

Spectral AI, Inc.

(MDAI - NASDAQ)

MDAI: DeepView FDA Clearance Fires Up Our Valuation

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

Current Price (5/29/2026) **\$2.07**
Valuation \$6.25

OUTLOOK

Spectral AI has developed an AI-guided predictive medical device that harnesses multispectral imaging (MSI) to estimate a wound's capacity to heal. It is pursuing indications in burn and potentially other indications with 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 and clearance was given in May 2026. 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 **1.18**
 One-Year Return (%) **24.7**
 Beta **1.2**
 Average Daily Volume (sh) **960,487**

Shares Outstanding (mil) **31.8**
 Market Capitalization (\$mil) **65.8**
 Short Interest Ratio (days) **4.6**
 Institutional Ownership (%) **15.2**
 Insider Ownership (%) **12.8**

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 2026 Estimate **N/A**
 P/E using 2027 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)
2025	\$6.7 A	\$5.1 A	\$3.8 A	\$4.1 A	\$19.7 A
2026	\$4.0 A	\$4.8 E	\$4.8 E	\$5.1 E	\$18.7 E
2027					\$41.4 E
2028					\$42.2 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
2025	\$0.15 A	-\$0.31 A	-\$0.13 A	\$0.03 A	-\$0.29 A
2026	-\$0.11 A	-\$0.16 E	-\$0.15 E	-\$0.14 E	-\$0.56 E
2027					-\$0.28 E
2028					-\$0.26 E

WHAT'S NEW

Spectral AI, Inc. (NASDAQ: MDAI) announced De Novo clearance for its DeepView Burn diagnostic in a May 26th [press release](#). As a result, we increase our probability of success for DeepView burn from 75% to 100% which raises our valuation to \$6.25 per share. Management's attention will shift from regulatory matters to commercial and clinical trial efforts. FDA clearance also entitles the company to access another \$6.5 million in debt financing from Avenue Capital which will require a parallel equity raise of \$7.0 million.

Following the clearance, Spectral's first priority is to hire a Chief Commercial Officer (CCO). Based on our conversations with management, we believe that they have identified a candidate and will appoint them to their role before the end of the second quarter. The new CCO will benefit from a list of prospects that have experience with the device and have recognized its value. The commercialization effort will be funded by the Biomedical Advanced Research and Development Authority (BARDA) award. The initial award will pay for up to 30 DeepView devices at deserving centers following FDA clearance. Management is optimistic that several units may be deployed in Europe, Australia and/or the Middle East this year.

Exhibit I – DeepView Burn Diagnostic



Source: Spectral AI May 26th, 2026 Press Release

For domestic deployments, the company is planning to begin the commercial effort in earnest after summer. The timing acknowledges the academic year at teaching hospitals and summer vacations which may limit the number of available decision makers. This approach suggests that the first domestic deployments may take place in the fourth quarter. While some devices already sit in inventory, manufacturing can be completed quickly. Spectral plans to manufacture devices when they have a placement confirmed, which will allow for just in time inventory. Waiting to build inventory will offer units that have the latest software, battery and algorithm. The device manufacturer is located just a few miles from Spectral AI's headquarters in Dallas, Texas which enables management to have close and frequent contact with the manufacturing operations.

BARDA's grant funds support continued development work for DeepView including efforts to conduct health economic and outcome research studies for deployed units. The work will support the broader clinical adoption of the DeepView system and emphasize real-world outcomes. Management has finalized the design of the outcomes study with BARDA. It anticipates approximately 286 patients in the study across at least 12 sites. We expect further information on the study during the second quarter 2026 conference call coming in August.

Valuation

We recently caught up with Spectral AI management to refine our estimates for 2026 and 2027 taking into account anticipated deployments, the nature of reimbursement for deployed devices (outright purchase vs. lease) and additional expenses tied to the upcoming outcomes study. We also increased our probability of regulatory success to 100% from 75% following the FDA clearance of the DeepView burn diagnostic. The results from our model adjustments generate an updated valuation of \$6.25 per share.

