SQI Diagnostics Reports First Quarter 2017 Results

Toronto, Ontario, February 21, 2017 - SQI Diagnostics Inc. (“SQI” or the “Company”) (TSX-V: SQD; OTCQX: SQIDF), today reported its financial and operational results for the three months ended December 31, 2016.

SQI is a Toronto-based life sciences and diagnostics company that develops and commercializes proprietary technologies and products for advanced multiplexed diagnostics.

“We continue to build on the commercial milestones achieved in fiscal 2016”, said Andrew Morris, SQI’s President and CEO. “Our revenues for the first quarter of 2017 are more than double the revenues generated in the first quarter of 2016. We continued to increase the number of platforms sold which establishes the foundation for ongoing sales of consumable kits.”

Financial and Business Highlights for the Quarter

- **We added a new pharma customer.** We launched a new customer’s product development program during the quarter. This program is based on SQI’s “off the shelf” test kit for testing 8 cytokines. Cytokines are common markers tested in the drug development process. During the quarter we customized this cytokine panel for the customer and successfully completed an evaluation against the customer’s drug samples. The evaluation showed 100% agreement to expected values.

- **We achieved technical sign-off on the performance of a proof of concept test developed in fiscal 2016** with a customer in our diagnostics sector and during the first quarter of 2017 we continued to negotiate terms for developing a larger scale commercial product. Management believes that positive advances were made during the first quarter of 2017 that will be reflected in further sales during the balance of the year.

- **We recorded the sale of a second sqidlite™ platform to our DNA diagnostics customer**. The sale of the second system to a single customer marks an important milestone in the commercialization of our customer's multiplexed DNA test for infections in human blood in the US market.

- **We advanced several customers along our sales pipeline.** These include one who has advanced from the planning stage in Q2 of 2016 to an evaluation being completed in Q2 2017, as well as a new global pharma company who we are now negotiating contracts and work plans for a new custom project to be launched in 2017.

Q1 2017 Financial Results Overview

Revenue for the three months ended December 31, 2016 was $415,000 compared to $197,000 for the same period last year. The Company recorded revenues from development fees and the sales of a sqid**lite**™ platform. This platform sale is second platform sold to one customer and the third platform sale for the Company.

For the quarter-ended December 31, 2016, the Company recorded a net loss of $1,497,000 ($0.02 net loss per share) which is greater than the net loss of $1,358,000 ($0.02 net loss per share) for the quarter-ended December 31, 2015. The increase in net loss for the three months ended December 31, 2016 as compared to the three months ended December 31, 2015 is a result of higher research and development costs and particularly the increased marketing costs associated with the shift to a more sales-focussed company.

R&D expenditures, excluding amortization and stock based compensation, for the three months ended December 31, 2016 were $792,000 compared to $713,000 for the same period last year. The increase in R&D expenditures is a result of personnel costs.

Corporate and general expenses, excluding stock-based compensation, totaled $301,000 for the three months ended December 31, 2016 compared to $395,000 for the three months ended December 31, 2015. The decrease in corporate and general expenses is due to staffing changes and decreased investor relations fees in the quarter.

Sales and marketing expenses, excluding stock based compensation, for the three months ended December 31, 2016 totaled $309,000 compared to $153,000 for the three months ended December 31, 2015. Sales and marketing expenses increased over the three month period due personnel costs including the addition of sales and customer service personnel hired in calendar 2016.

At December 31, 2016, current assets were $3,187,000 compared to $4,244,000 at September 30, 2016. As at December 31, 2016 the Company has a $2,144,000 working capital surplus compared to a surplus of $3,420,000 at September 30, 2016.

Conference Call Details

President and CEO, Andrew Morris, along with Company management, will host a conference call to review financial results and discuss business developments for the period. Details are as below:

Date:	Wednesday, February 22, 2017
Time:	10:00 a.m. ET
Live Call:	1-888-231-8191 (Canada and the United States)
Conference ID:	70951694
Webcast:	http://event.on24.com/r.htm?e=1366773&s=1&k=FD91B0FC25287B280B3A1AD02EF37583

An archived copy of the conference call will be available for 90 days on the Company website at www.sqidiagnostics.com/about/investors and also at http://event.on24.com/r.htm?e=1366773&s=1&k=FD91B0FC25287B280B3A1AD02EF37583.

Detailed financial statements and the management's discussion and analysis (MD&A) will also be made available on the Company website at www.sqidiagnostics.com and at www.sedar.com.

For more information, please contact:

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About SQI Diagnostics

SQI Diagnostics is a life sciences and diagnostics company that develops clinical grade multiplexed microarray and molecular assays run on its automated instrumentation for the pharmaceutical research, animal health, and clinical diagnostics markets. SQI develops custom research and diagnostic assays that are multiplexed; meaning the simplification, consolidation and automation of many individual tests into one. This increases sample throughput, reduces time, cost and chance for human error, and provides excellent data quality. For more information, please visit sqidiagnostics.com.

Forward-looking Statements

This press release contains certain statements including, without limitation, the words "may", "plan", "will", "estimate", "continue", "anticipate", "intend", "expect", "believe", "in the process", "benefits", "leading to", "position" "possible", "is subject to" and other similar expressions which may constitute "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements reflect the Company's current expectations and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements involve risks and uncertainties including, but not limited to: our ability to market and sell our products including our novel multiplexing technologies and detection platforms; our ability to maintain any technical or product advantages; the success of our Diagnostic Tools and Services business and our intent to build near-term revenue streams from this business; the successful regulatory filing and receipt of regulatory approvals for our later stage quantitative diagnostic consumable kits; adverse changes in general economic conditions; international risk and currency exchange fluctuations; competitor activity; technology changes; regulatory approvals and the impact of healthcare reform legislation; and, SQI's ability to raise additional funds in the future.

Such statements, risks and uncertainties are detailed in the Company's ongoing filings with the securities regulatory authorities, and are available to the public at www.sedar.com*. 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 securities laws.*