

Diagonal Bio AB

First Quarter

2024

2024-01-01 – 2024-03-31



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Summary



Summary of Q1 2024

2024-01-01 — 2024-03-31 (January — March 2024)

- Net sales amounted to 0 KSEK (0 KSEK), capitalised development contributed with 250 KSEK (1 030 KSEK), and other operating income amounted to 5 KSEK (6 KSEK).
- Operating profit amounted to -2 727 KSEK (-3 701 KSEK).
- Operating profit per net weighted average share amounted to -0.07 SEK (-0.11 SEK).
- Cash flow during the first quarter amounted to -1 116 KSEK (-3 848 KSEK).
- Cash and cash equivalents at the end of the period amounted to 1 856 KSEK (9 737 KSEK).

Significant Events during the First Quarter of 2024

- February 2, 2024, Diagonal Bio communicated an update of the financial situation, where the Company was working on a long-term financial solution.
- February 14, 2024, Diagonal Bio switched to English for press releases and interim reports to reach a broader international audience.
- February 16, 2024, Diagonal Bio signed a distribution agreement with Tectum Lab AB for the LAMPlify® platform.
- February 28, 2024, Karin Wehlin was appointed as CEO.
- February 28, 2024, Diagonal Bio announced a rights issue to finance future development.

Significant Events after March 31, 2024

- April 5, 2024, Diagonal Bio announced successful pilot study results and extended partnership with Hørsholm Veterinary Clinic.
- April 8, 2024, the subscription period for the rights issue commenced.
- April 10, 2024, Diagonal Bio strengthened its go-to-market strategy through an agreement with founding partner Johan Källstrand.
- April 24, 2024, Diagonal Bio communicated the outcome of the rights issue, securing SEK 18 million before transaction costs.
- April 29, 2024, Diagonal Bio communicated the outcome of the rights issue.
- May 15, 2024, Diagonal Bio released the 2023 Annual Report.
- May 15, 2024, Diagonal Bio announced a strategic pilot study with Löberöds Hästklinik.
- May 23, 2024, Diagonal Bio announced the appointment of Fata Mrsic as new Chief Financial Officer. Fata will assume the position on June 14, 2024, and be a part of the Management Team.

CEO Word, Karin Wehlin



Dear Shareholders, Partners and Colleagues,

The end of last year was marked by our focus on creating the business platform to generate the company's initial revenue in 2024. We continue and gear up on the set path with a focus on generating revenue.

Pilot projects and increased interest from veterinarians

Last year, we achieved a milestone when we started a pilot study with Techtum Lab AB. The study was conducted in a veterinary laboratory and aimed to identify viruses in horses. In February 2024, the collaboration was deepened, and a distribution agreement was signed with Techtum Lab, granting them the rights to distribute Diagonal Bio's instrument, LAMPlify®. This agreement will enhance our distribution and market accessibility and is a positive indicator for us.

In April, we announced the extension of our partnership with Hørsholm Veterinary Clinic following the successful completion of a three-month pilot study including external validated results at an accredited laboratory. In addition to this we entered a significant strategic collaboration with Löberöds Hästklinik, led by renowned sport horse veterinarian Lisa Lidbeck. This agreement initially spans three months and involves a pilot testing program focused on using Diagonal Bio's platform technology, LAMPlify®, to detect respiratory viral infections in sport horses.

I am personally very encouraged by the increasing interest from veterinarians in the horse sports sector for our LAMPlify® platform. It is fantastic to see how our technology can make a real difference in this specialised area, and we look forward to further exploring this market. Diagnosing viral infections in horses is crucial to ensure both the integrity of the horses and the competitions. Since horses are expensive both to purchase and maintain, it becomes even more important to protect these valuable animals from diseases. This is a major factor behind the interest in our LAMPlify® platform, and we aim to establish a strong presence in this market.

New CEO

During Q1, we have made other decisions impacting Diagonal Bio's current and future situation. In February, I assumed the role of CEO of the company, a position I have taken on with great enthusiasm and I look forward to leading the company in this and the next growth phase. We decided during the quarter to switch to English in our communications and interim reports. This step is part of our strategy to reach a broader international audience and strengthen our global presence.

In conclusion, I want to thank all our shareholders for your continued support and trust. We have an exciting journey ahead, and I am confident that together we will achieve our goals and continue to deliver innovative solutions to the market.

