



## SPECTRAL ANNOUNCES THIRD QUARTER RESULTS

**TORONTO, Canada – November 14, 2018– 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, 2018.

### Financial Review

Revenue for the three-months ended September 30, 2018 was \$579,000 compared to \$820,000 for the same period in the preceding year. For the nine-months ended September 30, 2018 revenues were \$1,976,000 compared to \$2,785,000 in the nine-months ended September 30, 2017.

Royalty revenue from one customer has decreased from \$1,264 (US\$966) to \$168 (US\$130) for the first nine-months of 2018, due to the expiry of certain patents. As a result, the Company entered into a technology transfer agreement (the "Agreement") whereby it transferred certain technology and related materials to this customer. The Agreement will generate approximately \$2,000 in additional revenue over 2018 and 2019, upon the fulfillment of four milestones. On November 5, 2018, the Company completed its first milestone under the Agreement and is entitled to receive payment of US\$271. As all royalty revenue contracts related to the Company's biological reagents will expire by the end of 2019, the Company intends to negotiate similar agreements over the next several months. In addition to technology transfers, the Company will increase the unit price of its reagents to offset the loss in royalty revenue.

Operating costs for the quarter ended September 30, 2018 amounted to \$1,288,000 compared to \$1,677,000 in 2017. Operating costs for the nine-months ended September 30, 2018 were \$4,909,000, a decrease of \$876,000 from \$5,785,000 for the first nine months of 2017. Most of the Company's expenses are incurred in its Phase III clinical trial and regulatory program and will vary depending on the timing and determination of the regulatory path forward. Apart from clinical trial and regulatory activities, the Company continues to maintain a low cost operating structure for its base business operations.

For the three-months ended September 30, 2018, the Company reported a loss of \$709,000 (\$0.003 per Share) compared to a loss of \$857,000 (\$0.004 per Share) for the three-months ended September 30, 2017. The loss for the nine-months ended September 30, 2018 was \$2,933,000 (\$0.013 per Share) compared to \$3,000,000 (\$0.014 per Share) for the same nine-month period in the prior year.

The Company concluded the third quarter of 2018 with cash on hand of \$4,567,000 compared to \$1,449,000 as of December 31, 2017.

The total number of shares outstanding for the Company was 225,591,183 as at September 30, 2018.

### Regulatory update

The Company continues its dialogue with the U.S. FDA concerning the planning of the TIGRIS trial and anticipates that an agreement could be reached in calendar year 2018 as to the clinical trial protocol and the Statistical Analysis Plan.

### 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 150,000 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 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)

	September 30 2018	December 31 2017 Restated	January 01 2017 Restated
	\$	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash	4,567	1,449	5,080
Trade and other receivables	504	881	642
Inventories	289	191	244
Prepayments and other assets	193	73	166
Contract asset	126	-	-
	5,679	2,594	6,132
<b>Non-current assets</b>			
Property and equipment	454	570	634
Intangible asset	290	309	334
<b>Total assets</b>	<b>6,423</b>	<b>3,473</b>	<b>7,100</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	441	612	1,112
Contract liability	29	3	6
<b>Total liabilities</b>	<b>470</b>	<b>615</b>	<b>1,118</b>
<b>Equity</b>			
Share capital	66,646	63,225	63,084
Contributed surplus	7,981	7,849	7,849
Share-based compensation	5,591	4,914	4,103
Warrants	1,930	132	132
Deficit	(76,195)	(73,262)	(69,186)
<b>Total equity</b>	<b>5,953</b>	<b>2,858</b>	<b>5,982</b>
<b>Total liabilities and equity</b>	<b>6,423</b>	<b>3,473</b>	<b>7,100</b>

# Spectral Medical Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the nine-months ended September 30, 2018 and 2017  
(Unaudited)

(in thousands of Canadian dollars, except for share and per share data)

