



QUARTERLY REPORT 3

September 2022 – May 2023

Diamyd Medical AB (publ), Fiscal year 2022/2023



Precision Medicine for Autoimmune Diabetes in Pivotal Phase 3

Diamyd Medical's B-share is traded on Nasdaq First North Growth Market under the ticker DMYD B.
Further information is available on <https://www.diamyd.com>

September 1, 2022 – May 31, 2023

- Net result: MSEK -78.6 (-63.4), third quarter: MSEK -20.6 (-17.1).
- Result per share: SEK -1.0 (-0.8), third quarter: SEK -0.3 (-0.2)
- Cash flow from operating activities: MSEK -76.4 (-50.7), third quarter: MSEK -24.0 (-35.7)
- Cash and short-term investments at May 31, 2023: MSEK 77.3 (192.8).

Significant events during the third quarter March 1 – May 31, 2023

- Diamyd Medical resolved on a rights issue of shares
- Topline results from Remygen[®] trial in individuals with long-term Type 1 Diabetes were presented
- Diamyd Medical partnered with JDRF to advance the DIAGNODE-3 Phase 3 trial in Type 1 Diabetes

Other events during the third quarter

- Karin Rosén, M.D, PhD, was invited to join Diamyd Medical's Board of Directors as an adjunct member

Significant events after the third quarter

- On June 27, Diamyd Medical announced that preliminary SEK 75 million was received from the Company's rights issue
- On June 13, Diamyd Medical announced that the Company refrains from enforcing the underwriting agreements in the rights issue and extended the subscription period
- On June 5, the trading in subscription rights in Diamyd Medical's rights issue was halted

Other events after the third quarter

- An Extraordinary General Meeting on June 26 resolved to amend the articles of association
- On June 19, Diamyd Medical announced that the largest owner fully subscribed for his share in the rights issue

“I am very happy to announce that all eight European countries where DIAGNODE-3 is ongoing have randomized patients to the trial and we hope to start the trial in the US shortly. “

Ulf Hannelius, CEO



Comments by CEO Ulf Hannelius

We continue to progress our precision medicine Phase 3 trial DIAGNODE-3 with the antigen-specific immunotherapy Diamyd® and I am very happy to announce that all eight European countries where DIAGNODE-3 is ongoing have randomized patients to the trial and we hope to start the trial in the US shortly.

In light of the recent approval of Teplizumab in the US, and the subsequent acquisition of ProventionBIO by Sanofi, we find ourselves in a momentous era for the diabetes treatment industry. These advancements affirm the growing recognition of the need for innovative treatment approaches in Type 1 diabetes and underline the significant potential of our own work in this field. This development in the field is clearly visible at the international conferences where we have been represented including the annual Immunology of Diabetes (IDS) conference in Paris, the annual BIO conference in Boston and most recently, the annual diabetes conference ADA in San Diego. These are excellent platforms where we have showcased our ongoing trial and engaged in discussions with investigators, collaborators and potential partners. At the ADA conference, where Diamyd Medical also hosted a breakfast event and an exhibition booth, the momentum in the field was especially clear, with several sessions and discussions around screening programs and therapeutic solutions to slow down, halt and prevent the progression of type 1 diabetes.

We also make progress with our intellectual property portfolio where recently Israel, following Australia, has approved our patent describing the intralymphatic administration of beta cell antigens beyond GAD that we already have approved in several geographies including Europe, China and Japan. The patent now approved in Israel and previously in Australia includes the use of insulin, proinsulin, and preproinsulin to treat Type 1 Diabetes. This validation underscores the potential of our antigen-specific immunotherapy platform, and we continue pursuing patent applications in several geographies both regarding the intralymphatic injection of beta cell antigens and the precision medicine approach focusing on genetic subgroups, technologies that are the foundation of the ongoing Phase 3 trial DIAGNODE-3.

During the reporting period we also received the topline data from the ReGenerate-1 trial evaluating Remygen®. Our team, in collaboration with our partners, is in the process of analyzing this data in tandem with insights from other trials.

Sufficient funding is crucial to support our mission and capitalize on the significant market opportunity in Type 1 Diabetes for Diamyd®. The just closed rights issue has preliminarily contributed with an additional SEK 75 million before issue costs and I am very thankful to our existing investors for their continued support and warmly welcome our new investors who believe in the potential of our life-changing therapy.

