

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 21, 2025

SPECTRALAI, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction  
of incorporation)

001-40058

(Commission File Number)

85-3987148

(I.R.S. Employer  
Identification No.)

2515 McKinney Avenue, Suite 1000  
Dallas, Texas

(Address of principal executive offices)

75201

(Zip Code)

(972) 499-4934

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencements communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	MDAI	The Nasdaq Stock Market LLC
Redeemable Warrants, each whole warrant exercisable for one share of Common Stock, at an exercise price of \$11.50 per share	MDAIW	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 1.01 Entry into a Material Definitive Agreement.**

### ***Securities Purchase Agreement***

On March 21, 2025, Spectral AI, Inc. (the “Company”) entered into securities purchase agreements (the “Purchase Agreements”) with certain investors in the United States and the United Kingdom (the Investors from the United Kingdom, the “UK Investors,” and collectively, the “Investors”) for the sale of an aggregate of 2,076,923 shares (the “Shares”) of the Company’s common stock, par value \$0.0001 per share (“Common Stock”), at an offering price of \$1.30 per Share (such transaction, the “Offering”).

The sale and issuance of the Shares is being made pursuant to the Company’s registration statement on Form S-3 (file number 333-282681) (the “Registration Statement”), filed with the Securities and Exchange Commission (the “SEC”) on October 16, 2024 and declared effective on October 31, 2024, and the Company’s prospectus supplement relating to the Offering, which was filed with the SEC on March 21, 2025, that forms part of the Registration Statement.

Additionally, in a concurrent private placement pursuant to the Purchase Agreements (the “Private Placement”), the Company agreed to sell to the Investors an aggregate of 2,076,923 warrants (the “Warrants”) to purchase shares of Common Stock (the “Warrant Shares”) at an exercise price of \$1.80 per share. The Warrants, along with the shares of Common Stock issuable upon the exercise of the Warrants, are being offered pursuant to the exemptions provided in Section 4(a)(2) under the Securities Act of 1933, as amended (the “Securities Act”).

The Purchase Agreements contain customary representations, warranties and agreements by the Company and the Investors and customary conditions to closing. Under the Purchase Agreements, subject to certain exceptions, the Company has agreed not to (i) enter into any agreement to issue or announce the issuance or proposed issuance of any Common Stock or Common Stock Equivalents (as defined in the Purchase Agreements) for a period of 180 days, (ii) file any registration statement or amendment or supplement thereto for a period of 180 days, or (iii) enter into any agreement to effect any issuance of Common Stock or Common Stock Equivalents (as defined in the Purchase Agreements) involving a Variable Rate Transaction (as defined in the Purchase Agreements) for a period of 180 days following the offering closing date. Notwithstanding the foregoing, the Company may issue shares of Common Stock or securities convertible or exercisable into shares of Common Stock resulting in net proceeds to the Company in an amount of no less than Seven Million Dollars (\$7,000,000).

### ***Placement Agent Agreements***

On February 26, 2025, the Company also entered into a placement agent agreement (the “UK Placement Agent Agreement”) with SP Angel Corporate Finance LLP (the “SP Angel”), pursuant to which SP Angel agreed to act as the Company’s exclusive placement agent in connection with the Offering to the UK Investors (the “UK Offering”). SP Angel is not purchasing or selling any securities, nor is it required to arrange the purchase or sale of any specific number or dollar amount of the Shares, but agreed to use its “reasonable best efforts” to arrange for the sale of all of the Shares offered in the UK Offering.

On March 21, 2025, the Company also entered into a placement agency agreement (the “US Placement Agency Agreement” and, together with the UK Placement Agent Agreement, the “Placement Agent Agreements”) with Dominari Securities LLC (“Dominari” and, together with SP Angel, the “Placement Agents”), pursuant to which Dominari agreed to act as our exclusive placement agent in connection with the Offering in the United States (the “US Offering”). Dominari Securities purchased Shares in the US Offering and Warrants in the Private Placement on behalf of certain of the Investors. Dominari is not required to arrange the purchase or sale of any specific number or dollar amount of the securities but has agreed to use its “reasonable best efforts” to arrange for the sale of all of the securities offered in the US Offering.

The aggregate gross proceeds to the Company from the issuance and sale of the Shares in the Offering and the Warrants in the Private Placement was \$2,700,000, before deducting the Placement Agents' fees and expenses, and other expenses incurred in connection with the Offering and the Private Placement that are payable by the Company. The closing of both the Offering and the Private Placement occurred on March 21, 2025. The Company currently intends to use the net proceeds from the Offering and the Private Placement for working capital and general corporate purposes.

The Company agreed to pay SP Angel a cash fee of 7.00% of the aggregate gross proceeds of from the sale of the Shares in the UK Offering. The Company also agreed to reimburse SP Angel for certain expenses incurred in connection with the UK Offering, including its reasonable fees and expenses of legal counsel. The Company agreed to pay Dominari \$50,000 as part of the US Offering.

Pursuant to the Placement Agent Agreements, the Company agreed to indemnify the Placement Agents against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the Placement Agents may be required to make in respect thereof.

A copy of the legal opinion of Reed Smith LLP, relating to the validity of the Shares in connection with the Offering is filed as Exhibit 5.1 to this Current Report on Form 8-K and is incorporated herein by reference.

This Current Report on Form 8-K shall not constitute an offer to sell or the solicitation of an offer to buy securities, nor shall there be any offer, solicitation or sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

The foregoing descriptions of the Warrant, Purchase Agreements and the Placement Agent Agreements do not purport to be complete and are qualified in their entirety by reference to such documents (or forms thereof), which are filed as Exhibit 4.1, 10.1, 10.2, 10.3 and 10.4, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

### ***Debt Financing Transaction***

On March 21, 2025, the Company entered into (i) a Loan and Security Agreement (the "LSA"), by and among the Company, Spectral MD Holdings LLC, Spectral MD, Inc. and Avenue Venture Opportunities Fund II, L.P., a fund of Avenue Capital Group, as administrative agent and collateral agent and as a lender ("Avenue") and (ii) a Supplement to Loan and Security Agreement (the "Supplement"), by and among the Company, Spectral MD Holdings LLC, Spectral MD, Inc. and Avenue. Pursuant to the LSA and Supplement, the Company has the ability to borrow up to \$15.0 million in funding from Avenue with an initial draw down of \$8.5 million (such transaction, the "Debt Financing").

The loans under the LSA mature on March 1, 2028, with an interest-only payment period of no less than 15 months, which can be extended to 24 months upon the achievement of certain milestones prior to the end of such 15 month period as described in the Tranche 2 Milestone Date (as defined in the Supplement). The Tranche 2 Commitment (as defined in the Supplement) includes an additional \$6.5 million in debt financing and is contingent upon, among other things, (i) U.S. Food and Drug Administration's clearance of the Company's DeepView System and (ii) an additional \$7.0 million equity raise to be completed by the Company.

The Debt Financing also includes warrant coverage equal to 8.5% of the total funding commitment from Avenue, with an exercise price equal to the lower of (i) average of the daily volume weighted average price of Common Stock as reported for each of five (5) consecutive trading days, determined as of the end of the trading on the last trading day before the date of issuance, which was \$1.66 and (ii) the lowest price per share paid to the Company by cash investors for Common Stock issued in any sale of Common Stock in a bona-fide equity raising that closes at any time commencing from March 21, 2025 through (but excluding) December 31, 2025.

### **Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance**

As described in Item 1.01 above, on March 21, 2025, the Company entered into the Debt Financing pursuant to the terms of the LSA and Supplement with Avenue. The Debt Financing is secured by a security interest in substantially all of the assets of the Company subject to certain exclusions.

Pursuant to the LSA, the interest rate is a variable rate of interest per annum equal to the greater of (i) the sum of (A) the Prime Rate (as defined in the Supplement) plus (B) five and one-quarter of one percent (5.25%), and (ii) twelve and three-quarters of one percent (12.75%).

The foregoing descriptions of the Debt Financing, the LSA and the Supplement do not purport to be complete and are qualified in their entirety by the full text of the LSA and the Supplement attached to this Current Report on Form 8-K as Exhibits 10.5 and 10.6, respectively, which are incorporated into this Item 2.03 by reference.

### **Item 3.02 Unregistered Sales of Equity Securities.**

The information included in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.02 of this Current Report on Form 8-K.

The Warrants being sold to the Investors will be issued in reliance on the exemptions provided in Section 4(a)(2) under the Securities Act. Accordingly, the Investors may only resell the Warrants and the Warrant Shares, pursuant to an effective registration statement under the Securities Act covering the resale of the Warrant Shares, an exemption under Rule 144 under the Securities Act or another applicable exemption under the Securities Act and any applicable state securities laws.

### **Item 7.01. Regulation FD Disclosure.**

On March 24, 2025, the Company issued a press release announcing the successful completion of the Debt Financing and the Offering, a copy of which is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 7.01 to this Current Report on Form 8-K, and in Exhibit 99.1 furnished herewith, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

This report contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Such forward-looking statements may include statements related to the completion of the registered direct offering, the satisfaction of customary closing conditions related to the registered direct offering, the intended use of proceeds from the registered direct offering and other statements that are not statements of historical fact and, in some cases, may be identified by words like “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “future,” “will,” “should,” “would,” “seek” and similar terms or phrases. The forward-looking statements contained in this press release are based on management’s current expectations, which are subject to uncertainty, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. Important factors that could cause the Company’s actual results to differ materially from those indicated in the forward-looking statements are more fully discussed in the Company’s periodic filings with the Securities and Exchange Commission (“SEC”), including the risk factors described under the heading “Risk Factors” in the Company’s annual report on Form 10-K for the year ended December 31, 2023 filed with the SEC on March 29, 2024, and other documents subsequently filed with or furnished to the SEC.

Any forward-looking statement made in this Current Report on Form 8-K speaks only as of the date hereof. Factors or events that could cause the Company’s actual results to differ from the statements contained herein may emerge from time to time, and it is not possible for the Company to predict all of them. Except as required by law, the Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<b>Exhibit Number</b>	<b>Exhibit Description</b>
4.1	<a href="#"><u>Form of Warrant.</u></a>
4.2	<a href="#"><u>Form of Avenue Warrant</u></a>
5.1	<a href="#"><u>Opinion of Reed Smith LLP.</u></a>
10.1	<a href="#"><u>Form of UK Securities Purchase Agreement, dated March 21, 2025.</u></a>
10.2	<a href="#"><u>Form of US Securities Purchase Agreement, dated March 21, 2025.</u></a>
10.3	<a href="#"><u>Placement Agent Agreement, dated February 26, 2025, by and between Spectral AI, Inc. and SP Angel Corporate Finance LLP.</u></a>
10.4	<a href="#"><u>Placement Agency Agreement, dated March 21, 2025, by and between Spectral AI, Inc. and Dominari Securities LLC.</u></a>
10.5	<a href="#"><u>Loan and Security Agreement, dated March 21, 2025, by and among Spectral AI, Inc., Spectral MD Holdings LLC, Spectral MD, Inc. and Avenue Venture Opportunities Fund II, L.P.</u></a>
10.6	<a href="#"><u>Supplement to the Loan and Security Agreement, dated March 21, 2025, by and among Spectral AI, Inc., Spectral MD Holdings LLC, Spectral MD, Inc. and Avenue Venture Opportunities Fund II, L.P.</u></a>
23.1	<a href="#"><u>Consent of Reed Smith LLP (contained in Exhibit 5.1).</u></a>
99.1	<a href="#"><u>Press Release issued by Spectral AI, Inc. on March 24, 2025</u></a>
104	Cover Page Interactive Data File (formatted as Inline XBRL).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 26, 2025

**SPECTRAL AI, INC.**

By: /s/ Vincent S. Capone

Name: Vincent S. Capone

Title: Chief Financial Officer and General Counsel

NEITHER THIS SECURITY NOR THE SECURITIES UNDERLYING THIS SECURITY HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, UNLESS SOLD PURSUANT TO: (1) RULE 144 UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (2) AN OPINION OF HOLDER'S COUNSEL, IN A CUSTOMARY FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS.

## WARRANT

### SPECTRAL AI, INC.

Warrant Shares: [●]

Issuance Date: March 21, 2025

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, [●] (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after March 20, 2025 (the "Issuance Date") and on or prior to the close of business on the third anniversary of the Issuance Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Spectral AI, Inc., a Delaware corporation (the "Company"), up to [●] shares (the "Warrant Shares") of Common Stock.

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Agreement"), dated March 20, 2025, between the Company and the Holder. Provided notwithstanding the forgoing, for purposes of this Warrant, the following terms shall have the following meanings:

(a) "Business Day" means any day on which the Principal Market is open for trading including any day on which the Principal Market is open for trading for a period of time less than the customary time.

(b) "Common Stock" means the common stock, par value \$0.0001 per share, of the Company.

(c) "Fair Market Value" means, as of any particular date, the prior 5-day VWAP (Volume- Weighted Average Price) of the Common Stock for such day on the Principal Market.

(d) "Principal Market" means The NASDAQ Capital Market; provided, however, that in the event the Common Stock is ever not listed or traded on The NASDAQ Capital Market and is listed or traded on The NASDAQ Global Select Market, the New York Stock Exchange, the NYSE MKT, the NYSE Arca or the OTC Bulletin Board (it being understood that as used herein "OTC Bulletin Board" shall also mean any successor or comparable market quotation system or exchange to the OTC Bulletin Board such as the OTCQB operated by the OTC Markets Group, Inc.), then the "Principal Market" shall mean such other market or exchange on which the Common Stock is then listed or traded.

(e) "Trading Day" means a day on which the Company's Principal Market is open for trading.

(f) "Transfer Agent" means Continental Stock Transfer & Trust Company, or such other Person who is then serving as the transfer agent for the Company in respect of the Common Stock.

(f) “Warrants Shares” shall have the meaning set forth in the Preamble.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Issuance Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy or PDF copy submitted by email (or email attachment) of the Notice of Exercise Form annexed hereto (the “Notice of Exercise”); within the earlier of (i) one (1) Business Days, and (ii) the number of Business Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) of the date said Notice of Exercise is delivered to the Company (such date, the “Exercise Date”), the Company shall have received payment of the aggregate Exercise Price for the Warrant Shares thereby purchased by wire transfer or cashier’s check drawn on a United States bank or, if available, pursuant to the cashless exercise procedure specified in Section 2(c) below. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has exercised this Warrant in full and received all of the Warrant Shares available hereunder, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Business Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in exercises of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares exercisable hereunder in an amount equal to the applicable number of Warrant Shares exercised. The Holder and the Company shall maintain records showing the number of Warrant Shares exercised and the date of such exercises. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the exercise of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be equal to \$1.80, subject to adjustment hereunder (the “Exercise Price”).

c) Cashless Exercise. Notwithstanding anything to the contrary set forth herein, if at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance of the Warrant Shares to the Holder, then at the Holder’s sole discretion this Warrant may be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the Fair Market Value;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

d) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's prime broker with the Depository Trust Company through its Deposit/Withdrawal at Custodian ("DWAC") system if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by Holder or (B) this Warrant is being exercised via cashless exercise, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Business Days after the latest of (A) the delivery to the Company of the Notice of Exercise Form, (B) surrender of this Warrant (if required) and (C) payment of the aggregate Exercise Price as set forth above (including by cashless exercise, if permitted) (such date, the "Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the first date on which all of the foregoing have been delivered to the Company. The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, having been paid.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to exercise the unexercised Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a Warrant Share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash (by delivery of a certified or official bank check or by wire transfer of immediately available funds) equal to the product of (i) such fraction multiplied by (ii) the Fair Market Value of one Warrant Share on the Exercise Date or round up to the next whole share.

iv. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

v. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

vi. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61<sup>st</sup> day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

f) Issuance Restrictions. If the Company has not obtained stockholder approval, and such stockholder approval is required pursuant to the rules of the Principal Market, then the Company may not issue any Warrant Shares in excess of the amount permitted under the rules of the Principal Market. For avoidance of doubt, unless and until any required stockholder approval is obtained and effective, warrants issued to any registered broker-dealer as a fee in connection with the Securities issued pursuant to the Purchase Agreement shall provide that such warrants shall be unexercisable unless and until such stockholder approval is obtained and effective.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the number of Warrants shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, such that the proportional number of Warrants shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Adjustment Upon Issuance of Common Shares. If and whenever on or after the date hereof, the Company issues or sells, or in accordance with this Section 3 is deemed to have issued or sold, any Common Shares (including the issuance or sale of Common Shares owned or held by or for the account of the Company, but excluding any Exempt Issuance issued or sold or deemed to have been issued or sold) for a consideration per share (the "New Issuance Price") less than a price equal to the Exercise Price in effect immediately prior to such issue or sale or deemed issuance or sale (the foregoing a "Dilutive Issuance"), then immediately after such Dilutive Issuance, the Exercise Price then in effect shall be reduced to the New Issuance Price.

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person (other than a reincorporation in a different state or a similar transaction pursuant to which the surviving company remains a public company,) (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock or 50% or more of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property other than a stock split, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement but excluding a stock split) with another Person or group of Persons whereby such other Person or group acquires 50% or more of the outstanding shares of Common Stock or 50% or more of the voting power of the common equity of the Company (each a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term “Company” under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the “Company” shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(d) regardless of (i) whether the Company has sufficient authorized shares of Common Stock for the issuance of Warrant Shares and/or (ii) whether a Fundamental Transaction occurs prior to the Initial Exercise Date.

e) Subsequent Equity Sales. If at any time while this Warrant is outstanding (such period, the “Adjustment Period”), the Company issues, sells, enters into an agreement to sell, or grants any option to purchase, or sells, enters into an agreement to sell, or grants any right to reprice, or otherwise disposes of or issues (or announces any offer, sale, grant, or any option to purchase or other disposition), or, in accordance with this Section 3(e), is deemed to have issued or sold, any Common Shares or Common Share Equivalents for a consideration per share (the “New Issuance Price”) less than a price equal to \$1.30 in effect immediately prior to such issue or sale or deemed issuance or sale (such Exercise Price then in effect is referred to as the “Applicable Price”) (the foregoing a “Dilutive Issuance”), then simultaneously with the consummation (or, if earlier, the announcement) of such Dilutive Issuance, the Exercise Price then in effect shall be reduced to an amount (the “New Exercise Price”) equal to the New Issuance Price (such price, the “Base Share Price”) (except that no adjustments shall be made under this Section 3(e) in respect of an Exempt Issuance (as defined below)); *provided, however*, that in no event shall the Exercise Price be reduced to an amount less than \$0.65 (subject to adjustment for reverse and forward stock splits, recapitalizations and similar transactions following the date of the Purchase Agreement) (the “Floor Price”). For all purposes of the foregoing, the following shall be applicable:

i. Reserved.

ii. Issuance of Convertible Securities. If, during the Adjustment Period, the Company in any manner issues or sells any securities that are convertible or exchangeable into the Company's Common Shares, other than Exempt Issuances ("Convertible Securities") and the lowest price per share for which one Convertible Securities Share is issuable upon the conversion, exercise, or exchange thereof is less than the Applicable Price, then such Convertible Securities Share shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Convertible Securities for such price per share. For the purposes of this Section 3(e)(ii), the "lowest price per share for which one Convertible Securities Share is issuable upon the conversion, exercise or exchange thereof" shall be equal to (A) the sum of (1) the lowest amount of consideration (if any) received or receivable by the Company with respect to one Convertible Securities Share upon the issuance or sale of the Convertible Security and upon conversion, exercise, or exchange of such Convertible Security and (2) the lowest conversion price set forth in such Convertible Security for which one Convertible Securities Share is issuable upon conversion, exercise, or exchange thereof, minus (B) the sum of all amounts paid or payable to the holder of such Convertible Security (or any other Person), with respect to any one Convertible Securities Share, upon the issuance or sale of such Convertible Security plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Convertible Security (or any other Person), with respect to any one Convertible Securities Share. Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such Convertible Securities Share upon conversion, exercise, or exchange of such Convertible Securities, and if any such issue or sale of such Convertible Securities is made upon exercise of any Options for which adjustment of the Exercise Price has been or is to be made pursuant to other provisions of this Section 3(e)(ii), except as contemplated below, no further adjustment of the Exercise Price shall be made by reason of such issue or sale.

iii. Change in Option Price or Rate of Conversion. If, during the Adjustment Period, the additional consideration, if any, payable upon the issue, conversion, exercise, or exchange of any Convertible Securities, or the rate at which any Convertible Securities are convertible into or exercisable or exchangeable for Common Shares increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 3(a)), then the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price which would have been in effect at such time had such Convertible Securities provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued, or sold. For purposes of this Section 3(e)(iii), if the terms of any Convertible Security that was outstanding as of the date of issuance of this Warrant are increased or decreased in the manner described in the immediately preceding sentence, then such Convertible Security and the Convertible Securities Share deemed issuable upon exercise, conversion, or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 3(e)(iii) shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

iv. Calculation of Consideration Received. If any Convertible Security is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (the “Primary Security,” and such Convertible Security, the “Secondary Securities” and together with the Primary Security, each a “Unit”), together comprising one integrated transaction, the aggregate consideration per share with respect to such Primary Security shall be deemed to be the lowest of (x) the purchase price of such Unit, (y) if such Primary Security is a Convertible Security, the lowest price per share for which one Common Share is at any time issuable upon the exercise or conversion of the Primary Security in accordance with Section 3(e)(i) or Section 3(e)(ii) above and (z) the lowest VWAP of the Common Shares on any Trading Day during the five (5) consecutive Trading Days immediately following the consummation (or, if applicable, the announcement) of such Dilutive Issuance (for the avoidance of doubt, if such public announcement, if applicable, is released prior to the opening of the principal market on a Trading Day, such Trading Day shall be the first Trading Day in such five (5) Trading Day period and if this Warrant is exercised on any given Exercise Date during any such period, the Holder may elect to earlier end such period (including, solely with respect to such portion of this Warrant exercised on such applicable Exercise Date)). If any Common Shares, or Convertible Securities are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount of cash received by the Company therefor. If any Common Shares, or Convertible Securities are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the VWAPs of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any Common Shares, or Convertible Securities are issued to the owners of the non- surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair market value of such portion of the net assets and business of the non-surviving entity as is attributable to such Common Shares, Convertible Securities (as the case may be). The fair market value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the “Valuation Event”), the fair market value of such consideration will be determined within five (5) Trading Days after the tenth (10th) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company.

v. Exempt Issuances. “*Exempt Issuance*” means the issuance of Common Shares, options, restricted share units, performance share units or other securities to employees, officers or directors of the Company or any of its subsidiaries or consultants to the Company or any of its subsidiaries pursuant to any share or option plan or other written agreement duly adopted for such purpose by a majority of the non- employee members of the Board of Directors or a majority of the members of a committee of non- employee directors established for such purpose for services rendered to the Company or any of its subsidiaries.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Notice to Holder.

(i) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company (or any of its subsidiaries) is a party, any sale or transfer of all or substantially all of its assets, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the warrant register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Securities and Exchange Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

h) Increase in Warrant Shares. In the event the Exercise Price is reduced for any reason, including but not limited to pursuant to Section 3(e) of this Warrant, the number of Warrant Shares issuable hereunder shall be increased such that the aggregate Exercise Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Exercise Price prior to such adjustment.

i) Most Favored Nation. So long this Warrant is outstanding, upon any issuance (the “MFN Period”), the Company issues or sells any shares of Common Stock, or Common Stock Equivalents, or other securities convertible into or exercisable for Common Stock (collectively, “Subsequent Securities”) to any investor (a “Subsequent Investor”) in a financing transaction (a “Subsequent Offering”) on terms that are more favorable than those provided to the Holder under this Agreement with respect to the purchase of the Shares and Warrants (including, but not limited to, a lower purchase price per share, a higher warrant coverage percentage, a lower warrant exercise price, a longer warrant exercise period, more favorable anti-dilution protections, preferential liquidation rights, enhanced voting rights, reduced fees or commissions, more advantageous registration rights, or the inclusion of additional incentives such as cash bonuses, dividend preferences, or equity sweeteners), then the Holder shall be entitled, at its sole discretion, to elect to receive the more favorable terms and conditions of such Subsequent Offering with respect to the Shares and Warrants purchased hereunder. For purposes of this clause:

(i) Notice and Election. The Company shall notify the Holder in writing within five( 5) business days of the closing of any Subsequent Offering that triggers this provision, providing a reasonably detailed description of the terms of such Subsequent Offering. The Holder shall have fifteen (15) business days from receipt of such notice to elect, by written notice to the Company, to apply the more favorable terms to its Shares and Warrants.

(ii) Adjustments. Upon the Holder’s election, the Company shall promptly take all necessary actions to amend the terms of the Shares and Warrants issued to the Holder under this Agreement to reflect the more favorable terms of the Subsequent Offering, including, if applicable, issuing additional shares of Common Stock or warrants, adjusting the exercise price of the Warrants, or modifying other terms as necessary, at no additional cost to the Holder.

(iii) Exclusions. This provision shall not apply to: (i) issuances of securities to employees, officers, or directors pursuant to a Company equity incentive plan approved by the Board of Directors; (ii) issuances of securities in connection with a merger, acquisition, or strategic partnership approved by the Board of Directors; or (iii) issuances of securities upon the exercise or conversion of outstanding options, warrants, or convertible securities existing as of the Closing Date and disclosed in the Company's offering documents.

(iv) Survival. The rights under this Section shall survive the closing and remain in effect for the duration of the MFN Period, unless earlier terminated by mutual written agreement between the Company and the Holder.

#### Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with applicable federal and state securities laws, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issuance Date set forth on the first page of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 4.8 of the Purchase Agreement.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon exercise of the rights represented by this Warrant, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Unless Holder consents thereto in writing, the Company shall not amend its charter prior to the exercise of this Warrant if the Common Stock would be adversely affected by such amendment in a manner that would be more adverse to Holder with respect to the shares of Common Stock issuable upon the exercise of this Warrant than and substantially dissimilar to, such amendment's effect on the other holders of the Common Stock.

d) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Agreement.

e) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Agreement.

f) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

g) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

h) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

i) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

\*\*\*\*\*  
(Signature Pages Follow)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**SPECTRAL AI, INC.**

By: \_\_\_\_\_  
Name: Vincent S. Capone  
Title: Chief Financial Officer

NOTICE OF EXERCISE

TO: SPECTRAL AI, INC.

(1) The undersigned hereby elects to exercise \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

() Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[SIGNATURE OF HOLDER]

Name of Investing Entity: [●]

\_\_\_\_\_  
*Signature of Authorized Signatory of Investing Entity:*

\_\_\_\_\_  
Name of Authorized Signatory:

\_\_\_\_\_  
Title of Authorized Signatory:

\_\_\_\_\_  
Date:

\_\_\_\_\_

**ASSIGNMENT FORM**

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [ ] all of or [ ] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

\_\_\_\_\_ whose address is  
\_\_\_\_\_  
\_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature: \_\_\_\_\_

Holder's Address: \_\_\_\_\_  
\_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE AND DISTRIBUTION THEREOF, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF (A) SUCH REGISTRATION, (B) AN OPINION OF COUNSEL IN A FORM REASONABLY ACCEPTABLE TO COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED DUE TO AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (C) SPECTRAL AI, INC. OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS COMPLIANT WITH SUCH LAWS.

Date: March 21, 2025 ("Date of Issuance")

WARRANT TO PURCHASE

SHARES OF STOCK OF

SPECTRAL AI, INC.

(Void after the Expiration Date)

This certifies that AVENUE VENTURE OPPORTUNITIES FUND II, L.P., a Delaware limited partnership, or permitted assigns ("Holder"), for value received, is entitled to purchase from SPECTRAL AI, INC., a Delaware corporation ("Company"), the Applicable Number (hereinafter defined) of fully paid and nonassessable shares of the Company's Common Stock (the "Common Stock"), for cash, at a purchase price per share equal to the Exercise Price (hereinafter defined). Holder may also exercise this Warrant on a cashless or "net issuance" basis as described in Section 1(b), and this Warrant shall be deemed to have been exercised in full on such basis on the Expiration Date (hereinafter defined), to the extent not fully exercised prior to such Expiration Date. This Warrant is issued in connection with that certain Loan and Security Agreement and Supplement thereto, each dated as of the Date of Issuance (as amended, restated and supplemented from time to time, the "Loan Agreement" and the "Supplement", respectively), between (among others) Company, as borrower, and Holder, as lender ("Lender"). Capitalized terms used herein and not otherwise defined in this Warrant shall have the meaning(s) ascribed to them in the Loan Agreement and the Supplement, unless the context would otherwise require.

In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated below:

"Applicable Number" means the number of shares of Common Stock purchasable hereunder obtained by dividing (A) 1,275,000 by (B) the Exercise Price.

"Equity Round" means the sale of Common Stock in a bona-fide equity raising that closes at any time commencing from the Date of Issuance through (but excluding) December 31, 2025.

"Exercise Price" means the lower of (a) the Market Price, and (b) the lowest price per share paid to the Company by cash investors for the Common Stock issued in any Equity Round.

"Market Disruption Event" means any of the following events: (a) any suspension of, or limitation imposed on, trading by the Principal Stock Exchange in shares of common stock during any period or periods aggregating one hour or longer and whether by reason of movements in price exceeding limits permitted by the Principal Stock Exchange or otherwise relating to the common stock; or (b) the failure to open of the exchange or quotation system on which the common stock are traded or the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or other trading outside the regular trading session hours).

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“Market Price” means the average of the daily volume weighted average price of Common Stock as reported for each of five (5) consecutive Trading Days, determined as of the end of trading on the last Trading Day before the Date of Issuance, which the parties hereto agree is \$1.66.

“Principal Stock Exchange” is the NASDAQ or, if the Common Stock are not listed on the NASDAQ, the principal national securities exchange or public quotation system on which the Common Stock are then listed for trading or quoted.

“Trading Day” means any day on which (a) there is no Market Disruption Event and (b) the Principal Stock Exchange is open for trading; provided that a “Trading Day” only includes those days that have a scheduled closing time of 4:00 p.m. (Eastern time) or the then standard closing time for regular trading on the relevant exchange or trading system.

Subject to Sections 4.3 and 4.8, this Warrant may be exercised at any time or from time to time up to and including 5:00 p.m. (Pacific time) on March 21, 2030 (the “Expiration Date”), upon surrender to Company at its principal office at 2515 McKinney Avenue, Suite 1000, Dallas, TX 75201 (or at such other location as Company may advise Holder in writing) of this Warrant properly endorsed with the form attached hereto as Exhibit A, duly completed and signed and upon payment in cash or by check of the aggregate Exercise Price for the number of shares for which this Warrant is being exercised determined in accordance with the provisions hereof. The Exercise Price and the number of shares purchasable hereunder are subject to further adjustment as provided in Section 4.

This Warrant is subject to the following terms and conditions:

1. Exercise; Issuance of Certificates; Payment for Shares.

(a) Unless an election is made pursuant to Section 1(b), this Warrant shall be exercisable at the option of Holder, at any time or from time to time, on or before the Expiration Date for all or any portion of the shares of Common Stock (but not for a fraction of a share) which may be purchased hereunder for the Exercise Price multiplied by the number of shares to be purchased by delivery of a form of subscription in substantially the form attached hereto as Exhibit A and payment in full of the purchase price hereof. Company agrees that the shares of Common Stock purchased under this Warrant shall be and are deemed to be issued to Holder as the record owner of such shares as of the close of business on the date on which the form of subscription shall have been delivered and payment made for such shares. Subject to the provisions of Section 2, certificates for the shares of Common Stock so purchased (or the evidence of a book entry issuance, if applicable), together with any other securities or property to which Holder is entitled upon such exercise, shall be delivered to Holder by Company at Company’s expense within a reasonable time after the rights represented by this Warrant have been so exercised. Except as provided in Section 1(b), in case of a purchase of less than all the shares which may be purchased under this Warrant, Company shall cancel this Warrant and execute and deliver a new Warrant or Warrants of like tenor for the balance of the shares purchasable under this Warrant surrendered upon such purchase to Holder within a reasonable time. Each stock certificate so delivered shall be in such denominations of Common Stock as may be requested by Holder and shall be registered in the name of such Holder or such other name as shall be designated by such Holder, subject to the limitations contained in Section 2.

(b) Holder, in lieu of exercising this Warrant by the cash payment of the Exercise Price pursuant to Section 1(a), may elect, at any time on or before the Expiration Date, to surrender this Warrant in a cashless exercise and receive that number of shares of Common Stock computed using the following formula:

$$X = \frac{Y(A - B)}{A}$$

Where: X = the number of shares of Common Stock to be issued to Holder.

Y = the number of shares of Common Stock that Holder would otherwise have been entitled to purchase hereunder pursuant to Section 1(a) (or such lesser number of shares as Holder may designate in the case of a partial exercise of this Warrant).

A = the Fair Market Value (as determined pursuant to Section 1(c)) of one share of Common Stock.

B = the Exercise Price then in effect.

Election to exercise under this Section 1(b) may be made by delivering a signed form of subscription to Company via facsimile, to be followed by delivery of this Warrant. Notwithstanding anything to the contrary contained in this Warrant, if as of the close of business on the last business day preceding the Expiration Date this Warrant remains unexercised as to all or a portion of the shares of Common Stock purchasable hereunder, then effective as 9:00 a.m. (Pacific time) on the Expiration Date, Holder shall be deemed, automatically and without need for notice to Company, to have elected to exercise this Warrant in full pursuant to the provisions of this Section 1(b), and upon surrender of this Warrant shall be entitled to receive that number of shares of Common Stock computed using the above formula, provided that the application of such formula as of the Expiration Date yields a positive number for "X".

(c) The fair market value of a share of Common Stock (the "Fair Market Value") shall be the closing price or last sale price of a share of such Common Stock reported for the Trading Day immediately before the date on which Holder delivers this Warrant, together with the form attached hereto as Exhibit A, to the Company. If shares of Common Stock are not then traded in the Principal Stock Exchange, then the Board of Directors of Company shall determine the Fair Market Value of a share of Common Stock in its reasonable good faith judgment, based on relevant facts and circumstances at the time of the net exercise under Section 1(b), including in the case of a Change of Control (as defined in Section 4.3), the consideration receivable by the holders of Common Stock in such Change of Control and the liquidation preference (including any declared but unpaid dividends), if any, then applicable to the Common Stock; provided, in the case of any dispute by Holder as to the Board of Directors' determination of Fair Market Value or any dispute in respect of any other computation required to be made hereunder, the parties hereto agree to negotiate any such disputes in good faith.

## 2. Limitation on Transfer.

(a) This Warrant and the Common Stock shall not be transferable except upon the conditions specified in this Section 2, which conditions are intended to ensure compliance with the provisions of the Securities Act of 1933, as amended (the "Securities Act"). Each holder of this Warrant or the Common Stock issuable hereunder will cause any proposed transferee of the Warrant or Common Stock to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Section 2. Notwithstanding the foregoing and any other provision of this Section 2 but subject to the last sentence of Section 2(c), Holder may freely transfer all or part of this Warrant or the shares issuable upon exercise of this Warrant (or the securities issuable, directly or indirectly, upon conversion of the shares, if any) at any time to any affiliate of Lender under the Loan Agreement, by giving Company notice of the portion of the Warrant being transferred setting forth the name, address and taxpayer identification number of the transferee and surrendering this Warrant to Company for reissuance to the transferees(s) (and Holder, if applicable).

(b) Each certificate representing (i) this Warrant, (ii) the Common Stock, and (iii) any other securities issued in respect to the Common Stock issued upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall (unless otherwise permitted by the provisions of this Section 2 or unless such securities have been registered under the Securities Act or sold under Rule 144) be stamped or otherwise imprinted with a legend substantially in the following form (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE AND DISTRIBUTION THEREOF, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF (A) SUCH REGISTRATION, (B) AN OPINION OF COUNSEL IN A FORM REASONABLY ACCEPTABLE TO COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED DUE TO AN EXEMPTION THEREFROM UNDER SAID ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (C) SPECTRAL AI, INC. OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS COMPLIANT WITH SUCH LAWS.

(c) Holder and each person to whom this Warrant is subsequently transferred represents and warrants to Company and agrees (by acceptance of such transfer) that it will not transfer this Warrant (or securities issuable upon exercise hereof unless a registration statement under the Securities Act was in effect with respect to such securities at the time of issuance thereof) unless (i) there is an effective registration statement under the Securities Act and applicable state securities laws covering any such transaction, (ii) pursuant to Rule 144 under the Securities Act (or any other rule under the Securities Act relating to the disposition of securities), (iii) Company receives an opinion of counsel, reasonably satisfactory to Company, that an exemption from such registration is available or (iv) the Company otherwise satisfies itself that such transaction is exempt from registration. Notwithstanding the foregoing or any other provision of this Section 2, Holder shall not transfer this Warrant (or securities issuable upon exercise hereof, or securities issuable, directly or indirectly, upon conversion of such securities, if any) to any competitor of Company, as determined in good faith by the Board of Directors of Company (the "Board"), without the prior written consent of Company.

3. Shares to be Fully Paid; Reservation of Shares. Company covenants and agrees that all shares of Common Stock which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be duly authorized, validly issued, fully paid and nonassessable and free from all preemptive rights of any stockholder and free of all taxes, liens and charges with respect to the issue thereof. Company further covenants and agrees that during the period within which the rights represented by this Warrant may be exercised, Company will at all times have authorized and reserved, for the purpose of issue or transfer upon exercise of the subscription rights evidenced by this Warrant, a sufficient number of shares of authorized but unissued Common Stock, or other securities and property, when and as required to provide for the exercise of the rights represented by this Warrant. Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any domestic securities exchange upon which the Common Stock may be listed. Company will not take any action which would result in any adjustment of the Exercise Price (as described in Section 4) (i) if the total number of shares of Common Stock issuable after such action upon exercise of all outstanding warrants, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon exercise of all options and upon the conversion of all convertible securities then outstanding, would exceed the total number of shares of Common Stock then authorized by Company's Certificate of Incorporation, as amended and restated from time to time (the "Charter") or (ii) if the par value per share of the Common Stock would exceed the Exercise Price.

4. Adjustment of Exercise Price and Number of Shares. The Exercise Price and the number of shares purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the occurrence of certain events described in this Section 4. Upon each adjustment of the Exercise Price, Holder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Exercise Price resulting from such adjustment.

4.1 Subdivision or Combination of Stock. In case Company shall at any time subdivide its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced, and conversely, in case the outstanding shares of Common Stock of Company shall be combined into a smaller number of shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased.

4.2 Dividends. If at any time or from time to time the holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received or become entitled to receive,

(a) Common Stock, or any shares of stock or other securities whether or not such securities are at any time directly or indirectly convertible into or exchangeable for Common Stock, or any rights or options to subscribe for, purchase or otherwise acquire any of the foregoing by way of dividend or other distribution,

(b) any cash paid or payable including as a cash dividend, or

(c) Common Stock or other or additional stock or other securities or property (including cash) by way of spin off, split-up, reclassification, combination of shares or similar corporate rearrangement, (other than shares of Common Stock issued as a stock split, adjustments in respect of which shall be covered by the terms of Section 4.1),

then and in each such case, Holder hereof shall, upon the exercise of this Warrant, be entitled to receive, in addition to the number of shares of Common Stock receivable thereupon, and without payment of any additional consideration therefor, the amount of stock and other securities and property (including cash in the cases referred to in clauses (b) and (c) above) which such Holder would hold on the date of such exercise had it been the holder of record of such Common Stock as of the date on which holders of Common Stock received or became entitled to receive such shares and/or all other additional stock and other securities and property.

