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Press release September 20, 2023

## **The Board of Directors in Diamyd Medical resolves on a rights issue of approximately SEK 243 million**

*The Board of Directors in Diamyd Medical AB (publ) ("Diamyd Medical" or the "Company") has, subject to approval from an extraordinary general meeting, resolved on a rights issue of a maximum of 28,594,104 units, corresponding to approximately SEK 243 million (the "**Rights Issue**"). The subscription price in the Rights Issue has been set to SEK 8.50 per unit. Each unit consists of one (1) share, of either class A or B, one (1) free of charge warrant of series TO3 for the corresponding share class and one (1) free of charge warrant of series TO4 for the corresponding share class. Shareholders in Diamyd Medical on the record date have for each three (3) held shares, regardless of share class, preferential right to subscribe for one (1) new unit of the same share class in the Rights Issue. Founder and member of the Board of Directors, Anders Essen-Möller, has committed to subscribing for units equivalent to SEK 7 million, corresponding to approximately 2.9 percent of the Rights Issue. Notice of an extraordinary general meeting will be published in a separate press release on September 21, 2023, and the extraordinary general meeting is planned to be held on October 10, 2023.*

"This rights issue, including the warrants, following the capital raise we conducted before the summer, provides us with the opportunity to realize all the values within Diamyd Medical, says Ulf Hannelius, CEO of Diamyd Medical. "Starting now also in the USA, we have taken a decisive step forward with the registration-enabling precision medicine Phase 3 trial DIAGNODE-3. The primary focus is on patient recruitment and the completion of our production facility in Umeå, while awaiting results from the ongoing booster trial and the commencement of the prevention trial with Diamyd. In line with the company's vision to cure type 1 diabetes and our insights in precision medicine, we will now also evaluate the expansion of our antigen-specific technology platform to address everyone affected by the disease."

### **Summary of the Rights Issue**

The Board of Directors in Diamyd Medical has today resolved on the Rights Issue and resolved to convene an extraordinary general meeting for its subsequent approval of the Rights Issue. The Rights Issue is carried out on the following main terms:

- The Rights Issue comprises a maximum of 28,594,104 units, corresponding to issue proceeds of approximately SEK 243 million before deduction of related issue costs.
- Shareholders in Diamyd Medical on the record date, October 13, 2023, will for each one (1) held share, regardless of share class, receive one (1) unit right of the same class. Three (3) unit rights will entitle the holder to subscribe for one (1) new unit of the corresponding share class, implying a subscription ratio of 1:3.
- Each unit consists of one (1) share, of either class A or B, one (1) free of charge warrant of series TO3 for the corresponding share class and one (1) free of charge warrant of series TO4 for the corresponding share class.

- The subscription price in the Rights Issue has been set to SEK 8.50 per unit, corresponding to a discount of approximately 9.6 percent compared to the theoretical price after separation of unit rights (TERP), based on the volume-weighted average price (VWAP) of the B-share on Nasdaq First North Growth Market on September 20, 2023.
- The last day of trading in Diamyd Medical's B-shares including the right to receive unit rights in the Rights Issue is October 11, 2023. The B-shares are traded excluding the right to receive unit rights in the Rights issue from October 12, 2023.
- The record date for participation in the Rights Issue is October 13, 2023.
- The subscription period in the Rights Issue runs between October 17, 2023 – October 31, 2023.
- Trading in unit rights (UR B) will take place on Nasdaq First North Growth Market during the period from and including October 17, 2023 to and including October 26, 2023 and trading in BTU (BTU B) will take place on Nasdaq First North Growth Market during the period from and including October 17, 2023 to and including November 20, 2023. No trading will take place in neither unit rights nor BTU of class A.
- Warrants of series TO3B and TO4B are expected to be admitted to trading on Nasdaq First North Growth Market in close connection with the Rights Issue being registered with the Swedish Companies Registration Office (Bolagsverket) and the conversion of BTUs into common shares and warrants.
- 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 on the Company's website on October 16, 2023 (the "**Prospectus**").
- The Rights Issue is subject to approval from the extraordinary general meeting. The Board of Directors has resolved on an extraordinary general meeting on October 10, 2023. Notice of the extraordinary general meeting will be issued through a separate press release.

### **Background and reason**

Diamyd® is an antigen-specific immunotherapy designed for individuals who carry a common risk gene known as HLA DR3-DQ2. This gene is found in up to 40 percent of the millions of individuals worldwide who are at risk for, or have been diagnosed with, autoimmune diabetes. By intervening early in the disease process and preserving as much of the individual's own insulin production as possible, complications of autoimmune diabetes can be significantly mitigated. These complications are not limited to cardiovascular disease, retinopathy (an eye disease that can lead to blindness), neuropathy (a nerve disease that can lead to amputation and pain), and nephropathy (a kidney disease that can lead to kidney failure). Diamyd Medical has a broad focus on preventive medicine through the registration-enabling precision medicine Phase 3 trial DIAGNODE-3, as well as the upcoming and approved prevention trial DiaPrecise. In November 2022, the FDA approved the start of the DIAGNODE-3 trial in the USA, and the first clinic in the USA has recently been initiated. Approximately ten American clinics will be added to the approximately 50 clinics that have been activated in eight European countries.

The Board of Directors in Diamyd Medical now offers shareholders to participate in the Rights Issue, which will contribute working capital to carry out the trials within the desired time frame. The Company's working capital needs for the next twelve months (until October 2024) are estimated to amount to approximately SEK 80 million in addition to cash and cash equivalents of approximately SEK 125 million according to the current plan. In order to capitalize the Company with working capital and create conditions to ensure completion of the Company's business plan and strategy, the Board of Directors resolved on September 20, 2023 to carry out the Rights Issue.