In April, we announced the partnership with JDRE, the largest patient advocacy group in Type 1 Diabetes in the US, and the first installment of the associated non-dilutive USD 5 million support has been received and we expect the second and third installments later this summer as we initiate the first clinic in the US and hit the next recruitment milestone.

I look forward to keeping you informed of our future progress as we have several important milestones upcoming this calendar year including results from the ongoing booster study DIAGNODE-B, operational updates from our biologics facility in Umeå, start of the DIAGNODE-3 in the US and our activities in ASSET, the preemptive health initiative focusing on screening, prediction and prevention of Type 1 Diabetes. Together, we are moving closer to achieving our vision of creating a world where Type 1 Diabetes can be prevented, halted, and ultimately cured.

Thank you for your continued support.

Stockholm, June 28, 2023

Ulf Hannelius, President and CEO

Significant events during the third quarter

March 1, 2023 – May 31, 2023

On May 24, Diamyd Medical resolved on a rights issue of shares

The Board of Directors, pursuant to the authorization granted by the Company's annual general meeting held on December 1, 2022, 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 was set to SEK 8.50 per share. 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. External guarantors had also provided guarantee commitments subject to customary conditions which, in aggregate, amount to approximately SEK 115.2 million. Certain members of the Company management including CEO Ulf Hannelius as well as the Chairman of the Board Erik Nerpin undertook to subscribe for in total approximately SEK 0.8 million, corresponding to 0.5 percent of the Rights Issue. The Board of Directors also resolved to convene an Extraordinary General Meeting to propose, *inter alia*, to amend the articles of association. Initially, the Board of Directors proposed that the Rights Issue of shares also should include a right to receive free warrants. This proposal was later revoked, since, *inter alia*, the registration procedure regarding the prospectus risked being delayed and thus also the intended timeline. For full information, refer to the press releases on May 24, June 5, June 9 and June 13.

Topline results from Remygen® trial in individuals with long-term Type 1 Diabetes were presented

Uppsala University Hospital's ReGenerate-1 trial evaluating Diamyd Medical's Remygen® in individuals with long-term Type 1 Diabetes met the primary endpoint of safety. No clear support for a durable treatment effect on increasing endogenous insulin production measured as C-peptide or preventing hypoglycemia (sharply lowered blood glucose levels) by improving the protective counterregulatory hormonal response was observed. A potential trend for an immediate effect, e.g directly following ingestion of Remygen®, on improving counterregulatory hormonal responses was observed in the higher dose groups.

Diamyd Medical partnered with JDRF to advance the DIAGNODE-3 Phase 3 trial in Type 1 Diabetes

Diamyd Medical and JDRF, the leading global type 1 diabetes research and advocacy organization, entered into a four-year research and development collaboration including a non-dilutive \$5 million award to Diamyd Medical to support its ongoing Phase 3 trial with the precision medicine antigen-specific immunotherapy Diamyd®. The grant will be funded under JDRF's Industry Discovery & Development Partnerships program that focuses on commercialization of therapeutics and devices for the treatment, cure, and prevention of type 1 diabetes and its complications.

Other events during the third quarter

March 1, 2023 – May 31, 2023

Karin Rosén joined Diamyd Medical's Board of Directors

Karin Rosén, M.D, Ph.D, San Francisco, joined the Board of Directors as an adjunct member, and will be proposed for election to the Board at the next General Meeting of Shareholders. Dr. Rosén has deep experience from the biotechnology industry with more than two decades of working in senior leadership positions in global clinical development and U.S. and global medical affairs across her time with Horizon Therapeutics, GSK (GlaxoSmithKline), Aimmune Therapeutics and Genentech, a member of the Roche group.

Significant events after the third quarter

Diamyd Medical announced preliminary outcome in the Company's rights issue

Diamyd Medical announced that the preliminary outcome for the rights issue of B-shares for which the subscription period ended on June 27, 2023, indicated that approximately 8.4 million B-shares, corresponding to approximately 43 percent of the Rights Issue, have been subscribed for with subscription rights. Additionally, applications for subscription of approximately 0.5 million B-shares without subscription rights, corresponding to

approximately 3 percent of the offered shares, have been received. In aggregate, the subscriptions by exercise of subscription rights and the applications for subscription without subscription rights correspond to approximately 46 percent of the offered shares. Thus, the preliminary outcome indicates that the Rights Issue will provide the Company with issue proceeds of approximately SEK 75 million before deduction of costs attributable to the Rights Issue.

