

---

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

- QUARTELRY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Quarterly Period Ended June 30, 2021  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 333-251829



**ASSURE HOLDINGS CORP.**

(Exact Name of Registrant as Specified in its Charter)

**Nevada**

(State or other jurisdiction of incorporation or organization)

**82-2726719**

(I.R.S. Employer Identification No.)

**4600 South Ulster Street, Suite 1225 Denver, Colorado**

(Address of Principal Executive Offices)

**80237**

(Zip Code)

**(720) 287-3093**

(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: **None**

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: **None**

**Common Stock, \$0.001 Par Value**

Title of Each Class

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company  Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The number of the registrant's common shares outstanding as of August 10, 2021 was 59,181,440.

---

---

TABLE OF CONTENTS

	<u>PAGE</u>
<u>PART I – FINANCIAL INFORMATION</u>	
<u>ITEM 1. FINANCIAL STATEMENTS (unaudited)</u>	2
<u>CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUN 30, 2021 AND DECEMBER 31, 2020</u>	2
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020</u>	3
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020</u>	4
<u>CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 2020</u>	5
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	6
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	18
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	26
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	26
<u>PART II – OTHER INFORMATION</u>	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	26
<u>ITEM 1A. RISK FACTORS</u>	27
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	27
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	28
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	28
<u>ITEM 5. OTHER INFORMATION</u>	28
<u>ITEM 6. EXHIBITS</u>	29
<u>SIGNATURES</u>	31

---

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

ASSURE HOLDINGS CORP.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (in thousands, except share and per share amounts)

	June 30, 2021 (unaudited)	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,960	\$ 4,386
Accounts receivable, net	18,640	14,965
Income tax receivable	150	150
Other current assets	785	618
Due from PEs	5,797	4,856
Total current assets	29,332	24,975
Equity method investments	371	608
Property, plant and equipment, net	123	356
Operating lease right of use asset	—	124
Finance lease right of use asset	882	608
Deferred tax asset, net	302	—
Intangibles, net	3,941	4,115
Goodwill	4,448	2,857
Total assets	\$ 39,399	\$ 33,643
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,402	\$ 2,871
Current portion of debt	—	4,100
Current portion of lease liability	568	521
Other current liabilities	36	96
Total current liabilities	3,006	7,588
Lease liability, net of current portion	736	772
Debt, net of current portion	10,301	2,251
Acquisition liability	1,569	—
Acquisition share issuance liability	540	540
Fair value of stock option liability	15	16
Performance share issuance liability	—	2,668
Deferred tax liability, net	—	599
Total liabilities	16,167	14,434
Commitments and contingencies (Note 7)		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock: \$0.001 par value; 900,000,000 shares authorized; 58,692,701 and 56,378,939 shares issued and outstanding, as of June 30, 2021 and December 31, 2020, respectively	58	56
Additional paid-in capital	37,400	30,841
Accumulated deficit	(14,226)	(11,688)
Total shareholders' equity	23,232	19,209
Total liabilities and shareholders' equity	\$ 39,399	\$ 33,643

*See accompanying notes to condensed consolidated financial statements.*

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except share and per share amounts)  
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
Patient service fees, net	\$ 3,694	\$ (11,653)	\$ 6,644	\$ (9,307)
Hospital, management and other	2,528	917	4,343	2,904
Total revenue	6,222	(10,736)	10,987	(6,403)
Cost of revenues	3,170	1,039	5,702	2,830
Gross margin	3,052	(11,775)	5,285	(9,233)
<b>Operating expenses</b>				
General and administrative	3,963	1,711	7,095	3,896
Sales and marketing	166	163	501	452
Depreciation and amortization	387	261	672	520
Total operating expenses	4,516	2,135	8,268	4,868
Loss from operations	(1,464)	(13,910)	(2,983)	(14,101)
<b>Other income (expenses)</b>				
Income (loss) from equity method investments	20	(1,110)	(3)	(1,217)
Other income (expense), net	1	(4)	(2)	53
Accretion expense	(120)	(207)	(215)	(392)
Interest expense, net	(218)	(53)	(236)	(106)
Total other expense	(317)	(1,374)	(456)	(1,662)
Loss before income taxes	(1,781)	(15,284)	(3,439)	(15,763)
Income tax benefit	474	1,954	901	2,019
Net loss	\$ (1,307)	\$ (13,330)	\$ (2,538)	\$ (13,744)
<b>Loss per common share</b>				
Basic	\$ (0.02)	\$ (0.38)	\$ (0.04)	\$ (0.39)
Diluted	\$ (0.02)	\$ (0.38)	\$ (0.04)	\$ (0.39)
Weighted average number of common shares used in per share calculation – basic	57,949,285	34,795,313	57,002,355	34,795,313
Weighted average number of common shares used in per share calculation – diluted	57,949,285	34,795,313	57,002,355	34,795,313

*See accompanying notes to condensed consolidated financial statements*

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(unaudited)

	Six Months Ended June 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
Net loss	\$ (2,538)	\$ (13,744)
<b>Adjustments to reconcile net loss to net cash used in operating activities</b>		
Losses from equity method investments	3	1,217
Stock-based compensation	607	368
Depreciation and amortization	407	520
Amortization of debt issuance costs	13	—
Provision for stock option fair value	(1)	(53)
Accretion expense	215	392
Tax impact of equity component of convertible debt issuance	—	(288)
<b>Change in operating assets and liabilities</b>		
Accounts receivable, net	(1,675)	15,746
Prepaid expenses	(420)	—
Right of use assets	205	—
Accounts payable and accrued liabilities	(712)	(1,844)
Due from related parties	(1,063)	(635)
Lease liability	(343)	(172)
Income taxes	(901)	(1,728)
Other assets and liabilities	(58)	26
Net cash used in operating activities	<u>(6,261)</u>	<u>(195)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment and furniture	—	(33)
Net cash paid for acquisition	(156)	(2,715)
Distributions received from equity method investments	234	287
Net cash provided by (used in) investing activities	<u>78</u>	<u>(2,461)</u>
<b>Cash flows from financing activities</b>		
Proceeds from common share issuance, net	832	—
Repayment of promissory note	—	(326)
Proceeds from Paycheck Protection Program loan	1,665	1,211
Repayment of line of credit	—	(500)
Proceeds from debenture	7,360	—
Repayment of short term debt	(4,100)	—
Proceeds from convertible debenture	—	2,485
Net cash provided by financing activities	<u>5,757</u>	<u>2,870</u>
<b>Increase (decrease) in cash</b>	<u>(426)</u>	<u>214</u>
<b>Cash at beginning of period</b>	<u>4,386</u>	<u>59</u>
<b>Cash at end of period</b>	<u>\$ 3,960</u>	<u>\$ 273</u>
<b>Supplemental cash flow information</b>		
Interest paid	\$ 127	\$ 87
Income taxes paid	\$ —	\$ 30
<b>Supplemental non-cash flow information</b>		
Purchase of equipment with finance leases	\$ 305	\$ 239

*See accompanying notes to condensed consolidated financial statements.*

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(in thousands, except share amounts)  
(unaudited)

	Common Stock		Additional paid-in Capital	Retained earnings (deficit)	Total shareholders' equity
	Shares	Amount			
<b>Balances, March 31, 2020</b>	<b>34,795,313</b>	<b>\$ 35</b>	<b>\$ 7,500</b>	<b>\$ 2,934</b>	<b>\$ 10,469</b>
Stock-based compensation	—	—	163	—	163
Expected tax loss of future stock compensation option exercises	—	—	(115)	—	(115)
Equity component of convertible debt issuance	—	—	466	—	466
Fair value of finders' warrants	—	—	14	—	14
Net loss	—	—	—	(13,330)	(13,330)
<b>Balances, June 30, 2020</b>	<b>34,795,313</b>	<b>\$ 35</b>	<b>\$ 8,028</b>	<b>\$ (10,396)</b>	<b>\$ (2,333)</b>
<b>Balances, March 31, 2021</b>	<b>56,598,777</b>	<b>\$ 56</b>	<b>\$ 31,707</b>	<b>\$ (12,919)</b>	<b>\$ 18,844</b>
Common share issuance, net	2,018,924	2	2,455	—	2,457
Stock-based compensation	—	—	327	—	327
Equity component of debenture issuance	—	—	1,204	—	1,204
Settlement of performance share liability	75,000	—	1,707	—	1,707
Net loss	—	—	—	(1,307)	(1,307)
<b>Balances, June 30, 2021</b>	<b>58,692,701</b>	<b>\$ 58</b>	<b>\$ 37,400</b>	<b>\$ (14,226)</b>	<b>\$ 23,232</b>

  

	Common Stock		Additional paid-in Capital	Retained earnings (deficit)	Total shareholders' equity
	Shares	Amount			
<b>Balances, December 31, 2019</b>	<b>34,795,313</b>	<b>\$ 35</b>	<b>\$ 6,682</b>	<b>\$ 3,348</b>	<b>\$ 10,065</b>
Stock-based compensation	—	—	368	—	368
Expected tax loss of future stock compensation option exercises	—	—	(288)	—	(288)
Equity component of convertible debt issuance	—	—	1,220	—	1,220
Fair value of finders' warrants	—	—	46	—	46
Net loss	—	—	—	(13,744)	(13,744)
<b>Balances, June 30, 2020</b>	<b>34,795,313</b>	<b>\$ 35</b>	<b>\$ 8,028</b>	<b>\$ (10,396)</b>	<b>\$ (2,333)</b>
<b>Balances, December 31, 2020</b>	<b>56,378,939</b>	<b>\$ 56</b>	<b>\$ 30,841</b>	<b>\$ (11,688)</b>	<b>\$ 19,209</b>
Common share issuance, net	2,018,924	2	2,455	—	2,457
Stock-based compensation	—	—	607	—	607
Equity component of debenture issuance	—	—	1,204	—	1,204
Settlement of performance share liability	294,838	—	2,293	—	2,293
Net loss	—	—	—	(2,538)	(2,538)
<b>Balances, June 30, 2021</b>	<b>58,692,701</b>	<b>\$ 58</b>	<b>\$ 37,400</b>	<b>\$ (14,226)</b>	<b>\$ 23,232</b>

*See accompanying notes to condensed consolidated financial statements.*

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. NATURE OF OPERATIONS**

Assure Holdings Corp. (the “Company” or “Assure”), through its two wholly-owned subsidiaries, Assure Neuromonitoring, LLC (“Neuromonitoring”) and Assure Networks, LLC (“Networks”), provides technical and professional intraoperative neuromonitoring (“IONM”) surgical support services primarily associated with spine and head surgeries. These services have been recognized as the standard of care by hospitals and surgeons for risk mitigation. Assure Holdings, Inc., a wholly-owned subsidiary, employs most of the corporate employees and performs various corporate services on behalf of the consolidated Company.

Neuromonitoring employs technologists who utilize technical equipment and their technical training to monitor neurological signals during surgical procedures and to pre-emptively notify the underlying surgeon of any nerve related issues that are identified. The technologists perform their services in the operating room during the surgeries. The technologists are certified by a third party credentialing agency.

Networks performs similar support services as Neuromonitoring except that these services are provided by third party contracted neurologists or certified readers. The support services provided by Networks occurs at the same time and for the same surgeries as the support services provided by the Neuromonitoring technologist, except that they typically occur at an offsite location.

The Company was originally incorporated in Colorado on November 7, 2016. In conjunction with a reverse merger, the Company was redomiciled in Nevada on May 16, 2017.

Neuromonitoring was formed on August 25, 2015 in Colorado and it currently has multiple wholly-owned subsidiaries. The Company’s services are sold in the United States, directly through the Company.

Networks was formed on November 7, 2016 in Colorado and holds varying ownership interests in numerous Provider Network Entities (“PEs”), which are professional IONM entities. These entities are accounted for under the equity method of accounting.

Networks also manages other PEs that Networks does not have an ownership interest and charges those PEs a management fee which is accounted for as service revenue.

The Company operates in the United States in one segment.

