

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Spectral Medical Inc. (“**Spectral**” or the “**Company**”)
135-2 The West Mall
Toronto, Ontario
M9C 1C2

Item 2 Date of Material Change

November 2, 2022

Item 3 News Release

The Company issued a news release disclosing the material change through the facilities of GlobeNewswire on November 2, 2022 and filed it on SEDAR under the Company’s profile at www.sedar.com.

Item 4 Summary of Material Change

On November 2, 2022, Spectral closed its previously announced prospectus offering of units (the “**Units**”) of the Company (the “**Unit Offering**”) and concurrent private placement (the “**Note Offering**”) and together with the Unit Offering, the “**Offering**”) of US\$5 million of convertible senior notes (the “**Notes**”). Aggregate gross proceeds raised pursuant to the Offering were approximately C\$10.8 million.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On November 2, 2022 (the “**Closing Date**”), the Company closed its previously announced Offering for gross aggregate proceeds of approximately C\$10.8 million.

The Offering was conducted by Paradigm Capital Inc. (the “**Agent**”) and consisted of the sale of 10,061,250 Units at a price of C\$0.40 per Unit and 5,000 Notes at a price of US\$1,000 per Note. Each Unit consisted of one common share of the Company (a “**Common Share**”) and one-half (½) of one Common Share purchase warrant of the Company (each whole warrant, a “**Warrant**”), with each Warrant entitling the holder thereof to acquire one Common Share at a price of C\$0.48 for a period of 36 months following the Closing Date.

The Notes have a face value of US\$1,000 per Note, bear interest of 7% and are due on November 1, 2026 (the “**Maturity Date**”). Holders of the Notes may convert all or any portion of the Notes in integral multiples of US\$1,000 principal amount at any time prior to the Maturity Date. Each Note is convertible into approximately 2,828 Common Shares, subject to customary anti-dilution and make-whole fundamental change adjustments. Pursuant to the Note Offering, Baxter International Inc. (NYSE: BAX) (“**Baxter**”) agreed to purchase certain of the Notes in connection with an amendment to a portion of the initial milestone payment due to the Company under the Distribution Agreement (as defined below). In 2020, Baxter, a leading global medical products company, entered into a distribution agreement (the “**Distribution Agreement**”) with the Company for PMX (as defined below) and the Endotoxin Activity Assay™ (EAA), an on-market companion diagnostic tool that aids in the risk assessment of ICU patients for progression to severe sepsis.

In connection with the Offering, the Agent received a cash commission of C\$650,940 and 989,850 Common Share purchase warrants (the “**Compensation Warrants**”), with each Compensation Warrant

entitling the Agent to acquire one Common Share at a price of C\$0.40 for a period of 36 months from the Closing Date.

The Company intends to use the net proceeds from the Offering for its Phase III registration trial (Tigris) for its PMX (as defined below) treatment for endotoxemic septic shock and for general corporate and working capital purposes, as more fully described in the short-form prospectus (the “**Prospectus**”) of the Company dated October 28, 2022.

The securities issued pursuant to the Unit Offering were qualified for distribution pursuant to the Prospectus, filed in each of the provinces and territories of Canada other than Québec, and offered and sold elsewhere outside of Canada on a private placement basis. The Prospectus and the documents incorporated by reference therein, are available on the Company’s issuer profile on SEDAR at www.sedar.com.

The securities issued in connection with the Note Offering are subject to a statutory hold period expiring on March 3, 2023, in accordance with applicable Canadian securities laws.

The issuance of Units to insiders pursuant to the Unit Offering is considered to be a related party transaction under Multilateral Instrument 61-101. The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(a) of Multilateral Instrument 61-101 on the basis that participation in the Unit Offering by insiders does not exceed 25% of the fair market value of the Company’s market capitalization.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The following senior officer of the Company is knowledgeable about the material change described in this report:

Blair McInnis
Chief Financial Officer
Spectral Medical Inc.
Tel: 416-626-3233 x 2100
bmcinnis@spectraldx.com

Item 9 Date of Report

November 2, 2022.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of applicable Canadian securities laws that involve known and unknown risks and uncertainties, most of which are beyond the Company’s control. Should one or more of the risks or uncertainties underlying these forward-looking statements materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual

results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements. Accordingly, undue reliance should not be placed on these forward-looking statements. The forward-looking statements contained herein are made as of the date of this report and, other than as required by applicable securities laws, the Company does not assume any obligation to update or revise it to reflect new events or circumstances. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.