4.3 Change of Control. In the event of a Change of Control (as hereinafter defined), this Warrant shall be automatically exchanged for a number of shares of Company's securities, such number of shares being equal to the maximum number of shares issuable pursuant to the terms hereof (after taking into account all adjustments described herein) had Holder elected to exercise this Warrant immediately prior to the closing of such Change of Control and purchased all such shares pursuant to the cash exercise provision set forth in Section 1(a) hereof (as opposed to the cashless exercise provision set forth in Section 1(b)). Company acknowledges and agrees that Holder shall not be required to make any payment (cash or otherwise) for such shares as further consideration for their issuance pursuant to the terms of the preceding sentence. "Change of Control" shall mean any sale, license, or other disposition of all or substantially all of the assets of Company, any reorganization, consolidation, merger or other transaction involving Company where the holders of Company's securities before the transaction beneficially own less than 50% of the outstanding voting securities of the surviving entity after the transaction; provided that the issuance of equity securities in one transaction or a series of related transactions for the primary purpose of raising capital shall not be considered a Change of Control under this Warrant. This Warrant shall terminate upon Holder's receipt of the number of shares of Company's equity securities described in this Section 4.3.

4.4 Reserved.

4.5 Notice of Adjustment. Upon any adjustment of the Exercise Price, and/or any increase or decrease in the number of shares purchasable upon the exercise of this Warrant, Company shall give written notice thereof to Holder pursuant to Section 12. The notice, which may be substantially in the form of Exhibit B attached hereto, shall be signed by Company's chief financial officer and shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

4.6 Other Notices. If at any time:

(a) Company shall declare any cash dividend upon its Common Stock;

(b) Company shall declare any dividend upon its Common Stock payable in stock or make any special dividend or other distribution to the holders of its Common Stock;

(c) Company shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(d) there shall be any capital reorganization or reclassification of the capital stock of Company, or consolidation or merger of Company with, or sale of all or substantially all of its assets to, another entity;

(e) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of Company; or

(f) Company shall take or propose to take any other action, notice of which is actually provided to holders of the Common Stock;

then, in any one or more of said cases, Company shall give Holder, pursuant to Section 12, (i) at least 20 days' prior written notice of the date on which the books of Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, or other action and (ii) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, or other action, at least 20 days' written notice of the date when the same shall take place. Any notice given in accordance with the foregoing clause (i) shall also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock shall be entitled thereto. Any notice given in accordance with the foregoing clause (ii) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, or other action as the case may be.

4.7 Certain Events. If any change in the outstanding Common Stock of Company or any other event occurs as to which the other provisions of this Section 4 are not strictly applicable or if strictly applicable would not fairly effect the adjustments to this Warrant in accordance with the essential intent and principles of such provisions, then the Board shall make in good faith an adjustment in the number and class of shares issuable under this Warrant, the Exercise Price and/or the application of such provisions, in accordance with such essential intent and principles, so as to protect such purchase rights as aforesaid. The adjustment shall be such as will give Holder upon exercise for the same aggregate Exercise Price the total number, class and kind of shares as Holder would have owned had this Warrant been exercised prior to the event and had Holder continued to hold such shares until after the event requiring adjustment.

**4.8 Holder's Exercise Limitations.** The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 1 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable notice of exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, the Conversion Option set forth in the Supplement) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 4.8, beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 4.8 applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a notice of exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4.8, in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the SEC, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one trading day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon written election by Holder which is delivered to the Company prior to the issuance of any Warrant Shares to such Holder, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4.8, provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 4.8 shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4.8 to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

**5. Issue Tax.** The issuance of certificates for shares of Common Stock upon the exercise of this Warrant (or evidence of any such book entry issuance) shall be made without charge to Holder for any issue tax in respect thereof; provided, however, that Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of this Warrant being exercised.

**6. Closing of Books.** Company will at no time close its transfer books against the transfer of this Warrant or of any shares of Common Stock issued or issuable upon the exercise of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. No Voting Rights; Limitation of Liability. Nothing contained in this Warrant shall be construed as conferring upon Holder hereof the right to vote or to consent as a stockholder in respect of meetings of stockholders for the election of directors of Company or any other matters or any rights whatsoever as a stockholder of Company. No dividends or interest shall be payable in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised; provided, however, that if any dividends are due or paid at any time on the underlying securities for which this Warrant is exercisable, then upon exercise, the securities issued to Holder shall be deemed to have accrued dividends and be paid identical dividends from the same time as the outstanding shares for which this Warrant is exercisable were first issued (or, if later, the Date of Issuance). No provisions hereof, in the absence of affirmative action by Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of Holder hereof, shall give rise to any liability of such Holder for the Exercise Price or as a stockholder of Company, whether such liability is asserted by Company or by its creditors.

8. Amendment of Charter. Unless Holder consents thereto in writing, Company shall not amend its Charter prior to the exercise of this Warrant if the Common Stock would be adversely affected by such amendment in a manner that would be more adverse to Holder with respect to the shares of Common Stock issuable upon the exercise of this Warrant than, and substantially dissimilar to, such amendment's effect on the other holders of Common Stock.

9. Registration Rights. If Company proposes to file a new registration statement under the Securities Act for purposes of effecting an underwritten offering of its equity securities for its own account or for the account of any other persons (other than (i) a registration of securities solely relating to an offering and sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit plan arrangement, and (ii) a registration of securities filed on Form S-4 or Form S-8 or any successor thereto), Holder shall be entitled to piggyback registration rights, and Company shall afford Holder an opportunity to include in that registration all or any part of the shares of Common Stock issued upon exercise hereof, provided, however, that the Company's underwriters may limit the number of shares included in such underwritten offering if the underwriters determine that marketing factors require a limitation of the number of shares to be underwritten which may impact the number of Holder's shares of Common Stock eligible to be registered in such offering.

10. Rights and Obligations Survive Exercise of Warrant. The rights and obligations of Company, of Holder and of the holder of shares of Common Stock issued upon exercise of this Warrant, contained in Sections 6, 8, 9 and 18 shall survive the exercise of this Warrant.

11. Modification and Waiver. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

12. Notices. Any notice, request or other document required or permitted to be given or delivered to Holder or Company shall be deemed to have been given (i) upon receipt if delivered personally or by courier (ii) upon confirmation of receipt if by telecopy or (iii) three business days after deposit in the US mail, with postage prepaid and certified or registered, to each such Holder at its address as shown on the books of Company or to Company at the address indicated therefor in the opening paragraphs of this Warrant (or at such other location as Company may advise Holder in writing).

13. Survival of Certain Obligations. All of the obligations of Company relating to the Common Stock issuable upon the exercise of this Warrant shall survive the exercise and termination of this Warrant. All of the covenants and agreements of Company shall inure to the benefit of and be binding upon the successors and permitted assigns of Holder. Company will, at the time of the exercise of this Warrant, in whole or in part, upon request of Holder but at Company's expense, acknowledge in writing its continuing obligation to Holder in respect of any rights (including, without limitation, any right to registration of the shares of Common Stock) to which Holder shall continue to be entitled after such exercise in accordance with this Warrant; provided, that the failure of Holder to make any such request shall not affect the continuing obligation of Company to Holder in respect of such rights.

14. Descriptive Headings and Governing Law. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. This Warrant shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Delaware.

15. Lost or Rejected Warrants or Stock Certificates. Company agrees that upon receipt of evidence reasonably satisfactory to Company of the loss, theft, destruction, or mutilation of any Warrant or stock certificate and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to Company, or in the case of any such mutilation upon surrender and cancellation of such Warrant or stock certificate, Company at its expense will make and deliver a new Warrant stock certificate, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate. If at any time the electronic original of this Warrant is rejected by any person (including, but not limited to, paying or escrow agents) or any person fails to comply with the terms of this Warrant based on being presented to such person as an electronic record or a printout hereof, or any signature hereto being in electronic form, Company shall, promptly upon Holder's request and without indemnity, execute and deliver to Holder, in lieu of electronic original versions of this Warrant, a new warrant of like tenor and amount in paper form with original ink signatures.

16. Fractional Shares. No fractional shares shall be issued upon exercise of this Warrant. Company shall, in lieu of issuing any fractional share, pay the holder entitled to such fraction a sum in cash equal to such fraction multiplied by the then effective Exercise Price.

17. Representations of Holder. With respect to this Warrant, Holder represents and warrants to Company as follows:

17.1 Experience. It is experienced in evaluating and investing in companies engaged in businesses similar to that of Company; it understands that investment in this Warrant involves substantial risks; it has made detailed inquiries concerning Company, its business and services, its officers and its personnel; the officers of Company have made available to Holder any and all written information it has requested; the officers of Company have answered to Holder's satisfaction all inquiries made by it; in making this investment it has relied upon information made available to it by Company; and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in Company and it is able to bear the economic risk of that investment.

17.2 Investment. It is acquiring this Warrant for investment for its own account and not with a view to, or for resale in connection with, any distribution thereof. It understands that this Warrant and the shares of Common Stock issuable upon exercise of this Warrant, have not been registered under the Securities Act, nor qualified under applicable state securities laws.

17.3 Rule 144. It acknowledges that this Warrant and the Common Stock issuable upon exercise of this Warrant must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. It has been advised or is aware of the provisions of Rule 144 promulgated under the Securities Act.

17.4 Access to Data. It has had an opportunity to discuss Company's business, management and financial affairs with Company's management and has had the opportunity to inspect Company's facilities.

17.5 Accredited Investor. It is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act.

18. Additional Representations and Covenants of Company. Company hereby represents, warrants and agrees as follows:

18.1 Corporate Power. Company has all requisite corporate power and corporate authority to issue this Warrant and to carry out and perform its obligations hereunder.

18.2 Authorization. All corporate action on the part of Company, its directors and stockholders necessary for the authorization, execution, delivery and performance by Company of this Warrant has been taken. This Warrant is a valid and binding obligation of Company, enforceable in accordance with its terms.

18.3 Offering. Subject in part to the truth and accuracy of Holder's representations set forth in Section 17, the offer, issuance and sale of this Warrant is, and the Common Stock issuable upon exercise of this Warrant will be, exempt from the registration requirements of the Securities Act, and are exempt from the qualification requirements of any applicable state securities laws; and neither Company nor anyone acting on its behalf will take any action hereafter that would cause the loss of such exemptions.

18.4 Listing; Stock Issuance. Company shall use its best efforts to secure and maintain the listing of the Common Stock or other securities issuable upon exercise of this Warrant, upon each securities exchange or over-the-counter market upon which securities of the same class or series issued by Company are listed, if any. Upon exercise of this Warrant, Company will use commercially reasonable efforts to cause the issuance of the shares of Common Stock purchased pursuant to the exercise (or evidence of book entry issuance) to be issued in book-entry form in the names of Holder, its nominees or assignees, as appropriate at the time of such exercise.

18.5 Charter Documents. Company has provided Holder with true and complete copies of Company's Charter, By-Laws, and each Certificate of Designation or other charter document setting forth any rights, preferences and privileges of Company's capital stock, each as amended and in effect on the Date of Issuance.

18.6 Reserved.

18.7 Financial and Other Reports. Until the earlier of (a) the Expiration Date, and (b) the termination of this Warrant pursuant to Section 4.3, Company agrees to provide Holder at any time and from time to time with such information as Holder may reasonably request for purposes of Holder's compliance (as determined by Holder in its reasonable discretion) with regulatory, accounting and reporting requirements applicable to Holder (e.g., Fair Value Accounting Standard 157), including any 409A valuation reports (or equivalent reports) and budgets. Notwithstanding the foregoing, Company shall not be required to furnish to Holder the financial information described in this Section 18.7 in the event such financial information has been previously delivered to Lender pursuant to the Loan Agreement.

19. Counterparts; Electronic Signatures. This Warrant may be executed by one or more of the parties hereto in any number of separate counterparts, all of which together shall constitute one and the same instrument. Holder's execution and delivery of Holder's counterpart signature page to this Warrant via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) shall constitute Holder's effective execution and delivery of this Warrant and agreement to and acceptance of the terms hereof for all purposes. The fact that this Warrant is executed, signed, stored or delivered electronically shall not prevent the transfer by any Holder of this Warrant pursuant to Section 2 or the enforcement of the terms hereof. Physical possession of the original of this Warrant or any paper copy thereof shall confer no special status to the bearer thereof. In no event shall an original ink-signed paper copy of this Warrant be required for any exercise of Holder's rights hereunder, nor shall this Warrant or any physical copy hereof be required to be physically surrendered at the time of any exercise hereof.

*[Remainder of this page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, Company has caused this Warrant to be duly executed by its officer, thereunto duly authorized as of the Date of Issuance set forth on the first page hereof.

SPECTRAL AI, INC.

By : \_\_\_\_\_  
Name: Vincent S. Capone  
Title: Chief Financial Officer and General Counsel

AGREED AND ACCEPTED:

HOLDER:

AVENUE VENTURE OPPORTUNITIES FUND II, LP

By: Avenue Venture Opportunities Partners II, LLC  
Its: General Partner

By: \_\_\_\_\_  
Name: Sonia Gardner  
Title: Member

*[Signature Page to Warrant]*

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EXHIBIT A

FORM OF SUBSCRIPTION

(To be signed only upon exercise of Warrant) To:

- The undersigned, the holder of the within Warrant, hereby irrevocably elects to exercise the purchase right represented by such Warrant for, and to purchase thereunder, (1) \_\_\_\_\_ ( ) shares<sup>1</sup> (the “Shares”) of Stock of Spectral AI, Inc. and herewith makes payment of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) therefor, and requests that the certificates for such shares be issued in the name of, and delivered to, \_\_\_\_\_, whose address is \_\_\_\_\_.
- The undersigned hereby elects to convert percent ( %) of the value of the Warrant pursuant to the provisions of Section 1(b) of the Warrant.

The undersigned acknowledges that it has reviewed the representations and warranties contained in Section 17 of this Warrant and by its signature below hereby makes such representations and warranties to Company.

Dated \_\_\_\_\_

Holder : \_\_\_\_\_

By: \_\_\_\_\_

Its : \_\_\_\_\_

(Address) \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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<sup>1</sup> Insert here the number of shares called for on the face of the Warrant (or, in the case of a partial exercise, the portion thereof as to which the Warrant is being exercised), in either case without making any adjustment for additional Common Stock or any other stock or other securities or property or cash which, pursuant to the adjustment provisions of the Warrant, may be issuable upon exercise.

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ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, the holder of the within Warrant, hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock covered thereby set forth herein below, unto:

Name of Assignee	Address	No. of Shares

Dated \_\_\_\_\_

Holder: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

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EXHIBIT B

[On letterhead of Company]

Reference is hereby made to that certain Warrant dated March 21, 2025 issued by SPECTRAL AI, INC., a Delaware corporation (the "Company"), to AVENUE VENTURE OPPORTUNITIES FUND II, LP, a Delaware limited partnership (the "Holder").

[IF APPLICABLE] The Warrant provides that the actual number and type of shares of Company's capital stock issuable upon exercise of the Warrant and the initial exercise price per share are to be determined by reference to one or more events or conditions subsequent to the issuance of the Warrant. Such events or conditions have now occurred or lapsed, and Company wishes to confirm the actual number of shares issuable and the initial exercise price. The provisions of this Supplement to Warrant are incorporated into the Warrant by this reference, and shall control the interpretation and exercise of the Warrant.

[IF APPLICABLE] Notice is hereby given pursuant to Section 4.5 of the Warrant that the following adjustment(s) have been made to the Warrant: [describe adjustments, setting forth details regarding method of calculation and facts upon which calculation is based].

This certifies that Holder is entitled to purchase from Company \_\_\_\_\_, at the Holder's option, either (i) ( ) fully paid and nonassessable shares of Company's \_\_\_\_\_ Stock at a price of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) per share or (ii) ( ) fully paid and nonassessable shares of Company's \_\_\_\_\_ Stock at a price of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) per share. The applicable Exercise Price and the number of shares purchasable under the Warrant remain subject to adjustment as provided in Section 4 of the Warrant.

Executed this \_\_day of \_\_, 20\_\_\_\_.

SPECTRAL AI, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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Reed Smith LLP  
599 Lexington Avenue  
New York, NY 10022-7650  
+1 212 521 5400  
Fax +1 212 521 5450  
reedsmith.com

March 26, 2025

Spectral AI, Inc.  
2515 McKinney Avenue, Suite 1000  
Dallas, Texas 75201

Ladies and Gentlemen:

We have acted as special counsel to Spectral AI, Inc., a Delaware corporation (the “**Company**”), in connection with the offer and sale by the Company of 2,076,923 shares (the “**Shares**”) of the Company’s Class A common stock, par value \$0.0001 per share pursuant to (i) that certain Subscription Agreement, dated March 21, 2025 by and among the Company and certain investors party thereto (the “**Subscription Agreement**”) and (ii) that certain Placement Agency Agreement, dated as of March 21, 2025 by and between the Company and Dominari Securities LLC (the “**Placement Agency Agreement**”). The Shares will be offered and sold pursuant to the Company’s shelf-registration statement on Form S-3 under the Securities Act of 1933, as amended (the “**Securities Act**”), filed with the Securities and Exchange Commission (the “**Commission**”) on October 16, 2024 (Registration No. 333-282681) (the “**Registration Statement**”), a base prospectus dated October 31, 2024 (the “**Base Prospectus**”) and the prospectus supplements dated November 18, 2024, December 9, 2024, December 12, 2024, and March 21, 2025, filed with the Commission pursuant to Rule 424(b) under the Securities Act (together with the Base Prospectus, the “**Prospectus**”).

This opinion letter is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

We have reviewed originals or copies of (a) the Registration Statement, (b) the Prospectus, (c) an executed copy of the Subscription Agreement, (d) an executed copy of the Placement Agency Agreement, (e) the certificate of incorporation and bylaws of the Company, as amended through the date hereof, and (f) certain resolutions of the board of directors of the Company or committees thereof. We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as we have deemed necessary or advisable as a basis for the opinion set forth below.

In rendering the opinion set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all items submitted to us as originals, the conformity with originals of all items submitted to us as copies, and the authenticity of the originals of such copies. As to any facts material to the opinions expressed herein, we have relied upon statements and representations of officers and other representatives of the Company and public officials. We have also assumed, with respect to the issuance of the Shares, the amount of valid consideration paid in respect of such Shares will equal or exceed the par value of such Shares. We have not independently established the validity of the foregoing assumptions.

This opinion letter is limited to the federal laws of the United States of America, the laws of the State of New York and the Delaware General Corporation Law. We express no opinion, and make no statement, as to the laws, rules, or regulations of any other jurisdiction or as to the municipal laws or the laws, rules, or regulations of any local agencies or governmental authorities of or within the State of Delaware and New York, or as to any matters arising thereunder or relating thereto. We do not find it necessary for the purposes of this opinion letter to cover, and accordingly we express no opinion as to, the application of the securities or blue-sky laws of the various states to sales of the Shares.

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Based on, and subject to the foregoing and the other limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that the Shares have been duly authorized and, when issued and delivered by the Company pursuant to the provisions of the Subscription Agreement and the Placement Agency Agreement against payment of the requisite consideration therefor, will be validly issued, fully paid, and non-assessable.

The opinions set forth herein are given as of the date hereof, and we undertake no obligation to update or supplement this opinion letter if any applicable law changes after the date hereof or if we become aware of any fact or other circumstances that changes or may change our opinion set forth herein after the date hereof or for any other reason.

We consent to the inclusion of this opinion letter as an exhibit to the Registration Statement and further consent to all references to us under the caption "Legal Matters" in the Prospectus and to the filing of this opinion as an exhibit to the Company's Current Report on Form 8-K, dated March 26, 2025. In giving this consent, we do not admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Reed Smith LLP

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REED SMITH LLP

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## **SUBSCRIPTION AGREEMENT**

This Subscription Agreement (this “Agreement”) is dated as of March 21, 2025 (“Closing Date”), by and between Spectral AI, Inc., a Delaware corporation (the “Company”), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a “Purchaser” and collectively the “Purchasers”).

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to an effective registration statement under the Securities Act (as defined below) as to the Shares and Warrant Shares, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

WHEREAS, this Agreement is being entered into as a condition precedent to that certain Loan and Security Agreement dated as of March [●], 2025 by and among the Company, Spectral MD Holdings LLC, Spectral MD Inc., on the one hand, and Avenue Venture Opportunities Fund II, L.P. and Avenue Venture Opportunities Fund, L.P. on the other hand (the “Avenue Financing Transaction”), upon which the Company has the opportunity to receive up to \$15 million in one or more debt issuances over the next three year period.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

### **ARTICLE I. DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

“Affiliate” means with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person as such terms are used in and construed under Rule 405 under the Securities Act.

“Base Prospectus” means the prospectus included in the Registration Statement at the time it became effective, including documents incorporated therein by reference.

“Beneficial Ownership Limitation” shall have the meaning ascribed to such term in Section 2.1(a).

“Board of Directors” means the board of directors of the Company.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay at home”, “shelter-in-place”, “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

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“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers’ obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities, in each case, have been satisfied or waived, but in no event later than the second (2<sup>nd</sup>) Trading Day following the date hereof.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission.

“Common Stock” means the common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“DVP” means delivery versus payment securities settlement.

“DWAC” means deposit/withdrawal at custodian securities settlement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exempt Issuance” means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, pursuant to an employee stock purchase plan in existence as of the date of this Agreement and included in the SEC Reports, (b) securities upon the exercise or exchange of or conversion of securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, and (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company.

“Intellectual Property Rights” shall have the meaning ascribed to such term in Section 3.1(k).

“Lien” means a lien, charge, mortgage, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Material Adverse Effect” means: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company’s ability to perform in any material respect on a timely basis its obligations under any Transaction Document.

“Offering” means the offering of the Shares and Warrants hereunder.

“Per Share Purchase Price” equals \$1.30, subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Prospectus” means the Prospectus Supplement together with the Base Prospectus, including all documents incorporated therein by reference.

“Prospectus Supplement” means the prospectus supplement to the Base Prospectus complying with Rule 424(b) of the Securities Act that is filed with the Commission prior to the Closing and delivered by the Company to each Purchaser at the Closing.

“Registration Statement” means the registration statement prepared by the Company on Form S-3 (File No. 333-282681) and filed with the Commission on October 14, 2024, as supplemented on November 18, 2024, December 9, 2024 and December 12, 2024, as amended as of the date hereof, which registers the sale of the shares of Common Stock.

“Required Approvals” shall have the meaning ascribed to such term in Section 3.1(e).

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“SEC Reports” shall mean the Company’s filings prior to the date hereof.

“Securities” means the Shares, the Warrants and the Warrant Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shares” means the shares of Common Stock issued or issuable to each Purchaser pursuant to this Agreement.

“Short Sales” means all “short sales” as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include locating and/or borrowing shares of Common Stock).

“Subscription Amount” means, as to each Purchaser, the aggregate amount to be paid for the Securities purchased hereunder as specified below such Purchaser’s name on the signature page of this Agreement and next to the heading “Subscription Amount,” in United States dollars and in immediately available funds.

“Subsidiary” means any subsidiary of the Company as set forth in the SEC Reports, and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Company’s Trading Market is open for trading.

“Trading Market” means The Nasdaq Capital Market (or any nationally recognized successor thereto); provided, however, that in the event the Company’s Common Stock is ever listed or traded on The Nasdaq Global Market, The Nasdaq Global Select Market, the New York Stock Exchange, the NYSE American, the NYSE Arca, the OTC Bulletin Board, or the OTCQX or the OTCQB operated by the OTC Markets Group, Inc. (or any nationally recognized successor to any of the foregoing), then the “Trading Market” shall mean such other market or exchange on which the Company’s Common Stock is then listed or traded.

“Transaction Documents” means this Agreement, the Warrants and all exhibits and schedules thereto and hereto, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means Continental Transfer & Trust Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Warrants” means the common stock purchase Warrants.

“Warrant Shares” means the shares of Common Stock issuable upon exercise of the Warrants.

“Warrant Purchase Agreement” that certain Subscription Agreement by and between the Purchasers and the Company dated as of the Closing Date for the subscription of common stock warrants and pre-funded warrants.

## ARTICLE II. PURCHASE AND SALE

### 2.1 Closing

(a) On the Closing Date, upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, up to an aggregate of THREE MILLION FIVE HUNDRED THOUSAND Dollars (\$3,500,000) of Shares and Warrants. Notwithstanding anything herein to the contrary, to the extent that a Purchaser determines, in its sole discretion, that such Purchaser (together with such Purchaser’s Affiliates, and any Person acting as a group together with such Purchaser or any of such Purchaser’s Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation, or as such Purchaser may otherwise choose, such Purchaser may elect to purchase pre-funded warrants in lieu of purchasing Shares in such manner to result in the same aggregate purchase price being paid by such Purchaser to the Company with such subscription for such pre-funded warrants being pursuant to the Warrant Purchase Agreement and made in reliance upon an exemption from registration by Section 4(a)(2) of the Securities Act. The “Beneficial Ownership Limitation” shall be 4.99% (or, at the election of the applicable Purchaser at Closing, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of the Shares on the Closing Date. The Company shall deliver to each Purchaser its respective Shares and Warrants (and pre-funded warrants, if applicable), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall take place remotely by electronic transfer of the Closing documentation. Settlement of the Shares and Warrants shall occur, via “Delivery Versus Payment” (“DVP”), on the Closing Date, the Company shall issue the Shares and Warrants registered in the Purchasers’ names and addresses and released by the Transfer Agent directly to the account(s) of each Purchaser; upon receipt of such Shares and Warrants, payment therefor shall be made by the Purchaser (or the Company’s representative) by wire transfer via the Company’s wire instructions as set forth in **Exhibit B** hereto.

## 2.2 Deliveries

(a) On or prior to the Closing Date (except as indicated below), the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) such number of Warrants equal to 100% of such Purchaser's Shares, with an exercise price equal to \$1.80, subject to adjustments therein;

(iii) the Prospectus Supplement; and

(iv) a copy of the irrevocable instructions to the Transfer Agent instructing the Transfer Agent to deliver on an expedited basis via The Depository Trust Company Deposit or Withdrawal at Custodian system ("DWAC") Shares equal to such Purchaser's Subscription Amount divided by the Per Share Purchase Price, registered in the name of such Purchaser.

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser; and

(ii) such Purchaser's Subscription Amount for Shares which shall be made available for DVP or DWAC settlement with the Company or its designee.

## 2.3 Closing Conditions

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality, in all respects) on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement; and

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

### **ARTICLE III. REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. Except as set forth in the SEC Reports, the Company hereby makes the following representations and warranties to each Purchaser:

(a) Subsidiaries; Capital Stock. All of the direct and indirect subsidiaries of the Company are set forth in the SEC Reports. The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) Organization and Qualification. The Company is an entity duly incorporated or otherwise organized, validly existing and in good standing (if applicable in such jurisdiction) under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. This Agreement and each other Transaction Document to which the Company is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(i) The Shares are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company.

(ii) The Company is eligible to use Form S-3 under the Securities Act and meets the transaction requirements with respect to the aggregate market value of securities being sold pursuant to this offering and during the twelve (12) months prior to this Offering, as set forth in General Instruction I.B.6 of Form S-3. The Shares are being registered by the Company under the Securities Act. Upon receipt of the Shares, the Purchaser will have good and marketable title to such Shares and such Shares will be immediately freely tradable.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, anti-dilution or similar adjustments (except as set forth in the SEC Reports), acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.4 of this Agreement, (ii) the filing with the Commission of the Prospectus Supplement, (iii) application(s) to each applicable Trading Market for the listing of the Shares and Warrant Shares for trading thereon in the time and manner required thereby, and (iv) the filing of a Form S-3 resale registration statement to register the Warrant Shares pursuant to the Warrants (collectively, the "Required Approvals").

(f) Litigation. Except as set forth in the SEC Reports, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") that could reasonably be expected to result in a Material Adverse Effect. None of the Actions set forth in the SEC Reports, (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty, except, in each case, as would not reasonably be expected to result in a Material Adverse Effect. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(g) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(i) Securities Act Compliance. At the time the Registration Statement and any amendments thereto became effective, at the date of this Agreement and at the Closing Date, the Registration Statement and any amendments thereto conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(j) Title to Assets. The Company has good and marketable title in all assets material to the business of the Company, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties.

(k) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or required for use in connection with their respective businesses as described in the SEC Reports and which the failure to so have could have a Material Adverse Effect (collectively, the “Intellectual Property Rights”). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(m) Transactions With Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of \$120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(n) Certain Fees. Except as set forth in the Prospectus Supplement, no brokerage or finder’s fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(o) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an “investment company” within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an “investment company” subject to registration under the Investment Company Act of 1940, as amended.

(p) Registration Rights. Except as set forth in the SEC Reports, no Person has any right to cause the Company or any Subsidiary to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(q) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information which is not otherwise disclosed in the Prospectus Supplement. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(r) Acknowledgement Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Shares. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(s) Acknowledgment Regarding Purchaser's Trading Activity. Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Section 3.2(e) hereof), it is understood and acknowledged by the Company that: (i) none of the Purchasers has been asked by the Company to agree, nor has any Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term; (ii) past or future open market or other transactions by any Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities; (iii) any Purchaser, and counter-parties in "derivative" transactions to which any such Purchaser is a party, directly or indirectly, presently may have a "short" position in the Common Stock, and (iv) each Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (y) one or more Purchasers may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Warrant Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(t) No General Solicitation Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Shares by any form of general solicitation or general advertising. The Company has offered the Shares for sale only to each Purchaser as an “accredited investor” within the meaning of Rule 501 under the Securities Act.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof or thereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally; (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and (iii) insofar as indemnification and contribution provisions may be limited by Applicable Law.

(b) Understandings or Arrangements. Such Purchaser is acquiring the Securities as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting such Purchaser’s right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business. Such Purchaser is acquiring such Securities as principal for his, her or its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser’s right to sell such Securities pursuant to a registration statement or otherwise in compliance with applicable federal and state securities laws)

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is and on each date on which it exercises any Warrants, it will be either: (i) an “accredited investor” as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a “qualified institutional buyer” as defined in Rule 144A(a) under the Securities Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) Access to Information. Such Purchaser acknowledges that it has had the opportunity to review the Transaction Documents and the SEC Reports and has been afforded: (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Such Purchaser acknowledges and agrees that the Company has not provided it with any information or advice with respect to the Shares nor is such information or advice necessary or desired. Further the Company has not made or makes any representation as to the Company or the quality of the Securities. In connection with the issuance of the Securities to such Purchaser, no party has acted as a financial advisor or fiduciary to such Purchaser.

(f) General Solicitation. Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or, to the knowledge of such Purchaser, any other general solicitation or general advertisement.

(g) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, such Purchaser has not, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received notification of the offering hereunder from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement. Other than to other Persons party to this Agreement or to such Purchaser's representatives, including, without limitation, its officers, directors, partners, legal and other advisors, employees, agents and Affiliates, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to locating or borrowing shares in order to effect Short Sales or similar transactions in the future.

The Company acknowledges and agrees that the representations contained in this Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transactions contemplated hereby. Notwithstanding the foregoing, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty.

**ARTICLE IV.**  
**OTHER AGREEMENTS OF THE PARTIES**

4.1 Removal of Legends.

(a) The Warrants and Warrant Shares may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Warrants or Warrant Shares other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Warrant under the Securities Act.

(b) Purchaser understands and acknowledges that neither the Warrants nor the Warrant Shares have been registered under the Securities Act or the securities laws of any state or foreign jurisdiction and, unless such Warrants or Warrant Shares are so registered, they may not be offered, sold, transferred or otherwise disposed of except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or foreign jurisdiction. Purchaser understands that Purchaser may not be able to liquidate Purchaser's investment in the Warrants or Warrant Shares. Purchaser recognizes that Purchaser may be unable to sell or dispose of Purchaser's Warrants or Warrant Shares. Purchaser further acknowledges and agrees that the Company shall have no obligation to register the Warrants. Purchaser is able to bear the economic risk of the investment in the Warrants or Warrant Shares and Purchaser has sufficient net worth to sustain a loss of Purchaser's entire investment in the Warrants and Warrant Shares without economic hardship if such a loss should occur. Pursuant to the foregoing, Purchaser acknowledges that the certificate representing the Warrants acquired by Purchaser shall bear a restrictive legend substantially as follows (in addition to any other restrictive legends required by law or otherwise):

"NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS."

(c) Certificates evidencing the Warrant Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) following any sale of such Warrant Shares pursuant to an effective registration statement covering the resale of such Warrant Shares under the Securities Act, or (ii) following any sale of such Warrant Shares pursuant to Rule 144 (assuming cashless exercise of the Warrants), or (iii) if such Warrant Shares are eligible for sale under Rule 144 (assuming cashless exercise of the Warrants), or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent or the Purchaser promptly if required by the Transfer Agent to effect the removal of the legend hereunder, or if requested by a Purchaser, respectively. If all or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Warrant Shares and the Purchaser has delivered a representation letter from its broker that such Warrant Shares have been sold pursuant to such registration statement, or if such Warrant Shares may be sold under Rule 144 (assuming cashless exercise of the Warrants) or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Warrant Shares shall be issued free of all legends.

(d) The Shares shall be issued free of legends.

4.2 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, which shall be disclosed pursuant to Section 4.4, the Company covenants and agrees that neither it, nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto such Purchaser shall have consented to the receipt of such information and agreed with the Company to keep such information confidential. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.3 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of the Transaction Documents unless the same consideration is also offered to all of the parties to such Transaction Document. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Shares or otherwise.

4.4 Certain Transactions and Confidentiality. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.4, such Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information included in the Disclosure Schedules. Notwithstanding the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Company expressly acknowledges and agrees that (i) no Purchaser makes any representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4, (ii) no Purchaser shall be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4 and (iii) no Purchaser shall have any duty of confidentiality or duty not to trade in the securities of the Company to the Company or its Subsidiaries after the issuance of the initial press release as described in Section 4.4. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Shares covered by this Agreement.

4.5 Reservation of Common Stock. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue Shares and Warrant Shares pursuant to this Agreement.

**ARTICLE V.**  
**MISCELLANEOUS**

5.1 Registration Obligations. On or before the thirty (30) day anniversary of the Closing Date, the Company shall file with the Commission a registration statement on Form S-3 (or other appropriate form if the Company is not then Form S-3 eligible) providing for the resale of the Warrant Shares by the holders of the Warrants (the "Resale Registration Statement"). The Company shall use commercially reasonable efforts to cause the Resale Registration Statement to become effective within ninety (90) calendar days following the date of filing with the Commission and to keep the Resale Registration Statement effective at all times until no holder of the Warrants owns any Warrants or Warrant Shares.

5.2 Standstill. Following the Closing Date and except for the Company's issuance or entry into any agreement to issue shares of Common Stock or securities convertible or exercisable into shares of Common Stock resulting in net proceeds to the Company in an amount of no less than Seven Million Dollars (\$7,000,000) as a condition precedent to the completion of the second tranche of the Avenue Financing Transaction on its unamended terms (the "Excluded Raise"), the Company hereby covenants and agrees not to issue or enter into any agreement to issue any shares of Common Stock or other equity securities convertible or exercisable into shares of Common Stock during the period from the Closing Date until the date that is the fifteen month anniversary of the Closing Date (the "Standstill") unless waived by the Blue Finn Group LLC. For the avoidance of doubt, the Standstill shall not apply to the Excluded Raise, and the Company may file a registration statement, and any amendments or supplements thereto, in connection with the Excluded Raise.

5.3 Termination. This Agreement may be terminated by (a) any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties or (b) by the Company by written notice to the Purchasers, if, in either case, the Closing has not been consummated on or before the fifth (5th) Trading Day following the date hereof; *provided, however*, that no such termination will affect the right of any party to sue for any breach by any other party (or parties).

5.4 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, the Prospectus Supplement, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.5 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment at the email address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment at the email address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2<sup>nd</sup>) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously disclose such information in accordance with applicable law and file such notice with the Commission pursuant to a Current Report on Form 8-K.

5.6 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and each such Purchaser. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.7 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than to the surviving corporation with or into which the Company or permitted assignee may merge or consolidate or an entity to which the Company or assignee transfers all, or substantially all, of its business and assets). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in this Section 5.8.

5.10 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such action or proceeding is improper or is an inconvenient venue for such Proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities through the third anniversary of the Closing.

5.14 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents.

5.15 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

**5.16 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY UNDER THE TRANSACTION DOCUMENTS, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**SPECTRAL AI, INC.**

By: \_\_\_\_\_  
Name: Vincent S. Capone  
Title: Chief Financial Officer

*[Signature Page to Subscription Agreement]*

[PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above

Name of Purchaser:
<i>Signature of Authorized Signatory of Purchaser:</i>
Name of Authorized Signatory:
Title of Authorized Signatory:
Email Address of Authorized Signatory:
Facsimile Number of Authorized Signatory:
Address for Notice to Purchaser:
DWAC for Shares:
Subscription Amount:
Shares:
Pre-Funded Warrant Shares (to be subscribed for pursuant to the Warrant Purchase Agreement):
Beneficial Ownership Blocker <input type="checkbox"/> 4.99% or <input type="checkbox"/> 9.99%
EIN Number:
<u>DTC Number:</u>

[Signature Page to Subscription Agreement]



**Exhibit B**

**Company Wire Instructions**

Bank:

ABA Routing:

SWIFT code:

Acct#

Account Holder Name:

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**SUBSCRIPTION AGREEMENT**

This Subscription Agreement (this “Agreement”) is dated as of March 21, 2025 (“Closing Date”), by and between Spectral AI, Inc., a Delaware corporation (the “Company”), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a “Purchaser” and collectively the “Purchasers”).

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to an effective registration statement under the Securities Act (as defined below) as to the Shares and (ii) an exemption from the registration requirements of Section 5 of the Securities Act contained in Section 4(a) (2) thereof and Regulation D promulgated thereunder as to the Warrants, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

WHEREAS, this Agreement is being entered into as a condition precedent to that certain Loan and Security Agreement dated as of March 21, 2025 by and among the Company, Spectral MD Holdings LLC, Spectral MD Inc., on the one hand, and Avenue Venture Opportunities Fund II, L.P. and Avenue Venture Opportunities Fund, L.P. on the other hand (the “Avenue Financing Transaction”), upon which the Company has the opportunity to receive up to \$15 million in one or more debt issuances over the next three year period.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

**ARTICLE I.  
DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the respective meanings set forth in this Section 1.1:

“Action” shall have the meaning ascribed to such term in Section 3.1(j).

“Affiliate” means with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such Person as such terms are used in and construed under Rule 405 under the Securities Act.

“Base Prospectus” means the prospectus included in the Registration Statement at the time it became effective, including documents incorporated therein by reference.

“Beneficial Ownership Limitation” shall have the meaning ascribed to such term in Section 2.1(a).

“Board of Directors” means the board of directors of the Company.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to “stay at home”, “shelter-in-place”, “non-essential employee” or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York generally are open for use by customers on such day.

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“Closing” means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

“Closing Date” means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers’ obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities, in each case, have been satisfied or waived, but in no event later than the first (1<sup>st</sup>) Trading Day following the date hereof.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Commission” means the U.S. Securities and Exchange Commission.