On June 13, Diamyd Medical announced that the Company refrains from enforcing the underwriting agreements in the rights issue and extended the subscription period

Diamyd Medical decided to refrain from enforcing the underwriting agreements entered into with a number of external investors in connection with the rights issue due to substantial uncertainty as to whether the underwriting agreements were fully legally binding and could be enforced by the Company. In light of this, Diamyd Medical decided to extend the subscription period in the rights issue and to prepare a supplementary prospectus.

On June 5, the trading in subscription rights in Diamyd Medical's rights issue was halted

Nasdaq Stockholm decided to stop the trading in subscription rights in Diamyd Medical's rights issue. The trading halt was linked to the issue structure (including new issue of B-shares and issue of warrants) that Diamyd Medical announced in a press release on May 24.

Other events after the third quarter

An Extraordinary General Meeting on June 26 resolved to amend the articles of association

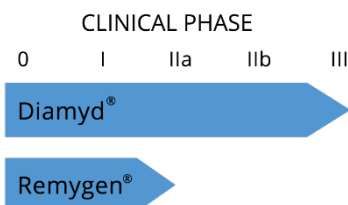
The amendments include an increase of the limits of the number of issued and outstanding shares and the limits of the share capital. Pursuant to the amended articles of association, the share capital should amount to not less than SEK 7.8 million and not more than SEK 31.2 million. The number of issued and outstanding shares should amount to not less than 76 million and not more than 304 million.

On June 19, Diamyd Medical announced that the largest owner fully subscribed for his share in the rights issue

Bertil Lindkvist informed the Company that he had subscribed for his pro rata share, corresponding to approximately SEK 13 million, or 8.0 % of the ongoing rights issue of a total of SEK approximately 163 million. Diamyd Medical's founder and major owner Anders Essen-Möller informed the Company that he intended to subscribe for shares corresponding to SEK 1 million, approximately 0.6 % of the rights issue.

Two drugs in clinical development

***Diamyd®** and **Remygen®** are drugs in clinical development that focus on the underlying disease mechanisms of diabetes; the dysfunction and loss of insulin-producing beta cells in the pancreas.*



Diamyd® is an antigen-specific immunomodulating precision medicine therapy for the treatment and prevention of autoimmune diabetes (type 1 diabetes and LADA, Latent Autoimmune Diabetes in Adults).

Clinical data indicate the potential of Diamyd® to halt or stop the autoimmune destruction of insulin-producing beta cells in individuals that carry the HLA DR3-DQ2 haplotype. The effect is achieved by antigen-specific reprogramming of immune cells by administration of low doses of Diamyd® in superficial lymph nodes. By maintaining the endogenous insulin production, Diamyd® has the potential to make a significant difference in the daily life of patients as well as significantly reduce the complications of type 1 diabetes. Topline results from the Phase IIb trial DIAGNODE-2 demonstrated a significant treatment effect of Diamyd® in the predefined genetic patient group. A confirming Phase III trial, DIAGNODE-3, is on-going.

Remygen® is an oral GABA-based regenerative and immunomodulatory drug candidate for the treatment of autoimmune- and type 2 diabetes. The safety of Remygen has been demonstrated in a Phase 1/2 clinical trial with Remygen in patients who have had type 1 diabetes for several years. In addition to safety, the study also collected data on restoring or stimulating the body's insulin production and preventing hypoglycaemia.



Clinical trials

Type 1 Diabetes is a devastating disease which requires daily treatment with insulin to sustain life. The importance of finding a drug that improves the prospects for patients with diabetes is of utmost importance. The effect of intralymphatic administration of Diamyd®, an antigen-specific precision medicine immunotherapy aimed at stopping the immune system's attack on insulin-producing beta cells in autoimmune diabetes, is evaluated in the Phase III trial DIAGNODE-3 and in the Phase I/II trial DIAGNODE-B.

