



Press Release, September 9, 2021

Diamyd Medical carries out a directed share issue and raises proceeds of SEK 150 million

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Diamyd Medical AB ("Diamyd" or "the Company") has, in accordance with the announcement made in a press release on September 9, 2021, successfully completed a directed share issue of 5 357 143 B-shares at a price of SEK 28 per share (the "Directed Share Issue"). The price corresponds to a discount of approximately 17.0 percent calculated on the volume weighted average price (VWAP) on the Nasdaq First North Growth Market for the last 30 trading days. Through the Directed Share Issue, the Company will receive gross proceeds of SEK 150 million. The Directed Share Issue was subscribed by qualified investors.

The Directed Share Issue of 5 357 143 B-shares was carried out with deviation from the existing shareholders' preferential right after a resolution by the Board of directors based on the authorisation granted by the Annual General meeting held on November 26, 2020.

"The company is developing strongly and with a strengthened cash position, we continue accelerating to reach important value-creating milestones in our phase III trials and in the manufacturing facility in Umeå", says Ulf Hannelius, CEO of Diamyd Medical.

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 selected. In addition, the proceeds will be used 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 subscription price was determined via a so-called accelerated book-building procedure led by G&W Fondkommission ("Financial adviser"). The subscription price corresponds to a discount of approximately 17.0 percent calculated on the volume weighted average price (VWAP) on the Nasdaq First North Growth Market for the last 30 trading days. Through the Directed Share Issue, the Company will receive gross proceeds of SEK 150 million. The Directed Share Issue was subscribed for by Swedish institutional and qualified private investors.

The Board of Directors of the Company assesses, due to the accelerated bookbuilding procedure carried out by the Financial advisor, that the Directed Share Issue has been carried out on market terms. The reasons for the deviation from the shareholders' preferential rights are partly to carry out a capital raising in a time- and cost effective manner and to raise capital on market terms for the Company's continued expansion; partly to diversify the shareholder base with institutional as well as private qualified investors; and partly to strengthen the Company's financial position in partner discussions.

Through the Directed Share Issue, the total the number of -shares in the Company will increase by 5 357 143 to 71 569 796 and the share capital will increase by SEK 543 336,72 to SEK 7 802 149,47. The Directed Share Issue entails a dilution of 7.0 % of the total number of shares and 5.4 % of the total number of votes for existing

shareholders, based on the total number of shares in the Company after the Directed Share Issue.

In connection with the Directed Share Issue, the Company's largest shareholder, Anders Essen-Möller, has agreed to lend 5 357 143 B-shares to Aktieinvest FK AB in order to facilitate delivery of the shares. The shares will be returned in connection with the Directed Share Issue being registered with the Swedish Companies Registration Office.

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 recruiting 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

For further information, please contact:

Ulf Hannelius, President and CEO
Phone: +46 736 35 42 41
E-mail: ulf.hannelius@diamyd.com

Diamyd Medical AB (publ)

Kungsgatan 29, SE-111 56 Stockholm, Sweden. Phone: +46 8 661 00 26, Fax: +46 8 661 63 68
E-mail: info@diamyd.com Reg. no.: 556242-3797 Website: <https://www.diamyd.com>

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 23.30 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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This press release is not a prospectus for purposes of Prospectus Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 and its delegated and implemented regulations (the “Prospectus Regulation”) and has not been approved by any regulatory authority in any jurisdiction. The Company has not authorized any offer to the public of securities in any EEA Member State and no prospectus has been or will be prepared in connection with the Issue. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

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.