

## Spectral Announces Third Quarter Results

TORONTO, Nov. 14, 2019 -- **Spectral Medical Inc., (TSX: EDT)**, a Phase III company developing the first treatment for patients with septic shock guided by a companion diagnostic, today announced its unaudited financial results for the third quarter ended September 30, 2019.

### Financial Review

Revenue for the three-months ended September 30, 2019 was \$534,000 compared to \$579,000 for the same three-month period last year. For the nine-months, ended September 30, 2019, revenue was \$2,122,000 compared to \$1,976,000 in the first nine months of 2018. The increase is due to the completion of certain performance obligations related to the licensing and technology transfer agreement entered into at the end of 2018. The increase was offset, in part, by a reduction in royalty revenue generated from contracts related to the Company's biological reagents that expired at the end of 2018.

Operating costs for the quarter ended September 30, 2019 were \$1,935,000 compared to \$1,288,000 for the same period in 2018. Operating costs for the nine-months ended September 30, 2019 were \$5,568,000, an increase of \$659,000 from \$4,909,000. The increase is primarily related to the ramping-up of clinical trial activities and investor relations programs. Operating costs are expected to increase as the Company continues with site start-ups and prepares for patient enrolment in its Tigris trial. The Company continues to maintain a low cost operating structure for its base business operations.

For the three-months ended September 30, 2019, the Company reported a loss of \$1,401,000 (\$0.006 per share) compared to a loss of \$709,000 (\$0.003 per share) for the three-months ended September 30, 2018. The loss for the nine-months ended September 30, 2019 was \$3,446,000 (\$0.015 per share) compared to \$2,933,000 (\$0.013 per share) for the same nine-month period in the prior year.

The Company concluded the third quarter of 2019 with cash on hand of \$2,979,000 compared to \$4,368,000 as of December 31, 2018.

The total number of shares outstanding for the Company was 225,816,183 as at September 30, 2019.

### About Spectral

Spectral is a Phase III company seeking U.S. FDA approval for its unique product for the treatment of patients with septic shock, Toraymyxin™ ("PMX"). PMX is a therapeutic hemoperfusion device that removes endotoxin, which can cause sepsis, from the bloodstream and is guided by the Company's Endotoxin Activity Assay (EAA™), the only FDA cleared diagnostic for the risk of developing sepsis.

PMX has been approved for therapeutic use in Japan and Europe, and has been used safely and effectively on more than 170,000 patients to date. In March 2009, Spectral obtained the exclusive development and commercial rights in the U.S. for PMX, and in November 2010, signed an exclusive distribution agreement for this product in Canada. Approximately 350,000 patients are diagnosed with severe sepsis and septic shock in North America each year.

Spectral, through its wholly owned subsidiary, Dialco Medical Inc. ("Dialco"), is also commercializing a new proprietary platform, "SAMI", targeting the renal replacement therapy ("RRT") market. Dialco is also seeking regulatory approval for "DIMI" which is based on the same RRT platform, but will be intended for home hemodialysis use.

Spectral is listed on the Toronto Stock Exchange under the symbol EDT. For more information, please visit [www.spectraldx.com](http://www.spectraldx.com)

### Forward-looking statement

*Information in this news release that is not current or historical factual information may constitute forward-looking information within the meaning of securities laws. Implicit in this information, particularly in respect of the future outlook of Spectral and anticipated events or results, are assumptions based on beliefs of Spectral's senior management as well as information currently available to it. While these assumptions were considered reasonable by Spectral at the time of preparation, they may prove to be incorrect. Readers are cautioned that actual results are subject to a number of risks and uncertainties, including the availability of funds and resources to pursue R&D projects, the successful and timely completion of clinical studies, the ability of Spectral to take advantage of business opportunities in the biomedical industry, the granting of necessary approvals by regulatory authorities as well as general economic, market and business conditions, and could differ materially from what is currently expected.*

