September 28, 2021

DiaMedica Therapeutics Announces Closing of $30 Million Private Placement

MINNEAPOLIS--(BUSINESS WIRE)-- DiaMedica Therapeutics Inc. (Nasdaq: DMAC), a clinical-stage biopharmaceutical company focused on developing novel treatments for neurological disorders and kidney diseases, today announced the closing of its previously announced $30 million private placement to ten accredited investors. The Company sold approximately 7.7 million common shares at purchase price of $3.92 per share equal to the per share closing price of the Company's common shares on September 24, 2021. After deducting estimated offering expenses, the Company received net proceeds of approximately $29.8 million.

"Investors are coming to us because they recognize the opportunity for DM199 to change the standard of care for millions of patients around the globe," said Rick Pauls, President and Chief Executive Officer of DiaMedica. "This financing strengthens our balance sheet and provides us with the resources to reach key clinical milestones for our lead program, the pivotal ReMEDy2 trial of DM199 for the treatment of acute ischemic stroke."

The Company reported cash, cash equivalents and short-term investments of $21.3 million as of June 30, 2021. On a pro forma basis, including estimated net proceeds from this direct sale of $29.8 million, the Company's cash, cash equivalents and short-term investments would have been $51.1 million.

The securities sold in the private placement have not been registered under the U.S. Securities Act of 1933, as amended, or any state or other applicable jurisdiction's securities laws, and may not be offered or sold in the United States absent such registration or an applicable exemption therefrom. The Company has agreed to file a registration statement with the U.S. Securities and Exchange Commission registering the resale of the common shares issued in the private placement.

This release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Company's securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or other jurisdiction.

About DM199

DM199 is a recombinant (synthetic) form of human tissue kallikrein-1 (KLK1). KLK1 is a serine protease (protein) that plays an important role in the regulation of diverse physiological processes including blood flow, inflammation, fibrosis, oxidative stress and neurogenesis via a molecular mechanism that, among other things, increases production of nitric oxide and prostaglandin. KLK1 deficiency may play a role in multiple vascular and fibrotic diseases such as stroke, chronic kidney disease, retinopathy, vascular dementia and resistant hypertension where current treatment options are limited or ineffective. DiaMedica

is the first company to have developed and clinically studied a pharmaceutically active recombinant form of the KLK1 protein. The KLK1 protein, in forms produced from porcine pancreas and human urine, has been used to treat patients in Japan, China and Korea for decades. DM199 is currently being studied in patients with acute ischemic stroke and chronic kidney disease.

About DiaMedica Therapeutics Inc.

DiaMedica Therapeutics Inc. is a clinical stage biopharmaceutical company committed to improving the lives of people suffering from serious diseases. DiaMedica's lead candidate DM199 is the first pharmaceutically active recombinant (synthetic) form of the KLK1 protein, an established therapeutic modality for the treatment of acute ischemic stroke and chronic kidney disease. For more information visit our website at www.diamedica.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information that are based on the beliefs of management and reflect management's current expectations. When used in this press release, the words "estimate," "believe," "anticipate," "intend," "expect," "plan," "continue," "look forward," "will," "may" or "should," the negative of these words or such variations thereon or comparable terminology and the use of future dates are intended to identify forward-looking statements and information. The forward-looking statements and information in this press release include statements regarding the opportunity for DM199 to change the standard of care for millions of patients around the globe and the anticipated clinical benefits and success of DM199; the timing and requirements of its clinical programs, including its Phase 2/3 trial for DM199 in patients with acute ischemic stroke, and cash runway timing. Such statements and information reflect management's current view and DiaMedica undertakes no obligation to update or revise any of these statements or information. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Applicable risks and uncertainties include, among others, the possibility of unfavorable results from DiaMedica's ongoing or future clinical trials of DM199; the risk that existing preclinical and clinical data may not be predictive of the results of ongoing or later clinical trials; risks associated with DiaMedica's plans to develop, obtain regulatory approval for and commercialize its DM199 product candidate for the treatment of acute ischemic stroke and chronic kidney disease and its expectations regarding the benefits of DM199; DiaMedica's ability to conduct successful clinical testing of DM199 and within its anticipated parameters, costs and timeframes; the perceived benefits of DM199 over existing treatment options; the potential direct or indirect impact of the COVID-19 pandemic on DiaMedica's business; DiaMedica's reliance on collaboration with third parties to conduct clinical trials; DiaMedica's ability to continue to obtain funding for its operations, including funding necessary to complete planned clinical trials and obtain regulatory approvals for DM199 for acute ischemic stroke and chronic kidney disease, and the risks identified under the heading "Risk Factors" in DiaMedica's annual report on Form 10-K for the fiscal year ended December 31, 2020 2020 and subsequent filings with the U.S. Securities and Exchange Commission. The forward-looking information contained in this press release represents the expectations of

DiaMedica as of the date of this press release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While DiaMedica may elect to, it does not undertake to update this information at any particular time except as required in accordance with applicable laws.

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