UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended September 30, 2022
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: 001-40785

ASSURE HOLDINGS CORP.
(Exact Name of Registrant as Specified in its Charter)

Nevada	**82-2726719**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7887 E. Belleview Ave., Suite 500 Denver, Colorado	**80111**
(Address of Principal Executive Offices)	(Zip Code)

(720) 287-3093
(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	IONM	Nasdaq Stock Market LLC (Nasdaq Capital Market)

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

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 shares of common stock outstanding as of November 10, 2022 was 18,512,605

ASSURE HOLDINGS CORP.
FORM 10Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2022
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash	$ 3,798	$ 4,020
Accounts receivable, net	20,860	27,810
Income tax receivable	157	136
Other current assets	217	151
Due from MSAs	6,602	5,886
Total current assets	31,634	38,003
Equity method investments	474	525
Fixed assets	35	85
Operating lease right of use asset, net	725	956
Finance lease right of use asset, net	469	743
Deferred tax asset, net	2,536	—
Intangibles, net	3,311	3,649
Goodwill	4,448	4,448
Total assets	$ 43,632	$ 48,409
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,585	$ 2,194
Current portion of debt	—	515
Current portion of lease liability	622	702
Current portion of acquisition liability	306	306
Other current liabilities	133	—
Total current liabilities	3,646	3,717
Lease liability, net of current portion	1,102	1,482
Debt, net of current portion	12,628	13,169
Acquisition liability	255	459
Fair value of stock option liability	—	25
Deferred tax liability, net	—	601
Total liabilities	17,631	19,453
Commitments and contingencies (Note 8)		
SHAREHOLDERS' EQUITY		
Common stock: $0.001 par value; 180,000,000 shares authorized; 18,512,605 and 12,918,866 shares issued and outstanding, as of September 30, 2022, and December 31, 2021, respectively	19	13
Additional paid-in capital	49,044	43,387
Accumulated deficit	(23,062)	(14,444)
Total shareholders' equity	26,001	28,956
Total liabilities and shareholders' equity	$ 43,632	$ 48,409

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue				
Technical services	$ 1,190	$ 4,421	$ 2,653	$ 11,649
Professional services	4,278	2,738	7,605	3,704
Other	736	1,387	2,292	4,180
Total revenue	6,204	8,546	12,550	19,533
Cost of revenues, excluding depreciation and amortization	3,685	4,254	11,564	9,956
Gross margin	2,519	4,292	986	9,577
Operating expenses				
General and administrative	3,340	3,180	11,177	10,275
Sales and marketing	198	247	688	748
Depreciation and amortization	243	293	761	965
Total operating expenses	3,781	3,720	12,626	11,988
(Loss) income from operations	(1,262)	572	(11,640)	(2,411)
Other income (expenses)				
Income from equity method investments	9	139	18	136
Gain on Paycheck Protection Program loan forgiveness	—	—	1,665	—
Other income (expense), net	(37)	(27)	29	(29)
Accretion expense	(170)	(171)	(511)	(386)
Interest expense, net	(471)	(264)	(1,317)	(500)
Total other expense	(669)	(323)	(116)	(779)
(Loss) income before income taxes	(1,931)	249	(11,756)	(3,190)
Income tax benefit (expense)	498	(158)	3,138	743
Net (loss) income	$ (1,433)	$ 91	$ (8,618)	$ (2,447)
(Loss) income per share				
Basic	$ (0.09)	$ 0.01	$ (0.63)	$ (0.21)
Diluted	$ (0.09)	$ 0.01	$ (0.63)	$ (0.21)
Weighted average number of shares used in per share calculation – basic	15,220,948	11,838,032	13,686,686	11,528,371
Weighted average number of shares used in per share calculation – diluted	15,220,948	15,724,103	13,686,686	11,528,371

See accompanying notes to condensed consolidated financial statements

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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash flows from operating activities		
Net loss	$ (8,618)	$ (2,447)
Adjustments to reconcile net loss to net cash used in operating activities		
Income from equity method investments	(18)	(136)
Stock-based compensation	464	818
Depreciation and amortization	408	599
Amortization of debt issuance costs	120	53
Provision for stock option fair value	(25)	24
Gain on Paycheck Protection Program loan	(1,665)	—
Accretion expense	511	386
Change in operating assets and liabilities		
Accounts receivable, net	6,950	(5,723)
Prepaid expenses	(66)	177
Right of use assets	585	291
Accounts payable and accrued liabilities	391	(1,045)
Due from MSAs	(716)	(1,121)
Lease liability	(540)	(399)
Income taxes	(3,158)	(743)
Other assets and liabilities	117	(86)
Net cash used in operating activities	(5,260)	(9,352)
Cash flows from investing activities		
Purchase of fixed assets	(26)	—
Net cash paid for acquisitions	(204)	(204)
Distributions received from equity method investments	69	312
Net cash provided by (used in) investing activities	(161)	108
Cash flows from financing activities		
Proceeds from exercise of stock options	4	19
Proceeds from share issuance, net	5,195	832
Proceeds from Paycheck Protection Program loan	—	1,665
Proceeds from debenture	—	7,360
Repayment of short-term debt	—	(4,100)
Net cash provided by financing activities	5,199	5,776
Decrease in cash	(222)	(3,468)
Cash at beginning of period	4,020	4,386
Cash at end of period	$ 3,798	$ 918
Supplemental cash flow information		
Interest paid	$ 1,093	$ 301
Income taxes paid	$ —	$ —
Supplemental non-cash flow information		
Purchase of equipment with finance leases	$ 79	$ 431

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	Accumulated	Total shareholders'
	Shares	Amount	Capital	deficit	equity
Balances, June 30, 2021	11,833,431	$ 12	$ 38,136	$ (14,226)	$ 23,922
Exercise of stock options	3,000	—	19	—	19
Stock-based compensation	—	—	210	—	210
Convertible debt converted into common shares	2,858	—	20	—	20
Other	15	—	—	—	—
Net income	—	—	—	91	91
Balances, September 30, 2021	11,839,304	$ 12	$ 38,385	$ (14,135)	$ 24,262
Balances, June 30, 2022	12,919,666	$ 13	$ 43,963	$ (21,629)	$ 22,347
Share issuance, net	5,576,087	6	5,189	—	5,195
Stock-based compensation	16,852	—	(108)	—	(108)
Net loss	—	—	—	(1,433)	(1,433)
Balances, September 30, 2022	18,512,605	$ 19	$ 49,044	$ (23,062)	$ 26,001

	Common Stock		Additional paid-in	Accumulated	Total shareholders'
	Shares	Amount	Capital	deficit	equity
Balances, December 31, 2020	11,275,788	$ 11	$ 30,886	$ (11,688)	$ 19,209
Exercise of stock options	3,000	—	19	—	19
Share issuance, net	503,148	1	3,105	—	3,106
Stock-based compensation	—	—	818	—	818
Convertible debt converted into common shares	13,384	—	60	—	60
Equity component of debenture issuance	—	—	1,204	—	1,204
Settlement of performance share liability	43,968	—	2,293	—	2,293
Other	15	—		—	—
Net loss	—	—	—	(2,447)	(2,447)
Balances, September 30, 2021	11,839,304	$ 12	$ 38,385	$ (14,135)	$ 24,262
Balances, December 31, 2021	12,918,866	$ 13	$ 43,387	$ (14,444)	$ 28,956
Exercise of stock options	800	—	4	—	4
Share issuance, net	5,576,087	6	5,189	—	5,195
Stock-based compensation	16,852	—	464	—	464
Net loss	—	—	—	(8,618)	(8,618)
Balances, September 30, 2022	18,512,605	$ 19	$ 49,044	$ (23,062)	$ 26,001

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 itstwo wholly owned subsidiaries, Assure Neuromonitoring, LLC ("Assure Neuromonitoring") and Assure Networks, LLC ("Assure Networks"), provides technical and professional intraoperative neuromonitoring ("IONM") surgical support services for neurosurgery, spine, cardiovascular, orthopedic, ear, nose, and throat, and other surgical procedures that place the nervous system at risk. 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. Assure Neuromonitoring employs interoperative neurophysiologists ("INP") who utilize technical equipment and their technical training to monitor evoked potentials ("EPS"), electroencephalographic ("EEG") and electromyography ("EMG") signals during surgical procedures and to pre-emptively notify the underlying surgeon of any nervous related issues that are identified. The INPs perform their services in the operating room during the surgeries. The INPs are certified by a third-party accreditation agency.