*The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this statement.*

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**Spectral Medical Inc.**

Condensed Interim Consolidated Statements of Financial Position  
(Unaudited)  
(in thousands of Canadian dollars)

|                                     | <b>September<br/>30, 2019</b> | <b>December<br/>31, 2018</b> |
|-------------------------------------|-------------------------------|------------------------------|
|                                     | \$                            | \$                           |
| <b>Assets</b>                       |                               |                              |
| <b>Current assets</b>               |                               |                              |
| Cash                                | 2,979                         | 4,368                        |
| Trade and other receivables         | 307                           | 1,433                        |
| Inventories                         | 264                           | 197                          |
| Prepayments and other assets        | 275                           | 192                          |
| Contract asset                      | -                             | 126                          |
|                                     | <b>3,825</b>                  | <b>6,316</b>                 |
| <b>Non-current assets</b>           |                               |                              |
| Right-of-use-asset                  | 743                           | -                            |
| Property and equipment              | 341                           | 377                          |
| Intangible asset                    | 265                           | 284                          |
| <b>Total assets</b>                 | <b>5,174</b>                  | <b>6,977</b>                 |
| <b>Liabilities</b>                  |                               |                              |
| <b>Current liabilities</b>          |                               |                              |
| Trade and other payables            | 688                           | 500                          |
| Contract liability                  | 139                           | 107                          |
| Current portion of lease liability  | 75                            | -                            |
|                                     | <b>902</b>                    | <b>607</b>                   |
| <b>Non-current liability</b>        |                               |                              |
| Lease liability                     | 687                           | -                            |
| <b>Total liabilities</b>            | <b>1,589</b>                  | <b>607</b>                   |
| <b>Equity</b>                       |                               |                              |
| Share capital                       | 66,796                        | 66,646                       |
| Contributed surplus                 | 7,981                         | 7,981                        |
| Share-based compensation            | 6,124                         | 5,564                        |
| Warrants                            | 1,881                         | 1,930                        |
| Deficit                             | (79,197)                      | (75,751)                     |
| <b>Total equity</b>                 | <b>3,585</b>                  | <b>6,370</b>                 |
| <b>Total liabilities and equity</b> | <b>5,174</b>                  | <b>6,977</b>                 |

**Spectral Medical Inc.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the six-months ended September 30, 2019 and 2018  
(Unaudited)  
(in thousands of Canadian dollars, except for share and per share data)

|                 | <b>Three-months ended</b> |             | <b>Nine-months ended</b> |             |
|-----------------|---------------------------|-------------|--------------------------|-------------|
|                 | <b>2019</b>               | <b>2018</b> | <b>2019</b>              | <b>2018</b> |
|                 | \$                        | \$          | \$                       | \$          |
| <b>Revenue</b>  | 534                       | 579         | 2,122                    | 1,976       |
| <b>Expenses</b> |                           |             |                          |             |

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Changes in inventories of finished goods and work- in-process | 67    | 13    | 278   | 69    |
| Inventory write-down  | -     | -     | -     | 38    |
| Raw materials and consumables used                            | 107   | 82    | 254   | 207   |
| Salaries and benefits   | 954   | 619   | 2,614 | 2,523 |
| Consulting and professional fees                              | 423   | 266   | 1,064 | 1,028 |
| Regulatory and investor relations                             | 160   | 80    | 437   | 360   |
| Travel and entertainment                                      | 104   | 16    | 266   | 78    |
| Depreciation and amortization                                 | 71    | 57    | 211   | 176   |
| Foreign exchange loss (gain)                                  | (35)  | 12    | 70    | (10)  |
| Interest expense on lease liability                           | 8     | -     | 27    | -     |
| Other expenses  | 76    | 143   | 347   | 440   |
|   | 1,935 | 1,288 | 5,568 | 4,909 |

|   |         |       |         |         |
|---|---------|-------|---------|---------|
| <b>Loss and comprehensive loss for the period</b> | (1,401) | (709) | (3,446) | (2,933) |
|---|---------|-------|---------|---------|

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| <b>Basic and diluted loss per common share</b> | (0.006) | (0.003) | (0.015) | (0.013) |
|--|---------|---------|---------|---------|

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| <b>Weighted average number of common shares outstanding</b> | 225,816,183 | 225,591,183 | 225,695,029 | 218,346,659 |
|---|-------------|-------------|-------------|-------------|

### Spectral Medical Inc.

Condensed Interim Consolidated Statements of Changes in Equity

For the nine-months ended September 30, 2019 and 2018

(Unaudited)

