



INVITATION TO INVEST IN DIAGONAL BIO AB

A large, semi-transparent blue sphere containing a molecular structure of interconnected atoms and bonds, positioned on the right side of the page.

SUBSCRIPTION PERIOD:

23 JANUARY - 6 FEBRUARY 2025

IMPORTANT INFORMATION

This information folder constitutes marketing and is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council. The invitation to subscribe for securities in Diagonal Bio AB ('Diagonal' or the 'Company') is only made through the memorandum published in January 2025, which is available on Diagonal's website www.diagonalbio.com. Investors are advised to read the memorandum in its entirety before making an investment decision.

This information memorandum may not be distributed, published or publicised in or into the United States, Australia, Canada, Japan, New Zealand, South Africa, Hong Kong, Switzerland or Singapore. The information brochure may not be sent to persons in these countries or any other jurisdiction to which it is unlawful to deliver unit rights, BTUs, new shares or warrants, except in accordance with applicable law and provided that it does not require additional prospectuses, registration or other measures in addition to those required by Swedish law. Unless otherwise expressly stated in the memorandum, unit rights, BTUs, new shares or warrants may not be offered, sold, transferred or delivered, directly or indirectly, in or into any of these countries.

CEO Karin Wehlin

In the second half of 2024, Diagonal went from clarity to clarity, and it is clear to us that our primary focus should be on market development and sales of the LAMPlify platform. We have made important strategic advances that strengthen our position in specific sectors of the testing market. In particular, we have strengthened our presence in less regulated markets and expanded our activities in three key areas – the equine, pig and fish farming segments.

Equine segment

In the equine segment, we have continued to develop and evaluate business opportunities following the completion of an ISO 17025 validation test by the veterinary faculty of the University of Copenhagen. The test showed excellent results with 100 percent correlation to the Gold standard PCR method. We believe that the need for Diagonal's product in the segment is high and not yet saturated. This is a premium segment where we expect testing to take place regularly, but mainly on a weekly rather than daily basis. There are around 50 licensed racehorse trainers and 400 A-licensed trotter trainers in Sweden alone and currently horses are only tested on clinical suspicion, meaning that more horses may be infected. As these horses do not show any symptoms, they remain part of an invisible dark number. Respiratory viruses spread rapidly and there is currently no point-of-care solution for racehorses. Following the positive outcome of the validation study at the University of Copenhagen, we have started pilot tests with StallZet and Kolgjini, among others.

Together with our partners, we aim to offer faster and more accurate analyses of respiratory viruses in racehorses, ensuring their health and performance during training and high-stakes competitions. These and similar collaborations reinforce our strong belief in the potential offered by our technology. At the end of December, we were pleased to announce the signing of an agreement with Daniel Redén, a well-known horse trainer at StallZet. Redén will act as our marketing partner to strengthen and enhance the commercialisation plans for LAMPlify. StallZet is one of Sweden's leading trotting facilities with over 190 horses and as a marketing partner to Diagonal, Redén will play a key role in demonstrating the benefits of LAMPlify and promoting the product. His extensive experience and wide network in the trotting and equestrian industry, both nationally and internationally, make him an invaluable resource in our commercialisation plans.



Fish farming segment

With around 3,000 freshwater fish farms in Europe, monitoring fish water quality is of utmost importance to enable early detection of diseases that can affect, for example, fish stock growth. This leads to increased efficiency and sustainability in fish farming. After collaborating with the Technical University of Denmark, DTU, for a number of years, the university placed an order for the LAMPlify platform in August. DTU sees great potential in our technology in a project that aims to revolutionise disease monitoring in fish farms through point-of-care analysis. The project with DTU will last for 24 months, with a total value of just over 200 KSEK for Diagonal.

Pig segment

LAMPlify has also shown impressive results in pig disease testing. The pig segment is a volume market where animal breeders can use Diagonal's instruments to quickly isolate pigs to avoid the spread of respiratory viruses. Accurate and rapid testing is crucial for pig farmers, as faster diagnoses and more efficient management of disease outbreaks improve animal health and productivity in this industry. This minimises financial losses for pig farmers. The pig farming market is consolidated, with 75% of EU production coming from 1.5% of producers. The four largest pig meat producing countries in Europe are Spain, Germany, France and Denmark. The pig segment thus means that Diagonal needs to look outside Sweden to achieve success in this market. First, however, we will focus on the horse segment.