“Common Stock” means the common stock of the Company, par value \$0.0001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant, or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Common Warrants” means, collectively, the Common Stock purchase warrants to be delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which Warrants shall be exercisable commencing six months from the Closing Date and have a term equal to three (3) years from such date, in the form of Exhibit B-1 attached hereto.

“Common Warrant Shares” means the shares of Common Stock issuable upon exercise of the Common Warrants.

“Company” shall have the meaning ascribed to such term in the Preamble.

“Company Counsel” means Reed Smith LLP, with offices located at 2850 N Harwood St Suite 1500, Dallas, TX 75201.

“DVP” means delivery versus payment securities settlement.

“DWAC” means deposit/withdrawal at custodian securities settlement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exempt Issuance” means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, pursuant to an employee stock purchase plan in existence as of the date of this Agreement and included in the SEC Reports, (b) securities upon the exercise or exchange of or conversion of securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement, (c) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, and (d) securities issued pursuant to the Company’s debt- financing with Avenue Ventures Fund II, L.P..

“Intellectual Property Rights” shall have the meaning ascribed to such term in Section 3.1(k).

“Legal Opinion” shall mean the legal opinion of company counsel in a form acceptable to the Placement Agent and the Purchaser(s).

“Lien” means a lien, charge, mortgage, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

“Material Adverse Effect” means: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company’s ability to perform in any material respect on a timely basis its obligations under any Transaction Document.

“Offering” means the offering of the Shares and Warrants hereunder.

“Per Share Purchase Price” equals \$1.30, subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement, and up to and including the Closing Date, provided that the purchase price per Pre-Funded Warrant shall be the Per Share Purchase Price minus \$0.0001.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Placement Agent” means Dominari Securities LLC.

“Pre-Funded Warrants” means, collectively, the pre-funded Common Stock purchase warrants delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which Pre-Funded Warrants shall be exercisable immediately and shall expire when exercised in full, in the form of Exhibit B- 2 attached hereto.

“Pre-Funded Warrant Shares” means the shares of Common Stock issuable upon exercise of the Pre-Funded Warrants.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Purchaser” shall have the meaning ascribed to such term in the Preamble.

“Prospectus” means the Prospectus Supplement together with the Base Prospectus, including all documents incorporated therein by reference.

“Prospectus Supplement” means the prospectus supplement to the Base Prospectus complying with Rule 424(b) of the Securities Act that is filed with the Commission prior to the Closing and delivered by the Company to each Purchaser at the Closing.

“Registration Statement” means the registration statement prepared by the Company on Form S-3 (File No. 333-282681) and filed with the Commission on October 16, 2024, deemed effective on October 31, 2024, and as supplemented on November 18, 2024, December 9, 2024 and December 12, 2024, as amended as of the date hereof, which registers the sale of the Shares to the Purchasers.

“Required Approvals” shall have the meaning ascribed to such term in Section 3.1(e).

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Rule 424” means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“SEC Reports” shall mean the Company’s filings prior to the date hereof.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Securities” means the Shares, the Pre-Funded Warrants, the Pre-Funded Warrant Shares, the Warrants and the Warrant Shares.

“Shares” means the shares of Common Stock issued or issuable to each Purchaser pursuant to this Agreement.

“Short Sales” means all “short sales” as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include locating and/or borrowing shares of Common Stock).

“Subscription Amount” means, as to each Purchaser, the aggregate amount to be paid for Shares and Warrants and Pre-Funded Warrants purchased hereunder as specified below such Purchaser’s name on the signature page of this Agreement and next to the heading “Subscription Amount,” in United States dollars and in immediately available funds (minus, if applicable, a Purchaser’s aggregate exercise price of the Pre-Funded Warrants, which amounts shall be paid as and when such Pre-Funded Warrants are exercised).

“Subsidiary” means any subsidiary of the Company as set forth in the SEC Reports, and shall, where applicable, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

“Trading Day” means a day on which the Company’s Trading Market is open for trading.

“Trading Market” means The Nasdaq Capital Market (or any nationally recognized successor thereto); provided, however, that in the event the Company’s Common Stock is ever listed or traded on The Nasdaq Global Market, The Nasdaq Global Select Market, the New York Stock Exchange, the NYSE American, the NYSE Arca, the OTC Bulletin Board, or the OTCQX or the OTCQB operated by the OTC Markets Group, Inc. (or any nationally recognized successor to any of the foregoing), then the “Trading Market” shall mean such other market or exchange on which the Company’s Common Stock is then listed or traded.

“Transaction Documents” means this Agreement, the Warrants and all exhibits and schedules thereto and hereto, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“Transfer Agent” means Continental Transfer & Trust Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Warrants” means, collectively, the Common Warrants and the Pre-Funded Warrants.

“Warrant Shares” means, collectively, the Common Warrant Shares and the Pre-Funded Warrant Shares.

## ARTICLE II. PURCHASE AND SALE

### 2.1 Closing

(a) On the Closing Date, upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase, up to an aggregate of THREE MILLION FIVE HUNDRED THOUSAND Dollars (\$3,500,000) of Shares and Warrants. Notwithstanding anything herein to the contrary, to the extent that a Purchaser determines, in its sole discretion, that such Purchaser (together with such Purchaser’s Affiliates, and any Person acting as a group together with such Purchaser or any of such Purchaser’s Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation, or as such Purchaser may otherwise choose, in lieu of purchasing Shares, such Purchaser may elect to purchase Pre-Funded Warrants in such manner to result in the same aggregate purchase price being paid by such Purchaser to the Company. The “Beneficial Ownership Limitation” shall be 4.99% (or, at the election of the applicable Purchaser at Closing, 9.99%) of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of the Securities on the Closing Date. In each case, the election to receive Pre-Funded Warrants is solely at the option of the Purchaser. Each Purchaser’s Subscription Amount as set forth on the signature page hereto executed by such Purchaser shall be made available for “Delivery Versus Payment” settlement with the Company or its designee. The Company shall deliver to each Purchaser its respective Shares and Warrants (and Pre-Funded Warrants, if applicable), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall take place remotely by electronic transfer of the Closing documentation. The Company shall deliver to each Purchaser its respective Shares and a Warrant as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall take place remotely by electronic transfer of the Closing documentation. Notwithstanding anything herein to the contrary, if at any time on or after the time of execution of this Agreement by the Company and an applicable Purchaser, through, and including the time immediately prior to the Closing (the “Pre-Settlement Period”), such Purchaser sells to any Person all, or any portion, of the Shares to be issued hereunder to such Purchaser at the Closing (collectively, the “Pre-Settlement Shares”), such Purchaser shall, automatically hereunder (without any additional required actions by such Purchaser or the Company), be deemed to be unconditionally bound to purchase, such Pre-Settlement Shares at the Closing; *provided*, that the Company shall not be required to deliver any Pre-Settlement Shares to such Purchaser prior to the Company’s receipt of the purchase price of such Pre-Settlement Shares hereunder; and provided further that the Company hereby acknowledges and agrees that the forgoing shall not constitute a representation or covenant by such Purchaser as to whether or not during the Pre-Settlement Period such Purchaser shall sell any shares of Common Stock to any Person and that any such decision to sell any shares of Common Stock by such Purchaser shall solely be made at the time such Purchaser elects to effect any such sale, if any. Unless otherwise directed by the Placement Agent, settlement of the Shares shall occur via “Delivery Versus Payment” (“DVP”) (i.e., on the Closing Date, the Company shall issue the Shares registered in the Purchasers’ names and addresses and released by the Transfer Agent directly to the account(s) at the Placement Agent identified by each Purchaser; upon receipt of such Shares, the Placement Agent shall promptly electronically deliver such Shares to the applicable Purchaser, and payment therefor shall be made by the Placement Agent (or its clearing firm) by wire transfer to the Company). Notwithstanding the foregoing, with respect to any Notice(s) of Exercise (as defined in the Pre-Funded Warrants) delivered on or prior to 4:00 p.m. (New York City time) on the Trading Day immediately prior to the Closing Date, which may be delivered at any time after the time of execution of this Agreement, the Company agrees to deliver the Pre-Funded Warrant Shares subject to such notice(s) by 4:00 p.m. (New York City time) on the Closing Date and the Closing Date shall be the Warrant Share Delivery Date (as defined in the Pre-Funded Warrants) for purposes hereunder.

## 2.2 Deliveries

(a) On or prior to the Closing Date (except as indicated below), the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) a legal opinion of Company Counsel, addressed to the Placement Agent and the Purchasers, in a form reasonably acceptable to the Placement Agent and Purchasers;

(iii) a signed letter from the Chief Financial Officer of the Company addressed to the Placement Agent and the Purchasers, in form and substance reasonably satisfactory to the Placement Agent and its counsel, containing statements and information of the type ordinarily included in chief financial officer certificates to placement agents with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement, the Prospectus, and the Prospectus Supplement.

(iv) subject to Section 2.1, the Company shall have provided each Purchaser with the Company's wire instructions, on Company letterhead and executed by the Chief Executive Officer or Chief Financial Officer;

(v) subject to Section 2.1, a copy of the irrevocable instructions to the Transfer Agent instructing the Transfer Agent to deliver, on an expedited basis via DWAC, the number of Shares equal to such Purchaser's Subscription Amount divided by the Per Share Purchase Price (minus the number of shares of Common Stock issuable upon exercise of such Purchaser's Pre-Funded Warrant, if applicable), registered in accordance with the instructions of such Purchaser; and

(vi) a Common Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to 100% of such Purchaser's Shares ( and Pre-Funded Warrant Shares initially issuable upon exercise of the Pre-Funded Warrants), if applicable, with an exercise price equal to \$1.80, subject to adjustment therein;

(vii) for each Purchaser of Pre-Funded Warrants pursuant to Section 2.1, a Pre-Funded Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to the portion of such Purchaser's Subscription Amount applicable to Pre-Funded Warrant divided by the Per Share Purchase Price minus \$0.001, with an exercise price equal to \$0.001, subject to adjustment therein; and

(viii) the Prospectus and Prospectus Supplement (which may be delivered in accordance with Rule 172 under the Securities Act).

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser; and

(ii) such Purchaser's Subscription Amount for Shares which shall be made available for DVP or DWAC settlement with the Company or its designee.

### 2.3 Closing Conditions

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality, in all respects) on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement; and

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

(v) from the date hereof to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market, and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable judgment of such Purchaser, makes it impracticable or inadvisable to purchase the Shares at the Closing.

**ARTICLE III.**  
**REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of the Company. Except as set forth in the SEC Reports, the Company hereby makes the following representations and warranties to each Purchaser:

(a) Subsidiaries; Capital Stock. All of the direct and indirect subsidiaries of the Company are set forth in the SEC Reports. The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) Organization and Qualification. The Company is an entity duly incorporated or otherwise organized, validly existing and in good standing (if applicable in such jurisdiction) under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors, or the Company's shareholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, anti-dilution or similar adjustments (except as set forth in the SEC Reports), acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.4 of this Agreement, (ii) the filing with the Commission of the Prospectus Supplement, (iii) application(s) to each applicable Trading Market for the listing of the Shares and Warrant Shares for trading thereon in the time and manner required thereby, and (iv) the filing of a Form S-3 resale registration statement to register the Warrant Shares pursuant to the Warrants (collectively, the "Required Approvals").

(f) Litigation. Except as set forth in the SEC Reports, there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") that could reasonably be expected to result in a Material Adverse Effect. None of the Actions set forth in the SEC Reports, (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty, except, in each case, as would not reasonably be expected to result in a Material Adverse Effect. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(g) *Issuance of the Securities; Registration.* The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid, and nonassessable, free and clear of all Liens imposed by the Company. The Warrant Shares, when issued in accordance with the terms of the Warrants, and against payment thereof, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company. The Company has reserved from its duly authorized capital stock the maximum number of shares of Common Stock issuable pursuant to this Agreement and the Warrants. The Company has prepared and filed the Registration Statement in conformity with the requirements of the Securities Act, which became effective on October 31, 2024, including the Prospectus, and such amendments and supplements thereto as may have been required to the date of this Agreement. The Registration Statement is effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of the Prospectus has been issued by the Commission and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are threatened by the Commission. The Company, if required by the rules and regulations of the Commission, shall file the Prospectus Supplement with the Commission pursuant to Rule 424(b). At the time the Registration Statement and any amendments thereto became effective, at the date of this Agreement and at the Closing Date, the Registration Statement and any amendments thereto conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus and any amendments or supplements thereto, at the time the Prospectus or any amendment or supplement thereto was issued and at the Closing Date, conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company was at the time of the filing of the Registration Statement eligible to use Form S-3. The Company is eligible to use Form S-3 under the Securities Act and it meets the transaction requirements with respect to the aggregate market value of securities being sold pursuant to this offering and during the twelve (12) months prior to this offering, as set forth in General Instruction I.B.6 of Form S-3.

(h) Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) SEC Reports; Financial Statements. The Company has filed all reports, schedules, forms, statements, and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two (2) years preceding the date hereof (or such shorter period as the Company was required by law or regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, together with the Prospectus and the Prospectus Supplement, being collectively referred to herein as the “SEC Reports”) and, during the past twelve (12) calendar months, such SEC Reports have been filed on a timely basis or the Company has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company has never been an issuer subject to Rule 144(i) under the Securities Act. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(j) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, (i) here has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company’s financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting in any material manner, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, prospects, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(k) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(l) Securities Act Compliance. At the time the Registration Statement and any amendments thereto became effective, at the date of this Agreement and at the Closing Date, the Registration Statement and any amendments thereto conformed and will conform in all material respects to the requirements of the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(m) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Title to Assets. The Company has good and marketable title in all assets material to the business of the Company, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties.

(o) Intellectual Property. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or required for use in connection with their respective businesses as described in the SEC Reports and which the failure to so have could have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person, except as could not have or reasonably be expected to not have a Material Adverse Effect. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(q) Transactions With Affiliates and Employees. Except as set forth in the SEC Reports, none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of \$120,000 other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(r) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti- takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(s) No Disqualification Events. With respect to the Warrant and Warrant Shares to be offered and sold hereunder in reliance on Rule 506 under the Securities Act, none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished to the Purchasers a copy of any disclosures provided thereunder.

(t) Certain Fees. Except as set forth in the Prospectus Supplement, no brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(u) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(v) Registration Rights. Except as set forth in the SEC Reports, no Person has any right to cause the Company or any Subsidiary to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(w) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information which is not otherwise disclosed in the Prospectus Supplement. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made and when made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(x) Acknowledgement Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Shares. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(y) Acknowledgment Regarding Purchaser's Trading Activity. Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Section 3.2(e) hereof), it is understood and acknowledged by the Company that: (i) none of the Purchasers has been asked by the Company to agree, nor has any Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term; (ii) past or future open market or other transactions by any Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities; (iii) any Purchaser, and counter-parties in "derivative" transactions to which any such Purchaser is a party, directly or indirectly, presently may have a "short" position in the Common Stock, and (iv) each Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (y) one or more Purchasers may engage in hedging activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Common Warrant Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(z) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Shares by any form of general solicitation or general advertising. The Company has offered the Shares for sale only to each Purchaser as an "accredited investor" within the meaning of Rule 501 under the Securities Act.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof or thereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally; (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and (iii) insofar as indemnification and contribution provisions may be limited by Applicable Law.

(b) Understandings or Arrangements. Such Purchaser is acquiring the Securities as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting such Purchaser's right to sell the Securities pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business. Such Purchaser is acquiring such Securities as principal for his, her or its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell such Securities pursuant to a registration statement or otherwise in compliance with applicable federal and state securities laws)

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is and on each date on which it exercises any Warrants, it will be either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or  
(ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) Access to Information. Such Purchaser acknowledges that it has had the opportunity to review the Transaction Documents and the SEC Reports and has been afforded: (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Such Purchaser acknowledges and agrees that the Company has not provided it with any information or advice with respect to the Shares nor is such information or advice necessary or desired. Further the Company has not made or makes any representation as to the Company or the quality of the Securities. In connection with the issuance of the Securities to such Purchaser, no party has acted as a financial advisor or fiduciary to such Purchaser.

(f) General Solicitation. Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or, to the knowledge of such Purchaser, any other general solicitation or general advertisement.

(g) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, such Purchaser has not, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received notification of the offering hereunder from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement. Other than to other Persons party to this Agreement or to such Purchaser's representatives, including, without limitation, its officers, directors, partners, legal and other advisors, employees, agents and Affiliates, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to locating or borrowing shares in order to effect Short Sales or similar transactions in the future.

The Company acknowledges and agrees that the representations contained in this Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transactions contemplated hereby. Notwithstanding the foregoing, for the avoidance of doubt, nothing contained herein shall constitute a representation or warranty.

**ARTICLE IV.**  
**OTHER AGREEMENTS OF THE PARTIES**

4.1 Removal of Legends.

(a) The Warrants and Warrant Shares may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Warrants or Warrant Shares other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Warrant under the Securities Act.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Warrants or Warrant Shares in the following form:

“NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS EXERCISABLE HAS BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.”

The Company acknowledges and agrees that a Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Warrants or Warrant Shares to a financial institution that is an “accredited investor” as defined in Rule 501(a) under the Securities Act and, if required under the terms of such arrangement, such Purchaser may transfer pledged or secured Warrants or Warrant Shares to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser’s expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Warrants and Warrant Shares may reasonably request in connection with a pledge or transfer of the Warrants or Warrant Shares.

(c) Certificates evidencing the Warrant Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) following any sale of such Warrant Shares pursuant to an effective registration statement covering the resale of such Warrant Shares under the Securities Act, or (ii) following any sale of such Warrant Shares pursuant to Rule 144 (assuming cashless exercise of the Warrants), or (iii) if such Warrant Shares are eligible for sale under Rule 144 (assuming cashless exercise of the Warrants), or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent or the Purchaser promptly if required by the Transfer Agent to effect the removal of the legend hereunder, or if requested by a Purchaser, respectively. If all or any portion of a Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Warrant Shares and the Purchaser has delivered a representation letter from its broker that such Warrant Shares have been sold pursuant to such registration statement, or if such Warrant Shares may be sold under Rule 144 (assuming cashless exercise of the Warrants) or if such legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Warrant Shares shall be issued free of all legends.

(d) The Shares shall be issued free of legends.

4.2 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, which shall be disclosed pursuant to Section 4.4, the Company covenants and agrees that neither it, nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto such Purchaser shall have consented to the receipt of such information and agreed with the Company to keep such information confidential. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.3 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of the Transaction Documents unless the same consideration is also offered to all of the parties to such Transaction Document. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Shares or otherwise.

4.4 Certain Transactions and Confidentiality. Each Purchaser, severally and not jointly with the other Purchasers, covenants that neither it nor any Affiliate acting on its behalf or pursuant to any understanding with it will execute any purchases or sales, including Short Sales of any of the Company's securities during the period commencing with the execution of this Agreement and ending at such time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4. Each Purchaser, severally and not jointly with the other Purchasers, covenants that until such time as the transactions contemplated by this Agreement are publicly disclosed by the Company pursuant to the initial press release as described in Section 4.4, such Purchaser will maintain the confidentiality of the existence and terms of this transaction and the information as publicly disclosed. Notwithstanding the foregoing, and notwithstanding anything contained in this Agreement to the contrary, the Company expressly acknowledges and agrees that (i) no Purchaser makes any representation, warranty or covenant hereby that it will not engage in effecting transactions in any securities of the Company after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4, (ii) no Purchaser shall be restricted or prohibited from effecting any transactions in any securities of the Company in accordance with applicable securities laws from and after the time that the transactions contemplated by this Agreement are first publicly announced pursuant to the initial press release as described in Section 4.4 and (iii) no Purchaser shall have any duty of confidentiality or duty not to trade in the securities of the Company to the Company or its Subsidiaries after the issuance of the initial press release as described in Section 4.4. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the covenant set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Shares covered by this Agreement.

4.5 Reservation of Common Stock. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue Shares and Warrant Shares pursuant to this Agreement.

4.6 Listing of Common Stock. The Company hereby agrees to use commercially reasonable best efforts to maintain the listing or quotation of the Common Stock on the Trading Market on which it is currently listed, and prior to the Closing, the Company shall have applied to list or quote all of the Shares on such Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application all of the Shares, and will take such other action as is necessary to cause all of the Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will comply in all respects with the Company's reporting, filing, and other obligations under the bylaws or rules of the Trading Market. The Company agrees to use commercially reasonable efforts to maintain the eligibility of the Common Stock for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.

4.7 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Documents) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any Transaction Documents unless the same consideration is also offered to all of the parties to this Agreement. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition, or voting of Securities or otherwise.

#### 4.8 Subsequent Equity Sales.

(a) From the date hereof until 180 days after the Closing Date, neither the Company nor any Subsidiary shall (i) issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of Common Stock or Common Stock Equivalents or (ii) file any registration statement or any amendment or supplement thereto, other than the Prospectus Supplement or as contemplated pursuant to Section 4.8 herein or filing a registration statement on Form S-8 in connection with any employee benefit plan.

(b) From the date hereof until 180 days after the Closing Date, the Company shall be prohibited from entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security (other than in connection with a stock split or stock dividend or similar event) or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into, or effects a transaction under, any agreement, including, but not limited to, an equity line of credit or an "at-the-market offering", whereby the Company may issue securities at a future determined price regardless of whether shares pursuant to such agreement have actually been issued and regardless of whether such agreement is subsequently canceled. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages. Notwithstanding the foregoing, the prohibition on "at the market offerings" or the issuance of shares of Common Stock by the Company pursuant to an equity line of credit shall expire on the six-month anniversary of the Closing Date.

(c) Notwithstanding the foregoing, this Section 4.8 shall not apply in respect of an Exempt Issuance, except that no Variable Rate Transaction shall be an Exempt Issuance.

4.9 Exercise Procedures. The form of Notice of Exercise included in the Warrants set forth the totality of the procedures required of the Purchasers in order to exercise the Warrants. No additional legal opinion, other information or instructions shall be required of the Purchasers to exercise their Warrants. Without limiting the preceding sentences, no ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required in order to exercise the Warrants. The Company shall honor exercises of the Warrants and shall deliver Warrant Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.10 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Warrant and Warrant Shares as required under Regulation D and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Warrant and Warrant Shares for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

## **ARTICLE V. MISCELLANEOUS**

5.1 Registration Obligations. On or before the thirty (30) day anniversary of the Closing Date, the Company shall file with the Commission a registration statement on Form S-3 (or other appropriate form if the Company is not then Form S-3 eligible) providing for the resale of the Warrant Shares by the holders of the Warrants which consent to said registration (the "Resale Registration Statement"). The Company shall use commercially reasonable efforts to cause the Resale Registration Statement to become effective within ninety (90) calendar days following the date of filing with the Commission and to keep the Resale Registration Statement effective at all times until no holder of the Warrants owns any Warrants or Warrant Shares.

5.2 Standstill. Following the Closing Date and except for the Company's issuance or entry into any agreement to issue shares of Common Stock or securities convertible or exercisable into shares of Common Stock resulting in net proceeds to the Company in an amount of no less than Seven Million Dollars (\$7,000,000) as a condition precedent to the completion of the second tranche of the Avenue Financing Transaction on its unamended terms (the "Excluded Raise"), the Company hereby covenants and agrees not to issue or enter into any agreement to issue any shares of Common Stock or other equity securities convertible or exercisable into shares of Common Stock during the period from the Closing Date until the date that is the fifteen month anniversary of the Closing Date (the "Standstill") unless waived by the Blue Finn Group LLC. For the avoidance of doubt, the Standstill shall not apply to the Excluded Raise, and the Company may file a registration statement, and any amendments or supplements thereto, in connection with the Excluded Raise.

5.3 Termination. This Agreement may be terminated by (a) any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties or (b) by the Company by written notice to the Purchasers, if, in either case, the Closing has not been consummated on or before the fifth (5th) Trading Day following the date hereof; *provided, however*, that no such termination will affect the right of any party to sue for any breach by any other party (or parties).

5.4 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, the Prospectus Supplement, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.5 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment at the email address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the time of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment at the email address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2<sup>nd</sup>) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall simultaneously disclose such information in accordance with applicable law and file such notice with the Commission pursuant to a Current Report on Form 8-K.

5.6 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and each such Purchaser. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.7 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than to the surviving corporation with or into which the Company or permitted assignee may merge or consolidate or an entity to which the Company or assignee transfers all, or substantially all, of its business and assets). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.9 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in this Section 5.9.

5.10 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such action or proceeding is improper or is an inconvenient venue for such Proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If any party shall commence an Action or Proceeding to enforce any provisions of the Transaction Documents, then the prevailing party in such Action or Proceeding shall be reimbursed by the non-prevailing party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation, and prosecution of such Action or Proceeding.

5.11 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand, or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand, or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of an exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded exercise notice concurrently (if such shares were delivered to the applicable Purchaser) with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser's right to acquire such shares pursuant to such Purchaser's Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.12 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.13 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any Action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.14 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by, or are required to be refunded, repaid, or otherwise restored to the Company, a trustee, receiver, or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law, or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.15 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

5.16 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.17 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities through the third anniversary of the Closing.

5.18 Independent Nature of Purchasers’ Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents.

5.19 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.20 **WAIVER OF JURY TRIAL**. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY UNDER THE TRANSACTION DOCUMENTS, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**SPECTRAL AI, INC.**

By: \_\_\_\_\_  
Name: Vincent S. Capone  
Title: Chief Financial Officer

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[PURCHASER SIGNATURE PAGES TO SUBSCRIPTION AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Subscription Agreement to be duly executed by their respective authorized signatories as of the date first indicated above

Name of Purchaser:
<i>Signature of Authorized Signatory of Purchaser:</i>
Name of Authorized Signatory:
Title of Authorized Signatory:
Email Address of Authorized Signatory:
Facsimile Number of Authorized Signatory:
Address for Notice to Purchaser:
DWAC for Shares:
Subscription Amount:
Shares:
Pre-Funded Warrant Shares:
Beneficial Ownership Blocker <input checked="" type="checkbox"/> 4.99% or <input type="checkbox"/> 9.99%
EIN Number:
<u>DTC Number:</u>

[Signature Page to Subscription Agreement]

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**Exhibit B**

**Company Wire Instructions**

Bank:

ABA Routing:

SWIFT code:

Acct#

Account Holder Name:

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SP Angel Corporate Finance LLP  
Prince Frederick House  
35 - 39 Maddox Street  
London W1S 2PP  
T: +44 20 3470 0470  
F: +44 20 7493 0250  
www.spangel.co.uk

The Directors  
Spectral AI, Inc.  
2515 McKinney Avenue, Suite 1000  
Dallas, TX 75201  
United States of America

For the attention of: **Vincent Capone, Chief Financial Officer and General Counsel**

26 February 2025

**CONFIDENTIAL**

Dear Directors,

**1. Purpose**

We are writing to confirm the terms on which SP Angel Corporate Finance LLP (“SP Angel,” “we” or “us”) has agreed with Spectral AI, Inc (the “Company”) to act as UK Broker in connection with the UK element of a proposed placing for cash of new common stock in the Company with a gross value of approximately US\$0.5million before expenses (or such other amount as the Company and SP Angel may agree) at a price per share to be agreed between us but currently expected to be \$1.80 (“Fundraising”) and with the expect issue to investors of one warrant for every share subscribed for in the Fundraising.

**2. Terms and Conditions**

The appointment of SP Angel in connection with the Fundraising is subject to the terms and conditions set out in Schedules 1 and 2 and the indemnity set out in Schedule 4 of the broker engagement letter entered into by the Company and SP Angel on 3 October 2023 (“Engagement Letter”). Terms defined in Schedule 3 of the Engagement Letter shall, save where the context requires, apply throughout this letter.

**3. Role in relation to the Fundraising**

3.1 In connection with the Fundraising SP Angel shall:

- 3.1.1 assist in the project management of the UK element of the Fundraising, including but not limited to advising on the format and content of any presentations to be made to potential UK investors;
- 3.1.2 as required, liaise and co-ordinate with the Company’s corporate lawyers, registrars and other advisers in connection with the mechanics of completing the Fundraising;
- 3.1.3 plan and co-ordinate a UK marketing programme, should this be required, (to include a “road show” designed to introduce potential institutional and other investors to the Company) and presentations, by you, to institutional investors (preceded, where appropriate, by rehearsals and presentation training for Directors involved in the presentations); and

SP Angel Corporate Finance LLP, company number OC317049, is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange

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3.1.4 use reasonable endeavours to secure places for the shares to be issued by the Company pursuant to the Fundraising (for the avoidance of doubt nothing in this letter shall constitute a commitment or undertaking by SP Angel to enter into a placing agreement or otherwise to procure subscribers for shares in the Company).

#### **4. Matters outside the Engagement**

4.1 The duties and responsibilities of SP Angel under the Engagement shall be limited to those expressly set out in this letter and for the avoidance of doubt shall not include SP Angel:

4.1.1 giving tax, legal, accountancy, actuarial or, other than as expressly set out in this letter, other specialist or technical advice or services;

4.1.2 carrying out any due diligence in relation to any aspect of the Fundraising;

4.1.3 giving advice on any aspects relating to regulatory requirements in or outside the United Kingdom; or

4.1.4 providing services as receiving bankers or registrars.

4.2 In giving any advice SP Angel will give such advice in what it considers to be in the best interests of the Company in the light of the circumstances prevailing at the time any advice is given. Accordingly, such advice may be subject to change. SP Angel gives no representation or warranty that it is possible or advisable for any transaction to proceed.

#### **5. Fees, Expenses and Payment Terms**

5.1 In consideration of our agreeing to provide the Company with such of the advice and services set out in this Letter with regards to the Fundraising, the Company agrees to pay to SP Angel, the following fees:

5.1.1 A corporate finance fee in connection with the preparation and structuring of the UK elements of the Fundraising of £10,000 payable immediately upon completion of the Fundraising, as evidenced by the commencement of trading in the new stock issued on NASDAQ;

5.1.2 a cash commission of 7 per cent. of the gross funds raised from investors procured by SP Angel payable immediately upon completion of the Fundraising, as evidenced by the commencement of trading in the new stock issued on NASDAQ;

5.1.3 a discretionary corporate finance success fee of £10,000 ("Discretionary Fee") payable at the Company's sole discretion immediately upon completion of the Fundraising, as evidenced by the commencement of trading in the new stock issued on NASDAQ; and

5.1.4 the Company will reimburse the reasonable out-of-pocket expenses incurred by SP Angel in relation to the Fundraising, including any settlement fees and any legal fees incurred by SP Angel in connection with a placing agreement, subject to any expenditure in excess of £1,000 (plus VAT if applicable) being approved in writing by the Company prior to being incurred.

5.2 Subject to the approval by the Company of a funds flow statement, it is hereby agreed that the proceeds of the Fundraising as settled by SP Angel or its agent (should the Fundraising proceed) may be transferred to the Company net of the commission, fees and expenses set out in this paragraph 5, and any outstanding payments due under the terms of the Engagement Letter.

## **6. Additional Terms and Conditions**

6.1 SP Angel is authorised and regulated by the Financial Conduct Authority (“FCA”) and the Company acknowledges that all services provided by SP Angel under this Letter are subject to the FCA Rules. In providing its services, SP Angel is continuing to treat the Company as a retail client as defined in the FCA Rules and as previously notified in the Engagement Letter.

6.2 SP Angel aims to offer the Company an efficient and effective service but is required by the FCA Rules to inform the Company that, if the Company should feel unhappy with any aspect of the service it receives from SP Angel, the Company should not hesitate to contact SP Angel’s Compliance Officer, Tim Jenkins.

6.3 This Letter shall not oblige SP Angel to sell, acquire, underwrite or sub-underwrite any investments, or to provide any form of financing in connection with the Fundraising or otherwise, unless and until it is expressly agreed otherwise in writing. Any such agreement to do so would depend upon separate internal and other approvals, agreement of relevant terms and conditions and the execution of separate documentation.

6.4 SP Angel shall initially be appointed Placing Agent in connection with the Fundraising for a period of one month, after which the Company or SP Angel may terminate SP Angel’s appointment under this agreement by giving not less than 5 business days prior written notice. Any such termination will not affect any legal rights or obligations which may have already accrued nor will it affect the provisions of paragraphs 2, 4 and 6 of this letter.

6.5 In the event that SP Angel’s appointment in connection with the Fundraising is terminated pursuant to paragraph 6.4 of this letter and within 180 days of any such termination a transaction of similar effect occurs the Company shall pay to SP Angel the fees (and commissions) set out in paragraph 5 of this letter. For these purposes a “transaction of similar effect” shall include, without limitation, the sale of the share capital (or any part thereof) of the Company (or any successor vehicle or entity to the Company), the sale of a substantial part of the assets or undertaking of the Company or an investment or subscription for new securities or equity in the Company (or any successor vehicle or entity to the Company) by investors introduced by SP Angel pursuant to this engagement.

6.6 SP Angel may require the Company to enter into a placing agreement pursuant to the Fundraising. In the event that no placing agreement is entered into the Company hereby agrees to give the warranties in Appendix One attached to this engagement.

## **7. Governing Law and Jurisdiction**

7.1 This Letter shall be governed by, and construed in accordance with, English law and any claims or disputes arising out of, or in connection with, this Letter shall be subject to the exclusive jurisdiction of the English Courts.

7.2 Please sign and return the attached copy of this Letter to confirm your agreement to its terms.

Yours faithfully,  
for and on behalf of S. P. Angel Corporate Finance LLP

**Stuart Gledhill, Partner**

Accepted by:

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**Vincent S. Capone**  
**Chief Financial Officer**  
for and on behalf of Spectral AI, Inc

## **Appendix One - Warranties**

1. All statements of fact contained in the investor presentation to be used in connection with the Fundraising (“Investor Presentation”) are true and accurate in all material respects and not misleading in any material respect and each expression of opinion, intention or expectation and all forecasts and estimates contained in the Investor Presentation are made on reasonable grounds and truly and honestly held by the Directors and have been made after due and careful consideration and enquiry;
2. All reasonable enquiries have been made to ascertain and verify the accuracy of all statements of fact and the reasonableness of all other statements contained in the Investor Presentation;
3. To the knowledge of the Company, the Investor Presentation and the issue of the new common stock as part of the Fundraising will insofar as applicable comply with the requirements of the Companies Act 2006, the Market Abuse Regulation, the Listing Rules, the Financial Services and Markets Act and all other applicable laws, rules and regulations;

March 21, 2025

**PLACEMENT AGENCY AGREEMENT**

Spectral AI, Inc.  
2515 McKinney Ave, Suite 1000  
Dallas, TX 75201

Ladies and Gentlemen:

Subject to the terms and conditions herein (this "Agreement"), Spectral AI, Inc., a Delaware corporation (the "Company"), hereby agrees to sell up to an aggregate of \$3,500,000 of registered and unregistered securities of the Company, including, but not limited to, an aggregate of 1,538,462 shares of the Company's common stock (the "Shares") par value \$0.0001 per share (the "Common Stock"), and unregistered common stock purchase warrants to purchase up to an aggregate of 1,538,462 shares of Common Stock (the "Warrants" and the Common Stock underlying the Warrants, the "Warrant Shares," and the Shares, the Warrants and the Warrant Shares, the "Securities") directly to various investors (each, an "Investor" and, collectively, the "Investors") through Dominari Securities LLC as placement agent (the "Placement Agent"). The documents executed and delivered by the Company and the Investors in connection with the Offering (as defined below), including, without limitation, a subscription agreement (the "Purchase Agreement"), shall be collectively referred to herein as the "Transaction Documents." The purchase price to the Investors for each Share is \$1.30, and the exercise price to the Investors for each share of Common Stock issuable upon exercise of the Warrants is \$1.80. The Placement Agent may retain other brokers or dealers to act as sub-agents or selected-dealers on its behalf in connection with the Offering. Capitalized terms used and not otherwise defined herein shall have the respective meanings given to them in the Purchase Agreement.

The Company hereby confirms its agreement with the Placement Agent as follows:

**Section 1. Agreement to Act as Placement Agent.**

(a) On the basis of the representations, warranties, and agreements of the Company herein contained, and subject to all the terms and conditions of this Agreement, the Placement Agent shall be the exclusive US placement agent in connection with the offering and sale by the Company of the Shares pursuant to the Company's registration statement on Form S-3 (File No. 333-282681) (the "Registration Statement"), with a concurrent private placement of the Warrants, with the terms of such offering (the "Offering") to be subject to market conditions and negotiations between the Company, the Placement Agent and the prospective Investors. The Placement Agent will act on a reasonable best-efforts basis and the Company agrees and acknowledges that there is no guarantee of the successful placement of the Securities, or any portion thereof, in the prospective Offering. Under no circumstances will the Placement Agent or any of its "Affiliates" (as defined below) be obligated to underwrite or purchase any of the Shares for its own account or otherwise provide any financing. The Placement Agent shall act solely as the Company's agent and not as principal. The Placement Agent shall have no authority to bind the Company with respect to any offer to purchase Shares and the Company shall have the sole right to accept offers to purchase Securities and may reject any such offer, in whole or in part. Subject to the terms and conditions hereof, payment of the purchase price for, and delivery of, the Securities shall be made at one or more closings (each a "Closing" and the date on which each Closing occurs, a "Closing Date"). The Closing of the issuance of the Securities shall occur via "Delivery Versus Payment", i.e., on the Closing Date, the Company shall issue the Securities directly to the account designated by the Placement Agent and, upon receipt of such Securities, the Placement Agent shall electronically deliver such Securities to the applicable Investor and payment shall be made by the Placement Agent (or its clearing firm) by wire transfer to the Company. As compensation for services rendered, on each Closing Date, the Company shall pay to the Placement Agent the fees and expenses set forth below:

(i) Cash Fee. A cash fee (the "Cash Fee") equal to Fifty Thousand Dollars (\$50,000) payable immediately from the gross proceeds from the sale of Securities at the Closing by deduction from the proceeds thereof.

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(ii) Expenses. The Company agrees to reimburse the Placement Agent's legal expenses up to a maximum of Fifty Thousand Dollars (\$50,000) payable immediately upon the Closing of the Offering.

(b) The term of the Placement Agent's engagement will be until the earlier of (i) the final closing of the Offering of up to 1,538,462 Shares and (ii) a party hereto terminating the engagement with respect to itself upon one business day written notice to the other parties. Notwithstanding anything to the contrary contained herein, the provisions concerning confidentiality, indemnification, and contribution contained herein and the Company's obligations contained in the indemnification provisions will survive any expiration or termination of this Agreement, and the Company's obligation to pay fees actually earned and payable and to reimburse expenses actually incurred and reimbursable pursuant to Section 1 hereof and which are permitted to be reimbursed under FINRA Rule 5110(g), will survive any expiration or termination of this Agreement. Nothing in this Agreement shall be construed to limit the ability of the Placement Agent or its Affiliates to pursue, investigate, analyze, invest in, or engage in investment banking, financial advisory, or any other business relationship with Persons (as defined below) other than the Company. As used herein (i) "Persons" means an individual or corporation, partnership, trust, incorporated, or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof), or other entity of any kind and (ii) "Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"). The rules and regulations of the United States Securities and Exchange Commission (the "Commission") promulgated under the Securities Act are referred to as (the "Rules and Regulations").

