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Press release March 18, 2024

The Board of Directors in Diamyd Medical have resolved on a rights issue of approximately SEK 114 million

The Board of Directors in Diamyd Medical AB (publ) ("Diamyd Medical" or the "Company") has today, pursuant to the authorization granted by the Company's annual general meeting held on November 30, 2023, resolved on a rights issue of a maximum of 28,594,104 units, consisting of shares and warrants, corresponding to approximately SEK 114 million (the "Rights Issue"). The subscription price in the Rights Issue has been set to SEK 12.00 per unit, corresponding to SEK 12.00 per share (the warrants are issued free of charge). Each A-unit contains one (1) share of series A and one (1) warrant of series TO 4 A. Each B-unit contains one (1) share of series B and one (1) warrant of series TO 4 B. Shareholders in Diamyd Medical on the record date have for each ten (10) held shares, regardless of share class, preferential right to subscribe for one (1) new unit of the same share class in the Rights Issue. Chairman of the Board of Directors and founder, Anders Essen-Möller, has committed to subscribing for units equivalent to approximately SEK 1 million. In addition, CEO Ulf Hannelius has committed to subscribe for his pro rata share of the Rights Issue, corresponding to approximately SEK 0.4 million, and other senior executives have committed to subscribe for units equivalent to approximately SEK 0.2 million. In total, the Rights Issue is thus covered by subscription commitments equivalent to approximately SEK 1.6 million, corresponding to approximately 1.4 percent of the Rights Issue.

"With the very positive development led by the granting of Fast Track status by the US FDA, this preferential rights issue further strengthens our strategic position," says Ulf Hannelius, CEO of Diamyd Medical. "By harmonizing with the existing warrant structure and upcoming key milestones, it provides opportunities for advantageous long-term financial planning."

Summary of the Rights Issue

The Board of Directors in Diamyd Medical has today, pursuant to the authorization granted by the Company's annual general meeting held on November 30, 2023, resolved on the Rights Issue. The Rights Issue is carried out on the following main terms:

- The Rights Issue comprises a maximum of 9,494,799 units, of which 274,163 are A-units and 9,220,636 are B-units, corresponding to issue proceeds of approximately SEK 114 million before deduction of related issue costs.
- Shareholders in Diamyd Medical on the record date, March 27, 2024, will for each one (1) held share, regardless of share class, receive one (1) unit right of the same class. Ten (10) unit rights will entitle the holder to subscribe for one (1) new unit of the corresponding share class, implying a subscription ratio of 1:10.
- Each A-unit contains one (1) share of series A and one (1) warrant of series TO 4 A and each B-unit contains one (1) share of series B and one (1) warrant of series TO 4 B.
- The subscription price in the Rights Issue has been set to SEK 12.00 per unit, corresponding to a discount of approximately 15.9 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 March 18, 2024. The warrants are issued free of charge.

- The last day of trading in Diamyd Medical's B-shares including the right to receive unit rights of series B in the Rights Issue is March 25, 2024. The B-shares are traded excluding the right to receive unit rights of series B in the Rights issue from March 26, 2024.
- The record date for participation in the Rights Issue is March 27, 2024.
- The subscription period in the Rights Issue runs from and including April 2, 2024, to and including April 16, 2024.
- Trading in unit rights of series B (UR B) will take place on Nasdaq First North Growth Market during the period from and including April 2, 2024 to and including April 11, 2024 and trading in paid B-unit (BTU B) will take place on Nasdaq First North Growth Market during the period from and including April 2, 2024 to and including May 8, 2024. No trading will take place in neither unit rights of series A nor paid A-unit (BTU A).
- Two (2) warrants of series TO 4 entitle the holder to subscribe for one (1) new share of the corresponding share series in the Company during the period from and including March 3, 2025, to and including March 31, 2025. The exercise price for subscription of shares by exercise of warrants of series TO 4 is SEK 16.00 per share.
- Provided that the Rights Issue is fully subscribed, the Board of Directors may resolve on an additional unit issue of a maximum of 1,666,666 B-units.
- Chairman of the Board of Directors and founder, Anders Essen-Möller, has committed to subscribing for units equivalent to approximately SEK 1 million. In addition, CEO Ulf Hannelius has committed to subscribe for his pro rata share of the Rights Issue, corresponding to approximately SEK 0.4 million, and other senior executives have committed to subscribe for units equivalent to approximately SEK 0.2 million. In total, the Rights Issue is thus covered by subscription commitments equivalent to approximately SEK 1.6 million, corresponding to approximately 1.4 percent of the Rights Issue.
- 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 March 28, 2024 (the "**Prospectus**").

