



## **SQI Diagnostics Inc Signs MOU with UK-Based Owlstone Medical**

### *Companies Plan to Commercialize Breath-Based Detection of Lung Infection and Transplant Rejection*

Toronto, Ontario, January 24, 2022 – SQI Diagnostics Inc. (“SQI” or the “Company”) (TSX-V: SQD; OTCQB: SQIDF), leaders in the science of lung health who develop and manufacture respiratory health and precision medicine tests, is pleased to announce a Memorandum of Understanding (“MOU”) between SQI and Owlstone Medical to work together on the discovery, development and commercialization of breath-based biomarkers relating to invasive aspergillus lung infection and lung transplant rejection.

Owlstone Medical, the global leader in Breath Biopsy® for applications in early disease detection and precision medicine, is a Cambridge, UK company with the vision to save 100,000 lives by realizing the enormous promise of breath-based diagnostics.

Fungal lung infection is a large risk for certain vulnerable people such as transplant patients, where one-year survival rates for invasive aspergillosis following lung transplant is only 59 per cent. This is largely because antifungal therapies are not appropriate for patients who are on immunosuppressants, and so early and reliable diagnosis of fungal infection is critical.

The current gold-standard diagnostic procedures for lung transplant rejection require the regular collection of tissue samples from the lung, which is invasive, expensive and can lead to serious complications. There is therefore a clear need for a better solution. Owlstone Medical’s non-invasive Breath Biopsy platform represents a better approach to current methods, which alongside SQI’s deep experience in lung transplant diagnostics will be used to identify and deploy novel breath-based biomarkers that can indicate early rejection of organs in lung transplant patients.

“With SQI’s strategic interest in lung transplant biomarkers, we’re excited to collaborate with Owlstone in applying the discovery, development and commercialisation of biomarkers of acute cellular rejection and perhaps chronic rejection,” said Andrew Morris, President and CEO of SQI Diagnostics. “This MOU can help further establish SQI’s leadership in commercialising diagnostic testing for healthcare professionals and patients as we extend SQI’s diagnostics across the continuum of care for organ transplant patients.”

Highlights of the MOU include:

- Owlstone Medical is conducting independent clinical trials to validate breath-based volatile organic compounds to diagnose Invasive Aspergillosis with high levels of performance.

- SQI and Owlstone Medical will agree on the most appropriate regulatory strategy for the tests and, as necessary, liaise with the appropriate regulatory authorities to seek approval of the breath collector as a medical device and/or the approval of the lung transplant rejection in vitro diagnostic test (IVD).
- Owlstone Medical will own and patent any inventions arising from the lung transplant rejection discoveries and offer an exclusive, worldwide license to SQI to commercialise the biomarkers for clinical use. SQI will undertake reasonable commercial efforts to develop and commercialise the lung transplant rejection test.

**This non-binding MOU is intended to be used for negotiation purposes only, and to express the present intention of the parties with respect to the terms and conditions of a proposed relationship between the parties. The MOU does not constitute a binding commitment, or an offer to enter a binding commitment.**

### **About SQI Diagnostics**

SQI Diagnostics are leaders in the science of lung health. We develop and manufacture respiratory health and precision medicine tests that run on SQI's fully automated systems. Our tests simplify and improve COVID19 antibody monitoring, Rapid Acute Lung Injury testing, donor organ transplant informatics, and immunological protein and antibody testing. We're driven to create and market life-saving testing technologies that help more people in more places live longer, healthier lives. For more information, please visit [www.sqidiagnostics.com](http://www.sqidiagnostics.com).

### **About Owlstone Medical ([www.owlstonemedical.com](http://www.owlstonemedical.com))**

Owlstone Medical's vision is to save 100,000 lives by realizing the enormous promise of breath-based diagnostics through the development and application of Breath Biopsy®. The Breath Biopsy platform includes ReCIVA®, a proprietary sample collection device that can take stable breath samples anywhere, the world's only commercial Breath Biopsy Laboratory located in Cambridge, U.K. with support through our office in Research Triangle Park, NC, USA, and the development of the world's largest Digital Breath Biobank matched to patient phenotype.

Owlstone Medical is deploying the platform to address some of the key challenges of 21st century healthcare. The focus is on the development of Tests and RUO Panels for the early detection of disease with an emphasis on cancer, and on precision medicine with liver and respiratory disease of particular importance. The Breath Biopsy OMNI (Owlstone Medical Novel Insights) Assay is Owlstone Medical's comprehensive solution for end-to-end breath sample collection and VOC analysis, which is being deployed with large pharma including AstraZeneca, Actelion Pharmaceuticals (a J&J company), and GlaxoSmithKline, and leading academic institutions. Owlstone Medical's technology is currently in use at over 100 sites worldwide.

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### **FORWARD-LOOKING INFORMATION**

*This news release contains certain forward-looking statements, including, without limitation, statements containing the words "will", "may", "expects", "intends", "anticipates" and other similar expressions which constitute "forward-looking information" within the meaning of applicable securities laws. Forward-looking statements reflect the Company's current expectation and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. The forward-looking statements in this news release include without limitation, statements with respect to the Private Placement, the Debenture Repayment and the use of proceeds of the Private Placement. These forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, but are not limited to, risks related to the failure to obtain necessary regulator and stock exchange approvals for the Private Placement, general economic and market factors, competition, the development and*

*commercialization of the Company's diagnostics tests, the effect of the global pandemic and consequent economic disruption, and the factors detailed in the Company's ongoing filings with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).*

*Although the forward-looking statements contained herein are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements either as a result of new information, future events or otherwise, except as required by applicable laws.*

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