Press Release, September 9, 2021

Diamyd Medical AB intends to carry out a directed share issue of B-shares

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Diamyd Medical AB (publ) ("Diamyd Medical" or "the Company") today announces its intention to carry out a directed share issue corresponding to approximately SEK 125-150 million through a so-called accelerated bookbuilding process. The objective of the directed share issue is to support the Company's ongoing establishment of its own manufacturing facility in Umeå and a precision medicine phase III trial with the diabetes vaccine Diamyd® in individuals recently diagnosed with type 1 diabetes and who carry the genetic HLA type where efficacy has been shown in previous trials.

Diamyd Medical announces its intention to carry out a directed new share issue corresponding to a value of approximately SEK 125-150 million, directed at qualified investors, with deviation from existing shareholders' preferential rights, based on the authorisation granted by the Annual General Meeting held on 26 November 2020 (the "Directed Share Issue"). Diamyd Medical has engaged G&W Fondkommission to investigate the possibilities to conduct the Directed Share Issue.

The subscription price for the new shares in the Directed Share Issue is to be determined through an accelerated bookbuilding procedure, which will begin immediately after the announcement of this press release. The Directed Share Issue is contingent on a resolution by the Board of directors, which, alongside pricing and allocation of shares, is expected to occur prior the commencement of trading on Nasdaq First North Growth Market on 10 September 2021. The Board of directors may at any time choose to cancel the bookbuilding procedure, close earlier or later and refrain from executing the Directed Share Issue, in part of in full.

The proceeds from the Directed Share Issue will be used to achieve important milestones with a focus on initiating a precision medicine pivotal phase III trial with the diabetes vaccine Diamyd® in all countries that will be included in the trial and for the ongoing establishment of Diamyd Medical's manufacturing facility in Umeå, Sweden, for the production of the recombinant human protein GAD65, the active component of the therapeutic diabetes vaccine Diamyd®. The phase III trial is designed to confirm the efficacy and safety of Diamyd® in individuals recently diagnosed with type 1 diabetes and who carry the genetic HLA haplotype where efficacy is likely (approximately half of this target group). Approximately 330 patients will be recruited for the trial and the trial will be conducted at approximately 50 clinics in Europe and the US. The future CGMP-certified production process at the facility in Umeå is a central part of Diamyd Medical's regulatory strategy for potential future conditional and accelerated market approvals for the diabetes vaccine Diamyd®.

The Board has investigated the conditions for alternative financing solutions, including the main alternative, a rights issue, and in their analysis come to the conclusion that a directed issue is the best alternative for the Company, taking into account time and cost efficiency. The Board has taken into account the potential outcomes of various issue alternatives, including dilution for shareholders and the importance of strengthening the Company's cash position prior to the planned start and operation of the phase III trial and the ongoing establishment of the manufacturing facility. Furthermore, the Board has considered the importance of seeking to diversify the shareholder base with additional insititutional/professional investors, and to further strengthen the financial position as a factor of strength in connection with partner discussions.

Adviser
G&W Fondkommission has been appointed financial adviser in connection with the Directed Share Issue. Aktieinvest FK AB is the issuing agent.

About Diamyd Medical
Diamyd Medical develops precision medicine therapies for type 1 diabetes. The diabetes vaccine Diamyd® is an antigen-specific immunotherapy for the preservation of endogenous insulin production. Significant results have been shown in a large genetically predefined patient group in a large-scale meta-analysis as well as in the Company's European Phase IIb trial DIAGNODE-2, where the diabetes vaccine was administered directly into a lymph node in children and young adults with recently diagnosed type 1 diabetes. Preparations for a confirmatory Phase III trial in the US and Europe are on-going, to start recruting patients later in 2021. A vaccine manufacturing facility is being set up in Umeå for the manufacture of recombinant GAD65, the active ingredient in the therapeutic diabetes vaccine Diamyd®. Diamyd Medical also develops the GABA-based investigational drug Remygen® as a therapy for regeneration of endogenous insulin production and to improve hormonal response to hypoglycaemia. An investigator-initiated Remygen® trial in patients living with type 1 diabetes for more than five years is ongoing at Uppsala University Hospital. Diamyd Medical is one of the major shareholders in the stem cell company NextCell Pharma AB.

Diamyd Medical's B-share is traded on Nasdaq First North Growth Market under the ticker DMYD B. FNCA Sweden AB is the Company's Certified Adviser; phone: +46 8-528 00 399, e-mail: info@fnca.se

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This information is information that Diamyd Medical AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 19.35 CET on September 9, 2021.

Important information
This press release is not and does not form a part of any offer for sale of securities. Copies of this communication may not be made in, and may not be distributed or sent into, the United States, Australia, Canada, Japan, South Africa, New Zealand, Hong Kong, Singapore or any other jurisdiction in which distribution of this press release would be unlawful or would require registration or other measures. The distribution of this announcement in other jurisdictions may be restricted by law and persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions.
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Any investment decision in connection with the Directed Share Issue must be made on the basis of all publicly available information relating to the Company and the issued shares. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. This

announcement does not purport to identify or suggest the risks (direct or indirect) which may be associated with an investment in the Company or the new shares.

Forward-looking information

This press release contains certain forward-looking information that reflects the Company's present view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "believe", "estimate" and other expressions entailing indications or predictions of future development or trends, not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties as it depends on future events and circumstances. Forward-looking information is not a guarantee of future results or development and actual outcomes may differ materially from the statements set forth in the forward-looking information.