
Additional paid-in capital	6,682	7,202
Retained earnings	3,174	632
Total shareholders' equity	9,891	7,870
Total liabilities and shareholders' equity	\$ 44,382	\$ 28,993

ASSURE HOLDINGS CORP.**CONSOLIDATED STATEMENT OF INCOME/(LOSS)**

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Revenue		
Out-of-Network fees, net	\$ 13,738	\$ 13,899
Contract fees and other	3,987	913
Total revenue	17,725	14,812
Cost of revenues	(4,955)	(3,551)
Gross margin	12,770	11,261
Operating expenses		
General and administrative	8,427	5,312
Sales and marketing	1,435	807
Depreciation and amortization	537	407
Total operating expenses	10,399	6,526

Income from operations	2,371	4,735
Other income/(expenses)		
Earnings from equity method investments	1,305	1,167
Other income/(expense)	172	142
Interest, net	(326)	7
Total other income	1,151	1,316
Income before income taxes	3,522	6,051
Income tax expense	(980)	(1,731)
Net income	\$ 2,542	\$ 4,320
Basic income per common share	\$ 0.07	\$ 0.12
Diluted income per common share	\$ 0.06	\$ 0.10

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

	Year Ended December 31, 2019	Year Ended December 31, 2018
Reported net income	\$ 2,542	\$ 4,320
Interest, net	326	(7)
Depreciation and amortization	537	407
Share based compensation	1,259	364
Income tax expense	980	1,731
Provision for broker warrant fair value	14	(62)
Provision for stock option fair value	8	(80)
	<u>\$ 5,666</u>	<u>\$ 6,673</u>

ASSURE HOLDINGS CORP.
EARNINGS PER SHARE
(in thousands of United States Dollars, except per share amounts)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Income attributable to common shareholders	\$ 2,542	\$ 4,320
Basic weighted average common share outstanding	34,402,607	35,552,234
Basic earnings per common share	\$ 0.07	\$ 0.12
Income attributable to common shareholders	\$ 2,542	\$ 4,320

Basic weighted average common shares outstanding	34,402,607	35,552,234
Dilutive effect of stock options, warrants, and performance shares	<u>7,510,000</u>	<u>9,384,000</u>
Weighted average common shares outstanding assuming dilution	41,912,607	44,936,234
Fully diluted earnings per common share	\$ 0.06	\$ 0.10



Source: Assure Holdings Corp.