*COVID-19*

Our business and results of operations have been, and continues to be, adversely affected by the global COVID-19 pandemic and related events and we expect its impact to continue. The impact to date has included periods of significant volatility in various markets and industries, including the healthcare industry. The volatility has had, and we anticipate it will continue to have, an adverse effect on our customers and on our business, financial condition and results of operations, and may result in an impairment of our long-lived assets, including goodwill, increased credit losses and impairments of investments in other companies. In particular, the healthcare industry, hospitals and providers of elective procedures have been and may continue to be impacted by the pandemic and/or other events beyond our control, and further volatility could have an additional negative impact on these industries, customers, and our business. In addition, the COVID-19 pandemic and, to a lesser extent, the impact on other industries, including automotive, electronics and real estate, increased fuel costs, U.S. restrictions on trade, and transitory inflation have impacted and may continue to impact the financial conditions of our customers and the patients they serve.

In addition, actions by United States federal, state and foreign governments to address the COVID-19 pandemic, including travel bans, stay-at-home orders and school, business and entertainment venue closures, also had and may continue to have a significant adverse effect on the markets in which we conduct our businesses. COVID-19 poses the risk that our workforce, suppliers, and other partners may be prevented from conducting normal business activities for an extended period of time, including due to shutdowns or stay-at-

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

home orders that may be requested or mandated by governmental authorities. We have implemented policies to allow our employees to work remotely as a result of the pandemic as we reviewed processes related to workplace safety, including social distancing and sanitation practices recommended by the Centers for Disease Control and Prevention (CDC). The COVID-19 pandemic could also cause delays in acquiring new customers and executing renewals and could also impact our business as consumer behavior changes in response to the pandemic.

Since the start of the second quarter of 2021, there has been increased availability and administration of vaccines against COVID-19, as well as an easing of restrictions on social, business, travel, and government activities and functions, including healthcare and elective surgeries, and we have experienced a gradual resumption of economic activities in our industries. On the other hand, infection rates continue to fluctuate in various regions and new strains of the virus, including the Delta variant, remain a risk, which may give rise to implementation of restrictions in the geographic areas that we serve. In addition, there are ongoing global impacts resulting from the pandemic, including disruption of the supply chains, product shortages, increased delivery costs, increased governmental regulation, strains on healthcare systems, and delays in shipments, product development, technology launches and facility access.

We have been closely monitoring the COVID-19 pandemic and its impact on our business, including legislation to mitigate the impact of COVID-19 such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted in March 2020, and the American Rescue Plan Act of 2021 which was enacted in March 2021. Although a significant portion of our anticipated revenue for 2021 is derived from fixed-fee and minimum-guarantee arrangements, primarily from large, well-capitalized customers which we believe somewhat mitigates the risks to our business, our per-unit and variable-fee based revenue will continue to be susceptible to the volatility, supply chain disruptions, microchip shortages and potential market downturns induced by the COVID-19 pandemic.

The full extent of the future impact of the COVID-19 pandemic on the Company's operational and financial performance is uncertain and will depend on many factors outside the Company's control, including, without limitation, the timing, extent, trajectory and duration of the pandemic; the availability, distribution and effectiveness of vaccines; the spread of new variants of COVID-19; the continued and renewed imposition of protective public safety measures; the impact of COVID-19 on integration of acquisitions, expansion plans, implementation of telemedicine, restrictions on elective procedures, delays in payor remittance and increased regulations; and the impact of the pandemic on the global economy and demand for consumer products. Although we are unable to predict the full impact and duration of the COVID-19 pandemic on our business, we are actively managing our financial expenditures in response to continued uncertainty. Further discussion of the potential impacts on our business from the COVID-19 pandemic is provided under Part I, Item 1A – Risk Factors of the Form 10-K.

## **2. BASIS OF PRESENTATION**

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, and majority-owned entities. The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which contemplates continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying consolidated financial statements do not include any adjustments that might become necessary should the Company be unable to continue as a going concern. All significant intercompany balances and transactions have been eliminated in consolidation.

For entities in which management has determined the Company does not have a controlling financial interest but has varying degrees of influence regarding operating policies of that entity, the Company's investment is accounted for using the equity method of accounting.

There have been no changes to the Company's significant accounting policies or recent accounting pronouncements during the six months ended June 30, 2021 as compared to the significant accounting policies disclosed in the 10-K for the year ended December 31, 2020 as filed on March 30, 2021.



**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**3. LEASES**

Under ASC 842, *Leases*, a contract is a lease, or contains a lease, if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the entity has both of the following: (a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and (b) the right to direct the use of the identified asset. The Company does not assume renewals in the determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. Lease agreements generally do not contain material residual value guarantees or material restrictive covenants.

Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. As a practical expedient, the Company elected not to separate nonlease components for the corporate office facility (e.g., common-area maintenance costs) from lease components (e.g., fixed payments including rent) and instead to account for each separate lease component and its associated non-lease components as a single lease component.

*Operating leases*

The Company leases corporate office facilities under two operating sub-leases which expired June 30, 2021. The Company is negotiating lease renewal terms.

*Finance leases*

The Company leases medical equipment under various financing leases with stated interest rates ranging from 6.5% — 12.2% per annum which expire at various dates through 2026.

The condensed consolidated balance sheets include the following amounts for right of use (“ROU”) assets as of June 30, 2021 and December 31, 2020 (stated in thousands):

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Operating	\$ —	\$ 124
Finance	882	608
<b>Total</b>	<b>\$ 882</b>	<b>\$ 732</b>

Finance lease assets are reported net of accumulated amortization of \$1.6 million and \$1.3 million as of June 30, 2021 and December 31, 2020, respectively.

The following are the components of lease cost for operating and finance leases (stated in thousands):

	<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Lease cost:		
Operating leases	\$ 127	\$ 107
Finance leases:		
Amortization of ROU assets	249	248
Interest on lease liabilities	42	33
Total finance lease cost	291	281
<b>Total lease cost</b>	<b>\$ 418</b>	<b>\$ 388</b>

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

The following are the weighted average lease terms and discount rates for operating and finance leases:

	As of June 30, 2021	As of December 31, 2020
<b>Weighted average remaining lease term (years):</b>		
Operating leases	—	0.5
Finance leases	3.3	3.3
<b>Weighted average discount rate:</b>		
Operating leases	—	6.9
Finance leases	8.0	7.9

The Company acquired ROU assets in exchange for lease liabilities of \$05 thousand upon commencement of finance leases during the six months ended June 30, 2021.

Future minimum lease payments and related lease liabilities as of June 30, 2021 were as follows (stated in thousands):

	Operating Leases	Finance Leases	Total Lease Liabilities
Remainder 2021	\$ —	\$ 283	\$ 283
2022	—	570	570
2023	—	258	258
2024	—	204	204
2025	—	148	148
Thereafter	—	23	23
Total lease payments	—	1,486	1,486
Less: imputed interest	—	(182)	(182)
Present value of lease liabilities	—	1,304	1,304
Less: current portion of lease liabilities	—	568	568
Noncurrent lease liabilities	\$ —	\$ 736	\$ 736

Note: Future minimum lease payments exclude short-term leases as well as payments to landlords for variable common area maintenance, insurance and real estate taxes.

#### 4. DEBT

##### *Paycheck Protection Program*

During March 2021, the Company received an unsecured loan under the United States Small Business Administration Paycheck Protection Program (“PPP”) in the amount of \$1.7 million. Assure executed a PPP promissory note, which matures on February 25, 2026. The PPP Loan carries an interest rate of 1.0% per annum, with principal and interest payments due on the first day of each month, with payments commencing on the earlier of: (i) the day the amount of loan forgiveness granted to Assure is remitted by the Small Business Administration to the Bank of Oklahoma; or (ii) 10 months after the end of the 24-week period following the grant of the Loan. All or a portion of the Loan may be forgiven if the Company maintains its employment and compensation within certain parameters during the 24-week period following the loan origination date and the proceeds of the Loan are spent on payroll costs, rent or lease agreements dated before February 15, 2020 and utility payments arising under service agreements dated before February 15, 2020. The Company intends to submit its application for forgiveness of the PPP promissory note during the second half of 2021.

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

*Debenture*

On June 10, 2021, the Company entered into definitive agreements to secure a credit facility under the terms of a commitment letter dated March 8, 2021 (the "Commitment Letter") with Centurion Financial Trust, an investment trust formed by Centurion Asset Management Inc. ("Centurion"). Under the terms of the Commitment Letter, Assure issued a debenture to Centurion, dated June 9, 2021 (the "Debenture"), with a maturity date of June 9, 2025 (the "Maturity Date"), in the principal amount of \$11 million related to a credit facility comprised of a \$6 million senior term loan (the "Senior Term Loan"), a \$2 million senior revolving loan (the "Senior Revolving Loan") and a \$3 million senior term acquisition line (the "Senior Term Acquisition Line" and together with the Senior Term Loan and the Senior Revolving Loan, the "Credit Facility"). The Senior Term Acquisition Line will be made available to the Company to fund future acquisitions, subject to certain conditions and approvals of Centurion. The Credit Facility matures in June 2025.

The principal amount of the Debenture drawn and outstanding from time to time shall bear interest both before and after maturity, default and judgment from the date hereof to the date of repayment in full at the rate of the greater of 9.50% or the Royal Bank of Canada Prime Rate plus 7.05% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any obligations are outstanding, the first of such payments being due July 2, 2021 for the period from the Advance to the date of payment, and thereafter monthly. The difference between the commitment and the amount of the Loan outstanding from time to time shall bear a standby charge, for the period between June 2021 and the end of the availability period, in the amount of 1.50% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any amount of the commitment remains available and undrawn, the first of such payments being due July 2, 2021. Interest on overdue interest shall be calculated and payable at the same rate plus 3% per annum.

With respect to the Senior Revolving Loan, Assure may prepay advances outstanding thereunder from time to time, with not less than 10 business days prior written notice of the prepayment date and the amount, in the minimum amount of \$250 thousand. Any amount of the Senior Revolving Loan prepaid may be re-advanced. With respect to the Senior Term Loan and Senior Term Acquisition Line, Assure may prepay the advances outstanding thereunder, without penalty or bonus, in an amount not to exceed 25% of the aggregate of all Advances then outstanding under the Term Loans, on each anniversary date of the first advance made hereunder, provided in each case with not less than 30 days written notice of the Company's intention to prepay on such anniversary date and the proposed prepayment amount. Any prepayments to the Term Loans other than those permitted in the immediately preceding sentence may only be made on 30 days prior written notice of the prepayment date and the amount, and are subject to the Company paying on such prepayment date a prepayment charge equal to the lesser of (i) twelve (12) months interest and (ii) interest for the months remaining from the prepayment date to the Maturity Date, on the amount prepaid at the interest rate in effect on the applicable Term Loan as of the date of prepayment. Any amount of the Term Loan prepaid may not be re-advanced.

The Credit Facility is guaranteed by the subsidiaries under the terms of the guarantee and secured by a first ranking security interest in all of the present and future assets of Assure and the Subsidiaries under the terms of the security agreement.

Assure paid Centurion on first Advance of the Loan a commitment fee of 2.25%, being \$248 thousand, made by withholding from the first advance.

A portion of the proceeds from the Debenture were utilized to repay the Central Bank line of credit and the Central Bank promissory note.

*Warrant Fee*

In addition, Assure issued Centurion an aggregate of 1,375,000 non-transferrable common share purchase warrants. Each warrant entitles Centurion to acquire one common share in the capital of Assure, at an exercise price equal to US\$1.51 (representing the closing price of Assure's common shares as of the close of business on June 9, 2021 and multiplied by the Bank of Canada's daily exchange rate on June 9, 2021) for a term of 48 months. The warrants and underlying common shares are subject to applicable hold periods under U.S. securities laws.

