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DiaMedica Therapeutics and Ahon Pharma, a Fosun Pharma Portfolio Company, Announces Signing of License Agreement for DM199 in China for Acute Ischemic Stroke

MINNEAPOLIS, MINNESOTA and SHANGHAI, CHINA —(Marketwire – September 27, 2018) - Ahon Pharmaceutical Co Ltd.(Ahon Pharma), a subsidiary of Shanghai Fosun Pharmaceutical (Group) Co. Ltd, (Fosun Pharma, HKG: 02196 and SHA: 600196) and DiaMedica Therapeutics Inc. (TSX Venture: DMA and OTCQB: DMCAF) today entered into a license and collaboration agreement, which allows Ahon to have exclusive rights to develop and commercialize DM199 for acute ischemic stroke in mainland China, Taiwan, Hong Kong S.A.R. and Macau S.A.R. Fosun Pharma is one of China's largest pharmaceutical firms with annual sales of more than USD\$2 billion and an extensive related hospital sales force.

DM199 (synthetic KLK1 protein) is an investigational product in development to treat patients who experience an acute ischemic stroke. Upon successful development, DM199 could provide a treatment option for patients worldwide who suffer from an acute ischemic stroke within 24 hours compared to the short, 3 to 4.5-hour treatment window available today with tissue plasminogen activator ("tPA", with trade name Activase®). In China, a human urine source form of the KLK1 protein, u-KLK1 or Kailikang®, has been approved and widely used since 2005.

Under the terms of the license agreement, DiaMedica is entitled to receive an upfront payment of \$5 million, consisting of \$500,000 on signing and \$4.5 million upon regulatory clearance to initiate a clinical trial in China. DiaMedica also has the potential to receive an additional \$27.5 million in development and sales related milestones and high single and low double-digit royalties on net sales of DM199 in the licensed territories. All development, regulatory, sales, marketing, and commercial activities and associated costs in the licensed territories will be the sole responsibility of Ahon Pharma.

Fosun Pharma, with its partnership with SK Group (a South Korea based Fortune Global 100 Company) called Hermed Capital Healthcare Fund, is an investor in DiaMedica through its equity investment in 2016.

"We are extremely pleased to have Ahon Pharma and Fosun Pharma as our partner, one of the largest pharmaceutical companies in China. Their existing equity interest makes them a trusted partner to commercialize and market DM199 in mainland China and certain surrounding territories for acute ischemic stroke," stated Rick Pauls, President and CEO of DiaMedica. "Ahon Pharma and Fosun Pharma have significant resources and commercial

capabilities to develop and market DM199 to stroke health care providers and patients. This collaboration is aligned with DiaMedica's global strategy to bring DM199 to the market for the millions of patients who suffer from acute ischemic strokes each year."

Mr. Guang Qu, President of Ahon Pharma commented, "With the acceleration of the aging population in China, stroke has placed a big burden on patient, family, society and healthcare settings. This collaboration conduces to the integration of the existing advantages of both parties, and to the satisfaction of the urgent need of drug access and standardized treatment for acute ischemic stroke patients in China."

About Acute Ischemic Stroke

An acute ischemic stroke is characterized by rapid loss of brain function due to an interruption of blood supply to the brain due to a blood clot. Affected areas of the brain become inactive and cells eventually die causing neurological impairment. Each year over 12 million people worldwide suffer an acute ischemic stroke and it is the leading cause of death and disability globally. The only approved U.S. Food and Drug Administration ("FDA") or European Medicines Agency ("EMA") drug treatment is tPA (Activase®). However, only 5-7% of acute ischemic stroke patients are actually treated with tPA due to eligibility and other issues.

About DM199 for Acute Ischemic Stroke

DM199 is a recombinant human tissue kallikrein 1 (rh-KLK1). KLK1 cleaves the low molecular weight kininogen to produce kinins, which is known as the kallikrein-kinin system (KKS), causing many beneficial effects to ischemia including vasodilation, anti-inflammation, cell repair and decreased apoptosis, with a possible therapeutic window of 24 hours or above.

About Fosun Pharma and Ahon Pharma

Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("**Fosun Pharma**"; stock code: 600196.SH in Shanghai, [02196.HK](#) in Hong Kong) is a leading healthcare group in China. Fosun Pharma's business covers the whole healthcare industry chain, including pharmaceutical manufacturing and R&D, healthcare services, medical devices and diagnosis, as well as pharmaceutical distribution and retail, making contribution to improving people's health. Fosun Pharma maintains a national recognized enterprise technology center and a highly capable international R&D team, with relentless efforts exerted on innovation and research of therapeutic areas including cardiovascular system, central nervous system, blood system, metabolism and alimentary system, anti-infection and anti-tumor.

Ahon Pharmaceutical Co., Ltd. ("**Ahon Pharma**") develops and produces high-tech biological pharmaceutical and biopharmaceuticals. Ahon Pharma joined Shanghai Fosun Pharma Group Company in 2011 and is one of Fosun Pharma's core member enterprises. Ahon Pharma's lead marketed product is for treatment of acute neurological disorders.

About DiaMedica Therapeutics Inc.

DiaMedica Therapeutics is a clinical stage biopharmaceutical company focused on developing novel treatments for neurological and kidney diseases. DiaMedica's shares are

listed on the TSX Venture Exchange under the trading symbol “DMA” and on the OTCQB under the trading symbol “DMCAF”. For more information, please visit www.diamedica.com. Follow us on social media - [Twitter](#), [LinkedIn](#).

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The statements made in this press release that are not historical facts contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address DiaMedica’s expectations, should be considered forward-looking statements. Such statements are based on management’s exercise of business judgment as well as assumptions made by and information currently available to management. When used in this press release, the words “may”, “will”, “anticipate”, “believe”, “estimate”, “expect”, “intend” and words of similar import, are intended to identify any forward-looking statements. Forward-looking statements in this press release include statements concerning DiaMedica’s expectation that it will receive payments from Ahon pursuant to the license agreement, and its anticipation for DM 199 upon successful development of the drug, and all other statements that are not statements of historical fact. You should not place undue reliance on these forward-looking statements. These statements reflect a current view of future events and are subject to certain risks and uncertainties as contained in the DiaMedica’s filings with the Canadian securities regulators, all of which are available on SEDAR (www.sedar.com). These risks and uncertainties include, among others, the difficulty of developing pharmaceutical products, obtaining regulatory and other approvals and achieving market acceptance; risks and results of clinical testing; risks involved in international operations; dependence upon Ahon Pharma and Fosun Pharma for the development, regulatory, sales, marketing, and commercial activities and associated costs of DM199 in the licensed territories; need for, and ability to obtain, additional financing to fund future development of DM199, and the terms of such additional financing; and other factors identified and discussed from time to time in DiaMedica’s filings with Canadian securities regulators. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results could differ materially from those anticipated in these forward-looking statements. DiaMedica undertakes no obligation, and does not intend to update, revise or otherwise publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events, unless required by law. Although management believes that expectations are based on reasonable assumptions, no

assurance can be given that these expectations will materialize.

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Source: DiaMedica Therapeutics Inc.