



Profound Medical Corp. Announces Third Quarter 2017 Financial Results

TORONTO, ON (November 7, 2017) - Profound Medical Corp. (TSX-V:PRN; OTCQX:PRFMF) ("Profound" or the "Company"), the only company to provide a therapeutics platform that provides the precision of real-time Magnetic Resonance ("MR") imaging combined with the safety and ablation power of directional (inside-out) and focused (outside-in) ultrasound technology for the incision-free ablation of diseased tissue, today reported financial results for the three and nine months ended September 30, 2017. All amounts, unless specified otherwise, are expressed in Canadian dollars and are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements, including IAS-34, Interim Financial Reporting.

Corporate Highlights

- On July 31, 2017, Profound completed the Sonalleve[®] MR-HIFU Transaction, establishing Profound as a market leader in MR-ultrasound ablation therapy.
- On September 20, 2017, Profound completed a bought deal financing pursuant to a short form prospectus (the "2017 Offering"), for total gross proceeds of \$10 million. The 2017 Offering was completed through a syndicate of underwriters led by Echelon Wealth Partners Inc. and including CIBC World Markets Inc.

"We became a dramatically different company in the third quarter of 2017," said Arun Menawat, Profound's CEO. "With the acquisition of Philips' Sonalleve[®] business, Profound began to make the leap from a medical device company focused exclusively on prostate cancer ablation to a platform company, offering incision-free ablative technology to clinicians targeting various unmet needs of patients in many different anatomies and disease states. The transaction also allowed Profound to immediately transition from a development-stage company to one focused on growth. As always, we look forward to updating our stakeholders as we progress."

Summary Third Quarter 2017 Results

For the quarter ended September 30, 2017, the Company recorded revenues of \$1,465,412, with \$1,452,773 from the sale of products and \$12,639 from installation and training services. The third quarter 2017 revenues compared to \$nil in the third quarter of 2016, and reflected a 53% increase sequentially over \$957,139 recorded in the previous quarter.

The Company recorded a net loss for the three months ended September 30, 2017 of \$5,520,074, or \$0.09 per common share, compared with a net loss of \$4,061,208, or \$0.10 per common share, for the three months ended September 30, 2016. For the three months ended September 30, 2017, the increase in net loss was primarily attributed to an increase in selling and distribution expenses of \$429,057, general and administrative expenses of \$633,172 and an increase in financing costs of \$357,780, partially offset by gross profits of \$279,738.

Expenditures for R&D for the three months ended September 30, 2017 were higher by \$306,572 compared to the three months ended September 30, 2016. Overall, the increase in R&D spending was attributed to the TACT Pivotal Clinical Trial ongoing activities, increased workforce costs and the inclusion of the Sonalleve[®] MR-HIFU operations. Clinical trial costs, salaries and benefits, rent and travel increased by \$232,446, \$389,947, \$102,739 and \$35,650, respectively, resulting from ongoing activities related to the initiation of clinical sites visits, enrollment initiatives and patient treatment. Amortization of intangible assets increased by \$186,847 due to the Sonalleve[®] Transaction, license agreement costs and software upgrades. Offsetting this amount was a decrease in materials, consulting fees and other expenses by \$360,512, \$173,805, and 127,533 respectively. These costs were lower compared to the three months ended September 30, 2016, due to lower R&D initiatives and the in-house manufacturing of disposables.

General and administrative expenses for the three months ended September 30, 2017 were higher by \$633,172 compared to the three months ended September 30, 2016. Professional and consulting fees increased by \$240,720, primarily due to the legal fees associated with the Transaction and the inclusion of Sonalleve® MR-HIFU operations relating to bookkeeping and IT costs. Share-based compensation increased by \$277,835 due to options vesting to board members and executive officers and depreciation expense increased by \$104,248 primarily due to property and equipment for the new facility.

Selling and distribution expenses for the three months ended September 30, 2017 were higher by \$429,057 compared to the three months ended September 30, 2016. The increase is attributable to the commission payable provision of \$50,798 related to the Siemens Healthcare estimated shortfall of revenue share payments compared to the minimum amounts contractually required. In addition, salaries and benefits increased by \$151,382 compared to the three months ended September 30, 2016, resulting from additional direct sales force personnel. Professional and consulting fees, marketing and travel expenses increased by \$98,491, \$32,028 and \$65,743, respectively. These increases relate directly to marketing-related efforts and increased sales force.