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

The Company's debt obligations are summarized as follows:

	June 30, 2021	December 31, 2020
Central Bank line of credit	\$ —	\$ 1,978
Central Bank promissory note	—	2,122
PPP promissory note	1,665	—
	<u>1,665</u>	<u>4,100</u>
Face value of convertible debenture	3,450	3,450
Less: fair value ascribed to conversion feature and warrants	(1,523)	(1,523)
Plus: accretion of implied interest	513	324
	<u>2,440</u>	<u>2,251</u>
Face value of Centurion debenture	8,000	—
Less: fair value ascribed to warrants	(1,204)	—
Plus: accretion of implied interest	25	—
Less: net debt issuance costs	(625)	—
	<u>6,196</u>	<u>—</u>
Total debt	10,301	6,351
Less: current portion of debt	—	(4,100)
Long-term debt	<u>\$ 10,301</u>	<u>\$ 2,251</u>

As of June 30, 2021, future minimum principal payments are summarized as follows (stated in thousands):

	PPP Loan	Bank Indebtedness	Convertible Debt
Remainder 2021	\$ —	\$ —	\$ —
2022	—	—	—
2023	—	—	965
2024	—	—	2,485
2025	—	8,000	—
2026	1,665	—	—
Total	<u>1,665</u>	<u>8,000</u>	<u>3,450</u>
Less: fair value ascribed to conversion feature and warrants	—	(1,204)	(1,523)
Plus: accretion and implied interest	—	25	513
Less: net debt issuance costs	—	(625)	—
	<u>\$ 1,665</u>	<u>\$ 6,196</u>	<u>\$ 2,440</u>

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**5. SHARE CAPITAL**

*Common shares*

Common shares: 900,000,000 authorized; \$0.001 par value. As of June 30, 2021 and December 31, 2020, there were 58,692,701 and 56,378,939 common shares issued and outstanding (“Common Shares”), respectively.

Acquisition shares

In connection with the acquisition of the Sentry Neuromonitoring, LLC (the “Seller”) assets, we issued to Seller or the Principals, as elected by Seller, shares of common stock of the Registrant with a value of \$1,625,000, determined on the Effective Date, as quoted on the TSX Venture Exchange (1,186,129 shares of common stock). In addition, the Registrant agreed to escrow, no event later than May 14, 2021, with an escrow agent, mutually selected by Purchaser and Seller, common stock of the Registrant with a value of \$650,000 (474,452 shares of common stock). The common stock is subject to a 12-month lock up beginning on the date actually delivered to Seller or the Principals. See Note 7 for a complete discussion.

Share issuance

In connection with common share purchase agreements, during June 2020, the Company issued 780,162 shares of common stock at a deemed value of \$0.80 per share to certain employees, directors and third parties.

Convertible debt

During the second quarter of 2021, a holder of the convertible debenture exercised the right to convert the outstanding principal into common shares at an exercise price of \$1.40, resulting in the issuance of 52,633 common shares.

*Stock options*

On December 10, 2020, our shareholders approved amendments to the Company’s stock option plan, which amended the plan previously approved on November 20, 2019 (the “Amended Stock Option Plan”). As of June 30, 2021, an aggregate of 5,659,878 shares of common stock (10% of the issued and outstanding shares of common stock) were available for issuance under the Amended Stock Option Plan. Of this amount, stock options in respect of 5,120,500 common shares have been issued.

Options under the Plan are granted from time to time at the discretion of the Board of Directors, with vesting periods and other terms as determined by the Board of Directors.

A summary of the stock option activity is presented below:

	<u>Options Outstanding</u>			<u>Aggregate Intrinsic Value (in thousands)</u>
	<u>Number of Shares Subject to Options</u>	<u>Weighted Average Exercise Price Per Share</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	
<b>Balance at December 31, 2020</b>	3,743,000	\$ 1.05	4.00	
Options granted	1,740,000	1.06		
Options exercised	—	—		
Options canceled / expired	(362,500)	1.20		
<b>Balance at June 30, 2021</b>	<u>5,120,500</u>	1.03	3.87	\$ 5,123
<b>Vested and exercisable at June 30, 2021</b>	2,869,167	0.96	3.60	\$ 2,599

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

The following table summarizes information about stock options outstanding and exercisable under the Company's Stock Option Plan at June 30, 2021:

	Options Outstanding			Options Exercisable		
	Number of Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price Per Share	Number Exercisable	Weighted Average Exercise Price Per Share	
	1,000,000	4.16	\$ 0.05	1,000,000	\$ 0.05	
	60,000	1.32	\$ 2.80	60,000	\$ 2.80	
	75,000	6.55	\$ 1.80	75,000	\$ 1.80	
	425,000	2.25	\$ 1.80	368,333	\$ 1.80	
	734,000	2.55	\$ 1.56	538,267	\$ 1.56	
	434,000	3.27	\$ 1.28	260,400	\$ 1.28	
	200,000	4.16	\$ 0.90	66,667	\$ 0.90	
	465,000	4.45	\$ 0.97	155,000	\$ 0.97	
	1,577,500	4.59	\$ 1.06	315,500	\$ 1.06	
	150,000	4.78	\$ 1.12	30,000	\$ 1.12	
	<u>5,120,500</u>	<u>3.87</u>	<u>\$ 1.03</u>	<u>2,869,167</u>	<u>\$ 0.96</u>	

The Company uses the Black-Scholes option pricing model to determine the estimated fair value of options. The fair value of each option grant is determined on the date of grant and the expense is recorded on a straight-line basis and is included as a component of general and administrative expense in the consolidated statements of operations. The assumptions used in the model include expected life, volatility, risk-free interest rate, dividend yield and forfeiture rate. The Company's determination of these assumptions are outlined below.

Expected life — The expected life assumption is based on an analysis of the Company's historical employee exercise patterns.

Volatility — Volatility is calculated using the historical volatility of the Company's common stock for a term consistent with the expected life.

Risk-free interest rate — The risk-free interest rate assumption is based on the U.S. Treasury rate for issues with remaining terms similar to the expected life of the options.

Dividend yield — Expected dividend yield is calculated based on cash dividends declared by the Board for the previous four quarters and dividing that result by the average closing price of the Company's common stock for the quarter. The Company has not declared a dividend to date.

Forfeiture rate — The Company does not estimate a forfeiture rate at the time of the grant due to the limited number of historical forfeitures. As a result, the forfeitures are recorded at the time the grant is forfeited.

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

There were no stock option grants during the three and six months ended June 30, 2020. The following assumptions were used to value the awards granted during the three and six months ended June 30, 2021:

Expected life (in years)	5.0
Risk-free interest rate	0.4 %
Dividend yield	— %
Expected volatility	91 %

Stock-based compensation expense recognized in our consolidated financial statements for the three months ended June 30, 2021 and 2020 was \$63 thousand and \$327 thousand, respectively, and \$607 and \$368 for the six months ended June 30, 2021 and 2020, respectively. As of June 30, 2021, there was approximately \$947 thousand of total unrecognized compensation cost related to 2,251,333 unvested stock options that is expected to be recognized over a weighted-average remaining vesting period of 2.4 years.

*Warrants*

As of June 30, 2021 and December 31, 2020, there were 19,700,028 and 18,325,028 warrants outstanding, respectively.

	<u>Number of Warrants outstanding</u>
<b>Balance at December 31, 2020</b>	18,325,028
Debt, warrants issued (Note 4)	1,375,000
<b>Balance at June 30, 2021</b>	<u>19,700,028</u>

**6. LOSS PER SHARE**

The following table sets forth the computation of basic and fully diluted loss per common share for the three months ended June 30, 2021 and 2020 (stated in thousands, except per share amounts):

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net loss	\$ (1,307)	\$ (13,330)	\$ (2,538)	\$ (13,744)
Basic weighted average common shares outstanding	57,949,285	34,795,313	57,002,355	34,795,313
Basic loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.38)</u>	<u>\$ (0.04)</u>	<u>\$ (0.39)</u>
Net loss	\$ (1,307)	\$ (13,330)	\$ (2,538)	\$ (13,744)
Dilutive weighted average common shares outstanding	57,949,285	34,795,313	57,002,355	34,795,313
Diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.38)</u>	<u>\$ (0.04)</u>	<u>\$ (0.39)</u>

Basic net loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed using the treasury stock method to calculate the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential dilutive common shares include incremental common shares issuable upon the exercise of stock options, less shares from assumed proceeds. The assumed proceeds calculation includes actual proceeds to be received from the employee upon exercise and the average unrecognized stock compensation cost during the period.

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

Stock options to purchase 2,638,467 common shares and warrants to purchase 18,325,028 common shares were outstanding at June 30, 2021 that were not included in the computation of diluted weighted average common shares outstanding because their effect would have been anti-dilutive.

## 7. ACQUISITION

Effective on April 30, 2021, Assure Networks Texas Holdings II, LLC, a Colorado limited liability company and wholly-owned subsidiary of Assure Holdings (the "Purchaser"), entered into an Asset Purchase Agreement (the "Purchase Agreement") with Sentry Neuromonitoring, LLC (the "Seller"), and Kenneth Sly and on behalf of (SLY HOLDINGS, LLC, a Texas limited liability company ("KRS"), Wesley Varghese and (on behalf of Northern Lights Investments and consulting, LLC, a Texas limited liability company ("NLI"), Patricia Worley, Stephanie Hicks, on behalf of Texas Medsurge, LLC and Shelia Jumper (collectively "Principals").

The acquisition closed on April 30, 2021 (the "Closing Date").

Under the terms of the Purchase Agreement, Assure Texas Holdings agreed to purchase certain assets ("Acquired Assets") related to the Seller's interoperative neuromonitoring business (the "Business") and assumed certain liabilities of the Seller. The Acquired Assets included, among other items, all assets used in the Business, certain tangible personal property, inventory, Seller's records related to the Business, deposits and prepaid expenses, certain contracts related to the Business, licenses, intellectual property, goodwill and accounts receivables. The purchase qualified as a business combination for accounting purposes.

The purchase price for the assets consisted of cash and stock, payable as follows:

### *Cash Payment*

Cash consideration of \$1,125,000 in installment payments, payable (a) \$153,125 at closing, (b) \$153,125 within 30 days of Closing Date and (c) \$818,750, (together with interest at the applicable federal rate, shall be paid in cash in thirty-six equal monthly installments, with the first installment being due on or before the first business day of the first month following the sixtieth day from the Closing Date and the remaining installments being due on the first business day of each month thereafter.

### *Stock Payment*

Shares of common stock to be issued to Seller or the Principals, as elected by Seller, with a value of \$1,625,000, determined on the Closing Date, as quoted on the TSX Venture Exchange (1,186,129 shares of common stock), issued on or about the Closing Date and shares of common stock to be escrowed, no event later than May 14, 2021, with an escrow agent, mutually selected by Purchaser and Seller (the "Escrow Agent"), common stock of the Registrant with a value of \$650,000 (474,452 shares of common stock) and held by the Escrow Agent pursuant to terms set forth in an escrow agreement to be mutually agreed to by Purchaser and Seller. The common stock is subject to regulatory restrictions and requirements and a 12 month lock up from the date of issuance to the Seller or the Principals, as applicable, in addition to any additional lock up period imposed on the common stock under applicable law and/or regulation,

### *Reimbursements*

Reimbursement to Seller for operational capital injected by Seller or its Principals since December 31, 2020, for verifiable and reasonable expenses, consistent with past business practices up to a cap of \$50 thousand.

### *Receivable Bonus*

Purchaser agreed to pay Seller or the Principals, as elected by Seller, a bonus in an amount equal to \$250,000 ("Receivable Bonus") upon collecting \$3,000,001 in accounts receivable acquired by Purchaser for accounts receivable that was generated by Seller prior to the Closing. The Receivable Bonus, if earned, will be paid to Seller or the Principals, as elected by Seller, in three payments: (i) the first payment being in the amount of \$100 thousand, payable on the thirtieth (30th) day following the date the Receivable Bonus is



**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

earned, (ii) the second payment being in the amount of \$100 thousand, payable on the sixtieth (60th) day following the date the Receivable Bonus is earned, and (iii) the third payment in the amount of \$50 thousand, payable on the ninetieth (90th) day following the date the Receivable Bonus is earned.

*Founders Bonus*

The Registrant agreed to pay a \$50 thousand bonus (“Founders’ Bonus”) payment to each Kenneth Sly, Wesley Varghese, Patricia Worley and Shelia Jumper in installments: (i) \$25 thousand at Closing and (ii) \$25 thousand within twelve (12) months of Closing. The Founders’ Bonus is additional consideration, which is independent, separate and apart from other consideration to be paid by Purchaser.

Under the Purchase Agreement, Purchaser agreed to enter into employment agreements with certain key personnel of Seller, as determined by Purchaser. The employment agreements, in standard form of employment agreement of Purchaser, include: (i) a minimum annual base salary of \$175 thousand with full benefits and (ii) up to \$50 thousand in annual variable compensation bonus to be memorialized in a mutually agreeable form of agreement that details the scope of services and compensation.

