

The subscription period in Diagonal Bio AB rights issue commences today

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Today, the 8th of April 2024, the subscription period in Diagonal Bio AB's ("Diagonal Bio" or "the Company") issue of units consisting of shares and consideration free warrants of series TO 1 ("TO 1"), with preferential right for the Company's existing shareholders begins. The subscription period runs until the 22nd of April 2024. The issue volume initially amounts to a maximum of approximately SEK 32 million before transaction costs (the "Rights Issue"). Upon full subscription of the Rights Issue and full utilization of issued TO 1 at the highest subscription price, the Company may receive an additional approximately SEK 9.5 million before transaction costs. The Rights Issue is secured in writing by members of the board, management, existing shareholders, and external investors to a total of approximately 56.4 percent (corresponding to approximately SEK 18 million) through pre-subscription and guarantee commitments. A prospectus is available via the Company's (www.diagonalbio.com), Sedermera Corporate Finance AB's (www.sedermera.se) and Nordic Issuing AB's (www.nordic-issuing.se) websites. The Company's will today, the 8th of April 2024, present at an event with Financial Stockholm at Scandic Klara Hotell.

Karin Wehlin, CEO of Diagonal Bio, comments

"Diagonal Bio is at the exciting stage of transitioning into the commercial phase with LAMPlify® via studies with potential customers, distributors and KOL's for testing and evaluating the aim of translating good data into the generation of the first initial revenue. With the significant progress we have made I look forward to accelerating the sales and marketing of LAMPlify®, expanding the product portfolio for the detection of multiple genetic markers, and continuing the regulatory work for human diagnostics with PANVIRAL® and future IVDR approval. With the capital from the Rights Issue, we are convinced that we can generate additional value in the Company and create the best conditions for the continued journey of Diagonal Bio."

Motive and use of proceeds

In order to finance the Diagonal Bio's future development, the Company is carrying out a rights issue of units that can initially bring the Company a maximum of approximately SEK 32 million (before issue costs) and in September 2024 a further maximum of approximately SEK 9.5 million (before issue costs) through the exercise of warrants. The transaction related costs for the Rights Issue are estimated to amount to a maximum of approximately SEK 5.5 million (of which approximately SEK 2.5 million refers to guarantee compensation, if all guarantors desire cash compensation). The issue proceeds will also be used for repayment of bridge loan.

It is the Board's assessment that the net proceeds from a fully subscribed Rights Issue and warrant exercise are sufficient to finance the Company's operations and plans until cash flow positivity in Q1 2026.

Objectives

Below is a selection of the Company's goals for the years 2024-2025.

2024

- 6-10 LAMPlify® studies with potential customers, distributors, and KOL's that can translate into commercial agreements and sales.
- Sales and Marketing activities related to the launch of LAMPlify®.
- Create value by generating a product portfolio of multiple genetic markers.
- Expand IP protection of Diagonal Bio's core technology in key global markets/regions.
- Regulatory Strategy and planning for human diagnostics using PANVIRAL® and future IVDR approval.

2025

- Expand LAMPlify® studies with customers, distributors, and KOL's in new market segments.
- End of the year 2025 a total of at least 40 LAMPlify® instruments are in use at clients which is generating recurring revenue based on Diagonal Bio's product portfolio and consumables.
- Adapt the PANVIRAL® platform i.e., instrument and consumables required for the regulatory application.

Terms for the Rights Issue

The Rights Issue consists of a maximum of 39,975,779 units, consisting of a maximum of 639,612,464 shares and a maximum of 79,951,558 warrants of series TO 1. Diagonal Bio's existing shareholders have preferential rights to subscribe for units in proportion to their existing shareholdings. The public also has the right to subscribe for units in the Rights Issue.

One (1) existing share in the Company on the record date of the 4th of April 2024, entitles to one (1) unit right. One (1) unit right entitles the holder to subscribe for one (1) unit in Diagonal Bio. Each unit consists of sixteen (16) shares and two (2) warrants of series TO 1. The subscription price in the Rights Issue has been set at SEK 0.80 per unit, which corresponds to SEK 0.05 per share. Subscription options of series TO 1 are issued free of charge.

