

Diagonal Bio AB

Second Quarter 2024

Table of Content

Introduction

Summary of Second Quarter 2024

CEO Word

About Diagonal Bio

7

Financials

Financial Overview	10
Income Statement	12
Balance Sheet	13
Change in Equity	14
Cash Flow Statement	15





Summary of Q2 2024

2024-04-01 — 2024-06-30 (April — June 2024)

- Net sales amounted to 0 KSEK (0 KSEK), capitalised development contributed with 284 KSEK (911 KSEK), and other operating income amounted to 0 KSEK (4 KSEK).
- Operating profit amounted to -3 118 KSEK (-2 798 KSEK).
- Operating profit per net weighted average share amounted to -0.01 SEK (-0.08 SEK).
- Cash flow during the second quarter amounted to 2 302 KSEK (-4 204 KSEK).
- Cash and cash equivalents at the end of the period amounted to 4 158 KSEK (5 533 KSEK).

Significant Events during the Second Quarter of 2024

- On April 5, 2024, Diagonal Bio announced successful pilot study results and extended its partnership with Hørsholm Veterinary Clinic.
- On April 10, 2024, Diagonal Bio announced that the Company strengthened its go-to-market strategy through an agreement with founding partner Johan Källstrand.
- On April 24, 2024, Diagonal Bio communicated the outcome of the rights issue, securing SEK 18 million before transaction costs.
- On May 15, 2024, Diagonal Bio announced a strategic pilot study with Löberöds Hästklinik, focusing on equine health diagnostics.
- On May 23, 2024, Diagonal Bio appointed Fata Mrsic as the new Chief Financial Officer. Fata was set to assume the position on June 14, 2024, joining the Management Team.

Significant Events after June 30, 2024

• On August 21, 2024, Diagonal Bio announced that the Technical University of Denmark (DTU) has secured funding for a project in fish diagnostics, which will be developed using Diagonal Bio's instrument. The project will include the purchase of LAMPlify, along with related consumables and consulting services, valued at 210,000 SEK.



CEO Word, Karin Wehlin

Dear Shareholders, Partners and Colleagues,

In the second quarter of 2024, we have made advancements, particularly within the equine healthcare sector (horse veterinary clinics) where our connections and the interest in our Point-of-Care instrument continue to deepen.

The adoption of our LAMPlify® platform by veterinarian clinics highlights our technology's capability to change and improve the routines of pathogen detection in horses. The strategic pilot study together with Löberöds Hästklinik has increased the interest for our Point-of-Care solution within the segment. It has led to meetings and dialogues with veterinarians, horse owners, and trainers. The interest and inquiries mainly come from Sweden, but also from other countries.

Strategic pilot study with Löberöds Hästklinik

One of the highlights of the second quarter was our collaboration with Lisa Lidbeck, an FEI (Féderation Equestre Internationale – Internationella Ridsportförbundet) veterinarian at Löberöds Hästklinik, which led to a strategic pilot test. This collaboration demonstrates the efficiency and reliability of our LAMPlify® platform in detecting pathogens in equine subjects. The outcomes of this study will potentially have a strong impact on a broader market acceptance and adoption of our technology within the horse veterinary field. The feedback from the clinic has been positive, confirming the platform's value in providing rapid and accurate diagnostic results. There is a clear interest in the market to perform more preventive testing and screening for horses that participate in competitions, in order to control infection outbreaks. This can especially be possible through Diagonal Bio's LAMPlify®, that delivers rapid and reliable analyses on site.

Strengthening market strategy with Johan Källstrand and new CFO

I am pleased to announce a strategic agreement with one of our founding partners Johan Källstrand, which aims to strengthen our go-to-market strategy. This partnership is a step in enhancing our market presence and delivering our cutting-edge diagnostic tools to a wider audience. Johan's extensive experience and insight into the biotechnology sector will be important in driving our growth and ensuring the successful commercialization of our products.

In line with our growth strategy, we also appointed Fata Mrsic as our new Chief Financial Officer (CFO). Fata has served as Business Controller at Diagonal Bio since March this

year, which positions her well to contribute significantly to our operational and strategic initiatives. Fata joins our management team with over 15 years of financial and accounting experience, having held Business Controller and Accounting positions in globally recognised companies. She holds a Diploma in Business Controlling from the University of Lund. I look forward to our new collaborations with both Fata and Johan!

Rights issue and looking forward

During this quarter, we also completed a rights issue, which bolsters our financial stability and supports our strategic initiatives. The additional capital will enable us to further develop our LAMPlify® platform, explore new opportunities within the veterinary sector, and continue our mission to improve animal health through advanced diagnostics.

