SQI DIAGNOSTICS INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

For the three and six months ended March 31, 2022

Management's Discussion and Analysis of Financial Condition And Results of Operations

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of SQI Diagnostics Inc. (the "Company" or "SQI") is for the three and six months ended March 31, 2022. It is supplemental to, and should be read in conjunction with, the unaudited interim financial statements for the Company for the three and six months ended March 31, 2022 and 2021 which is available on SEDAR at www.sedar.com.

All amounts are expressed in Canadian dollars unless otherwise indicated. All financial data presented in this MD&A for the three and six months ended March 31, 2022 is unaudited. Unless the context otherwise requires, references in this MD&A to the "Company", "SQI", "we", "us" or "our" refers to SQI Diagnostics Inc. and its subsidiaries.

This MD&A was approved by the board of directors of the Company on May 25, 2022 and was prepared by management using information available as of such date.

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements that relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "our goal", "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue", "positioned" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this document include, among others, statements regarding our future operating results, economic performance, product development efforts, and statements in respect of:

- *our requirement for, and our ability to obtain, future funding;*
- *our expected future losses and accumulated deficit levels;*
- *technological advances of competitive products and general market competition;*
- *our expectations regarding the acceptance of our products by the market;*
- *our expectations regarding the progress and the successful and timely completion of the various stages of the regulatory clearance process, including with respect to the development, viability and commercialization of our TORdx LUNG product; EXACT COVID-19 Antibody Test, the RALI-Dx™ and the RALI-fast™ products;*
- *our expectations regarding the progress and the successful and timely completion of the various stages of the regulatory clearance process;*
- *our strategy to develop new products and to enhance the capabilities of existing products;*
- *our strategy with respect to research and development;*
- *our dependence on expanding our customer base;*
- *our ability to obtain a sufficient supply of the components needed for our products;*
- *our ability to respond to legislative changes in the healthcare environment;*
- *our plans to retain and recruit personnel;*
- *our ability to develop and manufacture product to meet customer demands*

- *our plans to correct defects or errors in our systems; and*
- *our strategy with respect to the protection of our intellectual property.*

Several factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- *uncertain future capital needs and additional financing;*
- *history of losses;*
- *market competition;*
- *market acceptance of products;*
- *complex regulatory compliance requirements;*
- *rapidly changing technology and customer requirements;*
- *research and development activities;*
- *marketing and distribution;*
- *reliance on key suppliers;*
- *legislative or regulatory change;*
- *key personnel;*
- *development or manufacturing delays;*
- *unknown defects or errors;*
- *foreign exchange fluctuations;*
- *intellectual property protection;*
- *the economic effects of a pandemic, endemic or outbreak of an infectious disease, including, but not limited to, COVID-19;*
- *the impact of COVID-19 on our results;*
- *uncertainty surrounding regulatory approval for the Company's COVID-19-related testing products;*
- *volatility of share price and an active market for our shares;*
- *unanticipated impacts of the PBI Acquisition (as defined below);*
- *other risks detailed from time-to-time in our ongoing quarterly filings, annual information forms, annual reports and annual filings with applicable securities regulators, and those which are discussed under the heading "Risk Factors".*

Although the forward-looking statements contained in this management discussion and analysis 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. These forward-looking statements are made as of the date of this document.

COMPANY OVERVIEW

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.

Research and Development Activities / Product Pipeline

As a science-driven company, SQI has always brought rigor, discipline and data-driven decision-making to every aspect of our work. That is how we developed some of the world's most advanced respiratory testing and organ health technologies, and that will continue to be our focus going forward. Since the start of the COVID-19 pandemic, we have also been focused on making and marketing life-saving testing technology that puts health back in people's hands.

The RALI-Dx™ IL-6 Severity Triage Test and the RALI-*fast*™ IL-6 Severity Triage point-of-care (POC) Test help clinicians identify which patients with SARS-CoV-2 are predicted to have a severe inflammatory response. Both tests measure the critical biomarker IL-6, which plays a key role in the cytokine storm phase of the COVID-19 disease. These results could help clinicians better and more rapidly triage emergency department patients. RALI-Dx™ delivers results from the lab in less than an hour while RALI-*fast*™ delivers results at the patient point-of-care in about 15 minutes. As previously disclosed, the Company applied for an Interim Order from Health Canada for the RALI-Dx™ IL-6 Severity Triage Test in the first quarter of fiscal year 2022. There can be no assurances as to when the RALI-Dx™ IL-6 Severity Triage Test will receive Health Canada approval or if the tests will receive such approval at all. The company is also anticipating more broad clinical applications for these tests to assess a patient's severe inflammatory response to pneumonia, seasonal influenza, and others as well as COVID-19.

