

Spectral AI, Inc.

(MDAI - NASDAQ)

MDAI: DeepView Awarded \$32 Million From BARDA

Our valuation employs a discounted cash flow (DCF) model and a 15% discount rate to generate the Spectral AI valuation. We forecast revenues from the United States and the United Kingdom in the burn indication to produce our cash flow estimates.

Current Price (3/27/2026) **\$1.49**
Valuation \$5.00

OUTLOOK

Spectral AI is developing an AI-guided predictive medical device that harnesses multispectral imaging (MSI) to estimate a wound's capacity to heal. The company is pursuing indications in burn and potentially other indications and is receiving support from BARDA & other government agencies. Spectral is distinguished by its combination of MSI and AI to improve diagnoses.

Spectral is conducting multiple clinical trials around the world to obtain approval for its device with the FDA & other regulatory agencies. In 2Q:25, a pivotal burn study was submitted to the FDA using the De Novo pathway. The device has received the UKCA mark for burn in the UK & has deployed devices in Australia. The company is also pursuing the CE mark in Europe. Spectral will consider new diagnostic areas for DeepView such as amputation & critical limb ischemia.

We forecast DeepView product revenues from burn centers & emergency departments using a licensing fee model that provides access to service, training & algorithm updates. Device sales & per transaction fees may also be part of the reimbursement model. Geographical opportunities include US, the UK and EU with potential for broader distribution.

SUMMARY DATA

52-Week High **3.21**
 52-Week Low **1.04**
 One-Year Return (%) **16.4**
 Beta **0.9**
 Average Daily Volume (sh) **565,966**

Shares Outstanding (mil) **31.8**
 Market Capitalization (\$mil) **47.4**
 Short Interest Ratio (days) **7.5**
 Institutional Ownership (%) **14.8**
 Insider Ownership (%) **12.0**

Annual Cash Dividend **\$0.00**
 Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
 Sales (%) **N/A**
 Earnings Per Share (%) **N/A**
 Dividend (%) **N/A**

P/E using TTM EPS **N/A**
 P/E using 2025 Estimate **N/A**
 P/E using 2026 Estimate **N/A**

Zacks Rank **N/A**

Risk Level **Above Average**
 Type of Stock **Small-Growth**
 Industry **Med-Tech Devices**

ZACKS ESTIMATES

Revenue

(In millions of USD)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2024	\$6.3 A	\$7.5 A	\$8.2 A	\$7.6 A	\$29.6 A
2025	\$6.7 A	\$5.1 A	\$3.8 A	\$3.8 A	\$19.7 A
2026					\$18.7 E
2027					\$41.4 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2024	-\$0.19 A	-\$0.16 A	-\$0.08 A	-\$0.41 A	-\$0.85 A
2025	\$0.15 A	-\$0.31 A	-\$0.13 A	\$0.02 A	-\$0.29 A
2026					-\$0.50 E
2027					-\$0.26 E

WHAT'S NEW

Spectral AI, Inc. (NASDAQ: MDAI) reported 2025 results on March 24th after the market close. Highlights since the company's third quarter release include the elevation of Vincent Capone to Chief Executive Officer, the exhibition of DeepView at multiple burn conferences and the award of \$31.7 million in funding from Biomedical Advanced Research and Development Authority (BARDA) augmented by another \$9.7 million from Spectral AI to support DeepView development. The primary area of investor focus during this time is the FDA's review of the DeepView burn diagnostic. During its earnings presentation, the company provided 2026 research and development revenue guidance of \$18.5 million. The guidance excludes product revenues. Spectral anticipates initial sales in the United Kingdom and the United States in 2026.

As attention turns towards commercialization activities, Spectral will be relying on the burn units and hospitals that participated in the DeepView studies to be first movers and add the devices to their treatment facilities. It will receive support from the BARDA contract which will fund device deployment at deserving sites following the De Novo approval. SnapShot, a handheld version of DeepView, is undergoing additional testing for durability for the Department of Defense and expects to deliver a prototype in the second quarter. Despite all of the obstacles related to the federal government and its funding, Spectral reports that interactions with the FDA have been productive and it is on track to complete its evaluation of DeepView in 1H:26.