Background and reason

Diamyd® is an antigen-specific immunomodulatory therapeutic for prevention and treatment of autoimmune diabetes in individuals who carry a common gene type known as HLA DR3-DQ2. The gene is carried by up to 40 percent of the millions of individuals worldwide who are at risk for, or have been diagnosed with, autoimmune diabetes. The presence of the gene type can be determined through blood tests that are already routinely available in healthcare across Europe and the US. By intervening early in the course of the disease and preserving as much as possible of one's own insulin production, complications of autoimmune diabetes can be significantly reduced. These complications include cardiovascular disease, retinopathy (an eye disease that can lead to blindness), neuropathy (a nerve disease that can lead to the need for amputation and pain), and nephropathy (a kidney disease that can lead to kidney failure).

The great medical need and demand for new disease-modifying treatments for autoimmune diabetes is made clear by the partnership that Diamyd Medical entered into with the American patient organization JDRF in April 2023, as well as, market analysis from January 2024 that support premium pricing of Diamyd® and a great willingness to prescribe the drug on the US market. In addition, in February 2024, the FDA granted Diamyd® Fast Track Designation for the treatment of new-onset type 1 diabetes.

Diamyd Medical has a broad focus on preventive medicine through the registration-based precision medicine phase 3 study DIAGNODE-3, which is ongoing in eight European countries and in the US, the prevention study DiaPrecise, completion of the manufacturing facility, Diamyd Biomanufacturing, as well as market preparation regulatory and commercial activities.

Use of issue proceeds

Upon full subscription in the Rights Issue, the Company will receive initial proceeds of approximately SEK 114 million before deduction of issue costs, which are estimated to amount to approximately SEK 5.5 million. Upon full exercise of all warrants, including the warrants of series TO 4 that were issued in connection with the Company's rights issue in October 2023, provided that the Rights Issue is fully subscribed and that the additional unit issue is exercised to the maximum possible amount, the Company will receive additional issue proceeds of approximately SEK 163 million before deduction for issue costs, i.e. approximately SEK 156 million after deduction for 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®, primarily for DIAGNODE-3;

- approximately 15 percent will be used for the continued development of the Company's production facility in Umeå for production of GAD65;
- approximately 10 percent will be used for the general administration and other; and
- approximately 5 percent will be used to expand the Company's antigen-specific immunotherapy platform.

Preliminary timeline for the Rights Issue

March 25, 2024	Last day of trading in B-shares including right to receive unit rights of series B
March 26, 2024	First day of trading in B-shares excluding right to receive unit rights of series B
March 27 2024	Record date for the Rights Issue
March 28, 2024	Planned publishing date of the Prospectus
April 2, 2024 – April 16, 2024	Subscription period
April 2, 2024 – April 11, 2024	Trading in unit rights of series B (UR B)
April 2, 2024 – May, 8 2024	Trading in paid subscribed B-units (BTU B)
April 16, 2024	Expected announcement of the preliminary outcome
April 18, 2024	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 date of March 28, 2024.

Subscription commitments

Chairman of the Board of Directors and founder, Anders Essen-Möller, has committed to subscribing for units equivalent to approximately SEK 1 million. In addition, CEO Ulf Hannelius has committed to subscribe for his pro rata share of the Rights Issue, corresponding to approximately SEK 0.4 million, and other senior executives have committed to subscribe for units equivalent to approximately SEK 0.2 million. In total, the Rights Issue is thus covered by subscription commitments equivalent to approximately SEK 1.6 million, corresponding to approximately 1.4 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 TO 4

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 from and including March 3, 2025, to and including March 31, 2025, at an exercise price of SEK 16.00. The warrants of series TO 4 A and TO 4 B are the same securities that were issued in the Company's rights issue in October 2023, and TO 4 B will be traded on the Nasdaq First North Growth Market under the same ISIN as the previously issued warrants of series TO 4 B.

