UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-36291

DIAMEDICA THERAPEUTICS INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

301 Carlson Parkway, Suite 210
Minneapolis, Minnesota 55305
(Address of principal executive offices) (Zip Code)

(763) 496-5454
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act**:**

Title of each class	Trading Symbol	Name of each exchange on which registered
Voting common shares, no par value per share	DMAC	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of May 4, 2026, there were 53,883,345 voting common shares of the registrant outstanding.

DiaMedica Therapeutics Inc.
FORM 10-Q
March 31, 2026

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This quarterly report on Form 10-Q contains certain forward-looking statements that are within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by those sections. For more information, see "Cautionary Note Regarding Forward-Looking Statements."

As used in this report, references to "DiaMedica," the "Company," "we," "our" or "us," unless the context otherwise requires, refer to DiaMedica Therapeutics Inc. and its subsidiaries, all of which are consolidated in DiaMedica's condensed consolidated financial statements. References in this report to "common shares" mean our voting common shares, no par value per share.

We own various unregistered trademarks and service marks, including our corporate logo. Solely for convenience, the trademarks and trade names in this report are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that the owner of such trademarks and trade names will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend the use or display of other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this report that are not descriptions of historical facts are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 that are based on management's current expectations and are subject to risks and uncertainties that could negatively affect our business, operating results, financial condition, prospects and share price. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," "will," "would," the negative of these terms or other comparable terminology and the use of future dates.

The forward-looking statements in this report are subject to risks and uncertainties and include, among other things:

- our plans to develop, obtain U.S. Food and Drug Administration approval for the clinical study of DM199 for preeclampsia (PE) and fetal growth restriction (FGR) and ultimately to obtain regulatory approval for and commercialize our DM199 product candidate for the treatment of PE, FGR and acute ischemic stroke (AIS);

- our ability to conduct successful clinical testing of our DM199 product candidate for PE, FGR and AIS and meet certain anticipated or target milestones and dates thereof with respect to our clinical studies;

- the ability of our physician collaborators to successfully complete the current Phase 2, proof-of-concept investigator-sponsored clinical trial of DM199 for the treatment of PE and FGR, our reliance on these physician collaborators to conduct the study, and our expectations related to the timing of Part 1b and Parts 2 and 3 of this study;

- our ability to meet anticipated site activations, enrollment and interim analysis timing with respect to our Phase 2/3 ReMEDy2 clinical trial of DM199 for the treatment of AIS, especially in the light of slower than expected site activations and enrollment which we believe are due, in part, to hospital and medical facility staffing shortages; inclusion/exclusion criteria in the study protocol; concerns managing logistics and protocol compliance for participants discharged from the hospital to an intermediate care facility; concerns regarding the prior clinically significant hypotension events and circumstances surrounding the clinical hold which was lifted in June 2023; use of artificial intelligence and telemedicine which have enabled smaller hospitals to retain AIS patients not eligible for mechanical thrombectomy instead of sending these patients to the larger stroke centers which are more likely to be sites in our trial; and competition for research staff and trial subjects due to other pending stroke and neurological clinical trials;

- the success of the actions we are taking to mitigate the impact of the factors adversely affecting our ReMEDy2 trial site activations and enrollment rate, including significantly expanding our internal clinical team and bringing in-house certain trial activities, such as study site identification, qualification and activation, clinical site monitoring, supporting vendor management and overall program management; globally expanding the trial; and making certain changes to the study protocol; and risks associated with these mitigation actions;

- uncertainties relating to regulatory applications and related filing and approval timelines, especially in light of recent changes in funding and staffing levels for the U.S. Food and Drug Administration (FDA) and other government agencies;

- pending and future government agency requests for additional studies and uncertainty and potential delays in obtaining results from the same;

- the possible occurrence of future adverse events associated with or unfavorable results from current trials and their potential to adversely effect other current or future trials;

- the adaptive design of our ReMEDy2 trial, which is intended to enroll approximately 300 patients at up to 100 sites globally, and the possibility that the final sample size, which will be determined based upon the results of an interim analysis of 200 participants, may be up to 728 patients, according to a pre-determined statistical plan, other possible changes in the trial, including as a result of input from the FDA, and the results of the interim analysis as determined by our independent data safety monitoring board;

- our expectations regarding the perceived benefits of our DM199 product candidate over existing treatment options for PE, FGR and AIS;

- our ability to partner with and generate revenue from biopharmaceutical or pharmaceutical partners to develop, obtain regulatory approval for, and commercialize our DM199 product candidate for PE, FGR and AIS;

- the potential size of the markets for our DM199 product candidate for PE, FGR and AIS and our or any future partner's ability to serve those markets, the rate and degree of market acceptance of and ability to obtain coverage and adequate reimbursement for, our DM199 product candidate for PE, FGR and AIS both in the United States and internationally;

- the success, cost and timing of our clinical trials, as well as our reliance on our key executives, clinical personnel, advisors and third parties in connection with our trials;

- our or any future partner's ability to commercialize, market and manufacture DM199;

