Spectral Medical Inc. Announces C$8.5 Million Bought Deal Convertible Note Financing

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TORONTO, May 09, 2024 -- Spectral Medical Inc. (TSX:EDT) (the "**Company**" or "**Spectral**"), is pleased to announce that it has entered into an agreement with Paradigm Capital Inc. (the "**Underwriter**"), in connection with a bought deal private placement consisting of the sale of 9% convertible notes of the Company (the "**Convertible Notes**") at a price of US$1,000 per Convertible Note due on May 1, 2028 (the "**Maturity Date**") for gross proceeds of approximately C$8.5 million (the "**Offering**"). The holders of the Convertible Notes may convert all or any portion of the Convertible Notes into common shares of the Company (the "**Common Shares**") at a conversion price of C$0.52 per Common Share, subject to customary anti-dilution adjustments and in integral multiples of US$1,000 principal amount at any time prior to the Maturity Date. The Convertible Notes are convertible into approximately 16.4 million Common Shares (or approximately 18.8 million Common Shares if the over-allotment option, as described below, is exercised in full), subject to customary anti-dilution and make whole fundamental change adjustments.

The Company has granted the Underwriter an option to sell up to that number of additional Convertible Notes equal to 15% of the base size of the Offering, on the same terms and conditions as set out herein, exercisable in whole or in part at any time up to 48 hours prior to the Closing Date (as defined below).

The net proceeds from the Offering are expected to be primarily used by the Company on its Phase III registration trial (Tigris) for its PMX treatment for endotoxemic septic shock and for general corporate and working capital purposes.

The Offering is expected to close on or about May 23, 2024 (the "**Closing Date**") and will be subject to regulatory approvals and customary closing conditions, including listing of the common shares issuable upon conversion of the Notes on the Toronto Stock Exchange.

The securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and may not be offered or sold in the United States without registration under the U.S. Securities Act and all applicable state securities laws or compliance with the requirements of an applicable exemption therefrom. This press release does not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor may there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

About SPECTRAL MEDICAL INC.

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.

The Tigris Trial is a confirmatory study of PMX in addition to standard care vs standard care alone and is designed as a 2:1 randomized trial of 150 patients using Bayesian statistics. Endotoxic septic shock is a malignant form of sepsis https://www.youtube.com/watch?v=6RANrHHi9L8.

The trial methods are detailed in "**Bayesian methods: a potential path forward for sepsis trials**".

Spectral is listed on the Toronto Stock Exchange under the symbol EDT. For more information, please visit www.spectraldx.com.

Forward-looking Information Cautionary 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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