**Section 2. Representations, Warranties and Covenants of the Company.** The Company hereby represents, warrants, and covenants to the Placement Agent as of the date hereof, and as of each Closing Date, as follows:

(a) Securities Law Filings. The Company has filed with the Commission the Registration Statement under the Securities Act, which was declared effective on October 30, 2024 for the registration of the Shares under the Securities Act. Following the determination of pricing among the Company and the prospective Investors introduced to the Company by Placement Agent, and subject to the Company's acceptance of such Investors' offers to purchase the Securities and their respective execution and delivery of Purchase Agreements, the Company will file with the Commission pursuant to Rules 430A and 424(b) under the Securities Act, and the Rules and Regulations, a final prospectus supplement relating to the placement of the Shares, their respective pricings and the plan of distribution thereof and will advise the Placement Agent of all further information (financial and other) with respect to the Company required to be set forth therein. Such registration statement, at any given time, including the exhibits thereto filed at such time, as amended at such time, is hereinafter called the "Registration Statement"; such prospectus in the form in which it appears in the Registration Statement at the time of effectiveness, together with any preliminary prospectus supplement relating to the Offering, is hereinafter called the "Base Prospectus"; and the final prospectus supplement, in the form in which it is filed with the Commission pursuant to Rule 424(b) (including the Base Prospectus as it may be amended or supplemented) is hereinafter called the "Final Prospectus." The Registration Statement at the time it originally became effective is hereinafter called the "Original Registration Statement." Any reference in this Agreement to the Registration Statement, the Original Registration Statement, the Base Prospectus, the Preliminary Prospectus Supplement, or the Final Prospectus shall be deemed to refer to and include the documents incorporated by reference therein (the "Incorporated Documents"), if any, which were or are filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), at any given time, as the case may be; and any reference in this Agreement to the terms "amend," "amendment," or "supplement" with respect to the Registration Statement, the Original Registration Statement, the Base Prospectus, the Preliminary Prospectus Supplement, or the Final Prospectus shall be deemed to refer to and include the filing of any document under the Exchange Act after the date of this Agreement, or the issue date of the Base Prospectus, the Preliminary Prospectus Supplement, or the Final Prospectus, as the case may be, deemed to be incorporated therein by reference. All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "described," "referenced," "set forth," or "stated" in the Registration Statement, the Base Prospectus, the Preliminary Prospectus Supplement, or the Final Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement, the Base Prospectus, the Preliminary Prospectus Supplement, or the Final Prospectus, as the case may be. As used in this paragraph and elsewhere in this Agreement, "Time of Sale Disclosure Package" means the Base Prospectus and any issuer free writing prospectus as defined in Rule 433 of the Act (each, an "Issuer Free Writing Prospectus"), if any, that the parties hereto shall hereafter expressly agree in writing to treat as part of the Time of Sale Disclosure Package. The term "any Prospectus" shall mean, as the context requires, the Base Prospectus, the Final Prospectus, and any supplement to either thereof. The Company has not received any notice that the Commission has issued or intends to issue a stop order suspending the effectiveness of the Registration Statement or the use of the Base Prospectus or any prospectus supplement thereto or intends to commence a proceeding for any such purpose.

(b) Assurances. The Original Registration Statement, as amended (and any further documents to be filed with the Commission), contained in all material respects at the time of filing and contains all exhibits and schedules as required by the Securities Act. Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the Securities Act and the applicable Rules and Regulations and did not knowingly contain any untrue statement of a material fact or knowingly omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Base Prospectus and the Final Prospectus, each as of its respective date, comply or will comply in all material respects with the Securities Act and the applicable Rules and Regulations. Each of the Base Prospectus and the Final Prospectus, as amended or supplemented, did not and will not knowingly contain as of the date thereof any untrue statement of a material fact or knowingly omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Placement Agent expressly for use therein. The Incorporated Documents, when they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the applicable rules and regulations promulgated thereunder, and none of such documents, when they were filed with the Commission, knowingly contained any untrue statement of a material fact or knowingly omitted to state a material fact necessary to make the statements therein (with respect to Incorporated Documents incorporated by reference in the Base Prospectus or Final Prospectus), in light of the circumstances under which they were made not misleading. No post-effective amendment to the Registration Statement reflecting any facts or events arising after the date thereof which represent, individually or in the aggregate, a fundamental change in the information set forth therein is required to be filed with the Commission. Except for this Agreement, to the knowledge of the Company, there are no documents required to be filed with the Commission in connection with the transaction contemplated hereby that (x) have not been filed as required pursuant to the Securities Act or (y) will not be filed within the requisite time period. Except for this Agreement, there are no contracts or other documents required to be described in the Base Prospectus or Final Prospectus, or to be filed as exhibits or schedules to the Registration Statement, which have not been described or filed as required.

(c) Offering Materials. Other than offering materials made to the Company's placement agent in the United Kingdom to existing investors in the Company, neither the Company nor any of its directors and officers has distributed and none of them will distribute, prior to each Closing Date, any offering material in connection with the Offering other than the Time of Sale Disclosure Package and any other materials permitted by the Securities Act.

(d) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and the Time of Sale Disclosure Package and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby and under the Final Prospectus have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Company's Board of Directors (the "Board of Directors") or the Company's shareholders in connection therewith other than in connection with the Required Approvals. This Agreement has been duly executed by the Company and, when delivered in accordance with the terms hereof, assuming due authorization, execution, and delivery by the Placement Agent, will constitute the legal, valid, and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(e) No Conflicts. The execution, delivery, and performance by the Company of this Agreement and the transactions contemplated pursuant to the Time of Sale Disclosure Package, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby to which it is a party do not and will not (i) conflict with or violate any provision of the Company's amended and restated certificate of incorporation, amended and restated bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company, or give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt, or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected, or (iii) assuming the accuracy of the representations and warranties of the Placement Agent set forth in Section 3 hereof and subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(f) Certificates. Any certificate signed by an officer of the Company and delivered to the Placement Agent or to counsel for the Placement Agent shall be deemed to be a representation and warranty by the Company (and not in such officer's personal capacity) to the Placement Agent as to the matters set forth therein.

(g) Reliance. The Company acknowledges that the Placement Agent will rely upon the accuracy and truthfulness of the foregoing representations and warranties and hereby consents to such reliance.

(h) Forward-Looking Statements. No forward-looking statements (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Time of Sale Disclosure Package has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(i) Statistical or Market-Related Data. Any statistical, industry-related, and market-related data included or incorporated by reference in the Time of Sale Disclosure Package, are based on or derived from sources that the Company reasonably and in good faith believes to be reliable and accurate, and such data agree with the sources from which they are derived.

(j) Certain Fees; FINRA Affiliations. Except as set forth in the Registration Statement and Prospectus Supplement (which shall include the listing of the Company placement agent in the United Kingdom), no brokerage or finder's fees or commissions are or will be payable by the Company, any Subsidiary or Affiliate of the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. There are no other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Placement Agent's compensation, as determined by FINRA. Other than payments to the Placement Agent for this Offering or as set forth in the Registration Statement and Prospectus, the Company has not made and has no agreements, arrangements or understanding to make any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member participating in the offering as defined in FINRA Rule 5110 (a "Participating Member"); or (iii) any person or entity that has any direct or indirect affiliation or association with any Participating Member, within the 180-day period preceding the initial filing of the Registration Statement through the 60-day period after the Effective Date. None of the net proceeds of the Offering will be paid by the Company to any Participating Member or its affiliates, except as specifically authorized herein. To the Company's knowledge, no officer, director or any beneficial owner of 10% or more of the Company's Common Stock or Common Stock Equivalents (as defined in the Securities Purchase Agreement) has any direct or indirect affiliation or association with any Participating Member in the Offering. Except for securities purchased on the open market, no Company Affiliate is an owner of stock or other securities of any Participating Member. No Company Affiliate has made a subordinated loan to any Participating Member. No proceeds from the sale of the Securities (excluding Placement Agent compensation as disclosed in the Registration Statement and the Prospectus) will be paid to any Participating Member, any persons associated with a Participating Member or an affiliate of a Participating Member. Except as disclosed in the Prospectus, the Company has not issued any warrants or other securities or granted any options, directly or indirectly, to the Placement Agent within the 180-day period prior to the initial filing date of the Prospectus. Except for securities issued to the Placement Agent as disclosed in the Prospectus, no person to whom securities of the Company have been privately issued within the 180-day period prior to the initial filing date of the Prospectus is a Participating Member, is a person associated with a Participating Member or is an affiliate of a Participating Member. To the Company's knowledge, no Participating Member in the Offering has a conflict of interest with the Company. For this purpose, a "conflict of interest" exists when a Participating Member, the parent or affiliate of a Participating Member or any person associated with a Participating Member in the aggregate beneficially own 10% or more of the Company's outstanding subordinated debt or common equity, or 10% or more of the Company's preferred equity. "FINRA member participating in the Offering" includes any associated person of a Participating Member in the Offering, any member of such associated person's immediate family and any affiliate of a Participating Member in the Offering. When used in this Section 2(j) the term "affiliate of a FINRA member" or "affiliated with a FINRA member" means an entity that controls, is controlled by or is under common control with a FINRA member. The Company will advise the Placement Agent and its legal counsel, Sichenzia Ross Ference Carmel LLP if it learns that any officer, director or owner of 10% or more of the Company's outstanding Common Stock or Common Stock Equivalents is or becomes an affiliate or associated person of a Participating Member.

(k) Board of Directors. The Board of Directors is comprised of the persons set forth under the heading of the Company's "SEC Reports". The qualifications of the persons serving as board members and the overall composition of the Board of Directors comply with the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder applicable to the Company and the rules of The Nasdaq Capital Market (the "Trading Market"). In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent" as defined under the rules of the Trading Market.

(l) Private Placement; No General Solicitation. Assuming the accuracy of the Investors' representations and warranties set forth in Purchase Agreement, no registration under the Securities Act is required for the offer and sale of the Warrants and Common Stock underlying the Warrants by the Company to the Investors as contemplated hereby. The issuance and sale of the Securities pursuant to the Transaction Documents does not contravene the rules and regulations of the Trading Market. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Warrants or Common Stock underlying the Warrants by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Investors and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(m) No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the proceeds thereof as described in the Registration Statement, the Time of Sale Disclosure Package, and the Final Prospectus, will not be, required to register as an "investment company," as defined in and pursuant to the Investment Company Act of 1940, as amended.

(n) Representations and Warranties Incorporated by Reference. Each of the representations and warranties (together with any related disclosure schedules thereto) made by the Company to the Investors in the Purchase Agreement is hereby incorporated herein by reference (as though fully restated herein) and is hereby made to, and in favor of, the Placement Agent.

(o) Correspondence with the Commission. Since March 20, 2024, there has been no correspondence between the Company and the Commission.

**Section 3. Representations of the Placement Agent**. The Placement Agent represents and warrants that it (i) is a member in good standing of FINRA, (ii) is a broker/dealer registered under the Exchange Act, (iii) is licensed as a broker/dealer under the laws of the United States of America, applicable to the offers and sales of the Shares by the Placement Agent, (iv) is and will be a corporate body validly existing under the law of its place of incorporation, has full power and authority to enter into and perform its obligations under this Agreement, and (v) the Placement Agent has not, in connection with the Offering, disclosed to any Investors information that is different from or inconsistent with the information contained in the Time of Sale Disclosure Package and the Transaction Documents. The Placement Agent will immediately notify the Company in writing of any change in its status with respect to subsections (i) through (v) above. The Placement Agent covenants that it will use its reasonable best efforts to conduct the Offering hereunder in compliance with the provisions of this Agreement and the requirements of applicable law.

**Section 4. Delivery and Payment**. Each Closing shall occur at such place as shall be agreed upon by the Placement Agent and the Company. Subject to the terms and conditions hereof, at each Closing payment of the purchase price for the Securities sold on such Closing Date shall be made by Federal Funds wire transfer, against delivery of such Securities, and such Securities shall be registered in such name or names and shall be in such denominations, as the Placement Agent may each request at least one business day before the time of purchase.

Deliveries of the documents with respect to the purchase of the Securities, if any, shall be made at such place as shall be agreed upon by the parties. All actions taken at a Closing shall be deemed to have occurred simultaneously.

**Section 5. Covenants and Agreements of the Company.** The Company further covenants and agrees with the Placement Agent as follows:

(a) Registration Statement Matters. Additionally, the Company agrees, in connection with the Offering, that it shall comply with the provisions of Rules 424(b), 430A, 430B, and 430C, as applicable, under the Securities Act, including with respect to the timely filing of documents thereunder, and will use its reasonable efforts to confirm that any filings made by the Company under such Rule 424(b) are received in a timely manner by the Commission.

(b) Blue Sky Compliance. If applicable, the Company will reasonably cooperate with the Placement Agent and the Investors in endeavoring to qualify the Shares for sale under the securities laws of such jurisdictions (United States and foreign) as the Placement Agent and the Investors may reasonably request and will make such applications, file such documents, and furnish such information as may be reasonably required for that purpose, *provided* the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction where it is not now so qualified or required to file such a consent, and *provided* further that the Company shall not be required to produce any new disclosure document. The Company will, from time to time, prepare and file such statements, reports, and other documents as are or may be required to continue such qualifications in effect for so long a period as the Placement Agent may reasonably request for distribution of the Shares. The Company will advise the Placement Agent promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Shares for offering, sale, or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration, or exemption, the Company shall use its commercially reasonable efforts to obtain the withdrawal thereof at the earliest possible moment.

(c) Amendments and Supplements to a Prospectus and Other Matters. The Company will comply with the Securities Act and the Exchange Act, and the rules and regulations of the Commission thereunder, so as to permit the completion of the distribution of the Shares as contemplated in this Agreement, the Incorporated Documents and any Prospectus. If during the period in which a prospectus is required by law to be delivered in connection with the distribution of Securities contemplated by the Incorporated Documents, this Agreement, and any Prospectus (the "Prospectus Delivery Period"), any event shall occur as a result of which, in the judgment of the Company or in the reasonable opinion of the Placement Agent or counsel for the Placement Agent, it becomes necessary to amend or supplement the Incorporated Documents or any Prospectus in order to make the statements therein, in light of the circumstances under which they were made, as the case may be, not misleading, or if it is necessary at any time to amend or supplement the Incorporated Documents or any Prospectus or to file under the Exchange Act any Incorporated Document to comply with any law, the Company will promptly prepare and file with the Commission, and furnish at its own expense to the Placement Agent and to dealers, an appropriate amendment to the Registration Statement or supplement to the Registration Statement, the Incorporated Documents, or any Prospectus that is necessary in order to make the statements in the Incorporated Documents and any Prospectus as so amended or supplemented, in light of the circumstances under which they were made, as the case may be, not misleading, or so that the Registration Statement, the Incorporated Documents or any Prospectus, as so amended or supplemented, will comply with law. Before amending the Registration Statement or supplementing the Incorporated Documents or any Prospectus in connection with the Offering, the Company will furnish the Placement Agent with a copy of such proposed amendment or supplement and will not file any such amendment or supplement to which the Placement Agent reasonably objects.

(d) Copies of any Amendments and Supplements to a Prospectus. The Company will furnish the Placement Agent, without charge, during the period beginning on the date hereof and ending on the later of the last Closing Date of the Offering, as many copies of any Prospectus or prospectus supplement and any amendments and supplements thereto, as the Placement Agent may reasonably request.

(e) Registration Statement. As soon as practicable (and in any event within 30 calendar days of the date of this Agreement), the Company shall file registration statement on Form S-1 providing for the resale by the Purchasers of the Warrant Shares issued and issuable upon exercise of the Warrants. The Company shall use commercially reasonable efforts to keep such registration statement effective through the third anniversary of the Closing Date of the Offering until no Placement Agent owns any Placement Agent Warrants or Shares issuable upon exercise thereof.

(f) [Reserved]

(g) Transfer Agent. The Company will maintain, at its expense, a registrar and transfer agent for the Common Stock.

(h) [Reserved]

(i) Periodic Reporting Obligations. During the Prospectus Delivery Period, the Company will duly file, on a timely basis, with the Commission and the Trading Market all reports and documents required to be filed under the Exchange Act within the time periods and in the manner required by the Exchange Act.

(j) Additional Documents. The Company agrees that the Placement Agent may rely upon, and each is a third party beneficiary of, the representations and warranties, and applicable covenants, set forth in the securities purchase agreements entered into with Investors in the Offering.

(k) No Manipulation of Price. The Company will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or might reasonably be expected to constitute, the stabilization or manipulation of the price of any securities of the Company.

(l) Acknowledgment. The Company acknowledges that any advice given by the Placement Agent to the Company is solely for the benefit and use of the Board of Directors of the Company and may not be used, reproduced, disseminated, quoted, or referred to, without the Placement Agent's prior written consent.

(m) Announcement of Offering. The Company acknowledges and agrees that the Placement Agent may, subsequent to the Closing, make public its involvement with the Offering.

(n) Reliance on Others. The Company confirms that it will rely on its own counsel and accountants for legal and accounting advice.

(o) Research Matters. By entering into this Agreement, the Placement Agent does not provide any promise, either explicitly or implicitly, of favorable or continued research coverage of the Company and the Company hereby acknowledges and agrees that the Placement Agent's selection as a placement agent for the Offering was in no way conditioned, explicitly or implicitly, on the Placement Agent providing favorable or any research coverage of the Company. In accordance with FINRA Rule 2241(b)(2), the parties acknowledge and agree that the Placement Agent has not directly or indirectly offered favorable research, a specific rating or a specific price target, or threatened to change research, a rating or a price target, to the Company or inducement for the receipt of business or compensation. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Placement Agent with respect to any conflict of interest that may arise from the fact that the views expressed by their independent research analysts and research departments may be different from or inconsistent with the views or advice communicated to the Company by the Placement Agent's investment banking divisions. The Company acknowledges that the Placement Agent is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short position in debt or equity securities of the Company

(p) FINRA. The Company shall advise the Placement Agent (who shall make an appropriate filing with FINRA) if it is aware that any officer, director, 10% or greater shareholder of the Company or Person that received the Company's unregistered equity securities in the past 180 days is or becomes an affiliate or associated person of a FINRA member firm prior to the earlier of the termination of this Agreement or the 60-day period after the Effective Date

**Section 6. Conditions of the Obligations of the Placement Agent.** The obligations of the Placement Agent hereunder shall be subject to the accuracy of the representations and warranties on the part of the Company set forth in Section 2 hereof, in each case as of the date hereof and as of each Closing Date, to the timely performance by each of the Company of its covenants and other obligations hereunder on and as of such dates, and to each of the following additional conditions:

(a) Compliance with Registration Requirements; No Stop Order; No Objection from the FINRA. Each Prospectus (in accordance with Rule 424(b)) and "free writing prospectus" (as defined in Rule 405 of the Securities Act), if any, shall have been duly filed with the Commission, as appropriate; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or, to the Company's knowledge, threatened by the Commission; no order preventing or suspending the use of any Prospectus shall have been issued and no proceeding for that purpose shall have been initiated or, to the Company's knowledge, threatened by the Commission; no order having the effect of ceasing or suspending the distribution of the Securities or any other securities of the Company shall have been issued by any securities commission, securities regulatory authority or stock exchange and no proceedings for that purpose shall have been instituted or shall be pending or, to the knowledge of the Company, contemplated by any securities commission, securities regulatory authority or stock exchange; all requests for additional information on the part of the Commission shall have been complied with; and the FINRA shall have raised no objection to the fairness and reasonableness of the placement terms and arrangements.

(b) Corporate Proceedings. All corporate proceedings and other legal matters in connection with this Agreement, the Registration Statement, and any Prospectus, and the registration, sale, and delivery of the Securities, shall have been completed or resolved in a manner reasonably satisfactory to the Placement Agent's counsel, and such counsel shall have been furnished with such papers and information as it may reasonably have requested to enable such counsel to pass upon the matters referred to in this Section 6.

(c) No Material Adverse Effect. Subsequent to the execution and delivery of this Agreement and prior to each Closing Date, in the Placement Agent's sole judgment after consultation with the Company, there shall not have occurred any Material Adverse Effect.

(d) Opinion of Counsel for the Company. The Placement Agent shall have received on each Closing Date the favorable opinion of Reed Smith LLP, counsel to the Company, dated as of such Closing Date, addressed to the Placement Agent and in form and substance reasonably satisfactory to the Placement Agent.

(e) Letter from Chief Financial Officer of the Company. On the Closing Date, the Placement Agent shall receive a signed letter from the Chief Financial Officer of the Company addressed to the Placement Agent and the Purchasers, in form and substance reasonably satisfactory to the Placement Agent and its counsel, containing statements and information of the type ordinarily included in chief financial officer certificates to placement agents with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement, the Prospectus, and the Prospectus Supplement. The letter shall not disclose any change in the condition (financial or other), earnings, operations, business or prospects of the Company from that set forth in the Incorporated Documents or the applicable Prospectus or prospectus supplement, which, in the Placement Agent's sole judgment, is material and adverse and that makes it, in the Placement Agent's sole judgment, impracticable or inadvisable to proceed with the Offering of the Securities as contemplated by such Prospectus.

(f) Officers' Certificate. The Placement Agent shall have received on each Closing Date a certificate of the Company, dated as of such Closing Date, signed by the Chief Executive Officer and the Chief Financial Officer of the Company, to the effect that, and the Placement Agent shall be satisfied that, the signers of such certificate have reviewed the Registration Statement, the Incorporated Documents, any Prospectus, and this Agreement and to the further effect that:

(i) The representations and warranties of the Company in this Agreement are true and correct, as if made on and as of such Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to such Closing Date;

(ii) No stop order suspending the effectiveness of the Registration Statement or the use of any Prospectus has been issued and no proceedings for that purpose have been instituted or are pending or, to the Company's knowledge, threatened under the Securities Act; no order having the effect of ceasing or suspending the distribution of the Securities or any other securities of the Company has been issued by any securities commission, securities regulatory authority or stock exchange in the United States and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, contemplated by any securities commission, securities regulatory authority or stock exchange in the United States;

(iii) When the Registration Statement became effective, at the time of sale, and at all times subsequent thereto up to the delivery of such certificate, the Registration Statement and the Incorporated Documents, if any, when such documents became effective or were filed with the Commission, and any Prospectus, contained all material information required to be included therein by the Securities Act and the Exchange Act and the applicable rules and regulations of the Commission thereunder, as the case may be, and in all material respects conformed to the requirements of the Securities Act and the Exchange Act and the applicable rules and regulations of the Commission thereunder, as the case may be, and the Registration Statement and the Incorporated Documents, if any, and any Prospectus, did not and do not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided, however, that the preceding representations and warranties contained in this paragraph (iii) shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by the Placement Agent expressly for use therein) and, since the effective date of the Registration Statement, there has occurred no event required by the Securities Act and the rules and regulations of the Commission thereunder to be set forth in the Incorporated Documents which has not been so set forth; and

(iv) Subsequent to the respective dates as of which information is given in the Registration Statement, the Incorporated Documents and any Prospectus, there has not been: (a) any Material Adverse Effect; (b) any transaction that is material to the Company and the Subsidiaries taken as a whole, except transactions entered into in the ordinary course of business; (c) any obligation, direct or contingent, that is material to the Company and the Subsidiaries taken as a whole, incurred by the Company or any Subsidiary, except obligations incurred in the ordinary course of business; (d) any material change in the capital stock (except changes thereto resulting from the exercise of outstanding stock options or warrants) or outstanding indebtedness of the Company or any Subsidiary; (e) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company; or (f) any loss or damage (whether or not insured) to the property of the Company or any Subsidiary which has been sustained or will have been sustained which has a Material Adverse Effect.

(g) Secretary's Certificate. At each Closing Date, the Placement Agent shall have received a certificate of the Company signed by the Secretary or another authorized officer of the Company, dated such Closing Date certifying on behalf of the Company and not in an individual capacity: (i) that the amended and restated certificate of incorporation of the Company is true and complete, has not been modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified; and (iii) as to the incumbency of the officers of the Company.

(h) Stock Exchange Listing. The Common Stock shall be registered under the Exchange Act and shall be listed on the Trading Market, and the Company shall not have taken any action designed to terminate, or likely to have the effect of terminating, the registration of the Common Stock under the Exchange Act or delisting or suspending from trading the Common Stock from the Trading Market, nor shall the Company have received any information suggesting that the Commission or the Trading Market is contemplating terminating such registration or listing.

(i) Additional Documents. On or before each Closing Date, the Placement Agent and counsel for the Placement Agent shall have received such information and documents as they may reasonably require for the purposes of enabling them to pass upon the issuance and sale of the Securities as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained.

If any condition specified in this Section 6 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Placement Agent by notice to the Company at any time on or prior to a Closing Date, which termination shall be without liability on the part of any party to any other party, except that Section 7 (Payment of Expenses), Section 8 (Indemnification and Contribution), and Section 9 (Representations and Indemnities to Survive Delivery) shall at all times be effective and shall survive such termination.

**Section 7. Payment of Expenses.** The Company agrees to pay all costs, fees, and expenses incurred by the Company in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including, without limitation: (i) any filing fees relating to the registration of the Securities to be sold in the Offering; (ii) any filing fees associated with the review of an Offering by FINRA; (iii) all fees and expenses relating to the listing of the Securities on the Trading Market; (iv) all fees, expenses, and disbursements relating to the registration, qualification, or exemption of the Securities under the securities or "blue sky" laws of such states of the United States of America as the Company and the Placement Agent shall together determine; (v) the costs of all mailing and printing of the offering documents, including, without limitation, any underwriting or placement agent agreement, any agreement among underwriters, any selected dealers' agreement, any underwriter's questionnaire, custody agreement, and power of attorney relating to any selling stockholders, any registration statement, prospectus, prospectus supplement, private placement memorandum, or similar information document, and all amendments, supplements, and exhibits thereto, all in as many copies as the Placement Agent may reasonably deem necessary; (vi) the costs of preparing, printing and delivering certificates representing the Securities; (vii) the costs for "tombstones" and/or other commemorative items; (viii) fees and expenses of accountants, auditors, and the Company's legal counsel; (ix) fees and expenses, if any, of the transfer agent for the Securities and of any escrow agent appointed to hold investor's funds in connection with the Offering; (x) stock transfer and/or stamp taxes, if any, payable upon the transfer of the Securities from the Company to the Placement Agent or the purchasers thereof; (xi) all costs and expenses incident to the travel and accommodation of the Company's and the Placement Agent's employees on the "roadshow," if any; and (xii) all other fees, costs, and expenses referred to in Part II of the Registration Statement.

## Section 8. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless the Placement Agent, its affiliates and each person controlling the Placement Agent (within the meaning of Section 15 of the Securities Act), and the directors, officers, agents assisting with the Offering, and employees of the Placement Agent, their affiliates and each such controlling person (the Placement Agent, and each such entity or person, an “Indemnified Person”) from and against any losses, claims, damages, judgments, assessments, costs, and other liabilities (collectively, the “Liabilities”), and shall reimburse each Indemnified Person for all reasonable and documented out of pocket fees and expenses (including the reasonable documented and out of pocket fees and expenses of one counsel for all Indemnified Persons, except as otherwise expressly provided herein) (collectively, the “Expenses”) as they are incurred by an Indemnified Person in investigating, preparing, pursuing, or defending any Actions, whether or not any Indemnified Person is a party thereto, (i) caused by, or arising out of or in connection with, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, any Incorporated Document, or any Prospectus or by any omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (other than untrue statements or alleged untrue statements in, or omissions or alleged omissions from, information relating to an Indemnified Person furnished in writing by or on behalf of such Indemnified Person expressly for use in the Incorporated Documents) or (ii) otherwise arising out of or in connection with advice or services rendered or to be rendered by any Indemnified Person pursuant to this Agreement, the transactions contemplated thereby or any Indemnified Person’s actions or inactions in connection with any such advice, services or transactions; *provided, however*, that, in the case of clause (ii) only, the Company shall not be responsible for any Liabilities or Expenses of any Indemnified Person that are finally judicially determined to have resulted primarily from such Indemnified Person’s (x) negligence, gross negligence, willful misconduct, or bad faith in connection with any of the advice, actions, inactions, or services referred to above or (y) use of any offering materials or information concerning the Company in connection with the offer or sale of the Securities in the Offering which were not authorized for such use by the Company and which use constitutes negligence, gross negligence or willful misconduct. The Company also agrees to reimburse each Indemnified Person for all Expenses as they are incurred in connection with enforcing such Indemnified Person’s rights under this Agreement.

(b) Upon receipt by an Indemnified Person of actual notice of an Action against such Indemnified Person with respect to which indemnity may be sought under this Agreement, such Indemnified Person shall promptly notify the Company in writing; *provided* that failure by any Indemnified Person so to notify the Company shall not relieve the Company from any liability which the Company may have on account of this indemnity or otherwise to such Indemnified Person, except to the extent the Company shall have been prejudiced by such failure. The Company shall, if requested by the Placement Agent, assume the defense of any such Action including the employment of counsel reasonably satisfactory to the Placement Agent, which counsel may also be counsel to the Company. Any Indemnified Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless: (i) the Company has failed promptly to assume the defense and employ counsel; or (ii) the named parties to any such Action (including any impeded parties) include such Indemnified Person and the Company, and such Indemnified Person shall have been advised in the reasonable opinion of counsel that there is an actual conflict of interest that prevents the counsel selected by the Company from representing both the Company (or another client of such counsel) and any Indemnified Person; *provided* that the Company shall not in such event be responsible hereunder for the fees and expenses of more than one firm of separate counsel for all Indemnified Persons in connection with any Action or related Actions, in addition to any local counsel. The Company shall not be liable for any settlement of any Action effected without its written consent (which shall not be unreasonably withheld). In addition, the Company shall not, without the prior written consent of the Placement Agent (which shall not be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened Action in respect of which indemnification or contribution may be sought hereunder (whether or not such Indemnified Person is a party thereto) unless such settlement, compromise, consent, or termination includes an unconditional release of each Indemnified Person from all Liabilities arising out of such Action for which indemnification or contribution may be sought hereunder. The indemnification required hereby shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage, or liability is incurred and is due and payable.

(c) In the event that the foregoing indemnity is unavailable to an Indemnified Person other than in accordance with this Agreement, the Company shall contribute to the Liabilities and Expenses paid or payable by such Indemnified Person in such proportion as is appropriate to reflect (i) the relative benefits to the Company, on the one hand, and to the Placement Agent and any other Indemnified Person, on the other hand, of the matters contemplated by this Agreement or (ii) if the allocation provided by the immediately preceding clause is not permitted by applicable law, not only such relative benefits but also the relative fault of the Company, on the one hand, and the Placement Agent and any other Indemnified Person, on the other hand, in connection with the matters as to which such Liabilities or Expenses relate, as well as any other relevant equitable considerations; *provided* that in no event shall the Company contribute less than the amount necessary to ensure that all Indemnified Persons, in the aggregate, are not liable for any Liabilities and Expenses in excess of the amount of fees actually received by the Placement Agent pursuant to this Agreement. For purposes of this paragraph, the relative benefits to the Company, on the one hand, and to the Placement Agent on the other hand, of the matters contemplated by this Agreement shall be deemed to be in the same proportion as (a) the total value paid or contemplated to be paid to or received or contemplated to be received by the Company in the transaction or transactions that are within the scope of this Agreement, whether or not any such transaction is consummated, bears to (b) the fees to be received by the Placement Agent under this Agreement. Notwithstanding the above, no person guilty of fraudulent misrepresentation within the meaning of Section 11(f) of the Securities Act, as amended, shall be entitled to contribution from a party who was not guilty of fraudulent misrepresentation.

(d) The Company also agrees that no Indemnified Person shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with advice or services rendered or to be rendered by any Indemnified Person pursuant to this Agreement, the transactions contemplated thereby or any Indemnified Person's actions or inactions in connection with any such advice, services, or transactions except for Liabilities (and related Expenses) of the Company that are finally judicially determined to have resulted primarily from such Indemnified Person's negligence, gross negligence or willful misconduct in connection with any such advice, actions, inactions or services.

(e) The reimbursement, indemnity, and contribution obligations of the Company set forth herein shall apply to any modification of this Agreement and shall remain in full force and effect regardless of any termination of, or the completion of any Indemnified Person's services under or in connection with, this Agreement.

**Section 9. Right of Participation.** The Company hereby agrees that from the date hereof until the 12-month anniversary thereof, upon any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents for cash consideration, Indebtedness or a combination of units thereof (other than the issuance of Common Stock or Common Stock Equivalents pursuant to (i) the issuance of the Conversion Shares resulting from the conversion of any preferred stock and the issuance of any dividend shares) (a "Subsequent Financing"), the Placement Agent, shall have the right to participate in the Subsequent Financing up to an amount equal to thirty percent (30%) of the aggregate dollar value raised in such Subsequent Financing (the "Participation Maximum") on the same terms, conditions and price provided to other investment banker, book-runner and/or placement agent, in the Subsequent Financing (the "Participation Right"). To the extent any investment banker, book-runner and/or placement agent elects not to participate in such Subsequent Financing, the Placement Agent may elect to participate in excess of their pro rata portion of the Participation Right over and above the Participation Maximum.

**Section 10. Representations and Indemnities to Survive Delivery.** The respective indemnities, agreements, representations, warranties, and other statements of the Company or any person controlling the Company, of its officers, and of the Placement Agent set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Placement Agent, the Company, or any of its or their respective partners, officers, or directors or any controlling person, as the case may be, and will survive delivery of and payment for the Securities sold hereunder and any termination of this Agreement. A successor to the Placement Agent, or to the Company, its directors or officers or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution, and reimbursement agreements contained in this Agreement.

**Section 11. Notices.** All communications hereunder shall be in writing and shall be mailed, hand delivered or e-mailed and confirmed to the parties hereto as follows:

Dominari Securities LLC  
725 Fifth Avenue, 23rd Floor  
New York, NY 10022  
E-mail:  
Attention:

*With a copy to:*

Sichenzia Ross Ference Carmel LLP  
1185 Avenue of the Americas, 31st floor  
New York, NY 10036  
E-mail:

Attention:

If to the Company:

Spectral AI, Inc.  
2515 McKinney Ave, Suite 1000  
Dallas, TX 75201  
E-Mail:  
Attention:

*With a copy (which shall not constitute notice) to:*

Reed Smith LLP  
2850 N. Harwood Street, Suite 1500  
Dallas, TX 75201  
E-Mail:  
Attention:

Any party hereto may change the address for receipt of communications by giving written notice to the others.

**Section 12. Successors.** This Agreement will inure to the benefit of and be binding upon the parties hereto, and to the benefit of the employees, officers and directors and controlling persons referred to in Section 7 hereof, and to their respective successors, and personal representative, and no other person will have any right or obligation hereunder.

**Section 13. Partial Unenforceability.** The invalidity or unenforceability of any section, paragraph, or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph, or provision hereof. If any Section, paragraph, or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

**Section 14. Governing Law Provisions.** This Agreement shall be governed by and construed in accordance with the law of the State of New York. Each of the Placement Agent and the Company: (i) agrees that any legal suit, action, or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted exclusively in Supreme Court, of the State of New York, sitting in the County of New York, (ii) waives any objection which it may have or hereafter to the venue of any such suit, action, or proceeding, and (iii) irrevocably consents to the jurisdiction such courts in any such suit, action or proceeding. The Placement Agent and the Company further agree to accept and acknowledge service of any and all process which may be served in any such suit, action, or proceeding in such courts and agree that service of process upon the Company mailed by certified mail to the Company's address set forth in Section 11 hereof (or to such other address as the Company shall have advised the Placement Agent by notice pursuant to Section 11) shall be deemed in every respect effective service of process upon the Company, in any such suit, action, or proceeding, and service of process upon the Placement Agent mailed by certified mail to the Placement Agent's address as set forth in Section 11 hereof (or to such other address as the Placement Agent shall have advised the Company by notice pursuant to Section 11) shall be deemed in every respect effective service process upon the Placement Agent, in any such suit, action, or proceeding. Notwithstanding any provision of this Agreement to the contrary, the Company agrees that neither the Placement Agent nor their affiliates, and the respective officers, directors, employees, agents, and representatives of the Placement Agent, their affiliates and each other person, if any, controlling the Placement Agent or any of their affiliates, shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the engagement and transaction described herein except for any such liability for losses, claims, damages, or liabilities incurred by the Placement Agent that are finally judicially determined to have resulted from the fraud, willful misconduct, or gross negligence of such individuals or entities. If either party shall commence an action or proceeding to enforce any provision of this Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorney's fees and other costs and expenses incurred with the investigation, preparation, and prosecution of such action or proceeding.

**Section 15. General Provisions.**

(a) This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings, and negotiations with respect to the subject matter hereof.

(b) Notwithstanding anything herein to the contrary, the Engagement Agreement between the Company and Placement Agent shall continue to be effective and the terms therein shall continue to survive and be enforceable by the Placement Agent and the Company in accordance with its terms, *provided* that, in the event of a conflict between the terms of the Engagement Agreement and this Agreement, the terms of this Agreement shall prevail.

(c) This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Facsimile or other electronically scanned and transmitted signatures (including by email attachment) and electronic signatures (including by DocuSign) shall be deemed originals for all purposes of this Agreement

(d) This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. Section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

(e) The Company acknowledges that in connection with the Offering: (i) the Placement Agent has acted at arm's length, is not agent of, and owes no fiduciary duties to the Company, any officer or director of the Company or any other person affiliated with any of them, (ii) the Placement Agent owes the Company only those duties and obligations set forth in this Agreement, and (iii) the Placement Agent may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Placement Agent arising from an alleged breach of fiduciary duty in connection with the offering of the Securities.

*[The remainder of this page has been intentionally left blank.]*

If the foregoing is in accordance with your understanding of our agreement, please sign below whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

**DOMINARI SECURITES LLC**

By: \_\_\_\_\_

Name: Eric Newman

Title: EVP- Head of Investment Banking

The foregoing Placement Agency Agreement is hereby confirmed and accepted as of the date first above written.

**SPECTRAL AI, INC.**

By: \_\_\_\_\_

Name: Vincent S. Capone

Title: Chief Financial Officer

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LOAN AND SECURITY AGREEMENT

Dated as of March 21, 2025

among

SPECTRAL AI, INC.,  
a Delaware corporation,  
("Company")

SPECTRAL MD HOLDINGS LLC,  
a Delaware limited liability company,  
("Spectral Holdings")

SPECTRAL MD, INC.,  
a Delaware corporation,  
("Spectral MD")

and

AVENUE VENTURE OPPORTUNITIES FUND II, L.P.,  
a Delaware limited partnership ("Avenue 2"),

as administrative agent and collateral agent (in such capacities, including any successors and assigns, "Agent"),  
and as a lender (in such capacity, together with each other bank, financial institution or entity from time to time party hereto as a lender, a "Lender" and collectively, the "Lenders")

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## LOAN AND SECURITY AGREEMENT

Borrower, Lenders and Agent have entered or anticipate entering into one or more transactions pursuant to which each Lender agrees to make available to Borrower a loan facility governed by the terms and conditions set forth in this document and one or more Supplements executed by Borrower, Lenders and Agent which incorporate this document by reference. Each Supplement constitutes a supplement to and forms part of this document, and will be read and construed as one with this document, so that this document and the Supplement constitute a single agreement among the Parties (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, collectively, this “**Agreement**”).

Accordingly, the Parties agree as follows:

### ARTICLE 1 - INTERPRETATION

**1.1 Definitions.** The terms defined in Article 11 and in the Supplement will have the meanings therein specified for purposes of this Agreement.

