

Spectral Announces Fourth Quarter and Fiscal 2018 Results

TORONTO, March 28, 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 financial results for the fourth quarter and for the year ended December 31, 2018.

Financial Review

Revenue for the three months ended December 31, 2018 was \$1,864,000 compared to \$884,000 for the same three-month period last year. Revenue for the year ended December 31, 2018 was \$3,840,000 compared to \$3,669,000 for the prior year, representing an increase of \$171,000, or 5%.

For the quarter ended December 31, 2018, the Company reported operating costs of \$1,420,000 compared to \$1,960,000 for the corresponding period in 2017. Operating costs for the year ended December 31, 2018 amounted to \$6,329,000 compared to \$7,745,000 in 2017. Most of the Company's expenses are incurred in its Phase III clinical trial and vary depending on the timing and level of patient enrolment. Apart from clinical trial activities, the Company continues to maintain a low cost operating structure for its base business operations.

Income for the quarter ended December 31, 2018 was \$444,000 (\$0.002 per share) compared to a loss of \$1,076,000 (\$0.005 per share) for the same quarter last year. For the year ended December 31, 2018, the Company reported a loss of \$2,489,000, (\$0.01 per share), compared to a loss of \$4,076,000 (\$0.02 per share), for the year ended December 31, 2017.

The Company concluded the 2018 year with cash of \$4,368,000 compared to \$1,449,000 cash on hand as of December 31, 2017.

The total number of common shares outstanding for the Company was 225,591,183 as at December 31, 2018.

Corporate update

- Tigris protocol approved by the U.S. Food and Drug Administration and the study is to commence in the first half of 2019.
- The first order of Spectral continuous renal replacement therapy ("CRRT") machines ("SAMI") was received and delivered in the first quarter of 2019.
- Enhancement of Spectral's renal replacement therapy program to include home hemodialysis.

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.

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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Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	December 31 2018	December 31 2017 Restated (Note 4)	January 01 2017 Restated (Note 4)
	\$	\$	\$
Assets			
Current assets			
Cash	4,368	1,449	5,080
Trade and other receivables	1,433	881	642
Inventories	197	191	244
Prepayments and other assets	192	73	166
Contract asset	126	-	-
	6,316	2,594	6,132
Non-current assets			
Property and equipment	377	570	634
Intangible asset	284	309	334
Total assets	6,977	3,473	7,100
Liabilities			
Current liabilities			
Trade and other payables	500	612	1,112
Contract liabilities	107	3	6
Total liabilities	607	615	1,118
Equity			
Share capital	66,646	63,225	63,084
Contributed surplus	7,981	7,849	7,849
Share-based compensation	5,564	4,914	4,103
Warrants	1,930	132	132
Deficit	(75,751)	(73,262)	(69,186)
Total equity	6,370	2,858	5,982
Total liabilities and equity	6,977	3,473	7,100

Consolidated Statements of Loss and Comprehensive Loss For the years ended December 31, 2018 and 2017

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

	2018	2017 Restated (Note 4)
	\$	\$
Revenue	3,840	3,669
Expenses		
Changes in inventories of finished goods and work-in-process	102	232
Inventory write-down	229	25
Raw materials and consumables used	266	245
Salaries and benefits	3,095	3,534
Consulting and professional fees	1,198	1,829

Product development	110	238
Regulatory and investor relations	461	479
Travel and entertainment	129	280
Depreciation and amortization	230	222
Foreign exchange (gain) loss	(74)	67
Other expenses	583	594
	6,329	7,745

Loss and comprehensive loss for the year	(2,489)	(4,076)
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Basic and diluted loss per common share	(0.01)	(0.02)
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Weighted average number of common shares outstanding	220,172,675	207,329,193
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Consolidated Statements of Changes in Equity
For the years ended December 31, 2018 and 2017

(in thousands of Canadian dollars)

	Issued capital Number	Contributed surplus \$	Share-based compensation \$	Warrants \$	Deficit \$	Total equity \$
Balance, January 1, 2017	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	293,435	141	-	(57)	-	84
Loss and comprehensive loss for the year, restated	-	-	-	-	(4,076)	(4,076)
Share-based compensation	-	-	-	868	-	868
Balance, December 31, 2017	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 year	-	-	-	-	(2,489)	(2,489)
Share-based compensation	-	-	-	713	-	713
Balance, December 31, 2018	225,591,183	66,646	7,981	5,564	1,930 (75,751)	6,370

Spectral Medical Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(in thousands of Canadian dollars)

	2018 \$	2017 Restated (Note 4) \$
Cash flow provided by (used in)		
Operating activities		
Loss and comprehensive loss for the year	(2,489)	(4,076)
Adjustments for:		
Depreciation on property and equipment	205	197
Amortization of intangible asset	25	25
Share-based compensation	713	868

Write down of property and equipment	35	
Gain on disposal of property and equipment	-	(13)
Changes in items of working capital :		
Trade and other receivables	(552)	(239)
Inventories	(6)	53
Prepayments and other assets	(119)	93
Contract asset	(126)	
Trade and other payables	(112)	(500)
Contract liability	104	(3)
Net cash used in operating activities	(2,322)	(3,595)
Investing activities		
Property and equipment expenditures	(47)	(135)
Proceeds on disposal of property and equipment	-	15
Net cash used in investing activities	(47)	(120)
Financing activities		
Proceeds from private placement	5,308	-
Transaction costs paid	(111)	-
Share options exercised	91	84
Net cash provided by financing activities	5,288	84
Increase (decrease) in cash	2,919	(3,631)
Cash, beginning of year	1,449	5,080
Cash, end of year	4,368	1,449