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Spectral AI, Inc. (MDAI - NASDAQ)

MDAI: The Lull Between Approval and First Sale

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 (8/12/2026)	$1.57
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 areas 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 marketing authorization 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	**2.97**
52-Week Low	**1.18**
One-Year Return (%)	**-29.6**
Beta	**1.2**
Average Daily Volume (sh)	**522,256**
Shares Outstanding (mil)	**32.2**
Market Capitalization ($mil)	**50.6**
Short Interest Ratio (days)	**12.1**
Institutional Ownership (%)	**15.6**
Insider Ownership (%)	**13.0**
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 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 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2025	$6.7 A	$5.1 A	$3.8 A	$4.1 A	$19.7 A
2026	$4.0 A	$3.5 A	$5.7 E	$5.4 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	-$0.13 A	-$0.15 E	-$0.14 E	-$0.53 E
2027					-$0.28 E
2028					-$0.29 E

WHAT'S NEW

Spectral AI, Inc. (NASDAQ: MDAI) reported second quarter 2026 results on August 11th after the market close. Since the previous financial update in May, the company has received De Novo marketing authorization for the DeepView system in the burn indication and has accelerated its pre-commercialization efforts. It further appointed a new Chief Commercial Officer and representatives have attended multiple meetings including the British Burn Association annual conference and the Military Health System Research Symposium (MHSRS).

During its earnings presentation, the company reaffirmed 2026 research and development revenue guidance of $18.5 million. The guidance excludes product revenues. Spectral believes there will be DeepView deployments inside and/or outside the United States in 2026. It plans to update its United Kingdom Conformity Assessed (UKCA) burn assessment mark approval to reflect improvements, which could lead to UK sales after the updated labeling. Back stateside, Spectral delivered a prototype handheld version of DeepView to MTEC for review. MTEC may award another grant in December 2026 if the specifications and funding align.

2Q:26 Financial and Operational Results

Spectral reported 2Q:26 results in a press release on August 11th, followed by a conference call to discuss results with investors and take questions from analysts. A Form 10-Q was subsequently filed with the SEC. For the quarter ending June 30th, 2026, Spectral recognized research and development revenues of $3.5 million. Net loss from operations was $4.2 million. Spectral expanded the reporting of operating expenses adding line items for internal Research & Development and Sales & Marketing. Previously, these amounts were consolidated in General & Administrative expenses. We adjusted prior period breakdowns to reflect the new information where it was available. For 2Q:26 versus the same, prior year period:

- Revenues of $3.5 million fell 30% from $5.1 million reflecting a reduction in direct labor, clinical trial and other reimbursed study costs related to the BARDA contract. This was partially offset by work on other contracts, including the Medical Technology Enterprise Consortium (MTEC) for the handheld device;
- Cost of revenue totaled $2.4 million, down 13% from $2.8 million due to the cost share provisions applicable to the follow-on development phase of the BARDA contract, where Spectral funds a portion of the development costs it incurs. Gross margin fell to 31.6% from 45.2%, reflecting the cost-share provisions of the follow-on development phase of the BARDA contract, where Spectral continues to incur development costs that are not fully reimbursable, and a lower margin on the fixed-fee MTEC contract;
- General & Administrative expenses were $3.1 million, rising 18% from $2.6 million due to higher stock-based compensation partially offset by lower consultant fees;
- Research & Development expense was $1.7 million, increasing 16% over $1.5 million, attributable to an increase in non-revenue generating R&D activities;
- Selling & Marketing expense was $653,000, rising 92% from $340,000 due to the ramp up in the sales & marketing team and the cost of a third-party pricing study;
- Net interest expense was $378,000 compared to $397,000 with the amount related to the Avenue Capital financing and insurance policy financing;
- Other income of $696,000 was attributable to a change in fair value of warrants partially offset by financing related costs and foreign exchange transaction loss;
- Income tax expense was $170,000 vs. a benefit of $19,000;
- Net loss was $4.2 million or $0.13 per share vs a net loss of $8.0 million or $0.31 per share.

As of June 30th, 2026, cash totaled $14.0 million. This amount compares to the $15.4 million cash balance held at the end of 2025. Cash burn for the first six months of 2026 was $7.8 million and cash flow from financing was $6.4 million. Financing cash flows include a $6.5 million contribution from the second tranche of the Avenue financing.