Assure Networks performs similar support services as Assure Neuromonitoring except that these services are provided by employed or third party contracted neurologists or certified readers. The support service provided by the neurologist occurs at an offsite location at the same time and for the same surgery as the support services provided by the interoperative neurophysiologist.

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 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 ownerships interests in numerous Provider Network Entities ("PEs"), which are professional IONM entities. These entities are accounted for under the equity method of accounting. Additionally, Networks manages other PEs that Networks does not have an ownership interest and charges those PEs a management fee.

COVID-19

The Company's commitment to the health, well-being and peace of mind of our employees and the people we serve remains our focus as the pandemic environment evolves. We continue to leverage our resources, expertise, data, and actionable intelligence to assist customers, clients and care providers throughout this time.

The situation surrounding COVID-19 remains fluid with continued uncertainty and a wide range of potential outcomes. We continue to actively manage our response and assess impacts to our financial position and operating results, as well as mitigate adverse developments in our business. 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 filed on March 14, 2022.

2. BASIS OF PRESENTATION

Consolidation

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.

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

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.

Accounting Policies

There have been no changes to the Company's significant accounting policies or recent accounting pronouncements during the nine months ended September 30, 2022, as compared to the significant accounting policies disclosed in the 10-K for the year ended December 31, 2021 as filed on March 14, 2022.

Common Stock Reverse Split

During September 2021, the Company effectuated a five-for-one reverse stock split. All share, stock option and warrant information has been retroactively adjusted to reflect the stock split. See Note 6 for additional discussion.

Reclassifications

Certain amounts for the three and nine months ended September 30, 2021 have been reclassified to conform to the 2022 presentation.

3. REVENUE

The Company disaggregates revenue from contracts with customers by revenue stream as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Commercial insurance consists of neuromonitoring cases whereby a patient has healthcare insurance. Facility billing consists of neuromonitoring cases whereby the company has an agreement with the facility for services. In these cases, the hospital's patient may be uninsured or have government insurance.

The Company's revenue disaggregated by payor is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Commercial insurance	$ 4,283	$ 6,164	$ 6,801	$ 12,507
Facility billing	1,185	995	3,457	2,846
Managed service agreements	400	965	1,247	3,024
Other	336	422	1,045	1,156
Total	$ 6,204	$ 8,546	$ 12,550	$ 19,533

Accounts Receivable

A summary of the accounts receivable, net, by revenue stream is as follows (in thousands):

	September 30, 2022	December 31, 2021
Technical service	$ 9,539	$ 18,904
Professional service	10,971	8,209
Other	350	697
Total accounts receivable, net	$ 20,860	$ 27,810

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

The concentration of accounts receivable, net, by payor as a percentage of total accounts receivable is as follows:

	As of September 30, 2022	As of December 31, 2021
Commercial insurance	91 %	91 %
Facility billing	6 %	2 %
Other	3 %	7 %
Total	100 %	100 %

4. 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 non-lease 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 an operating lease which expires October 31, 2025. The incremental borrowing rate for this lease was 10%.

Finance leases

The Company leases medical equipment under various financing leases with stated interest rates ranging from5.2% — 13.4% 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 September 30, 2022 and December 31, 2021 (in thousands):

	September 30, 2022	December 31, 2021
Operating	$ 725	$ 956
Finance	469	743
Total	$ 1,194	$ 1,699

Finance lease assets are reported net of accumulated amortization of $2.3 million and $2.0 million as of September 30, 2022 and December 31, 2021, respectively.

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

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

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Lease cost:		
Operating leases:		
Amortization of ROU assets	$ 231	$ 227
Interest on lease liabilities	68	—
Total operating lease cost	299	227
Finance leases:		
Amortization of ROU assets	353	372
Interest on lease liabilities	64	69
Total finance lease cost	417	441
Total lease cost	$ 716	$ 668

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

	As of September 30, 2022	As of September 30, 2021
Weighted average remaining lease term (years):		
Operating leases	3.0	—
Finance leases	2.6	3.1
Weighted average discount rate (%):		
Operating leases	10.0	—
Finance leases	7.8	8.1

The Company acquired ROU assets in exchange for lease liabilities of $79 thousand upon commencement of finance leases during the nine months ended September 30, 2022.

Future minimum lease payments and related lease liabilities as of September 30, 2022 were as follows (in thousands):

	Operating Leases	Finance Leases	Total Lease Liabilities
Remainder of 2022	$ 84	$ 165	$ 249
2023	303	360	663
2024	328	268	596
2025	279	152	431
2026	—	23	23
Total lease payments	994	968	1,962
Less: imputed interest	(145)	(93)	(238)
Present value of lease liabilities	849	875	1,724
Less: current portion of lease liabilities	231	391	622
Noncurrent lease liabilities	$ 618	$ 484	$ 1,102

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.

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

5. DEBT

The Company's debt obligations are summarized as follows:

	September 30, 2022	December 31, 2021
Paycheck Protection Program loan	$ —	$ 1,687
Face value of convertible debenture	3,450	3,450
Less: principal converted to common shares	(60)	(60)
Less: deemed fair value ascribed to conversion feature and warrants	(1,523)	(1,523)
Plus: accretion of implied interest	990	705
Total convertible debt	2,857	2,572
Face value of Centurion debenture	11,000	11,000
Less: deemed fair value ascribed to warrants	(1,204)	(1,204)
Plus: accretion of implied interest	402	176
Less: net debt issuance costs	(427)	(547)
Total Centurion debt	9,771	9,425
Total debt	12,628	13,684
Less: current portion of debt	—	(515)
Long-term debt	$ 12,628	$ 13,169

During the nine months ended September 30, 2022, the Company recognized a gain of $1.7 million related to the January 2022 forgiveness of the balance of the Paycheck Protection Program loan.

The following table depicts accretion expense and interest expense (excluding debt issuance cost amortization) related to the Company's debt obligations for the three and nine months ended September 30, 2022 and 2021 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Accretion expense				
Convertible debenture	$ 95	$ 95	$ 285	$ 285
Centurion debenture	75	76	226	101
	$ 170	$ 171	$ 511	$ 386
Interest paid				
Convertible debenture	$ —	$ —	$ 221	$ 220
Centurion debenture	324	190	872	236
	$ 324	$ 190	$ 1,093	$ 456

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

As of September 30, 2022, future minimum principal payments are summarized as follows (in thousands):

	Convertible Debt	Debenture
Remainder of 2022	$ —	$ —
2023	965	—
2024	2,425	—
2025	—	11,000
Total	3,390	11,000
Less: fair value ascribed to conversion feature and warrants	(1,523)	(1,204)
Plus: accretion and implied interest	990	402
Less: net debt issuance costs	—	(427)
	$ 2,857	$ 9,771

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, with an original maturity date of February 25, 2026 (the “PPP Loan”). The PPP Loan carried 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 was 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. Under the terms of the PPP Loan, all or a portion of the PPP 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 PPP Loan were 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 submitted its application for forgiveness of the PPP Loan during the fourth quarter of 2021 and in January 2022, the Company received forgiveness of the $1.7 million PPP Loan resulting in no balance due.