2025 Financial and Operational Results

Spectral reported 2025 results in a [press release](#) on March 24th followed by a [conference call](#) to discuss results with investors and take questions from analysts. A [Form 10-K](#) was subsequently filed with the SEC. For the year ending December 31st, 2025, Spectral recognized research and development revenues of \$19.7 million. Net loss from operations was \$7.6 million or \$0.29 per share. For 2025 versus the same, prior year period:

- Revenues of \$19.7 million fell 34% from \$29.6 million reflecting a reduction in direct labor, clinical trial and other reimbursed study costs related to the BARDA contract. BARDA revenues totaled \$17.7 million while other government contracts composed primarily of Medical Technology Enterprise Consortium (MTEC) funds were \$2.0 million;
- Cost of revenue, which can be thought of as research and development expense, totaled \$10.7 million, down 34% from \$16.3 million due to lower activity levels related to the BARDA contract. Gross margin rose to 45.4% vs. 44.9%, reflecting a consistent mix of direct labor as a percentage of the total work performed on the BARDA PBS Contract from the prior year;
- General & Administrative expenses were \$17.5 million, down 12% from \$19.9 million on account of improved operating efficiencies and lower services costs;
- Net interest expense was \$886,000 compared to net interest income of \$14,000 as interest was accrued for the debt taken on from Avenue Capital financing;
- Other income of \$1.9 million was dominated by a change in fair value of warrants reflecting a decline in the company's share price partially offset by amortization of the debt discount and a foreign exchange transaction loss;
- Income tax expense was \$11,000 vs. \$271,000;
- Net loss was \$7.6 million vs. \$15.3 million or \$0.29 and \$0.85 per share, respectively.

As of December 31st, 2025, cash totaled \$15.4 million. This amount compares to the \$5.2 million cash balance held at the end of 2024. Several financing transactions took place during the 2025 calendar year with net proceeds from the sale of stock, the issuance of notes and warrant and option exercises contributing \$20.1 million after netting out expenses and repayments of other notes.

Product Update

Based on historical review times and commentary by management, we anticipate that FDA's authorization of DeepView could arrive by mid-year. In the meantime, the team will be focused on pre-commercialization activities. Despite the departure of the company's Chief Commercial Officer earlier this year, Spectral is conducting a search to identify a new one. In parallel, the company will engage Deloitte Consulting to help with the strategic plan for commercialization and expects sales inside and outside of the BARDA universe this year. Spectral plans to struc-

ture the implementations as multi-year contracts that provide for software upgrades, product licensing and device maintenance. Spectral will receive help from the BARDA contract which will fund device deployment.

SnapShot, a handheld version of DeepView, is undergoing additional testing for durability in the battlefield for the Department of Defense. The device offers civilian applications and Spectral management is in discussions with authorities for its use in public settings such as ambulances. Management expects that regulatory clearance for SnapShot will follow the faster 510(k) pathway, relying on the DeepView device as a predicate. A near-term milestone for SnapShot is the anticipated delivery of a fully functioning prototype of the handheld device. For DeepView, further research and development work is expected, including a label expansion to image and diagnose burns on the head, hands and feet. Spectral may also pursue a new indication which may be in critical limb ischemia or amputations. Partnerships could also be developed for work in wound care.

Despite the obstacles posed by the federal government and its funding, Spectral [announced](#) \$31.7 million of BARDA funding that will accelerate the development of DeepView. The company will augment this funding with another \$9.7 million to support additional features for the device.