The initial accounting for the acquisition of Sentry is incomplete as we, with the support of our valuation specialist, are in the process of finalizing the fair market value calculations of the acquired net assets. In addition, the Company is in the process of reviewing the applicable future cash flows used in determining the purchase accounting. As a result, the amounts recorded in the consolidated financial statements related to the Sentry acquisition are preliminary and the measurement period remains open. The following table summarizes the preliminary allocation of the total consideration to the assets acquired and liabilities assumed as of the date of the acquisition (in thousands):

<b>Purchase price consideration:</b>	
Cash	\$ 1,125
Common shares, at fair value	<u>2,275</u>
<b>Total consideration</b>	<b><u>\$ 3,400</u></b>
<b>Assets acquired:</b>	
Cash	\$ 51
Accounts receivable	2,000
Right of use assets	<u>50</u>
<b>Total assets acquired</b>	<b>2,101</b>
<b>Liabilities assumed:</b>	
Accounts payable and accrued liabilities	242
Lease liability	<u>50</u>
<b>Total liabilities assumed</b>	<b>292</b>
<b>Preliminary Goodwill</b>	<b><u>\$ 1,591</u></b>

## 8. COMMITMENTS AND CONTINGENCIES

*Indemnifications*

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

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

to medical malpractice and other 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.

As permitted under Nevada law, the Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company believes, given the absence of any such payments in the Company's history, and the estimated low probability of such payments in the future, that the estimated fair value of these indemnification agreements is immaterial. In addition, the Company has directors' and officers' liability insurance coverage that is intended to reduce its financial exposure and may enable the Company to recover any payments, should they occur.

***Performance share compensation***

As part of a reverse takeover transaction ("RTO") during 2016, the Company entered into a one-time stock grant agreement with two executives (Messrs. Preston Parsons and Matthew Willer (former President) which defines a bonus share threshold as follows: should the Company meet or exceed a 2017 fiscal year EBITDA threshold of Cdn\$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 million 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 the year ended December 31, 2020, the Company settled 5,000,000 performance shares resulting from the issuance of 5,000,000 common shares. During the first half of 2021, the Company settled the remaining 1,000,000 performance shares.

**9. SUBSEQUENT EVENTS**

The Company evaluation subsequent events through the date of this Quarterly Report noting no reportable events.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto, and with our audited financial statements and notes thereto for the year ended December 31, 2020 found in the Form 10-K filed by Assure Holdings Corporation on March 30, 2021 (the "Form 10-K").*

*This Quarterly Report contains forward-looking statements, which are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Words such as "expects," "anticipates," "plans," "believes," "seeks," "estimates," "could," "would," "may," "intends," "targets" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Quarterly Report. The identification of certain statements as "forward-looking" is not intended to mean that other statements not specifically identified are not forward-looking. All statements other than statements about historical facts are statements that could be deemed forward-looking statements, including, but not limited to, statements that relate to our future revenue, growth rate, competitiveness, gross margins, expenditures, tax expenses, cash flows, our management's plans and objectives for our current and future operations, general economic conditions, the impact of the COVID-19 pandemic and related events, the impact of acquisitions on our financial condition and results of operations, and the sufficiency of financial resources to support future operations and capital expenditures.*

*Although forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks, uncertainties, and changes in condition, significance, value and effect, including those discussed under the heading "Risk Factors" in our annual report on Form 10-K and other documents we file from time to time with the Securities and Exchange Commission (the "SEC"), such as our quarterly reports on Form 10-Q and our current reports on Form 8-K. Such risks, uncertainties and changes in condition, significance, value and effect could cause our actual results to differ materially from those expressed herein and in ways not readily foreseeable. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report and are based on information currently and reasonably known to us. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report, other than as required by law. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.*

### 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 ("PEs"). These PEs 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, and Arizona. In April 2021, the Company entered into an asset purchase agreement with Sentry Neuromonitoring and other sellers, who have 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, from government loan programs, 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 PE 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.assureneuromonitoring.com](http://www.assureneuromonitoring.com), [www.sedar.com](http://www.sedar.com) and [www.otcm Markets.com](http://www.otcm Markets.com).

## COVID-19

Our business and results of operations have been, and continues to be, adversely affected by the global COVID-19 pandemic and related events and we expect its impact to continue. The impact to date has included periods of significant volatility in various markets and industries, including the healthcare industry. The volatility has had, and we anticipate it will continue to have, an adverse effect on our customers and on our business, financial condition and results of operations, and may result in an impairment of our long-lived assets, including goodwill, increased credit losses and impairments of investments in other companies. In particular, the healthcare industry, hospitals and providers of elective procedures have been and may continue to be impacted by the pandemic and/or other events beyond our control, and further volatility could have an additional negative impact on these industries, customers, and our business. In addition, the COVID-19 pandemic and, to a lesser extent, the impact on other industries, including automotive, electronics and real estate, increased fuel costs, U.S. restrictions on trade, and transitory inflation have impacted and may continue to impact the financial conditions of our customers and the patients they serve. In addition, actions by United States federal, state and foreign governments to address the COVID-19 pandemic, including travel bans, stay-at-home orders and school, business and entertainment venue closures, also had a significant adverse effect on the markets in which we conduct our businesses. COVID-19 poses the risk that our workforce, suppliers, and other partners may be prevented from conducting normal business activities for an extended period of time, including due to shutdowns or stay-at-home orders that may be requested or mandated by governmental authorities. We have implemented policies to allow our employees to work remotely as a result of the pandemic as we reviewed processes related to workplace safety, including social distancing and sanitation practices recommended by the Centers for Disease Control and Prevention. The COVID-19 pandemic could also cause delays in acquiring new customers and executing renewals and could also impact our business as consumer behavior changes in response to the pandemic.

Since the start of the second quarter of 2021, there has been increased availability and administration of vaccines against COVID-19, as well as an easing of restrictions on social, business, travel, and government activities and functions, and we have experienced a gradual resumption of economic activities in our industries. On the other hand, infection rates continue to fluctuate in various regions and new strains of the virus, including the Delta variant, remain a risk, which may give rise to implementation of restrictions in the geographic areas that we serve. In addition, there are ongoing global impacts resulting from the pandemic, including disruption of the supply chains, product shortages, increased delivery costs, increased governmental regulation, strains on healthcare systems, and delays in shipments, product development, technology launches and facility access.

We have been closely monitoring the COVID-19 pandemic and its impact on our business, including legislation to mitigate the impact of COVID-19 such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted in March 2020, and the American Rescue Plan Act of 2021 which was enacted in March 2021. Although a significant portion of our anticipated revenue for 2021 is derived from fixed-fee and minimum-guarantee arrangements, primarily from large, well-capitalized customers which we believe somewhat mitigates the risks to our business, our per-unit and variable-fee based revenue will continue to be susceptible to the volatility, supply chain disruptions, microchip shortages and potential market downturns induced by the COVID-19 pandemic.

The full extent of the future impact of the COVID-19 pandemic on the Company's operational and financial performance is uncertain and will depend on many factors outside the Company's control, including, without limitation, the timing, extent, trajectory and duration of the pandemic; the availability, distribution and effectiveness of vaccines; the spread of new variants of COVID-19; the continued and renewed imposition of protective public safety measures; the impact of COVID-19 on integration of acquisitions, expansion plans, implementation of telemedicine, restrictions on elective procedures, delays in payor remittance and increased regulations; and the impact of the pandemic on the global economy and demand for consumer products. Although we are unable to predict the full impact and duration of the COVID-19 pandemic on our business, we are actively managing our financial expenditures in response to continued uncertainty. Further discussion of the potential impacts on our business from the COVID-19 pandemic is provided under Part I, Item 1A – Risk Factors of the Form 10-K.

## RESULTS OF OPERATIONS

### Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020

The following table provides selected financial information from the condensed consolidated financial statements of income for the three months ended June 30, 2021 and 2020. All dollar amounts set forth in the table below are expressed thousands of dollars, except share and per share amounts.

	Three Months Ended June 30,		Change \$	Change %
	2021	2020		
<b>Revenue</b>				
Patient service fees, net	\$ 3,694	\$ (11,653)	\$ 15,347	(131.7)%
Hospital, management and other	2,528	917	1,611	175.7 %
Total revenue	6,222	(10,736)	16,958	(158.0)%
Cost of revenues	3,170	1,039	2,131	205.1 %
Gross margin	3,052	(11,775)	14,827	(125.9)%
<b>Operating expenses</b>				
General and administrative	3,963	1,711	2,252	131.6 %
Sales and marketing	166	163	3	1.8 %
Depreciation and amortization	387	261	126	48.3 %
Total operating expenses	4,516	2,135	2,381	111.5 %
Loss from operations	(1,464)	(13,910)	12,446	(89.5)%
<b>Other income/(expenses)</b>				
Loss from equity method investments	20	(1,110)	1,130	(101.8)%
Other income (loss), net	1	(4)	5	(125.0)%
Accretion expense	(120)	(207)	87	(42.0)%
Interest expense, net	(218)	(53)	(165)	311.3 %
Total other expense	(317)	(1,374)	1,057	(76.9)%
Loss before income taxes	(1,781)	(15,284)	13,503	(88.3)%
Income tax benefit	474	1,954	(1,480)	(75.7)%
Net loss	\$ (1,307)	\$ (13,330)	\$ 12,023	(90.2)%
<b>Loss per common share</b>				
Basic	\$ (0.02)	\$ (0.38)	\$ 0.36	(94.1)%
Diluted	\$ (0.02)	\$ (0.38)	\$ 0.37	(96.7)%
Weighted average number common shares – basic	57,949,285	34,795,313	23,153,972	66.5 %
Weighted average number common shares – diluted	57,949,285	34,795,313	23,153,972	66.5 %

### Revenue

Total revenues for the three months ended June 30, 2021 and 2020 were \$6.2 million and \$(10.7 million), respectively, net of implicit price concessions. As at June 30, 2021 and 2020, we recorded an allowance for implicit price concessions of \$1.1 million and \$15 million, respectively.

Patient service fee revenue is recognized in the period in which IONM services are rendered, at net realizable amounts due from third party payors when collections are reasonably assured and can be estimated. The majority of the Company's services are rendered on an out-of-network basis and billed to third party insurers. We record out-of-network technical and professional revenue (included in-Patient service fees, net) per case based upon our historical collection rates from private insurance carriers. Our revenue estimation process for out-of-network revenue is based on 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. The Company recognizes revenue from hospital and surgery center customers and certain PEs, for which the Company does not have an ownership interest in, on a contractual basis. Revenue from services rendered is recorded after services are rendered.

For the three months ended June 30, 2021, Assure managed 3,189 cases where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) compared to 2,087 cases where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) in the same period in the prior year, a 60% increase in case volume.

***Cost of Revenues***

Cost of revenues for the three months ended June 30, 2021 were \$3.2 million compared to \$1.0 million for the same period in 2020. Cost of revenues consist primarily of third-party billing fees, the cost of our internal billing and collection department, technologist wages, and medical supplies. Third-party billing fees are recorded as a percentage of revenue recorded and therefore, also vary materially when we changed our implicit price concessions estimate. Technologist wages and medical supplies vary with the number of neuromonitoring cases. The cost of our internal billing and collection department increased as we have ramped up this department and as the number of cases they are responsible for invoicing increases. During the three months ended June 30, 2021, the number of neuromonitoring cases increased 60% compared to the three months ended June 30, 2020, which increased cost of revenues year over year.

***General and administrative***

General and administrative expenses were \$4.0 million and \$1.7 million for the three months ended June 30, 2021 and 2020, respectively. The increase period-to-period was primarily related to higher legal fees in relation to our application to list on the NASDAQ, acquisition of Sentry and debt financing with Centurion, and increased head count as we continued to build an inhouse billing and collections function.

***Sales and marketing***

Sales and marketing expenses were consistent at \$166 thousand and \$163 thousand for the three months ended June 30, 2021 and 2020.

***Depreciation and amortization***

Depreciation and amortization expense was \$387 thousand and \$261 thousand for the three months ended June 30, 2021 and 2020, respectively. The increase is primarily related to the increase in ROU lease assets compared to the prior year.

***Loss from equity method investments***

Assure recognizes its pro-rata share of the net income (loss) generated by the non-wholly-owned PEs. During the three months ended June 30, 2021, the Company recognized \$20 thousand of income from equity method investments compared to \$1.1 million in losses for the three months ended June 30, 2020. The variance is primarily associated with recording of the previously mentioned implicit price concessions which were significantly larger in 2020 than 2021.

