



Press Release, February 18, 2013

## **Diamyd's major shareholders reach agreement**

*Shareholders in Diamyd Medical AB representing a majority of the votes in the Company have reached an agreement to distribute the parent company's excess cash to the shareholders and to convert all shares to series B shares with equal voting power. They have further agreed that the shares in the subsidiary Diamyd Therapeutics AB shall be distributed to the shareholders and that the subsidiary shall be capitalized with SEK 50 million. The planned Extraordinary General Meeting of Diamyd Medical AB to be held on March 13, 2013 will be cancelled as a consequence of the agreement.*

The above solution is the result of a mutual agreement reached today between the shareholder and Chairman of the Board of Directors, Anders Essen-Möller, and a group of other shareholders. The same group of shareholders had requested an Extraordinary General Meeting that has been summoned to for March 13, 2013 in order to address their proposal that Diamyd Medical AB enter into liquidation. Following today's agreement that request will be withdrawn and the Extraordinary General Meeting will be cancelled.

"We have agreed on a solution that benefits all shareholders and our staff without slowing down the development of our diabetes vaccine" says Anders Essen-Möller. "Now we look ahead to continue our work to find a long term solution for all that are afflicted by diabetes."

The parties will collaborate to as soon as possible identify new members for the Board of Directors of Diamyd Medical AB. Anders Essen-Möller will be proposed as a member of the Board.

The agreement entails the following:

1. The shares in the subsidiary Diamyd Therapeutics AB where the current activities within diabetes have been gathered will be distributed to the shareholders. That company will be capitalized with SEK 50 million. That company will have series A and series B shares in the same manner as Diamyd Medical AB has today. Anders Essen-Möller will be proposed to become the Chairman of the Board. The intention is that this company will be listed.
2. Following the distribution of Diamyd Therapeutics AB, all series A shares in Diamyd Medical AB will immediately be converted to series B shares. Anders Essen-Möller who is the only holder of series A shares has committed to convert his series A shares to series B shares. Remaining in Diamyd Medical AB will be the rest of the liquid assets amounting to approximately SEK 300 million, and the holdings in Protein Sciences Corporation and Mercodia AB.
3. The greater part of the liquid assets in Diamyd Medical AB are proposed to be distributed to the shareholders as soon as possible. Some cash will be set aside to be used to manage the other remaining assets until the value of those assets can be realized and distributed to the shareholders.

### **For more information, please contact:**

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### **About Diamyd Medical**

Diamyd Medical was founded in 1996 and is active in the field of pharmaceutical development. Diamyd Medical is headquartered in Stockholm, Sweden. The Company's development project consists of the protein GAD for the treatment and prevention of autoimmune diabetes. Two Swedish researcher-initiated Phase II studies are ongoing. One study evaluates whether GAD can prevent type 1 diabetes in children who are at high risk of developing the disease and one study evaluates whether GAD in combination with relatively high doses of

vitamin D and ibuprofen can preserve the body's own ability to control the blood sugar level in children and adolescents newly diagnosed with type 1 diabetes.

Diamyd Medical also has holdings in the gene therapy company Periphagen Holdings, Inc. (USA), the vaccine company Protein Sciences Corporation (USA) and the diagnostics company Mercodia AB (Sweden).

Diamyd shares are listed on Nasdaq OMX (segment Small Cap) in Stockholm (ticker: DIAM B) and on OTCQX in the US (ticker: DMYDY) administered by the Pink OTC Markets and the Bank of New York Mellon (PAL). Further information is available on the Company's website: [www.diamyd.com](http://www.diamyd.com).

*This information is disclosed in accordance with the Swedish Securities Markets Act, the Swedish Financial Instruments Trading Act, or the requirements stated in the listing agreements.*

**Diamyd Medical AB (publ)**

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