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Press release May 24, 2023

Diamyd Medical resolves on a rights issue of shares of approximately SEK 163 million and convenes an EGM to resolve on an issue of warrants and amendment of the articles of association

*The Board of Directors of Diamyd Medical AB (publ) ("Diamyd Medical" or the "Company") has, pursuant to the authorization granted by the Company's annual general meeting held on December 1, 2023, resolved on a rights issue of a maximum of 19,231,734 B-shares, corresponding to approximately SEK 163 million (the "**Rights Issue**"). The subscription price in the Rights Issue has been set to SEK 8.50 per share. In addition, the Board of Directors has resolved to convene an Extraordinary General Meeting ("**EGM**") to propose, inter alia, that the subscribers of shares should receive warrants free of charge. For every two subscribed shares, the subscriber receives one (1) warrant of series TO3 and one (1) warrant of series TO4. Shareholders in Diamyd Medical on the record date have for each four (4) held shares, regardless of share class, preferential right to subscribe for one (1) new B-share in the Rights Issue. Certain members of the Company management including CEO Ulf Hannelius as well as the Chairman of the Board Erik Nerpin have undertaken to subscribe for their respective pro rata share of the Rights Issue, corresponding to approximately SEK 0.8 million and 0.5 percent of the Rights Issue. External guarantors have also provided guarantee commitments subject to customary conditions which, in aggregate, amount to approximately SEK 115.2 million. The Rights Issue is thus covered to approximately 71 percent by the aforementioned subscription commitments and guarantee commitments.*

Summary of the Rights Issue

The Board of Directors in Diamyd Medical has, pursuant to the authorization granted by the annual general meeting on December 1, 2022, resolved on the Rights Issue. The Rights Issue is carried out on the following main terms:

- The Rights Issue comprises a maximum of 19,231,734 B-shares, corresponding to total issue proceeds of approximately SEK 163 million before deduction of related issue costs.
- Shareholders in Diamyd Medical on the record date, May 31, 2023, will receive one (1) subscription right for each one (1) held share, regardless of share class. Four (4) subscription rights will entitle the holder to subscribe for one (1) new B-share, implying a subscription ratio of 1:4.
- The subscription price in the Rights Issue has been set to SEK 8.50 per B-share, corresponding to a discount of approximately 35.7 percent compared to the theoretical price after separation of subscription rights (TERP), based on the volume-weighted average price (VWAP) of the B-share on Nasdaq First North Growth Market on May 22, 2023.
- The last day of trading in Diamyd Medical's B-shares including the right to receive subscription rights in the Rights Issue is May 29, 2023. The B-shares are traded excluding the right to receive subscription rights in the Rights issue from May 30, 2023.
- The record date for participation in the Rights Issue is May 31, 2023.
- The subscription period in the Rights Issue runs between June 2, 2023 – June 16, 2023.
- Trading in subscription rights (TR B) will take place on Nasdaq First North Growth Market during the period from and including June 2, 2023 to and including June 13, 2023 and trading in BTA (BTA B) will take place on Nasdaq First North Growth Market during the period from and including June 2, 2023 to and including July 4, 2023.

- The Chairman of the Board of Directors Erik Nerpin and members of the Company management, including CEO Ulf Hannelius, CFO Anna Styrd, COO Martina Widman and CMO/CBO Christoph Nowak, have undertaken to subscribe for their respective pro rata share of the Rights Issue, corresponding to approximately SEK 0.8 million and 0.5 percent of the Rights Issue.
- In addition to the aforementioned subscription commitments, external guarantors have provided guarantee commitments subject to customary conditions which, in aggregate, amount to approximately SEK 115.2 million, corresponding to approximately 70.5 percent of the Rights Issue. Consequently, the Rights Issue is covered to approximately 71 percent by customary non-secured guarantee commitments and subscription commitments.
- The complete terms and conditions for the Rights Issue, including additional information about the Company, will be made available in the EU growth prospectus that is expected to be published around June 1, 2023 (the “**Prospectus**”).

Summary of the issue of warrants and the EGM

The Board of Directors in Diamyd Medical has resolved to convene an EGM which will decide on an issue of warrants and amendment of the articles of association.