Ongoing clinical trials

Trials with Diamyd® in lymph nodes

- **DIAGNODE-3 - DIAMYD® IN LYMPH NODES WITH ORAL SUPPLEMENTATION OF VITAMIN D**

The placebo-controlled Phase III trial DIAGNODE-3 will include approximately 330 individuals aged 12 to 28 who have been recently diagnosed with Type 1 Diabetes and who carry the genetically defined haplotype HLA DR3-DQ2. The trial will be conducted at approximately 50 clinics, where almost half of all individuals with Type 1 Diabetes are estimated to carry the current haplotype. After an initial month in which all trial participants receive vitamin D, the individuals will be randomized 2:1, ie two out of three trial participants will receive three intralymphatic injections of Diamyd® and one in three will receive the corresponding placebo at one month intervals, with one primary reading 24 months after trial start. The design provides, based on efficacy data from previous studies on the HLA-restricted patient population, a high probability of reaching the primary endpoints; preservation of stimulated C-peptide and lower HbA1c. The Coordinating Investigator for the trial is Professor Johnny Ludvigsson at Linköping University. The Sponsor of the trial is Diamyd Medical.

- **DIAGNODE-B - ADDITIONAL INJECTION OF DIAMYD® IN LYMPH NODES**

The aim of the trial is to evaluate the safety of a booster (fourth/fifth) injection with Diamyd® and the effect on the immune system and the endogenous insulin production. DIAGNODE-B is an open-label investigator-initiated clinical trial enrolling Type 1 Diabetes patients who carry the genetically defined haplotype HLA DR3-DQ2 and are previously treated with intralymphatic injections of Diamyd®. The trial is planned to include approximately 6 patients who have either been treated with four injections in DIAGNODE-1, who will then receive a 5th intralymphatic injection of Diamyd®, or patients who participated in DIAGNODE-2, who will receive a 4th intralymphatic injection of Diamyd®, approximately 4 years after the last injection. The patients will be followed for 12 months after injection. The trial is conducted at the Clinical Research Unit at the University Hospital in Linköping. Sponsor of the trial is Linköping University with Professor Johnny Ludvigsson as Sponsor's representative.

Manufacturing of GAD65 in Umeå

A new facility for manufacturing of biological products is being set up in Umeå, the Capital of Västerbotten County in Sweden, for the manufacture of recombinant GAD65, the active pharmaceutical ingredient in the antigen-specific immunotherapy Diamyd®, currently in late-stage clinical development. The 20 000 square feet site, comprising of clean rooms, laboratory facilities, warehousing and office space, will facilitate full control, predictability and scalability of the manufacturing technology of the active ingredient. Diamyd Medical has chosen Cytiva's configurable single-use bioprocess manufacturing platform FlexFactory for the process that is based on baculovirus-insect cell expression system. Small-scale experimental production of GAD65 is established at the manufacturing facility. Large-scale production is being set up with the aim of having the biomanufacturing facility operational during 2023. The property where the manufacturing is being established is owned by Diamyd Medical.



The site employs highly qualified specialists. Production scientists in action.

Key figures for the Group

| | 3 months Mar-May 2022/23 | 3 months Mar-May 2021/22 | 9 months Sep-May 2022/23 | 9 months Sep-May 2021/22 | 12 months Sep-Aug 2021/22 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| Research and development costs, MSEK | -14.8 | -7.4 | -50.1 | -47.5 | -75.6 |
| Liquid assets and short-term investments | 77.3 | 192.8 | 77.3 | 192.8 | 159.7 |
| Solidity, % | 87 | 92 | 87 | 92 | 91 |
| Result per share, before and after dilution, SEK | -0.3 | -0.2 | -1.0 | -0.8 | -1.4 |
| Liquidity and short-term investment per share, SEK | 1.0 | 2.5 | 1.0 | 2.5 | 2.1 |
| Equity per share, SEK | 1.8 | 3.5 | 1.8 | 3.5 | 2.8 |
| Total Cash flow per share, SEK | -0.4 | -0.7 | -0.6 | 0.2 | -0.4 |
| Share price per closing, SEK | 8.6 | 18.9 | 8.6 | 18.9 | 14.6 |
| Number of shares per closing | 76 926 939 | 76 926 939 | 76 926 939 | 76 926 939 | 76 926 939 |
| Average numbers of shares | 76 926 939 | 76 926 939 | 76 926 939 | 76 127 807 | 76 926 939 |
| Average number of employees | 22 | 19 | 22 | 19 | 18 |

