

## **LED Medical Diagnostics Inc. Reports 2018 Third Quarter Results**

**Vancouver, British Columbia – November 29, 2018** - LED Medical Diagnostics Inc. ("LED" or the "Company"), a leading dental imaging technology provider focused on delivering state-of-the-art imaging software and systems, today announced its financial results for the third quarter ended September 30, 2018, reported in United States dollars and in accordance with International Financial Reporting Standards ("IFRS"). The Company's results are presented in comparison to the second quarter ended June 30, 2018 and third quarter ended September 30, 2017.

The Company reported year-to-date revenue of \$10,404,183 which represents 16% revenue growth year over year. The Company also reported positive EBITDA<sup>1</sup> year-to-date of \$514k or 5% of revenue. Revenue for the three months ended September 30, 2018 was \$3,400,904 and gross margin<sup>2</sup> was 68% as compared to 59% for the three months ended June 30, 2018 and 65% for the three months ended September 30, 2017. The Company achieved EBITDA<sup>1</sup> of \$385,624 during the third quarter of fiscal year 2018 compared to \$100,433 in the immediately preceding quarter. The Company was cash flow positive from operations for the three months ended, September 30, 2018. VELscope® devices did not contribute to revenue during Q3/18 due to a supply chain disruption on a key manufacturing component during the quarter, which was fully resolved subsequent to quarter end.

"Our achievement of positive EBITDA<sup>1</sup> for Q3 FY18 is our third consecutive EBITDA<sup>1</sup> positive quarter year-to-date", commented LED CEO Dr. David Gane. "This improvement in financial performance over prior years is largely attributed to improved gross margins from software and recurring revenue from software subscriptions. I anticipate this trend to continue as we scale revenues while leveraging our existing cost structure for greater efficiencies and profitability".

### **Highlights During the Three Months Ended September 30, 2018**

- LED Medical Diagnostics Subsidiary Apteryx, Inc. Awarded a Five-Year Contract with the United States Dept. of Veteran's Affairs Federal Supply Schedule (FSS) effective from 9/15/2018 through 9/14/2023 including a renewal option for an additional 5-year period. The contract award provides Apteryx the ability to serve as a preferred supplier of dental imaging products, software and services to United States government institutions worldwide.
- Completed a financing through the issuance of 12,175,553 convertible Preferred Shares of the Company at an issue price of CDN\$0.45 per share for gross proceeds of \$5.48M. In addition, the Company, issued 8,147,071 Preferred Shares in exchange for approximately CDN\$3.67M of outstanding senior secured debentures including accrued interest.
- VELscope VX receives 8<sup>th</sup> consecutive Cellerant "Best of Class" Technology Award for 2018

## **Financial Highlights for the Three Months Ended September 30, 2018**

Revenue for the three months ended September 30, 2018 was \$3,400,904, inclusive of \$61,761 of sales delivered in Quarter 1 and \$92,642 of sales delivered in Quarter 2 of fiscal 2018, invoiced in the Quarter 3 period. This represents a decrease of 7% from the three months ended June 30, 2018 and an increase of 6% from the three months ended September 30, 2017.

The Company's gross margin<sup>2</sup> was 68% for the three months ended September 30, 2018 as compared to 59% for the three months ended June 30, 2018 and 65% in the three months ended September 30, 2017.

EBITDA<sup>1</sup> for the three months ended September 30, 2018 was \$385,624 representing an increase from \$100,433 in the prior quarter and from a loss of \$58,673 in the three months ended September 30, 2017.

Net loss was \$176,507 for the three months ended September 30, 2018 compared to net loss of \$1,447,713 for the three months ended September 30, 2017.

The Company had cash of \$3,412,732 as of September 30, 2018. Cash provided by operations was \$114,377 during the three months ended September 30, 2018 compared to cash used in operations of \$240,299 during the three months ended September 30, 2017.