Milestones

- Vincent Capone elevated to CEO – February 2026
- Award of \$31.7 million of BARDA funding – March 2026
- [Acceptance](#) of Small Business Innovator Award at the Texas Innovation Conference – April 2026
- [Attendance](#) at the 2026 American Burn Association Annual Meeting – April 2026
- Fully functional prototype of handheld SnapShot delivered – May 2026
- [Annual Meeting](#) of Stockholders – May 29th, 2026
- Stockholder meeting [results and business update](#) – June 1st, 2026
- Development of health economic and outcome study - 2026
- Launch of DeepView in US Burn Centers – 2H:26
- Launch of health economic and outcome study – 4Q:26
- Decision on contract award for SnapShot handheld device by MTEC – December 2026
- Launch of DeepView in US Emergency Departments (Burn) – 2026/2027
- DeepView SnapShot Launch for Military Use - 2027

Summary

We hear echoes of Spectral AI's Executive Chairman, Dr. J. Michael DiMaio's maxim "Finance, Focus and Finish" as the FDA clears the DeepView burn device. Now that the "Finish" portion of that objective is achieved, we anticipate that the company will apply the motto to the next stage of its growth as it commercializes the device and expands into new studies and indications. The "Finance" portion of the effort moves front and center as Spectral is now eligible to draw another \$6.5 million from its facility with Avenue Capital in parallel with an equity raise. Spectral's "Focus" will shift to commercialization where there appears to be many geographies of interest. The company will use its BARDA grant to fund deployments in the United States and take advantage of relationships overseas to deploy units in Europe, Australia and the Middle East.

Following the clearance of DeepView, we increase our valuation to \$6.25 per share, reflecting a 100% probability of regulatory success. This allows Spectral to conduct its health economic and outcome research to support the broader clinical adoption of the DeepView System.

