



Press release, June 29, 2016

Diamyd Medical provides information regarding changes in associated company Cellaviva

Diamyd Medical (Nasdaq Stockholm First North, DMYD B) announces that the stem cell company Cellaviva AB is to be refinanced by approximately MSEK 8.2 through the exercise of a convertible loan of about MSEK 2.7 and a capital contribution of approximately MSEK 5.5, of which Diamyd Medical's shares amount to MSEK 1.3 and MSEK 1, respectively. Cellaviva intends to increase its focus on the development of therapeutic stem cell products. Diamyd Medical has also announced in its quarterly report, which was published today, that an impairment has been made of the previous holding.

Developments in stem cell therapy are progressing at a rapid pace. Inflammatory disease, rejection of transplant, arthritis, stroke and autoimmune diseases such as type 1 diabetes and MS are some of the indications that are subject of comprehensive clinical tests on a global scale today. In addition to harvesting stem cells at birth for the newborns' possible future use, Cellaviva sees opportunities in developing "of-the-shelf" products for certain therapeutic areas of application.

Diamyd Medical's ownership share of Cellaviva is expected to be halved as a result of the refinancing and subsequently amount to about 22%.

"This reduces our exposure and risk, and although the investment is regarded as strategic, it must be seen as an investment that is separate from Diamyd Medical's core operation – curing diabetes," says Ulf Hannelius, President and CEO of Diamyd Medical.

Diamyd Medical announced earlier that an impairment of the holding in Cellaviva could be undertaken (see press release dated June 2, 2016). In conjunction with the preparation of the financial statements for the third quarter of the 2015/2016 financial year, the Board and management of Diamyd Medical have identified a need for impairment of the carrying amount, corresponding to MSEK 13.5.

About Cellaviva

Cellaviva is Sweden's first biobank for family saving of, and research on, stem cells from the umbilical cord. Stem cells from the umbilical cord are collected at birth, analyzed, frozen, and saved for possible future use. Every cell in the body is stemming from stem cells that have unique properties, which make them attractive from a medical perspective. The operations work under approval from the Swedish Health and Social Care Inspectorate (IVO). Read more at www.cellaviva.se.

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 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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