***Accretion expense***

The Company recorded accretion expense of \$120 thousand and \$207 thousand for the three months ended June 30, 2021 and 2020, respectively. The Company accretes the difference between the fair value of the Central Bank and Centurion debt and the face value of such debt over the term of the debt.

**Interest expense, net**

Interest expense, net was \$218 thousand for the three months ended June 30, 2021 compared to \$53 thousand for the three months ended June 30, 2020. The increase year-over-year is primarily due to higher outstanding debt balances and the amortization of debt issuance costs.

**Income tax benefit**

For the three months ended June 30, 2021 income tax benefit was \$474 thousand compared to \$1.9 million for the three months ended June 30, 2020. The Company's estimated annual tax rate is impacted primarily by the amount of taxable income earned in each jurisdiction the Company operates in and permanent differences between financial statement carrying amounts and the tax basis.

**Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020**

The following table provides selected financial information from the condensed consolidated financial statements of income for the six months ended June 30, 2021 and 2020. All dollar amounts set forth in the table below are expressed thousands of dollars, except share and per share amounts.

	<b>Six Months Ended June 30,</b>		<b>Change</b>	<b>Change</b>
	<b>2021</b>	<b>2020</b>	<b>\$</b>	<b>%</b>
<b>Revenue</b>				
Patient service fees, net	\$ 6,644	\$ (9,307)	\$ 15,951	(171.4)%
Hospital, management and other	4,343	2,904	1,439	49.6 %
Total revenue	10,987	(6,403)	17,390	(271.6)%
Cost of revenues	5,702	2,830	2,872	101.5 %
Gross margin	5,285	(9,233)	14,518	(157.2)%
<b>Operating expenses</b>				
General and administrative	7,095	3,896	3,199	82.1 %
Sales and marketing	501	452	49	10.8 %
Depreciation and amortization	672	520	152	29.2 %
Total operating expenses	8,268	4,868	3,400	69.8 %
Loss from operations	(2,983)	(14,101)	11,118	(78.8)%
<b>Other income/(expenses)</b>				
Loss from equity method investments	(3)	(1,217)	1,214	(99.8)%
Other income (loss), net	(2)	53	(55)	(103.8)%
Accretion expense	(215)	(392)	177	(45.2)%
Interest expense, net	(236)	(106)	(130)	122.6 %
Total other expense	(456)	(1,662)	1,206	(72.6)%
Loss before income taxes	(3,439)	(15,763)	12,324	(78.2)%
Income tax benefit	901	2,019	(1,118)	(55.4)%
Net loss	\$ (2,538)	\$ (13,744)	\$ 11,206	(81.5)%
<b>Loss per common share</b>				
Basic	\$ (0.04)	\$ (0.39)	\$ 0.35	(88.7)%
Diluted	\$ (0.04)	\$ (0.39)	\$ 0.36	(91.3)%
Weighted average number common shares – basic	57,002,355	34,795,313	22,207,042	63.8 %
Weighted average number common shares – diluted	57,002,355	34,795,313	22,207,042	63.8 %

### ***Revenue***

Total revenues for the six months ended June 30, 2021 and 2020 were \$11.0 million and \$(6.4million,) respectively, net of implicit price concessions. As at June 30, 2021 and 2020, we recorded an allowance for implicit price concessions of \$1.2 million and \$19.4 million, respectively.

Patient service fee revenue is recognized in the period in which IONM services are rendered, at net realizable amounts due from third party payors when collections are reasonably assured and can be estimated. The majority of the Company's services are rendered on an out-of-network basis and billed to third party insurers. We record out-of-network technical and professional revenue (included in-Patient service fees, net) per case based upon our historical collection rates from private insurance carriers. Our revenue estimation process for out-of-network revenue is based on 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. The Company recognizes revenue from hospital and surgery center customers and certain PEs, for which the Company does not have an ownership interest in, on a contractual basis. Revenue from services rendered is recorded after services are rendered.

For the six months ended June 30, 2021, Assure managed 5,983 where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) compared to 4,078 cases where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) in the same period in the prior year, a 47% increase in case volume.

### ***Cost of Revenues***

Cost of revenues for the six months ended June 30, 2021 were \$5.7 million compared to \$2.8 million for the same period in 2020. Cost of revenues consist primarily of third-party billing fees, the cost of our internal billing and collection department, technologist wages, and medical supplies. Third-party billing fees are recorded as a percentage of revenue recorded and therefore, also vary materially when we changed our implicit price concession estimate. Technologist wages and medical supplies vary with the number of neuromonitoring cases. The cost of our internal billing and collection department increased as we have ramped up this department and as the number of cases that they are responsible for invoicing increases. During the six months ended June 30, 2021, the number of neuromonitoring cases increased 47% compared to the six months ended June 30, 2020 which increased costs of revenues year over year.

### ***General and administrative***

General and administrative expenses were \$7.1 million and \$3.9 million for the six months ended June 30, 2021 and 2020, respectively. The increase period-to-period was primarily related to higher legal fees in relation to our application to list on the NASDAQ, acquisition of Sentry and debt financing with Centurion, and increased head count as we continued to build an inhouse billing and collections function. During the six months ended June 30, 2021, we incurred legal and audit expenses related to the filing of our registration statement on Form S-1 and our initial Form 10-K with the Securities and Exchange Commission which are nonrecurring expenses.

### ***Sales and marketing***

Sales and marketing expenses were \$501 thousand and \$452 thousand for the six months ended June 30, 2021 and 2020. The increase period-to-period was primarily related to investment in channel development.

### ***Depreciation and amortization***

Depreciation and amortization expense was \$672 thousand and \$520 thousand for the six months ended June 30, 2021 and 2020, respectively. The increase is primarily related to the increase in ROU lease assets compared to the prior year.

### ***Loss from equity method investments***

Assure recognizes its pro-rata share of the net loss generated by the non-wholly-owned PEs. During the six months ended June 30, 2021, the Company recognized \$3 thousand of losses from equity method investments compared to \$1.2 million for the six months ended June 30, 2020. The variance is primarily associated with recording of the previously mentioned implicit price concessions which were significantly larger in 2020 than 2021.



***Accretion expense***

The Company recorded accretion expense of \$215 thousand and \$392 thousand for the six months ended June 30, 2021 and 2020, respectively. The Company accretes the difference between the fair value of the Central Bank and Centurion debt and the face value of such debt over the term of the debt.

***Interest expense, net***

Interest expense, net was \$236 thousand for the six months ended June 30, 2021 compared to \$106 thousand for the six months ended June 30, 2020. The increase year-over-year is primarily due to higher outstanding debt balances.

***Income tax benefit***

For the six months ended June 30, 2021 income tax benefit was \$901 thousand compared to \$2.0 million for the six months ended June 30, 2020. The Company's estimated annual tax rate is impacted primarily by the amount of taxable income earned in each jurisdiction the Company operates in and permanent differences between financial statement carrying amounts and the tax basis.

**FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES**

Our cash position as at June 30, 2021 was \$4.0 million compared to the December 31, 2020 cash balance of \$4.4 million. Working capital was \$26.3 million as of June 30, 2021 compared to \$17.4 million at December 31, 2020. We rely on payments from multiple private insurers and hospital systems that have payment policies and payment cycles that vary widely. Because we are primarily an out-of-network biller to private insurance companies, the collection times for our claims can last in excess of 24 months.

For the six months ended June 30, 2021, we collected approximately \$6.8 million of cash from operations compared to collecting approximately \$7.0 million in the same prior year period. As at June 30, 2021, accounts receivable, which are recorded net of implicit price concessions, was \$18.6 million compared to \$15.0 million at December 31, 2020. We received \$234 thousand of cash distributions from its PE entities for the six months ended June 30, 2021 compared to \$287 thousand for the same prior year period.

We financed our operations primarily from revenues generated from services rendered and through equity and debt financings. We expect to meet our obligations for the next 12 months, through cash earned through operating activities, debt financings, and equity offerings.

Cash used in operating activities for the six months ended June 30, 2021 was \$6.3 million compared to \$23 thousand for the same period in the preceding year. Cash was used to fund operations (discussed above) and to fund our growth strategy.

Cash provided by investing activities of \$78 thousand for the six months ended June 30, 2021 was related to the PE distributions received offset by payments related to the Sentry acquisition. Cash used in investing activities of \$2.5 million for the six months ended June 30, 2020 was primarily related to payments against the Neuro-Pro acquisition partially offset by the distributions received from the PEs.

Cash provided by financing activities of \$5.8 million for the six months ended June 30, 2021 was due to \$7.4 million of net proceeds from the debenture, \$1.7 million of proceeds from the Payroll Protection Program loan, and \$832 thousand in proceeds from common share issuances, offset by \$4.1 million payments of bank debt. Cash provided by financing activities of \$2.8 million for the six months ended June 30, 2020 was primarily due to \$2.5 million of proceeds from the issuance of convertible debentures and \$1.2 million of proceeds from the payroll protection program, offset by \$826 thousand of payments of bank debt.

Our near-term cash requirements relate primarily to payroll expenses, trade payables, debt payments, capital lease payments, and general corporate obligations. Approximately 50% - 55% of the trade and other payables at June 30, 2021 and December 31, 2020 consist of accrued billing fees. These fees will not be due and payable until the underlying accounts receivable is collected which may be in the longer term.

*Debenture*

On June 10, 2021, the Company entered into definitive agreements to secure a credit facility under the terms of a commitment letter dated March 8, 2021 (the "Commitment Letter") with Centurion Financial Trust, an investment trust formed by Centurion Asset Management Inc. ("Centurion"). Under the terms of the Commitment Letter, Assure issued a debenture to Centurion, dated June 9, 2021 (the "Debenture"), with a maturity date of June 9, 2025 (the "Maturity Date"), in the principal amount of \$11 million related to a credit facility comprised of a \$6 million senior term loan (the "Senior Term Loan"), a \$2 million senior revolving loan (the "Senior Revolving Loan") and a \$3 million senior term acquisition line (the "Senior Term Acquisition Line" and together with the Senior Term Loan and the Senior Revolving Loan, the "Credit Facility"). The Senior Term Acquisition Line will be made available to the Company to fund future acquisitions, subject to certain conditions and approvals of Centurion. The Credit Facility matures in June 2025.

The principal amount of the Debenture drawn and outstanding from time to time shall bear interest both before and after maturity, default and judgment from the date hereof to the date of repayment in full at the rate of the greater of 9.50% or the Royal Bank of Canada Prime Rate plus 7.05% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any obligations are outstanding, the first of such payments being due July 2, 2021 for the period from the Advance to the date of payment, and thereafter monthly. The difference between the commitment and the amount of the Loan outstanding from time to time shall bear a standby charge, for the period between June 2021 and the end of the availability period, in the amount of 1.50% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any amount of the commitment remains available and undrawn, the first of such payments being due July 2, 2021. Interest on overdue interest shall be calculated and payable at the same rate plus 3% per annum.

With respect to the Senior Revolving Loan, Assure may prepay advances outstanding thereunder from time to time, with not less than 10 business days prior written notice of the prepayment date and the amount, in the minimum amount of \$250,000. Any amount of the Senior Revolving Loan prepaid may be re-advanced. With respect to the Senior Term Loan and Senior Term Acquisition Line, Assure may prepay the advances outstanding thereunder, without penalty or bonus, in an amount not to exceed 25% of the aggregate of all Advances then outstanding under the Term Loans, on each anniversary date of the first advance made hereunder, provided in each case with not less than 30 days written notice of the Company's intention to prepay on such anniversary date and the proposed prepayment amount. Any prepayments to the Term Loans other than those permitted in the immediately preceding sentence may only be made on 30 days prior written notice of the prepayment date and the amount, and are subject to the Company paying on such prepayment date a prepayment charge equal to the lesser of (i) twelve (12) months interest and (ii) interest for the months remaining from the prepayment date to the Maturity Date, on the amount prepaid at the interest rate in effect on the applicable Term Loan as of the date of prepayment. Any amount of the Term Loan prepaid may not be re-advanced.

The Credit Facility is guaranteed by the subsidiaries under the terms of the guarantee and secured by a first ranking security interest in all of the present and future assets of Assure and the Subsidiaries under the terms of the security agreement.