- The EGM will take place on 26 June 2023 in Stockholm. Notice of the EGM will be published in a separate press release.
- The Board of Directors proposes that the EGM should decide on a) amendment of the articles of association as regards the limits of the share capital and the number of outstanding shares and (b) issue of two series of warrants, tentatively called TO3 and TO4.
- Those entitled to subscribe for the warrants shall be (i) those who subscribe for shares in the Rights Issue, (ii) those who have provided guarantee commitments and thereby receive part of the guarantee fee in the form of shares, and (iii) those who subscribe for shares if the Board of Directors decides to use the over-allotment option (see further below).
- For every two shares subscribed, one warrant of series TO3 and one warrant of series TO4 are received free of charge.
- Each warrant of series TO3 gives the right to subscribe by March 31, 2024 at the latest for one B-share at the price of SEK 10.
- Each warrant of series TO4 gives the right to subscribe by September 30, 2024 at the latest for one B-share at the price of SEK 12.
- As shown below, Diamyd Medical may issue up to 22,126,792 B-shares if (i) the Rights Issue is fully subscribed, (ii) the entire over-allotment option is exercised and (iii) shares are issued as part of the compensation to those who have provided guarantee commitments. In such case, Diamyd Medical would issue 22,126,792 warrants, of which 11,063,396 of series TO3 and 11,063,396 of series TO 4. (The number of issued shares and warrants may be marginally adjusted as a result of rounding effects.)

It should be noted that the structure of the Rights Issue is intended to be identical to if Diamyd would carry out the Rights Issue as an issue of units, where each unit consists of two B-shares, one warrant of series TO3 and one warrant of series TO4. The reason why Diamyd Medical does not carry out the Rights Issue with units is that the Board of Directors’ authorization does not include warrants and that the articles of association must be amended to accommodate the shares that may be issued as a result of the exercise of warrants.

Background and reason

Diamyd Medical develops precision medicine therapies with a focus on autoimmune diabetes, i.e. type 1 diabetes and latent autoimmune diabetes in adults (LADA). The Company is conducting a pivotal Phase 3 trial in type 1 diabetes with the antigen-specific immunotherapy Diamyd®, which aims to preserve endogenous insulin-producing ability. The trial is the first-ever precision medicine phase 3 trial in type 1 diabetes and addresses a major unmet medical need. Thanks to the recently published development partnership with the leading US diabetes organization JDRF, scientific publications in renowned peer-reviewed journals, and major acquisitions and licensing deals in the sector, the scientific, medical and commercial value of Diamyd®’s potential has been strengthened.

The registration-based, precision medicine phase 3 trial DIAGNODE-3 with Diamyd® for the treatment of newly diagnosed type 1 diabetes in children and young adults, who carry a certain gene associated with positive treatment outcome in previous trials, is ongoing in eight countries in Europe and set to start in the US later in 2023. The trial is the last step before potential market approval. With the FDA’s approval of the start of the trial for DIAGNODE-3 in November 2022, about a dozen American clinics will be added to the approximately 50 clinics already activated in Europe. DIAGNODE-3 will enroll approximately 330 patients aged 12–29 years who has been newly

diagnosed with type 1 diabetes and carrying the specific genotype in which Diamyd® in previous trials has shown efficacy towards. The trial design has been established in cooperation with the US and European pharmaceutical authorities FDA and EMA, and is supported by robust results from previous clinical trials with over 1,000 patients. All the results on which the phase 3 trial is based, are published in renowned peer-reviewed scientific journals.

Together with a strong IP protection and market exclusivity upon market approval in the form of orphan drug designation in the US, and market exclusivity as a biological drug for 12 and 10 years respectively in the US and Europe, the Company's assessment is that the conditions, upon market approval, to quickly penetrate a large part of the market that the Company targets are very promising. The purpose of the Rights Issue is to finance the DIAGNODE-3 trial, construction of the Company's production facility for biological products as well as the ongoing operations at least until the end of 2024, including preparatory activities for the planned commercialization of Diamyd® starting in 2027 if market approval in the US and Europe is obtained.

Use of issue proceeds

Upon full subscription in the Rights Issue, the Company will receive gross proceeds of approximately SEK 163 million before deduction of related issue costs, which are estimated to amount to approximately SEK 29 million. Diamyd Medical intends to allocate the net proceeds from the Rights Issue to the following purposes, listed in order of priority:

- Approximately 70 percent will be used for the clinical development of Diamyd®, primarily for DIAGNODE-3.
- Approximately 15 percent will be used for the continued development of the Company's production facility in Umeå.
- Approximately 15 percent will be used for the general administration and other.

