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Diamyd Medical enters the stem cell field with investment in Swedish cord blood bank

Diamyd Medical has signed an agreement with a group of founding partners and Karolinska Institutet Holding AB, by which Diamyd Medical agrees to invest SEK 11.5 million for the establishment of a commercial cord blood bank in Sweden for private family saving of umbilical cord blood and other sources of stem cells. The intention is also to collect and make available stem cells from umbilical cord tissue for research purposes in order to advance the fields of stem cells and regenerative medicine, including research within type 1 diabetes.

Stem cells from umbilical cord blood and other sources are subject to much research for potential future use in a variety of ways across a broad range of disorders. Private family cord blood banking has been available in the US for more than 20 years and is available in most European countries, but still no such service is on offer in Sweden.

“With this investment we establish a foothold in the expansive fields of stem cells and regenerative medicine,” says Peter Zerhouni, President and CEO of Diamyd Medical. “From a financial point of view the risk is limited given the many examples of established private cord blood banks in other countries.”

The new company will be capitalized with SEK 14 million in total. Diamyd Medical will receive preference shares corresponding to 46 percent of the new company and have board representation. Head of the new venture will be Hans-Peter Ekre, one of the founding partners, with prior experience as R&D director and entrepreneur from KabiPharmacia, Astra and Karolinska Development.

“We have identified a demand for family cord blood banking in Sweden and think the time is right to set up a company that can offer this service as well as facilitating research in an area which holds much promise”, says Hans-Peter Ekre. “We are convinced that the consortium we have formed with Diamyd Medical and Karolinska Institutet Holding AB will strongly contribute to the success of the project.”

Diamyd Medical is dedicated to find a cure for type 1 diabetes, which is one example of a disease where autologous umbilical cord blood and stem cells are being evaluated for clinical use, both to address the underlying autoimmune process and to replace the lost insulin producing cells. A future treatment could involve a combination of stem cell therapy and Diamyd Medical’s diabetes vaccine Diamyd® that is under development.

“Autologous stem cells originating from cord blood may well become of important value for the future treatment of many different kind of diseases, not only type 1 diabetes, but also other autoimmune diseases such as thyroiditis and Addison's Disease as well as severe allergic conditions. Researchers will most certainly be interested in that stem cells from the umbilical cord become available for research,” says Åke Lernmark, Professor at Lund University and member of Diamyd Medical’s Scientific Advisory Board.

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About Diamyd Medical

Diamyd Medical is a Swedish diabetes company. The Company's primary development project consists of the GAD-based diabetes vaccine Diamyd[®] for the treatment and prevention of autoimmune diabetes. Two Swedish researcher-initiated Phase II studies with Diamyd[®] are ongoing. One study evaluates whether the diabetes vaccine can prevent type 1 diabetes in children who are at high risk of developing the disease, while the other study evaluates whether Diamyd[®] in combination with vitamin D and ibuprofen can preserve the body's own ability to regulate the blood sugar level in children and adolescents newly diagnosed with type 1 diabetes.

In 2013 the Company concluded an exclusive licensing agreement with the University of California in Los Angeles (UCLA) relating to a patent portfolio for the therapeutic use of GABA (gamma-aminobutyric acid) and GABA receptor agonists for the treatment and prevention of type 1 and type 2 diabetes and other inflammation-related conditions, such as metabolic syndrome, rheumatoid arthritis and allergies.

Diamyd Medical also has holdings in the gene therapy company Periphagen Holdings, Inc. (US).

Diamyd Medical's Series B share is traded on NASDAQ OMX First North under the ticker DMYD B. Remium Nordic AB is the Company's Certified Adviser. Further information is available on the Company's website: www.diamyd.com.

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