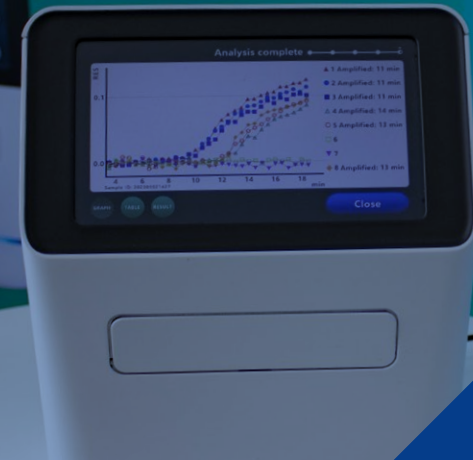


Interim report

Diagonal Bio AB



Q2

April - June 2025

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Summary of second quarter 2025

April – June

- Net sales amounted to 0 KSEK (0 KSEK), capitalised development contributed with 284 KSEK (284 KSEK), and other operating income amounted to 0 KSEK (0 KSEK).
- The net loss after financial items amounted to -2 599 (-3 118) KSEK, while net income per share amounted to -0.002 (-0.01).
- Cash flow during the second quarter amounted to 1 765 KSEK (2 302 KSEK).
- Cash and cash equivalents at the end of the period amounted to 2 739 KSEK (4 158 KSEK).

Diagonal Bio AB

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Significant events

During Q2

2025

April 25, Diagonal Bio announced that the Company would transition its news distribution service from Cision News to Modular Finance (MFN), starting April 28.

May 5, Diagonal Bio announced the appointment of Anders Wallseth as Senior Commercial Advisor. Wallseth's appointment represents a significant step forward in accelerating the commercial launch and market growth of Diagonal Bio's LAMPlify® system.

May 16, Diagonal Bio announced that the Company had agreed on pre-subscription and underwriting commitments corresponding to 100 percent of the warrants of series TO 2.

June 4, Diagonal Bio announced the start of the exercise period for the warrants of series TO 2, which were issued in connection with the Company's rights issue of units in January/February 2025.

During Q3

2025

July 7, Diagonal Bio announced that the Company had filed a patent application with the Swedish Intellectual Property Office (PRV), covering a novel computational method that significantly improves the design of LAMP primers – a critical component in molecular analysis.

August 20, Diagonal Bio announced that the Company had received a confirmation from the Japanese Patent Office that the patent application regarding "A method of measuring the pH of a sample" (no.: JP7655939) has been granted in Japan.

June 9, Diagonal Bio announced that Svea Bank AB had informed the Company that it had exercised all its warrants of series TO 2, resulting in an investment of SEK 0.5 million.

June 11, Diagonal Bio provided an update on the progress of LAMPlify® commercial pilots.

June 17, Diagonal Bio announced the positive progress of a test for the bacteria *Streptococcus equi subs. Equi*, which causes strangles ("kvarka" in Swedish). This new test is designed to work with the existing LAMPlify® equine respiratory virus panel to provide broader coverage of threats to equine health.

June 17, Diagonal Bio announced that Stig Aune, a large shareholder in the Company, had informed the Company that he had exercised warrants of series TO 2 to an amount of SEK 0.14 million.

June 19, Diagonal Bio announced that the exercise of warrants of series TO 2 had an outcome with an exercise rate of 59.3 percent, and thus, that the underwriting commitment would be activated to 40.7 percent.

June 25, Diagonal Bio announced that the Board of Directors had resolved on a directed issue to the underwriters in the warrant exercise. The directed issue covered both the activated underwriting and the compensation for the underwriters, in accordance with the underwriting agreements.



Comment from Karin Wehlin, CEO

Dear Shareholders, Partners and Colleagues,

This quarter marks an exciting and energetic phase in Diagonal Bio's journey as we accelerate our goal to transform equine health through advanced diagnostics and cutting-edge innovation. Horses play a vital role in numerous industries and communities worldwide, and safeguarding their well-being remains the focus in what we do. In Q2 2025, we made significant operational strides and achieved key strategic milestones that position us for growth in the months ahead.

An important moment this quarter was welcoming Anders Wallseth as our Senior Commercial Advisor. Anders, who has a background at HemoCue, brings invaluable experience in market development and commercialisation of medical technologies, and his appointment represents an important step forward in the commercial rollout of our proprietary LAMPlify® system. His strategic insights are already helping us sharpen our market approach and expand our commercial reach.

