Spectral AI Announces Plan to Spin Off Spectral IP Subsidiary Focused on Intellectual Property Investments and Monetization

Nov 06, 2024

Strategic Spinoff Aims to Unlock IP Value and Sharpen Focus on AI Medical Diagnostics

DALLAS, Nov. 06, 2024 (GLOBE NEWSWIRE) -- Spectral AI, Inc. (Nasdaq: MDAI) ("Spectral AI" or the "Company"), an artificial intelligence ("AI") company focused on medical diagnostics for faster and more accurate treatment decisions in wound care, today announced its intent to spin off its Spectral IP, Inc. subsidiary ("Spectral IP") through a transaction with Sauvegarder Investment Management, Inc. ("SIM"), a development-stage company focused on IP-based financing and monetization. The spinoff aligns with Spectral AI's strategy to maximize shareholder value by fostering growth in its subsidiary, Spectral IP, to monetize intellectual property ("IP") assets relevant to the broader AI ecosystem with a specific emphasis on healthcare that present significant growth potential outside of the Company's core focus on medical diagnostics. All of Spectral AI's 26 patents and 38 patent applications will remain with Spectral AI.

The spinoff is expected to deliver key advantages, including: a sharper strategic focus with supporting resources; optimized capital allocation priorities; enhanced shareholder value; and expanded strategic opportunities for Spectral IP.

Details of the Spinoff
Spectral AI anticipates that the transaction will be in the form of a distribution to its shareholders of stock of Spectral IP, which will become a new, independent publicly-traded company. Spectral AI currently expects the transaction to be completed within the next 90 days, subject to final approval by the Company's Board of Directors, a Form 10 registration statement being declared effective by the U.S. Securities and Exchange Commission, regulatory approvals, and the satisfaction of any remaining closing conditions. There can be no assurance regarding the ultimate timing or completion of the proposed spin off transaction.

"We believe this spinoff represents an exceptional opportunity to unlock additional value for our shareholders," said Dr. J. Michael DiMaio, Chairman of Spectral AI's Board of Directors. "With the spinoff transaction, we are creating a distinct pathway for targeted intellectual property investments outside our core focus on medical diagnostics. This strategic move enables Spectral IP to explore and capitalize on significant opportunities beyond medical diagnostics while driving innovation and growth in the broader IP landscape."

In March 2024, Spectral AI announced the formation of its Spectral IP subsidiary to advance intellectual property relevant to the broader AI ecosystem, with a specific emphasis on healthcare. Spectral AI also announced that Spectral IP had received a $1 million investment and that Board Member Erich Spangenberg was appointed Chief Executive Officer of the subsidiary. Mr. Spangenberg is Spectral AI's largest shareholder and has a strong track record in global IP investment, monetization, enforcement, acquisition, and licensing.

Following the spinoff, Spectral IP (to be renamed SIM IP Inc.) will focus on providing IP-based financing and monetization solutions across various industries. SIM IP's approach will include licensing, litigation investment, structured financing, royalty acquisitions, and opportunistic transactions. While SIM IP will remain industry-agnostic, its target sectors include healthcare, semiconductors, AI, and IoT – "hard tech" sectors with longer replacement cycles commonly ignored by other investors and frequently infringed. Led by experienced professionals, it intends to leverage deep industry connections and expertise to identify and unlock value in IP assets. SIM IP will be led by Mr. Spangenberg as Chief Executive Officer and David Kutcher as Chief Financial Officer following the completion of the separation. SIM IP will be headquartered in Miami, Florida.

About Spectral AI
Spectral AI, Inc. is a Dallas-based predictive AI company focused on medical diagnostics for faster and more accurate treatment decisions in wound care, with initial applications involving patients with burns and diabetic foot ulcers. The Company is working to revolutionize the management of wound care by "Seeing the Unknown®" with its DeepView System. DeepView is a predictive device that offers clinicians an objective and immediate assessment of a wound's healing potential prior to treatment or other medical intervention. With algorithm-driven results and a goal of exceeding the current standard of care in the future, DeepView is expected to provide faster and more accurate treatment insight towards value care by improving patient outcomes and reducing healthcare costs. For more information about DeepView, visit www.spectral-ai.com.

About Spectral IP, Inc.
Spectral IP will be a leading IP asset manager focused on providing IP-based financing and monetization solutions across various industries. Spectral IP's approach includes licensing, litigation investment, structured financing, royalty acquisitions, and opportunistic transactions. Led by experienced professionals, Spectral IP leverages deep industry connections and expertise to identify and unlock value in IP assets.

Forward-Looking Statements
Certain statements made in this release are "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995, including statements regarding the Company's intention to separate its Spectral IP subsidiary from the Company, and each Company's strategy, plans, objectives, initiatives, strategic goals, financial outlook or other non-historical matters. When used in this press release, the words "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements.

These forward-looking statements are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside Company's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. As such, readers are cautioned not to place undue reliance on any forward-looking statements.

Investors should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" sections of the Company's filings with the SEC, including the Registration Statement and the other documents filed by the Company. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Spectral AI undertakes no obligation to update any forward-looking statements except as otherwise required by law.

For Media and Investor Relations, please contact:

David Kugelman
Atlanta Capital Partners LLC
(866) 692-6847 Toll Free - U.S. & Canada
(404) 281-8556 Mobile and WhatsApp
Email: dk@atlcp.com