SQI Diagnostics Reports Internal Restructuring

TORONTO, June 6, 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 today announced that the Company's board of directors (the "**Board**") has issued layoff notices to each of Andrew Morris, the Company's Chief Executive, and Eric Brouwer, the Company's Chief Scientific Officer, in an effort to further reduce the Company's expenses. Messrs. Morris and Brouwer have advised the Board that they will resign from their positions as directors of the Company effective June 5th, 2023, but will continue to advise the Board over the next several weeks on an as required basis. SQI has provided similar notices to its staff to reduce its number of employees from approximately 20 full-time employees to 2 full-time employees. Morlan Reddock, the Company's Chief Financial Officer, will continue to be employed by the Company during this transition period as the Board looks to monetize the Company's existing intellectual property and equipment while continuing to seek potential sources of new financing. Additional details regarding the Company's future direction and strategy will be announced in due course.

The Board would like to thank Messrs. Morris and Brouwer for their years of service to the Board and looks forward to their continued support during the Company's transition period.

Liquidity and Going Concern Risk

As previously disclosed, there is significant doubt about the Company's ability to continue as a going concern as the Company has a working capital deficit of $9,9M as at March 31, 2023 and for the three month period ended March 31, 2022 the Company incurred a net loss of $3.5M, which included impairment charges and asset write-downs totalling approximately $1.8M to reflect corporate restructuring including discontinued operations. The Company's ability to continue as a going concern is dependent upon the Company's ability to raise additional capital through equity and/or debt financings and achieve profitable operations. While the Company continues to pursue commercial sales, strategic partnering activities and funding opportunities, there are no assurances that it will be successful in generating revenues or raising additional investment capital to generate sufficient cash flows to continue as a going concern and there is significant doubt about the Company's ability to continue as a going concern without achieving such revenue or financing in the near term. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As of the date hereof, the Company has not received any viable term sheets from potential sources of financing and management does not currently believe that the Company will have sufficient cash to continue operations as currently conducted beyond June 15, 2023 without successfully raising additional equity and/or debt capital. Failure to obtain sufficient capital by such date may result in the Company ceasing its operations and/or completing a filing under applicable bankruptcy and insolvency or restructuring legislation. The Company will announce additional details relating to any new financing or financings, if any, in due course in the event that it is successful in negotiating and entering into definitive documentation relating to same. Please see the Company's Condensed Interim Consolidated Financial Statements for the six months ended March 31, 2023 and December 31, 2022 and related Management Discussion & Analysis filed on SEDAR on May 30, 2023 for additional details regarding the Company's current cash position and risks relating thereto.

About SQI Diagnostics

SQI Diagnostics is a leader in the science of lung health. The Company develops and manufactures respiratory health and precision medicine tests that run on SQI's fully automated systems. The Company's tests simplify and improve Rapid Acute Lung Injury testing, donor organ transplant informatics, and immunological protein and antibody testing. SQI Diagnostics is 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.

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FORWARD-LOOKING INFORMATION

This press release contains certain words and statements, which may constitute "forward-looking statements" within the meaning of applicable securities laws relating to future events or future performance and reflect the current expectations and assumptions of the Company regarding its growth, results of operations, performance, business prospects and opportunities. These statements generally can be identified by use of forward-looking words such as "may", "would", "could", "will", "should", "expect", "plan", "estimate", "anticipate", "intends", "believe", "potential", or "continue" or the negative thereof or similar variations. The Company's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. Such 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, among other things, general economic and market factors, competition, the effect of the global pandemic and consequent economic disruption, and the factors detailed in the Company's ongoing filings with the securities regulatory authorities, available at www.sedar.com. Although the forward-looking statements contained herein are based on what we consider to be reasonable assumptions based on information currently available to us, 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 law.

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