



SQI DIAGNOSTICS PROVIDES UPDATE ON PREVIOUSLY ANNOUNCED ASSET PURCHASE TRANSACTION WITH PRECISION BIOMONITORING INC.

TORONTO, ON, February 9, 2022 – SQI Diagnostics Inc. (“**SQI**” or the “**Company**”) (TSX-V: SQD; OTCQB: SQIDF), a life sciences and diagnostics company that develops and commercializes proprietary technologies and products for advanced microarray diagnostics, is pleased to provide an update in respect of its previously announced transaction with Precision Biomonitoring Inc. (“**PBI**”), in accordance with the policies of the TSXV Venture Exchange Inc. (“**TSXV**”).

On January 10, 2022, the Company announced that it had entered into a definitive agreement to acquire, through its wholly-owned subsidiary, SQI Diagnostics Systems Inc. (“**SQI Systems**”), substantially all of the assets (the “**Transaction**”) underlying PBI’s human diagnostic COVID-19 PCR testing business and its TripleLock™ molecular diagnostic testing technology (together, the “**Business**”) for aggregate cash and share consideration of \$6,825,000.

The Company advises that the TSXV has conditionally accepted the Transaction, and the parties continue to advance towards closing of the Transaction anticipated to be on or about February 14, 2022. Completion of the Transaction remains subject to the satisfaction of all closing conditions.

The Company also advises that, in connection with the completion of the Transaction, it has entered into a non-binding letter agreement (the “**Agreement**”) with Pivot Financial (“**Pivot**”), an arm’s length third party, with respect to the extension of a short-term senior secured demand credit facility in the amount of \$7,500,000 (the “**Credit Facility**”), which amount is to be applied against the cash portion of the Transaction purchase price, including certain inventory purchase costs, with the remaining balance used for working capital and general corporate purposes. It is expected that certain insiders of the Company will participate as to 50% of the Credit Facility amount together with Pivot (the “**Insider Lenders**”).

The Credit Facility will mature 2 months following the extension of funds and will bear interest at 15% per annum. There is no commission or bonus payable in connection with extension of the Credit Facility, and the Credit Facility is not convertible into any securities of the Company.

The Credit Facility will be secured by a first charge general security interest over the Company, as borrower, and the Company’s wholly-owned subsidiary SQI Systems, as guarantor. The Credit Facility will incorporate customary representations, warranties and positive and negative interim covenants. Extension of the Credit Facility is subject to customary conditions including, but not limited to, the execution of definitive agreements in respect of the Credit Facility and the execution of participation agreements for each of the Insider Lenders. The TSXV has conditionally accepted the Credit Facility.

The extension of the Credit Facility by the Insider Lenders will be considered a related party transaction within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company will rely on exemptions from the formal valuation and minority approval requirements in sections 5.5(b) and 5.7(1)(f) of MI 61-101 in respect of such insider participation. Following the closing of the Credit Facility, additional details will be provided in the Company’s press

release and a subsequent material change report to be filed on SEDAR. The Company will not be positioned to file a material change report in respect of the related party transaction between the Company and the Insider Lenders less than 21 days prior to completion of the Credit Facility. Given the application of funds and the timing thereof, the Company deems it reasonable in order to be able to expedite the Credit Facility and affect the closing of the Transaction.

About Precision Biomonitoring

Precision Biomonitoring Inc. was founded in 2016 by a team of scientists from the Biodiversity Institute of Ontario at The University of Guelph. By 2017 PBI had begun providing an innovative, portable and proprietary TripleLock™ environmental DNA (eDNA) surveillance solution to the environmental consulting market, enabling early and rapid detection of organisms on site. In 2020, responding to the emerging global COVID pandemic, PBI established a human diagnostics division and applied their expertise in genetic testing to develop the TripleLock™ SARS-CoV-2 (COVID) qPCR testing platform, approved by Health Canada and the EU and commercially available for laboratory testing in Canada. To complement this highly specific and sensitive lab-based test, PBI partnered with their eDNA collaborator Biomeme, becoming the exclusive Canadian distributor of Biomeme's mobile SARS-CoV-2 Real-Time PCR test and rapid mobile detection platform. The SARS-CoV-2 portfolio was further expanded with distributorship of the Quidel SARS-CoV-2 Antigen Fluorescent Immunoassay (FIA) and Sofia analyzer. Today PBI is at the forefront of technological innovations in the genomics industry, with a vision of a world where we can identify any organism on the spot, in an instant, anywhere on the planet.

About SQI Diagnostics

SQI Diagnostics is a life sciences and diagnostics company that develops and commercializes proprietary technologies and products for advanced microarray diagnostics. The Company's proprietary microarray tests and fully automated systems are designed to simplify protein and antibody testing workflow, increase throughput, reduce costs and provide excellent data quality. For more information, please visit www.sqidiagnostics.com.

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CAUTIONARY NOTES

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, assumptions and beliefs, 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 terms of the Transaction and the Credit Facility, the anticipated benefits of the Transaction to the Company, the anticipated closing of the Transaction and the Credit Facility, and the final approval of the TSXV, among others. 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 TSXV approvals for the Transaction and the Credit Facility, if applicable, general economic and market factors, competition, the ability of the Company to integrate the Business into its existing operations, 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. Although forward-looking statements contained herein are based on what management considers to be reasonable assumptions based on currently available information, 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.

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States except pursuant to an available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws.

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