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SG Blocks Enters U.S. Test Lab Market, Forms Joint Venture With Clarity Diagnostics

Announces first lab contract, for CLIA-Certified Laboratories in modular containers, signed and scheduled to be completed within 12-months

NEW YORK--(BUSINESS WIRE)-- [SG Blocks, Inc.](#) (NASDAQ: [SGBX](#)), a leading designer, innovator and fabricator of container-based structures - has entered the U.S. test lab market by forming a joint venture with Clarity Diagnostics (“Clarity”), a manufacturer and market leader of rapid diagnostic tests, diagnostic equipment, and over-the-counter rapid diagnostic tests, to launch CLIA-certified laboratories in modular containers, under the name Clarity Modular Lab Solutions (“CMLS”). Under the terms of the joint venture, SG Blocks will have 51% majority interest ownership in CMLS. CMLS’ first CLIA lab contract, “Lab 1,” will construct a redundant main lab outside of Boca Raton, Florida. The contract has been signed and is scheduled to be completed within 12 months, with the design build already underway. SG Blocks will now be competing with the nation’s largest clinical laboratories including Quest Diagnostics and LabCorp.

This press release features multimedia. View the full release here:

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(Photo: Business Wire)

Clarity selected SG Blocks for its modular technology to accelerate speed of deployment and redeployment into underserved hot spots of labs certified

under the Clinical Laboratory Improvement Amendments of 1988 (CLIA) that require high connectivity. The cost of transporting diagnostic testing samples is high and to meet the high volume of underserved areas, Clarity required CLIA-certified labs that could be deployed at the point of collection.

SG Blocks recently announced its D-Tec suite of prefabricated health facilities created in partnership with Grimshaw and OSANG Healthcare for on-site immediate COVID-19 testing. The D-Tec suite will be utilized for the modular CLIA labs and was designed to meet the urgent global demand for safe, easily deployable medical response solutions. This deployable technology line upcycles disused shipping containers as a foundation for a sturdy and sustainable solution to mass testing needs. Its design offers a uniquely efficient environment for testing collection and onsite deployable laboratory analysis.

According to Centers for Disease Control and Prevention (CDC), 70% of today's medical decisions depend on [14 billion laboratory tests conducted annually](#). Experts estimate that [40,000–80,000 deaths occur annually from preventable diagnostic errors](#).

While COVID is the primary initial project, the CMLS joint venture was formed by SG Blocks and Clarity to process all types of diagnostic tests in a CLIA-certified lab environment, including screening for cancer, influenza, swine flu, opioids, enzymes, upper respiratory illness and urinary tract infections. The CMLS joint venture is designed to provide fast, accurate and reliable point of care testing that has been elusive for the poor and working classes. The vision behind CMLS is to reduce barriers to diagnostic testing to enable the best possible medical outcomes. The labs are expected to be located in high risk areas, densely populated or regional hubs for rural U.S.

Paul Galvin, CEO of SG Blocks commented, "As the nation grapples with COVID-19, the need for continuous testing has emerged, and thus has the need for increasing the number of CLIA-certified labs that can process diagnostic tests at the point of sample collection. We are leveraging our earlier experience with OSANG to form this joint venture and place SG Blocks into the enormous, highly profitable CLIA laboratory market. CLIA certification has rigorous licensing qualifications, helping to ensure a limited supply of labs and a high barrier to entry. Furthermore, it is a massive and extraordinary business opportunity to be able to combine Clarity's PCR testing expertise and CLIA lab certification, with SG Blocks' modular, relocatable, expandable facilities."

Daniel Léger, President & Co-Founder of Clarity Lab Solutions commented, "We are excited to be working with SG Blocks and their team of professionals to deliver a service-focused solution to fulfill an immediate need for more PCR testing. Our simple goal is to continue to provide faster turnaround times for the most accurate and advanced testing protocols available, to be able to locate those labs, equipped with our state-of-the-art diagnostic testing capabilities, wherever the need exists. We are committed to working with SG Blocks in using this methodology to expand our service capability across the country."

ThinkEquity, a division of Fordham Financial Management, Inc., acted as financial advisor to SG Blocks, Inc.

About SG Blocks, Inc.

SG Blocks, Inc. is a premier innovator in advancing and promoting the use of code-engineered cargo shipping containers for safe and sustainable construction. The firm offers a product that exceeds many standard building code requirements, and also supports developers, architects, builders and owners in achieving greener construction, faster execution, and stronger buildings of higher value. Each project starts with GreenSteel™, the structural core and shell of an SG Blocks building, and then customized to client specifications. For more information, visit www.sgblocks.com.

Forward-Looking Statements

Certain statements in this press release constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current

expectations, are forward-looking statements. These forward-looking statements are based upon current estimates and assumptions and include statements regarding completing construction of a redundant main lab outside of Boca Raton, Florida within 12 months, placing CLIA certified labs in high risk areas, densely populated or regional hubs for rural U.S. and providing fast, accurate and reliable point of care testing. While SG Blocks believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available to us on the date of this release. These forward-looking statements are subject to various risks and uncertainties, many of which are difficult to predict that could cause actual results to differ materially from current expectations and assumptions from those set forth or implied by any forward-looking statements. Important factors that could cause actual results to differ materially from current expectations include, among others, the Company's ability to complete construction of a redundant main lab outside of Boca Raton, Florida as scheduled, the Company's ability through CMLS to place CLIA certified labs in high risk areas, densely populated or regional hubs for rural U.S. as planned, the Company's ability through CMLS to provide fast, accurate and reliable point of care testing at CLIA certified laboratories in modular containers, the Company's ability to position SG Blocks for future profitability, the Company's ability to maintain compliance with the NASDAQ listing requirements, and the other factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and the Company's subsequent filings with the SEC, including subsequent periodic reports on Forms 10-Q and 8-K. The information in this release is provided only as of the date of this release, and the Company undertakes no obligation to update any forward-looking statements contained in this release on account of new information, future events, or otherwise, except as required by law.

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