Convertible Debt

From November 2019 through May 2020, the Company closed multiple non-brokered private placements of convertible debenture units (“CD Unit”) for gross proceeds of $3.5 million. Each CD Unit was offered at a price of $1. Each CD Unit included, among other things, one common share purchase warrant that allows the holder to purchase shares of the Company’s common stock at prices ranging from $5.00 to $9.50 per share for a period of three years and the right to convert the CD Unit into shares of the Company’s common stock at a conversion prices ranging from $3.35 to $7.00 per share for a period of four years. The CD Units carry a 9% coupon rate.

The fair value of the convertible debt was determined to be $1.7 million, the conversion feature $1.2 million and the warrants $600 thousand. The difference between the fair value of the debt of $1.7 million and the face value of convertible debt of $3.5 million will be accreted over the four-year life of the CD Units.

Centurion Debt

In June 2021, Assure issued a debenture to Centurion (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”). Additionally, the Company issued 275,000 warrants with an exercise price of $7.55 which expire on June 14, 2025. During November 2021, the Company and Centurion entered into an amendment to allow the Senior Short Term Acquisition Line to be utilized for organic growth and general working capital purposes. Under the terms and conditions of the debt arrangement, Centurion temporarily modified their debt covenant

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

calculations to allow bad debt expense to be excluded for the first and second quarter of 2022. The Company's was in compliance with the debt covenants as of September 30, 2022.

The Credit Facility matures in June 2025 and bears interest at the rate of the greater of 9.50% or the Royal Bank of Canada Prime Rate plus 7.05% per annum.

The fair value of the Debenture was determined to be $6.8 million and the warrants $1.2 million. The difference between the fair value of the debt of $6.8 million and the face value of the Debenture of $8.0 million will be accreted over the four-year term of the Debenture.

6. SHARE CAPITAL

Common stock

Common stock: 180,000,000 authorized; $0.001 par value. As of September 30, 2022, and December 31, 2021, there were 18,512,605 and 12,918,866 shares of common stock issued and outstanding, respectively.

Reverse Share Split

During September 2021, the total number of shares of common stock authorized by the Company was reduced from 900,000,000 shares of common stock, par $0.001, to 180,000,000 shares of common stock, par $0.001, and the number of shares of common stock held by each stockholder of the Company were consolidated automatically into the number of shares of common stock equal to the number of issued and outstanding shares of common stock held by each such stockholder immediately prior to the reverse split divided by five (5): effecting a five (5) old for one (1) new reverse stock split.

No fractional shares were issued in connection with the reverse split and all fractional shares were rounded up to the next whole share.

Additionally, all options, warrants and other convertible securities of the Company outstanding immediately prior to the reverse split were adjusted by dividing the number of shares of common stock into which the options, warrants and other convertible securities are exercisable or convertible by five (5) and multiplying the exercise or conversion price thereof by five (5), all in accordance with the terms of the plans, agreements or arrangements governing such options, warrants and other convertible securities and subject to rounding to the nearest whole share.

All shares of common stock, options, warrants and other convertible securities and the corresponding price per share amounts have been presented to reflect the reverse split in all periods presented within this Form 10-Q.

2022 Equity Financing

In August 2022, the Company completed an underwritten public offering with gross proceeds to the Company of approximately $6.2 million, before deducting underwriting discounts and other estimated expenses payable by the Company. Under the offering 5,576,087 common shares were issued at a price to the public of $1.12 per share. The Company is utilizing the net proceeds from this offering for general corporate purposes, including, but not limited to, repayment of indebtedness and increasing working capital expenditures.

In addition, the Company granted the underwriter a 45-day option to purchase additional shares of common stock, representing up to 15% of the number of the shares offered in the base deal, solely to cover over-allotments, if any, which would increase the total gross proceeds of the offering to approximately $7.2 million, if the over-allotment option is exercised in full. The overallotment expired unexercised in October 2022.

ASSURE HOLDINGS CORP.
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(unaudited)

Stock options

In November 2021, the Company adopted and approved the 2021 Stock Incentive Plan and the 2021 Employee Stock Purchase Plan. The intent of the Company and the Board is that while the Amended 2020 Stock Option Plan and the 2020 Equity Incentive Plan will continue in existence in relation to the options and awards previously granted, the Board will not grant future options or awards thereunder. Instead, only the 2021 Stock Incentive Plan will be used for the grant of options and awards to eligible participants.

As of September 30, 2022, an aggregate of1,870,000 shares of common stock were available for issuance under the 2021 Stock Option Plan. As of September 30, 2022, no transactions have occurred under the 2021 Employee Stock Purchase Plan.

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:

	Options Outstanding			
	Number of Shares Subject to Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2021	1,204,233	$ 5.56	3.6	
Options granted	130,000	$ 5.16		
Options exercised	(800)	$ 5.04		
Options canceled / expired	(103,633)	$ 5.45		
Balance at September 30, 2022	1,229,800	$ 4.98	3.0	$ 78
Vested and exercisable at September 30, 2022	882,542	$ 5.14	2.3	$ 78

The following table summarizes information about stock options outstanding and exercisable under the Company's Stock Option Plan at September 30, 2022:

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
200,000	2.9	$ 0.25	200,000	$ 0.25
12,000	0.1	$ 14.00	12,000	$ 14.00
15,000	5.3	$ 9.00	15,000	$ 9.00
85,000	1.0	$ 9.00	85,000	$ 9.00
145,800	1.3	$ 7.80	145,800	$ 7.80
73,900	2.0	$ 6.40	64,047	$ 6.40
83,000	3.2	$ 4.85	49,800	$ 4.85
278,100	3.3	$ 5.30	166,860	$ 5.30
30,000	3.5	$ 5.60	14,000	$ 5.60
177,000	4.0	$ 7.65	86,702	$ 7.65
130,000	4.4	$ 5.16	43,333	$ 5.16
1,229,800	3.0	$ 4.98	882,542	$ 5.14

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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 is 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, which can result in negative stock based compensation expense in the period of forfeiture.

The following assumptions were used to value the awards granted during the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,	
	2022	2021
Expected life (in years)	5.0	5.0
Risk-free interest rate	1.7 %	0.4 %
Dividend yield	— %	— %
Expected volatility	132 %	91 %

Stock-based compensation (benefit) expense for the three months ended September 30, 2022 and 2021 was $(108) thousand and $210 thousand, respectively. The stock-based compensation benefit for the three months ended September 30, 2022 was related to the reversal of expense due to stock option forfeitures and cancellations. Stock-based compensation expense for the nine months ended September 30, 2022 and 2021 was $464 thousand and $818 thousand, respectively. As of September 30, 2022, there was approximately $1.0 million of total unrecognized compensation cost related to 347,258 unvested stock options that is expected to be recognized over a weighted-average remaining vesting period of 3.2 years.

Derivative Liability

Stock options granted to consultants that have an exercise price that is stated in a different currency than the Company's functional currency are treated as a liability and are revalued at the end of each reporting period for the term of the vesting period. Any change in the fair value of the stock option after the initial recognition is recorded as a component of other income, net in the consolidated statements of operations. These stock options expired, unexercised during October 2022. There were no stock options granted to consultants during the nine months ended September 30, 2022 and 2021 that required recurring fair value adjustments.