Best regards,

Karin Wehlin, CEO
Diagonal Bio AB (publ)



Karin Wehlin

CEO, Diagonal Bio AB (publ)

Lund 2024



I am personally very encouraged by the increasing interest from veterinarians in the horse sports sector for our LAMPlify® platform.

- Karin Wehlin, CEO Diagonal Bio

About Diagonal Bio AB (publ)

Background

Diagonal Bio AB is a Swedish medical technology company founded in 2020 with the vision of limiting the spread of infectious diseases by creating a 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 fulfill 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.



About 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 detection of markers in genetic material (DNA or RNA) from, for example, viruses, bacteria, fungi. This is achieved by eliminating the need for centralised laboratory tests that require expensive and complicated logistics for sample delivery. 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 licence agreements with distributors,

KOL's 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 aim 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

 PENDING

Financial Overview



Financial Overview

Results and Financial Position January-March 2024

Net sales amounted to 0 KSEK (0 KSEK), capitalised development contributed with 250 KSEK (1 030 KSEK), and other operating income amounted to 5 KSEK (6 KSEK).

The net income after financial items amounted to -2 727 (-3 701) KSEK, while net income per share amounted to -0.07 (-0.11) SEK.

Cash flow during the first quarter amounted to -1 116 (3 848) KSEK. At the end of Mars 2024, Diagonal Bio had a cash position of 1 856 (9 737) KSEK.

Investments

During the first quarter of 2024, investments in intangible assets (patents and trademarks) amounted to 291 (160) KSEK and balanced expenses for development 250 (1 030). During the first quarter, investments in tangible assets amounted to 0 (0) KSEK.

Staff and Organisation

At the end of March 2024, Diagonal Bio had 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.

The Share	2024-01-01 2024-03-31	2023-01-01 2023-03-31	2023-01-01 2023-12-31
Number of shares end of the period	2024-03-31	34 765 534	39 975 779
Weighted number of share during the period	39 975 779	34 765 534	35 986 722
Operating income before and after dilution	-0,07	-0,11	-0,32

Shareholders

The table below presents major shareholders in Diagonal Bio AB as per March 31, 2024:

Shareholders 31st of December 2023	Number of shares	Votes & capital (%)
Avanza Pension	2 831 840	7,08%
Nordnet Pensionsförsäkring AB	2 073 641	5,19%
Kushagr Punyani (inclusive Nested Bio)	1 986 292	4,97%
Stig Aune	1 178 000	2,95%
Latimo AB	1 000 000	2,50%
Peter Nilsson	934 724	2,34%
Andreas Nyberg	927 528	2,32%
Pareto Securities	863 699	2,16%
Christofer Bergstrand	742 969	1,86%
Robert Trifunov	640 000	1,60%
Other shareholders (ca 2 500)	26 797 086	67,03%
Totalt	39 975 779	100,00%

Financial Overview

Key Ratios

Key Ratios	2024-01-01 2024-03-31	2023-01-01 2023-03-31	2023-01-01 2023-12-31
(1) Working capital, KSEK	-6 054	6 838	2 527
(2) Quick ratio, %	25	274	65
(3) Solvency, %	64	89	75
(4) Debt ratio, %	45	5	0
(5) Employees	4	4	4

(1) Total current assets minus 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 employees during the period

Related Party Transactions during January-March 2024

Related party transactions (KSEK)	2024-01-01 2024-03-31	2023-01-01 2023-03-31	2023-01-01 2023-12-31
CFO - Treeridge AB	163	191	750
CEO - WW Advise AB	320	0	130
Total	483	191	880

Principles for Preparation of the Report

Diagonal Bio AB applies the Swedish Annual Accounts Act and the Accounting Standards Board's general guidelines BFNAR 2012.1 (K3) in the preparation of its financial reports such as the annual reports, cash flow analyses, and interim reports.

Number of Shareholders 2024-03-31

Approx. 2 500 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 prospectus 2024, available on Diagonal Bio's website: <https://diagonalbio.com/investors/investor-share-issue-2024/>

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 2024-2025:

- Q2 report 2024-08-22
- Q3 report 2024-10-31
- Year-end report 2024 2025-02-25

Contact person for further information:

