



## **SQI Diagnostics Reports Fourth Quarter and Fiscal 2021 Results**

**TORONTO, January 26, 2022 -- SQI Diagnostics Inc.** (“SQI” or the “Company”) (TSX-V: SQD; OTCQB: SQIDF), a leader in the science of lung health that develops and manufactures respiratory health and precision medicine tests, today reported its financial and operational results for the fourth quarter and fiscal year ended September 30, 2021.

*“While growth was not as robust as we would have liked in this past quarter due to a number of overlapping internal and external factors including changes in the leadership team, we are confident that steps we’ve taken in recent weeks and months — including making high-value acquisitions and attracting new talent — will improve our performance going forward,”* said Andrew Morris, CEO. *“We’re confident we have the right team and the correct focus to continue leading the way in lung health science.”*

### **Q4 2021 Financial Highlights**

- Sales were \$0.1M, compared to \$0.3M in Q4 2021. The decrease was driven mainly by a reduction in RALI-Dx™ IL-6 Severity Triage Test kit sales which accounted for the majority of sales in the prior year quarter as research & development activities ramped up to support submission for regulatory approval. Submission for the RALI-Dx™ IL-6 Severity Triage Test took place in Q2 2021, and therefore these sales saw a decrease in Q4 2021.
- Gross profit was \$0.1M, compared to \$0.2M in Q4 2021
- SG&A expense was \$1M, compared to \$1.8M in Q4 2021. The reduction was mainly due to the absence of certain costs that were incurred in Q4 2020, including higher legal & recruitment and stock option expenses related to the employment of the Company’s former CEO. A recovery of stock option expense due to their forfeiture upon the exit of the former CEO also contributed to an overall reduction in costs compared to the prior year quarter.
- R&D expense was \$1.6M, compared to \$1.1M in Q4 2021 due to higher clinical and regulatory costs to bring products through the approval process.
- Cash and investments were \$2.3M as of September 30, 2021
- Net working capital was \$0.7M as of September 30, 2021 compared to \$2.2M at September 30, 2020

### **Fiscal 2021 Financial Highlights**

- Sales were \$0.9M in 2021, compared to \$1M in 2020. In 2020, the Company recognized an instrument sale for approx. \$0.1M with no corresponding sale in the current year.
- Gross Profit was \$0.8M in 2021 compared with \$0.8M in 2020.
- SG&A expenses were \$3.2M in 2021 compared with \$4.1M in 2020. The reduction in expenses in 2021 was mainly due to recovery of a previously written off balance from a customer, lower legal and recruitment costs, and a lower stock option expense due to forfeiture of the former CEO’s stock options.
- Net loss was \$(2.6M) or (\$0.01) per share, compared to \$(2.8M) or (\$0.01) per share in Q4 2021.

## Corporate Highlights during the Quarter:

- Appointment of Mr. Andrew Morris as Chief Executive Officer.
- Subsequent to the quarter, submission of RALI-Dx™ IL-6 Severity Triage Test for an Interim Order to Health Canada
- Subsequent to the quarter, the company completed a private placement of 26.9M units of the Company at a price of \$0.19 per unit, for gross proceeds of \$5.1M.
- Subsequent to the quarter, the company signed a definitive agreement to acquire substantially all of the assets underlying Precision Biomonitoring Inc.'s human diagnostics COVID-19 PCR testing business and its TripleLock molecular diagnostic testing technology for aggregate cash and share consideration of \$6.8M (the "PBI Acquisition"). Completion of the PBI Acquisition is subject to customary conditions including, but not limited to, the completion of satisfactory due diligence and the approval of the TSX Venture Exchange Inc.

## About SQI Diagnostics

SQI Diagnostics is a leader in the science of lung health. The Company develops and manufactures respiratory health and precision medicine tests that run on SQI's fully automated systems. The Company's tests simplify and improve COVID19 antibody monitoring, Rapid Acute Lung Injury testing, donor organ transplant informatics, and immunological protein and antibody testing. SQI Diagnostics is 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).

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## FORWARD-LOOKING INFORMATION

*This press release contains certain words and statements, which may constitute "forward-looking statements" within the meaning of applicable securities laws relating to future events or future performance and reflect the current expectations and assumptions of the Company regarding its growth, results of operations, performance, business prospects and opportunities. These statements generally can be identified by use of forward-looking words such as "may", "would", "could", "will", "should", "expect", "plan", "estimate", "anticipate", "intends", "believe", "potential", or "continue" or the negative thereof or similar variations. The Company's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. Such 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, among other things, general economic and market factors, competition, the effect of the global pandemic and consequent economic disruption, risks related to the failure to obtain necessary regulatory and TSX Venture Exchange approvals for the PBI Acquisition and the financing of same, 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 law.*

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