Liquidity and Outstanding Share Capital

As of September 30, 2017, the Company had cash of \$16,307,428.

As at November 7, 2017, Profound had an unlimited number of authorized common shares with 73,117,377 common shares issued and outstanding.

For complete financial results, please see our filings at www.sedar.com and our website at www.profoundmedical.com

Conference Call Details

Profound Medical is pleased to invite all interested parties to participate in a conference call today, November 7, 2017, at 4:30 p.m. ET during which time the results will be discussed.

Live Call: 1- 888-567-1602 (Canada and the United States)
1-404-267-0373 (International)

Replay: 1-877-481-4010 (Canada and the United States)
Replay ID: 21906

The call will also be broadcast live and archived on the Company's website at profoundmedical.com under "Investor Presentations" in the Investor Relations section.

About Profound Medical Corp.

The Profound Medical team is committed to creating the powerful combination of real-time MR-guidance as the imaging platform and ultrasound as the energy source for delivering non-invasive ablative tools to clinicians. These key technology pillars, linked with intelligent software and robotics, have the potential to fulfill unmet needs of patients and clinicians in many anatomies and disease states, including prostate cancer, uterine fibroids, and palliative pain treatment of bone metastases. Our mission is to profoundly change the standard of care by creating a tomorrow where clinicians can confidently ablate tissue with precision; a tomorrow where patients have access to safe and effective treatment options, so they can quickly return to their daily lives.

Profound Medical is commercializing a novel technology, TULSA-PRO®, which combines real-time Magnetic Resonance Imaging with transurethral, robotically-driven therapeutic ultrasound and closed-loop thermal feedback control that is designed to provide precise ablation of the prostate while simultaneously protecting critical surrounding anatomy from potential side effects. TULSA-PRO® is CE marked and Profound Medical is currently conducting a pilot commercial launch of the technology in key European and other CE mark jurisdictions. The Company is also sponsoring a multicenter, prospective FDA-registered clinical trial, TACT, which, if successful, is expected to support its application to the FDA for approval to market TULSA-PRO® in the United States.

Profound Medical is also commercializing Sonalleve®, an innovative therapeutic platform that combines real-time MR imaging and thermometry with thermal ultrasound to enable precise and incision-free ablation of diseased tissue.

Sonalleve® is CE marked for the treatment of uterine fibroids and palliative pain treatment of bone metastases. The Company is also in the early stages of exploring additional potential treatment markets for Sonalleve®, such as non-invasive ablation of abdominal cancers and hyperthermia for cancer therapy, where the technology has been shown to have clinical application.

Forward-Looking Statements

This release includes forward-looking statements regarding Profound and its business which may include, but is not limited to, the expectations regarding the efficacy of Profound's technology in the treatment of prostate cancer, uterine fibroids and palliative pain treatment. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of the management of Profound. The forward-looking events and circumstances discussed in this release, may not occur by certain specified dates or at all and could differ materially as a result of known and unknown risk factors and uncertainties affecting the company, including risks regarding the pharmaceutical industry, economic factors, the equity markets generally and risks associated with growth and competition. Although Profound has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Profound undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, other than as required by law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange), nor the OTCQX accepts responsibility for the adequacy or accuracy of this release.

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Profound Medical Corp.
Interim Condensed Consolidated Balance Sheets
(Unaudited)