The capitalisation we are now carrying out – a directed issue of units and a rights issue of units – secures the Company's needs until Q1 2026 and it is the Board's and my assessment that after that period, with completed pilot studies, studies converted into sales agreements and expansion in our three main segments, Diagonal will have established a solid platform for continued expansion.

I welcome you – existing shareholders as well as new investors – to participate in the issue and look forward to an exciting 2025 together.

Karin Wehlin

CEO Diagonal Bio AB

Investment highlights

- Strong interest in LAMPlify® from the equine segment with several ongoing pilot projects, i.e. potential paying customers.
- Marketing co-operation with Daniel Redén, trotting trainer, racehorse trainer and head trainer of Stall Zet.
- Correlation to PCR has been validated by DTU in Denmark, which has also become a paying customer.
- Exciting roadmap with several valuable value-adding activities in the next six to twelve months.

Introduction to Diagonal

Diagonal was founded in 2020 and listed on Nasdaq First North Growth Market the following year. The Company develops two product families, PANVIRAL and LAMPlify, based on a patented platform technology. In July 2023, LAMPlify received CE marking under the Low Voltage Directive (LVD), which allows the product to be sold in less regulated market segments.

LAMPlify is a fast, accurate and cost-effective analytical platform that can detect multiple genetic markers (DNA or RNA) for an individual and/or multiple individuals for the same genetic marker in parallel, in only 10–15 minutes. This makes it a valuable research tool for laboratories. In the agricultural sector, LAMPlify® is particularly useful for research, tracking and rapid identification of viruses, bacteria and fungi, which can reduce production losses through early detection of viral infections in livestock. In addition, the platform can be used to ensure compliance with international trade rules.

PANVIRAL is intended as a human diagnostic platform and is planned to be CE marked under EU-IVDR and/or US-FDA in the future. Like LAMPlify, PANVIRAL can be easily customised to detect different infectious diseases, enabling rapid and cost-effective diagnosis of multiple diseases and/or patients in approximately 10–15 minutes.

Diagonal is focusing its efforts on commercialising LAMPlify. The road to market for PANVIRAL is associated with additional regulatory investments to achieve CE marking according to EU-IVDR and/or US-FDA before market launch can be initiated, which is why further investments in PANVIRAL are currently paused and all resources are devoted to commercialising LAMPlify. By offering pilot tests to interested Key Opinion Leaders (KOLs) and various end-users, the Company not only receives valuable feedback from users on results and performance, but also helps to spread knowledge about the Company and its technology. The Company has seen clear evidence of this in the second half of 2024.

Business and revenue model

Diagonal aims to build a small commercial organisation and/or establish partnerships with existing distributors or larger market players for the launch of LAMPlify and later PANVIRAL. The Company plans to target the initial commercialisation of LAMPlify towards selected market segments in the equine, veterinary, fish farming, pig production and general research laboratory testing segments. Diagonal is currently focusing its initial efforts on partnerships or licence agreements with distributors, Key Opinion Leaders (KOLs) and market collaborators for the launch of LAMPlify, and at a later stage PANVIRAL.

Diagonal plans to sell LAMPlify under the 'Razor-Blade' model, whereby Diagonal sells or leases the instruments at a relatively low cost and recurring revenue comes from the sale of Diagonal's consumables. These consumables, which include reaction mix cassettes for the identification of specific genetic material, are necessary to operate the instruments. Over time, Diagonal intends to develop a product portfolio with several reaction mixes, each specific to identify different genetic markers. These reaction mixes will then be sold to a growing number of customers.



