



Assure Holdings Reports Third Quarter 2019 Financial Results

Q3 2019 Managed Case Volume Increased 95% Year-Over-Year to 1,519

DENVER, Nov. 26, 2019 (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 third quarter ended September 30, 2019.

Previously Disclosed Cash Collections Analysis

As we have previously disclosed, Assure performed a cash collection analysis at the end of 2018 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. An adjustment was made in the fourth quarter of 2018 to record the cumulative effect of this difference. Due to the entire revenue adjustment being recorded in the fourth quarter of 2018, the operating results for the third quarter of 2018 were not restated. Accordingly, we have provided pro forma information in this press release to reflect the adjustment as if it occurred at the beginning of 2018. Further details of the adjustment have been provided in the tables at the end of this press release.

Third Quarter 2019 Financial Highlights vs. Revised Third Quarter 2018

- Total revenue increased 105% to \$8.0 million versus a revised pro forma revenue of \$3.9 million.
- Managed cases increased 95% to a quarterly record of 1,519 versus 777.
- Earnings from equity method of investment in PNEs decreased 23% to \$285,000 compared to a revised pro forma amount of \$370,000.
- Net income attributable to Assure stockholders increased 159% to \$3.6 million compared to a revised pro forma net income of \$1.4 million.
- Net income per diluted share increased to \$0.09 compared to a revised pro forma amount of \$0.03 per diluted share.
- Adjusted EBITDA increased significantly to \$5.1 million versus a revised pro forma adjusted EBITDA of \$2.3 million.

Nine Months Ended September 2019 Financial Highlights vs. Revised Same Period 2018

- Total revenue increased 112% to \$22.4 million versus a revised pro forma revenue of \$10.6 million.
- Earnings from equity method of investment in PNEs decreased slightly to \$1.2 million compared to a revised pro forma amount of \$1.3 million.
- Net income attributable to Assure stockholders increased 143% to \$9.3 million compared to a revised pro forma net income of \$3.8 million.
- Net income per diluted share increased to \$0.23 compared to a revised pro forma amount of \$0.09 per diluted share.
- Adjusted EBITDA increased 154% to \$13.8 million versus a revised pro forma adjusted EBITDA of \$5.4 million.

Management Commentary and Neuro-Pro Monitoring Extension

"Assure continued its run of strong results in the third quarter, achieving robust levels of revenue, gross margin, adjusted EBITDA and net income, driven by a 95% increase in managed case volume and tight operational execution," said John A. Farlinger, Assure's executive chairman and CEO. "We are encouraged by our progress in establishing Assure as the standard of care in IONM and a leading provider in the United States."

"The Company is also making important progress towards our three key corporate objectives that we believe will further drive the expansion of our business and separate us from IONM peers. Firstly, Assure has built a 14-person in-house billing and collections team that has completely overhauled our revenue cycle management process resulting in more timely and accurate claims filing. Secondly, we signed our first in-network provider agreement with Aetna in the State of Michigan. Over time, in-network agreements like this will shorten our revenue collection cycle

and make the billing process more efficient. Thirdly, we are expanding the scale of our platform through continued organic growth complemented with M&A. On November 1st, Assure announced that it had entered into an asset purchase agreement with Neuro-Pro Monitoring, one of the largest IONM service providers in Texas. The parties anticipate finalizing due diligence and funding of this acquisition on January 15, 2020.”

Third Quarter 2019 Financial Results

Total revenue increased 105% to \$8.0 million compared to a revised pro forma revenue of \$3.9 million in the third quarter of 2018. The increase was driven by the continued growth in case volume generated from the Company's existing network.

Revenue generated outside Colorado was 77% of total revenue in the third quarter of 2019. In the third quarter of 2018, approximately 29% of total revenue was generated from outside the Colorado market. Managed cases increased 95% to 1,519 versus 777 in the third quarter of 2018, primarily driven by the continued acceptance of the Company's platform and expansion efforts within its existing footprint.

Gross margin in the third quarter of 2019 increased 1,350 basis points to 84.0% compared to a revised pro forma gross margin of 70.5% in the same quarter last year. While we are more efficiently scaling our revenue in conjunction with significant increases in total revenue, the improvement primarily relates to Assure entering into a joint venture effective September 1, 2019 with the Company's third-party billing provider. This resulted in very limited billing and collections expense in the month of September. As the joint venture augments employee resources in the future, the billing and collection expense is expected to increase, although it is anticipated to incur less expense than historical costs associated with this function. Similarly, Assure expects its gross margin to decrease from third quarter 2019 levels in future periods, but not revert to the level of historical gross margins.