Consolidated statement of comprehensive income

| KSEK | Note | 3 months Mar-May 2022/23 | 3 months Mar-May 2021/22 | 9 months Sep-May 2022/23 | 9 months Sep-May 2021/22 | 12 months Sep-Aug 2021/22 |
|--|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| OPERATING INCOME | | | | | | |
| Net income | | 148 | 374 | 472 | 338 | 454 |
| Other operating income | 2 | 5 681 | 647 | 7 966 | 1073 | 2 131 |
| TOTAL OPERATING INCOME | | 5 829 | 1020 | 8 438 | 1 411 | 2 584 |
| OPERATING EXPENSES | | | | | | |
| External research and development costs | | -14 781 | -7 446 | -50 071 | -47 532 | -75 567 |
| External patent- and license costs | | -808 | -1 386 | -2 613 | -3 672 | -4 403 |
| Personnel costs | 3 | -7 037 | -5 454 | -18 787 | -14 628 | -20 259 |
| Other external costs | 4 | -3 976 | -2 700 | -10 782 | -7 177 | -11 669 |
| Other operating expenses | | -252 | -611 | -1 107 | -874 | -1 240 |
| Depreciation and impairment of material and immaterial assets | | -1 198 | -991 | -3 551 | -2 265 | -4 383 |
| Result of shares in participations | | -1 421 | - | -3 600 | - | -3 239 |
| TOTAL OPERATING EXPENSES | | -29 473 | -18 588 | -90 511 | -76 149 | -120 760 |
| OPERATING RESULT | | -23 645 | -17 568 | -82 073 | -74 738 | -118 176 |
| Gain on sale of financial assets | | - | - | - | 6 653 | 6 653 |
| Interest income and similar profit items | | 3 010 | 525 | 3 516 | 4 912 | 8 259 |
| Interest expense and similar loss items | | - | -59 | -3 | -238 | -253 |
| RESULT BEFORE TAXES | | -20 635 | -17 102 | -78 560 | -63 411 | -103 517 |
| Income tax | | - | - | - | - | - |
| NET RESULT FOR THE PERIOD | | -20 635 | -17 102 | -78 560 | -63 411 | -103 517 |

Consolidated balance sheet

| KSEK | Note | 31 May 2023 | 31 May 2022 | 31 Aug 2022 |
|---------------------------------------|------|----------------|----------------|----------------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| <i>Intangible assets</i> | | | | |
| Patents | | - | - | - |
| <i>Tangible assets</i> | | | | |
| | 5 | | | |
| Land and buildings | | 27 901 | 24 463 | 22 609 |
| Machinery and equipment | | 23 311 | 26 225 | 23 139 |
| <i>Financial assets</i> | | | | |
| | 6 | | | |
| Deferred tax | | 1 567 | 1 857 | 1 676 |
| Participation in associated companies | | 8 110 | 32 220 | 15 463 |
| Other long-term receivables | | 4 443 | 626 | 626 |
| TOTAL NON-CURRENT ASSETS | | 65 332 | 85 391 | 63 513 |
| CURRENT ASSETS | | | | |
| Trade receivables | | 74 | 255 | 251 |
| Other receivables | | 2 663 | 1 860 | 2 194 |
| Prepaid expenses and accrued income | | 11 158 | 11 096 | 10 897 |
| Short term investments | | - | 39 943 | 39 907 |
| Liquid assets | | 77 312 | 152 866 | 119 761 |
| TOTAL CURRENT ASSETS | | 91 207 | 206 020 | 173 011 |
| TOTAL ASSETS | | 156 540 | 291 411 | 236 524 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| <i>Restricted equity</i> | | | | |
| Share capital | | 7 802 | 7 802 | 7 802 |
| Statutory reserve | | 200 | 200 | 200 |
| <i>Non-restricted equity</i> | | | | |
| Share premium reserve non-restricted | | 390 507 | 390 507 | 390 507 |
| Profit or loss brought forward | | -183 901 | -67 100 | -80 613 |
| Net result for the period | | -78 560 | -63 411 | -103 517 |
| TOTAL EQUITY | | 136 048 | 268 003 | 214 379 |
| PROVISIONS | | | | |
| Pensions and other obligations | | 744 | 777 | 777 |
| TOTAL PROVISIONS | | 744 | 777 | 777 |
| CURRENT LIABILITIES | | | | |
| Trade payables | | 3 838 | 9 981 | 9 778 |
| Other payables | | 10 829 | 7 246 | 6 559 |
| Prepaid income and accrued expenses | | 5 080 | 5 404 | 5 030 |
| TOTAL CURRENT LIABILITIES | | 19 747 | 22 630 | 21 367 |
| TOTAL EQUITY AND LIABILITIES | | 156 540 | 291 411 | 236 524 |

