



Diagonal Bio AB resolves on a directed issue of units to all external underwriters

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The Board of Directors of Diagonal Bio AB ("Diagonal Bio" or the "Company") has today, based on the authorisation granted by the Extraordinary General Meeting on 17 January 2025 resolved on a directed issue of 2,587,768 units to underwriters (the "Compensation Issue") in the recently conducted oversubscribed rights issue of units which announced on the 23 December 2024 (the "Rights Issue"). The subscription price in the Compensation Issue is set to SEK 0.18 per unit, corresponding to SEK 0.01 per share, which is the same as the subscription price in the Rights Issue. The warrants of series TO 2 are issued free of charge. One (1) unit consists of eighteen (18) shares and eight (8) warrants of series TO 2. Payment is made by set-off of the underwriters claim for underwriting compensation.

The Compensation Issue

As communicated in connection with the Rights Issue, the external underwriters, in accordance with the underwriting agreements entered into, had the opportunity to choose to receive 17 percent of the underwriting compensation in the form of units or 15 percent in cash compensation. All underwriters who were eligible for underwriting compensation, i.e. all external underwriters, have chosen to receive compensation in the form of units in accordance with the below.

Subscriber/underwriter	Number of subscribed units	Total subscription amount (SEK)
Stefan Lundgren	330,555	59,499.90
Peter Nilsson	330,555	59,499.90
Marlon Värnik	236,110	42,499.80
Richard Kilander	188,888	33,999.84
Haskel Konsult Aktiebolag	188,888	33,999.84
Thorbjörn Wennerholm	188,888	33,999.84
Pronator Invest AB	188,888	33,999.84
Fredrik Åhlander	188,888	33,999.84
Öresund Growth Partner AB	188,888	33,999.84
Sandante Invest AB	141,666	25,499.88
John Moll	132,222	23,799.96
Philip Löchen	94,444	16,999.92
Mats Lagerdahl	94,444	16,999.92
CapMate Aktiebolag	94,444	16,999.92
Total	2,587,768	465,798.24

In view of this, the Board of Directors has today resolved, based on the authorisation from the Extraordinary General Meeting on 17 January 2025, on the Compensation Issue, which comprises a total of 2,587,768 units corresponding to approximately SEK 0.47 million. The subscription price in the Compensation Issue corresponds to the subscription price in the Rights Issue, meaning that the subscription price per unit is set to SEK 0.18, corresponding to SEK 0.01 per share. One (1) unit consists of eighteen (18) shares and eight (8) warrants of series TO 2. Payment is made by set-off of the underwriters claim for underwriting compensation. The basis for the calculation of the subscription price has been determined in the underwriting agreements through arm's length negotiations between the underwriters and the Company, in consultation with the financial advisor and after analysing customary market factors. In light of this, the Board of Directors considers the subscription price to be at market level.

The reasons for the deviation from the shareholders' preferential right are as follows. In accordance with the executed underwriting agreements, underwriting compensation shall be paid either in cash at an amount corresponding to 15 percent of the guaranteed amount or 17 percent of the guaranteed amount in the form of newly issued units in the Company, in accordance with the terms and conditions stated above. As a result of the underwriting commitments, each subscriber thus has a claim on the Company regarding underwriting compensation. Each subscriber in the table above has declared its willingness to allow the Company to offset the debt regarding underwriting compensation by carrying out an offset issue. The Compensation Issue is thus carried out in order to fulfil the Company's obligations to the underwriters as a result of the underwriting agreements entered into. The Company's alternative to carrying out the Compensation Issue is to instead settle the underwriting compensation through cash payment. The Board of Directors is of the opinion that – taking into account current market conditions – it is in the interest of the Company's financial position and in the interest of the shareholders to carry out the Compensation Issue on the stated terms and conditions, as the Company will then release funds that strengthen the Company's working capital.

One (1) warrant of series TO 2 gives the holder the right to subscribe for one (1) new share in Diagonal Bio during the period that runs from and including 4 June 2025, to and including 18 June 2025. The exercise price for warrants of series TO 2 has been set to SEK 0.01 per new share.

Share capital and number of shares

Through the Compensation Issue, the number of shares will increase by 46,579,824 shares and the share capital will increase by SEK 159,401.69, calculated after registration of the recently conducted Rights Issue and the reduction of the share capital. The Compensation Issue results in a dilution effect of approximately 3.8 percent of the votes and capital in the Company.

In the event that all attached warrants of series TO 2 issued in the Compensation Issue are exercised, the number of shares in the Company will increase by an additional 20,702,144 shares and the share capital will increase by an additional SEK 70,845.19.

Advisors

Navia Corporate Finance AB is the financial advisor in connection with the transaction. Setterwalls Advokatbyrå AB is the legal advisor. Aqurat Fondkommission AB is the issuing agent.

For additional information about the transaction, please contact:

Navia Corporate Finance AB
E-mail: info@naviacf.se

For additional information about Diagonal Bio, please contact:

Karin Wehlin, CEO
Phone: +46 703 052488
E-mail: kw@diagonalbio.com

Certified Adviser

Svensk Kapitalmarknadsgranskning AB
E-mail: ca@skmg.se

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 revolutionising 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®.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, warrants or other securities in Diagonal Bio. No action has been taken, and measures will not be taken to permit a public offering in any jurisdictions other than Sweden. Any invitation to the persons concerned to subscribe for units in Diagonal Bio has only been made through the Memorandum that the Company published on 22 January 2025 on Diagonal Bio's website www.diagonalbio.com. The Memorandum does not constitute a prospectus as defined in the provisions of Prospectus Regulation (EU) 2017/1129 of the European Parliament and of the Council ("Prospectus Regulation") and has not been reviewed, registered or approved by the Swedish Financial Supervisory Authority. The offering in the Memorandum is exempt from the prospectus obligation in accordance with Article 3 (2) of the Prospectus Regulation and Chapter 2, Section 1 of the EU Prospectus Regulation (Supplemental Provisions) Act (2019:414) due to the fact that the amount offered by the Company to the public is less than EUR 2.5 million. This

release is not a prospectus in accordance with the definition in the Prospectus Regulation and, accordingly, does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in shares, warrants or other securities in Diagonal Bio. In order for investors to fully understand the potential risks and benefits associated with a decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Memorandum. Thus, investors are encouraged to review the Memorandum in its entirety.

The information in this press release may not be released, distributed or published, directly or indirectly, in or into the United States, Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws. No shares, warrants or other securities in Diagonal Bio have been registered, and no shares, warrants or other securities will be registered, under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities legislation of any state or other jurisdiction in the United States of America and no shares, warrants or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States.

Within the European Economic Area ("**EEA**"), no public offering of shares, warrants or other securities ("**Securities**") is made in other countries than Sweden. In other member states of the European Union ("**EU**"), such an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) high net worth entities etc. falling within Article 49(2)(a) to (d) of the Order; or (iii) such other persons to whom such investment or investment activity may lawfully be made available under the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

This press release may contain forward-looking statements which reflect the Company's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development, and the actual outcome could differ materially from the forward-looking statements.

Since Diagonal Bio conducts essential services according to the Swedish Screening of Foreign Direct Investments Act (Sw. lag (2023:560) om granskning av utländska direktinvesteringar), certain investments in the Rights Issue or the Directed Issue may require review by the Inspectorate of Strategic Products (ISP). More information about this can be found on Diagonal Bio's website, www.diagonalbio.com.