Total operating expenses were \$2.1 million compared to \$1.0 million in the year-ago quarter. This increase was primarily due to the hiring of additional employees to support the Company's growth and higher share-based compensation.

Net income attributable to Assure stockholders increased 159% to \$3.6 million or \$0.09 per diluted share, compared to a revised pro forma net income of \$1.4 million or \$0.03 per diluted share in the third quarter of 2018.

Adjusted EBITDA increased significantly to \$5.1 million compared to a revised pro forma adjusted EBITDA of \$2.3 million in the same quarter of 2018 due to the significant increase in managed cases.

Nine Months Ended September 2019 Financial Results

Total revenue in the first nine months of 2019 increased 112% to \$22.4 million compared to a revised pro forma revenue of \$10.6 million in the same period of 2018. The increase was driven by the further expansion of the Company's network, referrals from current partners, and higher demand from its existing network.

Revenue generated outside Colorado was 63% of total revenue in the first nine months of 2019. In the same period of 2018, approximately 27% were generated from outside the Colorado market. Managed cases increased 101% to 4,172 versus 2,079 in the year-ago period, primarily driven by continued expansion efforts.

Gross margin in the first nine months of 2019 increased 800 basis points to 80% compared to a revised pro forma gross margin of 72% in the same period last year. As described above, Assure expects its gross margin to decrease from third quarter 2019 levels in future periods, but not revert to the level of historical gross margins.

Total operating expenses were \$6.5 million compared to \$3.9 million in the year-ago period. This increase was primarily due to higher share-based compensation and an increase in activities to drive demand, expand the Company's footprint, and increase commercial acceptance of its platform.

Net income attributable to Assure stockholders increased 143% to \$9.3 million or \$0.23 per diluted share, compared to a revised pro forma net income of \$3.8 million or \$0.09 per diluted share in the same period of 2018.

Adjusted EBITDA increased 154% to \$13.8 million compared to a revised pro forma adjusted EBITDA of \$5.4 million in the year-ago period of 2018 due to more than doubling managed case volume.

During the first nine months of 2019, Assure collected \$6.7 million of cash from its accounts receivable balance compared to \$6.5 million in the same period of 2018.

Assure has also filed its third quarter 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.

Subsequent Event: Convertible Debenture Unit Offering

On November 22, 2019, Assure Holdings announced its intention to offer up to C\$4 million worth of convertible debenture units (“**Convertible Debenture Units**”) of the Company (with an option to increase up to C\$6 million) with each Convertible Debenture Unit comprised of one \$1,000 9% unsecured convertible debenture and 217 common share purchase warrants. More details on the offering can be found [here](#). Net proceeds from the offering will be used for working capital and growth capital purposes.

Conference Call

The Company will hold a conference call today, November 26, 2019, at 11:00 a.m. Eastern time to discuss its third quarter 2019 results.

Date: Tuesday, November 26, 2019
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: 13696278

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

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

A replay of the conference call will be available after 2:00 p.m. Eastern time on the same day through December 10, 2019.

Toll-free replay number: 1-844-512-2921
International replay number: 1-412-317-6671
Replay ID: 13696278

About Assure Holdings

Assure Holdings Corp. is a Colorado-based company that works with neurosurgeons and orthopedic spine surgeons to provide a turnkey suite of services that support intraoperative neuromonitoring activities during invasive surgeries. Assure employs its own staff of technologists and uses its own state-of-the-art monitoring equipment, handles 100% of intraoperative neuromonitoring scheduling and setup, and bills for all technical services provided. While Assure focuses primarily on supporting spinal and vascular surgeries, plans are in place to support other classes of medicine that rely on the standard of care that intraoperative neuromonitoring provides. 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 appropriately 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 contains certain statements that may constitute forward-looking information and forward-looking statements under applicable securities laws. All statements, other than those of historical fact, which address activities, events, outcomes, results, developments, performance or achievements that Assure anticipates or