Despite market fluctuations, our focus remains on delivering value and expanding our presence in specialised markets like equine healthcare. Our commitment to enhancing the LAMPlify® platform and exploring new opportunities within the veterinary sector is unwavering. We are confident that our technology will continue to meet the evolving needs of our customers on a national and internationally market, driving our mission to improve animal health through advanced diagnostics.

In case you missed it, Diagonal Bio released a video together with Impala Nordic describing the need for our point of care solution from both owner and veterinarian. Click here to watch the video.

Thanks to our shareholders, investors and team members for the support and trust. We are heading to a new era, and together we will succeed in our goals.

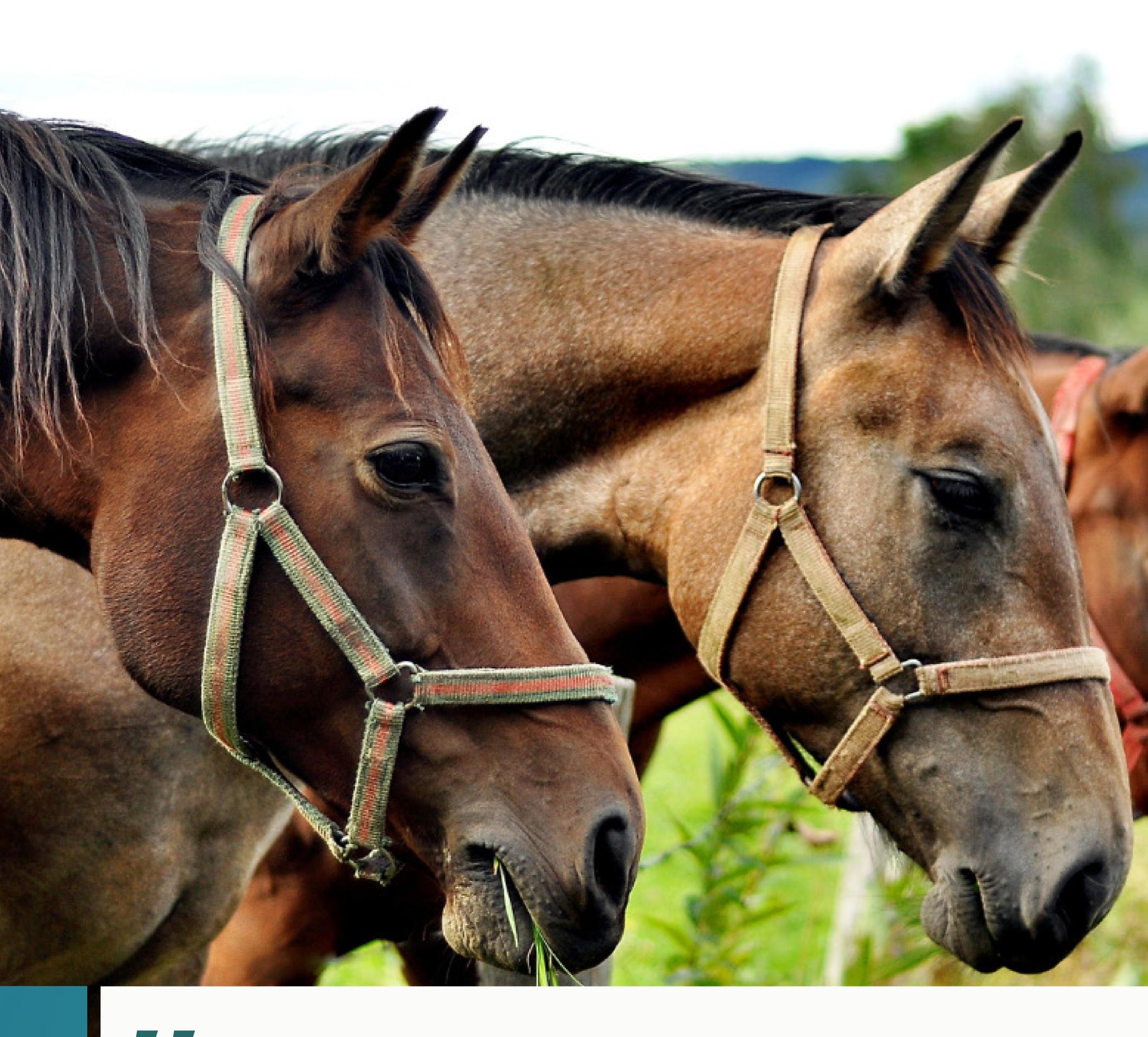
Best regards,

Karin Wehlin

CEO, Diagonal Bio AB (publ)

Lund 2024

5



The feedback from the clinic has been positive, confirming the platform's value in providing rapid and accurate diagnostic results.

