SQI DIAGNOSTICS COMPLETES ACQUISITION OF PRECISION BIOMONITORING'S HUMAN DIAGNOSTIC TESTING BUSINESS

TORONTO, ON, February 14, 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, is pleased to announce that it has completed its previously announced asset acquisition (the "**Transaction**") of Precision Biomonitoring Inc.'s ("**PBI**") human diagnostic COVID-19 PCR testing business and its TripleLock™ molecular diagnostic testing technology (together, the "**Business**").

"Based on recent data from Health Canada, current hospitalizations and ICU bed numbers in Canada are more than double the highest point since April 2020, so it remains vitally important to bring innovative, mobile and accessible COVID-19 PCR testing capabilities to market," said Andrew Morris, CEO of SQI. "From our acquisition date on January 10 to January 31, 2022, PBI recorded net revenue in its human testing Business of approximately $3.5 million (unaudited) — which is more than double the entire month of December 2021 at approximately $1.3 million (unaudited), and with an effective operating margin over the period of over 40% (unaudited). This — combined with high COVID positivity numbers — tells us that demand for testing remains high, because the need remains great."

Pursuant to the terms of the definitive agreement, the Company acquired the Business through its wholly owned subsidiary, SQI Diagnostic Systems Inc. ("**SQI Systems**"), for aggregate consideration of $6,825,000 consisting of $6,145,000 in cash and 4,171,779 common shares in the capital of the Company (the "**Consideration Shares**") at a deemed price of $0.163 per share with an aggregate deemed value of $680,000. The Consideration Shares are subject to a statutory four-month hold period from the dated hereof. In addition, on closing of the transaction, the Company acquired certain Business inventory for a total cash purchase price of $616,243.37.

To assist the Company with the funding of the Transaction, the Company entered into a credit 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 aggregate amount of $7,500,000 (the "**Credit Facility**"). Certain insiders of the Company (the "**Insider Lenders**", and together with Pivot, the "**Lenders**") also participated in funding the Credit Facility pursuant to the terms of a participation agreements entered into between Pivot and the Insider Lenders. The balance of the Credit Facility is being applied to general corporate and working capital purposes.

The Credit Facility matures two (2) months from the date hereof and bears interest at a rate of 15% per annum. No commission or bonus was paid in connection with extension of the Credit Facility, and the Credit Facility is not convertible into any securities of the Company. The Credit Facility has been 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 includes customary representations, warranties, events of default, and positive and negative interim covenants – including covenants that restrict the Company's ability to incur additional indebtedness, grant liens, make investments and acquisitions, pay dividends, repurchase equity interests in the Company, make distributions (other than

certain permitted distributions) and enter into related party transactions and asset sales. In connection with the extension of the Credit Facility, the Lenders were paid a facility fee in the amount of $320,000.

The participation in the funding of the Credit Facility by the Insider Lenders is 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 relied 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. The Company was not positioned to be able 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 extension of the Credit Facility. Given the application of funds and the timing thereof, the Company deemed it reasonable to be able to expedite the Credit Facility and affect the closing of the Transaction.

The Transaction and the Credit Facility remain subject to final approval of the TSX Venture Exchange Inc. ("**TSXV**").

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 an eDNA collaborator becoming the exclusive Canadian distributor of their 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 instantaneously anywhere on the planet.

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 COVID-19 mobile PCR, Point of Care antigen testing and 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.

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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, 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 final TSXV approvals for the Transaction and the Credit Facility, 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.

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