SQI is also pioneering an advanced diagnostic test, the TOR*dx*™ LUNG test, which would increase the chance of successful lung transplant by assessing the health of the donor organ before transplant surgery. The TOR*dx*™ LUNG test helps transplant surgeons assess a donor lung's suitability for transplantation by measuring inflammation at the molecular level to assess the health of donor lung, helping surgeons to transplant healthy lungs that otherwise would have been rejected. To the knowledge of the Company, there is currently no other such test approved for this intended use in the US or Canada. The Company has held pre-submission discussions with the FDA, and these regulatory discussions have been slowed by the FDA's focus on COVID-19 relevant submission reviews; the Company expects to restart the FDA dialogue when COVID-19 submission backlog subsides.

Upon receipt of regulatory approval from the FDA and Health Canada of the TOR*dx*™ LUNG Test, clinical development is planned for diagnostic tests designed to increase the chance of successful kidney and liver transplant.

Our partnership with University Health Network (UHN) relating to lung transplant research is one of our most established and important collaborations, and we look forward to continuing our pioneering work with UHN to improve the lives of transplant patients. UHN is increasing the procurement, stabilization and transportation of healthy donor lungs available for transplant by supporting perfusion centers across North America. Implementation of Ex-Vivo Lung Perfusion (EVLP) procedures (FDA approved in 2019) has helped lung transplant centers increase the availability of donor lungs for transplant by nearly two-fold at some centers. Upon receipt of FDA market approval for the TOR*dx*™ LUNG Test, SQI intends to leverage its product offering within the EVLP market

and direct to transplant hospitals. The Company is currently waiting for the FDA to shift its attention to non-COVID-related products before proceeding with the completion of final clinical studies for regulatory submission.

Although COVID-19 has led to certain regulatory and clinical challenges, we remain focused on our organ transplant pipeline of products. Following the end of the first quarter of fiscal 2022, SQI signed a non-binding product development and commercialization agreement with Owlstone Medical, a UK-based early disease detection and precision medicine company, which could help expand our lung transplant segment of our business into the post-transplant monitoring market.

The EXACT COVID-19 Antibody Test recently approved in US under the New York State Department of Health CLIA authority measures the IgG, IgM and IgA antibodies of SARS-COV-2 in people who have been infected with COVID-19, people who have been vaccinated or asymptomatic people wanting to know if they have been exposed. The test is more than 99% accurate and results are delivered in 24-48 hours after a blood sample, which is collected through a finger prick device is delivered to our New York State laboratory testing partner, KSL Diagnostics Inc. The EXACT COVID-19 Antibody test was approved by the New York State Department of Health (NYSDOH) in the second quarter of fiscal 2022. The approval marks a significant milestone for the company and will allow customers in the United States to access SQI's EXACT COVID-19 Antibody test.

Under the autoimmune disease testing segment of our business, SQI has an approved direct-to-consumer Celiac Disease and a Rheumatoid Arthritis (RA) Test that help users to assess the likelihood of developing disease. These tests have been sold through one of our distribution partners in the US.

Business Strategy

SQI continues to enter new partnerships and technology acquisitions and positions itself for growth in respiratory health. We are working to attract a broader array of new customers, to engage in more cross-selling opportunities and use our accretive acquisition to support the aggressive launch of our lung health products.

To optimize its human and financial resources, the Company's planned go-to-market strategy for its COVID-19 EXACT Antibody Test through a wide range of marketing partnerships and customers who would benefit from adding our unique test to their pandemic testing portfolios. We continue to believe that the need for a wide range of tests will help manage the COVID-19 pandemic and understand that the market for testing products is currently dynamic. We believe there is a need for antibody testing as means to monitor individuals and the population with respect to antibody levels that have been reported to be linked to exposure to and protection from COVID-19 infection.