PROJECTED FINANCIALS

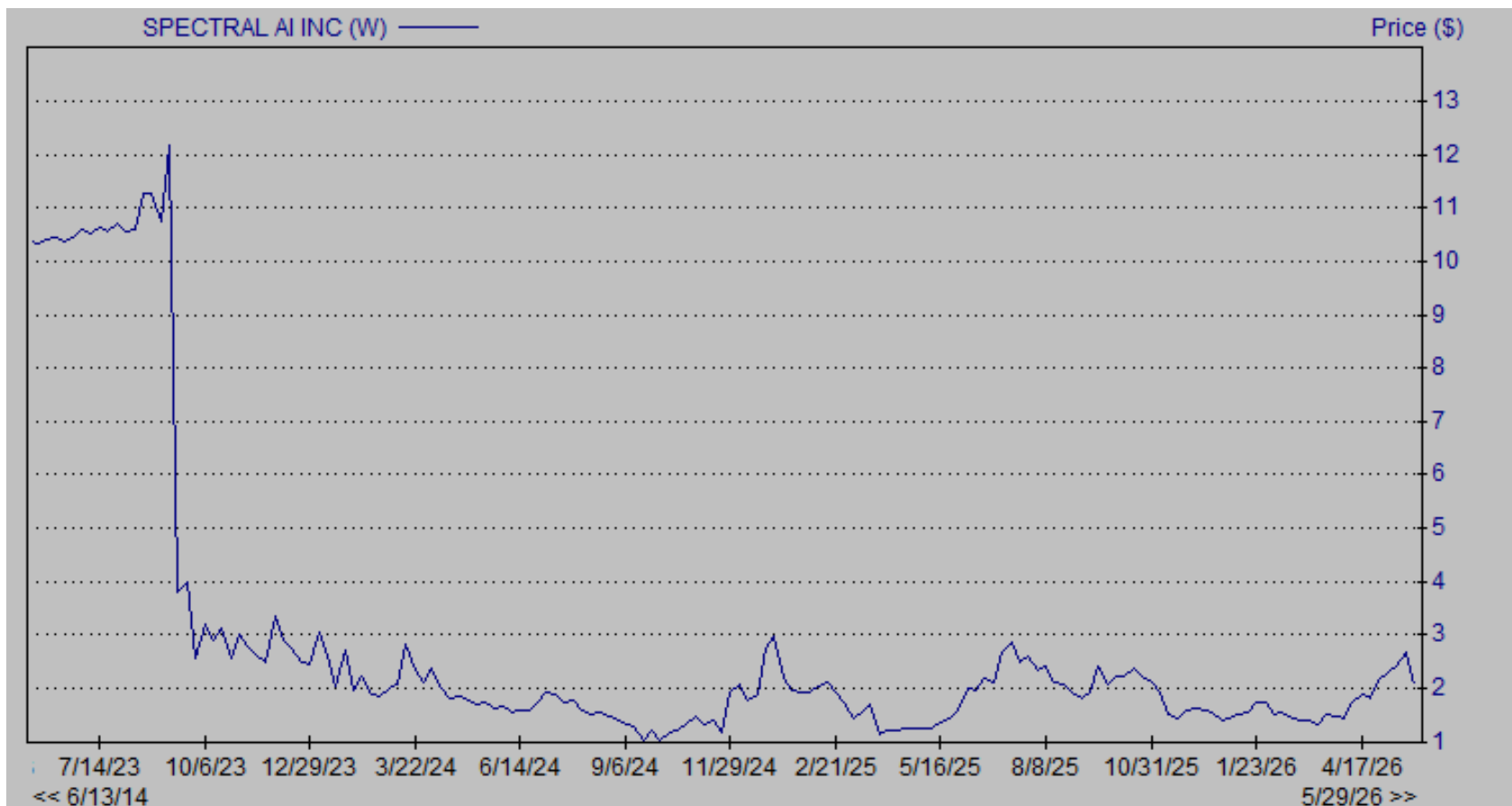
Spectral AI, Inc. - Income Statement

Spectral AI, Inc.	2025 A	Q1 A	Q2 E	Q3 E	Q4 E	2026 E	2027 E	2028 E
Total Revenues (\$US '000)	\$19,650	\$3,991	\$4,790	\$4,820	\$5,074	\$18,675	\$41,368	\$42,231
YOY Growth	-34%	-40%				-5%	122%	2%
Cost of Goods Sold	\$10,725	\$1,964	\$2,563	\$2,579	\$2,715	\$9,820	\$22,752	\$23,227
Product Gross Margin	45.4%	50.8%	46.5%	46.5%	46.5%	46.8%	45.0%	45.0%
General & administrative	\$17,528	\$3,998	\$7,100	\$7,015	\$7,237	\$25,350	\$28,100	\$28,900
Research & development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income from operations	(\$8,603)	(\$1,971)	(\$4,873)	(\$4,774)	(\$4,878)	(\$16,495)	(\$9,485)	(\$9,896)
Operating Margin								
Interest (expense) income, net	(\$886)	(\$258)	(\$250)	(\$251)	(\$250)	(\$1,009)	(\$1,100)	(\$1,100)
Other income, net	\$1,929	(\$1,193)	\$0	\$0	\$0	(\$1,193)	\$0	\$0
Pre-Tax Income	(\$7,560)	(\$3,422)	(\$5,123)	(\$5,025)	(\$5,128)	(\$18,697)	(\$10,585)	(\$10,996)
Provision for Income Tax	(\$11)	\$10	\$0	\$0	\$0	\$10	\$0	\$0
Net Income	(\$7,571)	(\$3,412)	(\$5,123)	(\$5,025)	(\$5,128)	(\$18,687)	(\$10,585)	(\$10,996)
Net Margin								
Reported EPS	(\$0.29)	(\$0.11)	(\$0.16)	(\$0.15)	(\$0.14)	(\$0.56)	(\$0.28)	(\$0.26)
YOY Growth								
Fully Diluted Shares	26,518	31,757	32,550	33,150	36,000	33,364	37,500	42,000

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

HISTORICAL STOCK PRICE

Spectral AI, Inc. – Share Price Chart¹



¹ Source: Zacks Research System

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, John Vandermosten, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business. SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN DISCLAIMER

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada and is not an associated person of any Canadian registered adviser and/or dealer and, therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.