expects may or will occur in the future (in whole or in part) should be considered forward-looking information and forward-looking statements. Such information or statements may include, but is not limited to, comments with respect to strategies; expectations; planned operations; future actions of the Company; that the Company will be successful in establishing itself as the standard of care in IONM and a leading provider in the United States; that the Company will be able to close its financing of Convertible Debenture Units or be successful in raising money under the financing; that the Company will be able to finance the acquisition of Neuro-Pro; that the Company will continue to grow the number of procedures it performs; that the Company will incur less expenses than historically, associated with billing and collections; the Company's gross margin will decrease in the future; that the overhaul of the Company's revenue cycle management process will be successful or result in more timely or accurate claims filings; that the Company will successfully develop an in-network revenue stream; that the Company will make its revenue collection cycle shorter or billing more efficient; that the Company will continue to expand its platform through organic growth or M&A; that the Company will experience revenue growth from its IONM platform; and that the Company will successfully expand into new states and adjacent surgical markets. Often, but not always, forward-looking information or forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements formed in the future tense or indicating that certain actions, events or results "may", "could", "would", "might" or "will" (or other variations of the foregoing) be taken, occur, be achieved, or come to pass. Forward-looking information and forward-looking statements are based on currently available competitive, financial and economic data and operating plans, strategies or beliefs as of the date of this news release, but involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of Assure to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information and the forward-looking statements. Such factors may be based on information currently available to Assure, including information obtained from third-party industry analysts and other third-party sources, and are based on management's current expectations or beliefs regarding future growth, results of operations, future capital (including the amount, nature and sources of funding thereof) and expenditures. Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. The forward-looking statements in this news release speak only as of the date of this release and Assure undertakes no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this release. Any and all forward-looking information contained in this press release is expressly qualified by this cautionary statement.

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 United States Dollars)

	September 30, 2019 (unaudited)	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 488,100	\$ 830,966
Accounts receivable, net	37,718,971	22,175,379
Other assets	303,259	85,238
Due from related parties	2,017,726	2,965,630
Total current assets	<u>40,528,056</u>	<u>26,057,213</u>

Equity method investments	2,337,531	2,255,819
Equipment and furniture, net	856,605	679,881
Total assets	<u>\$ 43,722,192</u>	<u>\$ 28,992,913</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 3,809,948	\$ 3,015,794
Debt	1,252,857	273,699
Current portion of lease liability	464,881	205,841
Income taxes payable	267,390	267,190
Acquisition liability	233,333	-
Other current liabilities	152,624	-
Total current liabilities	<u>6,181,033</u>	<u>3,762,524</u>
Lease liability, net of current portion	612,544	381,453
Debt, net of current portion	924,549	-
Provision for fair value of stock options	226,818	245,525
Provision for performance share issuance	16,011,500	16,011,500
Provision for fair value of broker warrants	-	56,130
Deferred tax liability, net	4,280,706	665,839
Total liabilities	<u>28,237,150</u>	<u>21,122,971</u>

SHAREHOLDERS' EQUITY

Capital stock	59,146	35,562
Additional paid-in capital	5,458,340	7,202,134
Retained earnings	10,073,766	632,246
Equity attributable to Company shareholders	<u>15,591,252</u>	<u>7,869,942</u>
Non-controlling interest	(106,210)	-
Total shareholders' equity	<u>15,485,042</u>	<u>7,869,942</u>
Total liabilities and shareholders' equity	<u>\$ 43,722,192</u>	<u>\$ 28,992,913</u>

ASSURE HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (unaudited)
(in United States Dollars)

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Proforma Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Proforma Nine Months Ended September 30, 2018
Revenue						
Out-of-Network fees, net	\$ 6,931,952	\$ 5,899,328	\$ 3,666,800	\$ 20,065,936	\$ 17,383,487	\$ 10,110,000
Contract fees and other	1,019,058	203,835	203,835	2,317,654	454,834	454,834
Total revenue	<u>7,951,010</u>	<u>6,103,163</u>	<u>3,870,635</u>	<u>22,383,590</u>	<u>17,838,321</u>	<u>10,564,834</u>
Cost of revenues	(1,275,163)	(1,319,037)	(1,140,435)	(4,466,051)	(3,499,321)	(2,917,442)
Gross margin	<u>6,675,847</u>	<u>4,784,126</u>	<u>2,730,200</u>	<u>17,917,539</u>	<u>14,339,000</u>	<u>7,647,392</u>
Operating expenses						
General and administrative	1,569,933	689,456	689,456	5,089,613	2,814,286	2,814,286
Depreciation and amortization	115,527	95,351	95,351	331,858	281,774	281,774
Sales and marketing	394,132	166,875	166,875	1,066,520	784,736	784,736
Total operating expenses	<u>2,079,592</u>	<u>951,682</u>	<u>951,682</u>	<u>6,487,991</u>	<u>3,880,796</u>	<u>3,880,796</u>
Income from operations	<u>4,596,255</u>	<u>3,832,444</u>	<u>1,778,518</u>	<u>11,429,548</u>	<u>10,458,204</u>	<u>3,766,596</u>
Other income/(expenses)						
Earnings from equity method investments	284,957	755,300	370,447	1,192,066	2,317,200	1,270,053
Provision for broker warrant fair value	-	(23,706)	(23,706)	(13,765)	44,605	44,605
Provision for stock option fair value	(56,166)	(97,312)	(97,312)	18,707	13,788	13,788
Interest, net	(61,265)	65,525	65,525	(162,687)	13,079	13,079