Milestones

- Data analysis completed for US Burn Pivotal Study – February 2025
- Stanley Micek [appointed](#) as Chief Operating Officer – May 2025
- British Burn Association (BBA) conference [participation](#) – June 2025
- Deployment of DeepView System in UK – 2025
- [Participation in](#) the American Burn Association annual meeting & DeepView presentations – April 2025
- Emergency Department Enrollment Completion – April 2025
- De Novo classification request for burn diagnostic – June 2025
- DeepView at European Burns Association Congress – September 2025
- Spectral AI [named](#) on Time Magazine's Top HealthTech Companies – September 2025
- Vincent Capone elevated to CEO – February 2026
- Award of \$31.7 million of BARDA funding – March 2026
- Fully functional prototype of handheld SnapShot delivered - 2Q:26
- Launch of DeepView in US Burn Centers – 2H:26
- Launch of DeepView in US Emergency Departments (Burn) – 2026/2027
- DeepView SnapShot M Launch for Military Use - 2027

Summary

Spectral provides 2025 financial and operational results in an earnings call led by the recently promoted and appointed CEO, Vincent Capone. His ascension to the role was followed by the announcement of \$31.7 million of BARDA funding to accelerate DeepView advancement and another \$9.7 million sourced internally. During the presentation, management provided additional clarity on its commercialization process. Despite the departure of the Chief Commercial Officer, Spectral is moving ahead with identifying a new executive for this role and working with Deloitte to refine the strategic marketing plan. Beyond the efforts for DeepView cart, Spectral is also working on the handheld version of the product and plans to deliver a fully functioning prototype in 2Q:26. Other research and development efforts include the pursuit of a label expansion, collaborations with partners, especially in wound care, and new indications possibly in amputation or critical limb ischemia. DeepView authorization could come by mid-year 2026 allowing for a launch of the device in the second half of this year. We maintain our valuation of \$5.00 per share.

