



Trading Update

Nov 02, 2022

*Spectral MD expected to exceed full year market expectations for revenue, margins, and EBITDA
Burn and Diabetic Foot Ulcer ("DFU") clinical studies remain on track*

LONDON, U.K AND DALLAS, TX, U.S. Spectral MD Holdings, Ltd. (AIM: SMD), a predictive analytics company with proprietary AI algorithms and optical technology for faster and more accurate treatment decisions in wound care, announces an update on trading, which the Company expects will exceed current market expectations for the year ended 31 December 2022, across revenues, gross margin, and EBITDA performance.

Financial Update

The Company expects its 2022 grant revenue to be materially ahead of market expectations and nearly 60% ahead of grant revenues received in 2021. This translates to a significantly better Gross Margin than expected and a considerably reduced EBITDA loss, with both ahead of market expectations.

Grant revenue, mainly deriving from the Company's BARDA funding contract for the Burn indication, has been driven higher by strong execution of Burn clinical studies and related developments of the contract in the second half of 2022. The Company also received additional funding commitments from BARDA of US\$ 8.2m in August this year. This will allow Spectral MD to expand the number of clinical trial sites, fund the development of DeepView's Electronic Health Record (EHR) interoperability with hospitals and other sites of service, and accelerate manufacturing readiness sooner than planned. These funded tasks are expected to start earlier than originally expected and will therefore contribute to the higher-than-expected revenue.

The Company's Gross Margin percentage is expected to be higher than market expectations due to a different clinical study cost mix in the current year than previously anticipated. The Company expects Gross Margins to return to previous levels in 2023. Current trial costs are well within planned budgets, reflecting tight cost controls, which should result in a better-than-expected DFU R&D cost position in the current year.

Business Update

The Company has been executing the BARDA sponsored Burn clinical study with ten leading US research hospitals across the nation. The enrollment for the study has been strong and the Company is well on the way to meet the enrollment targets for adult patients. For pediatric enrollments, the Company, and the Company's BARDA sponsor both recognize the need for more sites to meet the target, and this has been financially supported by the additional BARDA funding of US\$ 8.2m announced in late August 2022.

The enrolment completion of the DFU clinical trial in the US as well as the initiation of the DFU clinical trial in Europe are on track for this year and updates on progress will be provided in due course.

Wensheng Fan, Spectral MD Chief Executive Officer, said: *"I am delighted to report that we continue to make good progress on our clinical and regulatory pathway, and that the financial performance of the business is exceeding market expectations on all levels. 2022 is proving to be another exciting year for Spectral MD and we remain focused on completing enrollment in both Burn and DFU clinical studies and continuing to support an accelerated pathway to commercial readiness."*

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

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About Spectral MD:

We are a dedicated team of forward-thinkers striving to revolutionize the management of wound care by "Seeing the Unknown" ® with our DeepView® Wound Imaging System.

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