Our business strategy is to become a rapid diagnostics leader by maximizing our research and development, our product offerings and our testing-services platforms. Our current revenue streams are focused on advanced diagnostics that target COVID-19 testing, organ transplant, and autoimmune disease. We believe the consumer market wants access to convenient, accurate rapid diagnostic healthcare tests. Our development and marketing strategy includes:

- Successful clinical development completion and regulatory approval of our diagnostic products
- Successful marketing and sales of our DTC and B2B diagnostic tests via strategic business partnerships
- Expanding our commercial testing revenues and operations in the U.S. via partner labs KSL Diagnostics Inc and Immco Diagnostics
- Upgrading our Toronto manufacturing infrastructure to produce up to four million tests annually including our EXACT COVID-19 Antibody tests**.** The Company currently has capacity to produce up to one million tests annually
- Acquiring key talent to build our business
- Exploring in-licensing and out-licensing of technologies and products such as our recently announced partnership with Owlstone Medical
- Developing new products that complement our offerings through research and development

Our strategy of merging innovative diagnostics with differentiated health management services helps us to comprehensively support health care professionals, patients, and consumers across the globe. We are adopting industry best practices in clear, straightforward external communications and sharpening our messaging to clarify our mission. We are focused on the timely and transparent communication of product announcements, company hires, partnerships and other material information about the Company.

QUARTERLY HIGHLIGHTS

Closing of the PBI Acquisition

During the quarter, the Company, through with its wholly-owned subsidiary SQI Diagnostics Systems Inc. ("SQI Systems"), completed the announced acquisition (the "PBI Acquisition") of substantially all of the assets underlying Precision Biomonitoring Inc.'s ("PBI") human diagnostic COVID-19 PCR testing business and its TripleLock™ molecular diagnostic testing technology (together, the "PBI Business") for aggregate consideration of $6,825,000 consisting of $6,145,000 in cash and 4,171,779 common shares of the Company at a deemed price of $0.163 per share with an aggregate deemed value of $680,000. In addition, on closing of the PBI Acquisition, SQI acquired certain PBI Business inventory for a total cash purchase price of $616,243.

Pursuant to terms of an asset purchase agreement dated January 10, 2022, all the revenues and expenses for the acquired business acquired flowed to SQI effective January 10, 2022. Included within the financial results of the company are sales and expenses related to the human diagnostic COVID-19 PCR testing business. See **Revenue by category** included under ***"Selected Financial Information".***

Financing of the PBI Acquisition

To help the Company fund the cash consideration paid under the PBI Acquisition, the Company entered into a credit 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"). The Controlling Shareholders participated in funding 50% of the aggregate amount advanced under the Credit Facility.The Credit Facility matures two months from the date of closing 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. In connection with the extension of the Credit Facility, the lenders under the Credit Facility were paid a facility fee in the amount of $320,000, which included two weeks of interest payments.

The participation of the Controlling Shareholders under the Credit Agreement was considered a related party transaction.

EXACT COVID-19 Antibody Test

The New York State Department of Health (NYSDOH) provided conditional approval to Company's EXACT COVID-19 Antibody Test. We believe this test is part of the next generation of tools in the fight against COVID-19. The test gives peace of mind because it can detect an immune response in both vaccinated and previously COVID-19 infected people. It also has the potential to give the health care system key insights and data into the relationship between antibody levels and breakthrough infections and reinfections.

The Company further reports that its previously announced marketing agreement with Azova Inc, for it's direct to consumer COVID-19 antibody test has been terminated. This is owing to guidance from the FDA that it is exerting its authority over the home collection of test samples for any product related to COVID-19 and the Company does not have authorization from the FDA for home collection of samples. The Company is actively pursuing a number of potential customers for the COVID-19 antibody test approved by NYSDOH under CLIA.

The market of COVID-19 related products — including antibody testing — remains dynamic and as such difficult to predict. However, we have maintained our ability to react accordingly and continue to streamline our operations to take advantage of a rise of COVID-19 cases in the future.

The RALI-Dx™ IL-6 Severity Triage Test

The Company's partner, UHN, has begun to screen patients using he RALI-Dx™IL-6 Severity Triage Test — which can help identify patients with severe inflammatory response arising from COVID-19 and other causes of respiratory distress. Our initial feedback from UHN ICU staff has been very positive and supports the utility of a 15-minute point of care test in the ICU.

Financial Highlights for the Quarter

Revenues during the Company's second quarter of fiscal 2022 were $5,604,000 compared to revenues in the same quarter in the previous year of $317,000. The significant increase is due to the recently acquired COVID-19 PCR distribution business, which generated $5,550,000 in sales from January to March 2022. Although the acquisition was formally completed on February 14, 2022, the spirit of the deal allowed for revenues and related costs to be assumed by SQI as at January 10, 2022. The remaining sales of $57,000 in the quarter is related to product sales primarily for Celiac kits.