**1.2 Inconsistency.** In the event of any inconsistency between the provisions of any Supplement and this document, the provisions of the Supplement will be controlling for the purpose of all relevant transactions.

### ARTICLE 2 - THE COMMITMENT AND LOANS

**2.1 The Commitment.** Subject to the terms and conditions of this Agreement, each Lender agrees to make term loans to Borrower from time to time from the Closing Date and to and including the Maturity Date in an aggregate principal amount not exceeding the Commitment. The Commitment is not a revolving credit commitment, and Borrower does not have the right to repay and reborrow hereunder; provided, however, that Borrower may prepay the Loans as set forth in the Supplement. Each Loan requested by Borrower to be made on a single Business Day shall be for a minimum principal amount set forth in the Supplement, except to the extent the remaining Commitment is a lesser amount.

**2.2 Notes Evidencing Loans; Repayment.** Each Loan shall be evidenced by a separate Note payable to the order of each Lender, in the total principal amount of such Lender’s pro rata share of the Loan. Principal and interest of each Loan shall be payable at the times and in the manner set forth in the Note and regularly scheduled payments thereof shall be effected by automatic debit of the appropriate funds from Borrower’s Primary Operating Account. Repayment of the Loans and payment of all other amounts owed to each Lender will be paid by Borrower in the currency in which the same has been provided (i.e., United States Dollars).

#### **2.3 Procedures for Borrowing.**

(a) At least two (2) Business Days prior to the Closing Date, or at least five (5) Business Days prior to a proposed Borrowing Date other than the Closing Date (or, in each case, such lesser period of time as may be agreed upon by each Lender participating in the Loan in its sole discretion), Agent shall have received from Borrower a Borrowing Request. Each Borrowing Request shall be executed by a responsible executive or financial officer of Borrower, and shall state how much is requested, and shall be accompanied by such other information as Agent may reasonably request.

(b) No later than 1:00 p.m. Pacific Standard Time on the Borrowing Date, if Borrower has satisfied the conditions precedent in Article 4 by 9:00 a.m. Pacific Standard Time on such Borrowing Date, each Lender shall make its *pro rata* share of the Loan available to Borrower in immediately available funds.

**2.4 Interest.** Except as otherwise specified in the applicable Note and/or Supplement, Basic Interest on the outstanding principal balance of each Loan shall accrue daily at the Designated Rate from the Borrowing Date. If the outstanding principal balance of such Loan is not paid at maturity, interest shall accrue at the Default Rate until paid in full, as further set forth herein.

#### **2.5 Intentionally Omitted.**

**2.6 Interest Rate Calculation.** Basic Interest, along with charges and fees under this Agreement and any Loan Document, shall be calculated for actual days elapsed on the basis of a 360-day year. In no event shall Borrower be obligated to pay Lenders interest, charges or fees at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

**2.7 Default Interest.** Upon the occurrence and during the continuation of an Event of Default, any unpaid payments in respect of the Obligations shall bear interest from their respective maturities, whether scheduled or accelerated, at the Default Rate, compounded monthly. Borrower shall pay such interest on demand.

**2.8 Late Charges.** If Borrower is late in making any scheduled payment in respect of the Obligations by more than five (5) days, then Borrower agrees to pay a late charge of five percent (5%) of the payment due, but not less than fifty dollars (\$50.00) for any one such delinquent payment. This late charge may be charged by Lenders or Agent, as applicable, for the purpose of defraying the expenses incidental to the handling of such delinquent amounts. Borrower acknowledges that such late charge represents a reasonable sum considering all of the circumstances existing on the date of this Agreement and represents a fair and reasonable estimate of the costs that will be sustained by Lenders due to the failure of Borrower to make timely payments. Borrower further agrees that proof of actual damages would be costly and inconvenient. Such late charge shall be paid without prejudice to the right of Lenders and Agent to collect any other amounts provided to be paid or to declare a default under this Agreement or any of the other Loan Documents or from exercising any other rights and remedies of Agent or Lenders.

**2.9 Lender's Records.** Principal, Basic Interest and all other sums owed under any Loan Document shall be evidenced by entries in records maintained by each Lender for such purpose. Each payment on and any other credits with respect to principal, Basic Interest and all other sums outstanding under any Loan Document shall be evidenced by entries in such records. Absent manifest error, Lenders' records shall be conclusive evidence thereof.

**2.10 Grant of Security Interests; Filing of Financing Statements.**

(a) To secure the timely payment and performance of all of the Obligations, each Loan Party hereby grants to Agent, for the ratable benefit of the Lenders, continuing security interests in all of the Collateral. In connection with the foregoing, each Loan Party authorizes Agent to prepare and file any financing statements describing the Collateral without otherwise obtaining any Loan Party's signature or consent with respect to the filing of such financing statements. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect.

(b) In furtherance of each Loan Party's grant of the security interests in the Collateral pursuant to Section 2.10(a), each Loan Party hereby pledges and grants to Agent, for the ratable benefit of the Lenders, a security interest in all the Shares, together with all proceeds and substitutions thereof, all cash, stock and other moneys and property paid thereon, all rights to subscribe for securities declared or granted in connection therewith, and all other cash and noncash proceeds of the foregoing, as security for the performance of the Obligations. On the Closing Date or at any time thereafter following Agent's request, the certificate or certificates for the Shares will be delivered to Agent, accompanied by an instrument of assignment duly executed in blank by such Loan Party, unless such Shares have not been certificated. To the extent required by the terms and conditions governing the Shares, each Loan Party shall cause the books of each entity whose Shares are part of the Collateral and any transfer agent to reflect the pledge of the Shares. Upon the occurrence and during the continuance of an Event of Default hereunder, Agent may effect the transfer of any securities included in the Collateral (including but not limited to the Shares) into the name of Agent and cause new certificates representing such securities to be issued in the name of Agent or its transferee(s). Each Loan Party will execute and deliver such documents, and take or cause to be taken such actions, as Agent may reasonably request to perfect or continue the perfection of Agent's security interest in the Shares. Except as provided in the following sentence, each Loan Party shall be entitled to exercise any voting rights with respect to the Shares and to give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which would constitute a violation of any of the terms of this Agreement. All such rights to vote and give consents, waivers and ratifications shall terminate upon the occurrence and continuance of an Event of Default and Agent's written notice to the applicable Loan Party of Agent's intent to exercise its rights and remedies under this Agreement, including this Section 2.10(b).

(c) Each Loan Party is and shall remain absolutely and unconditionally liable for the performance of all Obligations, including, without limitation, any deficiency by reason of the failure of the Collateral to satisfy all amounts due to each Lender under any of the Loan Documents.

(d) All Collateral pledged by the Loan Parties under this Agreement and any Supplement shall secure the timely payment and performance of all Obligations. Except in connection with Transfers permitted by this Agreement (in which case the Lien attaching to the Collateral so transferred shall be automatically deemed released upon the consummation of such Transfer, but solely to the extent no Event of Default is continuing at such time) or as otherwise expressly provided in this Agreement, no Collateral pledged under this Agreement or any Supplement shall be released until such time as all Obligations have been satisfied and paid in full (other than inchoate indemnity obligations or other obligations that specifically survive termination).

### ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants that, except as set forth in the Supplement or the Schedule of Exceptions hereto, if any, as of the Closing Date and each Borrowing Date:

**3.1 Due Organization.** Borrower and each Subsidiary is a corporation, limited liability company or limited partnership, as applicable, duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation or formation, as applicable, and is duly qualified to conduct business and is in good standing (to the extent applicable in the relevant jurisdiction) in each other jurisdiction in which its business is conducted or its properties are located, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

**3.2 Authorization, Validity and Enforceability.** The execution, delivery and performance of all Loan Documents executed by the Loan Parties are within such Loan Party's powers, have been duly authorized, and are not in conflict with such Loan Party's certificate of incorporation or formation, as applicable, or by-laws, limited liability company agreement, operating agreement or partnership agreement, as applicable, or the terms of any charter or other organizational document of such Loan Party, as amended from time to time; and all such Loan Documents constitute valid and binding obligations of the Loan Parties party thereto, enforceable in accordance with their terms (except as may be limited by bankruptcy, insolvency and similar laws affecting the enforcement of creditors' rights in general, and subject to general principles of equity).

**3.3 Compliance with Applicable Laws.** Borrower and each Subsidiary has complied with all licensing, permit and fictitious name requirements necessary to lawfully conduct the business in which it is engaged, and to any sales, leases or the furnishing of services by Borrower or such Subsidiary, including without limitation those requiring consumer or other disclosures, the noncompliance with which would have a Material Adverse Effect.

**3.4 No Conflict.** The execution, delivery, and performance by each Loan Party of all Loan Documents to which it is a party are not in conflict with any law, rule, regulation, order or directive, or any indenture, agreement, or undertaking to which any Loan Party is a party or by which any Loan Party may be bound or affected. Without limiting the generality of the foregoing, the issuance of the Warrants and the grant of registration rights in connection therewith do not violate any agreement or instrument by which Company is bound or require the consent of any holders of Company's securities other than consents which have been obtained on or prior to the Closing Date.

**3.5 No Litigation, Claims or Proceedings.** Other than as set forth in the Schedule of Exceptions, there is no litigation, Tax claim, proceeding or dispute pending, or, to the knowledge of Borrower, threatened in writing against or affecting Borrower or a Subsidiary, their property or the conduct of their business which would reasonably be expected to result in damages or costs, including settlement payments, to Borrower of more than, individually or in the aggregate, the Threshold Amount not covered by independent third party insurance as to which liability has been accepted by the carrier providing such insurance.

**3.6 Taxes.** Other than as set forth in the Schedule of Exceptions, all tax returns and reports that Borrower and its Subsidiaries must file have been filed on time or extended, and Borrower and its Subsidiaries have paid all the taxes, assessments, deposits and contributions they owe at the foreign, federal, state and local levels, except for (i) those that Borrower and its Subsidiaries are challenging with proper and timely proceedings in good faith, as long as they have set aside or provided for enough funds to cover them, as GAAP requires, or (ii) those that do not add up to more than Twenty Thousand Dollars (\$20,000) in total. Borrower does not know of any proposed claims or adjustments for any previous tax years of Borrower or its Subsidiaries that could make them owe, in the aggregate, more than Twenty Thousand Dollars (\$20,000) in extra taxes.

**3.7 Correctness of Financial Statements.** Borrower's consolidated financial statements which have been delivered to Agent fairly and accurately, in all material respects, reflect Borrower's consolidated financial condition in accordance with GAAP (except with respect to unaudited financial statements, for the absence of footnotes and subject to normal year-end adjustments) as of the latest date of such financial statements; and, since that date there has been no Material Adverse Change.

**3.8 No Subsidiaries.** As of the Closing Date, except as otherwise disclosed by Borrower to Agent pursuant to the Perfection Certificate, Borrower is not a majority owner of or in a control relationship with any other business entity.

**3.9 Environmental Matters.** To its knowledge after reasonable inquiry, Borrower has concluded that Borrower and each Subsidiary is in compliance with Environmental Laws, except to the extent a failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect.

**3.10 No Event of Default.** No Default or Event of Default has occurred and is continuing.

**3.11 Full Disclosure.** None of the representations or warranties made by a Loan Party in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the written statements contained in any exhibit, report, statement or certificate furnished by or on behalf of a Loan Party in connection with the Loan Documents (including disclosure materials delivered by or on behalf of Borrower to any Lender prior to the Closing Date or pursuant to Section 5.2), taken as a whole, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered; provided that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time prepared, it being understood that such projections as to future events are not to be viewed as fact and that actual results during the period or periods covered by any such projections may differ materially from the projected results.

**3.12 Specific Representations Regarding Collateral.**

**(a) Title.** Except for the security interests created by this Agreement and Permitted Liens, (i) each Loan Party is and will be the unconditional legal and beneficial owner of the Collateral, and (ii) the Collateral is genuine and subject to no Liens other than Liens securing indebtedness in an aggregate amount not exceeding Fifty Thousand Dollars (\$50,000) at any time outstanding. There exist no prior assignments or encumbrances of record with the U.S. Patent and Trademark Office or U.S. Copyright Office affecting any Collateral in favor of any third party, other than Permitted Liens.

**(b) Rights to Payment.** The names of the obligors, amounts owing to each Loan Party, due dates and all other information with respect to the Rights to Payment are and will be correctly stated in all material respects in all Records relating to the Rights to Payment. Each Loan Party further represents and warrants, to its knowledge, that each Person appearing to be obligated on a Right to Payment has authority and capacity to contract and is bound as it appears to be.

**(c) Location of Collateral.** As of the Closing Date, each Loan Party's chief executive office, Inventory, Records, Equipment, and any other offices or places of business are located at the address(es) shown on the Supplement.

**(d) Business Names.** Other than as set forth on the Schedule of Exceptions, other than its full corporate name, neither Borrower or a Subsidiary has conducted business using any trade names or fictitious business names except as shown on the Supplement.

**3.13 Copyrights, Patents, Trademarks and Licenses.**

**(a)** Borrower and each Subsidiary owns or is licensed or otherwise has the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other similar rights that are reasonably necessary for the operation of its business, without known conflict with the rights of any other Person.

**(b)** To Borrower's knowledge, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by Borrower or any Subsidiary infringes upon any rights held by any other Person, except as would not reasonably be expected to have a Material Adverse Effect.

**(c)** No claim or litigation regarding any of the foregoing is pending or, to Borrower's knowledge, threatened in writing, and, to Borrower's knowledge, no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or proposed which, in either case, could reasonably be expected to have a Material Adverse Effect.

**3.14 Regulatory Compliance.** Each Loan Party has met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA to the extent applicable to such Loan Party. No event has occurred resulting from any Loan Party's failure to comply with ERISA that is reasonably likely to result in such Loan Party incurring any liability that could have a Material Adverse Effect. No Loan Party is required to be registered as an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. No Loan Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations X, T and U of the Board of Governors of the Federal Reserve System). Each Loan Party, to the extent applicable to such Loan Party, has complied in all material respects with all the provisions of the Federal Fair Labor Standards Act.

**3.15 Shares.** Other than as shown on the Schedule of Exceptions, each Loan Party has full power and authority to create a first priority Lien on the Shares owned by such Loan Party and no disability or contractual obligation exists that would prohibit such Loan Party from pledging those Shares pursuant to this Agreement. To each Loan Party's knowledge, there are no subscriptions, warrants, right of first refusal or other restrictions on transfer relative to, or options exercisable with respect to the Shares. The Shares have been and will be duly authorized and validly issued and are fully paid and non-assessable. To each Loan Party's knowledge, the Shares are not the subject of any present or threatened suit, action, arbitration, administrative or other proceeding, and no Loan Party knows of no reasonable grounds for the institution of any such proceedings.

**3.16 Solvency.** The fair salable value of the Loan Parties' consolidated assets (including goodwill minus disposition costs) exceeds the fair value of the Loan Parties' consolidated liabilities; the Loan Parties, on a consolidated basis, are not engaged in business or a transaction, and are not about to engage in business or a transaction, for which the Loan Parties' property, on a consolidated basis, would constitute unreasonably small capital; Borrower and its Subsidiaries, on a consolidated basis, are able to pay their debts (including trade debts) as they become absolute and matured.

**3.17 Anti-Corruption Laws; Anti-Terrorism Laws; Sanctions and Patriot Act.** Borrower has implemented and maintains in effect policies and procedures designed to promote compliance by Borrower, its Subsidiaries and, in each case, their respective directors, officers, employees and agents with Anti-Corruption Laws, Anti-Terrorism Laws and applicable Sanctions. Borrower, its Subsidiaries and, each case, their respective directors, officers, and, to the knowledge of Borrower, employees and agents, acting in their capacity as such, are in compliance with Anti-Corruption Laws, Anti-Terrorism Laws and applicable Sanctions. None of Borrower, any Subsidiary or, in each case, any of their respective directors, officers or, to the knowledge of Borrower, employees or agents is a Sanctioned Person or a Blocked Person. No Loan, direct or, to Borrower's knowledge, indirect use of proceeds, or other transaction by Borrower contemplated by this Agreement will violate the Patriot Act, Anti-Corruption Laws, Anti-Terrorism Laws or applicable Sanctions. None of Borrower, its Subsidiary's or, in each case, their respective directors, employees, officers, agents and representatives have, directly or indirectly, offered, paid, given, promised or authorized the payment of any money, gift or anything of value to any person acting in an official capacity for any government department, agency or instrumentality, including state-owned or controlled companies or entities, and public international organizations, as well as a political party or official thereof or candidate for political office. None of Borrower's or any Subsidiary's principals or staff are officers, employees or representatives of governments, government agencies, or government-owned or controlled enterprises.

**3.18 Healthcare Permits.** (a) Borrower and the Subsidiaries have obtained all Healthcare Permits and other rights from, and have made all declarations and filings with, all applicable governmental authorities, all self-regulatory authorities and all courts and other tribunals necessary to engage in the management and/or operation of their respective businesses; (b) each such Healthcare Permit is valid and in full force and effect, and Borrower and the Subsidiaries are in compliance with the terms and conditions of all such Healthcare Permits; and (c) neither Borrower nor any Subsidiaries have received written notice from any governmental authority with respect to the revocation, suspension, restriction, limitation or termination of any Healthcare Permit nor, to the knowledge of Borrower or any Subsidiary, is any such action threatened in writing.

### **3.19 Compliance with Healthcare Laws.**

(a) Borrower is in compliance with all applicable Healthcare Laws, except where any noncompliance would not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, Borrower has not received written notice by a governmental authority of any violation (or of any investigation, audit, or other proceeding involving allegations of any violation) of any Healthcare Laws, and no investigation, inspection, audit or other proceeding involving allegations of any violation is, to the knowledge of Borrower, threatened in writing or contemplated.

(b) To the knowledge of Borrower, Borrower is not in default or violation of any law which is applicable to Borrower or its respective assets or the conduct of its respective businesses and Borrower has not been debarred or excluded from participation under a state or federal health care program, including any state or federal workers compensation program.

(c) Borrower is not a party to any corporate integrity agreements, deferred prosecution agreements, monitoring agreements, consent decrees, settlement orders or similar agreements with or imposed by any governmental authority.

**3.20 Survival.** The representations and warranties of Borrower as set forth in this Agreement survive the execution and delivery of this Agreement; provided, for the avoidance of doubt, that such representations and warranties shall not survive termination of this Agreement.

#### ARTICLE 4 - CONDITIONS PRECEDENT

**4.1 Conditions to First Loan.** The obligation of each Lender to make its first Loan hereunder is, in addition to the conditions precedent specified in Section 4.2 and in any Supplement, subject to the fulfillment (or waiver) of the following conditions and to the receipt by Agent of the documents described below, duly executed and in form and substance satisfactory to each Lender and its counsel:

(a) **Resolutions.** A certified copy of the resolutions of the Board of Directors (or other governing body) of each Loan Party authorizing the execution, delivery and performance by such Loan Party of the Loan Documents.

(b) **Incumbency and Signatures.** A certificate of the secretary of each Loan Party certifying the names of the officer or officers of such Loan Party authorized to sign the Loan Documents, together with a sample of the true signature of each such officer.

(c) **Legal Opinion.** The opinion of legal counsel for Borrower as to such matters as Agent may reasonably request, in form and substance satisfactory to Agent.

(d) **Charter Documents.** Copies of the organizational and charter documents of each Loan Party (e.g., Articles or Certificate of Incorporation and Bylaws), as amended through the Closing Date, certified by an officer of such Loan Party as being true, correct and complete.

(e) **This Agreement.** Counterparts of this Agreement (including this document and the initial Supplement), with all schedules completed and attached thereto, and disclosing such information as is reasonably acceptable to Agent.

(f) **Financing Statements.** Filing copies (or other evidence of filing satisfactory to Agent and its counsel) of such UCC financing statements with respect to the Collateral as Agent shall request.

(g) **Intellectual Property Security Agreement.** An Intellectual Property Security Agreement executed by each Loan Party in form and substance satisfactory to Agent.

(h) [reserved].

(i) **Equity Raise.** Evidence satisfactory to Agent that Borrower has received, on or after January 1, 2025, no less than Three Million Eight Hundred Thousand Dollars (\$3,800,000) in unrestricted (including, not subject to any redemption, clawback, escrow or similar encumbrance or restriction) net cash proceeds (excluding proceeds raised pursuant to the conversion of convertible notes issued by Borrower prior to January 1, 2025) from (i) the sale of Borrower's equity securities in a bona-fide equity financing round to investors, and/or (ii) Subordinated Debt entered into on or after January 1, 2025, in each case, on terms and conditions reasonably acceptable to Agent.

(j) **Subordination Agreement(s).** Duly executed subordination agreement(s) in favor of Agent for all Subordinated Debt existing on the Closing Date (except as otherwise agreed by Agent in its sole discretion), together with copies of the underlying documents evidencing the Loan Parties' Subordinated Debt with such creditor(s), as applicable.

(k) **Subordinated Debt.** Evidence that the maturity date of all of the Loan Parties' Subordinated Debt existing on the Closing Date shall occur no earlier than ninety-one (91) days after the Maturity Date.

**(l) Landlord Consent.** Duly executed landlord's consents in favor of Agent for each of Borrower's leased locations containing Collateral valued, individually or in the aggregate, in excess of One Hundred Thousand Dollars (\$100,000).

**(m) Bailee Waiver.** Duly executed bailee's waivers in favor of Agent for each location where Borrower maintains Collateral with a third party valued, individually or in the aggregate, in excess of One Hundred Thousand Dollars (\$100,000).

**(n) Searches.** UCC lien, intellectual property, judgment, bankruptcy and Tax lien searches of the Loan Parties from such jurisdictions or offices as Agent may reasonably request, all as of a date reasonably satisfactory to Agent and its counsel.

**(o) Good Standing Certificate.** A certificate of status or good standing of each Loan Party as of a date acceptable to Agent from the jurisdiction of such Loan Party's organization or formation, as applicable, and any foreign jurisdictions where such Loan Party is qualified to do business.

**(p) Warrant.** The Warrants issued by Borrower to each Lender exercisable for such number, type and class of shares of Borrower's capital stock, and for an initial exercise price as is specified therein.

**(q) Insurance Certificates.** Insurance certificates showing Agent as lender's loss payee or additional insured on insurance policies as required pursuant to Section 5.5.

**(r) Perfection Certificate.** A duly executed copy of the Perfection Certificate.

**(s) Financial Statements.** (i) Audited consolidated financial statements of Company for its fiscal year ended as of December 31, 2023, and (ii) unaudited interim consolidated financial statements of Company for each fiscal month ended after the date of the latest applicable financial statements delivered pursuant to clause (i) above as to which such financial statements are available.

**(t) Pivotal Burn Study.** Evidence satisfactory to Agent and Lenders that Borrower has obtained positive top line data from its pivotal burn study, which data is sufficient to support the preparation and submission of a De Novo 510(k) application to the U.S. Food and Drug Administration.

**(u) KYC.** (i) All documentation and other information regarding each Loan Party requested by Agent in connection with applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, (ii) a properly completed and signed IRS Form W-9 for Borrower, and (iii) to the extent any Loan Party qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to such Loan Party.

**4.2 Conditions to All Loans.** The obligation of each Lender to make its initial Loan and each subsequent Loan is subject to the fulfillment (or waiver) of each of the following further conditions precedent:

**(a) No Default.** No Default or Event of Default has occurred and is continuing or will result from the making of any such Loan, and the representations and warranties of the Loan Parties contained in Article 3 and Part 3 of the Supplement are true and correct in all material respects as of the Borrowing Date of such Loan; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true and correct in all material respects as of such date.

**(b) No Material Adverse Change.** No event has occurred that has had or could reasonably be expected to have a Material Adverse Change.

**(c) Borrowing Request.** Borrower shall have delivered to Agent a Borrowing Request for such Loan and the related materials and documents required by and in accordance with Section 2.3(a).

**(d) Note.** Borrower shall have delivered an executed Note evidencing such Loan, substantially in the form attached to the Supplement as an exhibit.

**(e) Supplemental Lien Filings.** Each Loan Party shall have executed and delivered such amendments or supplements to this Agreement and additional Security Documents, financing statements and third-party waivers as Agent may reasonably request or as may be required in accordance with any applicable law, in connection with the proposed Loan, in order to create, protect or perfect or to maintain the perfection of Agent's Liens on the Collateral.

**(f) VCOCLimitation.** Lenders shall not be obligated to make any Loan under its Commitment if at the time of or after giving effect to the proposed Loan such Lender would no longer qualify as: (i) a "venture capital operating company" under U.S. Department of Labor Regulations Section 2510.3-101(d), Title 29 of the Code of Federal Regulations, as amended; and (ii) a "business development company" under the provisions of federal Investment Company Act of 1940, as amended; and (iii) a "regulated investment company" under the provisions of the Internal Revenue Code of 1986, as amended.

**(g) Financial Projections.** Borrower shall have delivered to Agent its business plan and/or financial projections or forecasts as most recently approved by Borrower's Board of Directors.

## ARTICLE 5 - AFFIRMATIVE COVENANTS

During the term of this Agreement and until its performance of all Obligations (other than inchoate indemnity obligations), each Loan Party will:

**5.1 Notice to Agent.** Promptly, but in no event later than five (5) Business Days, give written notice to Agent of:

**(a)** Any litigation or administrative or regulatory proceeding affecting Borrower or a Subsidiary where the amount claimed against Borrower or such Subsidiary is, individually or in the aggregate, at the Threshold Amount or more, or where the granting of the relief requested could reasonably be expected to have a Material Adverse Effect; or of the acquisition by a Loan Party of any commercial tort claim with a value in excess of One Hundred Thousand Dollars (\$100,000), including brief details of such claim and such other information as Agent may reasonably request to enable Agent to better perfect its Lien in such commercial tort claim as Collateral.

**(b)** Any dispute which may exist between Borrower or a Subsidiary and any Governmental Authority or regulatory authority, except where such dispute could not reasonably be expected to have a Material Adverse Effect.

**(c)** The occurrence of any Default or any Event of Default, including a statement of an authorized officer of Borrower setting forth details of such Default or Event of Default and the action which the applicable Loan Party has taken or proposes to take with respect thereto.

**(d)** Any change in the location of any Loan Party's places of business or location containing Collateral at least thirty (30) days in advance of such change, or of the establishment of any new, or the discontinuance of any existing, place of business.

**(e)** Any dispute or default by a Loan Party or any other party under any joint venture, partnering, distribution, cross-licensing, strategic alliance, collaborative research or manufacturing, license or similar agreement which could reasonably be expected to have a Material Adverse Effect, and, to the extent Agent or any Lender requests, copies of all documentation relating thereto.

**(f)** Any other matter which has resulted or might reasonably result in a Material Adverse Change.

**(g)** Any Subsidiary that a Loan Party intends to acquire or create after the Closing Date.

**5.2 Financial Statements.** Deliver to Lender or cause to be delivered to Agent by way of submission through Agent's portfolio management website or as otherwise specified by Agent, in form and detail satisfactory to Agent the following financial and other information, which each Loan Party warrants shall be accurate and complete in all material respects:

**(a) Monthly Financial Statements.** As soon as available but no later than thirty (30) days after the end of each month, Company's unaudited balance sheet as of the end of such period (prepared on a consolidated basis), and Company's unaudited income statement and cash flow statement for such period and for that portion of Company's financial reporting year ending with such period, prepared in accordance with GAAP (except for the absence of footnotes and subject to normal year-end audit adjustments) and attested by a responsible financial officer of Company as being complete and correct in all material respects and fairly presenting Company's and each Subsidiary's financial condition and the results of Company's operations as of the date(s) and for the period(s) covered thereby.

**(b) Year-End Financial Statements.** As soon as available, but no later than ninety (90) days after the end of each financial reporting year, a complete copy of Company's audit report (prepared on a consolidated basis), which shall include balance sheet, income statement, statement of changes in equity and statement of cash flows for such year, prepared in accordance with GAAP and certified by any of the "Big Four" accounting firms, Grant Thornton, or an independent certified public accountant selected by Company and reasonably satisfactory to Lenders (the "**Accountant**"). The Accountant's certification shall not be qualified or limited due to a restricted or limited examination by the Accountant of any material portion of Borrower's records.

**(c) Compliance Certificates.** Simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of the chief financial officer of Company (or other executive officer) substantially in the form of Exhibit “C” to the Supplement (a **“Compliance Certificate”**) stating, among other things, whether any Default or Event of Default exists on the date of such certificate, and if so, setting forth the details thereof and the action which Company is taking or proposes to take with respect thereto. If requested by Lender, a Compliance Certificate also shall be delivered to Lenders on the Closing Date.

**(d) Government Required Reports.** Promptly after sending, issuing, making available, or filing, copies of all reports, proxy statements, and financial statements that Company sends or makes available generally to its stockholders, and, not later than five (5) Business Days after actual filing or the date such filing was first due, all registration statements and reports that Company files or is required to file with the Securities and Exchange Commission, or any other Governmental Authority or regulatory authority having similar authority.

**(e) Board Packages.** In addition to the information described in Section 5.2(d), each Loan Party will promptly provide Agent with copies of (i) information and notices that it supplies to its shareholders, and (ii) all notices, minutes, consents and other materials, financial or otherwise, which it provides to its Board of Directors (collectively, **“Board Packages”**); provided, however, that no Loan Party need to provide Lender with copies of routine actions of its Board of Directors, such as option and stock grants under any Loan Party’s equity incentive plan in the normal course of business; and provided, further, however, that such Board Packages may be redacted to the extent that (i) based on the advice of counsel, such Loan Party’s Board of Directors determines such redaction is reasonably necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information, or for other similar reasons, or (ii) such redacted material relates to Lenders (or such Loan Party’s strategy regarding the Loans or Lenders).

**(f) Other Information.** Such other statements, lists of property and accounts, budgets (as updated), sales projections, forecasts, reports, 409A valuation reports (as updated), operating plans, financial exhibits, capitalization tables (as updated) and information relating to equity and debt financings consummated after the Closing Date (including post-closing capitalization table(s)), or other information, in each case, as any Lender may from time to time reasonably request.

### **5.3 [Reserved].**

**5.4 Existence.** Maintain and preserve its existence, present form of business, and all rights and privileges necessary in the normal course of its business; and keep all of its property in good working order and condition, ordinary wear and tear excepted.

**5.5 Insurance.** Obtain and keep in force insurance in such amounts and types as is usual in the type of business conducted by Borrower, with insurance carriers having a policyholder rating of not less than “A” and financial category rating of Class VII in “Best’s Insurance Guide,” unless otherwise approved by Lenders. Such insurance policies must be in form and substance reasonably satisfactory to Lender, and shall list Agent as an additional insured or lender’s loss payee, as applicable, on endorsement(s) in form reasonably acceptable to Agent. Borrower shall furnish to Agent such endorsements, and upon Agent’s or any Lender’s request, copies of any or all such policies.

**5.6 Accounting Records.** Maintain adequate books, accounts and records, and prepare all financial statements in accordance with GAAP (except, with respect to unaudited financial statements, for the absence of footnotes and subject to normal year-end audit adjustments), and in compliance with the regulations of any Governmental Authority or regulatory authority having jurisdiction over the Loan Parties or Borrower’s business (unless such noncompliance will not have a material adverse effect on Borrower’s business or operations); and permit employees or agents of Agent at such reasonable times as Agent may request, at Borrower’s expense (not to exceed Two Thousand Five Hundred Dollars (\$2,500) in any twelve (12) month period unless an Event of Default has occurred and is continuing), to inspect Borrower’s properties, and to examine, review and audit, and make copies and memoranda of Borrower’s books, accounts and records; provided that unless an Event of Default has occurred and is continuing, such inspections shall not occur more than once in any twelve month period.

**5.7 Compliance with Laws.** Comply with all laws (including Environmental Laws), rules, regulations applicable to, and all orders and directives of any Governmental Authority or regulatory authority having jurisdiction over, Borrower or any Subsidiary or their respective businesses, and with all material agreements to which any Loan Party is a party, except where the failure to so comply would not have a Material Adverse Effect.

**5.8 Taxes and Other Liabilities.** Pay all Borrower's and such Subsidiary's Indebtedness when due; pay (and cause each Subsidiary to pay) all Taxes and other governmental or regulatory assessments before delinquency or before any penalty attaches thereto, except as may be contested in good faith by the appropriate procedures and for which Borrower or such Subsidiary (as applicable) shall maintain appropriate reserves; timely file (and cause each Subsidiary to timely file) all required Tax returns and reports (subject to any applicable extensions); and deliver to Agent, on demand, appropriate certificates attesting to such payments, and pay, and require each of its Subsidiaries to pay, all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

### **5.9 Special Collateral Covenants.**

**(a) Maintenance of Collateral; Inspection.** Do all things reasonably necessary to maintain, preserve, protect and keep all Collateral in good working order and salable condition, ordinary wear and tear excepted, deal with the Collateral in all commercially reasonable ways as are considered good practice by owners of like property, and use the Collateral lawfully and, to the extent applicable, only as permitted by Borrower's insurance policies. Maintain, or cause to be maintained, complete and accurate Records, in all material respects, relating to the Collateral. Upon reasonable prior notice at reasonable times during normal business hours, Borrower hereby authorizes Agent's and each Lender's officers, employees, representatives and agents to inspect the Collateral and to discuss the Collateral and the Records relating thereto with Borrower's officers and employees, and, in the case of any Right to Payment, after consultation with Borrower, with any Person which is or may be obligated thereon; provided that unless an Event of Default has occurred and is continuing, such inspections shall not occur more than once in any twelve month period.

**(b) Documents of Title.** Not sign or authorize the signing of any financing statement or other document naming a Loan Party as debtor or obligor, or acquiesce or cooperate in the issuance of any bill of lading, warehouse receipt or other document or instrument of title with respect to any Collateral, except those negotiated to Agent, or those naming Agent as secured party, or if solely to create, perfect or maintain a Permitted Lien.

**(c) Change in Location or Name.** Without at least 30 days' prior written notice to Agent: (a) not relocate any Collateral or Records, its chief executive office, or establish a place of business at a location other than as specified in the Supplement; and (b) not change its name, mailing address, location of Collateral, jurisdiction of incorporation or its legal structure.

**(d) Decals, Markings.** At the request of Agent or any Lender, following the occurrence and during the continuation of an Event of Default, firmly affix a decal, stencil or other marking to designated items of Equipment, indicating thereon the security interest of Agent.

**(e) Agreement with Persons in Possession of Collateral.** Use its commercially reasonable efforts to obtain and maintain such acknowledgments, consents, waivers and agreements (each a "**Waiver**") from the owner, operator, lienholder, mortgagee, landlord or any Person in possession of tangible Collateral in excess of One Hundred Thousand Dollars (\$100,000) per location as Agent may require, all in form and substance reasonably satisfactory to Agent. In addition, Agent shall have the right to require Borrower to use its commercially reasonable efforts to provide Agent with a Waiver for any Collateral that is located in a jurisdiction that provides for statutory landlord's Liens and for any location at which the Person in possession of such Collateral (except for changes in location of (i) items of moveable property such as laptop computers, (ii) goods in transit and (iii) other Collateral with an aggregate book value of less than One Hundred Thousand Dollars (\$100,000)) has a Lien thereon. Notwithstanding anything to the contrary in this Section 5.9(c), Borrower, Agent and Lenders acknowledge and agree that all material Intellectual Property and Records that are maintained on items of Collateral for which Borrower is unable to provide a Waiver also shall be maintained or backed up in a manner sufficient that Agent shall be able to have access to such Intellectual Property and Records in accordance with the exercise of Agent's rights hereunder.

**(f) Certain Agreements on Rights to Payment.** Other than in the ordinary course of business, not make any material discount, credit, rebate or other reduction in the original amount owing on a Right to Payment or accept in satisfaction of a Right to Payment less than the original amount thereof.

**5.10 Authorization for Automated Clearinghouse Funds Transfer.** (i) Authorize each Lender and Agent to initiate debit entries to Borrower's Primary Operating Account through Automated Clearinghouse ("ACH") transfers, in order to satisfy the regularly scheduled payments of principal and interest; (ii) provide Agent at least thirty (30) days' notice of any change in Borrower's Primary Operating Account; and (iii) grant Agent and each Lender any additional authorizations necessary to begin ACH debits from a new account which becomes the Primary Operating Account.

**5.11 Anti-Corruption Laws and Sanctions.**

(a) Provide true, accurate and complete information, in all material respects, in all product orders, reimbursement requests and other communications relating to Borrower and any Subsidiary and their respective products.

(b) Maintain in effect and apply policies and procedures designed to ensure compliance in all material respects by Borrower, its Subsidiaries and, in each case, their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries, and, in each case, their respective directors, officers and, to the knowledge of Company, employees and agents are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects.

**5.12 Use of Proceeds.** Apply the proceeds of the Loans towards (a) the repayment of existing Indebtedness of the Borrower on the Closing Date, and (b) the funding of the working capital and general corporate purposes of Borrower. The proceeds of the Loans will not be used in violation of Anti-Corruption Laws, Anti-Terrorism Laws or applicable Sanctions.

**5.13 Post-Closing Obligations.** Deliver to Agent, in form and substance acceptable to Agent in its commercially reasonable discretion, (a) on or before June 30, 2025 (or such later date as Agent may agree in writing), evidence that one hundred percent (100%) of the issued and outstanding capital stock of Spectral IP has been acquired (pursuant to an initial public offering, private acquisition or otherwise) by a non-Affiliate third-party; (b) no later than thirty (30) days after the Closing Date (or such later date as Agent may agree in writing), insurance endorsements showing Agent as lender's loss payee or additional insured on insurance policies as required pursuant to Section 5.5; (c) no later than three (3) Business Days after the Closing Date (or such later date as Agent may agree in writing), duly executed Account Control Agreements for all Collateral Accounts maintained by Borrower on the Closing Date (in each case, other than Excluded Accounts); (d) no later than thirty (30) days after the Closing Date (or such later date as Agent may agree in writing), evidence that the Morgan Stanley Account has been closed; and (e) no later than forty-five (45) days after the Closing Date (or such later date as Agent may agree in writing), a duly executed landlord consent for the location at 2515 McKinney Avenue, Dallas, Texas 75201.

**ARTICLE 6 - NEGATIVE COVENANTS**

During the term of this Agreement and until the performance of all Obligations (other than inchoate indemnity obligations), no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

**6.1 Indebtedness.** Create, incur, assume, or be liable for any Indebtedness, except for Permitted Indebtedness.

**6.2 Liens.** Create, incur, assume or permit to exist any Lien, or grant any other Person a negative pledge, on any of its property, except Permitted Liens and any negative pledge in respect of any asset subject to a Lien permitted by clause (c) of the definition of Permitted Liens. Each Loan Party, Agent and each Lender agree that this covenant is not intended to constitute a lien, deed of trust, equitable mortgage, or security interest of any kind on any of such Loan Party's real property, and this Agreement shall not be recorded or recordable. Notwithstanding the foregoing, however, violation of this covenant by a Loan Party or any Subsidiary shall constitute an Event of Default.