- Karin Wehlin, CEO Diagonal Bio

6

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 patghogenic 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.



Financial Overview



Financial Overview

Results and Financial Position April-June 2024

Net sales amounted to 0 KSEK (0 KSEK), capitalised development contributed with 284 KSEK (911 KSEK), and other operating income amounted to 0 KSEK (4 KSEK).

The net income after financial items amounted to -3 118 KSEK (-2 798) KSEK, while net income per share amounted to -0.01 SEK (-0.08) SEK.

Cash flow during the second quarter amounted to 2 302 KSEK (-4 204 KSEK). At the end of June 2024, Diagonal Bio had a cash position of 4 158 KSEK (5 533) KSEK.

Investments

During the second quarter of 2024, investments in intangible assets (patents and trademarks) amounted to 163 KSEK (477) KSEK and balanced expenses for development 284 KSEK (911 KSEK). During the second quarter, investments in tangible assets amounted to 375 KSEK (0) KSEK.

Staff and Organisation

At the end of June 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	2024-04-01 2024-06-30	2023-04-01 2023-06-30	2024-01-01 2024-06-30	2023-01-01 2023-06-30	2023-01-01 2023-12-31
Number of shares end of the period	400 636 419	34 765 534	400 636 419	34 765 534	39 975 779
Weighted number of share during the period	280 416 206	34 765 534	160 195 992	34 765 534	35 986 722
Earnings per share before and after dilution	-0,01	-0,08	-0,04	-0,19	-0,32

Shareholders

The table below presents major shareholders in Diagonal Bio AB as per June 30, 2024:

Shareholders 30st of June 2024	Number of shares	Votes & capital (%)
Aune Stig	27 200 000	6,79%
Nordnet Pensionsförsäkring AB	16 783 647	4,19%
Avanza Pension	15 045 795	3,76%
JSH Biotech APS	13 450 480	3,36%
Nilsson Per Henrik	10 657 930	2,66%
Nilsson Peter (Sarsaparill AB)	10 000 000	2,50%
Ismail Arian	9 550 000	2,38%
Ure Tommy	9 450 480	2,36%
Haskel Anders	9 450 480	2,36%
Milanov Martin	8 000 000	2,00%
Lundgren Stefan (Paginera Invest AB)	8 000 000	2,00%
Other shareholders	263 047 607	65,66%
Total	400 636 419	100,00%

Financial Overview

Rights issue 2024

The subscription period for the rights issue ended on April 22, 2024. The final outcome showed that a total of 22,541,290 units had been subscribed, including pre-subscription commitments and activated guarantee commitments, corresponding to a total subscription ratio of approximately 56.4 percent.

Each unit in the rights issue consisted of sixteen (16) shares and two (2) warrants of series TO 1, resulting in a total of 360,660,640 new shares and 45,082,580 warrants of series TO 1 being issued through the rights issue.

Through the rights issue, the company was provided with SEK 18 million before issuing costs totaling SEK 4.6 million (including compensation to guarantors).

The warrants of series TO 1 may be exercised for the subscription of new shares during the period from September 12, 2024, to September 26, 2024. Each warrant of series TO 1 entitles the holder to subscribe for one new share in the company. The subscription price for shares through the exercise of the warrants of series TO 1 will amount to 70 percent of the volume-weighted average price of the company's share during the period from August 14, 2024, to September 10, 2024, but the price will not be less than SEK 0.05 or more than SEK 0.12. The exercise price will be announced by the company through a press release the day before the exercise period commences.

Key Ratios

Key Ratios	2024-01-01 2024-06-30	2023-01-01 2023-06-30	2023-01-01 2023-12-31
(1) Working capital, KSEK	3 412	2 683	2 527
(2) Quick ratio, %	172	171	65
(3) Solvency, %	91	87	75
(4) Debt ratio, %	6	5	0
(5) Employees	4	4	4

- (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 employees during the period

Related Party Transactions during April - June 2024

Related party transactions (KSEK)	2024-04-01 2024-06-30	2023-04-01 2023-06-30	2024-01-01 2024-06-30	2023-01-01 2023-06-30	2023-01-01 2023-12-31
CFO - Treeridge AB/View Group AB	169	190	331	381	750
CEO - WW Advise AB	140	0	460	0	130
Total	309	190	791	381	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 2024-06-30

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 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:

Interim Report Q3 2024 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

Income Statement

KSEK	2024-04-01 2024-06-30	2023-04-01 2023-06-30	2024-01-01 2024-06-30	2023-01-01 2023-06-30	2023-01-01 2023-12-31
Income					
Net sales	0	0	0	0	23
Capitalised development	284	911	534	1 942	3 128
Other operating income	0	4	5	10	25
	284	915	539	1 952	3 176
Operating expenses					
Raw materials and consumables	76	-9	76	-9	-18
Other external expenses	-1 786	-2 465	-3 574	-5 596	-9 574
Personnel costs	-1 338	-1 232	-2 529	-2 832	-5 102
Depreciation and amortisation	-354	0	-356	0	-3
Other operating expenses		-8	-2	-15	-46
Total operating expenses	-3 402	-3 714	-6 385	-8 452	-14 743
Operating loss	-3 118	-2 798	-5 846	-6 500	-11 566
Result from financial items					
Interest income	1	0	0,9	9	94
Interest expenses and similar items	-322	0	-584	0	-206
Result after financial items	-3 440	-2 798	-6 429	-6 491	-11 678
Taxes	0	0	0	0	0
Result for the period	-3 440	-2 798	-6 429	-6 491	-11 678

Balance Sheet

KSEK	2024-06-30	2023-06-30	2023-12-31
Assets			
Intangible Fixed assets			
Capitalised development expenditures	21 133	19 683	20 871
Patents and intellectual rights	3 293	2 423	2 882
Tangible fixed assets			
Equipment	354	0	21
Total fixed assets	24 780	22 106	23 774
Current assets			
Inventories			
Raw materials and consumables	372	0	0
Commercial goods	995	0	1 028
Total inventory	1 367	0	1 028
Receivables			
Accounts receivables	23	0	23
Other receivables	416	623	500
Prepaid expenses and accrued income	281	304	211
Total receivables	719	927	733
Cash and bank	4 158	5 533	2 972
Total current assets	6 244	6 460	4 734
TOTAL ASSETS	31 024	28 566	28 508
Equity and liabilities			
Equity			
Restricted equity			
Share capital	3 998	3 477	3 998
Development expenditure fund	21 133	22 107	23 753
Total restricted equity	25 131	25 584	27 751
Non restricted equity			
Share premium fund	52 679	56 214	57 338
Accumulated result	-43 188	-50 517	-52 164
Loss for the period Total non-restricted equity	-6 429 3 062	-6 491 -794	-11 678 - 6 504
Total Holl-restricted equity	3 002	-794	-0 504
Total equity	28 192	24 790	21 247
Liabilities			
Accounts payable	457	1 286	1 911
Other liabilitites	1903	1789	4 345
		701	1 004
Deffered	473	701	
Deffered Total current liabilities	473 2 832	3 775	7 260

Change in Equity

2024-01-01 - 2024-06-30

	Restrict	ed equity	Uı	nrectricted equi	ty
KSEK	Share capital	Fund for development costs	Share premium fund	Accumulated result	Total
Equity 2024-01-01	3 998	23 753	57 338	-63 843	21 247
Share capital					0
Change in development expenditure fund		-2 620		2 620	0
New 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 at the end of the period	3 998	21 133	52 679	-49 618	28 192

2023-01-01 - 2023-06-30

	Restrict	ed equity	Uı	nrectricted equit	:y
KSEK	Share capital	Fund for development costs	Share premium fund	Accumulated result	Total
Equity 2023-01-01	3 477	19 528	56 183	-47 938	31 250
Share Capital					0
Change in development expenditure fund		2 579		-2 579	0
Warrent premium received			32		32
Costs related to share issue					0
The result of the period				-6 491	-6 491
Equity at the end of the period	3 477	22 107	56 214	-57 008	24 790

Cash Flow Statement

KSEK	2024-04-01 2024-06-30	2023-04-01 2023-06-30	2024-01-01 2024-06-30	2023-01-01 2023-06-30	2023-01-01 2023-12-31
Cash flow from operations	-17 395	-2 847	-10 826	-5 506	-5 231
Cash flow from investing activities	-822	-1 389	-1 363	-2 578	-4 246
Cash flow from financing activities	20 518	32	13 374	32	-1 136
Cash flow for the period	2 302	-4 204	1 186	-8 052	-10 613
Cash flow at the beginning of the period	1 856	9 737	2 972	13 585	13 585
Cash at the end of the period	4 158	5 533	4 158	5 533	2 972

Board Declaration

BOARD DECLARATION

The Board of Directors and the CEO certify that these consolidated financial statements and the April – June 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, August 22, 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