Preliminary timeline for the Rights Issue

May 29, 2023	Last day of trading in B-shares including right to receive subscription rights
May 30, 2023	First day of trading in B-shares excluding right to receive subscription rights
May 31, 2023	Record date for the Rights Issue
June 1, 2023	Planned publishing date of the Prospectus
June 2, 2023 – June 16, 2023	Subscription period
June 2, 2023 – June 13, 2023	Trading in subscription rights (TR B)
June 2, 2023 – July 4, 2023	Trading in paid subscribed shares (BTA B)
June 16, 2023	Expected announcement of the preliminary outcome
June 19, 2023	Expected announcement of the final outcome
June 26, 2023	EGM

The above preliminary timeline is conditional on that the Prospectus is approved and can be published at the estimated time, i.e. June 1, 2023.

Subscription commitments and guarantee commitments

The Chairman of the Board of Directors Erik Nerpin, CEO Ulf Hannelius, CFO Anna Styrud, COO Martina Widman and CMO/CBO Christoph Nowak, have undertaken to subscribe for their respective pro rata share of the Rights Issue, corresponding to approximately SEK 0.8 million and 0.5 percent of the Rights Issue.

In addition to the aforementioned subscription commitments, external guarantors have provided guarantee commitments subject to customary conditions which, in aggregate, amount to approximately SEK 115.2 million, corresponding to approximately 70.5 percent of the Rights Issue.

Consequently, the Rights Issue is covered by subscription commitments and a guarantee consortium, syndicated by G&W Fondkommission, amounting to approximately SEK 116 million, corresponding to approximately 71 percent of the Rights Issue.

For the guarantees, a guarantee fee of fourteen (14) percent of the guaranteed and allotted amount is paid, of which ten (10) percent will be paid in cash and four (4) percent is to be offset against newly issued B-shares. The part of the guarantee fee which is to be paid in newly issued B-shares is to be effectuated by a directed issue, resolved by the Board of Directors pursuant to the authorization granted by the annual general meeting on December 1, 2022. The guarantee fee is based on current market conditions. No fee is to be paid for the subscription commitments that have been entered into. Neither the subscription commitments nor the guarantee commitments are secured through pledged assets, restricted funds or similar arrangements.

Further information regarding the parties who have entered into subscription commitments and guarantee commitments will be presented in the Prospectus, which, in accordance with the preliminary timetable, is expected to be published on June 1, 2023.

Overallotment option

Contingent on that the Rights Issue is fully subscribed, the Board of Directors of Diamyd Medical may resolve on an overallotment option of a maximum of 2,352,941 B-shares, corresponding to additional issue proceeds of a maximum of approximately SEK 20 million. The allocation in the overallotment option is completed at the discretion of the Board of Directors and is primarily aimed towards current shareholders and strategic investors who have subscribed for B-shares in the Rights Issue but not received full allocation. Thus, the overallotment option may increase the total issue proceeds in the Rights Issue to approximately SEK 183 million before related issue costs.

Change of number of shares and share capital

Upon full subscription in the Rights Issue, Diamyd Medical's share capital will initially increase by SEK 1,950,506.6887, from SEK 7,802,027.0588 to SEK 9,752,533.7475 and the number of outstanding shares will increase by 19,231,734 from 76,926,939 shares to 96,158,673 shares, meaning that the number of A-shares after the Rights Issue amounts to 2,556,223 and the number B-shares increases from 74,370,716 to 93,602,450.

Shareholders who choose not to subscribe in the Rights Issue may therefore be faced with a maximum dilution effect of approximately 20 percent, calculated as new shares divided by the total number of outstanding shares after the Rights Issue, but are given the opportunity to be financially compensated for this dilution effect by selling their received subscription rights. In addition, there is a dilution of approximately 0.5 percent of the number of shares and votes as a result of the part of the guarantee fee which is to be paid for in newly issued B-shares.

If the Board of Directors of Diamyd Medical resolves on the overallotment option, shareholders will be faced with a dilution effect of an additional maximum of approximately 2.4 percent of the number of shares and votes. Shareholders who choose not to subscribe in the Rights Issue can therefore at most be faced with a dilution effect corresponding to approximately 22.3 percent of the number of shares and votes.