Major operating expenses during the Company's second quarter of fiscal 2022 included corporate & general, sales and marketing and research and development (R&D) costs.

Corporate and general expenses during the second quarter of fiscal 2022 were higher ($2,382,000) as compared to the previous year quarter ($1,388,000). The increase was mainly due to one-time costs related to financing ($362,000) of the credit facility to finance the acquisition of the COVID-19 PCR distribution business, transition support costs paid to PBI for maintaining operations on behalf of SQI ($280,000), and higher legal costs related to the acquisition ($160,000). In addition, to support the commercialization of the EXACT COVID-19 Antibody Test, several new employees were onboarded which resulted in higher recruiting costs ($52,000). Also, ongoing efforts to maintain and grow the investor base increased investor relations expense for the quarter ($87,000).

The R&D expense category, which includes Manufacturing, Quality and Engineering, during the second quarter of fiscal 2022 were higher ($2,764,000) as compared to the previous year quarter ($2,129,000). The increase in R&D expense is mainly due to an increase in the number of employees to support commercialization efforts and the result of a transfer of employees from PBI to support the new COVID-19 PCR distribution business ($94,000 increase). R&D expense was also impacted by the absence of Canada Emergency Wage Subsidy (CEWS) as the Company no longer qualifies for this support due to the increase in sales. The total CEWS received in the prior year quarter was approximately $330,000.

Reconciliation of Use of Proceeds from Financing Activities

In November 2021, the Company completed a non-brokered private placement of an aggregate of 26,932,895 units of the Company at a price of $0.19 per unit for gross proceeds of approximately $5,100,000 (the "November Private Placement"). Each such unit was comprised of one common share of the Company and one common share purchase warrant. Each such warrant is exercisable at a price of $0.25 per share and entitles the holder thereof to acquire one common share for a period of five years from the date of issuance. Of the units issued pursuant to the November Private Placement, the Controlling Shareholders subscribed for an aggregate of 21,052,631 units for gross proceeds of approximately $4 million. The issuances of units to such Controlling Insiders were considered related

party transactions. For additional details please see the material change report of the Company, as amended, dated December 1, 2021, which is available on SEDAR at www.sedar.com.

The following table reconciles the Company's actual versus identified use of proceeds from financing activities:

	Intended Use of Proceeds from November Private Placement	Estimated Use of Proceeds from November Private Placement	Variance
Employee salaries and benefits	1,720,000	$1,719,582	$418
Product R&D and manufacturing expenses	613,000	613,104	($104)
Purchase of equipment, biological reagents and consumable materials	1,291,657	1,290,183	$1,474
Interest on Debentures	225,343	225,343	-
General working capital	1,250,000	1,251,788	($1,788)
Total	**5,100,000**	**$5,100,000**	**-**

In addition to the foregoing, on December 31, 2020, the Company disclosed that the $4 million of proceeds raised from the exercise of certain common share purchase warrants by the Controlling Shareholders was expected to be used for the Company's product commercialization and manufacturing programs, sales and marketing and for general working capital purposes. The Company confirms that all such proceeds have been used as at the date of this MD&A. The funds were expended as follows: (i) approximately $1.7 million on employee salaries and benefits; (ii) approximately $0.5 million on product R&D and manufacturing expenses; (iii) approximately $1 million on purchase of equipment, biological reagents and consumable materials; and approximately $0.8 million on general working capital.

SELECTED FINANCIAL INFORMATION

Quarterly Metrics and Analysis

The table below summarizes quarterly financial information for the three and six months ended March 31, 2022:

	Three months ended March 31, 2022 (000s)	Three months ended March 31, 2021 (000s)	Six months ended March 31, 2022 (000s)	Six months ended March 31, 2021 (000s)
Revenue	$5,604	$317	$5,663	$478
Net Loss	$(2,602)	$(3,581)	$(6,035)	$(7,299)
Net Loss per share	$(0.01)	$(0.01)	$(0.02)	$(0.02)
Weighted Average Shares	391,549	335,251	385,784	322,249

Revenues

During the three and six-month period ended March 31, 2022, the Company recorded revenue from the sale of custom kits, sale of COVID-19 PCR kits and service revenue. The table below summarizes revenue by category.