Karin Wehlin, CEO
 Phone: +46 (0) 70 305 24 88
 E-mail: kw@diagonalbio.com



Financials

Income Statement

KSEK	2024-01-01 2024-03-31	2023-01-01 2023-03-31	2023-01-01 2023-12-31
Income			
Net sales	0	0	23
Capitalised development	250	1 030	3 128
Other operating income	5	6	25
Total Income	255	1 036	3 176
Operating expenses			
Raw materials and consumables	0	0	-18
Other external expenses	-1 788	-3 131	-9 574
Staff costs	-1 191	-1 600	-5 102
Other operating expenses	-1	-6	-46
Depreciation	-2	0	-3
Total operating expenses	-2 982	-4 737	-14 743
Operating profit/loss	-2 727	-3 701	-11 566
Income from financial items			
Interest	0	7	94
Interest expenses and similar items	-262	2	-206
Income after financial items	-2 989	-3 692	-11 678
Taxes	0	0	0
Income for the period	-2 989	-3 692	-11 678

Financials

Balance Sheet

KSEK	2024-03-31	2023-03-31	2023-12-31
Assets			
<i>Intangible Fixed assets</i>			
Balanced expenses for development	21 121	18 774	20 871
Patents and intellectual rights	3 173	1 944	2 882
Tangible fixed assets			
Equipment	19	0	21
Total fixed assets	24 312	20 718	23 774
Current assets			
Inventories			
Rax materials and consumables			
Commercial goods	1 664	0	1 028
<i>Receivables</i>			
Accounts receivables	23	0	23
Other receivables	363	445	500
Prepaid expenses and accrued income	298	590	211
Total receivables	683	1 035	733
Cash and bank	1 856	9 737	2 972
Total current assets	4 204	10 771	4 734
TOTAL ASSETS	28 516	31 489	28 508
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	3 998	3 477	3 998
Non registered share capital	0	0	0
Development expenditure fund	24 294	20 718	23 753
Total restricted equity	28 291	24 195	27 751
<i>Non restricted equity</i>			
Warrants	88	0	88
Capital surplus	57 250	56 183	57 250
Accumulated profit or loss	-52 704	-32 964	-52 164
Profit/loss for the period	-14 667	-19 856	-11 678
Total non restricted equity	-10 033	3 362	-6 504
Total equity	18 258	27 557	21 247
Liabilities			
Accounts payable	720	1 254	1 911
Other payables	8 345	1 982	4 345
Accrued expenses and deferred income	1 192	697	1 004
Total current liabilities	10 258	3 933	7 260
TOTAL EQUITY AND LIABILITIES	28 516	31 489	28 508

Financials

Change in Equity

2024-01-01 – 2024-03-31

KSEK	Restricted equity		Unrestricted equity		
	Share capital	Fund for development	Share premium fund	Other unrestricted	Total
Equity 2024-01-01	3 998	23 753	57 250	-63 754	21 247
Share capital	0	0	0	0	0
Non registered share capital	0	0	0	0	0
Capitalisation of development costs	0	541	0	-541	0
Warrants	0	0	0	0	0
Share capital	0	0	0	0	0
Costs related to share issue	0	0	0	0	0
The result of the period	0	0	0	-2 989	-2 989
Equity at the end of the period	3 998	24 294	57 250	-67 284	18 258

2023-01-01 – 2023-03-31

KSEK	Restricted equity		Unrestricted equity		
	Share capital	Fund for development	Share premium fund	Other unrestricted	Total
Equity	3 477	19 528	56 183	-47 938	31 250
Share capital	0	0	0	0	0
Capitalisation of development costs	0	1 190	0	-1 190	0
Share capital	0	0	0	0	0
Costs related to share issue	0	0	0	0	0
The result of the period	0	0	0	-3 692	-3 692
Equity at the end of the period	3 477	20 718	56 183	-52 821	27 557

Financials

Cash Flow Statement

KSEK	2024-01-01 2024-03-31	2023-01-01 2023-03-31	2023-01-01 2023-12-31
Operational cash flow	6 569	-2 658	-5 231
Cash flow from investing activities	-541	-1 190	-4 246
Cash flow from financing activities	-7 144	0	-1 136
Cash flow for the period	-1 116	-3 848	-10 613
Cash flow at the beginning of the period	2 972	13 585	13 585
Cash at the end of the period	1 856	9 737	2 972

Board Declaration

BOARD DECLARATION

The Board of Directors and the CEO certify that these consolidated financial statements and the January – March report of 2024 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, May 31, 2024

Board of Directors



DIAGONAL BIO AB

Diagonal Bio AB
Medicon Village, Scheelevägen 1, 223 81 Lund, Sweden
Phone: +46 (0) 70 305 24 88
E-mail: kw@diagonalbio.com
Website: www.diagonalbio.com