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DIAGONAL BIO AB

ORG. NO. 559248-8984.

IMPORTANT INFORMATION

The following summary is not an offer but should be seen as an introduction to Diagonal Bio AB's ("Diagonal") prospectus and does not necessarily contain all the information for an investment decision to be made. The investor is advised to take a look at the prospectus, which is available on Diagonal's website (www.diagonalbio.com) before making an investment decision, to take note of the potential risks associated with the decision to invest in the securities.

Rapid Diagnostics for Multi-pathogen detection with High Precision.

Diagonal Bio is a Swedish diagnostic company with a vision to limit the spread of infectious disease worldwide by creating an easy-to-use, cost-efficient, quick, and accurate diagnostics platform, Panviral, which can easily be adapted for detection of all types of pathogens. Essentially bringing the gold standard of diagnostics to Point-of-Care, enabling rapid disease testing beyond the confines of labs and hospitals.

The company was founded in 2020 with the vision to limit the spread of infectious disease worldwide. Diagonal is developing the platform Panviral, which, according to Diagonal's board, has the potential to revolutionize the test landscape for pathogen detection and radically improve the fight against the spread of infectious diseases. The innovative technology behind Panviral makes it possible to perform multiple tests in parallel within ca. 10 to 15 minutes. Diagonal Bio have come a very long way in a very short time. The company has reached several important milestones including strong collaborations and partnerships and filing of three patent applications (one patent family), as well as important steps towards future potential markets and customers. Diagonal intends to commercialize fast and adaptable products and enable large-scale precision diagnostics for different types of diseases and pathogens. The company intends to accelerate the pace of development and therefore now implements a capitalization to finance further development of the platform and initial commercial activities for 2022. Diagonal have identified three market niches as a perfect fit for Panviral (not limited to).

- 1. Tailored regional specific panels.** Creating unique panels that can be used for detection of *regional specific diseases*, for example meeting doctors demands for winter season pathogens. This means the possibility to detect several pathogens simultaneously for the same patient. An example is to be able to demonstrate in real time during a visit to a health centre whether a patient with a cold has a bacterial or viral disease, as well as which specific virus or which bacterium is the cause.
- 2. State-of-the-art outbreak system** which can be put on airports, arenas, and other critical high throughput hubs, enabled via Panviral's potential to be the fastest and most cost-effective reliable test platform for mass testing. Today's platforms are either slow and expensive as PCR or have poor performance such as antigen testing.
- 3. Disease and treatment monitoring** which means detecting life threatening states in medical ward and specialist care.

Market

The market for testing infectious diseases is extensive and is estimated to amount to almost USD 34 billion annually. Diagonal is not focusing directly on covid-19 but targets the entire infectious disease testing market with detection of other viruses as well as bacteria and fungi. The current pandemic is defining the health crisis of our time that has brought us to a crossroads to restructure and reinforce the global diagnostic infrastructure. In light of the pandemic and how it paralyzed societies around the world, the board's assessment is that preparedness for similar events in the future is sought after. In addition, the trend going forward is to carry out tests as often as possible, whereby performance, speed and not least price will be decisive. The company's vision is to meet these needs and in the long term build a diagnostic infrastructure for fast, accurate, easy-to-use and cost-effective testing of all kinds of pathogens, not only within the area of healthcare but also to make testing available for e.g. elderly care, school and companies.

Future objectives

H2 2021

- Quality Management System (QMS) implemented and in use
- Additional tests on COVID-19 samples
- Platform testing and system adaptation for large-scale use

H1 2022

- Start a clinical study to confirm existing studies on various pathogen panels
- Complete and report the above clinical study

H2 2022

- CE marking process with notified body including market preparation
- Initiate the commercialization of Panviral in the European market
- Scale up and manufacturing of Panviral. The purpose of scaling up production is to enable commercially viable production with a business model where the customer pays for the disposable items
- Investigate additional niches for which Diagonal's platform can be used

H1 2023

- Initiate partner agreements for broad European launch. Partnership agreements with major distributors will be established before this.
- Further develop specific pathogen panels to enable additional segments for sale of Panviral. For example, various forms of tropical diseases may be relevant in other parts of the world, while primarily influenza-season panels are initially intended in Northern Europe.

H2 2023

- Conducting of clinical trials for 2nd generation specific panels
- Introduce the platform on the US market
- Reach break-even at a turnover of approximately SEK 32 million at the end of the year for 2023

Through the capital from the forthcoming new share issue prior to listing, the company intends to accelerate the pace of development of Panviral and the market launch. The capital from the new share issue is expected to finance the company's activities up to and including the initial commercialization of Panviral, which is planned to take place during the second half of 2022. In 2021, the goal is to have a Quality Management System (QMS) implemented and in use. In 2022, the company intends to initiate a clinical study to confirm existing studies on various pathogen panels, initiate the CE-marking process followed by commercialization of Panviral on the European market and scale up production.

Diagonal's platform Panviral uses a very specific innovative method to multiply unique parts of the pathogen's genetic material, i.e. DNA or RNA, which is then detected, fast and accurate. Panviral can easily be calibrated for new types of pathogens and mutations hence it can be seen as a universal detection system that uses a compact and highly accurate sensor, developed specifically for the purpose. Through using Panviral, test times can be reduced by up to 90 percent. In addition, the system is very easy to use, which enables testing to be performed without the need for a medical educational background. With Panviral we are bringing today's gold standard of diagnostics to Point-of-Care while enabling mass testing.