**6.3 Dividends.** Pay any dividends or purchase, redeem or otherwise acquire or make any other distribution with respect to any of its capital stock, except (a) dividends or other distributions paid by a Loan Party or a Subsidiary to another Loan Party, or a Subsidiary to another Subsidiary; (b) dividends or other distributions solely of capital stock (other than Disqualified Stock) of (i) Company or (ii) Spectral IP upon the consummation of its initial public offering; (c) so long as no Event of Default has occurred and is continuing or shall result therefrom, repurchases of stock from directors, officers, employees or contractors upon termination of employment or services under reverse vesting or similar repurchase plans not to exceed One Hundred Thousand Dollars (\$100,000) in any calendar year; (d) the conversion of Company's convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, and Company may make payments in cash for any fractional shares upon such conversion or in connection with the exercise or conversion of warrants, stock options or other securities, so long as such cash payments do not exceed Twenty Thousand Dollars (\$20,000) in any fiscal year of Company; and (e) the purchase, redemption or other acquisition of shares of Company's capital stock with the proceeds received from a substantially concurrent issue of new shares of its capital stock.

**6.4 Fundamental Changes.** (a) Liquidate or dissolve; (b) enter into any Change of Control; or (c) acquire all or substantially all of the capital stock or property of another Person. Notwithstanding anything to the contrary in this Section 6.4, Loan Parties and their Subsidiaries may enter into a transaction that will constitute a Change of Control so long as: (i) the Person that results from such Change of Control (the “**Surviving Entity**”) shall have executed and delivered to Agent an agreement in form and substance reasonably satisfactory to Agent, containing an assumption by the Surviving Entity of the due and punctual payment and performance of all Obligations and performance and observance of each covenant and condition of such Loan Party in the Loan Documents; (ii) all such obligations of the Surviving Entity to Lenders shall be guaranteed by any Person that directly or indirectly owns or controls fifty percent (50%) or more of the voting stock of the Surviving Entity; (iii) immediately after giving effect to such Change of Control, no Event of Default or, event which with the lapse of time or giving of notice or both, would result in an Event of Default shall have occurred and be continuing; and (iv) the credit risk to Lenders, in each Lender’s sole discretion, with respect to the Obligations and the Collateral shall not be increased. In determining whether the proposed Change of Control would result in an increased credit risk, Lenders may consider, among other things, changes in Borrower’s management team, employee base, access to equity markets, venture capital support, financial position and/or disposition of intellectual property rights which may reasonably be anticipated as a result of the Change of Control. In addition, (i) a Subsidiary may merge or consolidate into another Subsidiary, and (ii) a Loan Party may consolidate or merge with any Subsidiary provided that such Loan Party is the continuing or surviving Person.

**6.5 Sales of Assets.** Sell, offer for sale, assign, transfer, lease, license, donate, distribute or otherwise dispose of (a “**Transfer**”) any of Borrower’s or any Subsidiary’s assets except (a) non-exclusive licenses of Intellectual Property granted in the ordinary course of business consistent with industry practice, provided that such licenses of Intellectual Property neither result in a legal transfer or deemed transfer of title of the licensed Intellectual Property nor have the same effect as a sale or assignment of the licensed Intellectual Property; (b) Transfers of worn-out, obsolete or surplus property (each as determined by Borrower or applicable Subsidiary in its reasonable judgment); (c) Transfers of Inventory in the ordinary course of business; (d) Transfers constituting Permitted Liens; (e) Transfers permitted in Section 6.3, 6.4, 6.6 or 6.7; (f) Transfers of assets (other than Intellectual Property) for fair consideration and in the ordinary course of its business, (g) consisting of Borrower’s or its Subsidiaries’ use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (h) the sale or exchange of the stock of Spectral IP in connection with its consummation of its initial public offering, and (i) exclusive licenses granted for the use of Intellectual Property as long as such exclusivity is limited to a discrete geographic region outside the United States and such licenses do not result in a legal transfer or deemed transfer of title of such Intellectual Property or have the same effect as a sale or assignment of such Intellectual Property.

**6.6 Loans/Investments.** Make or suffer to exist any loans, guaranties, advances, investments or Acquisitions (“**Investments**”), except for Permitted Investments.

**6.7 Transactions with Related Persons.** Directly or indirectly enter into any transaction with or for the benefit of a Related Person on terms more favorable to the Related Person than would have been obtainable in an “arms’ length” dealing, except (a) sales of equity securities by Company and incurrence of Subordinated Debt for capital raising purposes, (b) Permitted Investments, and (c) Transfers permitted under Section 6.5.

**6.8 Other Business.** Engage in any material line of business other than the business Borrower conducts as of the Closing Date and any business substantially similar or related or incidental thereto.

**6.9 Financing Statements and Other Actions.** Fail to execute and deliver to Agent all financing statements, notices and other documents (including, without limitation, any filings with the United States Patent and Trademark Office and the United States Copyright Office) from time to time reasonably requested by Agent to maintain a perfected first priority security interest in the Collateral in favor of Agent, subject to Permitted Liens; perform such other acts, and execute and deliver to Agent such additional conveyances, assignments, agreements and instruments, as Agent may at any time reasonably request in connection with the administration and enforcement of this Agreement or Agent’s rights, powers and remedies hereunder.

**6.10 Compliance.** (a) Become required to be registered as an “investment company” or controlled by an “investment company,” within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Loan for such purpose; (b) fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur, all to extent applicable to such Loan Party; or (c) fail to comply with the Federal Fair Labor Standards Act, to extent applicable to such Loan Party, or violate any law or regulation, which violation could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Collateral or the priority of Agent’s Lien on the Collateral.

**6.11 Other Deposit and Securities Accounts.** Maintain any Collateral Account owned by a Loan Party or any Subsidiary except (i) Collateral Accounts as set forth in the Supplement, and (ii) other Collateral Accounts, in each case, subject to an Account Control Agreement or with respect to which such Loan Party (or such Subsidiary, as applicable) and Agent shall have taken such action as Agent reasonably deems necessary to obtain a perfected first priority security interest therein, subject to Permitted Liens; provided, it is agreed and understood that the Loan Parties shall have until the date that is three (3) Business Days after the Closing Date (or such later date as Agent may agree in writing) to comply with the provisions of this Section 6.11 with respect to Collateral Accounts of the Loan Parties and their Subsidiaries existing on the Closing Date. The provisions of the previous sentence shall not apply to any Excluded Account.

**6.12 Prepayment of Indebtedness.** Prepay, redeem or otherwise satisfy in any manner prior to the scheduled repayment thereof any Indebtedness (other than the Loans and Indebtedness permitted by Section 6.1). Notwithstanding the foregoing, Agent and each Lender agrees that the conversion or exchange into Company’s equity securities of any Indebtedness (other than the Loans) shall not be prohibited by this Section 6.12.

**6.13 Repayment of Subordinated Debt.** Repay, prepay, redeem or otherwise satisfy in any manner any Subordinated Debt, except in accordance with the terms of any subordination agreement among the applicable Loan Parties, Agent and the holder(s) of such Subordinated Debt. Notwithstanding the foregoing, each Lender agrees that (a) the conversion or exchange into Company’s equity securities of any Subordinated Debt and (b) the payment of cash in lieu of fractional shares shall not be prohibited by this Section 6.13.

#### **6.14 Subsidiaries.**

(a) Acquire or create any Subsidiary (other than an Immaterial Subsidiary), or permit any Subsidiary to cease to be an Immaterial Subsidiary, unless, in either case, such Subsidiary (i) becomes, at Agent’s option, either an Additional Borrower or a Guarantor, together with appropriate documentation (including a joinder agreement, a Guaranty, financing statements and/or Account Control Agreements), all in form and substance satisfactory to Agent (including being sufficient to grant Agent, for the benefit of Lenders, a first priority Lien (subject to Permitted Liens) in and to the assets of such Subsidiary); (ii) provides to Agent appropriate certificates and powers, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance satisfactory to Agent, and (iii) provides to Agent all other documentation in form and substance satisfactory to Agent, including one or more opinions of counsel satisfactory to Agent, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. For clarity, the Parties acknowledge and agree that Agent shall have the exclusive right to determine whether any such Person will be made an Additional Borrower or a Guarantor. Prior to the acquisition or creation of any such Subsidiary, Borrower shall notify Agent thereof in writing, which notice shall contain the jurisdiction of such Person’s formation and include a description of such Person’s fully diluted capitalization and Borrower’s purpose for its acquisition or creation of such Subsidiary. Notwithstanding anything set forth herein to the contrary, in no event shall Spectral IP be deemed a Loan Party or a Subsidiary for purposes of this Agreement and the transactions contemplated hereby following completion of its initial public offering.

(b) Sell, transfer, encumber or otherwise dispose of its ownership interest in any Subsidiary other than Permitted Liens or in a manner permitted under Section 6.4.

(c) Cause or permit a Subsidiary to do any of the following: (i) grant Liens on such Subsidiary’s assets, except for Liens that would constitute Permitted Liens if incurred by a Loan Party and Liens on any property held or acquired by such Subsidiary in the ordinary course of its business securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided, that such Lien attaches solely to the property acquired with such Indebtedness and that the principal amount of such Indebtedness does not exceed one hundred percent (100%) of the cost of such property; and (ii) issue any additional Shares, except to Borrower or a wholly owned Subsidiary of Borrower.

**6.15 Leases.** Create, incur, assume, or suffer to exist any obligation as lessee for the rental or hire of any personal property (“**Personal Property Leases**”), except for Personal Property Leases of Equipment in the ordinary course of business that do not in the aggregate require it to make payments (including Taxes, insurance, maintenance and similar expenses which it is required to pay under the terms of any such lease) in any calendar year in excess of One Hundred Thousand Dollars (\$100,000) in aggregate amount. For the avoidance of doubt, this Section 6.15 shall not be applicable to any licenses of over-the-counter software commercially available to the public by any Loan Party or any of their respective Subsidiaries in the ordinary course of business.

**6.16 Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.** Nor permit any of its directors, officers, employees and agents to: (a) take any action that would cause a violation of any Anti-Corruption Laws or any applicable Sanctions; (b) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person; (c) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti- Terrorism Law; or (d) directly or indirectly, offer, pay, give, promise or authorize the payment of any money, gift, or anything of value to any person acting in an official capacity for any government department, agency, or instrumentality, including state-owned or controlled companies or entities, and public international organizations, as well as a political party or official thereof or candidates for political office, except in compliance with applicable law.

**6.17 Offshore Assets.**

(a) Permit Spectral Ireland to maintain an aggregate balance and fair market value of cash and any other assets at any time that exceeds Zero Dollars (\$0).

(b) Permit Spectral UK to maintain assets at any time that exceeds a fair market value of One Million Dollars (\$1,000,000) (of which its aggregate balance of cash shall not at any time exceed Two Hundred Thousand Dollars (\$200,000)).

**ARTICLE 7 - EVENTS OF DEFAULT**

**7.1 Events of Default; Acceleration.** Upon the occurrence and during the continuation of any Event of Default, the obligation of each Lender to make any additional Loan shall be suspended. The occurrence and continuation of any of the following (each, an “**Event of Default**”) shall at the option of Agent, at the direction of Lenders (1) make all sums of Basic Interest and principal, as well as any other Obligations and amounts owing under any Loan Documents, immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or any other notices or demands, and (2) give Agent the right to exercise any other right or remedy provided by contract or applicable law:

(a) Borrower shall fail to pay any principal or interest under this Agreement or any Note, or fail to pay any fees or other charges when due under any Loan Document, and such failure continues for three (3) Business Days or more after the same first becomes due; or an Event of Default as defined in any other Loan Document shall have occurred.

(b) Any representation or warranty made, or financial statement, certificate or other document provided, by a Loan Party under any Loan Document shall prove to have been false or misleading in any material respect when made or deemed made herein.

(c) If there occurs any circumstance or circumstances that could reasonably be expected to have a Material Adverse Effect.

(d) (i) Borrower or a Subsidiary shall fail to pay its debts generally as they become due; or (ii) Borrower or a Subsidiary shall commence any Insolvency Proceeding with respect to itself, an involuntary Insolvency Proceeding shall be filed against Borrower or a Subsidiary, or a custodian, receiver, trustee, assignee for the benefit of creditors, or other similar official, shall be appointed to take possession, custody or control of the properties of Borrower or a Subsidiary, and such involuntary Insolvency Proceeding, petition or appointment is acquiesced to by Borrower or such Subsidiary or is not dismissed within forty five (45) days; or (iii) the dissolution, winding up, or termination of the business or cessation of operations of Borrower or a Subsidiary (including any transaction or series of related transactions deemed to be a liquidation, dissolution or winding up of Borrower or such Subsidiary pursuant to the provisions of Borrower’s or, as the case may be, such Subsidiary’s charter documents); or (iv) Borrower shall take any corporate action for the purpose of effecting, approving, or consenting to any of the foregoing.

(e) Borrower or a Subsidiary shall be in default beyond any applicable period of grace or cure under any other agreement involving the borrowing of money, the purchase of property, the advance of credit or any other monetary liability of any kind to any Lender or to any Person in an amount, individually or in the aggregate, in excess of the Threshold Amount.

(f) Any Governmental Authority or regulatory authority shall take any judicial or administrative action against Borrower or a Subsidiary (except to the extent such action is discharged or stayed pending appeal), or any defined benefit pension plan maintained by Borrower or a Subsidiary shall have any unfunded liabilities, any of which, in the reasonable judgment of Agent could reasonably be expected to have a Material Adverse Effect.

(g) Any sale, transfer or other disposition of all or a substantial or material part of the assets of a Loan Party, including without limitation to any trust or similar entity, shall occur.

(h) Any judgment(s) singly or in the aggregate in excess of the Threshold Amount (not covered by independent third-party insurance) shall be entered against Borrower or a Subsidiary which remain unsatisfied, unvacated or unstayed pending appeal for ten (10) or more days after entry thereof.

(i) There is a material impairment in the perfection or priority of Agent's security interest in the Collateral.

(j) If a Guaranty ceases for any reason to be in full force and effect, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of a Guaranty.

(k) Any Loan Party shall fail to perform or observe any covenant contained in Sections 5.1(c), 5.2, 5.4, 5.5, 5.12 or 5.13 or Article 6.

(l) Any Loan Party shall fail to perform or observe any covenant contained in Article 5 (other than Sections 5.1(c), 5.2, 5.4, 5.5, 5.12 or 5.13) or elsewhere in this Agreement or any other Loan Document (other than a covenant which is dealt with specifically elsewhere in this Article 7) and, if capable of being cured, the breach of such covenant is not cured within ten (10) days after the sooner to occur of such Loan Party's receipt of notice of such breach from Agent or the date on which such breach first becomes known to any officer of such Loan Party (the "**Notice Date**"); provided, however that if such breach is not capable of being cured within such 10-day period and such Loan Party timely notifies Agent and each Lender of such fact and such Loan Party diligently pursues such cure, then the cure period shall be extended to the date requested in such Loan Party's notice but in no event more than thirty (30) days from the Notice Date; provided, further, that such 30-day opportunity to cure shall not apply in the case of any failure to perform or observe any covenant which has been the subject of a prior failure within the preceding one hundred eighty (180) days or which is a willful and knowing breach by any Loan Party.

**7.2 Remedies upon an Event of Default.** Upon the occurrence and during the continuance of an Event of Default, Agent may, and at the direction of the Lenders shall, accelerate and demand payment of all or any part of the outstanding Obligations and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 7.1(d), all of the Obligations shall automatically be accelerated and made due and payable, in each case without any further notice or act). Each Loan Party, only upon the occurrence and during the continuation of an Event of Default, hereby irrevocably appoints Agent as its lawful attorney-in- fact to: (a) sign such Loan Party's name on any invoice or bill of lading for any account or drafts against account debtors; (b) demand, collect, sue, and give releases to any account debtor for monies due, settle and adjust disputes and claims about the accounts directly with account debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or Borrower's name, as Agent may elect); (c) make, settle, and adjust all claims under Borrower's insurance policies; (d) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (e) transfer the Collateral into the name of Agent or a third party as the UCC permits; (f) receive, open and dispose of mail addressed to such Loan Party; (g) endorse such Loan Party's name on any checks, payment instruments, or other forms of payment or security; and (h) notify all account debtors to pay Agent directly. Each Loan Party, only upon the occurrence and during the continuation of an Event of Default, hereby appoints Agent as its lawful attorney-in-fact to sign such Loan Party's name on any documents necessary to perfect or continue the perfection of Agent's security interest in the Collateral until all Obligations (other than inchoate indemnity obligations and other obligations which, by their terms, survive termination of this Agreement) have been satisfied in full and the Loan Documents (other than the Warrants) have been terminated. Agent's foregoing appointment as each Loan Party's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until all Obligations (other than inchoate indemnity obligations and other obligations which, by their terms, survive termination of this Agreement) have been fully repaid and performed and the Loan Documents have been terminated. During the continuance of an Event of Default, Agent may, and at the direction of the Lenders shall, exercise all rights and remedies with respect to the Collateral under the Loan Documents (other than the Warrants) or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Agent's rights and remedies shall be cumulative and not exclusive. The obligations of each Loan Party under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Obligations is rescinded or must otherwise be returned by Agent or any Lender upon, on account of, or in connection with, the insolvency, bankruptcy or reorganization of a Loan Party or otherwise, all as though such payment had not been made.

**7.3 Sale of Collateral.** Upon the occurrence and during the continuance of an Event of Default, Agent may, and at the direction of the Lenders shall, sell all or any part of the Collateral, at public or private sales, to itself, the Lenders, a designee of Lender, a wholesaler, retailer or investor, for cash, upon credit or for future delivery, and at such price or prices as Agent or Lenders may deem commercially reasonable. To the extent permitted by law, each Loan Party hereby specifically waives all rights of redemption and any rights of stay or appraisal which it has or may have under any applicable law in effect from time to time. Any such public or private sales shall be held at such times and at such place(s) as Agent or Lenders may determine. In case of the sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Agent until the selling price is paid by the purchaser, but neither Agent nor any Lender shall incur any liability in case of the failure of such purchaser to pay for the Collateral and, in case of any such failure, such Collateral may be resold. Agent may, at the direction of Lenders, instead of exercising its power of sale, proceed to enforce its security interest in the Collateral by seeking a judgment or decree of a court of competent jurisdiction. Without limiting the generality of the foregoing, if an Event of Default is in existence:

(1) Subject to the rights of any third parties, Agent may license, or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyrights, Patents or Trademarks included in the Collateral throughout the world for such term or terms, on such conditions and in such manner as Lenders shall in their sole discretion determine;

(2) Agent may (without assuming any obligations or liability thereunder), at any time and from time to time, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of the Loan Parties in, to and under any Copyright Licenses, Patent Licenses or Trademark Licenses and take or refrain from taking any action under any thereof, and each Loan Party hereby releases Agent and each Lender from, and agrees to hold Agent and each Lender free and harmless from and against any claims arising out of, any lawful action so taken or omitted to be taken with respect thereto other than claims arising out of Agent's or any Lender's gross negligence or willful misconduct; and

(3) Upon request by Agent, each Loan Party will execute and deliver to Agent a power of attorney, in form and substance reasonably satisfactory to Agent for the implementation of any lease, assignment, license, sublicense, grant of option, sale or other disposition of a Copyright, Patent or Trademark. In the event of any such disposition pursuant to this clause (3), each Loan Party shall supply its know-how and expertise relating to the products or services made or rendered in connection with Patents, the manufacture and sale of the products bearing Trademarks, and its customer lists and other records relating to such Copyrights, Patents or Trademarks and to the distribution of said products, to Agent.

(4) If, at any time when Agent or Lenders shall determine to exercise the right to sell the whole or any part of the Shares hereunder, such Shares or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act (or any similar statute), then Agent may, in its discretion (subject only to applicable requirements of law), sell such Shares or part thereof by private sale in such manner and under such circumstances as Agent or Lenders may deem necessary or advisable, but subject to the other requirements of this Article 7, and shall not be required to effect such registration or to cause the same to be effected. Without limiting the generality of the foregoing, in any such event, Agent may, at the direction of Lenders in their sole discretion (i) in accordance with applicable securities laws proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Shares or part thereof could be or shall have been filed under the Securities Act (or similar statute), (ii) approach and negotiate with a single possible purchaser to effect such sale, and (iii) restrict such sale to a purchaser who is an accredited investor under the Securities Act and who will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such Shares or any part thereof. In addition to a private sale as provided above in this Article 7, if any of the Shares shall not be freely distributable to the public without registration under the Securities Act (or similar statute) at the time of any proposed sale pursuant to this Article 7, then Agent shall not be required to effect such registration or cause the same to be effected but, in its discretion (subject only to applicable requirements of law), may require that any sale hereunder (including a sale at auction) be conducted subject to restrictions:

(A) as to the financial sophistication and ability of any Person permitted to bid or purchase at any such sale;

(B) as to the content of legends to be placed upon any certificates representing the Shares sold in such sale, including restrictions on future transfer thereof;

(C) as to the representations required to be made by each Person bidding or purchasing at such sale relating to such Person's access to financial information about Borrower or any of its Subsidiaries and such Person's intentions as to the holding of the Shares so sold for investment for its own account and not with a view to the distribution thereof; and

(D) as to such other matters as Agent may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the Bankruptcy Code and other laws affecting the enforcement of creditors' rights and the Securities Act and all applicable state securities laws.

(5) Each Loan Party recognizes that Agent may be unable to effect a public sale of any or all the Shares and may be compelled to resort to one or more private sales thereof in accordance with clause (4) above. Each Loan Party also acknowledges that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. Agent shall be under no obligation to delay a sale of any of the Shares for the period of time necessary to permit the applicable Subsidiary to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if the Loan Parties and/or the Subsidiary would agree to do so.

**7.4 Borrower's Obligations upon Default.** Upon the request of Agent, at the direction of Lenders, after the occurrence and during the continuance of an Event of Default, each Loan Party will:

(a) Assemble and make available to Agent the Collateral at such place(s) as Agent shall reasonably designate, segregating all Collateral so that each item is capable of identification; and

(b) Subject to the rights of any lessor, permit Agent, by Agent's officers, employees, agents and representatives, to enter any premises where any Collateral is located, to take possession of the Collateral, to complete the processing, manufacture or repair of any Collateral, and to remove the Collateral, or to conduct any public or private sale of the Collateral, all without any liability of Agent or any Lender for rent or other compensation for the use of Borrower's premises.

## **ARTICLE 8 - SPECIAL COLLATERAL PROVISIONS**

**8.1 Compromise and Collection.** Each Loan Party and Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Rights to Payment; that certain of the Rights to Payment may be or become uncollectible in whole or in part; and that the expense and probability of success of litigating a disputed Right to Payment may exceed the amount that reasonably may be expected to be recovered with respect to such Right to Payment. Each Loan Party hereby authorizes Agent, after and during the continuance of an Event of Default, to compromise with the obligor, accept in full payment of any Right to Payment such amount as Agent shall negotiate with the obligor, or abandon any Right to Payment. Any such action by Agent shall be considered commercially reasonable so long as Lenders have made the determination in good faith based on information known to them at the time Agent takes any such action.

**8.2 Performance of Loan Parties' Obligations.** Without having any obligation to do so, upon reasonable prior notice to a Loan Party, Agent may, at the direction of Lenders, perform or pay any obligation which such Loan Party has agreed to perform or pay under this Agreement, including, without limitation, the payment or discharge of Taxes or Liens levied or placed on or threatened against the Collateral, provided that Lenders shall fund amounts necessary to make such payments ratably in accordance with the principal amount of the Loans held by each Lender. In so performing or paying, Agent and Lenders shall determine the action to be taken and the amount necessary to discharge such obligations. Each Loan Party shall reimburse Agent on demand for any amounts paid by Agent and each Lender pursuant to this Section, whereupon Agent shall promptly deliver to Lenders such payments, which amounts shall constitute Obligations secured by the Collateral and shall bear interest from the date of demand at the Default Rate.

**8.3 Power of Attorney.** For the purpose of protecting and preserving the Collateral and Agent's rights under this Agreement, each Loan Party hereby irrevocably appoints Agent, with full power of substitution, as its attorney-in-fact with full power and authority, after the occurrence and during the continuance of an Event of Default, to do any act which such Loan Party is obligated to do hereunder; to exercise such rights with respect to the Collateral as such Loan Party might exercise; to use such Inventory, Equipment, Fixtures or other property as such Loan Party might use; to enter such Loan Party's premises; to give notice of Agent's security interest in, and to collect the Collateral; and before or after Default, to execute and file in such Loan Party's name any financing statements, amendments and continuation statements, account control agreements or other Security Documents necessary or desirable to create, maintain, perfect or continue the perfection of Agent's security interests in the Collateral. Each Loan Party hereby ratifies all that Agent shall lawfully do or cause to be done by virtue of this appointment.

**8.4 Authorization for Agent to Take Certain Action.** The power of attorney created in Section 8.3 is a power coupled with an interest and shall be irrevocable. The powers conferred on Agent hereunder or thereunder are solely to protect its interests in the Collateral and shall not impose any duty upon Agent to exercise such powers. Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and in no event shall Agent or any of its directors, officers, employees, agents or representatives be responsible to any Loan Party for any act or failure to act, except for gross negligence or willful misconduct. After the occurrence and during the continuance of an Event of Default, Agent may exercise this power of attorney without notice to or assent of the applicable Loan Party, in the name of the applicable Loan Party, or in Agent's own name, from time to time in Agent's sole discretion and at each Loan Party's expense. To further carry out the terms of this Agreement, after the occurrence and during the continuance of an Event of Default, Agent may, at the direction of Lenders:

(a) Execute any statements or documents or take possession of, and endorse and collect and receive delivery or payment of, any checks, drafts, notes, acceptances or other instruments and documents constituting Collateral, or constituting the payment of amounts due and to become due or any performance to be rendered with respect to the Collateral.

(b) Sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts; drafts, certificates and statements under any commercial or standby letter of credit relating to Collateral; assignments, verifications and notices in connection with Accounts; or any other documents relating to the Collateral, including without limitation the Records.

(c) Use or operate Collateral or any other property of a Loan Party for the purpose of preserving or liquidating Collateral.

(d) File any claim or take any other action or proceeding in any court of law or equity or as otherwise deemed appropriate by Agent for the purpose of collecting any and all monies due or securing any performance to be rendered with respect to the Collateral.

(e) Commence, prosecute or defend any suits, actions or proceedings or as otherwise deemed appropriate by Agent for the purpose of protecting or collecting the Collateral. In furtherance of this right, upon the occurrence and during the continuance of an Event of Default, Agent may apply for the appointment of a receiver or similar official to operate Borrower's business.

(f) Prepare, adjust, execute, deliver and receive payment under insurance claims, and collect and receive payment of and endorse any instrument in payment of loss or returned premiums or any other insurance refund or return, and apply such amounts at Agent's sole discretion, toward repayment of the Obligations or replacement of the Collateral.

**8.5 Application of Proceeds.** Any Proceeds and other monies or property received by Agent pursuant to the terms of this Agreement or any Loan Document may be applied as follows:

(a) First, to Agent, the aggregate amount of all costs, expenses, indemnities and other amounts required to be reimbursed to Agent, in its capacity as such, until paid in full;

(b) Second, to Agent, for the ratable benefit of Lenders (in accordance with the portion funded by each Lender), the aggregate amount of all Obligations arising on account of payments made by Agent in accordance with Section 8.2, until repaid in full;

(c) Third, to Lenders, ratably in accordance with principal amount of the Loans held by each Lender, an amount equal to the aggregate costs, expenses, indemnities or other amounts then required to be reimbursed to Lenders, until paid in full;

(d) Fourth, to Lenders, ratably in accordance with aggregate amount of any fees, premiums or similar payments due to each Lender in respect of the Loans held by such Lender, an amount equal to the aggregate fees, premiums or other similar such payments due to such Lender in respect of the Loans, until paid in full;

(e) Fifth, to Lenders, ratably in accordance with accrued and unpaid interest in respect of the Loans and the other Obligations due to each Lender, an amount equal to the aggregate accrued and unpaid interest on the Loans and other Obligations then due, until paid in full;

(f) Sixth, to Lenders, ratably in accordance outstanding principal due to each Lender in respect of the Loans, an amount equal to the aggregate principal outstanding in respect of the Loans then due, until paid in full;

(g) Seventh, to Agent and each Lender, ratably in accordance with any other Obligations due to such Lender, an amount equal to all other Obligations due and payable to Agent and each Lender, until paid in full; and

(h) Last, the balance, if any, to Borrower or as otherwise required by applicable law.

**8.6 Deficiency.** If the Proceeds of any disposition of the Collateral are insufficient to cover all costs and expenses of such sale and the payment in full of all the Obligations, plus all other sums required to be expended or distributed by Agent to Lenders, then Borrower shall be liable for any such deficiency.

**8.7 Agent Transfer.** Upon the transfer of all or any part of the Obligations, Agent may transfer its rights hereunder on all or part of the Collateral and shall be fully discharged thereafter from all liability and responsibility with respect to such Collateral so transferred, and the transferee shall be vested with all the rights and powers of Agent hereunder with respect to such Collateral so transferred, but with respect to any Collateral not so transferred, Agent shall retain all rights and powers hereby given.

#### **8.8 Agent's Duties.**

(a) Agent shall use reasonable care in the custody and preservation of any Collateral in its possession. Without limitation on other conduct which may be considered the exercise of reasonable care, Agent shall be deemed to have exercised reasonable care in the custody and preservation of such Collateral if such Collateral is accorded treatment substantially equal to that which Agent accords its own property, it being understood that Agent shall not have any responsibility for ascertaining or taking action with respect to calls, conversions, exchanges, maturities, declining value, tenders or other matters relative to any Collateral, regardless of whether Agent has or is deemed to have knowledge of such matters; or taking any necessary steps to preserve any rights against any Person with respect to any Collateral. Under no circumstances shall Agent be responsible for any injury or loss to the Collateral, or any part thereof, arising from any cause beyond the reasonable control of Agent.

(b) Agent may at any time deliver the Collateral or any part thereof to the applicable Loan Party and the receipt of such Loan Party shall be a complete and full acquittance for the Collateral so delivered, and Agent shall thereafter be discharged from any liability or responsibility therefor.

(c) Neither Agent, nor any of its directors, officers, employees, agents, attorneys or any other person affiliated with or representing Agent shall be liable for any claims, demands, losses or damages, of any kind whatsoever, made, claimed, incurred or suffered by a Loan Party or any other party through the ordinary negligence of Agent, or any of its directors, officers, employees, agents, attorneys or any other person affiliated with or representing Agent.

**8.9 Termination of Security Interests and Loan Documents.** Upon the payment in full of the Obligations (other than inchoate indemnity obligations and other obligations that survive termination) and satisfaction of all of Borrower's obligations (other than inchoate indemnity obligations and other obligations that survive termination) under this Agreement and the other Loan Documents (other than the Warrants), and if Lenders have no further obligations to make Loans in connection with their Commitment, the security interest granted hereby shall automatically terminate, all rights to the Collateral shall revert to the applicable Loan Party and this Agreement and the other Loan Documents shall terminate; provided that (i) those obligations, liabilities, covenants and terms that are expressly specified herein and in any other Loan Document as surviving that respective agreement's termination, including without limitation, each Loan Party's indemnity obligations set forth in this Agreement, shall continue to survive notwithstanding anything to the contrary set forth herein, and (ii) nothing set forth herein shall affect or be deemed to affect those obligations, liabilities, covenants and terms set forth in any warrant instrument issued to a Lender's parent company or set forth in any other equity securities or convertible debt securities of Company acquired by any Lender in connection with this Agreement. Upon any such termination, Agent shall (i) return all Collateral in its possession or control to the applicable Loan Party and, at each Loan Party's expense, execute and deliver to such Loan Party the documents as such Loan Party shall reasonably request to evidence such termination, and (ii) authorize each Loan Party to file any uniform commercial code or other terminations to document the release reflected in this Section 8.9. In connection therewith, Borrower agrees to provide each Lender with such information as may be reasonably requested by such Lender as to whether the securities issuable upon the exercise of any Warrant issued in connection with this Agreement constitute "qualified small business stock" for purposes of Section 1202(c) of the Internal Revenue Code.

## **ARTICLE 9 - GENERAL PROVISIONS**

**9.1 Notices.** Any notice given by any party under any Loan Document shall be in writing and personally delivered, sent by overnight courier, or United States mail, postage prepaid, or sent by facsimile or electronic mail, or other authenticated message, charges prepaid, to the other Party's or Parties' addresses shown on the Supplement. Each party may change the address, facsimile number or email address to which notices, requests and other communications are to be sent by giving written notice of such change to each other party. Notice given by hand delivery shall be deemed received on the date delivered; if sent by overnight courier, on the next Business Day after delivery to the courier service; if by first class mail, on the third Business Day after deposit in the U.S. Mail; and if by facsimile or electronic mail, on the date of transmission.

**9.2 Binding Effect.** The Loan Documents shall be binding upon and inure to the benefit of the Loan Parties, Lenders, Agent and their respective successors and assigns; provided, however, that no Loan Party may assign or transfer its rights or obligations under any Loan Document. Each Lender reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, such Lender's rights and obligations under the Loan Documents provided that, so long as no Event of Default has occurred and is continuing, neither Lender shall assign any of such rights or obligations to any competitor of Borrower. Without limiting the foregoing, any Lender may sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, such Lender's rights and obligations under the Loan Documents to any Affiliate of such Lender. In connection with any of the foregoing, Lenders and Agent may disclose all documents and information which Lenders and Agent now or hereafter may have relating to the Loans, the Loan Parties, or Borrower's business, provided that any Person who receives such information shall have agreed in writing in advance to maintain the confidentiality of such information on terms no less favorable to Borrower than are set forth in Section 9.13.

**9.3 No Waiver.** Any waiver, consent or approval by Agent and Lenders of any Event of Default or breach of any provision, condition, or covenant of any Loan Document must be in writing and shall be effective only to the extent set forth in writing. No waiver of any breach or default shall be deemed a waiver of any later breach or default of the same or any other provision of any Loan Document. No failure or delay on the part of Agent or any Lender in exercising any power, right, or privilege under any Loan Document shall operate as a waiver thereof, and no single or partial exercise of any such power, right, or privilege shall preclude any further exercise thereof or the exercise of any other power, right or privilege. Agent and each Lender has the right at its sole option to continue to accept interest and/or principal payments due under the Loan Documents after default, and such acceptance shall not constitute a waiver of said default or an extension of the maturity of any Loan unless Lenders agree otherwise in writing.

**9.4 Rights Cumulative.** All rights and remedies existing under the Loan Documents are cumulative to, and not exclusive of, any other rights or remedies available under contract or applicable law.

**9.5 Unenforceable Provisions.** Any provision of any Loan Document executed by a Loan Party which is prohibited or unenforceable in any jurisdiction, shall be so only as to such jurisdiction and only to the extent of such prohibition or unenforceability, but all the remaining provisions of any such Loan Document shall remain valid and enforceable.

**9.6 Accounting Terms.** Except as otherwise provided in this Agreement, accounting terms and financial covenants and information shall be determined and prepared in accordance with GAAP (except for the absence of footnotes and subject to year- end adjustments).

**9.7 Indemnification; Exculpation.** Each Loan Party shall pay and protect, defend and indemnify each Lender, Agent and each Lender's and Agent's employees, officers, directors, shareholders, affiliates, correspondents, agents and representatives (other than Lender, collectively "**Indemnified Parties**") against, and hold each Lender, Agent and each of such Indemnified Parties harmless from, all claims, actions, proceedings, liabilities, damages, losses, expenses (including, without limitation, attorneys' fees and costs) and other amounts incurred by each Lender, Agent and each of such Indemnified Parties, arising from (i) the matters contemplated by this Agreement or any other Loan Documents, (ii) any dispute between a Loan Party and a third party, or (iii) any contention that a Loan Party has failed to comply with any law, rule, regulation, order or directive applicable to Borrower's business; provided, however, that this indemnification shall not apply to any of the foregoing to the extent incurred as the result of any Lender's, Agent's or any of such Indemnified Parties' gross negligence or willful misconduct. This indemnification shall survive the payment and satisfaction of all of Borrower's Obligations to Lenders.

**9.8 Reimbursement.** Each Loan Party shall reimburse each Lender and Agent for all reasonable and documented out-of-pocket costs and expenses, including without limitation reasonable and documented out-of-pocket attorneys' fees and disbursements expended or incurred by each Lender and Agent in any arbitration, mediation, judicial reference, legal action or otherwise in connection with (a) the preparation and negotiation of the Loan Documents, (b) the amendment and enforcement of the Loan Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to each Lender's and Agent's rights, remedies and obligations under the Loan Documents, (c) collecting any sum which becomes due to each Lender under any Loan Document, (d) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, (e) the protection, preservation or enforcement of any rights of Lenders or Agent under the Loan Documents, or (f) any reasonable out of pocket due diligence expenses, including site visits, inspection of assets, travel, industry consultants and database access fees. For the purposes of this Section, attorneys' fees shall include, without limitation, fees incurred in connection with the following: (1) contempt proceedings; (2) discovery; (3) any motion, proceeding or other activity of any kind in connection with an Insolvency Proceeding; (4) garnishment, levy, and debtor and third party examinations; and (5) post-judgment motions and proceedings of any kind, including without limitation any activity taken to collect or enforce any judgment. All of the foregoing costs and expenses shall be payable upon demand by any Lender or Agent, and if not paid within forty-five (45) days of presentation of invoices shall bear interest at the Default Rate.

**9.9 Execution in Counterparts; Electronic Signatures.** This Agreement and the other Loan Documents may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. This Agreement and each of the other Loan Documents may be executed by electronic signatures. Each Loan Party, Agent and Lenders expressly agree to conduct the transactions contemplated by this Agreement and the other Loan Documents by electronic means (including, without limitation, with respect to the execution, delivery, storage and transfer of this Agreement and each of the other Loan Documents by electronic means and to the enforceability of electronic Loan Documents). Delivery of an executed signature page to this Agreement and each of the other Loan Documents by facsimile or other electronic mail transmission (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., [www.docusign.com](http://www.docusign.com)) shall be effective as delivery of a manually executed counterpart hereof and thereof, as applicable. The words "execution," "signed," "signature" and words of like import herein shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

**9.10 Entire Agreement.** The Loan Documents are intended by the Parties as the final expression of their agreement and therefore contain the entire agreement between the Parties and supersede all prior understandings or agreements concerning the subject matter hereof. This Agreement may be amended only in a writing signed by each Loan Party, Agent and each Lender.

**9.11 Governing Law and Jurisdiction.**

(a) THIS AGREEMENT AND THE LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH LOAN PARTY, AGENT AND EACH LENDER CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH LOAN PARTY, AGENT AND EACH LENDER IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. EACH LOAN PARTY, AGENT AND EACH LENDER EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW.

