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Press release, February 2, 2016

Diamyd Medical's major owners fully subscribe for their share of a rights issue

Diamyd Medical (NASDAQ Stockholm First North, DMYD B), world leader in the development of Antigen Based Therapy for type 1 diabetes, announced today that its major owners, Bertil Lindkvist and Anders Essen-Möller, notified that they will take up their share corresponding to approximately one third of the upcoming rights issue of SEK 22.1 million.

Diamyd Medical's rights issue is implemented with the aim to strengthen the Company's negotiating position in discussions with pharmaceutical companies. In addition, a new GABA/GAD study is being planned as well as pre-clinical studies in Prague. An extension of the ongoing DIAGNODE-study is being prepared. A dialysis step may be added into the manufacturing process to improve the efficacy of the GAD-based diabetes vaccine Diamyd® in combination with GABA's tolerogenic nature. The Company also makes room for further investments in the stem cell company Cellaviva.

First day of trading in the B share without entitlement to participate in the rights issue is February 2, 2016. Record date for participation in the rights issue is February 3, 2016. The issue price has been set at SEK 3.00 per share. The subscription period will extend from February 8, 2016 until February 22, 2016. Trading in subscription rights will extend from February 8, 2016 until February 18, 2016 on Nasdaq Stockholm First North. Subscription for shares can also be made without subscription rights, but without a guaranteed allotment.

Information material regarding the offer of subscription of shares will be available from February 8, 2016 on Diamyd Medical's website, www.diamyd.com, and on Aqurat Fondkommission's website www.aqurat.se.

Important notice

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The subscription rights, the BTAs (interim shares) and the new shares will not be registered in accordance with the Securities Act or any provincial act in Canada and may not be transferred or offered for sale in the United States or Canada or to persons resident there, or on account of such persons other than in such exceptional cases that do not require registration in accordance with the Securities Act or any provincial act in Canada.

About Diamyd Medical

Diamyd Medical is dedicated to finding a cure for autoimmune diabetes through pharmaceutical development and investments in stem cell and medical technology.

Diamyd Medical develops the diabetes vaccine Diamyd®, an Antigen Based Therapy (ABT) based on the exclusively licensed GAD-molecule. The Company's licensed technologies for GABA and Gliadin have also

potential to become key pieces of the puzzle of a future solution to prevent, treat or cure autoimmune diabetes, and also certain inflammatory diseases. At this time six clinical studies are ongoing with Diamyd®. Diamyd Medical is with its holdings of 39% one of the major shareholders in the stem cell company Cellaviva AB. Stem cells can be expected to be used in Personalized Regenerative Medicine (PRM), for example for restoration of beta cell mass in diabetes patients where the autoimmune component of the disease has been arrested. Diamyd Medical also has holdings in the medtech company Companion Medical, Inc., San Diego, USA and in the gene therapy company Periphagen, Inc., Pittsburgh, USA.

Diamyd Medical's B-share is traded on Nasdaq Stockholm First North under the ticker DMYD B. Remium Nordic AB is the Company's Certified Adviser.

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