	Three months ended March 31, 2022 (000s)	Three months ended March 31, 2021 (000s)	Six months ended March 31, 2022 (000s)	Six months ended March 31, 2021 (000s)
Product Sales - COVID-19 PCR Kits	$5,493	-	$5,493	-
Product Sales - Kits	$54	$150	$70	$254
Service Revenue	$57	$167	$100	$224
Total Revenues	$5,604	$317	$5,663	$478

Three months:

Product Sales – COVID-19 PCR Kits

Sales for the Biomeme COVID-19 PCR kits for the quarter were derived from customers from various industries including mining, television & film, manufacturing, utilities and oil & gas. The acquisition of the COVID-19 PCR kits distribution business is expected to generate the lion's share of the company's sales for the short-term until the full commercialization of the EXACT COVID-19 Antibody test kits and our other core lung health test products are launched. There are two main products being sold as part of this business line: Biomeme Franklin Thermocycler and the Biomeme consumable test kits. To conduct COVID-19 PCR testing, each customer is required to purchase a Franklin Thermocycler which is the instrument on which the test is run, and the consumable test kits which are used to collect the test samples. The entire testing process, from collection to test result, can be as short as 1 hour and is currently targeted towards large employers that require in-person or on-site work. Sales for Franklin Thermocyclers are not expected to generate meaningful revenue from current customers as they have already purchased this equipment based on their anticipated testing needs. New customers will need to purchase this equipment prior to testing. In anticipating of a

potential surge in COVID-19 cases in the fall of 2022, the Company has assembled a sales and marketing team, which is currently engaging with past and potentially new customers.

Product Sales – Kits

Sales in the second quarter of fiscal 2022 were lower than they were in the prior year quarter, with kits being shipped for Celiac and none for RA compared to the second quarter of 2021 where kits were shipped for both Celiac and RA. The decrease in sales to current customers is mainly because of lower demand and also due to a company-wide focus on commercializing its recently approved EXACT COVID-19 Antibody Test Kits, which is anticipated to generate revenues in the latter half of calendar 2022.

Service Revenue

Service revenue comprises lease revenue, maintenance services and processing fees for test kits.

Service revenue in the second quarter of fiscal 2022 decreased by approximately $110,000 as compared to the same quarter last year. The decrease is driven by a reduction in sales to Life Sciences customers, a customer segment that the Company exited in the prior year.

Net Loss

Three months:

For the quarter ended March 31, 2022, the Company recorded a net loss of $2,602,000 ($0.01 net loss per share) as compared to a net loss of $3,581,000 ($0.01 net loss per share) in the quarter ended March 31, 2021.

The net loss was lower in the second quarter of fiscal 2022 primarily due to higher sales from the Biomeme COVID-19 PCR testing & distribution business. The gross profit on the Biomeme distribution business helped to offset increases in other expense categories for an overall lower net loss.

The other expense categories that experienced higher expenses includes corporate & general, research & development and interest costs.

The main increase in corporate & general is related to the PBI acquisition as a result of one-time expenses for financing fees ($362,000), transition support costs ($280,000), other costs related to the PBI acquisition ($43,000) and higher legal fees to support the close of the transaction ($160,000). In addition, variable compensation increased compared to the prior year quarter ($132,000) as well there were higher recruiting ($52,000) and investor relations costs ($87,000).

The higher research and development costs are mainly due to higher headcount to support business growth ($94,000) with corresponding increases in benefits and variable compensation ($145,000), and as a result of higher sales for the quarter, the company no longer qualifies for the Canada Emergency Wage Subsidy (CEWS), the absence of which has eliminated the offset to costs in the current quarter, increasing the year-over-year change (338,000).

The higher interest costs are due to the interest expense ($98,000) on the credit facility undertaken by the company to close the acquisition.

Liquidity and Balance Sheet

Management anticipates further investments are required in our planned R&D programs, Clinical and Regulatory programs, product development and commercialization efforts for our pipeline of custom consumable kits, new products and platforms, and sales and marketing initiatives for the remainder of calendar year 2022.

The Company believes it has sufficient capital to operate and execute its business plan through the next quarter. Factors that will affect our future anticipated cash requirements include but are not limited to: (i) costs associated with our infrastructure development of a US sales network, our clinical development and research activities and the regulatory decisions by Health Canada; and (ii) our ability to attract and receive additional financing. Please see the Subsequent Events section of this MD&A for the Company's latest development regarding funding.

Operating activities for the quarter ended March 31, 2022 were financed by cash on hand.