	<b>Three-months ended 2018</b>	<b>2017 Restated \$</b>	<b>Nine-months ended 2018</b>	<b>2017 Restated \$</b>
<b>Revenue</b>	579	820	1,976	2,785
<b>Expenses</b>				
Changes in inventories of finished goods and work-in-process	13	78	69	204
Inventory write-down	-	-	38	-
Raw materials and consumables used	82	56	207	167
Salaries and benefits	619	748	2,523	2,632
Consulting and professional fees	266	406	962	1,610
Product development	-	-	66	50
Regulatory and investor relations	80	59	360	220
Travel and entertainment	16	81	78	226
Depreciation and amortization	57	56	176	168
Foreign exchange (gain) loss	12	39	(10)	73
Other expenses	143	154	440	435
	1,288	1,677	4,909	5,785
<b>Loss and comprehensive loss for the period</b>	(709)	(857)	(2,933)	(3,000)
<b>Basic and diluted loss per Share</b>	(0.003)	(0.004)	(0.013)	(0.014)
<b>Weighted average number of Shares outstanding</b>	225,591,183	207,446,674	218,346,659	207,288,352

# Spectral Medical Inc.

Condensed Interim Consolidated Statements of Changes in Equity  
For the nine-months ended September 30, 2018 and 2017  
(Unaudited)

(in thousands of Canadian dollars)

	Issued capital		Contributed surplus	Share-based compensation	Warrants	Deficit	Total equity
	Number	\$	\$	\$	\$	\$	\$
<b>Balance, January 1, 2017</b>	207,165,587	63,084	7,849	4,103	132	(69,346)	5,822
Change in accounting policies	-	-	-	-	-	160	160
Restated equity, January 1, 2017	207,165,587	63,084	7,849	4,103	132	(69,186)	5,982
Share options exercised	283,750	137	-	(56)	-	-	81
Loss and comprehensive loss for the period, restated	-	-	-	-	-	(3,000)	(3,000)
Share-based compensation	-	-	-	433	-	-	433
<b>Balance, September 30, 2017</b>	207,449,337	63,221	7,849	4,480	132	(72,186)	3,496
Share options exercised	9,685	4	-	(1)	-	-	3
Loss and comprehensive loss for the period, restated	-	-	-	-	-	(1,076)	(1,076)
Share-based compensation	-	-	-	435	-	-	435
<b>Balance, December 31, 2017</b>	207,459,022	63,225	7,849	4,914	132	(73,262)	2,858
<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

# Spectral Medical Inc.

Condensed Interim Consolidated Statements of Cash Flows  
For the nine-months ended September 30, 2018 and 2017  
(Unaudited)

(in thousands of Canadian dollars)

	2018	2017
	\$	Restated \$
<b>Cash flow provided by (used in)</b>		
<b>Operating activities</b>		
Loss and comprehensive loss for the period	(2,933)	(3,000)
Adjustments for:		
Depreciation on property and equipment	157	149
Amortization of intangible asset	19	19
Share-based compensation	740	433
Gain on disposal of property and equipment	-	(4)
Changes in items of working capital :		
Trade and other receivables	377	(97)
Inventories	(98)	22
Prepayments and other assets	(120)	(7)
Contract asset	(126)	-
Trade and other payables	(171)	(328)
Contract liability	26	(2)
<b>Net cash used in operating activities</b>	<b>(2,129)</b>	<b>(2,815)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(41)	(90)
Proceeds on disposal of property and equipment	-	15
<b>Net cash used in investing activities</b>	<b>(41)</b>	<b>(75)</b>
<b>Financing activities</b>		
Proceeds from private placement	5,308	-
Transaction costs paid	(111)	-
Proceeds from Share options exercised	91	81
<b>Net cash provided by financing activities</b>	<b>5,288</b>	<b>81</b>
Increase (decrease) in cash	3,118	(2,809)
Cash, beginning of period	1,449	5,080
<b>Cash, end of period</b>	<b>4,567</b>	<b>2,271</b>