SQI Diagnostics Reports Second Quarter 2019 Results

Toronto, Ontario, May 16, 2019 - SQI Diagnostics Inc. ("SQI" or the "Company") (TSX-V: SQD; OTCQB: SQIDF), today reported its financial and operational results for the three and six months ended March 31, 2019.

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

Said Andrew Morris, SQI's President and CEO: "During the last quarter we gained another large customer to commercialize a diagnostic test for a large unmet need in the area of transplant medicine. Our commercialization as measured by the recurring revenue from kits sales continues to grow as predicted at a steady rate. And, we continue to build our sales pipeline with promising opportunities in both our diagnostic testing and biopharma markets."

Commercial Highlights

- Sales over the last six quarters confirmed our ability to drive strong growth in kits sales from our existing customers and speaks to the success of this strategy. The growth in kit revenues has been steady and consistent since the first fiscal quarter of 2018

- Signed a significant new customer – University Health Network for a novel Lung Transplant test

Financial and Business Highlights for the Quarter and Year to Date:

Last year, we reached a major commercial milestone in our business model with recurring kits sales to significant customers whose volume of kits usage is growing. The growth in kits sales has been linear and positive for 6 consecutive quarters.

Signed a significant new customer – University Health Network for a novel Lung Transplant test. SQI announced on February 4, 2019 two research and development agreements with University Health Network (UHN) in Toronto. The first agreement is to create and license rapid multiplexed protein assays and the second is to develop a point-of-care diagnostic device and test that will help transplant surgeons assess the suitability of lungs and other organs for transplantation. The biomarkers that SQI will be developing into finished multiplexed products

were developed at UHN to more accurately assess the suitability of a lung for transplant providing new, quantitative information.

Subsequent to the quarter end, we completed our first milestone in this project on time and on budget. This will be a beta version that will form the basis of the validation model for an initial 4-plex test. The efficacy of using these biomarkers was presented on April 4, 2019 at the annual conference of the International Society for Heart and Lung Transplantation in Orlando.

Testing for Acute Respiratory Distress Funding Opportunity Progresses to Final Stage

Another highly promising offshoot of our lung diagnostic development program is the advancement of a joint application for a $6,000,000 project where we have advanced to the final round of consideration. If the application is successful, SQI could benefit from $4 million in grants and partner contributions to develop this product.

This grant supports the development and commercialization of a Rapid Acute Lung Injury Diagnostic, or RALI-DX test. This test is targeted at providing early diagnosis and triage of Acute Respiratory Distress Syndrome. The biomarkers used in this project are related to the biomarkers used in other areas of our development programs and the applications of this test are much broader including use in the Emergency Department, Intensive Care Units and hospital wards.

Q2 2019 Financial Results Overview

During the three and six months ended March 31, 2019, the Company recorded revenue from the sale of kits, as well as service revenue to our biopharma and diagnostic customers. Recurring kit sales were $287,000 for the three months ended March 31, 2019 (six months – $533,000) as compared to $88,000 for the same period last year (six months – $118,000). Quarter over quarter recurring kit sales are growing, and as mentioned earlier have grown over the past six quarters. These recurring kit sales are the result of two commercial product launches in fiscal 2018. A third product was validated and delivered to our direct to consumer customer in the first quarter of fiscal 2019.

For the three months ended March 31, 2019 the Company recorded a net loss of $1,568,000 ($0.01 net loss per share) as compared to the net loss of $1,631,000 ($0.01 net loss per share) for the three months ended March 31, 2018. For the six months ended March 31, 2019 the Company recorded a net loss of $3,326,000 ($0.02 net loss per share) as compared to the net loss of $3,419,000 ($0.03 net loss per share) for the six months ended March 31, 2018. Per share values are based on the weighted average shares outstanding in the relevant period.

R&D expenditures, excluding amortization and stock-based compensation, for the three months ended March 31, 2019 were $695,000 compared to $782,000 for the same period last year. R&D expenditures, excluding amortization and stock-based compensation, for the six months ended March 31, 2019 were $1,572,000 compared to $1,717,000 for the same period last year. The decrease in R&D expenditures for the three- and six-month periods is a result of reduced laboratory costs. In the first half of 2018, lab consumables were purchased at higher than normal rates to ensure completion of two critical projects to meet internal deadlines and to deliver finished

products to our customers for their validation and commercial kit sales. During the first half of fiscal 2019, activities were focused on delivery of product to customers.

Corporate and general expenses, excluding stock-based compensation, totaled $366,000 for the three months ended March 31, 2019 as compared to $382,000 for the three months ended March 31, 2018. Corporate and general expenses totaled $690,000 for the six months ended March 31, 2019 as compared to $787,000 for the six months ended March 31, 2018. Corporate and general expenses are lower for the three and six months ended March 31, 2019 compared to the same period in the prior year due to lower professional fees for recruiting and legal fees.

Sales and marketing expenses were primarily related to sales and marketing consultant fees and to travel related to selling activities in the quarter. Sales and marketing expenses, excluding stock-based compensation, totaled $323,000 for the three months ended March 31, 2019 compared to $273,000 for the three months ended March 31, 2018. Sales and marketing expenses totaled $648,000 for the six months ended March 31, 2019 compared to $548,000 for the six months ended March 31, 2018. Sales and marketing expenses were higher for the three and six months ended March 31, 2018 compared to the same periods in the previous year, primarily due to the payment of commissions on product sales and additional travel for customer system installations and training.

At March 31, 2019, current assets were $3,830,000 compared to $3,758,000 at September 30, 2018. At March 31, 2019, the Company had a $2,108,000 working capital surplus compared to a surplus of $2,691,000 at September 30, 2018.

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:	Thursday May 16, 2019
Time:	10:00 a.m. ET
Live Call:	416 764 8609 (local) 1-888-390-0605 (Canada and the United States)
Conference ID:	43695388
Webcast:	https://event.on24.com/wcc/r/1998177/EB50073F49FFAF62C83FC3837FE30F90

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 https://event.on24.com/wcc/r/1998177/EB50073F49FFAF62C83FC3837FE30F90

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:

Chief Executive Officer
Andrew Morris
416.674.9500 ext. 229
amorris@sqidiagnostics.com

Vice President of Finance
Patricia Lie
416.674.9500 ext. 277
plie@sqidiagnostics.com

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.*

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