We have also advanced the development of our diagnostic tools for infectious equine diseases – most notably *Streptococcus equi subs. equi*, the causative agent of Strangles. This highly contagious disease remains one of the most pressing threats to horse health globally. Our technology is designed to deliver faster and more accurate diagnostics, enabling veterinarians and trainers to manage outbreaks proactively and effectively. These advancements directly support our vision of protecting equine populations and reducing economic losses across the industry.

In July, we reached a significant milestone with the filing of a new patent application with the Swedish Intellectual Property Office. This patent covers a novel computational

method that significantly enhances the design of LAMP primers – a vital component in molecular diagnostics. The innovation not only improves the performance of general LAMP tests but also dramatically shortens development time, reducing it from several months to just a few weeks. This is a game-changer, boosting our responsiveness to emerging health needs and reinforcing our competitive edge. Furthermore, by filing the patent application, we can now collaborate more openly with external experts and potentially tap into new customer segments.

On the financial side, we are pleased to report that we secured full pre-subscription and underwriting commitments for the TO 2 warrant series. The exercise period closed with a 59.3% exercise rate, with the remainder fully covered by underwriters. Particularly noteworthy is Svea Bank AB's decision to exercise all of its warrants, reflecting continued confidence in Diagonal Bio's trajectory and potential.

Looking ahead, I am truly excited about what is next. With momentum across our commercial, technical, and financial fronts, Diagonal Bio is in a strong position to capitalise on the opportunities ahead. I'd like to extend my thanks to our dedicated team, valued partners, and loyal shareholders for your continued belief and support. The future looks bright – and we're just getting started.

Sincerely,



Karin Wehlin
CEO, Diagonal Bio AB (publ)

Lund 2025

”

“With momentum across our commercial, technical, and financial fronts, Diagonal Bio is in a strong position to capitalise on the opportunities ahead. I'd like to extend my thanks to our dedicated team, valued partners, and loyal shareholders for your continued belief and support.”

Karin Wehlin
CEO, Diagonal Bio AB (publ)





LAMPlify® provides results with the same precision as traditional PCR methods but is significantly faster; the time from sample to result is approximately **10–15 minutes** compared to hours or days for PCR.

About Diagonal Bio AB (publ)

Diagonal Bio AB is a Swedish Biotech company founded in 2020 with the vision of limiting the spread of infectious diseases by creating an ultra-rapid, user-friendly, cost-effective diagnostic platform with high accuracy.

Based on its patented platform technology, Diagonal Bio develops analytical systems that have the potential to fulfil the vision and thereby facilitate the challenge of rapidly and accurately identifying genetic markers for infectious diseases.

Platform technology

Diagonal Bio's technology offers the same accuracy as the leading analytical methods of today – PCR – but without the dependency on complex logistics or large central laboratories. This results in a significantly faster and more cost-effective solution. The Company's technology enables the analysis of current and future infectious diseases within 10–15 minutes from sampling, as needed at primary care. The applications of Diagonal Bio's technology also extend beyond the in-vitro diagnostics market segment, for instance, identifying bacteria in food, animal feed, and water, or detecting pests, pathogens, and diseases in animals and crops, all with the same high accuracy as current PCR-based techniques but more rapidly, simply, and cost-effectively.

Product families

Diagonal Bio is developing two product families based on its patented platform technology: LAMPlify and Panviral. LAMPlify is designed for less regulated market segments as a customised system for general laboratory and veterinary use. Panviral is tailored for the in-vitro diagnostic market segments, with the potential to revolutionise healthcare and significantly improve the fight against the spread of infectious diseases.

LAMPlify®

LAMPlify can be used to identify the presence of specific genetic markers, such as those for viruses, bacteria and fungi. As a uniquely user-friendly, portable, quick and accurate molecular diagnostic system that can run up to eight different tests simultaneously, it is suitable for use both in the field and in laboratory environments.

Market Potential for LAMPlify

LAMPlify can address markets including general laboratory and veterinary diagnostics, where PCR-based methods have traditionally been used to identify genetic markers. The global market for PCR-based methods is valued at approximately \$7.1 billion and is expected to grow to \$13.75 billion by 2028. The goal is to position LAMPlify in this market as a fast, reliable, and cost-effective method for identifying genetic markers.

