

**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

September 6, 2023

Item 3 News Release

The Company issued a news release disclosing the material change through the facilities of GlobeNewswire on September 7, 2023 and filed it on SEDAR under the Company’s profile at www.sedarplus.com. Refer to the press release as attached as Schedule “A”.

Item 4 Summary of Material Change

On September 6, 2023, Spectral closed its previously announced “bought deal” private placement of 9.0% convertible unsecured senior notes due November 1, 2026 (the “**Notes**”) of the Company at a price of US\$1,000 per note (the “**Issue Price**”) for gross proceeds of US\$4,553,000 (the “**Offering**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

On September 6, 2023 (the “**Closing Date**”), the Company closed its previously announced Offering for gross aggregate proceeds of US\$4,553,000.

The Notes have a face value of US\$1,000 per Note, bear interest of 9% and are due on November 1, 2026 (the “**Maturity Date**”). Holders of the Notes may convert all or any portion of the Notes into common shares of the Company (the “**Common Shares**”) in integral multiples of US\$1,000 principal amount at any time prior to the Maturity Date. Each Note is convertible into approximately 15,475,647 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 last 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, Paradigm Capital Inc. received a cash commission of US\$273,180 and 928,539 compensation options (the “**Compensation Options**”), with each Compensation Option entitling the holder thereof to acquire one Common Share at an exercise price equal to CDN\$0.40 until the date that is three (3) years following today’s date.

The Company intends to use the net proceeds from the Offering for its Phase III registration trial (Tigris Study) for its PMX Product treatment for endotoxic septic shock and for general corporate and working capital purposes.

Chris Seto, Chief Executive Officer of Spectral Medical, stated, “We remain encouraged by the continued momentum and pace of patient enrollment in the Tigris study. We are now at 72 patients enrolled, and the study remains on track to reach the important interim milestone of 90 patients enrolled by the end of 2023. I would like to thank our strategic investors, Baxter and Pinnacle Island LP. Our investment partners understand and are aligned with the Company’s strategy, and I am pleased with their continued funding support to advance our pivotal Tigris trial.”

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

September 7, 2023.

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.

SCHEDULE "A"

See attached.

CORRECTION – Spectral Medical Inc. Closes C\$6.1 Million Bought Deal Convertible Note Financing

Tigris patient enrollment momentum continues reaching 72

The Company anticipates three additional trial sites to be activated in Q3

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

CORRECTION FROM SOURCE: Spectral Medical Inc.

A correction from source is being issued with respect to the press release titled, **Spectral Medical Inc. Closes C\$6.1 Million Bought Deal Convertible Note Financing**, released on September 7, 2023, at 7:00 am ET.

There was an error in the third sentence of the second paragraph. The corrected sentence reads: The Notes are convertible into approximately 15,475,647 Common Shares, subject to customary anti-dilution and make whole fundamental change adjustments.

The complete corrected press release follows:

TORONTO, Sept. 07, 2023 -- Spectral Medical Inc. (TSX: EDT) ("**Spectral**" or the "**Company**") is pleased to announce that it has closed its previously announced "bought deal" private placement of 9.0% convertible unsecured senior notes due November 1, 2026 (the "**Notes**") of the Company at a price of US\$1,000 per Note (the "**Issue Price**") for aggregate gross proceeds of US\$4,553,000 (the "**Offering**"). The Offering was conducted by Paradigm Capital Inc. (the "**Underwriter**") and consisted of the sale of 4,553 Notes at a price of US\$1,000 per Note.

The Notes have a face value of US\$1,000 per Note, bear interest of 9% and are due on November 1, 2026 (the "**Maturity Date**"). Holders of the Notes may convert all or any portion of the Notes into common shares of the Company (the "**Common Shares**") in integral multiples of US\$1,000 principal amount at any time prior to the Maturity Date. The Notes are convertible into approximately 15,475,647 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 last 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 Underwriter received a cash commission of US\$273,180 and 928,539 compensation options (the "**Compensation Options**"), with each Compensation Option entitling the holder thereof to acquire one Common Share at an exercise price equal to CDN\$0.40 until the date that is three (3) years following today's date.

The Company intends to use the net proceeds from the Offering for its Phase III registration trial (Tigris Study) for its PMX Product treatment for endotoxic septic shock and for general corporate and working capital purposes.

Chris Seto, Chief Executive Officer of Spectral Medical, stated, "We remain encouraged by the continued momentum and pace of patient enrollment in the Tigris study. We are now at 72 patients enrolled, and the study remains on track to reach the important interim milestone of 90 patients enrolled by the end of 2023. I would like to thank our strategic investors, Baxter and Pinnacle Island LP. Our investment partners understand and are aligned with the Company's strategy, and I am pleased with their continued funding support to advance our pivotal Tigris trial."

This press release does not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction, nor will there be any offer or sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Notes have not and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and therefore will not be offered or sold within the United States except pursuant to applicable exemptions from the registration requirements of the U.S. Securities Act and applicable state securities laws.

About Spectral

Spectral is a Phase 3 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 is approved for therapeutic use in Japan and Europe, and has been used safely and effectively on more than 340,000 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. In July 2022, the U.S. FDA granted Breakthrough Device Designation for PMX for the treatment of endotoxic septic shock. Approximately 330,000 patients are diagnosed with septic shock in North America each year.

Spectral is listed on the Toronto Stock Exchange under the symbol EDT. For more information please visit 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 company's ability to raise capital and the availability of funds and resources to pursue R&D projects, the recruitment of additional clinical trial sites, the rate of patient enrollment, the successful and timely completion of clinical studies, the success of Baxter's commercialization efforts, 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.

Actual results could differ materially from what is currently expected, and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, the Company disclaims any obligation to update or revise any forward-looking statements. Reference is also made to the other risks and uncertainties that may affect the Company which are more fully described in the Company's Annual Information Form dated March 24, 2023, and other filings of Spectral with the securities regulatory authorities which are available at www.sedarplus.com.

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

For further information, please contact:

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