### **Use of issue proceeds**

Upon full subscription in the Rights Issue, the Company will receive initial proceeds of approximately SEK 243 million before deduction of issue costs, which are estimated to amount to approximately SEK 12 million. Should the Board of Directors resolve on an additional unit issue, the Company would receive an additional SEK 20 million, net SEK 19.2 million after issue costs, if fully exercised. Similarly, all warrants, if fully exercised, assuming full subscription in the Rights Issue and that the additional unit issue is exercised to the maximum possible amount, would generate additional issue proceeds of approximately SEK 418 million, corresponding to approximately SEK 401 million after deduction of related issue costs. All proceeds are intended to be used for the following purposes, listed in order of priority:

- Approximately 70 percent will be used for the clinical development of Diamyd<sup>®</sup>, primarily for DIAGNODE-3.
- Approximately 15 percent will be used for the continued development of the Company's production facility in Umeå.
- Approximately 10 percent will be used for the general administration and other.
- Approximately 5 percent will be used to expand the Company's antigen-specific immunotherapy platform.

#### **Preliminary timeline for the Rights Issue**

October 11, 2023	Last day of trading in B-shares including right to receive unit rights
October 12, 2023	First day of trading in B-shares excluding right to receive unit rights
October 13, 2023	Record date for the Rights Issue
October 16, 2023	Planned publishing date of the Prospectus
October 17, 2023 – October 31, 2023	Subscription period
October 17, 2023 – October 26, 2023	Trading in unit rights (UR B)
October 17, 2023 – November 20, 2023	Trading in paid subscribed units (BTU B)
October 31, 2023	Expected announcement of the preliminary outcome
November 1, 2023	Expected announcement of the final outcome

The above preliminary timeline is conditional on that the Prospectus is approved and can be published at the estimated time, i.e. October 16, 2023.

#### **Subscription commitments**

Member of the Board of Directors and founder, Anders Essen-Möller, has undertaken to subscribe for units in the Rights Issue equivalent to SEK 7 million and corresponding to approximately 2.9 percent of the Rights Issue. No fee is to be paid for the subscription commitments. The subscription commitments are not secured through pledged assets, restricted funds or similar arrangements.

#### **Exercise price and subscription period for warrants of series TO3**

Two (2) warrants of series TO3 entitle the holder to subscribe for one (1) new share of the corresponding share class in the Company during the period September 2, 2024 – September 30, 2024 at an exercise price of SEK 11.00.

#### **Exercise price and subscription period for warrants of series TO4**

Two (2) warrants of series TO4 entitle the holder to subscribe for one (1) new share of the corresponding share class in the Company during the period March 3, 2025 – March 31, 2025 at an exercise price of SEK 16.00.

#### **Additional unit issue**

Contingent on that the Rights Issue is fully subscribed, the Board of Directors of Diamyd Medical may resolve on an additional unit issue of a maximum of 2,352,941 units comprised of B-shares, equivalent to additional issue proceeds of up to approximately SEK 20 million. The allocation in the additional unit issue is conducted at the discretion of the Board of Directors and is primarily aimed towards current shareholders and strategic investors who have subscribed for units in the Rights Issue but not received full allocation. Thus, the additional unit issue may increase the total issue proceeds in the Rights Issue to approximately SEK 263 million before related issue costs.

#### **Shares and share capital**

Upon full subscription in the Rights Issue, Diamyd Medical's share capital will initially increase by SEK 2,900,050.0487, from SEK 8,700,150.3488 to SEK 11,600,200.3975, and the number of shares by 28,594,104, from 85,782,314 shares to 114,376,418 shares, meaning that the number of A-shares after a fully subscribed Rights Issue would amount to 3,408,297, and the number of B-shares would amount to 110,968,121.

Shareholders who choose not to subscribe in the Rights Issue will therefore be faced with a maximum dilution effect of approximately 25 percent of the number of shares and votes, 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 unit rights of class B.

If the Board of Directors of Diamyd Medical resolve on the additional unit issue, provided the Rights Issue is fully subscribed, and it is exercised to the maximum extent possible, the number of shares compared to the above will increase to 116,729,359, of which 3,408,297 are A-shares and 113,321,062 are B-shares, and the share capital will increase to SEK 11,838,838.6378. Shareholders would thereby experience a dilution effect of an additional maximum of approximately 2 percent of the number of shares. Shareholders who choose not to subscribe in the Rights Issue may therefore experience a dilution effect of up to approximately 27 percent of the number of shares and approximately 26.6 percent of the total number of votes.

Should both warrant series be fully exercised (assuming full subscription in the Rights Issue), this would imply an additional dilution effect of approximately 20 percent of the number of shares and approximately 20 percent of the votes. Should the Board of Directors resolve on the additional unit issue, and it is exercised to the maximum extent possible, provided the Rights Issue is fully subscribed, the dilution effect resulting from both warrant series being fully exercised would instead amount to approximately 21 percent of the number of shares and approximately 21 percent of the number of votes.

### **Prospectus**

An 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](http://www.diamyd.com), and on Aqurat Fondkommission AB's website, [www.aqurat.se](http://www.aqurat.se) as well as on G&W Fondkommission's website, [www.gwkapital.se](http://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 III trial is actively recruiting patients with recent-onset Type 1 Diabetes in eight European countries and has started in the US. 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 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 is obliged to make public pursuant to the EU Market Abuse Regulation. The information was provided by the contact person above, for publication on September 20, 2023, 18.45 CET.

### **Important information**

The information in this press release does not contain or constitute an offer to acquire, subscribe for units or otherwise trade in units, unit 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 October 16, 2023.

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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.