Panviral®

Panviral® can be adapted to detect various types of infectious diseases, enabling ultra-rapid, accurate, cost-effective and parallel diagnosis. With the potential of reducing the assay time to up to 10-15 minutes, the product finds applications in both diagnostic laboratories as well as point-of-care. Panviral can also run up to eight different tests simultaneously.

Market Potential for Panviral

The Company aims to revolutionise infectious disease diagnostics through large-scale, cost-effective, and accurate testing products. Achieving this requires sufficient financial resources to complete the regulatory documentation for the approvals of Panviral within in-vitro diagnostics, i.e., CE marking according to EU-IVDR and/or US-FDA, before market introduction can occur. Targeting a rapidly growing in-vitro diagnostics market, expected to reach \$106 billion by 2030, where over 70% of healthcare decisions are influenced by diagnostic tests, Panviral is designed for rapid and accurate detection of pathogenic diseases.

“In July, we reached a significant milestone with the filing of a new patent application with the Swedish Intellectual Property Office. This patent covers a novel computational method that significantly enhances the design of LAMP primers a vital component in molecular diagnostics.”

Karin Wehlin
CEO, Diagonal Bio AB (publ)

Revolutionary platform technology

Diagonal Bio’s groundbreaking universal platform technology could end the current difficult trade-offs between speed, user-friendliness, accuracy, and cost for the detection of markers in genetic material (DNA or RNA) from, for example, viruses, bacteria and fungi. This is achieved by eliminating the need for centralised laboratory tests that require expensive and complicated logistics and transport from point of sample collection to the laboratory. The Company’s products can uniquely run up to eight tests simultaneously, with the same accuracy as today’s costly and complex PCR techniques.

Business and revenue model

Diagonal Bio aims to build a commercial organisation and/or establish partnerships with existing distributors or major players in the market for the launch of LAMPlify and, later, Panviral. Initially, the focus for LAMPlify may be on establishing partnerships and licensing agreements outside Diagonal Bio’s main market segment, i.e., in-vitro diagnostics. The Company plans to target the initial commercialisation of LAMPlify towards selected market segments in general laboratory tests and in the agricultural and veterinary fields.

Diagonal Bio is currently focusing its initial efforts on partnerships or license agreements with distributors, KOLs and collaborators in the market for the launch of LAMPlify, and at a later stage Panviral®.

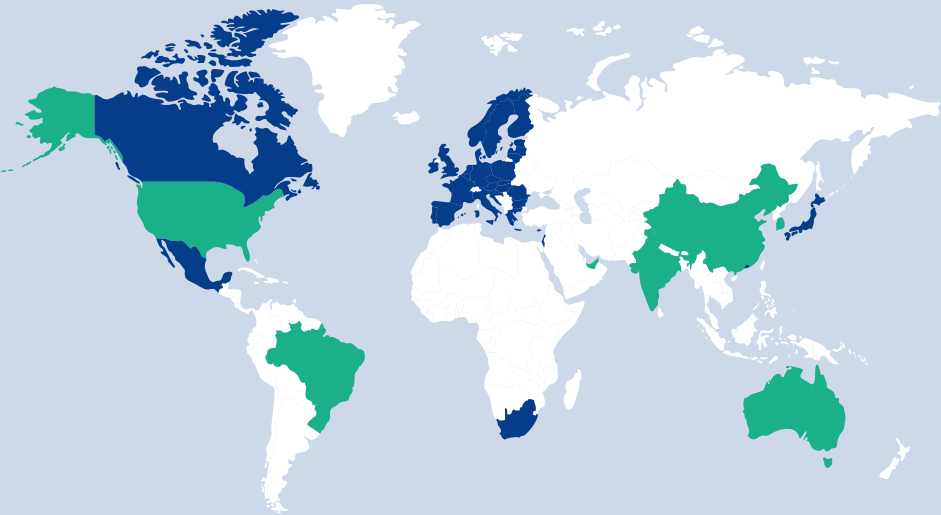
Diagonal Bio plans to sell LAMPlify and Panviral according to the “Razor-Blade model”. The model is based on selling or leasing the instruments at a relatively low cost and aims for recurring revenues from the consumables – Diagonal Bio’s cartridges, lysis buffer and reaction mixes.