ASSURE HOLDINGS CORP.
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Changes in the Company’s stock option liability for the nine months ended September 30, 2022, was as follows (stated in thousands):

Balance at December 31, 2021	$ 25
Gain on revaluation	25
Balance at September 30, 2022	$ —

The assumptions used for the Black-Scholes Option Pricing Model to revalue the stock options granted to consultants as of September 30, 2022 and December 31, 2021 were as follows:

	As of September 30, 2022	As of December 31, 2021
Risk free rate of return	2.8 %	0.4 %
Expected life	0.1 years	1.8 years
Expected volatility	99 %	186 %
Expected dividend per share	nil	nil

Warrants

As of September 30, 2022, and December 31, 2021, there were3,940,006 warrants outstanding.

The following table summarizes warrants issued by transaction type:

	Number of Warrants outstanding
Convertible debt, warrants issued (Note 5)	380,874
Debenture, warrants issued (Note 5)	275,000
July 2020 private placement, warrants issued (1)	12,592
December 2020 equity financing warrants issued(1)	3,271,540
Total warrant outstanding	3,940,006

(1) For a complete discussion of the warrants issued during July and December 2020, see Note 11 to the consolidated financial statement for the year ended December 31, 2021 as filed on Form 10-K on March 14, 2022.

ASSURE HOLDINGS CORP.
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(unaudited)

7. (LOSS) INCOME PER SHARE

The following table sets forth the computation of basic and fully diluted (loss) income per share for the three and nine months ended September 30, 2022 and 2021 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net (loss) income	$ (1,433)	$ 91	$ (8,618)	$ (2,447)
Basic weighted average common stock outstanding	15,220,948	11,838,032	13,686,686	11,528,371
Basic loss per share	$ (0.09)	$ 0.01	$ (0.63)	$ (0.21)
Net (loss) income	$ (1,433)	$ 91	$ (8,618)	$ (2,447)
Basic weighted average common shares outstanding	15,220,948	11,838,032	13,686,686	11,528,371
Dilutive effect of stock options and warrants	—	3,886,071	—	—
Dilutive weighted average common stock outstanding	15,220,948	15,724,103	13,686,686	11,528,371
Diluted loss per share	$ (0.09)	$ 0.01	$ (0.63)	$ (0.21)

Basic net income (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted net income (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

Stock options to purchase 882,582 and 227,893 shares of common stock and warrants to purchase3,940,006 and 462,068 shares of common stock were outstanding at September 30, 2022 and 2021 that were not included in the computation of diluted weighted average common stock outstanding because their effect would have been anti-dilutive.

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 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.

In April 2022, the U.S. Department of Justice ("DOJ") issued Civil Investigative Demands which seek information with respect to a civil investigation under the Anti-kickback Statute and the False Claims Act. We voluntarily contacted the DOJ offering to provide any materials needed in the investigation and to answer any questions. While our policy during the relevant time was to not seek payments from federal health care programs, the third-party billing company we used at that time submitted some claims to Medicare Advantage plans administered by commercial insurance companies. We have worked diligently to ensure that payments from Medicare Advantage plans have been returned to the commercial insurance companies and we believe we have returned substantially all such payments that we have discovered to date, totaling approximately $450 thousand. The DOJ has not made any allegations in the investigation, and we are currently unable to predict the eventual scope, ultimate timing, or outcome of this investigation. As a result, we are unable to estimate the amount or range of any potential loss, if any, arising from this investigation.

9. SUBSEQUENT EVENT

On October 11, 2022, Assure Holdings Corp. (the “Company”) received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC (“Nasdaq”) indicating that, based upon the closing bid price of the Company’s common stock, par value $0.001 per share (“Common Stock”), for the last 30 consecutive business days, the Company is not currently in compliance with the requirement to maintain a minimum bid price of $1.00 per share for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the “Notice”).

The Notice has no immediate effect on the continued listing status of the Company's Common Stock on The Nasdaq Capital Market, and, therefore, the Company's listing remains fully effective.

The Company is provided a compliance period of 180 calendar days from the date of the Notice, or until April 10, 2023, to regain compliance with the minimum closing bid requirement, pursuant to Nasdaq Listing Rule 5810(c)(3)(A). If at any time before April 10, 2023, the closing bid price of the Company’s Common Stock closes at or above $1.00 per share for a minimum of 10 consecutive business days, subject to Nasdaq’s discretion to extend this period pursuant to Nasdaq Listing Rule 5810(c)(3)(G) to 20 consecutive business days, Nasdaq will provide written notification that the Company has achieved compliance with the minimum bid price requirement, and the matter would be resolved. If the Company does not regain compliance during the compliance period ending April 10, 2023, then Nasdaq may grant the Company a second 180 calendar day period to regain compliance, provided the Company meets the continued listing requirement for market value of publicly-held shares and all other initial listing standards for The Nasdaq Capital Market, other than the minimum closing bid price requirement, and notifies Nasdaq of its intent to cure the deficiency.

The Company will continue to monitor the closing bid price of its Common Stock and seek to regain compliance with all applicable Nasdaq requirements within the allotted compliance periods. If the Company does not regain compliance within the allotted compliance periods, including any extensions that may be granted by Nasdaq, Nasdaq will provide notice that the Company's Common Stock will be subject to delisting. The Company would then be entitled to appeal that determination to a Nasdaq hearings panel. There can be no assurance that the Company will regain compliance with the minimum bid price requirement during the 180-day compliance period, secure a second period of 180 days to regain compliance or maintain compliance with the other Nasdaq listing requirements.

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, 2021 found in the annual report on Form 10-K filed by Assure Holdings Corporation on March 14, 2022 (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 ("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 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 a best-in-class provider of outsourced intraoperative neurophysiological monitoring ("IONM") and an emerging provider of remote neurology services that help make surgeries safer. The Company delivers a turnkey suite of clinical and operational services to support surgeons and medical facilities during invasive procedures. IONM has been well established as a standard of care and risk mitigation tool for various surgical verticals such as neurosurgery, spine, cardiovascular, orthopedic, ear, nose, and throat ("ENT"), and other surgical procures that place the nervous system at risk. Accredited by The Joint Commission, Assure's mission is to provide exceptional surgical care and help make invasive surgeries safer. Our strategy focuses on utilizing best of class personnel and partners to deliver outcomes that are beneficial to all stakeholders including patients, surgeons, hospitals, insurers, and shareholders.

During each procedure, Assure provides two services, the Technical Component and Professional Component of IONM. Our in-house Interoperative Neurophysiologists ("INP") provide the Technical Component IONM services in the operating room throughout the surgical procedure, while the telehealth-oriented supervising practitioners provide a level of redundancy and risk mitigation, the Professional Component, in support of the onsite INPs and surgical team. In addition, Assure offers a comprehensive suite of IONM services, including scheduling the INP and supervising practitioner, real time monitoring, patient advocacy and subsequent billing and collecting for services provided.

Historically, the foundation of Assure's business has been providing the Technical Component of IONM via our INP staff. We employ highly trained INPs, which provide a direct point of contact in the operating room during the surgeries to relay critical information to the surgical team. In our one-to-one model, Assure pairs a surgeon with a team of INPs to promote a level of familiarity, comfort and efficiency between the surgeon and the INP. Each INP has the ability to handle approximately 200 cases annually. Our INPs monitor the surgical procedure using state of the art, commercially available, diagnostic medical equipment. Assure INP's are certified by a third-party accreditation agency. The success of our service depends upon the timely and successful interpretation of the data signals by the monitoring team to quickly determine if there is a deficiency and the surgical intervention required to positively impact the patient and surgery. Employing this model, Assure has rapidly expanded its operational footprint from a home base in Colorado and increased its number of managed cases from approximately 1,600 in 2017 to approximately 17,400 in 2021.