De Novo Marketing Authorization of DeepView Burn

Spectral announced De Novo marketing authorization for its DeepView Burn diagnostic in a May 26th press release. Management's attention has shifted from regulatory matters to commercial and clinical trial efforts. FDA authorization also entitled the company to access another $6.5 million in debt financing from Avenue Capital.

Following FDA marketing authorization, Spectral announced the appointment of Darcy Bajko as Chief Commercial Officer (CCO). Ms. Bajko 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 marketing authorization. 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 has begun the commercial effort. While some devices already sit in inventory, manufacturing can be completed quickly to meet demand. Spectral plans to manufacture diagnostic units when they have a placement confirmed, employing just-in-time inventory. This allows manufactured units to offer the latest software, battery and algorithm. The device manufacturer is located just a few miles from Spectral AI's headquarters in Dallas, Texas so management will have close and frequent contact with the manufacturing operations.

Spectral sees deployments occurring this year with hospitals and burn centers offering KOL support being the most likely to be first adopters. The deployment requires approval by multiple committees in most centers which must be passed before first revenues are recognized. Management provided additional detail on how it expects to structure the sale of DeepView. There will be two components to a deployment. The first is the purchase of the DeepView device which we think could be in the $100,000+ range. The second is the software and services component, comprised of a software licensing fee that includes maintenance, image hosting, and access to algorithm updates. The term of the agreement is expected to be three years with an annual amount perhaps around 40% of the purchase price. Customers may also have the option to lease DeepView which would add a financing component and a three-year term.

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 (triage & treatment) study with BARDA and anticipates approximately 280 patients enrolled across at least 12 sites.

New Executives Added

After weeks of anticipation, Spectral announced the appointment of Darcy Bajko as CCO in a July 8th press release. Ms. Bajko was previously in commercial leadership roles at MediView XR, where she defined the commercialization strategy for the company's augmented reality visualization and navigation technologies, advancing image-guided procedures in multiple fields. At MediView, she and her team launched three FDA-cleared augmented reality imaging platforms: MediScout, OmnifyXR and XR90 while originating the commercial organization. She has also held commercial leadership positions at Smith+Nephew, Integra LifeSciences and OrthoHelix Surgical Designs.

David McGuire assumed the CFO role at Spectral following the elevation of Vincent Capone to CEO. A press release issued on April 8th, 2026 announced David's appointment. Mr. McGuire has 20 years of experience in finance and accounting roles. Prior to joining Spectral AI, he served as the Chief Accounting Officer of Solo Brands, a publicly-traded consumer products company, where he was responsible for overseeing the accounting, financial reporting, internal controls and tax functions, while also supporting broader finance and operational initiatives to scale its public company infrastructure.

He also served as Deputy CFO and Chief Accounting Officer of EZCORP, a multi-national, publicly-traded provider of consumer retail transactions and consumer financial services, where he was responsible for financial operations and played a key role in capital markets activities and broader strategic initiatives. Mr. McGuire was a Managing Director at a professional services company where he built the firm's Texas practice and advised growing companies on finance and accounting transformation. He began his career at Ernst & Young, where he assumed positions of increasing responsibility over a 14-year career. He holds a Bachelor of Business Administration and a Master in Professional Accounting from The University of Texas at Austin and is a Certified Public Accountant.

British Burn Conference

Spectral representatives attended the British Burn Association (BBA) Annual Conference, held on June 17th to 19th at the Nottingham Trent University, Nottingham, England. The DeepView System was on display and was the subject of multiple podium and poster presentations during the conference, highlighting its contributions to advancing burn care through advanced diagnostic analysis. Dr. Jeffrey Carter, Spectral's Chief Medical Consultant, presented to the audience the use of multispectral imaging with artificial intelligence for burn wounds. His presentation received first prize at the BBA conference. Other presenters of note included Mr. Shreyas Supparamaniam, a plastic surgeon in the UK, who presented the real-world impact of DeepView in helping physicians manage thermal burn wounds. Below is a list of the presenters and topics:

- Results from the Training & Validation Studies: Multi-Spectral Imaging with Artificial Intelligence for Burn Wounds – Dr. Jeffrey Carter, Louisiana State University Health Science Center, which was awarded 1st Prize by the BBA.
- Artificial Intelligence-Enhanced Multispectral Imaging for Burn Wound Assessment: A Multi-Centre UK Evaluation update – Mr. Shreyas Supparamaniam, Pinderfields General Hospital, Wakefield, UK.
- The role of DeepView imaging in burn surgery decision-making: a patient centred mixed-methods service evaluation – Dr Zoe Gotts, Newcastle Hospitals NHS Foundation Trust.
- Artificial-intelligence enhanced multispectral imaging for burn wound assessment: pilot evaluation of complex anatomical sites – Mr. Poh Hong Tan, Royal Victoria Infirmary, Newcastle Upon Tyne, UK.
- Usability of an Artificial Intelligence-Enhanced Multispectral Imaging Tool for Burn Assessment: A Retrospective Heuristic Evaluation – Hajar Abdulla, Royal Victoria Infirmary, Newcastle Upon Tyne, UK.

Milestones

- Vincent Capone elevated to CEO – February 2026
- Award of $31.7 million of BARDA funding – March 2026
- David McGuire appointed CFO – April 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
- Darcy Bajko appointed Chief Commercial Officer – July 2026
- 2026 Military Health System Research Symposium (MHSRS) Conference – August 2026
- Development of health economic and outcome study – 2026
- Head, hands & feet study to support label expansion initiated – mid-2026
- Launch of DeepView in US Burn Centers – 2H:26
- UKCA authorization label expansion – 4Q:26
- Launch of triage and treatment outcome study in US – 4Q:26
- Triage & treatment study (BARDA funded) – 4Q:26/1Q:27
- Decision on contract award for SnapShot handheld device by MTEC – December 2026
- Launch of DeepView in US Emergency Departments (Burn) – 2026/2027
- Total body surface area (TBSA) II FDA 510(k) clearance – mid-2027
- DeepView SnapShot Launch for Military Use – 2027
- TBSA III FDA 510(k) clearance - 2028

Summary

Spectral reports second quarter results during the lull in between product approval and first sales. The company is hard at work with its new CCO executing its commercial strategy and enhancing its relationships with hospitals and burn centers where it has conducted trials. Commercialization activity is taking place globally and the UK, Middle East and Australia are all potential recipients of DeepView burn diagnostics in 2026. In the United States, the company will use its BARDA grant to fund deployments. We see Spectral's primary goal over the next months emphasizing clinician awareness of the DeepView system and expanding its commercial efforts and related infrastructure. In parallel with the deployment, it is working on making further software and hardware advancements that may capture new indications for the device.