Commercial scale production

Diagonal Bio has partnered with OIM Sweden AB, a Swedish product development company focusing on early-stage innovative companies, for the manufacturing of LAMPlify and future production of Panviral on a commercial scale.

Strong patent protection

Diagonal Bio’s platform technology has been granted patent approval in Europe, providing exclusive protection until 2041, and has already been granted at the national level. In addition, Diagonal Bio registered a design protection for sampling containers in 2022, offering further protection related to the consumables used in the system’s analysis unit.



- Granted Patent:** Europe, Hong Kong, Israel, Canada, Mexico, South Africa, United Kingdom, Japan
- Pending Patents:** Australia, Brazil, United Arab Emirates, India, China, Singapore, South Korea, USA

Patent number: EP3987059B1	Priority date*: April 6, 2021	Valid thru**: 2041
Titel: A method for detection of genetic material from e.g. virus and bacteria Titel: "A DNA/RNA detection platform".		

*The company’s patent applications constitute priority applications from a PCT application.
**The expiration date applies provided that the patent is approved, and annual fees are paid.

Financial overview

Results and Financial Position April – June 2025

Net sales amounted to 0 KSEK (0 KSEK), capitalised development contributed with 284 KSEK (284 KSEK), and other operating income amounted to 0 KSEK (0 KSEK).

The net loss after financial items amounted to -2 599 KSEK (-3 118 KSEK), while net income per share amounted to -0.002 SEK (-0.01 SEK).

Cash flow during the second quarter amounted to 1 765 KSEK (2 302 KSEK). At the end of June 2025, Diagonal Bio had a cash position of 2 739 KSEK (4 158 KSEK).

Investments

During the second quarter of 2025, investments in intangible assets (patents and trademarks) amounted to 98 KSEK (163 KSEK) and balanced expenses for development 284 KSEK (284 KSEK). During the second quarter, investments in tangible assets amounted to 0 KSEK (375 KSEK).

Staff and Organisation

At the end of June 2025, Diagonal Bio had 4 (4) employees.

The share

There is one class of shares in Diagonal Bio AB. The share was listed on July 16, 2021, at Nasdaq First North Growth Market and changed marketplace to NGM Nordic SME on March 19, 2025.

	2025-04-01 2025-06-30	2024-04-01 2024-06-30	2025-01-01 2025-06-30	2024-01-01 2024-06-30	2024-01-01 2024-12-31
Number of shares end of period	1 429 679 479	400 636 419	1 429 679 479	400 636 419	400 714 213
Weighted number of shares during the period	1 286 536 711	280 416 206	2 230 085 000	160 195 992	275 508 490
Earnings per share before and after dilution	-0.002	-0.01	-0.002	-0.04	-0.04

Shareholders

The table below represents major shareholders in Diagonal Bio AB as per June 30, 2025

Shareholders	Number of shares	Votes & capital (%)
Ålandsbanken ABP	140 208 614	9,81%
Stig Aune	127 300 000	8,90%
Avanza Pension	107 735 202	7,54%
Nordnet Pensionsförsäkring AB	85 094 320	5,95%
SAVR	37 772 781	2,64%
Reden Trotting AB	28 999 986	2,03%
Christofer Bergstrand	25 646 840	1,79%
Jonny Ekman	17 000 000	1,19%
Fågelö Finans och Holding AB	16 333 328	1,14%
Latimo AB	15 828 904	1,11%
Other shareholders (ca 3 000)	827 759 504	57,90%
Totalt	1 429 679 479	100,00%

Number of shares held by Top 10 601 919 975

Others: 827 759 504

Total number of shares: 1 429 679 479

Capitalisation 2025

The subscription period for the rights issue ended on February 6, 2025. The final outcome showed that a total of 40 783 294 units had been subscribed, including pre-subscription commitments, corresponding to a total subscription ratio of approximately 122 percent. Each unit in the rights issue consisted of eighteen (18) shares and eight (8) warrants of series TO 2. In addition to this, Diagonal Bio conducted a directed issue to Svea Bank AB and Redén Trotting AB, to the same terms as in the rights issue. The underwriters in the rights issue also decided to receive their compensation in the form of units, to the same terms as in the rights issue. This resulted in a total of 814 251 114 new shares and 361 889 384 warrants of series TO 2 being issued through the rights issue and the two directed issues to the strategic investors and the underwriters, respectively.