As of March 31, 2022, current assets were $4,784,000 including $1,459,000 of cash compared to $4,831,000 of current assets that included $3,783,000 of cash as of March 31, 2021. As of March 31, 2022, the Company had a $5,456,000 working capital deficit compared to a surplus of $2,845,000 as of March 31, 2021. The working capital deficit is a result of the $7,500,000 credit facility. However, Following the quarter, the Company extended the maturity date of its credit agreement with Pivot Financial dated February 8, 2022, to June 11, 2022. All other terms of the Credit Agreement remain unchanged.

Cash used in investing activities for the quarter ended March 31, 2022 was $6,765,000 as compared to $202,000 for the quarter ended March 31, 2022. Cash used in investing activities was spent on the assets acquired through the PBI acquisition, automation equipment designed to significantly increase manufacturing throughput and on additional equipment to increase capacity to support near term commercialization of products sufficiently advanced through the regulatory process.

The Company has a principal amount of approximately $2.5 million of outstanding long-term debentures (the "Debentures") with an interest rate of 10%, which will mature in approximately four years. An aggregate of approximately $2.1 million principal amount of the outstanding Debentures is held, directly or indirectly, by the Controlling Shareholders.

Outstanding Capital Stock

As of the date of this MD&A, there were 393,635,000 common shares issued and outstanding.

The following tables describe the securities that have been issued that are convertible under certain conditions into common shares: The Company had the following warrants outstanding as at the date of this MD&A:

Number of Warrants	Exercise Price	Maturity
26,018	$0.20	December 20, 2022 – August 24, 2023
12,344	$0.17	July 12, 2024
32,300	$0.13	September 25 and October 22, 2024
622	$0.085	February 20,2025
44,444	$0.12	February 14, 2025 and March 5, 2025
26,933	$0.25	November 1, 2026 and November 8, 2026
142,661		

The Company had the following stock options outstanding under its stock option plan of the date of this MD&A:

Number of Options	Range of Exercise Prices	Weighted average time to maturity
1,353	$ 0.07 - 0.14	2.91 years
23,710	$ 0.15 - 0.22	3.61 years
1,391	$ 0.23 - 0.30	8.41 years
26,454		

Certain options granted to Mr. Andrew Morris, CEO, and Mr. Eric Brouwer, CSO are included in the table above. These options are performance-based, which vest as the Company achieves certain milestones, including amounts of funds raised, revenues achieved, share price appreciation and receiving regulatory approval for certain products under development**.**

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Refer to the interim financial statements for the quarter ended March 31, 2022 for discussion on accounting policies and estimates that are most important in assessing, understanding and evaluating the Company's interim consolidated financial statements. Changes in these estimates and assumptions could have a material impact on the Company's interim consolidated financial statements.

Risk Factors

An investment in our common shares involves several risks. In addition to the other information contained in this Management Discussion and Analysis, including our consolidated financial statements and related notes for the quarter ended March 31, 2022, investors should consider the following risk factors. Any of the matters highlighted in these risk factors could have a material adverse effect on our business, results of operations and financial condition, causing an investor to lose all, or part of their investment.

The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are not aware of or focussed upon, or that we currently deem to be immaterial, may also impair our business operations and cause the trading price of our common shares to decline

Risks Related to Pandemics, Epidemics or outbreak of infectious diseases

The economic effects of a pandemic, epidemic or outbreak of an infectious disease could adversely affect our operations or the market price of our Common Shares

Public health crises such as pandemics, epidemics or similar outbreaks could adversely impact our operations or the market price of our Common Shares. In December 2019, COVID-19 was reported to have surfaced in Wuhan, China and has reached multiple other countries, resulting in government-imposed quarantines, travel restrictions, school closures and other significant restrictions on business operations imposed by governmental authorities in North America, Europe and worldwide. On January 30, 2020, the World Health Organization declared the outbreak of the COVID-19 a "Public Health Emergency of International Concern." On January 31, 2020, U.S. Health and Human Services Secretary Alex M. Azar II declared a public health emergency for the U.S. to aid the U.S. healthcare community in responding to COVID-19, and on March 11, 2020, the World Health Organization characterized the outbreak as a "pandemic". The extent to which the COVID-19 impacts our operations or market price of our securities will depend on future developments, which are highly uncertain and cannot be predicted with confidence, either internationally or within the U.S. or Canada, including the duration of the outbreak, new information that may emerge concerning the severity of the COVID-19 and the actions to contain the virus or treat its impact, among others. COVID-19, however, has already resulted in significant volatility in the world and the national trading markets.