Assure paid Centurion on first Advance of the Loan a commitment fee of 2.25%, being \$248 thousand, made by withholding from the first advance.

A portion of the proceeds from the Debenture were utilized to repay the Central Bank line of credit and the Central Bank promissory note.

*Off-Balance Sheet Arrangements*

We have 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.

We have receivables from related parties and equity investments in PEs 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 PEs.

## **CRITICAL ACCOUNTING POLICIES**

We prepare our consolidated financial statements in conformity with GAAP. Application of GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes and within this MD&A. We consider our most important accounting policies that require significant estimates and management judgment to be those policies with respect to revenue, accounts receivable and income taxes, which are discussed below. Our other significant accounting policies are summarized in Note 2, “Basis of Presentation” and Note 3, “Summary of Significant Accounting Policies,” of the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on March 30, 2021.

We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. In general, our estimates are based on historical experience, evaluation of current trends, information from third-party professionals and various other assumptions that we believe to be reasonable under the known facts and circumstances. Estimates can require a significant amount of judgment and a different set of assumptions could result in material changes to our reported results.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable

## **ITEM 4. CONTROLS AND PROCEDURES**

### Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of, and with the participation of the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective in ensuring that (i) information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and (ii) information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

### Changes in Internal Controls

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020 and June 30, 2021. In making this assessment, our management used the criteria set forth in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our management assessment, we have concluded that, as of December 31, 2020, our internal controls over financial reporting were ineffective. Management noted inadequate controls over the review of the accounting for complex transactions and improper segregation of duties which management believes to be a material weakness. In response to the identified material weakness, during the first quarter of 2021, management has implemented a rigorous review process regarding the accounting for complex transactions and plans to remediate the segregation of duties during 2021.

## **PART II – OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities that are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole.

## ITEM 1A. RISK FACTORS

During the three months ended June 30, 2021 there were no material changes to the risk factors disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2020.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Item 2(b) and 2(c) are not applicable.

Item 2(a) – Stock Issuances

<b>2021</b>	<b>Total number of common shares issued</b>
April <sup>(1)</sup>	1,186,129
May	—
June <sup>(2)</sup>	907,795
Total	2,093,924

### *(1) Sentry Acquisition*

In connection with the acquisition of the Sentry Neuromonitoring, LLC (the “Seller”) assets, we issued to Seller or the Principals, as elected by Seller, shares of common stock of the Registrant with a value of \$1,625,000, determined on the Effective Date, as quoted on the TSX Venture Exchange (1,186,129 shares of common stock). In addition, the Registrant agreed to escrow, no event later than May 14, 2021, with an escrow agent, mutually selected by Purchaser and Seller, common stock of the Registrant with a value of \$650,000 (474,452 shares of common stock). The common stock is subject to a 12-month lock up beginning on the date actually delivered to Seller or the Principals. The common stock was issued pursuant to Section 4(a)(2) of the Securities Act of 1933 (“Securities Act”), as amended, and applicable state securities laws exemptions. The shares of common stock are “restricted securities” as defined in Rule 144 of the Securities Act.

### *(2) Other common share issuances*

#### Debt Settlement

In connection with the settlement of debt with an arm’s length service provider, the Registrant issued 75,000 shares of common stock at a deemed value of \$1.53 per share, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and applicable state securities laws exemptions. The shares of common stock are “restricted securities” as defined in Rule 144 of the Securities Act and subject to hold periods under applicable Canadian securities laws.

#### Common Stock

In connection with common share purchase agreements, the Registrant issued 780,162 shares of common stock at a deemed value of \$0.80 per share, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and applicable state securities laws exemptions. The shares of common stock are “restricted securities” as defined in Rule 144 of the Securities Act and subject to hold periods under applicable Canadian securities laws.

#### Debenture

In connection with the terms of the debenture (See Note 4 to our Condensed Consolidated Financial Statements), the Registrant issued 1,375,000 non-transferrable common share purchase warrants, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and applicable state securities laws exemptions. The shares of common stock are “restricted securities” as defined in Rule 144 of the Securities Act and subject to hold periods under applicable Canadian securities laws.

### Convertible Debenture

In connection with the terms of the convertible debenture (See Note 5 to our Condensed Consolidated Financial Statements), the Registrant issued 52,633 shares of common stock pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, and applicable state securities laws exemptions. The shares of common stock are “restricted securities” as defined in Rule 144 of the Securities Act and subject to hold periods under applicable Canadian securities laws.

### *Rule 701 Compensatory Grants and Issuances*

During April 2021, we granted 150,000 options to purchase shares of common stock, based on a 5-year term at a strike price of US\$1.12 (C\$1.40), to a newly appointed director pursuant to Rule 701 of the Securities Act.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

### **ITEM 5. OTHER INFORMATION**

#### *Credit Facility*

As previously reported on Form 8-K filed on June 16, 2021, we entered intcdefinitive agreements to secure a credit facility with Centurion Financial Trust, an investment trust formed by Centurion Asset Management Inc. (“Centurion”). Assure issued a Debenture to Centurion, dated June 9, 2021, with a maturity date of June 9, 2025, in the principal amount of US\$11,000,000 related to a credit facility comprised of a US\$6,000,000 senior term loan, a US\$2,000,000 senior revolving loan and a US\$3,000,000 senior term acquisition line (the “Credit Facility”). The Credit Facility is guaranteed by certain Assure subsidiaries.

#### *Adoption of Code of Business Conduct and Ethics*

On August 11, 2021, the Board of Directors adopted a Code of Business Conduct and Ethics, which replaces our prior Code of Ethics.

**ITEM 6. EXHIBITS**

<u>Exhibit Number</u>	<u>Description</u>
3.1	<a href="#">Articles of Incorporation of Montreux Capital Corp. dated May 15, 2017 (incorporated by referenced to Exhibit 3.1 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
3.2	<a href="#">Articles of Domestication (from British Columbia to State of Nevada) dated May 15, 2017 (incorporated by referenced to Exhibit 3.2 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
3.3	<a href="#">Certificate of Amendment to Articles of Incorporation (Name Change) of Montreux Capital Corp. dated May 17, 2017 (incorporated by referenced to Exhibit 3.3 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
3.4	<a href="#">Bylaws of Assure Holdings Corp. (incorporated by referenced to Exhibit 3.4 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
4.1	<a href="#">Description of Securities (incorporated by referenced to Exhibit 4.1 to the Company's Form 10-K filed with the SEC on March 30, 2021)</a>
10.1*	<a href="#">Share Exchange Agreement among Montreux Capital Corp. and Assure Holdings Inc. dated May 16, 2017 (incorporated by referenced to Exhibit 10.1 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.2*	<a href="#">Stock Grant Agreement between Assure Neuromonitoring and Preston Parsons dated June 15, 2016 (incorporated by referenced to Exhibit 10.2 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.3	<a href="#">Stock Grant Agreement between Assure Neuromonitoring and Matthew Willer dated June 15, 2016 (incorporated by referenced to Exhibit 10.3 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.4	<a href="#">Employment Agreement between Assure Holdings Corp. and Preston Parsons dated November 7, 2016 (incorporated by referenced to Exhibit 10.4 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.5	<a href="#">Employment Agreement between Assure Holdings Corp. and John Farlinger dated June 1, 2018 (incorporated by referenced to Exhibit 10.5 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.6	<a href="#">Executive Employment Agreement between Assure Holdings Corp. and Trent Carman (incorporated by referenced to Exhibit 10.6 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.7	<a href="#">Debt Settlement Agreement between Assure Holdings Corp. and Preston Parsons dated August 16, 2018 (incorporated by referenced to Exhibit 10.7 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.8	<a href="#">Share Grant Amendment and Transfer Agreement between Assure Holdings Corp. and Preston Parsons dated March 4, 2020 (incorporated by referenced to Exhibit 10.8 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.9	<a href="#">Form of Stock Grant Agreement dated December 29, 2020 (incorporated by referenced to Exhibit 10.9 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.10	<a href="#">Loan Agreement between Assure Holdings Corp. and Central Bank &amp; Trust, part of Farmers &amp; Stockmens Bank, dated August 12, 2020 (incorporated by referenced to Exhibit 10.10 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.11	<a href="#">Guaranty Agreement between Subsidiaries of Assure Holdings Corp. and Central Bank &amp; Trust, part of Farmers &amp; Stockmens Bank, dated August 12, 2020 (incorporated by referenced to Exhibit 10.11 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.12	<a href="#">Security Agreement between Assure Holdings Corp. and Central Bank &amp; Trust, part of Farmers &amp; Stockmens Bank, dated August 12, 2020 (incorporated by referenced to Exhibit 10.12 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.13	<a href="#">Promissory Note of Assure Holdings Corp. to Central Bank &amp; Trust, part of Farmers &amp; Stockmens Bank, dated August 12, 2020 (incorporated by referenced to Exhibit 10.13 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>

[Table of Contents](#)

<u>Exhibit Number</u>	<u>Description</u>
10.14	<a href="#">Securities Purchase Agreement among Assure Holdings Corp. and Selling Shareholders dated December 1, 2020 (incorporated by referenced to Exhibit 10.14 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.15	<a href="#">Registration Rights Agreement among Assure Holdings Corp. and Selling Shareholders dated December 1, 2020 (incorporated by referenced to Exhibit 10.15 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.16	<a href="#">Stock Option Plan, as amended (approved on December 10, 2020)(incorporated by referenced to Exhibit 10.16 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.17	<a href="#">Equity Incentive Plan (approved on December 10, 2020)(incorporated by referenced to Exhibit 10.17 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
10.18	<a href="#">Paycheck Protection Promissory Note(incorporated by referenced to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on March 2, 2021)</a>
10.19	<a href="#">Asset Purchase Agreement dated April 30, 2021 (incorporated by referenced to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on May 6, 2021)</a>
10.20	<a href="#">Commitment Letter dated March 8, 2021 (incorporated by referenced to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on June 16, 2021)</a>
10.21	<a href="#">Debenture dated June 9, 2021 (incorporated by referenced to Exhibit 10.2 to the Company's Form 8-K filed with the SEC on June 16, 2021)</a>
10.22	<a href="#">Guarantee dated June 9, 2021 (incorporated by referenced to Exhibit 10.3 to the Company's Form 8-K filed with the SEC on June 16, 2021)</a>
10.23	<a href="#">Security Agreement dated June 9, 2021 (incorporated by referenced to Exhibit 10.4 to the Company's Form 8-K filed with the SEC on June 16, 2021)</a>
10.24	<a href="#">Contract Assignment dated June 9, 2021 (incorporated by referenced to Exhibit 10.5 to the Company's Form 8-K filed with the SEC on June 16, 2021)</a>
10.25	<a href="#">Form of Warrant dated June 9, 2021 (incorporated by referenced to Exhibit 10.6 to the Company's Form 8-K filed with the SEC on June 16, 2021)</a>
14.1+	<a href="#">Code of Ethics</a>
21.1	<a href="#">Subsidiaries of the Company (incorporated by referenced to Exhibit 21.1 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>
31.1+	<a href="#">Certification of the Principal Executive Officer pursuant to Rule 13a-14 of the Exchange Act</a>
31.2+	<a href="#">Certification of the Principal Financial Officer pursuant to Rule 13a-14 of the Exchange Act</a>
32.1++	<a href="#">Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2++	<a href="#">Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS+	Inline XBRL Instance Document
101.SCH+	Inline XBRL Schema Document
101.CAL+	Inline XBRL Calculation Linkbase Document
101.DEF+	Inline XBRL Definition Linkbase Document
101.LAB+	Inline XBRL Label Linkbase Document
101.PRE+	Inline XBRL Presentation Linkbase Document
104+	The cover page of the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, formatted in Inline XBRL (contained in Exhibit 101)

+ Filed  
herewith.  
++ Furnished  
herewith.