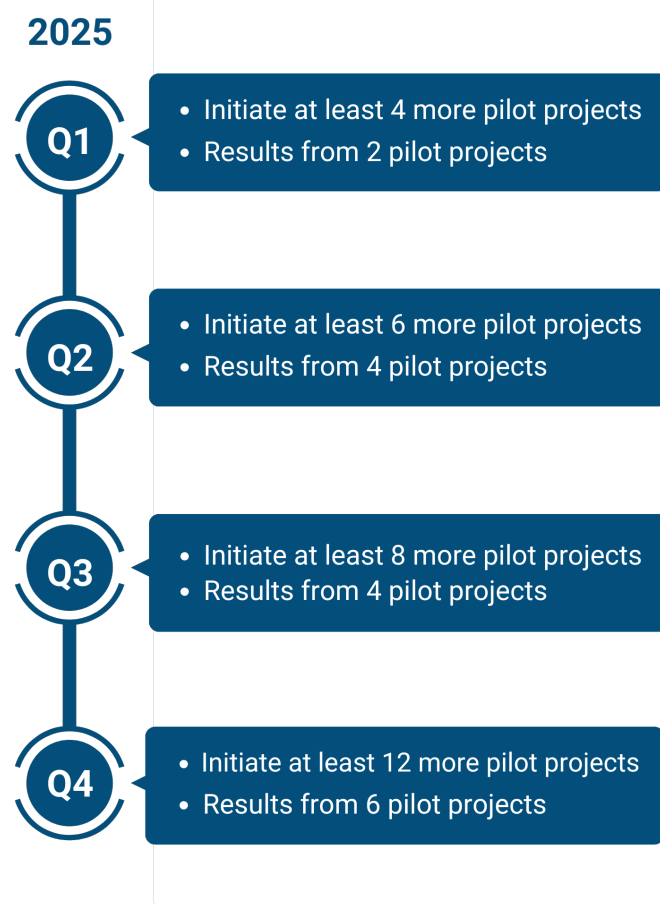
Objectives

Diagonal's overall target for 2025 is to deliver an additional 30 LAMPLify platforms to end users in addition to the ten delivered in 2024, thereby achieving market acceptance. The Company expects a conversion from pilot testing to sales of 50 percent of the 40 LAMPLify platforms. To the right is an overview of the Company's 2025 objectives.

Motive and use of proceeds

The proceeds that the Company can raise through the rights issue are intended to provide the Company with resources to focus on validating LAMPLify's commercial interest in the equine segment. This will be achieved by reaching the objectives set by the Company regarding the initiation of new pilot projects and results from completed pilot projects, with the overall goal of achieving market acceptance by the end of 2025.

Through the funds provided to the Company through the rights issue, the Company intends to finance the production of instruments and consumables, sales and marketing, intellectual property rights and working capital. Through warrants of series TO 2 (issued partly through a directed issue of units and partly through the rights issue), the Company can receive an additional amount of approximately SEK 3.4 million (before issue costs), of which approximately SEK 2.7 million is attributable to warrants issued through the rights issue. Through the funds provided to the Company through the exercise of warrants of series TO 2 (after issue costs), totalling approximately SEK 3 million net, the Company intends to finance working capital.



The offer in brief

Subscription period:

23 January-6 February 2025.

Subscription price:

SEK 0.18 per unit, corresponding to SEK 0.01 per share. Warrants of series TO 2 are issued free of charge.

Issue volume:

Initially a maximum of approximately SEK 6 million before transaction related costs. Through attached warrants of series TO 2 issued through the rights issue and the directed issue of units, the Company may receive an additional approximately SEK 3.4 million.

Pre-subscription- and underwriting agreements:

The rights issue is secured in writing to a total of approximately 56 percent (corresponding to approximately SEK 3.4 million) through pre-subscription- and underwriting agreements.

Lock up:

The Board and the CEO have entered into agreements regarding lock up of 100 percent of their respective holdings for a period of ending on 31 July 2025.

TERMS FOR THE OFFER

PREFERENTIAL RIGHT TO SUBSCRIBE

Those who on the record date 21 January 2025 were registered as shareholders in the share register kept by Euroclear on behalf of the Company have preferential rights to subscribe for new shares in proportion to the number of shares held on the record date. For each existing share held on the record date, one (1) unit right is received. The unit rights entitle the holder to subscribe for units with preferential rights, whereby twelve (12) unit rights entitle the holder to subscribe for one (1) unit. One (1) unit consists of eighteen (18) shares and eight (8) warrants of series TO 2.

