



SQI Diagnostics Reports Fourth Quarter and Fiscal 2019 Results and Management Changes

Toronto, Ontario, December 11, 2019 - SQI Diagnostics Inc. (“SQI” or the “Company”) (TSX-V: SQD; OTCQB: SQIDF), today reported its financial and operational results for the fourth quarter and fiscal year ended September 30, 2019.

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

Commercial Highlights

- Achieved revenues of \$1,891,000, a rise from \$1,335,000 over fiscal 2018.
- We deployed the first sqidlite instrument to UHN, Toronto General Hospital’s Lung Transplant Group and are running TORdx LUNG tests there now.
- Our CLIA Lab Buffalo running DTC samples.

“This year, the commercial evolution of SQI continued. We are very excited that our technology is being used to save lives through the use of our suite of biomarker tests in lung transplantation,” said Andrew Morris President and CEO of SQI Diagnostics.

Financial and Business Highlights for the Quarter and Year

Completed development of TORdx LUNG, our first clinical lung transplant test.

Our product pipeline in 2019 was focused on organ transplant and lung health, specifically our TORdx LUNG tests. Our initial multiplexed TORdx LUNG test is in the process of customer evaluation and is onsite at the Toronto Lung Transplant Centre, with two other advanced tests in different stages of product development: our TORdx LUNG+ is a 7-plex test in the final phase of development with customer validation starting in December of 2019; and, our Point of Care 2-plex TORdx RAPID test successfully finished the feasibility milestone in October of 2019 and is moving to commercialization and production in 2020.

We deployed the first sqidlite instrument to UHN, Toronto General Hospital's Lung Transplant Group.

TORdx LUNG is a proprietary test, currently for research-use, co-developed by the Toronto Lung Transplant Program at UHN and SQI Diagnostics. The Toronto Lung Score ("TLS") was developed by UHN Lung Transplant scientists and surgeons. The TLS uses levels of biomarkers from donor lungs and the historic decision to transplant matched to recipient outcomes to predict how a current donor lung will perform if transplanted. The TORdx-LUNG test is run on SQI's sqidlite and is used to measure the biomarkers that are in-turn used to generate the TLS score that will be used by surgeons to make go-no-go decisions for transplants as well as to make post-surgical treatment plans.

CLIA Lab Buffalo running DTC samples.

Last quarter we were notified by our CLIA lab partner that the New York State Department of Health has given us the green light so patient testing can begin for our Direct to Consumer ("DTC") partner's Celiac test.

This quarter we began earning commercial revenue from our CLIA lab. We have also completed product validation to allow us to obtain a similar CLIA clearance to run our DTC rheumatoid arthritis tests. This test is targeted at early indications of developing rheumatoid arthritis in consumers concerned about the disease. Running our customers' tests in our CLIA facility will deliver incremental revenue and gross margin per test in addition to the kit revenue we were previously generating.

Management Changes.

The Company today announced that Dr. Eric Brouwer, SQI's Chief Scientific Officer, has been appointed Interim Chief Executive Officer to replace Andrew Morris. Mr. Morris will continue on as a director of the Company and will take on an advisory role for up to one year. The effective date of this transition is February 14, 2020. Prior to joining SQI, Dr. Brouwer was the CSO of Trinity Biotech and CEO of Fiomdi Diagnostics, Trinity Biotech's Swedish subsidiary. Dr. Brouwer will continue to implement the company's current scientific strategy and commercialization of a suite of exciting diagnostics solutions.

In addition, the Company also announced that Patricia Lie, the Vice President Finance and Administration, has resigned effective December 31, 2019. The Company has commenced a formal search for Mr. Morris's and Ms. Lie's replacements.

Said Clive Beddoe, Chairman of the Board, "On behalf of all of our Board I would like to thank Andrew for his contribution to the evolution of SQI over the past 16 years as he has been instrumental in advancing the company from its research and development phase to its current position of starting to generate significant revenues."

Q4 and Fiscal 2019 Financial Results Overview

Revenue for the year ended September 30, 2019 was \$1,891,000 versus \$1,335,000 for the year ended September 30, 2018. This corresponds to a 40% increase in revenues that was driven by significant commercial progress. Revenues for the fourth quarter of 2019 were \$640,000 as compared to \$563,000 in the same period last year; a 14% increase from the comparative period. Revenue was generated from the sale of custom kits, platforms, as well as service revenue.

The net loss for the year ended September 30, 2019 was \$8,021,000 (\$0.04 net loss per share) as compared to \$7,437,000 (\$0.06 net loss per share) for the year ended September 30, 2018. For the quarter, the Company recorded a net loss of \$2,807,000 (\$0.01 net loss per share) as compared to the net loss of \$1,976,000 (\$0.01 net loss per share) for the three months ended September 30, 2018. The increase in revenues was offset by increases in costs related to scaling up commercialization activities including producing at larger volumes and increasing manufacturing and marketing capacity and an accounts receivable provision.

Research and development ("R&D") costs, excluding amortization and stock-based compensation, were \$4,212,000 for the year ending September 30, 2019 (three month - \$1,495,000) compared to \$3,717,000 for the year ending September 30, 2018 (three month - \$870,000). In fiscal 2019, R&D efforts were focused on development work for one significant customer project; the development of assays to assessing the suitability of lungs for transplant and a companion point of care test. R&D activities were also focused on changes to existing products to improve product performance and meet additional customer design change requests. In addition, activities were undertaken to improve processes, streamline activities and facilitate manufacturing at larger volumes

Corporate and general expenses excluding stock-based compensation totaled \$1,635,000 for the year ended September 30, 2019 and \$1,589,000 for the year ended September 30, 2018. For the three months ended September 30, 2019 corporate and general expenses totaled \$548,000 as compared to \$461,000 for the three months ended September 30, 2018. Corporate and general expenses were higher over the comparable periods due to increased rent at the company head office and increased personnel costs. These increased costs were partially offset by decreases in professional fees in the quarter.

Sales and marketing expenses, excluding stock-based compensation, totaled \$1,174,000 for the year ended September 30, 2019 (three month - \$210,000) compared to \$1,145,000 for the year ended September 30, 2018 (three month - \$300,000). Sales and marketing costs were consistent over the comparable periods.

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 December 12, 2019
Time: 10:00 a.m. ET
Live Call: 416 764 8609 (local) 1-888-390-0605 (Canada and the United States)
Conference ID: 56161503
Webcast: <https://event.on24.com/wcc/r/2151134/ED5EB927CB4EAEC5E48275E267410748>

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/2151134/ED5EB927CB4EAEC5E48275E267410748>

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.

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