\* Indicates a management contract or compensatory plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ASSURE HOLDINGS CORP.**

By: /s/ John Farlinger  
John Farlinger, Executive Chairman and Chief Executive Officer  
(Principal Executive Officer)

Date: August 16, 2021

By: /s/ John Price  
John Price, Chief Financial Officer (Principal Financial Officer)

Date: August 16, 2021





## **ASSURE HOLDINGS CORP. CODE OF BUSINESS CONDUCT AND ETHICS**

### **1. Purpose of this Code**

This Code of Business Conduct and Ethics (the “Code”) is intended to document the principles of conduct and ethics to be followed by Assure Holdings Corp. (“Assure” or the “Company”) employees, officers and directors. Its purpose is to:

- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Promote avoidance of conflicts of interest, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Promote full, fair, accurate, timely and understandable disclosure in reports and documents that Assure files with, or submits to, the securities regulators and in other public communications made by Assure;
- Promote compliance with applicable governmental laws, rules and regulations;
- Promote the prompt internal reporting to an appropriate person of violations of this Code;
- Promote accountability for adherence to this Code;
- Provide guidance to employees, officers and directors to help them recognize and deal with ethical issues;
- Provide mechanisms to report unethical conduct; and
- Help foster Assure’s culture of honesty and accountability.

The Company requires all its contractors, employees, officers and directors to be familiar with and adhere to this Code. This Code has been adopted pursuant to U.S. and Canadian securities laws and stock exchange rules, including Item 406 of Regulation S-K and Section 5601 of the Nasdaq Listing Rules.

This code is not the exclusive source of guidance and information regarding the conduct of business. Assure expects compliance with applicable law and all other company policies and procedures that may apply, many of which supplement this Code by providing more detailed guidance.

Violations of this Code are grounds for disciplinary action up to and including immediate termination of employment and possible legal prosecution. Employees are expected to promptly

report violations of the Code and assist and co-operate with audits and investigations related to the Code and other policies of the Company.

## **2. Responsibility**

This Code outlines a framework of guiding principles. As with any statement of policy, the exercise of judgment is required in determining the applicability of this Code to each individual situation.

It is the responsibility of every Assure employee, officer and director to read and understand the Code. Individuals must comply with the Code in both letter and spirit. Ignorance of the Code will not excuse individuals from its requirements.

Never engage in behavior that harms the reputation of Assure.

## **3. Application and Monitoring**

This Code applies to all directors, officers and employees of the Company and its subsidiaries (who are referred to collectively as “**employees**”).

Employees are expected to comply with all aspects of this Code and to support others in doing so.

Employees with executive or managerial responsibilities:

- Must ensure that the Code is communicated to and understood by employees reporting to him or her; and
- Are required to sign an annual acknowledgement of adherence to the Code.

In the event that an individual violates this Code, Company policies and procedures, or any of the laws that govern the Company’s business, the Company will take immediate and appropriate action up to and including termination of employment, claims for reimbursement of losses or damages and reference to criminal authorities.

The Code contains policy statements for key areas of business conduct. The Code addresses many of the issues of concern to the Company, but cannot be exhaustive. Employees are encouraged to seek guidance from management or legal advice from Company counsel on issues that are not fully addressed in the Code.

In some cases, lengthy policy statements have been condensed for easy reference. In other cases, more detailed guidelines or specific procedures are available from other sources as noted in the Code.

A request for a waiver of any provisions of the Code shall be in writing and shall be addressed to and reviewed by the Audit Committee. Any change in or waiver of the Code must however be approved by the Board.

#### **4. Compliance with Law**

Each employee, officer and director must at all times comply fully with applicable laws and regulations, and should avoid any situation that could be perceived as improper, unethical or indicate a casual attitude towards compliance with the law.

No employee, officer or director shall commit or condone an illegal act or instruct another employee to do so.

No employee, officer or director shall create or condone the creation of a false record. No employee shall destroy or condone the destruction of a record, except in accordance with Company policies.

Employees, officers and directors are expected to be sufficiently familiar with any legislation or regulation that applies to their duties and shall recognize potential liabilities, seeking advice where appropriate.

Employees are encouraged to seek guidance from management or legal advice from Company counsel if they are unclear about laws or regulations relating to their work. In those circumstances where timely guidance or legal advice is not available, employees should conduct themselves in a manner which would permit full public disclosure.

#### **5. Conflicts of Interest**

Employees, officers and directors of Assure shall avoid situations where their personal interest could, or could appear to, conflict with the interests of the Company and its shareholders. Conflicts of interest can arise where an individual's position or responsibilities with the Company present an opportunity for personal gain apart from the normal rewards of employment, to the detriment of the Company. They can also arise where an employee's, director's or officer's personal interests are inconsistent with those of the Company and create conflicting loyalties. Such conflicting loyalties can cause an employee, officer or director to give preference to personal interests in situations where corporate responsibilities should come first. Employees, officers and directors, shall perform the responsibilities of their positions on the basis of what is in the best interests of the Company and free from the influence of personal considerations and relationships.

Ownership or an ownership interest in a competing or complementary business might create, or appear to create, a conflict. Employees, directors and officers are therefore required to disclose, in writing, all business, commercial or financial interests or activities where these might reasonably be regarded as creating an actual or potential conflict with their duties as employees of the Company.

Officers and employees shall not accept an appointment to a board of directors, standing committee or similar body of a public or private company or organization (other than industry, professional, social, charitable, educational, religious or political organization) without prior approval of the Chief Executive Officer of the Company or the Board of Directors, as applicable, to ensure that no possible conflict of interest might result from the acceptance of such an appointment.

In the event that any potential conflict of interest arises and the individual involved is an employee of the Company, the individual involved must immediately notify their immediate supervisor and the Audit Committee. If such individual is a director of the Company, the Chairman of the Board of Directors or, in the absence of a Chair, all of the members of the Board of Directors must be

immediately notified. If the conflicted individual is the Chair of the Board of Directors, then all of the members of the Board of Directors must be notified.

While it is not possible to detail every situation where conflicts of interest may arise, the following policies cover the areas that have the greatest potential for conflict:

- *Speculation in Company Securities and Use of Inside Information*

There are numerous laws, rules and regulation, both federal, state and provincial, regulating transactions in corporate securities and the securities industry. Violation of these laws may lead to civil and criminal actions against the individual and the company involved. All employees, officers and directors will take all steps to be in compliance with such laws and in order to do so will adhere to the Company's Communications and Corporate Disclosure Policy and Insider Trading Policy.

- *Personal Financial Interest*

An employee shall not accept for themselves, or for the benefit of any relative or friend, any payments, loans, services, favors involving more than ordinary social amenity, or gifts of more than nominal value from any organization doing or seeking to do business with the Company, except in accordance with this Code and within normal business practices or in circumstances whereby such exceptions have been approved by the Audit Committee.

## **6. Fraud and Bribery**

The Company is committed to the highest level of honesty and integrity and therefore does not tolerate fraud or bribery.

Fraud can include a wide range of activities, such as falsifying books, records or timesheets, embezzlement, skimming and misappropriating the Company's assets (including such things as proprietary information and corporate opportunities) for personal gain.

The *Corruption of Foreign Public Officials Act* (Canada) and *Foreign Corrupt Practices Act of 1977* (U.S.) prohibit the bribing of government officials in order to obtain or retain business. Both contain definitions of bribes, and are broadly worded to capture any form of benefit or value that may be given to a government official for the official's personal benefit. It can be a gift or actual payment, the offer of either a gift or payment or even an agreement to pay any loan, reward, advantage or benefit of any kind. Similarly both laws include a broad definition of government official, sweeping in even low-level employees at commercial ventures. And both laws prohibit paying indirectly when it is not permissible to pay directly, i.e. third-party intermediaries cannot be used to pay bribes.

There are serious criminal and civil consequences for fraud and bribery, including fines and imprisonment, and we consider fraud and the payment of bribes or other corrupt activity serious misconduct and are grounds for dismissal.

## **7. Fair Dealing**

Employees and directors should endeavor to deal fairly with Assure's clients, service providers, suppliers, and employees. No employee or director should take unfair advantage of anyone through

manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any unfair dealing practice.

## 8. Dealing with Suppliers

The Company is a valuable customer for many suppliers of goods, services and facilities. People who want to do business, or to continue to do business, with the Company must understand that all purchases by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs.

- *"Kickbacks" and Rebates*

Purchases of goods and services by the Company must not lead to employees, officers or directors, or their families, receiving any type of personal kickbacks or rebates. Employees, officers or directors, or their families, must not accept any form of "under-the-table" payment.

- *Receipt of Gifts and Entertainment*

Even when gifts and entertainment are exchanged out of the purest motives of personal friendship, they can be misunderstood. They can appear to be attempts to bribe the Company's employees, officers or directors into directing business of the Company to a particular supplier. To avoid both the reality and the appearance of improper relations with suppliers or potential suppliers, the following standards will apply to the receipt of gifts and entertainment by employees, officers and directors of the Company:

- Gifts

Employees, officers and directors are prohibited from soliciting gifts, gratuities, or any other personal benefit or favor of any kind from suppliers or potential suppliers. Gifts include not only merchandise and products but also personal services and tickets to sports or other events. The Company acknowledges however that as part of normal good business relationships, suppliers may offer tickets to sports and other events, meals and other forms of normal client development gifts or services. Employees, officers and directors are prohibited from accepting gifts of money.

Employees, officers and directors may accept unsolicited non-monetary gifts provided they are appropriate and customary client development gifts for the industry, are not reasonably considered extravagant for the employee, officer or director and does not violate any applicable law. Any gift falling outside of the above guidelines must be reported to the Company's Audit Committee to determine whether it can be accepted.

- Entertainment

Employees, officers and directors shall not encourage or solicit entertainment from any individual or company with whom the Company does business. Entertainment includes, but is not limited to, activities such as dining, attending, sporting or other special events and travel.

From time-to-time employees, officers and directors may accept unsolicited entertainment, but only under the following conditions:

- the entertainment occurs infrequently; and
- it arises out of the ordinary course of business.

Employees may provide reasonable entertainment for business purposes in accordance with local business practices. Entertainment provided should be of a nature that avoids embarrassment and would not reflect unfavorably on the Company or the recipient, if subjected to public scrutiny.

## **9. Dealing with Public Officials**

Domestic and foreign laws and regulations may require the Company to be in contact with public officials on a wide variety of matters. Employees, officers and directors who regularly make these contacts have special responsibilities for upholding the Company's good name.

No employee shall make any form of payment, direct or indirect, to any public official as inducement to procuring or keeping business or having a law or regulation enacted, defeated, or violated. For more information, see Section 6 - *Fraud and Bribery*.

When not prohibited by law, employees, officers and directors are allowed to give to public officials gifts where the presentation and acceptance of gifts is an established custom and a normal business practice. All such gifts shall be of reasonable value and the presentation approved in advance by the Company's Chief Executive Officer. Moreover, such gifts must be presented in a manner that clearly identifies the Company and the occasion that warrants the presentation.

On special ceremonial occasions, senior officers of the Company may publicly give gifts of more than nominal value to public institutions and public bodies. Such gifts can commemorate special events or milestones in the Company's history.

From time-to-time employees, officers and directors may entertain public officials, but only under the following conditions:

- it is legal and permitted by the entity represented by the official;
- the entertainment is not solicited by the public official;
- the entertainment occurs infrequently;
- it arises out of the ordinary course of business;
- it does not involve lavish expenditures, considering the circumstances; and
- the settings and types of entertainment are reasonable, appropriate and fitting to our employees, officers or directors, their guests, and the business at hand.

The Company may from time-to-time make donations to charities or non-governmental organizations that do good work that benefit the community as a whole or to particular institutions such as a school, college or university. Such donations require prior Board approval if above \$10,000.

Any political contribution, whether by the Company or by an employee, must comply with provincial, state and federal campaign finance laws, including the prohibition of using employees to circumvent limits on corporate donations. The Company will not reimburse employees' personal political contributions. Such political contributions require prior Board approval if above \$10,000.

#### **10. Equal Opportunity**

There shall be no discrimination against any employee or applicant because of race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap (unless demands of the position are prohibitive). All employees, officers and directors will be treated with equality during their employment without regard to their race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap, in all matters, including employment, upgrading, promotion, transfer, layoff, termination, rates of pay, selection for training and recruitment. The Company will maintain a work environment free of discriminatory practice of any kind.

No employee shall have any authority to engage in any action or course of conduct or to condone any action or course of conduct by any other person which shall in any manner, directly or indirectly, discriminate or result in discrimination in the course of one's employment, termination of employment, or any related matter where such discrimination is, directly or indirectly, based upon race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap.

#### **11. Safety, Environmental, and Social Responsibility**

The Company recognizes and believes that its operations should be designed and managed to protect the natural surroundings, provide a safe and healthy work environment, and permit the responsible and cost-effective extraction of natural resources. The Company intends to comply with all applicable legislation and regulations and to match industry best practices in its operations.