ISSUE VOLUME

The offer comprises a maximum of 33,392,851 units, corresponding to 601,071,318 shares and 267,142,808 warrants of series TO 2. The total issue amount amounts to an initial maximum of approximately SEK 6 million before issue costs.

SUBSCRIPTION PRICE

The subscription price is SEK 0.18 per unit, which corresponds to SEK 0.01 per share. Warrants of series TO 2 are issued free of charge. There is no brokerage fee.

SUBSCRIPTION PERIOD

From 23 January 2025 until 6 February 2025. The Board of Directors of the Company reserves the right to extend the subscription period.

TRADING IN UNIT RIGHTS

Trading in unit right stakes place on Nasdaq First North Growth Market during the period from 23 January 2025 until 3 February 2025.

UNEXERCISED UNIT RIGHTS

Unit rights not sold by 3 February 2025 or exercised to subscribe for units by 6 February 2025 will be removed from all VP accounts without compensation. No special notification will be made upon cancellation of unit rights.

ISSUE STATEMENT AND SUBSCRIPTION

Direct-registered shareholders

Shareholders or representatives of shareholders registered with Euroclear on the record date 21 January 2025 will receive a pre-printed issue statement with an attached payment slip. Information will be available on Aqurat's website (www.aqurat.se) and on the Company's website (www.diagonalbio.com). Those who are included in the list of pledgees, etc. kept in connection with

the share register will not receive any information but will be notified separately. A VP notification showing the registration of unit rights in the shareholders' VP account will not be sent.

Subscription with preferential rights

Subscription by virtue of preferential rights shall be made by simultaneous cash payment no later than 6 February 2025. Subscription by payment shall be made either with the pre-printed payment slip attached to the issue statement, or by subscription according to the following two options:

Issue statement (pre-printed payment slip from Euroclear)

In the event that all unit rights received on the record date are to be utilised for subscription, only the pre-printed payment slip shall be used as a basis for subscription by cash payment.

Special subscription form

In the event that a different number of unit rights are exercised than stated on the pre-printed payment slip from Euroclear, the special subscription form shall be used. Application for subscription by payment shall be made in accordance with the instructions stated on the special subscription form. The pre-printed payment slip from Euroclear shall therefore not be used. A special subscription form can be ordered from Aqurat by telephone or e-mail.

Nominee-registered shareholders

Shareholders whose holdings of shares in the Company are nominee-registered with a bank or other nominee will not receive an issue statement. Subscription and payment shall instead be made in accordance with instructions from the respective bank or nominee. Please note that when unit rights are exercised via a bank or nominee, this should be done early in the subscription period due to the fact that each bank/trustee may set different deadlines for the last day for subscription.

SUBSCRIPTION WITHOUT SUPPORT OF PREFERENTIAL RIGHT

Subscription of shares without preferential rights shall take place during the same period as subscription of shares with preferential rights, i.e. from 23 January 2025 up to and including 6 February 2025. The Board of Directors of the Company reserves the right to extend the subscription period and the time for payment under any circumstances. Such extension shall be announced no later than the last day of the subscription period and published by the Company.

Application to subscribe for units without preferential rights shall be made at www.aqurat.se. For nominee-registered shareholders, application for subscription of units without preferential rights shall be made to the respective nominee and in accordance with instructions from the nominee, or if the holding is registered with several nominees, from each of them. In order to be able to invoke subsidiary preferential rights, it is required that the subscription is carried out via the nominee as there is otherwise no possibility to identify a specific subscriber who has subscribed for units both with and without the support of unit rights.

Incomplete or incorrectly completed subscriptions may be disregarded. It is only permitted to apply for a 'Subscription without unit rights'. The subscription must be made no later than 6 February 2025. The subscription is binding.

ALLOCATION

In the event that not all units are subscribed for with preferential rights, the Board of Directors shall, within the framework of the maximum amount of the rights issue, decide on the allocation of units to others who have subscribed for units without preferential rights and decide how the allocation between subscribers shall be made.