Subscription of units must take place during the subscription period that starts today on the 8th of April 2024 and runs to and including the 22nd of April 2024. Unit rights that are not used during the subscription period become invalid and lose their value. Trading in unit rights takes place on the Nasdaq First North Growth Market from today, the 8th of April 2024, to and including the 17th of April 2024. Trading in BTU (Paid Subscription Unit) takes place during the period from today and until the Rights Issue registered with the Swedish Companies Registration Office.

The Rights Issue will initially increase the share capital by a maximum of SEK 31,980,623.20, from SEK 3,997,577.90 to SEK 35,978,201.10 (it is to be noted that the Company will do a reduction of share capital both prior the Rights Issue and after the Rights Issue) and the total number of shares will increase by a maximum of 639,612,464 shares, from 39,975,779 shares to 679,588,243 shares. Existing shareholders who choose not to participate in the Rights Issue will be recognized with a dilution effect corresponding to approximately 94.1 percent of the votes and capital, calculated on the number of shares in the Company after the Rights Issue has been fully subscribed. Shareholders who choose not to participate in the Rights Issue have the opportunity to partially compensate themselves for the financial dilution effect by selling their unit rights no later than the 17th of April 2024.

Terms for warrants of series TO 1

One (1) TO 1 gives the holder the right to subscribe for one (1) new share in Diagonal Bio during the period that runs from and including the 12th of September 2024, to and including the 26th of September 2024. The subscription price for TO 1 shall amount to seventy (70) percent of the average volume-weighted price of the share according to the official price statistics of the Nasdaq First North Growth Market during a period of twenty (20) trading days ending two (2) banking days before the beginning of the exercise period and the subscription price will be determined within the range SEK 0.05 per new share and SEK 0.12 per new share. The subscription price must be rounded to the nearest whole öre. The Company will announce the subscription price the day before the first day of the exercise period. Upon full subscription of the Rights Issue and full utilization of TO 1 issued thereby at the highest subscription price, the Company may receive a maximum of approximately SEK 9.5 million before transaction costs, which are estimated to amount to approximately SEK 0.7 million.

Provided that the Rights Issue is fully subscribed and all TO 1 are exercised, the share capital can through TO 1 increase by a maximum of SEK 470,303.28. Provided that the Rights Issue is fully subscribed and that TO 1 is fully utilized, TO 1 will result in a dilution of approximately 10.5 percent of the votes and capital. TO 1 is planned to be admitted to trading on the Nasdaq First North Growth Market as soon as possible after final registration of the Rights Issue with the Swedish Companies Registration Office. The last day of trading in TO 1 is expected to be the 24th of September 2024.

Pre-subscription and guarantee commitment agreements

The Rights Issue is secured in writing by members of the Board, management, certain existing shareholders and external investors to a total of approximately 56.4 percent (equivalent to approximately SEK 18 million) through pre-subscription and guarantee commitments. The pre-subscription commitments amount to approximately SEK 1.5 million, which corresponds to approximately 4.6 percent of the Rights Issue. The guarantee commitments amount to a total of approximately SEK 16.5 million, corresponding to approximately 51.8 percent of the Rights Issue. Out of the guarantee commitments, approximately SEK 4 million are bottom guarantee (activated directly after the pre-subscription and up to approximately 17.1 percent), approximately SEK 11.5 million are a separate guarantee tranche from the level of 17.1 percent up to the level of 52.9 percent, and approximately SEK 1.1 million, corresponding to approximately 3.4 percent, are in a top guarantee (from 100 percent down).

For the bottom guarantee commitment tranche, a guarantee fee of 13 percent in cash or 15 percent in the form of newly issued units, which are issued on the same terms as the Rights Issue, is paid. For the second guarantee commitment tranche, a guarantee fee of 15 percent in cash or 17 percent in the form of newly issued units, which are issued on the same terms as the Rights Issue, is paid. For the top guarantee commitment tranche, a guarantee fee of 17 percent in cash or 20 percent in the form of newly issued units, which are issued on the same terms as the Rights Issue, is paid. No compensation is paid for the pre-subscription commitments that have been submitted.

The pre-subscription and guarantee commitments are not secured by bank guarantee, blocking funds, pledging or similar arrangements.