PROJECTED FINANCIALS

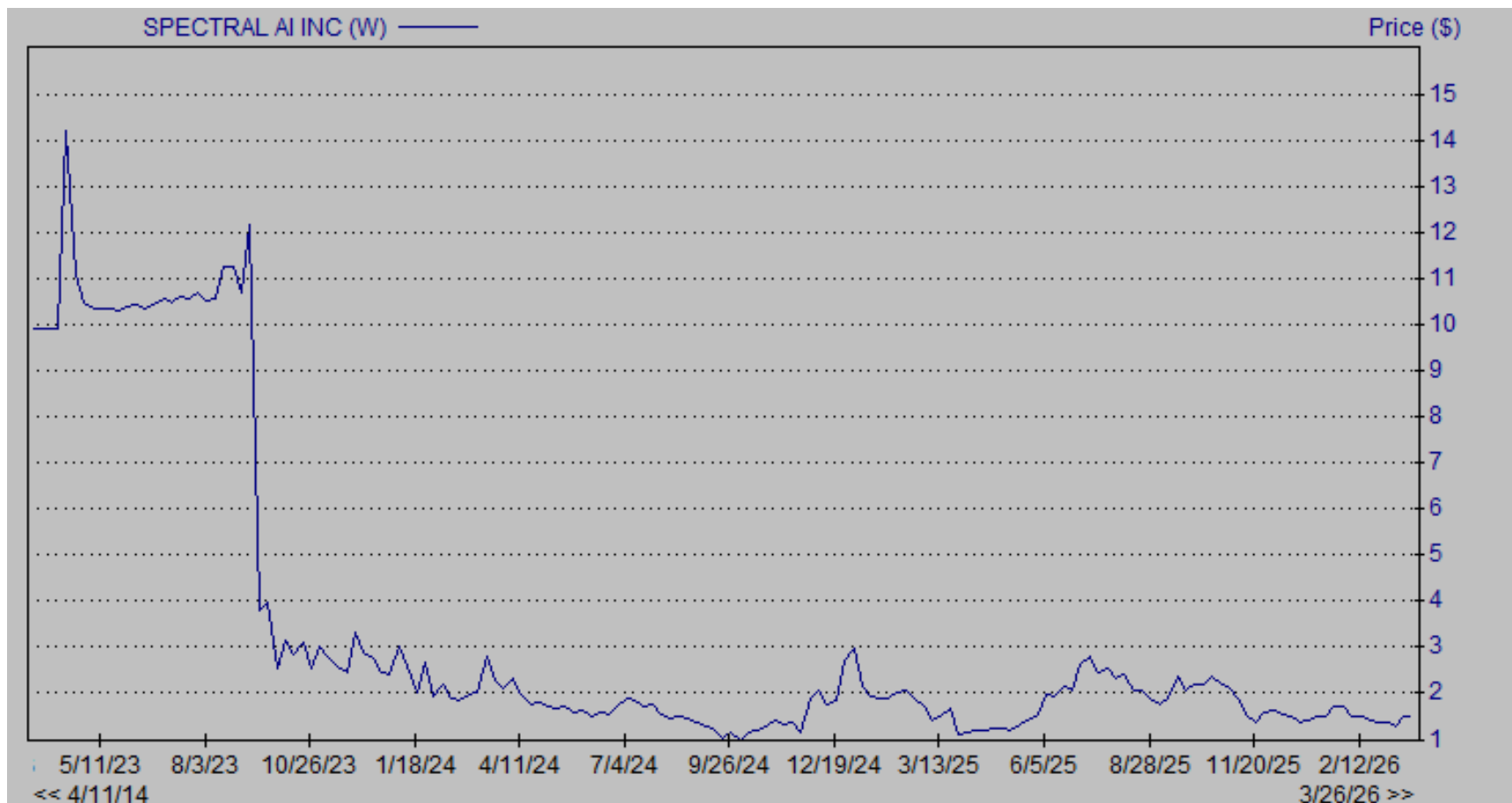
Spectral AI, Inc. - Income Statement

Spectral AI, Inc.	2024 A	Q1 A	Q2 A	Q3 A	Q4 A	2025 A	2026 E	2027 E
Total Revenues (\$US '000)	\$29,581	\$6,707	\$5,065	\$3,792	\$3,849	\$19,650	\$18,675	\$41,368
YOY Growth	64%	6%	-32%	-54%	-49%	-34%	-5%	122%
Cost of Goods Sold	\$16,307	\$3,539	\$2,775	\$2,171	\$2,318	\$10,725	\$9,935	\$22,752
Product Gross Margin	44.9%	47.2%	45.2%	42.7%	46.5%	45.4%	46.8%	45.0%
General & administrative	\$19,856	\$4,064	\$4,413	\$4,962	\$4,012	\$17,528	\$25,350	\$28,100
Research & development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income from operations	(\$6,582)	(\$896)	(\$2,123)	(\$3,341)	(\$2,481)	(\$8,603)	(\$16,610)	(\$9,485)
Operating Margin								
Interest (expense) income, net	\$14	(\$20)	(\$277)	(\$300)	(\$289)	(\$886)	(\$110)	(\$110)
Other income, net	(\$8,476)	\$3,884	(\$5,587)	\$91	\$3,371	\$1,929	\$0	\$0
Pre-Tax Income	(\$15,044)	\$2,968	(\$7,987)	(\$3,550)	\$601	(\$7,560)	(\$16,720)	(\$9,595)
Provision for Income Tax	(\$271)	(\$71)	\$19	(\$2)	\$41	(\$11)	(\$250)	(\$250)
Net Income	(\$15,315)	\$2,897	(\$7,968)	(\$3,552)	\$642	(\$7,571)	(\$16,970)	(\$9,845)
Net Margin								
Reported EPS	(\$0.85)	\$0.15	(\$0.31)	(\$0.13)	\$0.02	(\$0.29)	(\$0.50)	(\$0.26)
YOY Growth								
Fully Diluted Shares	17,934	19,200	25,422	26,319	30,394	26,518	34,000	37,500

Source: Company Filing // Zacks Investment Research, Inc. Estimates

HISTORICAL STOCK PRICE

Spectral AI, Inc. – Share Price Chart¹



¹ Source: Zacks Research System

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