Total other income	167,526	699,807	314,954	1,034,321	2,388,672	1,341,525
Income before income taxes	4,763,781	4,532,251	2,093,472	12,463,869	12,846,876	5,108,121
Income tax expense	(1,094,101)	(1,414,615)	(717,124)	(3,022,349)	(3,487,600)	(1,274,316)
Net income	3,669,680	3,117,636	1,376,348	9,441,520	9,359,276	3,833,805
Net income attributable to non-controlling interest	(106,210)	-	-	(106,210)	-	-
Net income attributable to Assure stockholders	\$ 3,563,470	\$ 3,117,636	\$ 1,376,348	\$ 9,335,310	\$ 9,359,276	\$ 3,833,805
Basic income per common share	\$ 0.10	\$ 0.09	\$ 0.04	\$ 0.27	\$ 0.26	\$ 0.11
Diluted income per common share	\$ 0.09	\$ 0.07	\$ 0.03	\$ 0.23	\$ 0.21	\$ 0.09

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Proforma Three Months Ended September 30, 2018
Reported net income attributable to Assure stockholders	\$ 3,563,470	\$ 3,117,636	\$ 1,376,348
Interest, net	61,265	(65,525)	(65,525)
Depreciation and amortization	115,527	95,351	95,351
Share based compensation	203,614	37,088	37,088
Income tax expense	1,094,101	1,414,615	717,124
Provision for broker warrant fair value	-	23,706	23,706
Provision for stock option fair value	56,166	97,312	97,312
	<u>\$ 5,094,143</u>	<u>\$ 4,720,183</u>	<u>\$ 2,281,404</u>

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Proforma Nine Months Ended September 30, 2018
Reported net income attributable to Assure stockholders	\$ 9,335,310	\$ 9,359,276	\$ 3,833,805
Interest, net	162,687	(13,079)	(13,079)
Depreciation and amortization	331,858	281,774	281,774
Share based compensation	952,348	111,265	111,265
Income tax expense	3,022,349	3,487,600	1,274,316
Provision for broker warrant fair value	13,765	(44,605)	(44,605)
Provision for stock option fair value	(18,707)	(13,788)	(13,788)
	<u>\$ 13,799,610</u>	<u>\$ 13,168,443</u>	<u>\$ 5,429,688</u>

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Proforma Three Months Ended September 30, 2018
Income attributable to common shareholders	\$ 3,563,470	\$ 3,117,636	\$ 1,376,348
Basic weighted average common share outstanding	34,411,980	35,550,469	35,550,469
Basic earnings per common share	\$ 0.10	\$ 0.09	\$ 0.04

Income attributable to common shareholders	\$	3,563,470	\$	3,117,636	\$	1,376,348
Basic weighted average common shares outstanding		34,411,980		35,550,469		35,550,469
Dilutive effect of stock options, warrants, and performance shares		6,018,867		8,749,000		8,749,000
Weighted average common shares outstanding assuming dilution		<u>40,430,847</u>		<u>44,299,469</u>		<u>44,299,469</u>
Fully diluted earnings per common share	\$	0.09	\$	0.07	\$	0.03

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Proforma Nine Months Ended September 30, 2018
Income attributable to common shareholders	\$ 9,335,310	\$ 9,359,276	\$ 3,833,805
Basic weighted average common share outstanding	34,608,711	35,540,538	35,540,538
Basic earnings per common share	\$ 0.27	\$ 0.26	\$ 0.11
Income attributable to common shareholders	\$ 9,335,310	\$ 9,359,276	\$ 3,833,805
Basic weighted average common shares outstanding	34,608,711	35,540,538	35,540,538
Dilutive effect of stock options, warrants, and performance shares	6,018,867	8,749,000	8,749,000
Weighted average common shares outstanding assuming dilution	<u>40,627,578</u>	<u>44,289,538</u>	<u>44,289,538</u>
Fully diluted earnings per common share	\$ 0.23	\$ 0.21	\$ 0.09



Source: Assure Holdings Corp.