Beginning in the second quarter of 2021, Assure began executing on its long-term vertical integration plan by expanding into remote neurology services. As a result, Assure began delivering remote neurology services in support of the surgical team and INPs rather than exclusively relying on third-party supervising practitioners as it had previously. We currently have supervising practitioners employed and working with surgical teams and our INPs. They are utilizing equipment and training to monitor evoked potentials ("EPs"), electroencephalographic ("EEG") and electromyography ("EMG") and several complex modalities during surgical procedures to pre-emptively notify the surgeon of any nerve related issues that are identified.

Remote neurology services is a one-to-many business model, as one supervising practitioner is able to monitor multiple patients simultaneously. As a result, the Professional Component has a different financial profile than the Technical Component. Supervising practitioners provide remote neurology services from an off-site location and maintain the ability to manage multiple cases simultaneously. As a result, each supervising practitioner has the ability to handle approximately 2,000 or more cases annually. In 2021, Assure performed approximately 17,400 total managed cases including managing approximately 2,100 remote neurology cases with employed supervising practitioners. The number of remote neurology managed cases is expected to expand significantly as our supervising practitioners increase the volume of cases supervised and additional neurologists are added to the internal team.

Bringing the Professional Component of IONM in-house generates a number of positives for Assure. First, we will be able to oversee quality of service for providing remote neurology services. This commitment to quality supports our efforts to sign new in-network agreements with insurance payors and facility-wide agreements with hospitals. Second, by bringing the remote neurology function in-house, we are able to significantly reduce cost of delivery, allowing the Company to improve our profitability on every case we perform. Our objective is to significantly reduce the cost of delivery for remote neurology services going forward. Additional scale will serve as a catalyst for margin expansion in the future. Third, for most of the cases we perform, remote neurology services represent the creation of a new revenue stream. Fourth, providing remote neurology services for IONM creates opportunities in adjacent markets where similar remote neurology services are utilized. The shift to providing remote neurology services ourselves was a natural progression of the business. We have established the platform and maintained patient volume, insourcing remote neurology was simply a matter of replacing contractors with Assure supervising practitioners to service this volume. The long-term result will be increased margins, a new revenue stream and improved cash receipts from commercial payors.

Collectively, support from Assure's high quality Technical and Professional IONM services results in decreased hospital and surgeon liability, abbreviated patient stays, fewer readmissions, reduced hospital costs, enhanced overall patient satisfaction and the efficient achievement of better clinical outcomes.

As we transition to becoming a provider of remote neurology services, we believe our expertise in IONM will assist us in entering adjacent markets including EEG, epilepsy, sleep study and stroke in which Assure supervising practitioners can also provide patient services.

In 2022, Assure provided IONM services for approximately 200 surgeons in approximately 124 hospitals and surgery centers in multiple states. Our continued geographic expansion initiatives, including facility-wide outsourcing agreements with medical facilities and hospital networks, coupled with the surgical vertical expansion efforts, extending the Company's reach into remote neurology services and selective acquisitions are expected to generate substantial growth opportunities going forward. In the future, it may be necessary for us to raise additional funds for the continuing development of our business plan.

Clinical leadership, surgeon support and patient care are Assure's cornerstones. We make substantial ongoing investments in our training and development of clinical staff and have created a fellowship program to rigorously train new INPs to cost-effectively join the Assure team. In addition, we have partnered with the internationally renowned Texas Back Institute on clinical research relating to IONM safety and efficacy. Isador Lieberman, M.D., director of the scoliosis and spine tumor program at the Texas Back Institute, is a member of Assure's Medical Advisory Committee.

Our strategy is to build a telehealth remote neurology services company with exceptional capabilities in IONM and numerous adjacent markets while utilizing the same platform and employees. This will extend our reach and redefine our position in the industry. We are thoughtfully deploying capital and focusing our investment in high potential growth initiatives including: organically expanding into new states, growing our remote neurology platform, signing new IONM outsourcing agreements with hospitals and medical facilities, as well as opportunistic M&A. In addition, we are investing to make our revenue cycle management function more automated, improving the velocity of our cash collections. The data and analytics-driven Company we are building will play a bigger role in the success of our key stakeholder groups: surgeons, hospitals, insurance companies and patients, and in turn deliver attractive returns to our stockholders.

The Company has financed its cash requirements primarily through revenues generated from its services, by utilizing debt facilities and from the sale of common stock.

Payment for services, revenue mix and seasonality

Over half of Assure's patients commonly have commercial health insurance coverage ("Commercial Payor") and we are compensated via their health insurance plan. Assure's commercial insurance patients represent the significant majority of our revenue and profit margin. We produce separate bills for the Technical Component and the Professional Component of the IONM services we perform. The majority of our commercial payors are billed out-of-network and we negotiate payment for each claim. The remainder of commercial payors utilize a contracted rate. The majority of contracted rates are via indirect agreements with third-party organizations or related entities of the commercial payor with a smaller portion in direct agreements with contracted rates.

We bill, collect, and retain 100% of the revenue associated with the Technical Component of the services we provide. For the Professional Component, when the supervising practitioner is an Assure employee or where we own 100% of the entity managing the procedure, the Company bills, collects and retains 100% of the revenue. In instances in which the Professional Component is provided via Managed Service Agreements ("MSAs") with surgeons or through agreements with Professional Entities ("PEs"), we engage in a revenue share based on the percentage outlined in the underlying agreement. Assure is taking steps to reduce business associated with MSAs.

For the balance of the patients we serve, billing is made under individual facility service agreements with hospitals. In these cases, the hospital's patient may be uninsured or have government insurance. Regardless, Assure provides the same high level of service and quality of care.

The surgical segment of the health care industry tends to be impacted by seasonality due to the nature of most benefit plans resetting on a calendar year basis. As patients utilize and reduce their remaining deductible throughout the year, Assure typically sees an increase in volume throughout the year with the biggest impact coming during the fourth quarter. As a result, historically our annual revenues are overweighted in the fourth quarter.

Seasonality impacts our revenue mix for similar reasons. As patients with commercial insurance utilize and reduce their remaining deductible throughout the year, we typically see an increase in volume with the biggest impact coming in the fourth quarter. Historically, our revenue mix is relatively overweighted to patients with commercial insurance in the second half of the year and to patients with government insurance in the first half of the year.

COVID-19

Our commitment to the health, well-being and peace of mind of our employees and the people we serve remains our focus as the pandemic environment evolves. We continue to leverage our resources, expertise, data and actionable intelligence to assist customers, clients and care providers throughout this time.

The situation surrounding COVID-19 remains fluid with continued uncertainty and a wide range of potential outcomes. We continue to actively manage our response and assess impacts to our financial position and operating results, as well as mitigate adverse developments in our business. 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 filed on March 14, 2022.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2022 Compared to the Three Months Ended September 30, 2021

The following table provides selected financial information from the condensed consolidated financial statements of income for the three months ended September 30, 2022 and 2021. All dollar amounts set forth in the table below are expressed thousands of dollars, except share and per share amounts.