**9.12 Waiver of Jury Trial.** TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW, EACH LOAN PARTY, AGENT AND EACH LENDER WAIVES ITS RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH LOAN PARTY, AGENT AND EACH LENDER EACH AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEMS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

**9.13 Confidentiality.** Agent and each Lender agrees to hold in confidence all confidential information that it receives from a Loan Party pursuant to the Loan Documents, except for disclosure as shall be reasonably required: (a) to legal counsel and accountants for Agent and each Lender; (b) to other professional advisors to Agent and each Lender; (c) to regulatory officials having jurisdiction over Lender to the extent required by law; (d) to Agent's and each Lender's investors and prospective investors (subject to the same confidentiality obligation set forth herein), and in Agent's and each Lender's SEC filings as required by law; (e) as required by law or legal process or in connection with any legal proceeding to which Agent, any Lender and any Loan Party are adverse parties; (f) in connection with a disposition or proposed disposition of any or all of Agent's and any Lender's rights hereunder to any assignee or participant (subject to the same confidentiality obligation set forth herein); (g) to Agent's and each Lender's subsidiaries or Affiliates in connection with their business with the Loan Parties (subject to the same confidentiality obligation set forth herein); (h) as required by valid order of a court of competent jurisdiction, administrative agency or Governmental Authorities, or by any applicable law, rule, regulation, subpoena, or any other administrative or legal process, or by applicable regulatory or professional standards, including in connection with any judicial or other proceeding involving Agent or any Lender relating to this Agreement and the transactions contemplated hereby; and (i) as required in connection with Agent's and any Lender's examination or audit. For purposes of this Section, Agent, each Lender and each Loan Party agree that "confidential information" shall mean any information regarding or relating to a Loan Party other than: (i) information which is or becomes generally available to the public other than as result of a disclosure by Agent or any Lender in violation of this Section, (ii) information which becomes available to Agent or any Lender from any other source (other than a Loan Party) which neither Agent nor the relevant Lender knows is bound by a confidentiality agreement with respect to the information made available, and (iii) information that Agent or such Lender knows on a non-confidential basis prior to a Loan Party disclosing it to Agent or such Lender. In addition, each Loan Party agrees that Agent and each Lender may use Borrower's name, logo and/or trademark in connection with certain promotional materials that Agent and any Lender may disseminate to the public, including, but are not limited to, brochures, internet website, press releases and any other materials relating to the fact that Agent and each Lender has a financing relationship with Borrower.

**9.14 Patriot Act.** Each Lender that is subject to the requirements of the Patriot Act hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the Patriot Act.

#### **ARTICLE 10 - AGENCY.**

**10.1 Appointment.** Each Lender hereby irrevocably appoints Avenue Venture Opportunities Fund II, L.P. to act on its behalf as the administrative agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

**10.2 Indemnity.** Each Lender agrees to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Loan Parties and without limiting the obligation of the Loan Parties to do so), according to its respective Commitment percentage in effect on the date on which indemnification is sought under this Section 10.2, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of, this Agreement, a Supplement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing; The agreements in this Section shall survive the payment of each Loan and all other amounts payable hereunder. Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of any Lender or as Agent shall believe in good faith shall be necessary, under the circumstances or (ii) in the absence of its own gross negligence or willful misconduct.

**10.3 Duties.** Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article 4 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

**10.4 Reliance by Agent.** Agent may rely, and shall be fully protected in acting, or refraining to act, upon, any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document that it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, teletypes and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to Agent and conforming to the requirements of this Agreement or any of the other Loan Documents. Agent may consult with counsel, and any opinion or legal advice of such counsel shall be full and complete authorization and protection in respect of any action taken, not taken or suffered by Agent hereunder or under any Loan Documents in accordance therewith. Agent shall have the right at any time to seek instructions concerning the administration of the Collateral from any court of competent jurisdiction. Agent shall not be under any obligation to exercise any of the rights or powers granted to Agent by this Agreement, the Supplement and the other Loan Documents at the request or direction of Lenders unless Agent shall have been provided by Lenders with adequate security and indemnity against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction.

**10.5 Collateral Agent.** The Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders hereby irrevocably appoints and authorizes the Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by the Loan Parties to secure any of the Obligations. Each Lender hereby authorizes Agent, on behalf of and for the ratable benefit of Lenders, in its capacity as collateral agent, to enter into any of the Loan Documents as secured party for purposes of acquiring, holding and enforcing all Liens on Collateral (and any other collateral from time to time securing the Obligations), and as Agent for and representative of Lender thereunder, and each Lender agrees to be bound by the terms of each such document. All powers, rights and remedies under the Loan Documents may be exercised solely by Agent for the benefit of Lenders and Agent in accordance with the terms thereof. In the event of a foreclosure on any of the Collateral pursuant to a public or private sale, either Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and Agent, as agent for and representative of Lenders (but not any Lender or Lenders in its or their respective individual capacities unless Lenders shall otherwise agree in writing) shall be entitled (subject to the proviso at the end of this sentence), for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any Collateral payable by Agent at such sale; provided however, that neither Agent nor any Lender shall “credit bid” at any foreclosure and/or other public or private sale absent the consent of the Lenders. Without limiting the generality of the foregoing, Agent is hereby expressly authorized to execute any and all documents (including releases) that bind Lenders with respect to (i) the Collateral and the rights of Lenders with respect thereto, as contemplated by and in accordance with the provisions of the Loan Documents, and (ii) any other subordination agreement with respect to any Subordinated Debt.

**10.6 Successor Agents.** Agent may resign upon thirty (30) days’ notice to the Lenders and Borrower. If Agent shall resign in its capacity under this Agreement and the other Loan Documents, then the Lenders shall appoint a successor agent, whereupon such successor agent shall succeed to the rights, powers and duties of Agent in its capacity, and the term “Agent” shall mean such successor agent effective upon such appointment and approval, and the former Agent’s rights, powers and duties as Agent in its capacity shall be terminated, without any other or further act or deed on the part of such former Agent or any of the Parties or any Lender. If no applicable successor agent has accepted appointment as such Agent in its capacity by the date that is twenty (20) days following such retiring Agent’s notice of resignation, such retiring Agent’s resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of such Agent hereunder until such time, if any, as the Lenders appoint a successor agent as provided for above. After any retiring Agent’s resignation as Agent, the provisions of this Article 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement and the other Loan Documents.

## **ARTICLE 11 - DEFINITIONS**

The definitions appearing in this Agreement or any Supplement shall be applicable to both the singular and plural forms of the defined terms:

“**Account**” means any “account,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all accounts receivable, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments) now owned or hereafter received or acquired by or belonging or owing to a Loan Party (including, without limitation, under any trade name, style or division thereof) whether arising out of goods sold or services rendered by a Loan Party or from any other transaction, whether or not the same involves the sale of goods or services by a Loan Party (including, without limitation, any such obligation that may be characterized as an account or contract right under the UCC) and all of a Loan Party’s rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of a Loan Party’s rights to any goods represented by any of the foregoing (including, without limitation, unpaid seller’s rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), and all monies due or to become due to a Loan Party under all purchase orders and contracts for the sale of goods or the performance of services or both by a Loan Party or in connection with any other transaction (whether or not yet earned by performance on the part of a Loan Party), now in existence or hereafter occurring, including, without limitation, the right to receive the proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

**“Account Control Agreement”** means any control agreement among (i) the depository institution at which a Loan Party (or, as applicable, its Subsidiary) maintains a Deposit Account or the securities intermediary or commodity intermediary at which a Loan Party (or, as applicable, its Subsidiary) maintains a Securities Account or a Commodity Account, (ii) a Loan Party (or, as applicable, its Subsidiary), and (iii) Agent, pursuant to which Agent obtains control (within the meaning of the UCC) over such Deposit Account, Securities Account, or Commodity Account.

**“Account Debtor”** means any “account debtor” as defined in the UCC with such additions to such term as may hereafter be made.

**“Acquisition”** or **“Acquired”** means any transaction or series of related transactions (including without limitation by way of merger or in licensing arrangement) for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business, line of business, product line or division or other unit of operation of a Person; (b) the acquisition of fifty percent (50%) or more of the capital stock of any Person, whether or not involving a merger, consolidation or similar transaction with such other Person, or otherwise causing any Person to become a Subsidiary of Borrower; or (c) the acquisition of, or the right to use, develop or sell (in each case, including through licensing (other than “off-the-shelf” licenses)), any product, product line or intellectual property of or from any other Person.

**“Additional Borrower”** means a Person who becomes a Borrower after the Closing Date in accordance with [Section 6.14\(a\)](#).

**“Affiliate”** means any Person which directly or indirectly controls, is controlled by, or is under common control with Borrower. “Control,” “controlled by” and “under common control with” mean direct or indirect possession of the power to direct or cause the direction of management or policies (whether through ownership of voting securities, by contract or otherwise); provided, that control shall be conclusively presumed when any Person or affiliated group directly or indirectly owns five percent (5%) or more of the securities having ordinary voting power for the election of directors of a corporation.

**“Anti-Corruption Laws”** means all laws, rules, and regulations of any jurisdiction applicable to Company or any of its Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and other similar legislation in any other jurisdictions.

**“Anti-Terrorism Laws”** means any laws, rules, regulations or orders relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the Patriot Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

**“Bankruptcy Code”** means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, [et seq.](#)), as amended.

**“Basic Interest”** means the rate of interest payable on the outstanding balance of each Loan at the applicable Designated Rate.

**“Blocked Person”** means: (a) any Person listed in the annex to, or that is otherwise subject to the provisions of, Executive Order No. 13224; (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (d) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in Executive Order No. 13224; or (e) a Person that is named a “specially designated national” or “blocked person” on the most current list published by OFAC or other similar list.

**“Borrower”** means, individually and collectively, jointly and severally, Company, Spectral Holdings, Spectral MD, and each Additional Borrower.

**“Borrowing Date”** means the Business Day on which the proceeds of a Loan are disbursed by any Lender.

**“Borrowing Request”** means a written request from Borrower in substantially the form of [Exhibit “B”](#) to the Supplement, requesting the funding of one or more Loans on a particular Borrowing Date.

**“Business Day”** means any day other than a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to close.

**“Cash Equivalents”** means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc.; (c) certificates of deposit issued by any bank with assets of at least Five Hundred Million Dollars (\$500,000,000) maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95.0%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

**“Change of Control”** means: (a) any sale, license, or other disposition of all or substantially all of the assets of a Loan Party; (b) any reorganization, consolidation, merger or other transaction involving a Loan Party; or (c) any transaction or series of related transactions in which any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, the power to control the management of Company, or to control the equity interests of Company entitled to vote for members of the Board of Directors or equivalent governing body of Company on a fully-diluted basis (and taking into account all such securities that such Person or Persons have the right to acquire pursuant to any option right) representing fifty percent (50%) or more of the combined voting power of such securities (other than a sale to recognized venture capital investors in a transaction or series of transactions effected by Company for financing purposes, so long as Company identifies to Agent and each Lender the venture capital investors prior to the closing of the transaction and provides Agent and each Lender with a description of the material terms of such transaction).

**“Chattel Paper”** means any “chattel paper,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

**“Closing Date”** means the date of this Agreement.

**“Collateral”** means all of each Loan Party’s right, title and interest in and to the following property and other assets including without limitation the following, whether now owned or hereafter acquired and wherever located: (a) all Receivables; (b) all Equipment; (c) all Fixtures; (d) all General Intangibles (including Intellectual Property); (e) all Inventory; (f) all Investment Property; (g) all Deposit Accounts; (h) all cash, Cash Equivalents and liquid funds, (i) all Shares; (j) all other Goods and personal property of such Loan Party, whether tangible or intangible and whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, such Loan Party and wherever located, and any of such Loan Party’s property in the possession or under the control of Agent; (k) all Records; and (l) all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

Notwithstanding the foregoing the term “Collateral” shall not include: (i) “intent-to-use” trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, but only to the extent the granting of a security interest in such “intent to use” trademarks would be contrary to applicable law, and upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use of an intent-to-use trademark application pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use application shall constitute Collateral; (ii) any contract, Instrument or Chattel Paper in which a Loan Party has any right, title or interest if and to the extent such contract, Instrument or Chattel Paper includes a provision containing a restriction on assignment such that the creation of a security interest in the right, title or interest of such Loan Party therein would be prohibited and would, in and of itself, cause or result in a default thereunder enabling another person party to such contract, Instrument or Chattel Paper to enforce any remedy with respect thereto; provided, however, that the foregoing exclusion shall not apply if (A) such prohibition has been waived or such other person has otherwise consented to the creation hereunder of a security interest in such contract, Instrument or Chattel Paper, or (B) such prohibition would be rendered ineffective pursuant to Sections 9-406, 9-407 and 9-408 of Article 9 the UCC, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law (including the Bankruptcy Code or principles of equity); provided, further, that immediately upon the ineffectiveness, lapse or termination of any such provision, the term “Collateral” shall include, and each Loan Party shall be deemed to have granted a security interest in, all its rights, title and interests in and to such contract, Instrument or Chattel Paper as if such provision had never been in effect; and provided further that the foregoing exclusion shall in no way be construed so as to limit, impair or otherwise affect Agent’s unconditional continuing security interest in and to all rights, title and interests of each Loan Party in or to any payment obligations or other rights to receive monies due or to become due under any such contract, Instrument or Chattel Paper and in any such monies and other proceeds of such contract, Instrument or Chattel Paper; (iii) more than sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities directly owned by any Loan Party in any (x) Foreign Subsidiary, to the extent such Foreign Subsidiary constitutes an Immaterial Subsidiary, or (y) Foreign Subsidiary Holding Company; (iv) motor vehicles subject to certificates of title, except to the extent a security interest therein may be perfected by the filing of a UCC financing statement; (v) any real property; or (vi) any Excluded Account.

“**Collateral Account**” means any Deposit Account, Securities Account, or Commodity Account.

“**Commitment**” means the obligation of each Lender to make Loans to Borrower up to the aggregate principal amount set forth in the Supplement.

“**Commodity Account**” means a “commodity account” as defined in the UCC.

“**Compliance Certificate**” has the meaning given to such term in [Section 5.2\(c\)](#).

“**Copyright License**” means any written agreement granting any right to use any Copyright or Copyright registration now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Copyrights**” means all of the following now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest: (i) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or of any other country; (ii) all registrations, applications and recordings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (iii) all continuations, renewals or extensions thereof; and (iv) any registrations to be issued under any pending applications.

“**Default**” means an event which with the giving of notice, passage of time, or both would constitute an Event of Default.

“**Default Rate**” means the applicable Designated Rate plus five percent (5%) per annum.

“**Deposit Accounts**” means any “deposit accounts,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Designated Rate**” means the rate of interest per annum described in the Supplement as being applicable to an outstanding Loan from time to time.

“**Disqualified Stock**” means any capital stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Loans mature.

“**Documents**” means any “documents,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Dollars**” or “**\$**” means lawful currency of the United States.

“**Domestic Subsidiary**” is a Subsidiary organized under the laws of the United States, any State or territory thereof, or the District of Columbia.

“**Environmental Laws**” means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case relating to environmental, health, or safety matters.

“**Equipment**” means any “equipment,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

“**Event of Default**” means any event described in [Section 7.1](#).

“**Excluded Account**” means any of the following Deposit Accounts which are designated as such in writing to Agent as of the Closing Date or, with respect to any Deposit Account opened after the Closing Date, in the next Compliance Certificate delivered after such Deposit Account is opened: (i) Deposit Accounts exclusively used for payroll, payroll Taxes and other employee wage and benefit payments to or for the benefit of Borrower’s or such Subsidiary’s employees, (ii) zero balance accounts, and (iii) the Morgan Stanley Account.

**“Foreign Subsidiary”** is any Subsidiary which is not a Domestic Subsidiary.

**“Foreign Subsidiary Holding Company”** means any Domestic Subsidiary that owns (directly or indirectly) no material assets other than capital stock, membership units or other securities of one or more (a) Foreign Subsidiaries that constitute Immaterial Subsidiaries, and/or (b) other Foreign Subsidiary Holding Companies.

**“Fixtures”** means any “fixtures,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

**“GAAP”** means generally accepted accounting principles and practices consistent with those principles and practices promulgated or adopted by the Financial Accounting Standards Board and the Board of the American Institute of Certified Public Accountants, their respective predecessors and successors. Each accounting term used but not otherwise expressly defined herein shall have the meaning given it by GAAP.

**“General Intangibles”** means any “general intangibles,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest and, in any event, shall include, without limitation, all right, title and interest that a Loan Party may now or hereafter have in or under any contract, all customer lists, Copyrights, Trademarks, Patents, websites, domain names, and all applications therefor and reissues, extensions, or renewals thereof, other items of, and rights to, Intellectual Property, interests in partnerships, joint ventures and other business associations, Licenses, permits, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, recipes, experience, processes, models, drawings, materials and records, goodwill (including, without limitation, the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License), claims in or under insurance policies, including unearned premiums, uncertificated securities, money, cash or Cash Equivalents, deposit, checking and other bank accounts, rights to sue for past, present and future infringement of Copyrights, Trademarks and Patents, rights to receive Tax refunds and other payments and rights of indemnification.

**“Goods”** means any “goods,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

**“Governmental Authority”** means any national, supranational, federal, state, county, provincial, local, municipal or other government or political subdivision thereof (including any regulatory agency), whether domestic or foreign, and any agency, authority, commission, ministry, instrumentality, regulatory body, court, tribunal, arbitrator, central bank or other Person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to any such government.

**“Guarantor”** means any Subsidiary of Borrower that enters into a Guaranty; provided however, that in no event shall Spectral IP be a Guarantor of the Obligations hereunder.

**“Guaranty”** means a guaranty with respect to the Obligations, in form and substance satisfactory to Agent that may be entered into from time to time, as the same may from time to time be amended, restated, modified or otherwise supplemented.

**“Healthcare Laws”** means all applicable laws relating to the operation or management of hospitalist practices, the provision of hospitalist services, proper billing and collection practices relating to the payment for healthcare services, insurance law (including law related to payment for “no-fault” claims) and workers compensation law as they relate to the provision of, and billing and payment for, healthcare services, patient healthcare, patient healthcare information, patient abuse, the quality and adequacy of rehabilitative care, rate setting, equipment, personnel, operating policies, fee splitting, including, without limitation, (a) all federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Stark Law (42 U.S.C. § 1395nn), the civil False Claims Act (31 U.S.C. § 3729 et seq.), the administrative False Claims Law (42 U.S.C. § 1320a-7b(a)), the Anti-Inducement Law (42 U.S.C. § 1320a-7a(a)(5)), the exclusion laws (42 U.S.C. § 1320a-7); (b) the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009; (c) the Medicare Regulations and the Medicaid Program (Title XIX of the Social Security Act); (d) quality, safety and accreditation standards and requirements of all applicable state laws or regulatory bodies; (e) all laws, policies, procedures, requirements and regulations pursuant to which Healthcare Permits are issued; (f) any laws, regulations or administrative guidance with respect to fee splitting by healthcare professionals and the corporate practice of medicine in any jurisdiction in which any Borrower operates; and (g) any and all comparable state or local laws and other applicable health care laws, regulations, manual provisions, policies and administrative guidance, each of (a) through (g) as may be amended from time to time and the regulations promulgated pursuant to each such law.

**“Healthcare Permit”** means, with respect to any Person, a permit issued or required under Healthcare Laws applicable to the business of Borrower, or necessary in the possession, ownership, warehousing, marketing, promoting, sale, labeling, furnishing, distribution or delivery of goods or services under Healthcare Laws applicable to the business of Borrower.

**“Immaterial Subsidiary”** means, as of any date of determination, any Foreign Subsidiary if and for so long as such Foreign Subsidiary: (a) does not have, together with all other Immaterial Subsidiaries in the aggregate, total assets exceeding a book value of ten percent (10.0%) of the consolidated total assets of Company and its Subsidiaries (determined on a consolidated basis and in accordance with GAAP, excluding any intercompany items in the ordinary course of business); and (b) does not own any Intellectual Property material to Borrower’s business; provided, that any Subsidiary will cease to be an Immaterial Subsidiary to the extent the above required terms are not satisfied; provided, further, that Borrower may designate any Subsidiary as ceasing to be an Immaterial Subsidiary to cause the above required terms to be satisfied. For the avoidance of doubt, as of the Closing Date the Borrower has designated each Specified Subsidiary as an Immaterial Subsidiary.

**“Indebtedness”** of any Person means at any date, without duplication and without regard to whether matured or unmatured, absolute or contingent: (i) all obligations of such Person for borrowed money; (ii) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments; (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (iv) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (v) all obligations of such Person as lessee under capital leases; (vi) all obligations of such Person to reimburse or prepay any bank or other Person in respect of amounts paid under a letter of credit, banker’s acceptance, or similar instrument, whether drawn or undrawn; (vii) all obligations of such Person to purchase securities which arise out of or in connection with the sale of the same or substantially similar securities; (viii) all obligations of such Person to purchase, redeem, exchange, convert or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, now or hereafter outstanding, except to the extent that such obligations remain performable solely at the option of such Person; (ix) all obligations to repurchase assets previously sold (including any obligation to repurchase any accounts or chattel paper under any factoring, receivables purchase, or similar arrangement); (x) obligations of such Person under interest rate swap, cap, collar or similar hedging arrangements or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; and (xi) all obligations of others of any type described in clause (i), through clause (x) above guaranteed by such Person.

**“Insolvency Proceeding”** means with respect to a Person (a) any case, action or proceeding before any court or other governmental authority relating to bankruptcy, reorganization, insolvency liquidation, receivership, dissolution, winding-up or relief of debtors with respect to such Person, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of such Person’s creditors generally or any substantial portion of its creditors, undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code, but in each case, excluding any avoidance or similar action against such Person commenced by an assignee for the benefit of creditors, bankruptcy trustee, debtor in possession, or other representative of another Person or such other Person’s estate.

**“Instruments”** means any “instrument,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

**“Intellectual Property”** means all of each Loan Party’s Copyrights, Trademarks, Patents, Licenses, trade secrets, source codes, customer lists, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, skill, expertise, experience, processes, models, drawings, materials, records and goodwill associated with the foregoing.

“**Intellectual Property Security Agreement**” means any Intellectual Property Security Agreement executed and delivered by each Loan Party in favor of Agent, as the same may be amended, supplemented, or restated from time to time.

“**Inventory**” means any “inventory,” as such term is defined in the UCC, wherever located, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest, and, in any event, shall include, without limitation, all inventory, goods and other personal property that are held by or on behalf of a Loan Party for sale or lease or are furnished or are to be furnished under a contract of service or that constitute raw materials, work in process or materials used or consumed or to be used or consumed in Borrower’s business, or the processing, packaging, promotion, delivery or shipping of the same, and all finished goods, whether or not the same is in transit or in the constructive, actual or exclusive possession of a Loan Party or is held by others for such Loan Party’s account, including, without limitation that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use of an intent-to-use trademark application pursuant to 15 U.S.C. Section 1060(a) (or any successor provision) such intent-to-use application shall constitute Collateral, all goods covered by purchase orders and contracts with suppliers and all goods billed and held by suppliers and all such property that may be in the possession or custody of any carriers, forwarding agents, truckers, warehousemen, vendors, selling agents or other Persons.

“**Investment Property**” means any “investment property,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Letter of Credit Rights**” means any “letter of credit rights,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest, including any right to payment under any letter of credit.

“**License**” means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest and any renewals or extensions thereof.

“**Lien**” means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

“**Loan**” has the meaning specified in the Supplement.

“**Loan Documents**” means, individually and collectively, this Agreement, each Supplement, each Note, each Intellectual Property Security Agreement, and any other security or pledge agreement(s), any Warrant issued by Company in connection with this Agreement, any Account Control Agreement, any deed of guaranty provided by a Guarantor in favor of Agent and Lenders, any subordination agreement, any landlord waiver and consents, any bailee waiver and consents, any agreement identified therein as a “Loan Document” by Company and Agent, and all other contracts, instruments, addenda and documents executed in connection with this Agreement or the extensions of credit which are the subject of this Agreement.

“**Loan Party**” means, individually and collectively, each Borrower and each Guarantor.

“**Material Adverse Effect**” or “**Material Adverse Change**” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, or financial condition of any Loan Party; (b) a material impairment of (i) the ability of any Loan Party to perform under any Loan Document or (ii) the prospect of Borrower’s repayment of any portion of the Obligations; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document.

“**Maturity Date**” has the meaning specified in the Supplement.

“**Morgan Stanley Account**” means that certain Deposit Account maintained by Company at Morgan Stanley with account number 747051990103, as disclosed and described in the Perfection Certificate issued by the Company.

“**Note**” means a promissory note substantially in the form attached to the Supplement as Exhibit “A”, executed by Borrower evidencing each Loan.

“**Obligations**” means all debts, obligations and liabilities of each Loan Party to each Lender or Agent now or hereafter made, incurred or created under, pursuant to or in connection with this Agreement or any other Loan Document (other than the Warrants), whether voluntary or involuntary and however arising or evidenced, whether direct or acquired by such Lender or Agent by assignment or succession, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether the Loan Parties may be liable individually or jointly, or whether recovery upon such debt may be or become barred by any statute of limitations or otherwise unenforceable; and all renewals, extensions and modifications thereof; and all attorneys’ fees and costs incurred by each Lender and Agent in connection with the collection on and enforcement thereof as provided for in any such Loan Document (other than the Warrants).

“**OFAC**” means the U.S. Department of Treasury Office of Foreign Assets Control.

“**Party**” means a party to this Agreement.

“**Patent License**” means any written agreement granting any right with respect to any invention on which a Patent is in existence now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Patents**” means all of the following property now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest: (a) all letters patent of, or rights corresponding thereto in, the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto in, the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, continuations, continuations-in-part or extensions thereof; (c) all petty patents, divisionals, and patents of addition; and (d) all patents to be issued under any such applications.

“**Patriot Act**” means the USA PATRIOT Act, Title III of Pub. L. 107-56, signed into law on October 26, 2001 or any subsequent legislation that amends, supplements or supersedes such Act.

“**Perfection Certificate**” means each perfection certificate, dated as of the Closing Date, issued by the applicable Loan Party in favor of Agent in connection with this Agreement.

“**Permitted Indebtedness**” means:

(a) unsecured Indebtedness incurred for the acquisition of supplies, inventory or other property or services on normal trade credit in the ordinary course of business;

(b) Indebtedness incurred pursuant to one or more transactions permitted under Section 6.4;

(c) Indebtedness of the Loan Parties under this Agreement and the other Loan Documents;

(d) Subordinated Debt;

(e) any Indebtedness as shown on Schedule 6.1;

(f) Indebtedness secured by a Lien described in clause (c) of the defined term “Permitted Liens” not to exceed One Hundred Thousand Dollars (\$100,000) in aggregate principal amount outstanding at any time;

(g) Indebtedness incurred under corporate credit cards not to exceed One Hundred Thousand Dollars (\$100,000) in aggregate principal amount outstanding at any time;

(h) guaranties and similar surety obligations in respect of Indebtedness otherwise constituting Permitted Indebtedness;

(i) intercompany Indebtedness of any Loan Party or any Subsidiary owing to another Loan Party or Subsidiary; provided, that, with respect to any such Indebtedness that is owing by a Loan Party to a Subsidiary that is not a Loan Party, such Indebtedness is unsecured and otherwise constitutes a Permitted Investment;

(j) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business that are promptly paid on or before the date they become due, in an aggregate amount not to exceed Eight Hundred Thousand Dollars (\$800,000) at any time outstanding;

(k) Indebtedness in respect of netting services and overdraft protection in connection with deposit accounts in the ordinary course of business;

(l) unsecured Indebtedness consisting of reasonable deferred compensation to employees of the Loan Parties and their Subsidiaries incurred in the ordinary course of business, not to exceed the Threshold Amount in the aggregate at any time outstanding;

(m) extensions, refinancings and renewals of any of the foregoing; provided that the principal amount thereof is not increased; and

(n) other unsecured Indebtedness not exceeding in the aggregate at any time outstanding One Hundred Thousand Dollars (\$100,000).

**“Permitted Investment”** means:

(a) accounts receivable in the ordinary course of Borrower’s business;

(b) Investments in domestic certificates of deposit issued by, and other domestic investments with, financial institutions organized under the laws of the United States or a state thereof, having at least One Hundred Million Dollars (\$100,000,000) in capital and a rating of at least “investment grade” or “A” by Moody’s or any successor rating agency;

(c) Investments in marketable obligations of the United States of America and in open market commercial paper given the highest credit rating by a national credit agency and maturing not more than one year from the creation thereof;

(d) temporary advances to cover incidental expenses to be incurred in the ordinary course of business;

(e) Investments in joint ventures, strategic alliances, licensing and similar arrangements customary in Borrower’s industry and which do not require any Loan Party to assume or otherwise become liable for the obligations of any third party not directly related to or arising out of such arrangement or, without the prior written consent of Agent and each Lender, require such Loan Party to transfer ownership of non- cash assets to such joint venture or other entity;

(f) Investments (i) in any Loan Party, or (ii) in Spectral UK that does not exceed One Million Two Hundred Thousand Dollars (\$1,200,000) in the aggregate in any fiscal year of Company;

(g) Investments as shown on Schedule 6.6;

(h) Investments accepted in connection with Transfers permitted by Section 6.5;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower’s business;

(j) Investments permitted under Section 6.11;

(k) to the extent constituting Investments, Permitted Indebtedness;

(l) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions to, customers and suppliers in the ordinary course of business;

(m) Investments by wholly owned Subsidiaries in other wholly owned Subsidiaries or in a Loan Party;

(n) Investments acquired in connection with the settlement of delinquent accounts receivable in the ordinary course of business or in connection with the bankruptcy of reorganization of suppliers or customers;

(o) to the extent constituting Investments, (i) Collateral Accounts maintained by any Loan Party or any of their Subsidiaries in accordance with Section 6.11 and (ii) Excluded Accounts; and

(p) guaranty obligations in respect of leases (other than capital lease obligations) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business.

**“Permitted Lien”** means:

(a) involuntary Liens which, in the aggregate, would not have a Material Adverse Effect and which in any event would not exceed, in the aggregate, the Threshold Amount;

(b) Liens for current Taxes or other governmental or regulatory assessments which are not delinquent, or which are contested in good faith by the appropriate procedures and for which appropriate reserves are maintained;

(c) security interests on any property held or acquired by a Loan Party in the ordinary course of business securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided, that such Lien attaches solely to the property acquired with such Indebtedness and that the principal amount of such Indebtedness does not exceed one hundred percent (100%) of the cost of such property;

(d) Liens in favor of Agent;

(e) bankers' liens, rights of setoff and similar Liens incurred on deposits made in the ordinary course of business as long as an Account Control Agreement (or equivalent) for each account in which such deposits are held in a form acceptable to Agent has been executed and delivered to Agent to the extent required under Section 6.11;

(f) materialmen's, mechanics', repairmen's, warehousemen's, carriers', landlord's (subject to Section 5.9(e)), employees' or other like Liens arising in the ordinary course of business and which are not delinquent for more than forty-five (45) days or are being contested in good faith by appropriate proceedings;

(g) any judgment, attachment or similar Lien, unless the judgment it secures exceeds the Threshold Amount and has not been discharged or execution thereof effectively stayed and bonded against pending appeal within thirty (30) days of the entry thereof;

(h) licenses or sublicenses of Intellectual Property in accordance with the terms of Section 6.5;

(i) Liens securing Subordinated Debt;

(j) Liens shown on Schedule 6.2;

(k) the interests of licensors under inbound licenses to Borrower;

(l) the interests or title of a lessor or sublessor under any lease of real property granted in the ordinary course of business;

(m) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(n) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than capital lease obligations), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature arising as a matter of law and incurred in the ordinary course of business;

(o) zoning restrictions, easements, rights of way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(p) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases of personal property entered into in the ordinary course of business, to the extent such operating leases are not prohibited under this Agreement;

(q) Liens in favor of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(r) licenses, sublicenses, leases or subleases, in each case, solely to the extent entered into between Loan Parties and permitted under this Agreement;

(s) Liens that are contractual rights or set-off relating to purchase orders and other agreements entered into with customers of the Loan Parties and their Subsidiaries in the ordinary course of business, but solely with respect to obligations arising under such purchase orders or agreements;

(t) Liens on unearned insurance premiums and the proceeds thereof granted in the ordinary course of business to secure the financing of premiums payable under insurance policies (provided that such Liens extend only to such insurance proceeds and not to any other property or assets), to the extent the underlying Indebtedness constitutes Permitted Indebtedness of the type described in clause (j) of the definition thereof; and

(u) additional Liens so long as (i) such Liens do not secure debt for borrowed money, (ii) such Liens attach to specific, and not substantially all of the, assets of the Loan Parties or any of their Subsidiaries, and (iii) the aggregate outstanding amount of the obligations secured thereby does not exceed One Hundred Thousand Dollars (\$100,000) at any time outstanding.

**“Person”** means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

**“Primary Operating Account”** means the primary operating account specified by Borrower in Section 7 of the Supplement.

**“Proceeds”** means “proceeds,” as such term is defined in the UCC and, in any event, shall include, without limitation, (a) any and all Accounts, Chattel Paper, Instruments, cash or other forms of money or currency or other proceeds payable to a Loan Party from time to time in respect of the Collateral, (b) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to a Loan Party from time to time with respect to any of the Collateral, (c) any and all payments (in any form whatsoever) made or due and payable to a Loan Party from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority), (d) any claim of a Loan Party against third parties (i) for past, present or future infringement of any Copyright, Patent or Patent License or (ii) for past, present or future infringement or dilution of any Trademark or Trademark License or for injury to the goodwill associated with any Trademark, Trademark registration or Trademark licensed under any Trademark License and (e) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

**“Receivables”** means all of a Loan Party’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, and letters of credit and Letter of Credit Rights.

**“Records”** means all of a Loan Party’s computer programs, software, hardware, source codes and data processing information, all written documents, books, invoices, ledger sheets, financial information and statements, and all other writings concerning Borrower’s business.

**“Related Person”** means any Affiliate of Borrower, or any officer, employee, director or equity security holder of Borrower or any Affiliate.

**“Rights to Payment”** means all a Loan Party’s accounts, instruments, contract rights, documents, chattel paper and all other rights to payment, including, without limitation, the Accounts, all negotiable certificates of deposit and all rights to payment under any Patent License, any Trademark License, or any commercial or standby letter of credit.

**“Sanctioned Country”** means, at any time, a country or territory which is the subject or target of any Sanctions.

**“Sanctioned Person”** means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State or by the United Nations Security Council, the European Union or His Majesty’s Treasury of the United Kingdom, or any sanctions authority of any other jurisdiction in which any Loan Party or Subsidiary is organized, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

**“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or His Majesty’s Treasury of the United Kingdom or any sanctions authority of any other jurisdiction in which any Guarantor or Foreign Subsidiary is organized.

**“Securities Account”** means a “securities account” as defined in the UCC.

**“Security Documents”** means this Loan and Security Agreement, the Supplement hereto, the Intellectual Property Security Agreement, and any and all account control agreements, collateral assignments, chattel mortgages, financing statements, amendments to any of the foregoing and other documents from time to time executed or filed to create, perfect or maintain the perfection of Agent’s Liens on the Collateral.

**“Shares”** means one hundred percent (100%) of the issued and outstanding capital stock, membership units or other securities owned or held of record by a Loan Party in any Subsidiary; provided that, notwithstanding the above, for the purposes of Section 2.10(b) and the first sentence of Section 3.15 only, “Shares” shall not include more than sixty-five percent (65%) of the issued and outstanding capital stock, membership units or other securities directly owned by any Loan Party in any (x) Foreign Subsidiary, to the extent such Foreign Subsidiary constitutes an Immaterial Subsidiary, or (y) Foreign Subsidiary Holding Company. For the avoidance of doubt, “Shares” shall not include the capital stock, membership units or other securities in the Company.

“**SPAC Transaction**” shall have the meaning set forth in the Supplement.

“**Specified Subsidiaries**” means: (a) Spectral Ireland; and (b) Spectral UK, and “**Specified Subsidiary**” means any of them.

“**Spectral IP**” means Spectral IP, Inc., a Delaware corporation.

“**Spectral UK**” means Spectral MD UK Limited, a company incorporated under the laws of England and Wales with company number 13524009.

“**Spectral Ireland**” means Spectral Deepview Limited, a company incorporated in the Republic of Ireland with company number 714256.

“**Subordinated Debt**” means Indebtedness (i) approved by Agent and each Lender; and (ii) where the holder’s right to payment of such Indebtedness, the priority of any Lien securing the same, and the rights of the holder thereof to enforce remedies against a Loan Party following default have been made subordinate to the Liens of Agent and to the prior payment to each Lender of the Obligations, either (A) pursuant to a written subordination agreement approved by Agent and each Lender in its sole but reasonable discretion or (B) on terms otherwise approved by Agent and each Lender in its sole but reasonable discretion.

“**Subsidiary**” means any Person a majority of the equity ownership or voting stock of which is directly or indirectly now owned or hereafter acquired by Borrower or by one or more other Subsidiaries.

“**Supplement**” means that certain Supplement to the Loan and Security Agreement, as the same may be amended or restated from time to time, and any other supplements entered into between each Loan Party, Agent and each Lender, as the same may be amended or restated from time to time.

“**Supporting Obligations**” means any “supporting obligations,” as such term is defined in the UCC, now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any governmental authority, including any interest, additions to tax or penalties applicable thereto.

“**Threshold Amount**” has the meaning specified in the Supplement.

“**Trademark License**” means any written agreement granting any right to use any Trademark or Trademark registration now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest.

“**Trademarks**” means all of the following property now owned or hereafter acquired by a Loan Party or in which a Loan Party now holds or hereafter acquires any interest: (a) all trademarks, tradenames, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof and (b) reissues, extensions or renewals thereof.

“**UCC**” means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent’s Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions. Unless otherwise defined herein, terms that are defined in the UCC and used herein shall have the meanings given to them in the UCC.

“**Warrants**” collectively, (a) has the meaning specified in the Supplement, and (b) means any other warrant to purchase shares of stock issued by Company in favor of any Lender theretofore or thereafter, in each case, as amended, modified, supplemented or restated from time to time, and “**Warrant**” means any of them.

*[Signature page follows]*

*[Signature page to Loan and Security Agreement]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

**BORROWER:**

SPECTRAL AI, INC.

By: \_\_\_\_\_

Name:

Title:

SPECTRAL MD HOLDINGS LLC

By: \_\_\_\_\_

Name:

Title:

SPECTRAL MD, INC.

By: \_\_\_\_\_

Name:

Title:

*[Signature page to loan and Security Agreement]*

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**AGENT:**

AVENUE VENTURE OPPORTUNITIES FUND II, L.P.

By: Avenue Venture Opportunities Partners II, LLC  
Its: General Partner

By: \_\_\_\_\_  
Name: Sonia Gardner  
Title: Member

**LENDER:**

AVENUE VENTURE OPPORTUNITIES FUND II, L.P.

By: Avenue Venture Opportunities Partners II, LLC  
Its: General Partner

By: \_\_\_\_\_  
Name: Sonia Gardner  
Title: Member

*[Schedules to Loan and Security Agreement follow]*

*[Signature page to loan and Security Agreement}*

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Schedules to  
Loan and Security Agreement dated as of March 21, 2025 among  
Spectral AI, Inc., Spectral MD Holdings LLC and Spectral MD, Inc. and  
Avenue Venture Opportunities Fund II, L.P., as Agent and  
the Lenders from time to time party thereto

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**Schedule of Exceptions**

See attachment hereto.