Through the capitalisation, the Company was provided with SEK 7.7 million before issuing costs totalling SEK 1.25 million. During the exercise period for the warrants of series TO 2, which lasted between July 4 and July 18, 214,714,152 warrants of series TO2 were exercised for the subscription of new 214,714,152 new shares. In addition to this, two underwriters subscribed for the remaining shares to reach a subscription level of 100 percent and received compensation in the form of additional shares in Diagonal Bio. Through the warrant exercise and in connection with the warrant exercise, a total of 424 356 690 new shares were thus issued.

Key ratios

	2025-01-01 2025-06-30	2024-01-01 2024-06-30	2024-01-01 2024-12-31
Working capital ¹ , KSEK	2 711	3 412	65
Quick ratio ² , %	141	172	81
Solvency ³ , %	90	91	91
Debt ratio ⁴ , %	5	6	6
Employees ⁵	4	4	5

1. Total current assets less total current liabilities at the end of the period

2. Total current assets excluding inventory in percentage of current liabilities at the end of the period

3. Equity in percentage of total balance sheet at the end of the period

4. Interest bearing debts in percentage of equity at the end of the period

5. Average number of employees during the period

Related party transactions during April–June 2025

Related party transactions (KSEK)	2025-04-01 2025-06-30	2024-04-01 2024-06-30	2025-01-01 2025-06-30	2024-01-01 2024-06-30	2024-01-01 2024-12-31
Tillförordnat CEO – WW Advice AB	0	140	0	460	460
CFO – Treeridge AB/View Ledger AB	132	169	376	331	606
Scientific Advisor – Nested Bio AB	0	0	0	0	290
Total	132	309	376	791	1 356

Principles for preparation of the report

Diagonal Bio AB applies the Swedish Annual Accounts Act and the Accounting Standards Board's general guidelines BFAR 2012:1 (K3) in the preparation of its financial reports such as the annual reports, cash flow analyses, and interim reports.

Number of shareholders 2025-06-30

Approx. 3 000 shareholders.

Information about risks and uncertainties

Diagonal Bio's business is exposed to several risks, including both operational and financial risks. The operational risks mainly comprise uncertainty concerning product development, supplier agreements, product liability and distribution. For a more detailed description of the risks and uncertainties to which Diagonal Bio is exposed, see the risk analysis in the memorandum 2025, available on Diagonal Bio's website: [Investor/Share Issue 2025 | Diagonal Bio](#)

Auditor's review

This report has not been subject to review by the Company's auditor.

Financial calendar

Diagonal Bio AB publishes financial reports every quarter. The following dates have been decided for 2025/2026:

Interim report Q3 2025: 2025-10-31

Year End Report 2025: 2026-02-27

Annual Report 2025: 2026-04-29

Interim Report Q1 2026: 2026-05-18

Annual General Meeting 2025: 2026-05-19

Contact person for further information:

Karin Wehlin, CEO

Phone: +46 (0) 70 305 24 88

E-mail: kw@diagonalbio.com

Income Statement

(KSEK)	2025-04-01 2025-06-30	2024-04-01 2024-06-30	2025-01-01 2025-06-30	2024-01-01 2024-06-30	2024-01-01 2024-12-31
Income					
Net sales	0	0	186	0	62
Capitalised development	284	284	581	534	1 063
Other operating income	0	0	0	5	6
Total	284	284	767	539	1 131
Operating expenses					
Raw materials and consumables	-8	76	-155	76	-183
Other external expenses	-1 311	-1 786	-2 528	-3 574	-5 457
Personnel costs	-1 263	-1 338	-2 617	-2 529	-3 898
Depreciation and amortisation	-296	-354	-591	-356	-1 011
Other operating expenses	-4	0	-5	-2	-3
Total operating expenses	-2 882	-3 402	-5 896	-6 385	-10 552
Operating loss	-2 599	-3 118	-5 128	-5 845	-9 421
Result from financial items					
Interest income	0	1	0	1	75
Interest expenses and similar items	-13	-322	-13	-584	-584
Result after financial items	-2 612	-3 440	-5 141	-6 429	-9 930
Taxes	0	0	0	0	0
Result for the period	-2 612	-3 440	-5 141	-6 429	-9 930

