

# SQL DIAGNOSTICS EXTENDS MATURITY DATE OF PIVOT CREDIT FACILITY AND ANNOUNCES DEFERRAL OF CERTAIN INTEREST PAYMENTS



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NEWS PROVIDED BY  
**SQL Diagnostics Inc.** →  
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TORONTO, Oct. 19, 2022 /CNW/ - SQL Diagnostics Inc. ("**SQL**" or the "**Company**") (TSXV: SQD) (OTCQB: SQIDF), a leader in the science of lung health that develops and manufactures respiratory health and precision medicine tests, announces that SQL and Pivot Financial ("**Pivot**") have agreed to extend the maturity date of SQL's \$7.5 million credit facility (the "**Credit Facility**") with Pivot from October 28, 2022 to January 31, 2023 and to the temporary deferral of 50% of the interest payments thereunder (the "**Pivot Interest Deferral**"). SQL also announces that the holders of its \$4.05 million principal amount 8% secured debentures dated June 17, 2022 (the "**Debentures**"), which holders are controlled by certain insiders of SQL who are also control persons of SQL (the "**Insider Lenders**"), have agreed to the temporary deferral of all

interest payments under the Debentures (the "**Debentures Interest Deferral**", together with the Pivot Interest Deferral, the "**Interest Deferrals**"). All other terms of the Credit Agreement and Debentures remain unchanged.

## **Interest Deferrals**

The purpose of the Interest Deferrals is to provide the Company with additional working capital in the short term. All deferred interest under the Credit Facility pursuant to the Pivot Interest Deferral and all deferred interest under the Debentures Interest Deferral will become due upon demand by Pivot and the holders of the Debentures, respectively, which demand may not be made earlier than December 1, 2022.

The Debentures Interest Deferral may be considered a related party transaction within the meaning of TSXV Policy 5.9 and Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). SQI relied on exemptions from the formal valuation and minority approval requirements in sections 5.5(b) and 5.7(f) of MI 61-101 in respect of the Debentures Interest Deferral.

## **Credit Agreement**

As previously announced, the Company entered into a credit agreement with Pivot, an arm's length third party to the Company, relating to the extension of a short-term senior secured Credit Facility dated February 11, 2022 to satisfy the cash consideration payable by SQI pursuant to the Company's acquisition of substantially all of the assets underlying Precision Biomonitoring Inc.'s human diagnostic COVID-19 PCR testing business and its TripleLock™ molecular diagnostic testing technology and for general working capital. The Insider Lenders participated in funding 50% of the principal amount advanced under the Credit Facility pursuant to the terms of participation agreements entered into between Pivot and the Insider Lenders dated February 14, 2022, as amended. The maturity date of the Credit Facility was previously extended to October 28, 2022 on June 17, 2022.

## **Debentures**

As previously announced, the Company completed a non-brokered private placement of the Debentures at a price of \$1,000 per Debenture for aggregate gross proceeds of \$4,050,000 on June 17, 2022. All of the Debentures are held indirectly by the Insider Lenders. The Debentures

mature on June 17, 2024.

For additional details relating to the Credit Facility and Debentures please see the press releases of the Company dated February 24, 2022 and June 17, 2022, respectively.

### **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](http://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. 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, general economic and market factors, competition, the ability of the Company to repay its indebtedness under the Credit Facility and the Debentures, the effects of recent and ongoing macroeconomic risks and uncertainties and potential related 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 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.***

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