- expectations regarding U.S. federal, state and foreign regulatory requirements and developments affecting our pending and future clinical trials and regulatory approvals of our DM199 product candidate for PE, FGR and AIS and future commercialization and manufacturing of such products if required regulatory approvals are obtained;

- our expectations regarding our ability to obtain and maintain intellectual property protection for our DM199 product candidate;

- expectations regarding competition and our ability to obtain data exclusivity for our DM199 product candidate for PE, FGR and AIS; and

- our estimates regarding expenses, market opportunity for our product candidates, future revenue, and capital requirements; our anticipated use of the net proceeds from our prior private placements; how long our current cash resources will last; and our need for and ability to obtain additional financing to fund our operations, including funding necessary to complete our current clinical trials and obtain regulatory approvals for our DM199 product candidate for PE, FGR and/or AIS.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under "*Part I. Item 1A. Risk Factors*" in our annual report on Form 10-K for the fiscal year ended December 31, 2025 and those described above and that may appear elsewhere in this report, including under "*Part II. Item 1A. Risk Factors*." Moreover, we operate in a very competitive and rapidly-changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements should not be relied upon as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Except as required by law, including the securities laws of the United States, we do not intend to update any forward-looking statements to conform these statements to actual results or to changes in our expectations.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DiaMedica Therapeutics Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share amounts)

	March 31, 2026 (unaudited)	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,868	$ 15,647
Marketable securities	46,463	44,243
Prepaid expenses and other assets	731	481
Amounts receivable	301	258
Total current assets	52,363	60,629
Non-current assets:		
Deferred offering costs	400	400
Operating lease right-of-use asset, net	175	197
Property and equipment, net	142	145
Total non-current assets	717	742
Total assets	$ 53,080	$ 61,371
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 3,293	$ 1,475
Accrued liabilities	2,340	3,545
Operating lease obligation	104	101
Finance lease obligation	11	11
Total current liabilities	5,748	5,132
Non-current liabilities:		
Operating lease obligation	96	124
Finance lease obligation	1	4
Total non-current liabilities	97	128
Shareholders' equity:		
Common shares, no par value; unlimited authorized; 53,883,345 and 53,742,370 shares issued and outstanding, as of March 31, 2026 and December 31, 2025, respectively	—	—
Paid-in capital	230,071	228,829
Accumulated other comprehensive income (loss)	(26)	50
Accumulated deficit	(182,810)	(172,768)
Total shareholders' equity	47,235	56,111
Total liabilities and shareholders' equity	$ 53,080	$ 61,371

See accompanying notes to the condensed consolidated financial statements.

DiaMedica Therapeutics Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Operating expenses:		
Research and development	$ 7,987	$ 5,656
General and administrative	2,495	2,488
Operating loss	(10,482)	(8,144)
Other income, net	447	443
Loss before income tax expense	(10,035)	(7,701)
Income tax expense	(7)	(6)
Net loss	(10,042)	(7,707)
Other comprehensive loss		
Unrealized loss on marketable securities	(76)	(18)
Net loss and comprehensive loss	$ (10,118)	$ (7,725)
Basic and diluted net loss per share	$ (0.19)	$ (0.18)
Weighted average shares outstanding – basic and diluted	53,793,490	42,843,938

See accompanying notes to the condensed consolidated financial statements.

DiaMedica Therapeutics Inc.
Condensed Consolidated Statements of Shareholders' Equity
For the Three Months Ended March 31, 2026 and 2025
(In thousands, except share amounts)
(Unaudited)

	Common Shares	Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity
Balances at December 31, 2025	53,742,370	$ 228,829	$ 50	$ (172,768)	$ 56,111
Issuance of common shares upon the exercise of stock options	140,136	420	—	—	420
Issuance of common shares upon the vesting and settlement of restricted stock units	839	—	—	—	—
Share-based compensation expense	—	822	—	—	822
Unrealized loss on marketable securities	—	—	(76)	—	(76)
Net loss	—	—	—	(10,042)	(10,042)
Balances at March 31, 2026	53,883,345	$ 230,071	$ (26)	$ (182,810)	$ 47,235

	Common Shares	Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity
Balances at December 31, 2024	42,818,660	$ 180,697	$ 23	$ (140,002)	$ 40,718
Issuance of common shares upon the exercise of stock options	37,000	94	—	—	94
Issuance of common shares upon the vesting and settlement of restricted stock units	3,805	—	—	—	—
Share-based compensation expense	—	867	—	—	867
Unrealized loss on marketable securities	—	—	(18)	—	(18)
Net loss	—	—	—	(7,707)	(7,707)
Balances at March 31, 2025	42,859,465	$ 181,658	$ 5	$ (147,709)	$ 33,954

See accompanying notes to the condensed consolidated financial statements.

