

Complete resolution proposals before the Extraordinary General Meeting in Diagonal Bio the 2nd of april 2024

The board’s proposal on reducing the share capital (Item 7)

The board proposes that the general meeting decides to reduce the company's share capital in accordance with the conditions below:

1. The purpose of the reduction is to allocate to unrestricted equity.
2. The company's share capital shall be reduced by 1,998,788.95 SEK.
3. The reduction shall be carried out without withdrawal of shares.

The decision to reduce the company's share capital in accordance with this proposal can be implemented without permission from the Swedish Companies Registration Office or general court since the company will at the same time carry out a rights issue of shares and warrants (units) which means that neither the company's restricted equity nor the share capital in total will decrease. The decision on the rights issue of shares and warrants (units) conditioned by the extraordinary general meeting's approval is stated in a separate proposal.

The board's proposal for a decision on the reduction of share capital is conditional upon the extraordinary general meeting approving the board's decision on the rights issue and deciding in accordance with the board's proposal for a decision on amendments to the articles of association, reduction of share capital, and authorization for the board to decide on issues, and that a capital increase from the rights issue corresponding to the reduction of the share capital is also registered at the Swedish Companies Registration Office upon registration of the reduction.

The CEO, or the person appointed by the board, shall have the right to make minor adjustments to the above decision that may prove necessary in connection with registration at the Swedish Companies Registration Office or Euroclear Sweden AB.

For a valid decision according to the foregoing proposal, it is required that it is supported by shareholders with at least two-thirds of both the votes cast and the shares represented at the general meeting.

The board’s proposal on amendments of the articles of association (Item 8)

The board proposes that the extraordinary general meeting decides on amending the articles of association as follows:

Current wording	Proposed wording
§ 4 Share capital The share capital shall be no less than SEK 2,500,000 and no more than SEK 10,000,000	§ 4 Share capital The share capital shall be no less than SEK 3,997,577.90 and no more than SEK 15,990,311.60.
§ 5 Number of shares The number of shares shall be no less than 25,000,000 and no more than 100,000,000.	§ 5 Number of shares The number of shares shall be no less than 40,000,000 and no more than 1,600,000,000.

A valid decision requires the approval of shareholders representing at least two-thirds of both the votes cast and the shares represented at the extraordinary general meeting. The minimum number of shares corresponds to the existing number of shares plus the guaranteed level in the emission. The decision is conditional upon the meeting approving the board's decision on the rights issue and the decisions on reducing the share capital.

The board or a person appointed by the board is authorized to make minor adjustments required for registration at the Swedish Companies Registration Office.

Approving the board's decision on a rights issue of units (Item 9)

The company shall, through a rights issue, issue a total of up to 639,612,464 shares with a subscription price of SEK 0.05 per share, as a result of which the Company's share capital may increase by a maximum of SEK 31,980,623.20.

Through a rights issue, the company shall issue a maximum of 79 951 558 warrants of series TO 1, each entitling the holder to subscribe for one (1) new share. In the event that all warrants of series TO 1 are exercised, the share capital may increase by a maximum of SEK 3,997,577.9.

The following conditions shall apply for the issue:

1. A unit consists of 16 newly issued shares and 2 warrants of series TO 1, each entitling the holder to subscribe for one new share.
2. The issue shall be conducted with preferential rights for the shareholders of the company. For each existing share, one unit right is obtained, and such a unit right entitles the holder to subscribe for one new unit.
3. The record date in the share register maintained by Euroclear Sweden AB for determining which shareholders are entitled to participate in the issue with preferential rights is April 4, 2024. Others may also subscribe in the issue.
4. For each subscribed unit, a payment of 0.80 SEK (0.05 SEK per share) shall be made in cash. The warrants are issued without compensation.
5. Subscription for units shall take place from April 8, 2024, to April 22, 2024. Subscription with preferential rights shall be made with simultaneous cash payment. Subscription made without the support of unit rights shall be made on a special subscription list, and payment shall be made no later than the fourth banking day after notification of allotment has been sent to the subscriber. The board shall have the right to extend the period for subscription and payment.
6. In the event that not all units are subscribed for with preferential rights as above, the board shall, within the maximum amount of the issue, decide on the allotment of units to others who have subscribed for units without the support of preferential rights and decide how distribution among subscribers shall be made.

Firstly, allotment of new units subscribed for without the support of unit rights shall be made to those subscribers who have also subscribed for new units with the support of unit rights, regardless of whether the subscriber was a shareholder on the record date or not, and if full allotment to these cannot be made, allotment shall be made pro rata in relation to the number of unit rights utilized for subscription of new units, and if this is not possible, by drawing lots.