(in thousands of Canadian dollars)

|  | Issued capital |        | Contributed Share-based surplus compensation |       | Warrants | Deficit  | Total equity |
|--|----------------|--------|--|-------|----------|----------|--------------|
|  | Number         | \$     | \$   | \$    | \$       | \$       | \$           |
| <b>Balance, January 1, 2018</b>            | 207,459,022    | 63,225 | 7,849  | 4,914 | 132      | (73,262) | 2,858        |
| Private placement                          | 17,694,661     | 3,267  | -  | -     | 1,930    | -        | 5,197        |
| Share options exercised                    | 437,500        | 154    | -  | (63)  | -        | -        | 91           |
| Warrant expiry                             | -              | -      | 132  | -     | (132)    | -        | -            |
| Loss and comprehensive loss for the period | -              | -      | -  | -     | -        | (2,933)  | (2,933)      |
| Share-based compensation                   | -              | -      | -  | 740   | -        | -        | 740          |
| <b>Balance, September 30, 2018</b>         | 225,591,183    | 66,646 | 7,981  | 5,591 | 1,930    | (76,195) | 5,953        |
| Loss and comprehensive loss for the period | -              | -      | -  | -     | -        | 444      | 444          |
| Share-based compensation                   | -              | -      | -  | (27)  | -        | -        | (27)         |
| <b>Balance, December 31, 2018</b>          | 225,591,183    | 66,646 | 7,981  | 5,564 | 1,930    | (75,751) | 6,370        |
| <b>Balance, January 1, 2019</b>            | 225,591,183    | 66,646 | 7,981  | 5,564 | 1,930    | (75,751) | 6,370        |
| Warrants exercised                         | 225,000        | 150    | -  | -     | (49)     | -        | 101          |
| Loss and comprehensive loss for the period | -              | -      | -  | -     | -        | (3,446)  | (3,446)      |
| Share-based compensation                   | -              | -      | -  | 560   | -        | -        | 560          |
| <b>Balance, September 30, 2019</b>         | 225,816,183    | 66,796 | 7,981  | 6,124 | 1,881    | (79,197) | 3,585        |

### Spectral Medical Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the nine-months ended September 30, 2019 and 2018

(Unaudited)

(in thousands of Canadian dollars)

|  | 2019    | 2018    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Cash flows provided by (used in)</b>    |         |         |
| <b>Operating activities</b>                |         |         |
| Loss and comprehensive loss for the period | (3,446) | (2,933) |
| Adjustments for:                           |         |         |

|  |                |                |
|--|----------------|----------------|
| Depreciation on right-of-use asset                         | 70             | -              |
| Depreciation on property and equipment                     | 122            | 157            |
| Amortization of intangible asset                           | 19             | 19             |
| Interest expense on lease liability                        | 27             | -              |
| Share-based compensation                                   | 560            | 740            |
| Loss on disposal of property and equipment                 | 7              | -              |
| Changes in items of working capital :                      |                |                |
| Trade and other receivables                                | 1,126          | 377            |
| Inventories  | (67)           | (98)           |
| Prepayments and other assets                               | (83)           | (120)          |
| Contract asset   | 126            | (126)          |
| Trade and other payables                                   | 188            | (171)          |
| Contract liability   | 32             | 26             |
| <b>Net cash provided by (used in) operating activities</b> | <b>(1,319)</b> | <b>(2,129)</b> |
| <b>Investing activities</b>                                |                |                |
| Property and equipment expenditures                        | (93)           | (41)           |
| <b>Net cash used in investing activities</b>               | <b>(93)</b>    | <b>(41)</b>    |
| <b>Financing activities</b>                                |                |                |
| Proceeds from private placement                            | -              | 5,308          |
| Transaction costs paid                                     | -              | (111)          |
| Lease liability payments                                   | (78)           | -              |
| Share options exercised                                    | -              | 91             |
| Warrants exercised   | 101            | -              |
| <b>Net cash provided by financing activities</b>           | <b>23</b>      | <b>5,288</b>   |
| (Decrease) increase in cash                                | (1,389)        | 3,118          |
| Cash, beginning of period                                  | 4,368          | 1,449          |
| <b>Cash, end of period</b>                                 | <b>2,979</b>   | <b>4,567</b>   |