Specifically, the Company will:

- Include safety, environmental, and social responsibility considerations in its business decisions and practices;
- Provide a safe and healthy workplace for its contractors and employees;
- Strive to use resources efficiently in its operations and dispose of wastes using generally accepted processes and in approved facilities;
- Make every effort to minimize the impact of its operations on the environment and reclaim disturbed areas on a planned and timely basis;
- Work actively with Governments and the public to find reasonable solutions to environmental problems and develop sound environmental standards.

The Company will implement these standards by developing and maintaining management systems and procedures designed to:

- Provide employees with the necessary guidelines and training;
- Require contractors and employees to abide by this policy, follow procedures and be accountable for their actions and set goals by which to measure their performance.

## **12. Use of Agents and Non-Employees, Officers and Directors**

Agents or other non-employees cannot be used to circumvent the law. Employees, officers and directors will not retain agents or other representatives to engage in practices that run contrary to this Code.

## **13. Employee Relations**

Assure believes that a strong, enthusiastic workforce is critical to its success. The Company strives to ensure that all employees and contractors are treated fairly and recognize that the work conditions of Assure's employees, their wages and their job satisfaction have deep impacts not only on the employees themselves, but also on their families, the communities in which they live and on the environment. As such, Assure believes that it is in the best interest of all parties to work together in a respectful and understanding manner and Assure is committed to providing an environment that is frank and open and provides equal opportunities to its employees.

Directors, officers and employees will:

- treat each other and members of the community in which the Company operates with respect and courtesy; and
- keep the workplace free from harassment.

Assure does not condone the use of factors such as race, religion, age, color, cultural and socioeconomic background, gender, sexual orientation or ethnicity as the basis for decisions related to hiring, promotions, pay or terminations, nor should directors, officers or employees allow physical disabilities to form the basis of work-related decisions, unless the disability interferes with a person's ability to perform a job in a safe and effective manner and the disability cannot reasonably be accommodated.

## **14. Employee Harassment or Discrimination**

The Company is committed to providing a workplace free of harassment and this is broadly defined to include sexual harassment.

Harassment includes, but is not limited to, the following: slurs, jokes, statements, gestures, assaults, pictures, drawings, or cartoons, based upon an employee's sex, race, color, national origin, religion, age, physical disability, mental disability, medical condition, ancestry, marital status, sexual orientation, family care or medical leave status, veteran status, or any other basis protected by federal or state laws.



Sexually harassing conduct in particular may include all of these prohibited actions, as well as other unwelcome conduct, such as requests for sexual favors, conversation containing sexual comments, sending messages via electronic means such as emails, and other unwelcome sexual advances. Sexually harassing conduct can be by a person of either the same or opposite sex.

Similarly, the Company will not tolerate harassment of contractors' employees with whom the Company has a business, service, or professional relationship.

### **15. Prohibited Substances**

The Company has a policy of "zero tolerance" as it relates to the use of prohibited substances.

The Company believes that its operations should provide a safe and healthy work environment for its employees. As such, the Company recognizes that substance abuse or the use of illicit drugs and the inappropriate use of alcohol, medications or certain banned substances can have serious adverse effects on the well-being of employees and their performance at work where safety is of the utmost importance. Substance abuse in the workplace can also cause several other work-related problems, including absenteeism and tardiness, substandard job performance, increased workload for coworkers or behavior that impacts other employees.

### **16. Company Records, Control Systems and Financial Reporting**

The Company's record keeping and control systems are critical components of our business and the integrity of such systems must be maintained at all times.

The Company will maintain the integrity of records and financial reporting. All assets, liabilities and transactions must be accurately and completely reported in the books and supported by necessary documentation in accordance with generally accepted accounting principles, including international financial reporting standards. No one will ever consider concealing or falsifying any records or manipulating or destroying records for the purpose of impeding or obstructing any investigation undertaken by the Company or a governmental body. No employee would ever act in a way that might fraudulently influence or mislead anyone engaged in the performance of an audit of the Company's financial statements.

We understand that the integrity of records is critical, and we will develop a records management policy and records retention policy.

Customers, investors and the public should have such information about the Company as is necessary for them to judge adequately the Company and its activities. The Company therefore believes in full, accurate, timely and understandable reporting to regulatory agencies as required by law.

Employees must provide prompt, accurate answers to inquiries from regulatory agencies related to the Company's public disclosure requirements.

If any employee, officer or director of the Company has concerns or complaints regarding accounting or auditing issues, he or she is encouraged to submit those concerns under the Company's Whistle Blower Policy.

## **17. Use of Corporate Assets**

Proper use of Company property is everyone's responsibility. All employees have an obligation to protect the Company's assets and ensure their efficient and careful use.

Assure's property includes real and tangible items such as land, buildings, furniture, fixtures, equipment, supplies, and vehicles, and also includes intangible items such as data, computer systems, reports, information, patents, trademarks, copyrights, logos, name, goodwill, opportunity and reputation.

Employees cannot appropriate a corporate opportunity or corporate property, arising out of their relationship with the Company, for their own personal benefit.

Theft, carelessness and waste have a direct impact on the Company's financial performance. Report any suspected incident of fraud or theft to any member of management, including the Chief Executive Officer.

E-mail systems and internet services are provided to assist employees in the performance of their duties.

Incidental or occasional personal use is permitted, but never for personal gain or improper purpose. As email may not be entirely secure, employees must exercise caution and etiquette when sending email correspondence. Employees' messages (including voice mail), computer information and communication records are considered property of the Company and employees should not have any expectation of privacy. Unless prohibited by law, the Company reserves the right to access and disclose this information as necessary for business purposes.

Never borrow or remove Company property without management's permission.

Exercise prudence and good judgment when incurring and approving business expenses and ensure that such expenses are reasonable, bona fide and appropriate and serve Assure's business interests.

Never use Assure's assets in an illegal or improper manner or for an illegal or improper purpose.

## **18. Confidential or Proprietary Information**

The Company's records, reports, papers, processes and plans are proprietary and confidential. Employees are prohibited from revealing information concerning such matters without proper authorization. This does not apply to information that is in the public record.

Proprietary information developed by or acquired by the Company, including trade secrets and other technical, financial and business information, is a valuable asset that must be kept confidential and protected against theft, loss or misuse. Confidential or proprietary information must never be used for personal gain.

Confidential information acquired from third parties pursuant to a confidentiality agreement must be used for authorized purposes only. Conversely, the disclosure of proprietary information to third parties must be made subject to the completion of a confidentiality agreement restricting the recipient from disclosing or using the information in an unauthorized manner.

The Company retains the exclusive proprietary right to any information developed by employees in the course of their employment with the Company. Examples may include inventions, designs, discoveries or the development of particular software.

The foregoing obligations of confidentiality are subject to applicable whistleblower laws, which protect your right to provide information to governmental and regulatory authorities. You are not required to seek the Company's permission or notify the Company of any communications made in compliance with applicable whistleblower laws, and the Company will not consider such communications to violate this or any other Company policy or any agreement between you and the Company.

Further guidance is provided in the Company's Communications and Corporate Disclosure Policy.

### **19. Company Information Systems**

The Company's computer and information systems are valuable assets of the Company. The Company therefore has a policy intended to protect the integrity of systems and data.

Company employees must adhere to the following policy when conducting business on the wide range of information systems the Company uses, e.g. voice mail, email, the Internet, facsimile and others:

- Employees are responsible for protecting and maintaining the confidentiality of Company information, which is communicated and stored using these systems.
- Employees have access to Company information systems to assist them in performing their jobs. Personal use should be avoided.
- All software used on Company computers must be properly licensed. Employees who illegally copy software in the course of their employment expose not only themselves, but also the Company to potential significant liability as an employer may be held liable for the actions of its employees.
- Employees are not permitted to load software onto computers provided by the Company without permission of the Chief Financial Officer of the Company.
- Messages created, sent and received and stored on the email system are considered Company property. The Company reserves the right to access messages although it is not Company policy to indiscriminately access such messages.
- Offensive material, e.g. pornography, hate literature, etc., is not permitted on Company systems.
- Sensitive transactions must not be conducted electronically unless an appropriate level of security is used to protect the confidentiality of the material.

The Company provides computers and other office equipment for the use of employees for doing their work assignments. The Company also provides employees with access to the Company computer server and the Internet. The Company makes it perfectly clear that these devices are provided to employees to enhance their capabilities at work and for the purpose of assisting employees to be more efficient so that the Company can be more competitive. These devices are supplied to employees on the understanding that they will be used for business purposes only and that no other purpose is intended for these devices.

## **20. Insider Trading in Shares of the Company**

The Company has adopted an Insider Trading Policy, which applies to the Company's employees, officers and directors.

## **21. Communication with the Media and Other Members of the Public**

The Company is committed to ensuring that disclosure made by the Company to its shareholders and to the public in general, and in reports and documents it files with appropriate securities commissions, (i) is made in a timely manner, (ii) is full, fair, accurate and understandable, and (iii) is broadly disseminated in accordance with all applicable legal and regulatory requirements.

Further guidance is provided in the Company's Communications and Corporate Disclosure Policy and Insider Trading Policy.

## **22. Duties with Respect to Reporting**

Directors, officers and employees have a responsibility to immediately report to management any activity that:

- he or she believes contravenes the law;
- represents a breach of this Code;
- represents a misuse of our funds or assets; or
- represents a danger to the health and safety of our employees, contractors or public, or to the environment;

and are also responsible for helping to identify and raise potential issues before they arise.

Anyone who becomes aware of any existing or potential violation of this Code should promptly notify his or her supervisor. If reporting to your supervisor is not practical or if this does not resolve the issue, employees may take their concern to the Chief Financial Officer or Chair of the Audit Committee (see below for details)

All reports made under this Code will be treated in confidence and involve only those individuals necessary to conduct an investigation into the matter.

Retaliation in any form against an individual who reports a violation of this Code or of law in good faith, or who assists in the investigation of a reported violation, is itself a serious violation of this Code. Acts of retaliation should be reported immediately to your supervisor or management and will be disciplined appropriately.

The Chief Financial Officer and the Nomination and Corporate Governance Committee will retain, on a confidential basis, any complaints received for a period of six years.

**John Price**  
Chief Financial Officer  
E-mail: john.price@assureiom.com

**Martin Burian**  
Nomination and Corporate Governance  
Committee Chair  
E-mail: martin.burian@assureiom.com

**Assure Holdings Corp. reserves the right to modify or amend this Code at any time as it may deem necessary.**

### **23. Amendment, Modification and Waiver**

The Nomination and Corporate Governance Committee will review this Code annually and make a recommendation of proposed changes, if any, to the Board of Directors. This Code may be amended, modified or waived by the Board of Directors and certain waivers may also be granted by the Audit Committee. Any waiver of this Code for executive officers or directors must be approved by the Board of Directors and promptly disclosed pursuant to applicable securities laws and the rules of stock exchanges on which the Company is listed.

Employees, officers and directors will be fully informed of any material revisions to the Code.

*Effective as of August 11, 2021.*

## COMPLIANCE CERTIFICATE

I have read and understand the Assure Holdings Corp. Code of Business Conduct and Ethics (the "**Code**"). I will adhere in all respects to the ethical standards described in this Code. I further confirm my understanding that any violation of this Code will subject me to appropriate disciplinary action, which may include reprimand, suspension, or discharge. Execution of this certificate does not constitute a waiver of any other rights I may have by law or contract.

I have not violated the provisions of this Code and am not aware of any violations of the Code as of the date hereof.

Date: \_\_\_\_\_

By: \_\_\_\_\_

(Signature)

Name:

(please print)

Job Title:

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, John Farlinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Assure Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

By: /s/ John Farlinger

Name: John Farlinger

Title: Chief Executive Officer

---

## CERTIFICATIONS

I, John Price, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Assure Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2021

/s/ John Price

Name: John Price  
Chief Financial Officer  
(Principal Financial Officer)

---



**STATEMENT PURSUANT TO  
18 U.S.C. SECTION 1350  
AS REQUIRED BY  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Assure Holdings Corp. (the "Company") on Form 10-Q for the period ending June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934;  
and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 16, 2021

/s/ John Farlinger

Name: John Farlinger

Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Assure Holdings Corp. and will be retained by Assure Holdings Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

---