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change $	Change %
Revenue				
Technical services	$ 1,190	$ 4,421	$ (3,231)	(73)%
Professional services	4,278	2,738	1,540	56 %
Other	736	1,387	(651)	(47)%
Total revenue	6,204	8,546	(2,342)	(27)%
Cost of revenues	3,685	4,254	(569)	(13)%
Gross margin	2,519	4,292	(1,773)	(41)%
Operating expenses				
General and administrative	3,340	3,180	160	5 %
Sales and marketing	198	247	(49)	(20)%
Depreciation and amortization	243	293	(50)	(17)%
Total operating expenses	3,781	3,720	61	2 %
Income (loss) from operations	(1,262)	572	(1,834)	(321)%
Other income (expenses)				
Income (loss) from equity method investments	9	139	(130)	(94)%
Other income (expense), net	(37)	(27)	(10)	37 %
Accretion expense	(170)	(171)	1	(1)%
Interest expense, net	(471)	(264)	(207)	78 %
Total other expense	(669)	(323)	(346)	107 %
Income (loss) before income taxes	(1,931)	249	(2,180)	(876)%
Income tax benefit (expense)	498	(158)	656	(415)%
Net income (loss)	$ (1,433)	$ 91	$ (1,524)	(1,675)%
Income (loss) per share				
Basic	$ (0.09)	$ 0.01	$ (0.10)	(1,325)%
Diluted	$ (0.09)	$ 0.01	$ (0.10)	(1,727)%
Weighted average number shares – basic	15,220,948	11,838,032	3,382,916	29 %
Weighted average number shares – diluted	15,220,948	15,724,103	(503,155)	(3)%

Revenue

Total revenues for the three months ended September 30, 2022 and 2021 were $6.2 million and $8.5 million, respectively, net of implicit price concessions. For the three months ended September 30, 2022 and 2021, we recorded an allowance for implicit price concessions of $2.1 million and $nil, respectively. Gross revenue for the three months ended September 30, 2022, and 2021, prior to the application of implicit price concessions, totaled $8.3 million and $8.5 million. Gross revenue is primarily related to an increase in managed case volume of approximately 300 from nearly 5,000 in the third quarter 2021 to approximately 5,300 in the same period of 2022. The increase in managed cases is primarily related to the expansion into remote neurology. These gains were partially counteracted by Assure's decision to exit certain markets. The Company utilized market intelligence and data warehousing analytics it did not previously possess to inform our decision to exit certain lower performing markets that were dragging down the Company's average revenue per case. Assure's go-forward strategy is anchored on achieving the benefit of scale in geographies underpinned by above average reimbursement.

Gross revenue for the three months ended September 30, 2022, was negatively impacted by implicit price concessions related to aged claims. Based on the Company's historical experience, claims generally become uncollectible once they are aged greater than 24 months; as such, included in the Company's $2.1 million allowance for implicit price concessions for the three months ended September 30, 2022, is an estimate of the likelihood that a portion of the Company's accounts receivable may become uncollectible due to age. In the fourth quarter of 2021, Assure formalized a new holistic accounts receivable accrual and reserve strategy based on our historical collections experience. This process provides a clearer picture of the Company's estimated collectible accounts receivable by taking a conservative approach and reserving claims earlier in the process. The new process has led to a higher than anticipated reserve in 2022. The issue Assure has experienced in 2022 is not related to lower reimbursement negatively impacting accrual rates, which have remained stable in high volume markets. The Company chose to take a conservative approach on reserving accounts receivable given our visibility on the challenges associated with collecting certain receivables before they are automatically reserved at 24 months. The benefit of taking these reserves earlier is: 1) It provides clearer visibility into future accounts receivable write-down expenses, and 2) Assure's anticipated go-forward exposure in 2023 is substantially reduced. Going forward, as we continue to accelerate our cash receipts there will be less accounts receivable at risk. Management has designated a tactical team to specifically pursue these reserved claims. We expect to begin seeing results from these efforts in the last quarter of the year as we continue collection efforts for claims aged past 24 months. As a result, we anticipate that there will also be a bad debt charge in the fourth quarter of 2022; similar to what we reported in the third quarter, but still a material impact.

Technical and professional service 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 estimate out-of-network technical and professional revenue per case based upon our historical cash collection rates from private health insurance carriers. Our revenue estimation process for out-of-network revenue is based on the collection experience from insurance cases that are between 13-24 months old as management believes the more recent collection experience is more indicative of future per case collection rates.

Other revenue consists of revenue from managed service arrangements on a contractual basis. Revenue from services rendered is recorded after services are rendered.

Cost of revenues, excluding depreciation and amortization

Cost of revenues, excluding depreciation and amortization, for the three months ended September 30, 2022, were $3.7 million compared to $4.3 million for the same period in 2021, a 13% decrease. Cost of revenues consist primarily of the cost of our internal billing and collection department, internal and external collection costs, technologist and supervising practitioner wages, third-party supervising practitioner fees, and medical supplies. Technologist and supervising practitioner wages and medical supplies vary with the number of neuromonitoring cases. The cost of our internal billing and collection department increased as we have increased headcount to align with expected growth in volume and the number of cases to invoice has increased. A primary focus for Assure during the remainder of 2022 and into 2023 will be on reducing the Company's average cost of delivery in providing our services, both on the technologist and the remote neurology parts of the business.

General and administrative

General and administrative expenses were $3.3 million and $3.2 million for the three months ended September 30, 2022 and 2021, respectively.

Accretion expense

The Company recorded non-cash accretion expense of $170 thousand and $171 thousand for the three months ended September 30, 2022 and 2021, respectively. The Company accretes the difference between the fair value of the convertible debt and the debenture and the face value of the convertible debt and the debenture over the term of the convertible debt and the debenture. Specifically, accretion expense was $95 thousand for each period related to the convertible debt and $75 thousand for each period related to the Centurion debenture.

Interest expense, net

Interest expense, net was $471 thousand for the three months ended September 30, 2022 compared to $264 thousand for the three months ended September 30, 2021. The increase year-over-year is primarily due to higher outstanding debt balances. Specifically, interest expense was $nil for each period related to the convertible debt and $324 thousand and $190 thousand for the three months ended September 30, 2022 and 2021, respectively, for the Centurion debenture.

Income tax benefit

For the three months ended September 30, 2022, income tax benefit was $0.5 million and compared income tax expense of $158 thousand for the three months ended September 30, 2021. 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.

Nine Months Ended September 30, 2022 Compared to the Nine Months Ended September 30, 2021

The following table provides selected financial information from the condensed consolidated financial statements of income for the nine months ended September 30, 2022 and 2021. All dollar amounts set forth in the table below are expressed thousands of dollars, except share and per share amounts.