The offer in brief

Subscription period:	10–24 June 2021.
Subscription price:	SEK 10.50 per share.
Subscription post:	Smallest subscription post is 570 shares (corresponding to SEK 5,985.00).
Issue volume:	The offer comprises a maximum of 3,814,663 shares, corresponding to approximately SEK 40.1 million. Of these SEK 40.1 million, approximately SEK 10 million pertains to the bridge loan granted previously and which is to be set off in the forthcoming new share issue, approximately SEK 2 million pertains to the compensation received by the bridge lenders. The compensation, which thus does not involve capital for the company, is set off against shares in the new share issue, together with the bridge loan itself. The minimum limit for carrying out the new share issue is approximately SEK 34.1 million.
Number of shares prior to the new share issue:	5,334,000 shares.
Valuation (pre money):	Approx. SEK 56 million.
Pre-subscription commitments:	The company has received pre-subscription commitments totalling approximately SEK 22 million. Of the pre-subscription commitments, approximately SEK 10 million pertains to the bridge loan granted previously and which is to be set off in the forthcoming new share issue, approximately SEK 2 million pertains to the compensation received by the bridge loan issuer and which is also set off against shares in the new share issue, and approximately SEK 10 million in additional subscription commitments agreed with the same parties that have submitted the bridge loan.
Listing at Nasdaq First North Growth Market:	The shares in the company are planned to be listed at First North. First day of trading is expected to be the 6th of July 2021.
ISIN-code:	SE0015961826

Panviral

Diagonal is developing the platform Panviral, which, according to Diagonal's board, has the potential to revolutionize the test landscape for pathogen detection and radically improve the fight against the spread of infectious diseases. According to the board, there is currently no platform on the market that, like Diagonal's Panviral, have the potential to bring the gold standard of diagnostic to Point-of-Care while enabling mass testing, all in one system that is accurate, easy-to-use, quick and cost-effective.

Existing diagnostic systems on the market today are usually diagnosis or pathogen specific. This means both a limitation in not being able to identify alternative diseases, pathogens or mutations and a delay in connection with the emergence of new viruses and diagnostic needs. The need for rapid, accurate, cost-effective, and easy to use diagnostics have become painfully evident with the current COVID-19 pandemic which is defining the health crisis of our times.

CEO Jack Egelund Madsen comments

“Diagonal Bio have the potential to limit the spread of disease worldwide, hence our efforts will have a direct impact on the lives and health of individuals at a global scale.”



The COVID-19 pandemic paralyzed most of the world and made it painfully evident that there is a global need for diagnostics which is accurate, quick, affordable, and easy to use if we are to limit the spread of infectious disease at a global scale – not only viruses but also fungi and bacteria. Diagonal have confirmed Panviral by initial testing of COVID-19 samples on the platform. Our experimental data shows that it has the potential to work with the same accuracy as today's gold standard of diagnostic “PCR” – but much faster and at a significantly lower cost. In addition, the Panviral platform enables testing of multiple samples in parallel and have the potential to be used as universal detection system for all types of viruses, bacteria, and fungi.

The brilliant team at Diagonal have many years of combined experience within biotechnology and work closely with key collaborators and advisers to develop the fastest, most easy-to-use multi-channel high-precision system on the market for detection of infectious disease. Panviral is simple and easy to use – a simple one-step approach and, does not require complicated equipment but still manages to deliver the same accuracy as PCR. With Panviral we can reduce test times by up to 90 percent and at a significantly lower cost than the systems on the market today. Additional strengths are that the platform is portable and works for virtually any fluid – for example saliva, urine, blood, or nasopharyngeal “swab” test enabling increased application areas and thus also the market use. Panviral has the potential to test several different pathogens simultaneously, with high accuracy and sensitivity in real time.

Our initial focus will be the healthcare segment, but Panviral can in principle be used by anyone. Our business

model is simple – we develop Panviral for fast, accurate, easy-to-use, and cost-efficient testing of all types of pathogens.

Panviral will be manufactured at low cost, and the revenue will be driven by sales of panels for detection of specific pathogens. Our intention is to commercialize fast and adaptable products for different niches and to enable large-scale precision diagnostics for all types of pathogens – alone or in combination. We are currently in the phase of finalizing and validating the second generation of our system, after which we plan to proceed with more specific clinical validation studies on various pathogen panels and obtain regulatory approvals. In addition, we have tested other types of pathogens to show that the assay is essentially universal and can be used to detect all types of pathogens – DNA- or RNA based.

We now intend to accelerate the pace of our development and therefore execute a capitalization to finance the development of Panviral and the initial commercialization in 2022. After which, we will move on to scale up and manufacturing.

This is truly an exciting journey, the board and management are confident in the future ahead. Diagonal Bio have the potential to limit the spread of disease worldwide, hence our efforts will have a direct impact on the lives and health of individuals at a global scale. We welcome you to invest in Diagonal and be part of the exciting journey ahead.



Jack Egelund Madsen
CEO Diagonal Bio AB



**More information about the offer
and how to subscribe for shares**

Subscription period:
10-24 June 2021