Secondly, allotment of new units subscribed for without the support of unit rights shall be made to others who have subscribed without the support of unit rights, and if full allotment to these cannot be made, allotment shall be made pro rata in relation to the number of new units each has subscribed for, and if this is not possible, by drawing lots.

Thirdly, allotment of new units subscribed for without the support of unit rights shall be made to the emission guarantors in proportion to the size of the guarantee commitments, and if this is not possible, by drawing lots.

7. The warrants of series TO 1 shall be subject to organized trading.

8. Subscription for shares with the support of warrants of series TO 1 can take place from September 12, 2024, to September 26, 2024. The subscription price per new share, with the support of TO 1, is within a range of at least 0.05 SEK and at most 0.12 SEK. The subscription price per new share, with the support of TO 1, amounts (within the range) to 70 percent of the average volume-weighted price of the share according to Nasdaq First North Growth Market's official price statistics during the period of 20 trading days ending two (2) banking days before the start of the utilization period. Rounding shall be made to the nearest whole Swedish öre. Any excess amount shall be added to the free surplus fund.
9. The new shares shall entitle to dividends for the first time on the record date for dividend that occurs closest after the new shares have been registered with the Swedish Companies Registration Office and entered into the share register maintained by Euroclear Sweden AB. Shares issued after utilization of subscription option of series TO 1 shall entitle to dividends on the record date for dividend that occurs closest after the new shares have been registered with the Swedish Companies Registration Office and entered into the share register maintained by Euroclear Sweden AB.
10. The complete terms and conditions for the warrants of series TO 1 set forth in Appendix A.
11. The decision requires subsequent approval by the extraordinary general meeting and is conditional upon the extraordinary general meeting deciding on amendments to the articles of association and the reductions of share capital.
12. The board or the person appointed by the board is authorized to decide on minor adjustments required for registration with the Swedish Companies Registration Office and Euroclear Sweden AB.

The board's proposal on reducing the share capital (Item 10)

The board proposes that the extra ordinary general meeting decides to reduce the company's share capital in accordance with the conditions below:

1. The purpose of the reduction is to allocate to unrestricted equity.
2. The company's share capital shall be reduced by 29,981,834.25 SEK.
3. The reduction shall be carried out without withdrawal of shares.

The decision to reduce the company's share capital in accordance with this proposal can be implemented without permission from the Swedish Companies Registration Office or general court since the company will at the same time carry out a rights issue of shares and warrants (units) which means that neither the company's restricted equity nor the share capital in total will decrease. The decision on the rights issue of shares and warrants (units) conditioned by the general meeting's approval is stated in a separate proposal.

The board's proposal for a decision on the reduction of share capital is conditional upon the extraordinary general meeting approving the board's decision on the rights issue and deciding in accordance with the board's proposal for a decision on amendments to the articles of association, reduction of share capital, and authorization for the board to decide on issues, and that a capital increase from the rights issue corresponding to the reduction of the share capital is also registered at the Swedish Companies Registration Office upon registration of the reduction.

The CEO, or the person appointed by the board, shall have the right to make minor adjustments to the above decision that may prove necessary in connection with registration at the Swedish Companies Registration Office or Euroclear Sweden AB.

For a valid decision according to the foregoing proposal, it is required that it is supported by shareholders with at least two-thirds of both the votes cast and the shares represented at the general meeting.

The board's proposal on authorizing the board on deciding on issues (Item 11)

The board proposes that the extraordinary general meeting resolves to authorize the board to decide on the issuance of a maximum number of shares, convertibles, and/or warrants that entitle to subscription of, or result in the issuance of, a maximum number of shares that falls within the limits of the articles of association, with or without deviation from the shareholders' pre-emption rights. The authorization should be valid until the annual general meeting of 2024, and the board should have the right to decide on the detailed terms and conditions of the issuance on each occasion.

To ensure that the company's current shareholders are not disadvantaged relative to the external investors who may subscribe for shares, convertibles, and/or warrants in the company, the board finds it appropriate that an issuance with deviation from the shareholders' pre-emption rights should be carried out at a subscription price assessed by the board as market-based, subject to a market-based issue discount where applicable. In addition to cash payment, payment may also be made with in-kind contributions or through set-off, or otherwise under certain conditions.

For a decision in accordance with this proposal, the support of shareholders representing at least two-thirds of both the votes cast and the shares represented at the general meeting is required.