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change $	Change %
Revenue				
Technical services	$ 2,653	$ 11,649	$ (8,996)	(77)%
Professional services	7,605	3,704	3,901	105 %
Other	2,292	4,180	(1,888)	(45)%
Total revenue	12,550	19,533	(6,983)	(36)%
Cost of revenues, excluding depreciation and amortization	11,564	9,956	1,608	16 %
Gross margin	986	9,577	(8,591)	(90)%
Operating expenses				
General and administrative	11,177	10,275	902	9 %
Sales and marketing	688	748	(60)	(8)%
Depreciation and amortization	761	965	(204)	(21)%
Total operating expenses	12,626	11,988	638	5 %
Loss from operations	(11,640)	(2,411)	(9,229)	(383)%
Other income (expenses)				
Income (loss) from equity method investments	18	136	(118)	87 %
Gain on Paycheck Protection Program loan	1,665	—	1,665	— %
Other income (expense), net	29	(29)	58	(200)%
Accretion expense	(511)	(386)	(125)	(32)%
Interest expense, net	(1,317)	(500)	(817)	163 %
Total other expense	(116)	(779)	663	(85)%
Loss before income taxes	(11,756)	(3,190)	(8,566)	(269)%
Income tax benefit	3,138	743	2,395	322 %
Net loss	$ (8,618)	$ (2,447)	$ (6,171)	(252)%
Loss per share				
Basic	$ (0.63)	$ (0.21)	$ (0.42)	(197)%
Diluted	$ (0.63)	$ (0.21)	$ (0.42)	(197)%
Weighted average number shares – basic	13,686,686	11,528,371	2,158,315	19 %
Weighted average number shares – diluted	13,686,686	11,528,371	2,158,315	19 %

Revenue

Total revenues for the nine months ended September 30, 2022 and 2021 were $12.6 million and $19.5 million, respectively, net of implicit price concessions. For the nine months ended September 30, 2022 and 2021, we recorded an allowance for implicit price concessions of $14.1 million and $1.2 million, respectively. Gross revenue for the nine months ended September 30, 2022, and 2021, prior to the application of implicit price concessions, totaled $26.7 million and $20.7 million. The increase in gross revenue is primarily related to an increase in managed case volume of approximately 5,200 from nearly 11,000 in the nine months ended September 30, 2021 to nearly 16,200 in the same period of 2022. The increase in managed cases is primarily related to the acquisition of Sentry, completed during the second quarter of 2021, and expansion into remote neurology. These gains were partially counteracted by Assure's decision to exit certain markets. The Company utilized market intelligence and data warehousing analytics it did not previously possess to inform our decision to exit certain lower performing markets that were dragging down the Company's average revenue per case. Assure's go-forward strategy is anchored on achieving the benefit of scale in geographies underpinned by above average reimbursement.

Gross revenue for the nine months ended September 30, 2022, was negatively impacted by implicit price concessions related to aged claims. Based on the Company's historical experience, claims generally become uncollectible once they are aged greater than 24 months; as such, included in the Company's $14.1 million allowance for implicit price concessions for the nine months ended September 30, 2022, is an estimate of the likelihood that a portion of the Company's accounts receivable may become uncollectible due to age. In the fourth quarter of 2021, Assure formalized a new holistic accounts receivable accrual and reserve strategy based on our historical collections experience. This process provides a clearer picture of the Company's estimated collectible accounts receivable by taking a conservative approach and reserving claims earlier in the process. The new process has led to a higher than anticipated reserve in 2022. The issue Assure has experienced in 2022 is not related to lower reimbursement negatively impacting accrual rates, which have remained stable in high volume markets. The Company chose to take a conservative approach on reserving accounts receivable given our visibility on the challenges associated with collecting certain receivables before they are automatically reserved at 24 months. The benefit of taking these reserves earlier is: 1) It provides clearer visibility into future accounts receivable write-down expenses, and 2) Assure's anticipated go-forward exposure in 2023 is substantially reduced. Going forward, as we continue to accelerate our cash receipts there will be less accounts receivable at risk. Management has designated a tactical team to specifically pursue these reserved claims. We expect to begin seeing results from these efforts in the last quarter of the year as we continue collection efforts for claims aged past 24 months. As a result, we anticipate that there will also be a bad debt charge in the fourth quarter of 2022; similar to what we reported in the third quarter, but still a material impact.

Technical and professional service 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 estimate out-of-network technical and professional revenue per case based upon our historical cash collection rates from private health insurance carriers. Our revenue estimation process for out-of-network revenue is based on the collection experience from insurance cases that are between 1-24 months old as management believes the more recent collection experience is more indicative of future per case collection rates.

Other revenue consists of revenue from managed service arrangements on a contractual basis. Revenue from services rendered is recorded after services are rendered.

Cost of revenues, excluding depreciation and amortization

Cost of revenues, excluding depreciation and amortization, for the nine months ended September 30, 2022, were $11.6 million compared to $10.0 million for the same period in 2021, a 16% increase. During the nine months ended September 30, 2022, the number of neuromonitoring cases increased 47% compared to the nine months ended September 30, 2021 which drove the costs of revenues increase. Cost of revenues consist primarily of the cost of our internal billing and collection department, internal and external collection costs, technologist and supervising practitioner wages, third-party supervising practitioner fees, and medical supplies. Technologist and supervising practitioner wages and medical supplies vary with the number of neuromonitoring cases. The cost of our internal billing and collection department increased as we have increased headcount to align with expected growth in volume and the number of cases to invoice has increased. A primary focus for Assure during the remainder of 2022 and into 2023 will be on reducing the Company's average cost of the delivery in providing our services, both on the technologist and the remote neurology parts of the business.

General and administrative

General and administrative expenses were $11.2 million and $10.3 million for the nine months ended September 30, 2022 and 2021, respectively. The increase period-to-period was primarily related to increased head count, via organic growth and integrated acquisitions, partially offset by cost cutting efforts.

Gain on Paycheck Protection Program loan forgiveness

During March 2021, the Company received an unsecured loan under the United States Small Business Administration Paycheck Protection Program ("PPP") pursuant to the recently adopted Coronavirus Aid, Relief, and Economic Security Act (the "PPP Loan") in the amount of $1.7 million. During January 2022, the Company was granted forgiveness of the PPP Loan. As of June 30, 2022, the Company recorded a gain on forgiveness of the PPP Loan of $1.7 million. There were no similar transactions during the nine months ended September 30, 2021.

Accretion expense

The Company recorded non-cash accretion expense of $511 thousand and $386 thousand for the nine months ended September 30, 2022 and 2021, respectively. The Company accretes the difference between the fair value of the convertible debt and the debenture and the face value of the convertible debt and the debenture over the term of the convertible debt and the debenture. Specifically, accretion expense was $285 for each period related to the convertible debt and $226 thousand and $101 for the nine months ended September 30, 2022 and 2021, respectively, for the Centurion debenture.

Interest expense, net

Interest expense, net was $1,317 thousand for the nine months ended September 30, 2022 compared to $500 thousand for the nine months ended September 30, 2021. The increase year-over-year is primarily due to higher outstanding debt balances. Specifically, interest expense was $220 thousand for each period related to the convertible debt and $873 thousand and $236 thousand for the nine months ended September 30, 2022 and 2021, respectively, for the Centurion debenture.

Income tax benefit

For the nine months ended September 30, 2022, income tax benefit was $3.1 million compared $743 thousand for the nine months ended September 30, 2021. 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 of September 30, 2022 was $3.8 million compared to the December 31, 2021 cash balance of $4.0 million. Working capital was $28.0 million as of September 30, 2022 compared to $34.3 million at December 31, 2021. We believe that our working capital balance and our estimated cash flows from operations during 2022 is expected support our operating activities and our obligations for the next 12 months. However, if we pursue our plan of continued growth our existing working capital will not be sufficient and we may need to seek equity or debt financing. Such financings may include the issuance of shares of common stock, warrants to purchase common stock, convertible debt or other instruments that may dilute our current stockholders. Financing may not be available to us on acceptable terms depending on market conditions at the time we seek financing. On October 11, 2022, we received a notification letter from The Nasdaq Stock Market stating that we are not in compliance with the Minimum Bid Price Requirement, which requires our listed securities to maintain a minimum bid price of $1.00 per share. A delisting from The Nasdaq Stock Market would negatively impact our ability to raise additional capital through equity financings on acceptable terms in order to meet our plan of continued growth.

We rely on payments from multiple private insurers and hospital systems that have payment policies and payment cycles that vary widely and are subject to change. 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. During the nine months ended September 30, 2022, we recorded an allowance for implicit price concessions of $14.1 million. During the three months ended September 30, 2022, we recorded an allowance for implicit price concessions of $2.1 million, we expect a similar allowance for the three months ended December 31, 2022 for the reasons discussed.