Upon full subscription in the Rights Issue, execution of the directed issue for payment of guarantee fee and that the overallotment option is exercised to the highest possible amount, Diamyd Medical's share capital will thereby increase by SEK 2,224,127.1179 from SEK 7,802,027.0588 to SEK 10,046,154.1767 and the number of shares by 22,126,792 from 76,926,939 shares to 99,053,731 shares, meaning that the number of A-shares after the Rights Issue amounts to 2,556,223 A-shares and the number of B-shares increases from 74,370,716 B-shares to 96,497,508 B-shares.

Prospectus

A EU growth prospectus with complete terms and conditions for the Rights Issue will be published and made available before the subscription period commence on Diamyd Medical's website, www.diamyd.com, and on Aqurat Fondkommission AB's website, www.aqurat.se as well as on G&W Fondkommission's website, www.gwkapital.se.

Advisors

G&W Fondkommission acts as Financial Advisor to Diamyd Medical in connection with the Rights Issue. Advokatfirman Delphi is Legal Advisor to the Company and Aqurat Fondkommission AB has been appointed as Issuer Agent.

About Diamyd Medical

Diamyd Medical develops precision medicine therapies for type 1 diabetes. Diamyd® is an antigen-specific immunotherapy for the preservation of endogenous insulin production. DIAGNODE-3, a confirmatory phase 3 trial is actively recruiting patients with recent-onset type 1 diabetes in eight European countries and is being prepared to start recruiting patients in the US this summer. Significant results have previously been shown in a large genetically predefined patient group in a large-scale meta-analysis as well as in the Company's European Phase 2b trial DIAGNODE-2, where the Diamyd® was administered directly into a lymph node in children and young adults with recently diagnosed type 1 diabetes. A biomanufacturing facility is being set up in Umeå for the manufacture of recombinant GAD65, the active ingredient in the antigen-specific immunotherapy 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. Diamyd Medical is one of

the major shareholders in the stem cell company NextCell Pharma AB as well as in the artificial intelligence company MainlyAI 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.

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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 provided by the contact person above, for publication on May 24, 2023, 08.55 CET.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in Diamyd Medical. The information contained in this press release is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this press release or its accuracy, fairness or completeness.

This press release is not a prospectus for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the "Prospectus Regulation"). Investors should not invest in any securities referred to in this press release except on the basis of information contained in the EU Growth Prospectus. Any invitation to those entitled to subscribe for shares in Diamyd Medical is made solely through the EU growth prospectus which Diamyd Medical plans to publish on or about 1 June 2023.

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No subscription rights, paid subscribed shares (BTA) or new shares have or will be registered under the United States Securities Act of 1933 (the "Securities Act") or securities legislation in any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, into or within the United States, other than pursuant to an exemption from, or in a transaction that is subject to, the registration requirements of the Securities Act. Furthermore, the securities mentioned in this press release have not been registered and will not be registered under any applicable securities law in Australia, Belarus, Canada, Hong Kong, Japan, New Zealand, Russia, Singapore, South Africa, South Korea or Switzerland and may, with certain exceptions, not be offered or sold within, or on behalf of a person or for the benefit of a person who is registered in, these countries or any other jurisdiction in which the release, distribution or publication would be unlawful or require registration or any other measure. The Company has not made an offer to the public to subscribe for or acquire the securities mentioned in this press release in any jurisdiction other than in Sweden.

In the EEA Member States, with the exception of Sweden, (each such EEA Member State, a "Relevant State"), this press release and the information contained herein are intended only for and directed to qualified investors as defined in the Prospectus Regulation. The securities mentioned in this press release are not intended to be offered to the public in any Relevant State and are only available to qualified investors except in accordance with exceptions in the Prospectus Regulation. Persons in any Relevant State who are not qualified investors should not take any actions based on this press release, nor rely on it.

In the United Kingdom, this press release and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, “qualified investors” (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who (i) have professional experience in matters relating to investments which fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This press release is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this press release relates is available only to relevant persons and will be engaged in only with relevant persons.

Forward-looking statements

This press release contains certain forward-looking statements that are based on uncertainty, as they relate to events and depend on circumstances that will occur in the future and which, by their nature, may have an impact on results of operations and the financial condition of Diamyd Medical. Such forward-looking statements reflect Diamyd Medical’s current expectations and are based on the information currently available. Diamyd Medical cannot give any assurance as to whether such forward-looking statements will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.