Timeline for the Rights Issue

- Subscription period: 8-22 April 2024.
- Trading in unit rights: 8-17 April 2024.

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- Trading in BTU: from the 8th of April 2024, until the Rights Issue has been registered with the Swedish Companies Registration Office. The last day for trading in BTU will be announced through a separate press release after the Rights Issue has been completed.
- Press release on the outcome of the Rights Issue: around the 23rd of April 2024.

Investor presentations

Diagonal Bio's CEO Karin Wehlin will present the Company and the future plans at an event during the subscription period. See below for details.

Financial Stockholm

Date and time: 8th of April, 17:50-21:00 (Diagonal Bio's presentation is at 18:00).

Place: Scandic Anglais, Stockholm.

Sign up: [here](#).

Prospectus, teaser and the possibility to subscribe for units

Prospectus and teaser about the Rights Issue are available via the Company's (www.diagonalbio.com), Sedermera Corporate Finance AB's (www.sedermera.se) and Nordic Issuing AB's (www.nordic-issuing.se) websites. Via Nordic Issuing AB's website, it is also possible to subscribe for units.

Advisors

In connection with the rights issue, Diagonal Bio has engaged Sedermera Corporate Finance AB as financial advisor, Markets & Corporate Law Nordic AB as legal advisor and Nordic Issuing AB as issuing agent.

For more information about the rights issue, please contact:

Sedermera Corporate Finance AB

Phone: +46 (0)40 615 14 10

E-mail: cf@sedermera.se

www.sedermera.se

For more information about the Company, please contact:

Karin Wehlin, CEO

Phone: +46 (0)70 305 24 88

E-mail: kw@diagonalbio.com

Certified Adviser

Svensk Kapitalmarknadsgranskning AB

E-mail: ca@skmg.se

Important information

This press release does not constitute an offer to acquire, subscribe or otherwise trade in shares, warrants, subscription rights, BTU or other securities in Diagonal Bio AB and investors should not subscribe or acquire any securities other than on the basis of the information in the prospectus which is available on the Company's website. No action has been taken and no action will be taken to permit an offer to the public in any jurisdictions other than Sweden.

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an offer to sell new shares, warrants, subscription rights, BTUs or other securities to any person in a jurisdiction where it would not be permitted to make such an offer to such person or where such action would require an additional prospectus, registration or other measures than according to Swedish law. The prospectus, notification form and other documents relating to the Rights Issue may not be distributed in or to any country where such distribution or the Rights Issue requires actions as specified in the previous sentence or where they would be contrary to regulations in such country. Actions contrary to this instruction may constitute a violation of applicable securities legislation.

No shares, warrants, warrants, BTUs or other securities have been or will be registered under the United States Securities Act of 1933 as amended ("Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered, subscribed, is exercised, pledged, sold, resold, assigned, delivered or otherwise transferred, directly or indirectly, in or to the United States, except pursuant to an applicable exemption from, or through a transaction not subject to, the registration requirements of the Securities Act and in accordance with the securities laws of the relevant state or other jurisdiction in the United States.

This press release may contain certain forward-looking information that reflects the Company's current view of future events as well as financial and operational development. Words such as "intends", "estimates", "expects", "may", "plans", "believes", "estimates" and other expressions that imply indications or predictions of future developments or trends, and are not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances. Forward-looking information is not a guarantee of future performance or development, and actual outcomes may differ materially from what is stated in forward-looking information. Neither the Company nor anyone else undertakes to revise, update, confirm or publicly announce any revision of any forward-looking statement to reflect events occurring or circumstances occurring with respect to the contents of this press release, except as required by law or Nasdaq First North Growth Market's regulations.

About Diagonal Bio

Diagonal Bio AB was founded in 2020 and is a Swedish biotechnology company with headquarters and offices in Lund. The Company develops the PANVIRAL® platform to detect and diagnose small sections of pathogen genomes, for example viruses, bacteria and fungi. The Company was founded with the goal of reducing human suffering by revolutionizing global diagnostics of pathogen-borne diseases with proprietary technology. Diagonal Bio's patented technology can also be used for the less regulated market segments via LAMPify®.