For the nine months ended September 30, 2022, we collected approximately $17.4 million of cash from operations compared to collecting approximately $10.1 million in the same prior year period. As of September 30, 2022, accounts receivable, which are recorded net of implicit price concessions, was $20.9 million compared to $27.8 million at December 31, 2021. The decrease in our accounts receivable balance during 2022 is primarily related to the increased velocity of cash receipts and implicit price concession charges. We received $69 thousand in cash distributions from the PE entities for the nine months ended September 30, 2022 compared to $312 thousand received for the same period in the prior year.

Historically, we have financed our operations primarily from revenues generated from services rendered and through equity and debt financings. Our cash balance and projected cash flows from operations are expected to fund our current obligations and planned operating activities for the next 12 months.

Cash used in operating activities for the nine months ended September 30, 2022 was $5.3 million compared to $9.4 million for the same period in the preceding year. Cash was used to fund operations and to fund our growth strategy.

Cash used in investing activities of $161 thousand for the nine months ended September 30, 2022 was related the PE distributions of $69 thousand, offset by payments related to acquisition liabilities of $204 thousand and fixed asset purchases of $26 thousand. Cash provided by investing activities of $108 thousand for the nine months ended September 30, 2021 was related the PE advances, offset by payments related to the Sentry acquisition.

Cash provided by financing activities of $5.2 million for the nine months ended September 30, 2022 was due to equity financingCash provided by financing activities of $5.8 million for the nine months ended September 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 stock issuances, offset by $4.1 million payments of bank debt.

We expect to see an increase in case volume during the fourth quarter of 2022, due to normal seasonality related to patient use of benefits before the end of the year. We also expect to see a higher proportion of patients utilizing commercial insurance relative to the proportion of patients utilizing government insurance. We expect these items to result in increased revenue for the fourth quarter of 2022.

In October, we experienced a meaningful decrease in the Texas reimbursement benchmark, which has been utilized in state arbitration claims to great success through September of this year. Texas state arbitration reimbursement has realigned to a level much closer to the state average across our operational footprint, based on our arbitration experience. Since Texas represents approximately 60% of our patient volume, we expect to remain focused on participation rates for state arbitrations in Texas.

Our near-term cash requirements relate primarily to payroll expenses, trade payables, debt payments, capital lease payments, and general corporate obligations.

We have receivables from equity investments in PEs and other entities 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.

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.

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, stock based compensation, acquired intangible assets, goodwill, 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, 2021 as filed with the Securities and Exchange Commission on March 14, 2022.

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 ineffective 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 Control Over Financial Reporting

There have been changes in our internal control over financial reporting during the quarter ended September 30, 2022 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Changes in our internal control over financial reporting during the quarter ended September 30, 2022 are discussed below under “Remediation”.

Material Weaknesses

Previously, management noted that we had material weaknesses in our internal control over financial reporting related improper segregation of duties which management believes to be a material weakness.

Remediation Progress

In response to the identified material weakness, during the first quarter of 2022 and continuing through the third quarter of 2022, management began to restructure certain employee functions to allow for proper review of all transactions in order to remediate the segregation of duties control weakness. Management believes the segregation of duties material weakness will be remediated during the fourth quarter of 2022.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not aware of any material pending or threatened legal proceedings 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.

In April 2022, the U.S. Department of Justice (“DOJ”) issued Civil Investigative Demands which seek information with respect to a civil investigation under the Anti-kickback Statute and the False Claims Act. We voluntarily contacted the DOJ offering to provide any materials needed in the investigation and to answer any questions. While our policy during the relevant time was to not seek payments from federal health care programs, the third-party billing company we used at that time submitted some claims to Medicare Advantage plans administered by commercial insurance companies. We have worked diligently to ensure that payments from Medicare Advantage plans have been returned to the commercial insurance companies and we believe we have returned substantially all such payments that we have discovered to date, totaling approximately $450,000. The DOJ has not made any allegations in the investigation, and we are currently unable to predict the eventual scope, ultimate timing, or outcome of this investigation. As a result, we are unable to estimate the amount or range of any potential loss, if any, arising from this investigation.

ITEM 1A. RISK FACTORS

Except as set forth below, during the nine months ended September 30, 2022 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, 2021.

If our common stock is delisted from Nasdaq, the liquidity and price of our common stock could decrease and our ability to obtain financing could be impaired.

On October 11, 2022, we received a notification letter from The Nasdaq Stock Market stating that we are not in compliance with the Minimum Bid Price Requirement, which requires our listed securities to maintain a minimum bid price of $1.00 per share. The notification stated that we have a compliance period of 180 calendar days, or until April 10, 2022, to regain compliance with the Minimum Bid Price Requirement. If at any time during this 180-day compliance period the closing bid price of our common stock is at least $1.00 per share for a minimum of ten consecutive business days, then the Nasdaq Stock Market will provide us with written confirmation of compliance and the matter will be closed.

If compliance cannot be demonstrated by April 10, 2022, we may be eligible for additional time. To qualify, we will be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards on the Nasdaq Capital Market (except the bid price requirement). In addition, we would be required to provide written notice of our intention to cure the minimum bid price deficiency during this second 180-day compliance period by effecting a reverse stock split, if necessary. If we are not granted an additional 180-day compliance period, then Nasdaq will provide written notification that our securities will be subject to delisting. At that time, we may appeal the determination to delist our securities to a Nasdaq hearings panel. There can be no assurance that we will regain compliance with the Minimum Bid Price Requirement or otherwise maintain compliance with the other listing requirements.

If we are unable to maintain our listing on The Nasdaq Stock Market, the liquidity and price of our stock could decrease. Further, our ability to raise capital through equity or convertible debt financings would be negatively impacted and result in us curtailing our plan of continued growth which could negatively impact our operating results and financial condition.

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

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

Item 2(a) – Stock Issuances - Except as disclosed in our previously filed current reports on Form 8-K, the Company has not issued equity securities of the Company on an unregistered basis during the quarter ended September 30, 2022.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Bylaws of Assure Holdings Corp. (incorporated by reference to Exhibit 3.8 to the Company's Form 10-Q filed with the SEC on November 15, 2021)
3.2	Amended Articles of Incorporation of Assure Holdings Corp. (incorporated by reference to Exhibit 3.9 to the Company's Form 10-Q filed with the SEC on November 15, 2021)
31.1+	Certification of the Principal Executive Officer pursuant to Rule 13a-14 of the Exchange Act
31.2+	Certification of the Principal Financial Officer pursuant to Rule 13a-14 of the Exchange Act
32.1++	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2++	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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 September 30, 2022, 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*	By: /s/ *John Price*
John Farlinger, Executive Chairman and Chief Executive Officer (Principal Executive Officer)	John Price, Chief Financial Officer (Principal Financial Officer)
Date: November 14, 2022	Date: November 14, 2022

Exhibit 31.1

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: November 14, 2022

By: /s/ *John Farlinger*
Name: John Farlinger
Title: Chief Executive Officer

Exhibit 31.2

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: November 14, 2022

/s/ *John Price*
Name: John Price
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32 .1

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 September 30, 2022, 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.

November 14, 2022	*/s/ John Farlinger*	Chief Executive Officer
	Name: John Farlinger	(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.

Exhibit 32.2

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 September 30, 2022, 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.

November 14, 2022	*/s/ John Price* Name: John Price	Chief Financial Officer (Principal Financial Officer and Principal Accounting 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.