Balance sheet – Assets

(KSEK)	2025-06-30	2024-06-30	2024-12-31
Assets			
<i>Intangible Fixed Assets</i>			
Capitalised development expenditures	21 153	21 133	21 117
Patents and intellectual rights	3 520	3 293	3 400
Total	24 673	24 426	24 517
<i>Tangible Assets</i>			
Equipment	9	354	13
Total	9	354	13
Total Fixed Assets	24 682	24 780	24 530
<i>Current Assets</i>			
<i>Inventories</i>			
Raw materials and consumables	435	372	322
Commercial goods	416	995	226
Work in progress	669	0	0
Total inventory	1 520	1 367	548
<i>Receivables</i>			
Accounts receivables	0	23	0
Pilot equipment on customer test	633	0	832
Other receivables	406	416	204
Prepaid expenses and accrued income	294	281	201
Total receivables	1 333	719	1 237
Cash and bank	2 739	4 158	818
Total current assets	5 592	6 244	2 603
TOTAL ASSETS	30 274	31 024	27 133

Balance sheet – Equity and liabilities

(KSEK)	2025-06-30	2024-06-30	2024-12-31
Equity			
<i>Restricted equity</i>			
Share capital	4 796	3 998	3 998
Development expenditure fund	21 153	21 133	21 117
Total restricted equity	25 949	25 131	25 115
<i>Non restricted equity</i>			
Share premium fund	51 975	52 679	52 493
Accumulated result	-45 390	-43 188	-43 084
Loss for the period	-5 141	-6 429	-9 930
Total non-restricted equity	1 444	3 062	-521
Total equity	27 393	28 192	24 595
<i>Short-term Liabilities</i>			
Accounts payable	766	457	440
Other liabilities	1 463	1 903	1 698
Deffered	651	473	400
Total current liabilities	2 881	2 832	2 538
TOTAL EQUITY AND LIABILITIES	30 273	31 024	27 133

Change in equity

2025-01-01 – 2025-06-30 (KSEK)	Restricted equity		Unrestricted equity		
	Share capital	Development expenditure fund	Share premium fund	Other unrestricted capital	Total
Equity 2025-01-01	3 998	21 117	52 493	-53 014	24 595
Capitalisation of development costs		36		-36	0
Share issue	7 660				7 660
Reduced share capital	-7 660			7 660	0
Share issue (compensation to guarantors)	159		-159		0
Costs related to share issue			-1 585		-1 585
Warrants	638		1 226		1 864
The result of the period				-5 141	-5 141
Equity 2025-06-30	4 796	21 153	51 975	-50 531	27 393

2024-01-01 – 2024-06-30 (KSEK)	Restricted equity		Unrestricted equity		
	Share capital	Development expenditure fund	Share premium fund	Other unrestricted capital	Total
Equity 2024-01-01	3 998	23 753	57 338	-63 843	21 247
Capitalisation of development costs		-2 620		2 620	0
Share issue	18 033				18 033
Reduced share capital	-18 033			18 033	0
Costs related to share issue			-4 659		-4 659
The result of the period				-6 429	-6 429
Equity 2024-06-30	3 998	21 133	52 679	-49 618	28 192

Cash flow statement

(KSEK)	2025-04-01 2025-06-30	2024-04-01 2024-06-30	2025-01-01 2025-06-30	2024-01-01 2024-06-30	2024-01-01 2024-12-31
Cash flow from operations	-2 998	-17 395	-5 275	-10 826	-13 765
Cash flow from investing activities	-381	-822	-743	-1 363	-1 666
Cash flow from financing activities	1 614	20 518	7 939	13 374	13 277
Cash flow for the period	-1 765	2 302	1 921	1 186	-2 154
Cash flow at the beginning of the period	4 504	1 856	818	2 972	2 972
Cash at the end of the period	2 739	4 158	2 739	4 158	818

Board declaration

The Board of Directors and the CEO certify that these consolidated financial statements and the April - June report of 2025 have been prepared in accordance with Swedish Accounts Legislation and BFNAR 2012:1 (K3) and give a fair view of the Company's financial position and results of operations.

Lund, August 22, 2025

Board of Directors

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