Consolidated statement of cash flow

| KSEK | Note | 3 months Mar-May 2022/23 | 3 months Mar-May 2021/22 | 9 months Sep-May 2022/23 | 9 months Sep-May 2021/22 | 12 months Sep-Aug 2021/22 |
|--|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| OPERATING ACTIVITIES | | | | | | |
| Operating profit/loss | | -23 645 | -17 568 | -82 073 | -74 738 | -118 176 |
| Interest received | | 142 | 11 | 434 | 11 | 67 |
| Interest paid | | - | -59 | -3 | -238 | -253 |
| <i>Non-cash flow items</i> | | | | | | |
| Depreciation | | 1 198 | 991 | 3 551 | 2 785 | 4 383 |
| Other non-cash flow items | | 1 650 | 417 | 3 829 | 634 | 3 239 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL | | -20 654 | -16 208 | -74 262 | -71 546 | -110 741 |
| Increase (-) decrease (+) receivables | | -4 578 | -4 950 | -553 | 10 605 | 10 095 |
| Increase (+) decrease (-) payables | | 1 244 | -14 539 | -1 620 | 10 277 | 7 426 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | -23 989 | -35 697 | -76 435 | -50 664 | -93 219 |
| INVESTING ACTIVITIES | | | | | | |
| Investment in material assets | | -3 173 | -397 | -9 051 | -46 595 | -34 652 |
| Investment in financial assets | | -64 | - | -64 | - | - |
| Divestment of financial assets | | - | - | - | - | -8 815 |
| Gain on sale of sold financial assets | | - | - | - | 6 653 | 6 653 |
| Matured short-term investments | | - | - | 39 907 | - | 89 984 |
| Investment in short term investments | | - | -19 935 | - | -39 943 | -129 891 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | | -3 237 | -20 332 | 30 792 | -79 886 | -76 722 |
| FINANCING ACTIVITIES | | | | | | |
| New issue | | - | - | - | 150 000 | 150 000 |
| Issue expense | | - | - | - | -7 845 | -7 845 |
| NET CASH FLOW FROM FINANCING ACTIVITIES | | - | - | - | 142 155 | 142 155 |
| TOTAL CASH FLOW FOR THE PERIOD | | -27 225 | -56 029 | -45 644 | 11 605 | -27 786 |
| Cash and cash equivalents at beginning of period | | 101 602 | 208 397 | 119 761 | 139 376 | 139 376 |
| Net foreign exchange difference | | 2 936 | 498 | 3 194 | 1 885 | 8 171 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | 77 312 | 152 866 | 77 312 | 152 866 | 119 761 |

Consolidated statement of changes in equity

| KSEK | Share Capital | Statutory Reserve | Share premium reserve non restricted | Other non- restricted equity | Total Shareholders' equity |
|--|------------------|----------------------|--|------------------------------------|----------------------------------|
| STARTING BALANCE OCTOBER 31, 2021 | 7 259 | 200 | 248 895 | -80 613 | 175 741 |
| Net result | - | - | - | -103 517 | -103 517 |
| New issue | 543 | - | 149 457 | - | 150 000 |
| Issue expenses | - | - | -7 845 | - | -7 845 |
| CLOSING BALANCE AUGUST 31, 2022 | 7 802 | 200 | 390 507 | -184 130 | 214 379 |
| OPENING BALANCE SEPTEMBER 1, 2022 | 7 802 | 200 | 390 507 | -184 130 | 214 379 |
| Net result | - | - | - | -78 560 | -78 560 |
| Incentive program LTI 2022 | - | - | - | 229 | 229 |
| CLOSING BALANCE MAY 31, 2023 | 7 802 | 200 | 390 507 | -262 461 | 136 048 |