The ongoing spread of COVID-19 may impact our operations, including a sustained delay in returning to the number of lung transplants performed pre-COVID-19. Our existing and potential customers such as Biopharma companies may redirect resources away from current research and or product

development priorities to COVID-19. The spread of an infectious disease, including COVID-19, may also result in the inability of our suppliers to deliver components or raw materials on a timely basis or at all. The significant spread of COVID-19 within the U.S. and Canada resulted in a widespread health crisis and has had adverse effect on the national economies generally, the markets that we serve, our operations and the market price of our securities.

Impact of COVID-19 on Our Results

In the United States and Canada, directives and policies were put in place to manage public health concerns and address the economic impacts, including reduced business activity and overall uncertainty presented by this healthcare challenge. Similar actions have been taken by governments around the world.

With this in mind, we remain operational, continue to evaluate the extent to which COVID-19 may impact our business and operations and adjust risk mitigation planning and business continuity activities as needed.

The extent to which the evolving COVID-19 pandemic will impact demand for our products depends on future developments, which are highly uncertain and very difficult to predict, including new information that may emerge concerning the severity of COVID-19, regulatory changes in any of the markets in which we serve, new SARS-CoV-2 variants and actions to contain and treat their impact, including the vaccination programs that have been implemented.

During the quarter ended March 31, 2022, the Company participated in the Biotalent Student Work Placement program, where payments of $16,000 were received under this program partially offset employee wages during the period. The company is no longer eligible to claim the Canada Emergency Wage Subsidy (CEWS) as revenues have increased for the quarter from pre-pandemic levels.

Uncertainty surrounding regulatory approval for the Company's COVID-19 related products

The Company is awaiting approval by Healthy Canada for its RALI-Dx™ IL-6 Severity Triage Test. There has been no firm timeline established for approval of this product, and Health Canada can change its priorities at any time, deprioritizing the Company's product without notice. This would negatively impact the Company's financial performance and may impact the share price.

Risks Related to Intellectual Property

Intellectual Property Protection

Our commercial success partly depends upon our ability to protect our intellectual property and proprietary technologies and upon the nature and scope of the intellectual property protection the Company receives. We rely on patent protection, where appropriate and available, and a combination of copyright, trade secret and trademark laws, and nondisclosure, confidentiality and other contractual restrictions to protect our proprietary technology. However, these legal means

afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage.

We may be involved in litigation or other proceedings to protect or enforce our patents and proprietary rights, to determine the scope, coverage and validity of others' proprietary rights, or to defend against third-party claims of intellectual property infringement, and the cost to the Company of any litigation or other proceedings, even if resolved in our favour, could be substantial.

The ability to compete effectively and to achieve partnerships will depend on the Company's ability to develop and maintain proprietary aspects of the its IVD Products and to operate without infringing on the proprietary rights of others. The presence of such proprietary rights of others could severely limit its ability to develop and commercialize its IVD Products, to conduct its existing research and could require financial resources to defend litigation, which may exceed the Company's ability to raise such funds. There is no assurance that the Company will be able to obtain patent protection of its IVD Products, related product reference designs and trade secrets in a form that will be sufficient to protect its intellectual property and gain or keep any competitive advantage that the Company may have.

The patent positions of biotechnology companies can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain unresolved. Patents issued to the Company may be challenged, invalidated or circumvented. To the extent the Company's intellectual property offers inadequate protection, or is found to be invalid or unenforceable, the Company is exposed to a greater risk of direct competition. If its intellectual property does not provide adequate protection against the Company's competitors' products, its competitive position could be adversely affected, as could the Company's business, financial condition and results of operations. Both the patent application process and the process of managing patent disputes can be time consuming and expensive, and the laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as do the laws of Canada and the United States.
The Company will be able to protect its intellectual property from unauthorized use by third parties only to the extent that they are covered by valid and enforceable intellectual property rights including patents or are effectively maintained as trade secrets, and provided the Company has the funds to enforce its rights, if necessary.

Risks Related to Our Common Shares

Volatility of Share Price

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result, the market price of our common shares at any given point in time may not accurately reflect the long-term value of the Company.

Active Market

There can be no assurance that an active market for the common shares will develop or be sustained. If an active public market for the common shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

Dividends and distributions

To date, we have not paid any dividends and do not expect to do so in the foreseeable future. We currently intend to retain all future earnings for the operation and expansion of our business. Dividends on our common shares are declared at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements and other factors that our board determines are relevant.