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 1,666,666 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 134 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 962,974.475507, from SEK 9,629,745.3636 to SEK 10,592,719.839107, and the number of shares by 9,494,799, from 94,947,996 shares to 104,442,795 shares. After a fully subscribed Rights Issue, the number of A-shares will increase by 264,173 shares, from 2,741,630 shares to 3,015,793 shares, and the number of B-shares will increase by 9,220,636 shares, from 92,206,366 shares to 101,427,002 shares.

Shareholders who choose not to subscribe in the Rights Issue will therefore be faced with a maximum dilution effect of approximately 9.1 percent of the number of shares and votes, calculated as new shares and votes divided by the total number of outstanding shares and votes after the Rights Issue, but are given the opportunity to be financially compensated for this dilution effect by selling their received unit rights of series B.

If the Board of Directors of Diamyd Medical resolve on the additional unit issue and it is exercised and subscribed to the maximum amount possible, the number of B-shares will increase by 1,666,666 shares. Considering that the

Rights Issue is fully subscribed, the total number of shares will thus increase by 1,666,666 shares, from 104,442,795 shares to 106,109,461 shares, of which 3,015,793 are A-shares and 103,093,668 are B-shares. Upon full exercise and subscription of the additional unit issue, the share capital will increase by SEK 169,035.365277, from SEK 10,592,719.839107 to SEK 10,761,775.2044, provided a fully subscribed Rights Issue. Shareholders would thereby experience a dilution effect of an additional maximum of approximately 1.6 percent of the number of shares and approximately 1.3 percent of the number of votes. Shareholders who choose not to subscribe in the Rights Issue may therefore experience a dilution effect of up to approximately 10.5 percent of the number of shares and approximately 10.2 percent of the total number of votes.

Should the warrants be fully exercised (assuming full subscription in the Rights Issue and that all warrants of series TO 4 issued in connection with the rights issue in October 2023 are exercised), this would imply an additional dilution effect of approximately 8.7 percent of the number of shares and approximately 8.4 percent of the number of 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 the warrant series being fully exercised would instead amount to approximately 18.3 percent of the number of shares and approximately 17.8 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 commences 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. MAQS Advokatbyrå 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 the prevention and treatment of Type 1 Diabetes and LADA (Latent Autoimmune Diabetes in Adults). Diamyd® is an antigen-specific immunomodulatory therapeutic for the preservation of endogenous insulin production that has been granted Orphan Drug Designation in the U.S. as well as Fast Track Designation (Feb-2024) by the U.S. FDA. DIAGNODE-3, a confirmatory Phase III trial is actively recruiting patients with recent-onset Type 1 Diabetes in eight European countries and 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 prospective European Phase IIb trial, where Diamyd® was administered directly into a superficial lymph node in children and young adults with recently diagnosed Type 1 Diabetes. Injections into a superficial lymphnode can be performed in minutes and is intended to optimize the immune response. A biomanufacturing facility is under development in Umeå, Sweden, for the manufacture of recombinant GAD65 protein, the active ingredient in the antigen-specific immunotherapy Diamyd®. Diamyd Medical also develops the GABA-based investigational drug Remygen® as a component in the treatments of metabolic diseases. Diamyd Medical is a major shareholder 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 March 18, 2024, 18.15 CET.

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This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and has not been approved by any regulatory authority in any jurisdiction. A prospectus, equivalent to an EU growth prospectus, regarding the Rights Issue referred to in this press release will be prepared and published by the Company before the subscription period in the Rights Issue begins. 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 March 28, 2024.

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No unit rights, paid subscribed units (BTU) or new shares and warrants 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.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies, and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is required by law or Nasdaq First North Growth Market rule book for issuers.