PROJECTED FINANCIALS

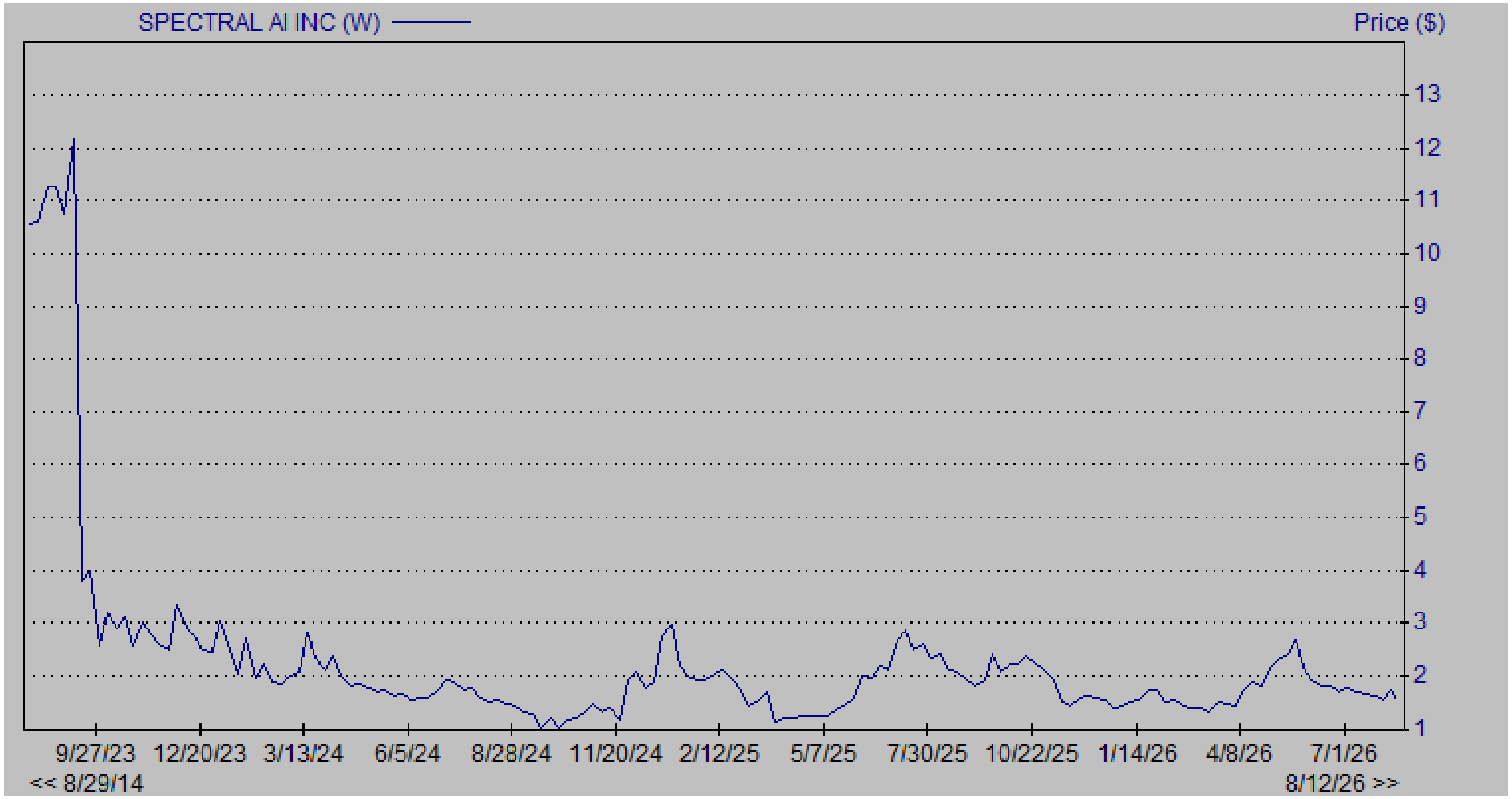
Spectral AI, Inc. - Income Statement

Spectral AI, Inc.	2025 A	Q1 A	Q2 A	Q3 E	Q4 E	2026 E	2027 E	2028 E
Total Revenues ($US '000)	**$19,650**	**$3,991**	**$3,524**	**$5,720**	**$5,440**	**$18,675**	**$41,368**	**$42,231**
YOY Growth	-34%	-40%	-30%	51%	33%	-5%	122%	2%
Cost of Goods Sold	$10,725	$1,964	$2,411	$3,289	$3,025	$10,689	$22,752	$23,227
Product Gross Margin	45.4%	50.8%	31.6%	42.5%	44.4%	42.8%	45.0%	45.0%
General & administrative	$17,528	$2,228	$3,088	$4,435	$4,584	$14,335	$18,140	$18,820
Research & development		$1,562	$1,696	$1,700	$1,741	$6,699	$6,710	$6,980
Selling & Marketing		$208	$653	$880	$912	$2,653	$3,250	$4,100
Income from operations	($8,603)	($1,971)	($4,324)	($4,584)	($4,822)	($15,701)	($9,485)	($10,896)
Operating Margin								
Interest (expense) income, net	($886)	($258)	($378)	($251)	($250)	($1,137)	($1,100)	($1,100)
Other income, net	$1,929	($1,193)	$696	$0	$0	($497)	$0	$0
Pre-Tax Income	($7,560)	($3,422)	($4,006)	($4,835)	($5,072)	($17,335)	($10,585)	($11,996)
Provision for Income Tax	($11)	$10	($170)	$0	$0	($160)	$0	$0
Net Income	**($7,571)**	**($3,412)**	**($4,176)**	**($4,835)**	**($5,072)**	**($17,495)**	**($10,585)**	**($11,996)**
Net Margin								
Reported EPS	**($0.29)**	**($0.11)**	**($0.13)**	**($0.15)**	**($0.14)**	**($0.53)**	**($0.28)**	**($0.29)**
YOY Growth								
Fully Diluted Shares	26,518	31,757	32,081	33,150	36,000	33,247	37,500	42,000

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

HISTORICAL STOCK PRICE

Spectral AI, Inc. – Share Price Chart[1]



[1] Source: Zacks Research System

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