Income statement for the parent company

| KSEK | Note | 3 months Mar-May 2022/23 | 3 months Mar-May 2021/22 | 9 months Sep-May 2022/23 | 9 months Sep-May 2021/22 | 12 months Sep-Aug 2021/22 |
|--|------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|
| OPERATING INCOME | | | | | | |
| Net income | | 253 | 268 | 659 | 339 | 506 |
| Other operating income | 2 | 5 681 | 570 | 7 859 | 616 | 1 593 |
| TOTAL OPERATING INCOME | | 5 934 | 838 | 8 518 | 955 | 2 099 |
| OPERATING EXPENSES | | | | | | |
| External research and development costs | | -14 781 | -7 447 | -50 071 | -47 532 | -75 567 |
| External patent- and license costs | | -808 | -1 386 | -2 613 | -3 672 | -4 403 |
| Personnel costs | | -7 037 | -5 454 | -18 787 | -14 628 | -20 259 |
| Other external costs | 4 | -4 180 | -2 729 | -11 493 | -7 382 | -11 587 |
| Other operating expenses | | -252 | -611 | -1 107 | -874 | -1 240 |
| Depreciation and impairment of material and immaterial assets | | -894 | -831 | -2 560 | -2 043 | -2 503 |
| TOTAL OPERATING EXPENSES | | -27 951 | -18 457 | -86 631 | -76 131 | -115 559 |
| OPERATING RESULT | | -22 018 | -17 619 | -78 113 | -75 177 | -113 460 |
| Impairment of participation in associated companies | | - | - | - | - | -3 818 |
| Gain on sale of financial assets | | - | - | - | 6 653 | 6 653 |
| Interest income and similar profit items | | 3 201 | 619 | 3 906 | 5 285 | 8 497 |
| Interest expense and similar loss items | | - | -59 | -3 | -238 | -253 |
| RESULT BEFORE TAXES | | -18 817 | -17 059 | -74 210 | -63 477 | -102 381 |
| Taxes | | - | - | - | - | - |
| NET RESULT FOR THE PERIOD | | -18 817 | -17 059 | -74 210 | -63 477 | -102 381 |

Balance sheet for the parent company

| KSEK | Note | 31 May 2023 | 31 May 2022 | 31 Aug 2022 |
|---|------|----------------|----------------|----------------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| <i>Intangible assets</i> | | - | - | - |
| <i>Tangible assets</i> | | | | |
| Machinery and equipment | | 23 060 | 25 946 | 22 868 |
| <i>Financial assets</i> | | | | |
| Shares in subsidiaries | | 15 900 | 14 900 | 14 900 |
| Long-term receivables from subsidiaries | | 15 000 | 9 325 | 9 325 |
| Participation in associated companies | 6 | 28 467 | 32 220 | 28 403 |
| Other long-term receivables | | 626 | 626 | 626 |
| TOTAL NON-CURRENT ASSETS | | 83 053 | 83 017 | 76 120 |
| CURRENT ASSETS | | | | |
| Trade receivables | | 74 | 255 | 251 |
| Receivables subsidiaries | | 320 | - | - |
| Other receivables | | 2 081 | 1 430 | 2 351 |
| Prepaid expenses and accrued income | | 11 138 | 11 234 | 11 203 |
| Short term investments | | - | 59 940 | 39 907 |
| Liquid assets | | 75 846 | 131 855 | 119 238 |
| TOTAL CURRENT ASSETS | | 89 459 | 204 714 | 172 950 |
| TOTAL ASSETS | | 172 512 | 287 731 | 249 070 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| <i>Restricted equity</i> | | | | |
| Share capital | | 7 802 | 7 802 | 7 802 |
| Statutory reserve | | 200 | 200 | 200 |
| <i>Non-restricted equity</i> | | | | |
| Share premium reserve non-restricted | | 390 507 | 390 507 | 390 507 |
| Profit or loss brought forward | | -169 247 | -67 095 | -67 095 |
| Net result for the period | | -74 210 | -63 477 | -102 381 |
| TOTAL EQUITY | | 155 052 | 267 937 | 229 033 |
| PROVISIONS | | | | |
| Pensions and other obligations | | 744 | 777 | 777 |
| TOTAL PROVISIONS | | 744 | 777 | 777 |
| CURRENT LIABILITIES | | | | |
| Trade payables | | 2 480 | 9 710 | 9 584 |
| Other payables | | 9 155 | 69 | 4 722 |
| Payables subsidiaries | | - | - | - |
| Prepaid income and accrued expenses | | 5 080 | 9 237 | 4 953 |
| TOTAL CURRENT LIABILITIES | | 16 716 | 19 016 | 19 260 |
| TOTAL EQUITY AND LIABILITIES | | 172 512 | 287 731 | 249 070 |

Notes

Note 1 – General information and accounting principles

This interim report includes the parent company Diamyd Medical AB (publ), Corp. Reg. No. 556242-3797 and the subsidiary Diamyd Biomanufacturing AB, Corp. Reg. No. 559041-0931. The Group was formed on October 31, 2021. Unless otherwise stated, all amounts are in thousands of Swedish kronor (KSEK). Figures, if not otherwise stated, refer to the Group.

