



SQI DIAGNOSTICS ANNOUNCES ADDITIONAL \$500,000 ADVANCE UNDER PIVOT CREDIT FACILITY AND OPTION GRANTS

TORONTO, March 10, 2023 /CNW/ - SQI Diagnostics Inc. ("**SQI**" 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 Pivot Financial ("**Pivot**") has agreed to advance (the "**New Advance**") an additional \$500,000 to SQI under the terms of SQI's existing secured credit facility (the "**Credit Facility**") with Pivot dated February 11, 2022, as amended from time to time, pursuant to an amending agreement dated the date hereof (the "**Pivot Amendment**"). The New Advance will be secured by the existing general security agreement in favour of Pivot that was entered into in connection with the Credit Facility in February 2022. As of the date of this news release, and prior to the funding of the New Advance, Pivot has loaned SQI \$7.5 million under the Credit Facility. Funding of the New Advance and the other terms of the Pivot Amendment are subject to the approval of the TSX Venture Exchange (the "**TSXV**").

Pivot Amendment

As a condition to the funding of the New Advance under the Pivot Amendment, SQI has agreed to: (i) issue 10,000,000 common share purchase warrants (the "**Warrants**") to Pivot as an inducement for Pivot to fund the New Advance, with each Warrant exercisable for a period of 12 months from the date of issuance and exercisable at a price of \$0.05 per share, or such other price as approved by the TSXV; and (ii) amend the terms of an aggregate of 18,205,767 existing stock options (the "**Executive Options**") held by Andrew Morris (CEO), Morlan Reddock (CFO) and Eric Brouwer (CSO) (collectively, the "**Executives**") by reducing the current exercise price of the Executive Options from their current exercise prices to \$0.05 per share, or such other price as approved by the TSXV (the "**Option Amendments**"). The purpose of the Option Amendments is to incentivize the Executives and more closely align their interests with those of SQI shareholders. In connection with the Option Amendments, SQI will also cancel 1,265,000 stock options currently granted to Andrew Morris, which options are not being amended pursuant to the Option Amendments. Prior to the implementation of the Option Amendments, the Executive Options had exercise prices ranging from \$0.105 to \$0.275 and expiration dates ranging from May 21, 2024 to August 26, 2030. The issuance of Warrants and Option Amendments are subject to the approval of the TSXV and the Options Amendments are also subject to the approval of disinterested shareholders of the Company pursuant to TSXV Policy 4.4, which approval will be sought by the Company at the next annual meeting of shareholders.

SQI has also agreed to pay Pivot an administrative amendment fee of \$10,000 in connection with the Pivot Amendment. All other terms of the Credit Facility remain unchanged.

Credit Facility

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. Certain insiders of the Company 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 11, 2022, as amended.

For additional details relating to the Credit Facility please see the material change report of the Company dated February 24, 2022.

Repayment of Credit Facility

The Company is in the process of identifying potential new sources of financing that could be used to repay the Company's outstanding indebtedness under the Credit Facility; however, there can be no assurances as to whether it will be successful in doing so nor can there be certainty with respect to the terms of any such new financing or financings. The Company will announce additional details relating to any new financing or financings in due course in the event that it is successful in negotiating and entering into definitive documentation relating to same.

New Option Grant

SQL also announces that it has granted an aggregate of 2,500,000 new stock options (the "**New Options**") to certain officers of the Company, including Eric Brouwer and Morlan Reddock, under the Company's amended and restated stock option plan (the "**Plan**"). The goal of the grant of New Options is to align the interests of the recipients of such New Options with those of shareholders. The New Options were granted at an exercise price of \$0.05.

The Plan was approved by shareholders at the Company's annual and special meeting held on March 31, 2021. The Options have a term of 5 years and vest over a period of 12 months. Following the grant of Options, there will be 28,071,168 stock options outstanding. The Company currently has 406,246,025 shares outstanding.

About SQL Diagnostics

SQL Diagnostics are leaders in the science of lung health. We develop and manufacture respiratory health and precision medicine tests that run on SQL'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.sqldiagnostics.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 identify new viable sources of financing, the timing of TSXV approval of the Pivot Amendment, including the issuance of Warrants and the Option Amendments, 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. 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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