	September 30, 2017	December 31, 2016
	\$	\$
Assets		
Current assets		
Cash	16,307,428	20,833,061
Trade and other receivables	2,576,170	266,336
Investment tax credits receivable	180,000	264,000
Inventory	1,062,446	416,823
Prepaid expenses and deposits	641,827	696,909
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	20,767,871	22,477,129
Property and equipment	1,810,625	953,029
Intangible assets	5,424,108	262,685
Goodwill	3,409,165	-
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	31,411,769	23,692,843
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	4,712,012	1,771,427
Customer deposits	-	259,293
Deferred revenue	149,298	-
Long-term debt	4,920,830	2,877,050
Provisions	42,923	-
Other liabilities	479,022	39,357
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	10,304,085	4,947,127
Long-term debt	452,347	3,760,826
Provisions	682,013	39,619
Other liabilities	1,592,463	109,044
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	13,030,908	8,856,616
Shareholders' Equity		
Share capital	98,386,770	83,272,678
Contributed surplus	5,738,976	3,000,563
Accumulated other comprehensive income (loss)	(3,206)	11,316
Deficit	(85,741,679)	(71,448,330)
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	18,380,861	14,836,227
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	31,411,769	23,692,843

Profound Medical Corp.Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)

	Three months ended September 30, 2017 \$	Three months ended September 30, 2016 \$	Nine months ended September 30, 2017 \$	Nine months ended September 30, 2016 \$
Revenue				
Products	1,452,773	-	2,925,536	-
Services	12,639	-	88,532	-
	1,465,412	-	3,014,068	-
Cost of sales	1,185,674	-	1,968,258	-
Gross profit	279,738	-	1,045,810	-
Expenses				
Research and development	2,812,684	2,506,112	7,113,785	7,229,806
General and administrative	1,631,967	998,795	4,478,566	2,848,075
Selling and distribution	703,783	274,726	2,751,435	734,448
Total operating expenses	5,148,434	3,779,633	14,343,786	10,812,329
Finance costs	659,902	302,122	1,080,038	840,228
Finance income	(8,524)	(25,270)	(89,318)	(123,785)
Net finance costs	651,378	276,852	990,720	716,443
Loss before income taxes	5,520,074	4,056,485	14,288,696	11,528,772
Income taxes	-	4,723	4,653	9,380
Net loss for the period	5,520,074	4,061,208	14,293,349	11,538,152
Item that may be reclassified to profit or loss				
Foreign currency translation adjustment	(3,674)	5,341	14,522	10,495
Net loss and comprehensive loss for the period	5,516,400	4,066,549	14,307,871	11,548,647
Basic and diluted weighted average shares outstanding	61,614,117	39,482,212	57,456,823	39,476,278
Basic and diluted net loss per common share	(0.09)	(0.10)	(0.25)	(0.29)

Profound Medical Corp.
Interim Condensed Consolidated Cash Flows
(Unaudited)

	Nine months ended September 30, 2017 \$	Nine months ended September 30, 2016 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(14,293,349)	(11,538,152)
Depreciation of property and equipment	271,225	113,336
Amortization of intangible assets	218,408	7,889
Share-based compensation	973,336	501,035
Interest and accretion expense	1,135,008	840,152
Change in fair value of contingent consideration	52,342	-
Transaction costs related to business acquisition	716,767	-
Net change in non-cash working capital balances		
Prepaid expenses and deposits	55,082	(687,200)
Accounts payable and accrued liabilities	2,892,346	1,088,126
Provisions	685,317	40,594
Inventory	(645,623)	-
Investment tax credits receivable	84,000	(25,000)
Trade and other receivables	(2,309,834)	(63,780)
Deferred revenue	149,298	-
Customer deposits	(259,293)	-
	<u>(10,274,970)</u>	<u>(9,723,000)</u>
Investing activities		
Transaction costs related to business acquisition	(716,767)	-
Sale of short-term investment	-	10,000,000
Purchase of intangible assets	(34,079)	(139,679)
Purchase of property and equipment	(414,950)	(831,113)
	<u>(1,165,796)</u>	<u>9,029,208</u>
Financing activities		
Payment of long-term debt and interest	(2,429,230)	(265,025)
Payment of other liabilities	(7,742)	-
Proceeds from share options exercised	100,301	3,675
Issuance of common shares	10,000,000	-
Transaction costs paid	(748,196)	-
	<u>6,915,133</u>	<u>(261,350)</u>
Decrease in cash during the period	<u>(4,525,633)</u>	<u>(955,142)</u>
Cash - Beginning of period	<u>20,833,061</u>	<u>10,522,520</u>
Cash - End of period	<u>16,307,428</u>	<u>9,567,378</u>