Control Risk

As at the date of this MD&A, our three Controlling Shareholders own, or exercise control of direction over, directly or indirectly, in aggregate, greater than 75% of our outstanding common shares, namely (i) Cumberland Private Wealth Management Inc., which, together with Cumberland Investment Counsel Inc. and Gerald R. Connor, a director, beneficially owns, directly or indirectly, and/or exercises control or direction over an aggregate of 98,791,107 Common Shares representing approximately 25.10% of our issued and outstanding common shares, of which Mr. Connor beneficially owns, directly or indirectly, and/or exercises control or direction over 97,729,790 Common Shares, representing approximately 24.83% of the issued and outstanding Common Shares (ii) Clive J. Beddoe, a director, according to information provided by him, beneficially owns, directly or indirectly, 99,046,865 Common Shares representing approximately 25.16% of the issued and outstanding Common Shares and (iii) Wilmot L. Matthews, also a director, according to information provided by him, beneficially owns, directly or indirectly, 100,408,488 Common Shares representing approximately 25.51% of the issued and outstanding Common Shares. Individually, each of the foregoing individuals are capable of controlling and or exerting significant influence over the direction of the Company and therefore have the ability to determine the outcome of most corporate actions or decisions requiring the approval of our shareholders. The interests of our Controlling Shareholders may conflict with those of our other shareholders.

Disclosure Controls and Procedures, and Internal Control Over Financial Reporting

The accompanying audited financial statements have been prepared by management in accordance with International Financial Reporting Standards. For quarterly reporting periods, the Company's interim financial statements are approved by the Audit Committee and the Board of Directors. For annual reporting periods, the Company's financial statements are approved by the Board of Directors upon recommendation by the Audit Committee. The integrity and objectivity of all financial statements are the responsibility of management. Also, management is responsible for all other information in this report and for ensuring that this information is consistent, where appropriate, with the information contained in the interim financial statements.

In support of this responsibility, management maintains a system of internal controls to give reasonable assurance as to the reliability of financial information and the safeguarding of assets.

In particular, the CEO and CFO or his designate are responsible for establishing and maintaining disclosure controls and procedures ("DC&Ps") and internal controls over financial reporting ("ICFRs") for the Company, and have:

(a) designed such DC&Ps, or caused them to be designed under supervision, to give reasonable assurance that material information is made known during the period in which the annual and quarterly filings are being prepared;

(b) designed such ICFRs, or caused them to be designed under supervision, to give reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS;

(c) evaluated the design and effectiveness of the Company's DC&Ps as of March 31, 2022;

(d) have concluded that a material design weakness in the ICFRs may exist in terms of the inadequate segregation of certain duties, which is typical of development stage companies; mitigating factors, including dual-payment authorization policies and transparent internal financial transaction reporting processes, serve to minimize the risk that such design weakness could result in a material misstatement of results for the twelve months ended March 31, 2022; and

(e) have concluded that, other than the item described above in sub-point (d), there are no additional material design weaknesses in the DC&Ps or ICFRs, and that the effectiveness of the DC&Ps is sufficient to expect the prevention or detection of material misstatements of results.

The audited financial statements include amounts that are based on the best estimates and judgments of management. The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board of Directors exercises this responsibility principally through the Audit Committee. The Audit Committee consists of three directors, none of whom are involved in the daily operations of the Company and one of whom is independent. The Audit Committee meets with management and the external auditors to satisfy itself that management's responsibilities are properly discharged and to review the interim financial statements before their presentation to the Board of Directors for approval.

Glossary of Terms:

Biomarker: Biological molecules, the presence or absence of which can be used to detect or monitor a state of disease or can be used to test the efficacy or safety of a drug in development

FDA: United States Food and Drug Administration

Multiplex(ing): to obtain multiple results from one single biological sample to save time, cost and development of multiple tests

PBI: Precision BioMonitoring Incorporated

PCR: Polymerase Chain Reaction

POC: Point-of-care

R&D: Research and development

sqidlite™: Our bench-top diagnostic system – fully automated bench top microarray processing system

sqid-X™: sqid-X™ System – semi-automated bench-top platform that incorporates all of SQI's technology with the exception of automated fluidics handling

TripleLock: Is a qPCR testing platform in a 96-well plate format, leveraging shelf-stable, lyophilized chemistry that enables quick and accurate testing for defined DNA or RNA targets