1. Primarily to those who have subscribed for units with unit rights (regardless of whether they were shareholders on the record date or not) and who have expressed an interest in subscribing for units without unit rights and, in the event that allotment to them cannot be made in full, allotment shall be made pro rata in relation to the number of unit rights that each of those who have expressed an interest in subscribing for units without unit rights have utilised for subscription of units;
2. Secondly to others who have subscribed for units in the issue without unit rights and in the event that allocation to these cannot be made in full, allocation shall be made pro rata in relation to the total number of units for which the subscriber has applied for subscription;
3. And thirdly, to those who have provided underwriting commitments regarding subscription of units, in proportion to such underwriting commitments.

To the extent that allocation at any stage according to the above cannot be made pro rata, allocation shall be made by drawing lots.

SUBSCRIPTIONS FROM ACCOUNTS SUBJECT TO SPECIFIC RULES

Please note that anyone who has a custody account with specific rules for securities transactions, such as an investment savings account (ISK) or endowment insurance account (KF), must check with the bank or trustee that manages the account whether the acquisition of securities within the framework of the offer is possible. In this case, the application must be made in agreement with the bank/manager of the account.

SUBSCRIPTION OVER EUR 15,000

In the event that the subscription amounts to or exceeds EUR 15,000, a money laundering form must be completed and submitted to Aqurat in accordance with the Act (2017:630) on measures against money laundering and terrorist financing. Please note that Aqurat cannot book out securities, despite payment having been received, until the money laundering control has been received by Aqurat.

ANNOUNCEMENT OF THE OUTCOME OF THE RIGHTS ISSUE

The announcement of the outcome of the rights issue is scheduled for 7 February 2025, or as soon as possible after the subscription period has ended. The Company will publicise the outcome of the rights issue through a press release.

PAID SUBSCRIBED UNIT (BTU)

Subscription by payment will be registered with Euroclear as soon as this can be done, which normally means a few banking days after payment. Subsequently, directly registered subscribers will receive a VP notification confirming that the paid subscribed units (BTU) have been booked to the subscriber's VP account. Subscribed units are booked as BTUs on the VP account until the rights issue has been registered with the Swedish Companies Registration Office. Shareholders who have their holdings in a custody account with a bank or nominee will receive information from the respective nominee.

TRADING IN BTU

Trading in BTUs will take place on Nasdaq First North Growth Market from 23 January 2025 until after the rights issue has been registered with the Swedish Companies Registration Office. Subscribed units are booked as BTUs on the subscriber's securities account or custody account until after the rights issue has been registered with the Swedish Companies Registration Office, which is expected to take place around 20 February 2025.

DELIVERY OF SECURITIES

As soon as the rights issue has been registered with the Swedish Companies Registration Office, BTUs will be converted into shares and warrants without special notification from Euroclear. Please note that the rights issue may be partially registered with the Swedish Companies Registration Office.

TRADING IN THE SHARES

The shares in the Company are listed on Nasdaq First North Growth Market. The shares are traded under the ticker 'DIABIO' and have ISIN code SE0015961826. The new shares will be admitted to trading in connection with the conversion of BTUs into shares and warrants.

DISTRIBUTION

Through the rights issue, the Company's share capital may initially increase by a maximum of SEK 5,997,531.29 (before reduction of the share capital) through a rights issue of 33,392,851 units, corresponding to approximately 51.4 per cent of the votes and capital in the Company. The dilution is based on the number of shares in issue at the date of the memorandum.

OTHER MATTERS

The Board of Directors of the Company is not entitled to cancel, withdraw or suspend the Offer to subscribe for units in the Company in accordance with the terms of the Memorandum. In the event that an excess amount has been paid by a subscriber for subscribed units, Aqurat will ensure that the excess amount is repaid. In such a case, Aqurat will contact the subscriber for information about a bank account to which Aqurat can repay the amount. No interest will be paid on the excess amount. Subscription of units is irrevocable, and the subscriber cannot cancel or modify a subscription of units. An incomplete or incorrectly completed application/subscription may be disregarded. If the payment for subscribed units is paid too late, is insufficient or is paid in an incorrect manner, the application for subscription may be disregarded or subscription may be made with a lower amount. Any payment not utilised will be refunded. If several applications/subscriptions of the same category are submitted, only the application/subscription most recently received by Aqurat will be considered. Late payments of less than SEK 100 will only be refunded on request.

For full terms and conditions, please refer to the information memorandum at www.diagonalbio.com, published in January 2025.