## **Financial Highlights for the Nine Months Ended September 30, 2018**

Revenue for the nine months ended September 30, 2018 was \$10,404,183 representing an increase of 16% from the prior year of \$8,994,878. The Company's gross margin<sup>2</sup> was 64% for the nine months ended September 30, 2018 as compared to 58% in the prior year period. EBITDA<sup>1</sup> for the nine months ended September 30, 2018 was \$513,775 representing an increase from negative EBITDA<sup>1</sup> of \$782,604 in the prior year period. Net income for the nine months ended September 30, 2018 was \$278,317 representing a significant improvement from a net loss of \$1,630,441 in the prior year period.

## **Financial Statements and Management's Discussion & Analysis**

Please see the [interim consolidated financial statements](#) and related [Management's Discussion & Analysis](#) ("MD&A") for more details. The interim condensed consolidated financial statements for the three months ended September 30, 2018 and related MD&A have been reviewed and approved by the Company's Audit Committee and Board of Directors. The Company has prepared this truncated news release to alert investors to its results and that a more detailed explanation and analysis is readily available in the MD&A. These reports have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and also posted to [www.ledmd.com](http://www.ledmd.com).

## **About LED Medical Diagnostics Inc.**

LED Medical Diagnostics Inc. is a dental imaging technology provider focused on delivering state-of-the-art imaging software and systems. Through its wholly-owned

subsidiaries LED Dental Inc., LED Dental Ltd., and Apteryx, Inc., LED Medical has provided dentists and oral health specialists with advanced diagnostic imaging products and software for over 20 years. LED's proprietary technologies include the VELscope® Vx Enhanced Oral Assessment and TUXEDO Intraoral Sensors, in addition to Apteryx's XrayVision, XVWeb® and XrayVision DCV imaging software solutions.

Backed by an experienced leadership team and dedicated to a higher level of service and support, LED is committed to providing dental practitioners with the best technology available by identifying and adding leading products to its growing portfolio.

The Company is currently listed on the TSX-V under the symbol LMD, the OTCQB under the symbol LEDIF, as well as the Frankfurt Stock Exchange under the symbol LME.

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**Forward Looking Statements**

*This press release contains statements which, to the extent that they are not recitations of historical fact, may constitute forward-looking information under applicable Canadian securities legislation that involve risks and uncertainties. Such forward-looking statements or information include statements regarding, but not limited to the Company's future growth strategy, its distribution strategy and product offerings, potential expansion of the Company's technology to other medical applications or markets, or the potential introduction of new technologies by the Company. Persons reading this press release are cautioned that such statements or information are only predictions, and that the Corporation's actual future results or performance may be materially different. Factors that could cause actual events or results to differ materially from those suggested by these forward-looking statements include, but are not limited to competition risks, distributor risks, product development risks such as regulatory, design, intellectual property and other factors described in the Corporation's reports filed on SEDAR including its Annual Information Form and financial report for the year ended December 31, 2017. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. All forward-looking statements made in this press release are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized. The Company*

*disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except as required by law.*

*<sup>1</sup> EBITDA or Earnings before Interest, Taxes, Depreciation and Amortization is a non-IFRS measure that does not have a standardized meaning and may not be comparable to a similar measure disclosed by other issuers. This measure does not have a comparable GAAP measure. EBITDA referenced here relates to net income or loss and comprehensive income or loss less sales and marketing, research and development and administration expenses but excludes interest, income taxes, depreciation, amortization, finder's warrants issuance costs, stock-based compensation, deferred share unit compensation, mark to market adjustments on Canadian dollar denominated warrants, foreign exchange gain or loss and other income. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the cash operating loss of the business.*

*<sup>2</sup> Gross margin is a non-IFRS measure that does not have a standard meaning and may not be comparable to a similar measure disclosed by other issuers. Gross margin referenced here relates to revenues less cost of sales. This measure does not have a comparable IFRS measure and is used by the Company to manage and evaluate the operating performance of the Company.*