Interim and annual reports are prepared with the application of the Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012: 1 Annual Report and Consolidated accounts (K3).

Note 2 – Other operating income

Other operating income consists mainly of grants related to the partnership with JDRF and to VINNOVA (Swedish innovation agency) financed projects.

Note 3 – Long-term Incentive program, LTI 2022

The Company has as of May 31, 2023, allocated 26 participants rights to performance shares in accordance with LTI 2022. A total of 260 000 rights to performance shares have been allocated. LTI 2022 rights are measured on the allotment date at fair value of allocated equity instruments. As of May 31, 2023, social costs for LTI 2022 amount to approximately MSEK 0.0 and personnel costs 0.23 MSEK. The personnel cost is based on the allocation value, simulated with the Monte Carlo method.

Note 4 – Related-party transactions

During the period companies represented by immediate family members of the main owner and Board member Anders Essen-Möller were contracted as consultants. Total compensation for consultancy services and salaries to immediate family members amounted to KSEK 1 046 (1 023), of which working Board member Anders Essen-Möller through a company owned by Essen-Möller has been compensated by KSEK 694 (694). Pricing has been set by the arm's length principle.

| KSEK | Sep-May 2022/23 | Sep-May 2021/22 |
|---|--------------------|--------------------|
| Consultant fees and salaries to related parties | 1 046 | 1 023 |
| Consultant fees to Board members | 694 | 694 |

Note 5 – Material assets

| KSEK | 31 May 2022/23 | 31 Aug 2021/22 |
|----------------------------------|-------------------|-------------------|
| Opening accumulated cost | 51 857 | 7 343 |
| Purchases, inventory | 2 753 | 20 038 |
| Purchases, property | 6 261 | 24 476 |
| Reclassification inventory | -1 403 | - |
| Closing accumulated cost | 59 468 | 51 857 |
| Opening accumulated depreciation | -6 108 | -1 790 |
| Depreciation, period | -3 551 | -4 318 |
| Reclassification depreciation | 1 403 | - |
| Closing accumulated depreciation | -8 256 | -6 108 |
| Closing carrying amount | 51 212 | 45 748 |

Note 6 – Financial assets

Group

Financial assets have been reduced by MSEK 20.4 in the consolidated balance sheet, due to the adjustment for accumulated results from shares in the associated company NextCell Pharma AB. The effect for the period is MSEK -3.6. The result is disclosed with a three-month delay.

Parent company

Diamyd Medical AB owns shares in NextCell Pharma AB (corporate registration no 556965-8361) who develops stem cell therapies and operates a stem cell bank for private family saving of stem cells. As of May 31, 2023, the carrying amount was approximately MSEK 27.2. Diamyd Medical's share of the equity as well as share of the votes was as of the same date approximately 12.5 %. Diamyd Medical holds 25 % of the shares in the artificial intelligence company MainlyAI AB (corporate registration no 559258-7358). As of May 31, 2023, the carrying amount was MSEK 1.3.

Risks

Diamyd Medical's operations are associated with risks related to inter alia, drug development, commercialization, financing, intellectual property, collaborations with partners, authority decisions, agreements, and key personnel. For a description of the Company's risks, please see the Annual Report for the fiscal year 2021/2022. No significant changes in the Company's risk assessment have occurred since the Annual Report was issued.

Statement

The Board of Directors and the CEO certify that the interim report gives a fair overview of the business, position and profit or loss of the Company and describes the principal risks and uncertainties that face the Company.

This report has not been reviewed by the Company's auditors.

Stockholm, June 28, 2023

Erik Nerpin
Chairman of the Board

Anders Essen-Möller
Board member

Maria-Teresa Essen-Möller
Board member

Torbjörn Bäckström
Board member

Mark A. Atkinson
Board member

Karin Hehenberger
Board member

Ulf Hammelius
President & CEO

Financial Calendar

| | |
|------------------------|-------------------|
| Year-end Report | October 11, 2023 |
| Annual Report | November 9, 2023 |
| Annual General Meeting | November 30, 2023 |

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 III 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 IIb 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 manufacturing 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.

For more information, please contact:

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The information was submitted for publication, through the agency of the contact person set out above, at 08.15 CET on June 28, 2023.