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<b>Schedule 3.5.</b>	<b>No Litigation, Claims or Proceedings.</b>
<b>Schedule 3.6.</b>	<b>Taxes</b>
<b>Schedule 3.12(d)</b>	<b>Business Names</b>
<b>Schedule 3.15</b>	<b>Shares</b>
<b>Schedule 6.1.</b>	<b>Permitted Indebtedness</b>
<b>Schedule 6.2.</b>	<b>Permitted Liens</b>
<b>Schedule 6.6.</b>	<b>Permitted Investments</b>

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SUPPLEMENT  
to the  
Loan and Security Agreement  
dated as of March 21, 2025  
among

SPECTRAL AI, INC.,  
a Delaware corporation  
("Company")

SPECTRAL MD HOLDINGS LLC,  
a Delaware limited liability company,  
("Spectral Holdings")

SPECTRAL MD, INC.,  
a Delaware corporation,  
("Spectral MD" together with Company, Spectral Holdings and each Additional Borrower,  
individually and collectively, "Borrower")

and

AVENUE VENTURE OPPORTUNITIES FUND II, L.P.,  
a Delaware limited partnership ("Avenue 2"),  
as administrative agent and collateral agent (in such capacities, including any successors and assigns, "Agent"),  
and as a lender (in such capacity, together with each other bank, financial institution or entity from time to time party hereto as a lender, a  
"Lender" and collectively, the "Lenders")

This is a Supplement identified in the document entitled Loan and Security Agreement, dated as of March 21, 2025 (as amended, restated, supplemented and modified from time to time, the "Loan and Security Agreement"), by and among Borrower, Lenders and Agent. All capitalized terms used in this Supplement and not otherwise defined in this Supplement have the meanings ascribed to them in Article 11 of the Loan and Security Agreement, which is incorporated in its entirety into this Supplement. In the event of any inconsistency between the provisions of the Loan and Security Agreement and this Supplement, this Supplement is controlling.

In addition to the provisions of the Loan and Security Agreement, the Parties agree as follows:

**Part 1 - Additional Definitions:**

"Amortization Period" means the period commencing on the first day of the first full calendar month following the Interest-only Period and continuing until the Maturity Date.

"Commitment" means as to any Lender, the obligation of such Lender, if any, to make a Loan to Borrower in a principal amount not to exceed the amount set forth under the heading "Commitment" opposite such Lender's name on Schedule 1.

"Commitment Fee" is defined in Part 2, Section 4.

"Controlled Investment Affiliate" means, with respect to any Person, any fund or investment vehicle that (a) is organized for the purpose of making direct or indirect equity or debt investments in one or more companies and (b) is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the power to direct or cause the direction of management and policies of a Person, whether by contract or otherwise.

“**Conversion Option**” is defined in Part 2, Section 3(d).

“**Designated Rate**” means, for each Growth Capital Loan, a variable rate of interest per annum equal to the greater of (i) the sum of (A) the Prime Rate plus (B) five and one-quarter of one percent (5.25%), and (ii) twelve and three-quarters of one percent (12.75%). Changes to the Designated Rate based on changes to the Prime Rate shall be effective as of the next scheduled interest payment date immediately following such change.

“**FATCA**” means Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations, official guidance or interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as of the Closing Date (or any amended or successor version described above) and any intergovernmental agreements (or related legislation or official administrative rules or practices) implementing any of the foregoing.

“**Final Payment**” means a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) equal to Seven Hundred Fifty Thousand Dollars (\$750,000).

“**Growth Capital Loan**” means any Loan requested by Borrower and funded by a Lender under its Commitment.

“**HIPAA**” means, collectively, the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic Clinical Health (HITECH) Act and the implementing regulations thereto.

“**Indemnified Tax**” means Taxes imposed on or with respect to any payment made by or on account of any obligation of Borrower to Agent or any Lender under the Loan Documents; provided, however, that Indemnified Taxes shall not include any of the following Taxes imposed on or with respect to Agent or such Lender (or their assignees) or required to be withheld or deducted from a payment to Agent or such Lender (or their assignees): (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of Agent or such Lender (or their assignees) being organized under the laws of, or having its principal office or, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) imposed as a result of a present or former connection between Agent or such Lender (or their assignees) and the jurisdiction imposing such Tax; and (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of Agent or such Lender (or their assignees) with respect to an applicable interest under this Agreement pursuant to a law in effect on the date on which (i) Agent or such Lender (or their assignees) acquires such interest in this Agreement or (ii) Agent or such Lender (or their assignees) changes its lending office, and (c) any U.S. federal withholding Taxes imposed under FATCA.

“**Interest-only Period**” means the period commencing on the Closing Date and continuing until the fifteenth (15<sup>th</sup>) month anniversary of the Closing Date; provided, however, that such period shall be extended for nine (9) months if as of the last day of the Interest-only Period then in effect, the Tranche 2 Milestone Date has occurred; provided, further, however, that the Interest-only Period shall not exceed the twenty-four (24) month anniversary of the Closing Date.

“**Loan**” or “**Loans**” mean, as the context may require, individually a Growth Capital Loan, and collectively, the Growth Capital Loans.

“**Loan Commencement Date**” means, with respect to each Growth Capital Loan: (a) the first day of the first full calendar month following the Borrowing Date of such Loan if such Borrowing Date is not the first day of a month; or (b) the same day as the Borrowing Date if the Borrowing Date is the first day of a month.

“**Maturity Date**” means March 1, 2028.

“**Milestone Date**” means the first date on which Borrower has provided evidence to Agent, satisfactory to Agent in its sole discretion, on or prior to June 30, 2026, that: (a) no Default or Event of Default is continuing or would arise from the occurrence of the Tranche 2 Milestone Date; (b) Borrower has received De Novo 510(k) clearance from the U.S. Food and Drug Administration for its DeepView device in the burn indication; (c) Borrower has received written confirmation from the Biomedical Advanced Research and Development Authority (“**BARDA**”) of BARDA’s election to move forward with CLIN 3 pursuant to that certain September 2023 BARDA contract provided to Agent prior to the Closing Date, which commitment shall include at least Thirty-Two Million Dollars (\$32,000,000) of BARDA reimbursement funding; and (d) Borrower has received, on or after the Closing Date but no later than June 30, 2026, no less than Seven Million Dollars (\$7,000,000) in unrestricted (including, not subject to any redemption, clawback, escrow or similar encumbrance or restriction) net cash proceeds (excluding proceeds raised pursuant to the conversion of convertible notes issued by Borrower prior to the Closing Date) from (i) the sale of Borrower’s equity securities in a bona-fide equity financing round to investors on or after the Closing Date, and (ii) Subordinated Debt entered into on or after Closing Date, in each case, on terms and conditions reasonably acceptable to Agent.

“**Prepayment Fee**” means, with respect to any prepayment of the Loans:

(i) if the prepayment occurs during the period commencing on the Closing Date and ending on (but including) the first anniversary of the Closing Date, an amount equal to the aggregate principal amount of the funded Loans prepaid multiplied by three percent (3.0%);

(ii) if the prepayment occurs during the period commencing on the day after the first anniversary of the Closing Date and ending on (but including) the second anniversary of the Closing Date, an amount equal to the aggregate principal amount of the funded Loans prepaid multiplied by two percent (2.0%); and

(iii) if the prepayment occurs during the period commencing on the day after the second anniversary of the Closing Date and ending on (but excluding) the Maturity Date, an amount equal to the aggregate principal amount of the funded Loans prepaid multiplied by one percent (1.0%).

“**Prepayment Notice Date**” is defined in Part 2, Section 2.

“**Prime Rate**” is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the “prime rate” then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Supplement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Agent, the “Prime Rate” shall mean the rate of interest per annum announced by JPMorgan Chase as its prime rate in effect at its principal office in the State of New York (such announced Prime Rate not being intended to be the lowest rate of interest charged by such institution in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Supplement.

“**Pro-Rata Share**” means as to any Lender, a percentage equal to (a) such Lender’s Commitment, divided by (b) the aggregate Commitments of all Lenders.

“**Threshold Amount**” means Two Hundred Fifty Thousand Dollars (\$250,000).

“**Tranche 1 Commitment**” means as to any Lender, the obligation of such Lender, if any, to make a Loan to Borrower in a principal amount not to exceed the amount set forth under the heading “Tranche 1 Commitment” opposite such Lender’s name on Schedule 1.

“**Tranche 2 Commitment**” means as to any Lender, the obligation of such Lender, if any, to make a Loan to Borrower in a principal amount not to exceed the amount set forth under the heading “Tranche 2 Commitment” opposite such Lender’s name on Schedule 1.

“**Tranche 2 Milestone Date**” means the later of (a) the Milestone Date, and (b) September 1, 2025; provided, the Tranche 2 Milestone Date shall be deemed not to have occurred unless and until the Milestone Date has also occurred.

“**Warrant**” is defined in Part 2, Section 3(a).

**Part 2 - Additional Covenants and Conditions:**

**1. Growth Capital Loan Facility.**

**(a) Tranches.** Subject to satisfaction of the conditions precedent specified in Sections 4.1 and Section 4.2 of the Loan and Security Agreement and this Supplement:

(i) **Tranche 1.** On or around the Closing Date, each Lender shall severally make, and Borrower agrees to draw, one (1) Growth Capital Loan to Borrower in a principal amount equal to such Lender’s Tranche 1 Commitment.

(ii) **Tranche 2.** Borrower may request, and each Lender shall severally make, beginning on the Tranche 2 Milestone Date and continuing through June 30, 2026, one or more Growth Capital Loans to Borrower in a principal amount not to exceed Lender’s Tranche 2 Commitment (such Loans, the “**Tranche 2 Loans**”).

**(b) Minimum Funding Amount; Maximum Number of Borrowing Requests.** Growth Capital Loans requested by Borrower to be made on a single Business Day shall be for a minimum aggregate, original principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) (or, if less, the amount remaining under the Tranche 2 Commitment in respect of any Tranche 2 Loan); provided, however, that the initial Growth Capital Loan shall be funded on the Closing Date the aggregate original principal amount of Eight Million Five Hundred Thousand Dollars (\$8,500,000). Borrower shall not submit a Borrowing Request more frequently than once per calendar month.

**(c) Repayment of Growth Capital Loans.** Principal of, and interest on, each Growth Capital Loan shall be payable as set forth in a Note evidencing such Growth Capital Loan (substantially in the form attached hereto as Exhibit “A”), which Note shall provide substantially as follows: principal shall be fully amortized over the Amortization Period in equal, monthly principal installments plus, in each case, unpaid interest thereon at the Designated Rate, commencing after the Interest-only Period of interest-only installments at the Designated Rate. In particular, on the Borrowing Date applicable to such Growth Capital Loan, Borrower shall pay to Agent (i) if the Borrowing Date is earlier than the Loan Commencement Date, interest only at the Designated Rate, in advance, on the outstanding principal balance of the Growth Capital Loan for the period from the Borrowing Date through the last day of the calendar month in which such Borrowing Date occurs (it being understood that this clause (i) shall not apply in the case the Borrowing Date is on the same date as the Loan Commencement Date), and (ii) the first (1st) interest-only installment at the Designated Rate, in advance, on the outstanding principal balance of the Note evidencing such Loan for the ensuing month. Commencing on the first day of the second full month after the Borrowing Date and continuing on the first day of each month during the Interest-only Period thereafter, Borrower shall pay to Agent interest only at the Designated Rate, in advance, on the outstanding principal balance of the Loan evidenced by such Note for the ensuing month. Commencing on the first day of the first full month after the end of the Interest-only Period, and continuing on the first day of each consecutive calendar month thereafter, Borrower shall pay to Agent equal consecutive monthly principal installments in advance in an amount sufficient to fully amortize the Loan evidenced by such Note over the Amortization Period, plus interest at the Designated Rate for such month. On the Maturity Date, all principal and accrued interest then remaining unpaid and the Final Payment shall be due and payable.

**2. Prepayment.** The Growth Capital Loans may be prepaid as provided in this Section 2 only. Borrower may prepay all, but not less than all, outstanding Growth Capital Loans in whole, but not in part, at any time upon no less than ten (10) Business Days’ prior written notice to the Lenders (the date such notice is delivered being the “**Prepayment Notice Date**”), by tendering to each Lender a cash payment in respect of such Loans in an amount determined by such Lender equal to the sum of: (i) the aggregate outstanding principal amount of such Loans; (ii) the accrued and unpaid interest on such Loans as of the date of prepayment; (iii) the applicable Prepayment Fee; and (iv) the Final Payment; provided that, if a Lender has not yet exercised its rights under Section 3(d), Borrower shall provide written notice of prepayment at least ten (10) days in advance of the proposed prepayment date and such Lender shall have the option, with respect to the Conversion Option, to exercise its rights pursuant to Section 3(d) by delivering written notice to Borrower at least two (2) Business Days in advance of the proposed prepayment date.

### 3. Issuance of Warrant and Right to Invest; Conversion Right.

(a) **Warrant.** As additional consideration for the making of its Commitment, Avenue 2 has earned and is entitled to receive immediately upon the execution of the Loan and Security Agreement and this Supplement, a warrant instrument issued by Company (the “**Warrant**”).

(b) **Warrant General.** The Warrant shall be in form and substance reasonably satisfactory to Avenue 2, and shall provide Avenue 2 with a right to purchase fully paid and nonassessable shares of Company’s Common Stock in an amount of up to (i) One Million Two Hundred Seventy-Five Thousand Dollars (\$1,275,000), divided by (ii) the Exercise Price set forth (and as defined) in the Warrant.

(c) **Right to Invest.** Avenue 2 (and, if applicable, any of its Controlled Investment Affiliates who are Lenders) shall have the right, in its discretion, but not the obligation, to invest up to their Pro-Rata Share of One Million Dollars (\$1,000,000) in equity securities of Company on the same terms, conditions, and pricing offered by Company to any investor existing at such time (the “**Option to Invest**”), in connection with any offering of Company’s equity securities after the Closing Date; provided, however, such terms shall not require a seat on Company’s Board of Directors, which may be offered to other investors at Company’s discretion. The Option to Invest shall expire upon the repayment of all Obligations under the Loan and Security Agreement.

(d) **Conversion Right.** Each Lender shall have the right, in its discretion, but not the obligation, at any time and from time to time, commencing on the Prepayment Notice Date, to convert an amount of up to its Pro-Rata Share of Two Million Dollars (\$2,000,000) of the principal amount of the outstanding Growth Capital Loans (the “**Conversion Option**”) into Company’s unrestricted, freely tradeable common stock (the “**Common Stock**”) at a price per share equal to one hundred twenty percent (120.00%) of the Exercise Price set forth (and as defined) in the Warrant, *mutatis mutandis* so that each reference to “Warrant” therein is a reference to this Conversion Option (the “**Conversion Price**,” the exercise of such Conversion Option, a “**Conversion**”). The Conversion Option will be exercised by such Lender delivering a written, signed conversion notice to Company in accordance with this Section 3(d) which will include (i) the date of which the conversion notice is given, (ii) a statement to the effect that the Lender is exercising the Conversion Option, (iii) the amount in respect of which the Conversion Option is being exercised and the number of shares issued, and (iv) a date on which the allotment and issuance of the shares is to take place. The Conversion Option shall expire upon the repayment of all Obligations under the Loan and Security Agreement.

**4. Commitment Fee.** Borrower shall pay to each Lender a commitment fee in an amount equal to such Lender’s Pro-Rata Share of One Hundred Fifty Thousand Dollars (\$150,000) (the “**Commitment Fee**”), due and payable on the Closing Date, of which Fifty Thousand Dollars (\$50,000) has been paid by Borrower to Avenue 2 as an advance deposit prior to the date hereof. As an additional condition precedent under Section 4.1 of the Loan and Security Agreement, each Lender shall have completed to its satisfaction its due diligence review of Borrower’s business and financial condition and prospects, and such Lender’s pro rata share of the Commitment shall have been approved. If this condition is not satisfied, the Fifty Thousand Dollars (\$50,000) advance deposit previously paid by Borrower shall be refunded. Except as set forth in this Section 4, the Commitment Fee is not refundable.

**5. Documentation Fee Payment.** On the Closing Date, Borrower shall reimburse each Lender and Agent pursuant to Section 9.8(a) of the Loan and Security Agreement for (i) its reasonable and documented out-of-pocket attorneys’ fees, costs and expenses incurred in connection with the preparation and negotiation of the Loan Documents and reasonable out of pocket diligence expenses, and (ii) such Lender’s and Agent’s reasonable and documented out-of-pocket costs and filing fees related to perfection of its Liens in the Collateral in any jurisdiction in which the same is located, recording a copy of the Intellectual Property Security Agreement with the United States Patent and Trademark Office or the United States Copyright Office, as applicable, and confirming the priority of such Liens.

**6. Borrower's Primary Operating Account and Wire Transfer Instructions:**

Institution Name:	
Address:	
ABA No.:	
Contact Name:	
E-mail:	
Account Title:	
Account No.:	

**7. Debits to Account for ACH Transfers.** For purposes of Sections 2.2 and 5.10 of the Loan and Security Agreement, the Primary Operating Account shall be the bank account set forth in Section 6, unless and until such account is changed in accordance with Section 5.10 of the Loan and Security Agreement. Borrower hereby agrees that the Growth Capital Loans will be advanced to the account specified above and regularly scheduled payments of principal, interest and fees due to each Lender will be automatically debited by each Lender from the same account. Borrower hereby confirms that the bank at which the Primary Operating Account is maintained uses that same ABA Number for incoming wires transfers to the Primary Operating Account and outgoing ACH transfers from the Primary Operating Account.

**8. Taxes.** All payments by or on account of any obligation of Borrower under any Loan Document shall be made without setoff, counterclaim or other defense, and free and clear of, and without deduction or withholding for or on account of, any Taxes except as required by applicable law, regulation, or international agreement. If at any time any applicable law, regulation or international agreement requires Borrower to make any withholding or deduction for Tax from any such payment or other sum payable to Agent or any Lender, Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant governmental authority. If such Tax deducted or withheld is an Indemnified Tax, then the sum payable by such Borrower shall be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Agent or such Lender (as the case may be) receives a net sum equal to the sum that it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant governmental authority. Borrower will, upon request, furnish Agent with proof reasonably satisfactory to Agent or such Lender (as the case may be) indicating that it has made such withholding payment.

**9. Compliance with Healthcare Laws.** Borrower shall cause the operations and property of Borrower and each Subsidiary to comply with all applicable Healthcare Laws. Without limiting the foregoing, the operations and property of Borrower and each Subsidiary shall comply with HIPAA in all material respects. Borrower established and maintains a corporate compliance program that (i) addresses the material applicable laws, including all applicable Healthcare Laws, of governmental authorities having jurisdiction over its business and operations, and (ii) has been structured to account for the guidance issued by the U.S. Department of Health and Human Services regarding characteristics of effective corporate compliance programs. As of the Closing Date, Borrower has delivered to Agent an accurate and complete copy of each material report, study, survey or other document of which Borrower has knowledge that addresses or otherwise relates to the compliance by Borrower and the Subsidiaries, with applicable Healthcare Laws.

**10. Governing Law.** THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK.

**Part 3 - Additional Representations:**

Borrower represents and warrants that as of the Closing Date and, subject to any written updates of the information set forth below by Borrower to each Lender and Agent, each Borrowing Date:

- a) Its chief executive office is located at:
- b) Its Equipment is located at:
- c) Its Inventory is located at:
- d) Its Records are located at:
- e) In addition to its chief executive office, Borrower maintains offices or operates its business at the following locations:
- f) Other than its full corporate name, Borrower has conducted business using the following trade names or fictitious business names:
- g) Its state corporation identification number is:
- h) Its U.S. federal tax identification number is:
- i) Including Borrower’s Primary Operating Account identified in Section 6, Borrower maintains the following Deposit Accounts and investment accounts:

Bank Name	Account Number	Branch Address	Company/ Subsidiary	Contact	Email

**Part 4 - Additional Loan Documents:**

Form of Promissory Note	Exhibit “A”
Form of Borrowing Request	Exhibit “B”
Form of Compliance Certificate	Exhibit “C”

*[Remainder of this page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Supplement as of the date first above written.

**BORROWER:**

SPECTRAL AI, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SPECTRAL MD HOLDINGS LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SPECTRAL MD, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for Notices:

2515 McKinney Avenue, Suite 1000  
Dallas, TX 75201  
Attn:  
Phone  
Email:

With a copy to:  
Reed Smith, LLP  
599 Lexington Avenue  
New York, NY 10022  
Attn:  
Phone #  
Email:

*[Signature page to Supplement to loan and Security Agreement]*

**AGENT:**

AVENUE VENTURE OPPORTUNITIES FUND II, L.P.

By: Avenue Venture Opportunities Partners II, LLC  
Its: General Partner

By: \_\_\_\_\_  
Name: Sonia Gardner  
Title: Member

Address for Notices:

11 West 42<sup>nd</sup> Street, 9<sup>th</sup> Floor  
New York, New York 10036  
Attn:  
Email:  
Phone #

**LENDER:**

AVENUE VENTURE OPPORTUNITIES FUND II, L.P.

By: Avenue Venture Opportunities Partners II, LLC  
Its: General Partner

By: \_\_\_\_\_  
Name: Sonia Gardner  
Title: Member

Address for Notices:

11 West 42<sup>nd</sup> Street, 9<sup>th</sup> Floor  
New York, New York 10036  
Attn:  
Email:  
Phone #

*[Signature page to Supplement to loan and Security Agreement]*

EXHIBIT "A"

FORM OF PROMISSORY NOTE

[Note No. X-XXX]

\$ \_\_\_\_\_

[DATE]

The undersigned ("Borrower") promises to pay to the order of AVENUE VENTURE OPPORTUNITIES FUND II, L.P., a Delaware limited partnership ("Lender"), at such place as Lender may designate in writing, in lawful money of the United States of America, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), with interest thereon from the date hereof until maturity, whether scheduled or accelerated, at a variable rate per annum equal to the greater of (i) the sum of (A) the Prime Rate plus (B) five and one-quarter of one percent (5.25%), and (ii) twelve and three-quarters of one percent (12.75%) (the "Designated Rate"), according to the payment schedule described herein, except as otherwise provided herein. In addition, on the Maturity Date, the Borrower promises to pay to the order of Lender (i) all principal and accrued interest then remaining unpaid and (ii) the Final Payment (as defined in the Supplement to the Loan Agreement (as defined herein)).

This Note is one of the Notes referred to in, and is entitled to all the benefits of, a Loan and Security Agreement, dated as of March 21, 2025, among the Borrower, each other borrower party thereto, Lender, each other lender party thereto and Agent (as the same may be amended, restated or supplemented from time to time, the "Loan Agreement"). Each capitalized term not otherwise defined herein shall have the meaning set forth in the Loan Agreement. The Loan Agreement contains provisions for the acceleration of the maturity of this Note upon the happening of certain stated events.

Principal of and interest on this Note shall be payable as provided under Section 2 of Part 2 of the Supplement to the Loan Agreement.

This Note may be prepaid only as permitted under Section 2 of Part 2 of the Supplement to the Loan Agreement.

Any unpaid payments of principal or interest on this Note shall bear interest from their respective maturities, whether scheduled or accelerated, at a rate per annum equal to the Default Rate, compounded monthly. Borrower shall pay such interest on demand.

Interest, charges and fees shall be calculated for actual days elapsed on the basis of a 360-day year. In no event shall Borrower be obligated to pay interest, charges or fees at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

If Borrower is late in making any scheduled payment under this Note by more than five (5) days, Borrower agrees to pay a "late charge" of five percent (5%) of the installment due, but not less than fifty dollars (\$50) for any one such delinquent payment. This late charge may be charged by Lender for the purpose of defraying the expenses incidental to the handling of such delinquent amounts. Borrower acknowledges that such late charge represents a reasonable sum considering all of the circumstances existing on the date of this Note and represents a fair and reasonable estimate of the costs that will be sustained by Lender due to the failure of Borrower to make timely payments. Borrower further agrees that proof of actual damages would be costly and inconvenient. Such late charge shall be paid without prejudice to the right of Lender to collect any other amounts provided to be paid or to declare a default under this Note or any of the other Loan Documents or from exercising any other rights and remedies of Lender.

[Signature page to Promissory Note]

This Note shall be governed by, and construed in accordance with, the laws of the State of New York, excluding those laws that direct the application of the laws of another jurisdiction.

Borrower's execution and delivery of this Note via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) shall constitute effective execution and delivery of this Note and agreement to and acceptance of the terms hereof for all purposes. The fact that this Note is executed, signed, stored or delivered electronically shall not prevent the assignment or transfer by Lender of this Note pursuant to the terms of the Loan Agreement or the enforcement of the terms hereof. Physical possession of the original of this Note or any paper copy thereof shall confer no special status to the bearer thereof. In no event shall an original ink-signed paper copy of this Note be required for any exercise of Lender's rights hereunder.

SPECTRAL AI, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT "B"**

**FORM OF BORROWING REQUEST**

[DATE]

Avenue Venture Opportunities Fund II, L.P.  
11 West 42nd Street, 9th Floor  
New York, New York 10036

Re: SPECTRAL AI, INC.

Ladies and Gentlemen:

Reference is made to the Loan and Security Agreement dated as of March 21, 2025 (as amended, restated or supplemented from time to time, the "Loan Agreement"; the capitalized terms used herein as defined therein), among Avenue Venture Opportunities Fund II, L.P., as administrative agent and collateral agent (in such capacities, including any successors and assigns, "Agent"), and as a lender ("Avenue 2" and together with each other bank, financial institution or entity from time to time party thereto as a lender, collectively, "Lenders", and each a "Lender"), Spectral AI, Inc., a Delaware corporation ("Company"), Spectral MD Holdings LLC, Spectral MD, Inc. and each Additional Borrower party thereto (together with Company, "Borrower").

The undersigned is the \_\_\_\_\_ of Company and hereby requests on behalf of Borrower a Loan under the Loan Agreement, and in that connection certifies as follows:

1. The amount of the proposed Loan is \_\_\_\_\_ Dollars (\$\_\_\_\_\_). The Borrowing Date of the proposed Loan is \_\_\_\_\_ (the "Borrowing Date").

(a) On the Borrowing Date, Avenue 2 will wire \$[\_\_\_\_\_] less fees and expenses to be deducted on the Borrowing Date of (a) [\$\_\_\_] in respect to the Commitment Fee, of which [\$\_\_\_] has been paid to Avenue 2 prior to the date hereof, (b) \$[\_\_\_\_\_] in respect to the interest fee, and (c) \$[\_\_\_\_\_] in respect to the legal fees for net proceeds of \$[\_\_\_\_\_],

to Borrower pursuant to the following wire instructions:

Institution Name:	
Address:	
ABA No.:	
Contact Name:	
Phone No.:	
E-mail:	
Account Title:	
Account No.:	

[(b) On the Borrowing Date, in connection with the payoff, Avenue 2 will wire \$[\_\_\_\_] to [collection agent on behalf of subordinated noteholders] pursuant to the following wire instructions:

Institution Name:	
Address:	
ABA No.:	
Contact Name:	
Phone No.:	
E-mail:	
Account Title:	
Account No.:	

[(c) On the Borrowing Date, Avenue 2 will wire \$[\_\_\_\_] to DLA Piper LLP (US) for fees and expenses pursuant to the following wire instructions:]<sup>1</sup>

Institution Name:	Wells Fargo Bank, N.A.
ABA No.:	121000248
Account Title:	DLA Piper LLP (US)
Account No.:	4053611935
Reference:	
Confirm remittance:	

2. As of this date, no Default or Event of Default has occurred and is continuing, or will result from the making of the proposed Loan, the representations and warranties of Borrower contained in Article 3 of the Loan Agreement and Part 3 of the Supplement are true and correct in all material respects (provided, however, that such materiality qualifier shall not apply to any representations and warranties that already are qualified or modified by materiality in the text thereof) other than those representations and warranties expressly referring to a specific date which are true and correct in all material respects as of such date, and the conditions precedent described in Sections 4.1 and/or 4.2 of the Loan Agreement and Part 2 of the Supplement, as applicable, have been met.

3. No event has occurred that has had or could reasonably be expected to have a Material Adverse Change.

4. Company's most recent financial statements, financial projections or business plan dated \_\_\_\_\_, as reviewed by Company's board of directors, are enclosed herewith in the event such financial statements, financial projections or business plan have not been previously provided to Agent.

*Remainder of this page intentionally left blank; signature page follows*

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<sup>1</sup> To be included in the Borrowing Request on the Closing Date. The executed Borrowing Request must be delivered Business Days prior to the Closing Date.

[Signature page to Borrowing Request]

Borrower shall notify you promptly before the funding of the Loan if any of the matters to which I have certified above shall not be true and correct on the Borrowing Date.

Very truly yours,

SPECTRAL AI, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \* \_\_\_\_\_

\_\_\_\_\_  
\* Must be executed by Borrower's Chief Financial Officer or other executive officer.

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**EXHIBIT “C”**  
**FORM OF**  
**COMPLIANCE CERTIFICATE**

Avenue Venture Opportunities Fund II, L.P.  
11 West 42nd Street, 9th Floor  
New York, New York 10036

Re: SPECTRAL AI, INC.

Ladies and Gentlemen:

Reference is made to the Loan and Security Agreement, dated as of March 21, 2025 (as amended, restated or supplemented from time to time, the “Loan Agreement”; the capitalized terms used herein as defined therein), among Avenue Venture Opportunities Fund II, L.P., as administrative agent and collateral agent (in such capacities, including any successors and assigns, “Agent”), and as a lender (“Avenue 2” and together with each other bank, financial institution or entity from time to time party thereto as a lender, collectively, “Lenders”, and each a “Lender”), Spectral AI, Inc., a Delaware corporation (“Company”), Spectral MD Holdings LLC, Spectral MD, Inc. and each Additional Borrower party thereto (together with Company, “Borrower”).

The undersigned authorized representative of Company hereby certifies in such capacity that in accordance with the terms and conditions of the Loan Agreement, (i) no Default or Event of Default has occurred and is continuing, except as noted below, and (ii) Borrower is in compliance for the financial reporting period ending \_\_\_\_\_ with all required financial reporting under the Loan Agreement, except as noted below. Attached herewith are the required documents supporting the foregoing certification. The undersigned authorized representative of Company further certifies in such capacity that: (a) the accompanying financial statements have been prepared in accordance with Company’s past practices applied on a consistent basis, or in such manner as otherwise disclosed in writing to Agent, throughout the periods indicated; and (b) the financial statements fairly present in all material respects the financial condition and operating results of Company and its Subsidiaries, if any, as of the dates, and for the periods, indicated therein, subject to the absence of footnotes and normal year-end audit adjustments (in the case of interim monthly financial statements), except as explained below.

***Please provide the following requested information and indicate compliance status by circling (or otherwise indicating) Yes/No under “Included/Complies”:***

REPORTING REQUIREMENT	REQUIRED	INCLUDED/COMPLIES
Balance Sheet, Income Statement & Cash Flow Statement	Monthly, within 30 days	YES / NO / N/A
Operating Budgets, 409(A) Valuations & Updated Capitalization Tables	As modified	YES / NO / N/A
Annual Financial Statements	Annually, within 90 day of fiscal year-end	YES / NO / N/A
Board Packages	As modified	YES / NO / N/A
Date of most recent Board-approved budget/plan _____		
Any change in budget/plan since version most recently delivered to Agent <i>If Yes, please attach</i>		YES / NO / N/A

Date of most recent capitalization table: \_\_\_\_\_

Any changes in capitalization table since version most recently delivered to Agent?: YES / NO / N/A  
*If Yes, please attach a copy of latest capitalization table*

**EQUITY & CONVERTIBLE NOTE FINANCINGS**

***Please provide the following information (if applicable) regarding Borrower’s most-recent equity and/or convertible note financing each time this Certificate is delivered to Agent***

Date of Last Round Raised: \_\_\_\_\_

Has there been any new financing since the last Compliance Certificate submitted? YES / NO  
*If “YES” please attach a copy of the Capitalization Table*

Date Closed: \_\_\_\_\_

Series: \_\_\_\_\_

Per Share Price: \$ \_\_\_\_\_

Amount Raised: \_\_\_\_\_

Post Money Valuation: \_\_\_\_\_

Any stock splits since date of last report? YES / NO  
*If yes, please provide any information on stock splits which would affect valuation:*

Any dividends since date of last report? YES / NO  
*If yes, please provide any information on dividends which would affect valuation:*

Any unusual terms? (i.e., Anti-dilution, multiple preference, etc.) YES / NO  
*If yes, please explain:*

**ACCOUNT CONTROL AGREEMENTS**

Pursuant to Section 6.11 of the Loan Agreement, Borrower represents and warrants that: (i) as of the date hereof, Borrower and the Subsidiaries maintain only those deposit and investment accounts set forth below; and (ii) to the extent required by Section 6.11 of the Loan Agreement, a control agreement has been executed and delivered to Agent with respect to each such account ***[Note: If Borrower or any Subsidiary has established any new account(s) since the date of the last compliance certificate, please so indicate].***

Each Excluded Account is designated below with a “\*”.

Deposit Accounts<sup>2</sup>

	<u>Name of Institution</u>	<u>Account Number</u>	<u>Control Agt. In place?</u>	<u>Complies</u>	<u>New Account</u>
1.)	[_____]	[_____]	YES / NO	YES / NO	YES / NO
2.)	_____	_____	YES / NO	YES / NO	YES / NO

<sup>2</sup> Company: Please complete with existing accounts.

Securities Accounts

	Name of Institution	Account Number	Control Agt. In place?	Complies	New Account
1.)	None		YES / NO	YES / NO	YES / NO
2.)			YES / NO	YES / NO	YES / NO
3.)			YES / NO	YES / NO	YES / NO
4.)			YES / NO	YES / NO	YES / NO

AGREEMENTS WITH PERSONS IN POSSESSION OF TANGIBLE COLLATERAL

Pursuant to Section 5.9(e) of the Loan Agreement, Borrower represents and warrants that: (i) as of the date hereof, tangible Collateral is located at the addresses set forth below; and (ii) to the extent required by Section 5.9(e) of the Loan Agreement, a Waiver has been executed and delivered to Agent, or such Waiver has been waived by Agent, **[Note: If Borrower has located Collateral at any new location since the date of the last compliance certificate, please so indicate].**

	Location of Collateral	Value of Collateral at such Locations	Waiver In place?	Complies?	New Location?
1.)		\$	YES / NO	YES / NO	YES / NO
2.)		\$	YES / NO	YES / NO	YES / NO
3.)		\$	YES / NO	YES / NO	YES / NO
4.)		\$	YES / NO	YES / NO	YES / NO

SUBSIDIARIES AND OTHER PERSONS

Pursuant to Section 6.14(a) of the Loan Agreement, Borrower represents and warrants that: (i) as of the date hereof, Borrower and the Subsidiaries have directly or indirectly acquired or created, or intend to directly or indirectly acquire or create, each Subsidiary or other Person described below; and (ii) such Subsidiary or Person has been made an Additional Borrower under the Loan Agreement or a guarantor of the Obligations **[Note: If Borrower has acquired or created any Subsidiary since the date of the last compliance certificate, please so indicate].**

	Name:	Jurisdiction of formation or organization: <sup>3</sup>	Additional Borrower or guarantor?	Complies?	New Subsidiary or Person?
1.)			YES / NO	YES / NO	YES / NO
2.)			YES / NO	YES / NO	YES / NO
3.)			YES / NO	YES / NO	YES / NO
4.)			YES / NO	YES / NO	YES / NO

<sup>3</sup> Under the "Explanations" heading (see below) please include a description of such Subsidiary's or Person's fully diluted capitalization and Borrower's purpose for its acquisition or creation of such Subsidiary if such information has not been previously furnished to Agent.

IMMATERIAL SUBSIDIARIES

Immaterial Subsidiary:	Percentage of Company's Consolidated Total Assets:
1.)	_____ %
2.)	_____ %
3.)	_____ %
4.)	_____ %

Do the total assets of all Immaterial Subsidiaries, when taken together, exceed a book value of 10.0% of the consolidated total assets of Company and its Subsidiaries (determined on a consolidated basis and in accordance with GAAP, excluding any intercompany items in the ordinary course of business)? YES / NO

Does any Immaterial Subsidiary own any Intellectual Property material to Borrower's business? YES / NO  
*(If yes, please list each applicable Immaterial Subsidiary).*

Does Spectral Ireland maintain an aggregate balance or fair market value of cash and other assets that is greater than \$0? YES / NO

Does Spectral UK maintain (a) an aggregate cash balance that exceeds \$200,000, or (b) an aggregate fair market value of assets that exceeds \$1,000,000? YES / NO

EXPLANATIONS

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*[Remainder of this page intentionally left blank; signature page follows]*

[Signature page to Compliance Certificate]

Very truly yours,

SPECTRAL AI, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \* \_\_\_\_\_

\_\_\_\_\_  
\* Must be executed by Company's Chief Financial Officer or other executive officer.

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**SCHEDULE 1**

**LENDER COMMITMENTS**

<b>LENDERS</b>	<b>TRANCHE 1 COMMITMENT</b>	<b>TRANCHE 2 COMMITMENT</b>	<b>COMMITMENT</b>
Avenue Venture Opportunities Fund II, L.P.	\$8,500,000	\$6,500,000	\$15,000,000
<b>Total</b>	\$8,500,000	\$6,500,000	\$15,000,000

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## Spectral AI Raises up to \$15 Million of Debt Financing and Strengthens Financial Position for U.S. Commercialization

Your publication date and time will appear here. | Source: [Spectral AI, Inc.](#)

Share



DALLAS, March 24, 2025 (GLOBE NEWSWIRE) -- Spectral AI, Inc. (NASDAQ: MDAI) (“Spectral AI” or the “Company”), a leading developer of the AI-driven DeepView® System, which uses multi-spectral imaging and AI algorithms to predict burn healing potential, today announced the successful completion of a debt financing agreement of up to \$15.0 million in funding from Avenue Venture Opportunities Fund II, L.P., a fund of Avenue Capital Group, with an initial draw down of \$8.5 million. In connection with this debt financing, the Company also raised \$2.7 million of equity financing from institutional as well as existing investors. With total cash on hand now of over \$14 million and potential access to additional debt of \$6.5 million, Spectral AI is able to accelerate its product commercialization efforts, including the upcoming U.S. launch of its DeepView System.

The term of the financing agreement is for three years, with an interest- only payment period of no less than 15 months, which can be extended to 24 months upon achieving the milestones laid out in the second financing tranche. The second financing tranche, which is contingent upon FDA clearance of the DeepView System, includes an additional \$6.5 million in debt financing and a \$7.0 million equity raise to be completed by the Company. The financing also includes warrant coverage equal to 8.5% of the total funding commitment from Avenue Capital Group, with an exercise price of \$1.80 per share. As part of the financing, the Company has agreed to a market standstill with no additional stock sales by the Company for a period of at least six months. SP Angel Corporate Finance LLP acted as the sole placement agent for the participation of existing UK investors. Dominari Securities LLC acted as the sole placement agent for U.S. investors.

“This significant financing provides Spectral AI with the resources necessary to finalize our commercialization efforts and bring our cutting- edge DeepView System across the finish line to the U.S. market,” said Dr. J. Michael DiMaio, M.D., Chairman of the Board of Directors of Spectral AI. “We are excited to be working with Avenue Capital and expect the partnership to provide long-term benefits to the Company. This supports our efforts to bring our technology to market and transform the way healthcare providers predict burn wound healing potential and ultimately improve patient outcomes.”

“We have been impressed with the clinical data generated by Spectral AI’s DeepView System and we believe it will offer significant benefits to burn victims in the future,” said Chad Norman, Senior Portfolio Manager at Avenue Capital Group.

## 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. The Company is working to revolutionize the management of wound care by “Seeing the Unknown®” with its DeepView® System. The DeepView® System is being developed as a predictive device to offer clinicians an objective and immediate assessment of a burn 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, the DeepView® System is expected to provide fast and accurate treatment insight towards value care by improving patient outcomes and reducing healthcare costs. For more information about the DeepView® System, visit [www.spectral-ai.com](http://www.spectral-ai.com).

## 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 strategy, plans, objectives, initiatives and financial outlook. 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.

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