DiaMedica Therapeutics Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (10,042)	$ (7,707)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	822	867
Amortization of discounts on marketable securities	(190)	(261)
Non-cash lease expense	22	20
Depreciation	11	11
Changes in operating assets and liabilities:		
Amounts receivable	(43)	(17)
Prepaid expenses and other assets	(250)	(422)
Deposits	—	1,108
Accounts payable	1,818	567
Accrued liabilities and operating lease liabilities	(1,230)	(1,315)
Net cash used in operating activities	(9,082)	(7,149)
Cash flows from investing activities:		
Purchase of marketable securities	(18,896)	(6,866)
Maturities of marketable securities	16,790	13,500
Purchase of property and equipment	(8)	(12)
Net cash provided by (used in) investing activities	(2,114)	6,622
Cash flows from financing activities:		
Proceeds from the exercise of stock options	420	94
Principal payments on finance lease obligations	(3)	(3)
Net cash provided by financing activities	417	91
Net decrease in cash and cash equivalents	(10,779)	(436)
Cash and cash equivalents at beginning of period	15,647	3,025
Cash and cash equivalents at end of period	$ 4,868	$ 2,589
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 6	$ 6

See accompanying notes to the condensed consolidated financial statements.

1. Business

DiaMedica Therapeutics Inc. and its wholly owned subsidiaries, DiaMedica USA Inc. and DiaMedica Australia Pty Ltd. (collectively, we, us, our, DiaMedica and the Company), is a clinical stage biopharmaceutical company focused on developing novel treatments for preeclampsia (PE), fetal growth restriction (FGR) and acute ischemic stroke (AIS). DiaMedica's lead product candidate, DM199, is the first pharmaceutically active recombinant (synthetic) form of the human tissue kallikrein-1 (KLK1) protein, an established therapeutic modality in Asia for the treatment of preeclampsia, acute ischemic stroke and other vascular diseases. Our common shares are publicly traded on The Nasdaq Capital Market under the symbol "DMAC."

2. Risks and Uncertainties

DiaMedica operates in a highly regulated and competitive environment. The development, manufacturing and marketing of pharmaceutical products require approval from, and are subject to ongoing oversight by, the United States Food and Drug Administration (FDA) in the United States, the European Medicines Agency (EMA) in the European Union, and comparable agencies in other countries. We are in the clinical stage of development of our lead product candidate, DM199, for the treatment of PE, FGR and AIS. We have not completed the development of any product candidate and do not generate any revenues from the commercial sale of any product candidate. Our lead product candidate, DM199, requires significant additional clinical testing and investment prior to seeking marketing approval and is not expected to be commercially available for at least three to four years, if at all.

With respect to our PE clinical program, a Phase 2 open-label, single center, single-arm, safety and pharmacodynamic, proof-of-concept, investigator-sponsored study of DM199 for the treatment of PE is currently being conducted at the Tygerberg Hospital in Cape Town, South Africa. This Phase 2 study consists of three studies (Parts 1a, 1b and 2) in PE and a single study (Part 3) in FGR as follows:

Preeclampsia (PE)

- Part 1a: dose-escalation study evaluating single intravenous (IV) / single subcutaneous (SC) DM199 doses in late-onset PE subjects enrolled within 72 hours of delivery, including a confirmatory extension cohort of up to 12 participants at the cohort 10 dose level.
- Part 1b: dose-expansion study evaluating continuous IV infusion in up to 30 late-onset PE subjects enrolled within 72 hours of delivery, using a dosing level identified in Part 1a.
- Part 2: evaluation of repeated SC dosing of DM199 in early-onset PE subjects until delivery (expectant management), using three dose levels identified in Part 1a.

Fetal Growth Restriction (FGR)

- Part 3: evaluation of a single IV and SC loading dose of DM199, followed by repeated SC dosing in FGR subjects until delivery (expectant management), using a three dose levels identified in Part 1a.

Up to 90 women with PE and potentially an additional 30 subjects with FGR may be evaluated. The first subject in Part 1a was enrolled in the fourth quarter of 2024 and interim results from Part 1a of the study were released in July 2025. The interim results (N=28 subjects) demonstrated that DM199 appears safe and well-tolerated with clinically-relevant pharmacodynamic activity with no evidence of placental transfer of DM199. Additionally, subjects in cohorts 6 through 9, the potentially therapeutic dose levels, exhibited rapid, statistically significant reductions in blood pressure with duration of effect that was sustained up to 24 hours post-infusion compared to pre-treatment baseline. The acceptance by the FDA of study data from clinical trials conducted outside the United States may be subject to certain conditions or may not be accepted at all. If the FDA does not accept such data, it would result in the need for additional participants or trials, which would be costly and time-consuming and delay regulatory approval and commercialization of our DM199 product candidate.

With respect to our AIS clinical program, we are currently conducting a Phase 2/3, adaptive design, randomized, double-blind, placebo-controlled trial of DM199 for the treatment of AIS, (the ReMEDy2 trial). Our ReMEDy2 trial is intended to enroll approximately 300 participants at up to 100 sites globally. The adaptive design component includes an interim analysis by our independent data safety monitoring board to be conducted after the first 200 participants have completed the trial. Based on the results of the interim analysis, the study may then be stopped for futility or the final sample size will be determined, ranging between 300 and 728 patients, according to a pre-determined statistical plan. We are currently conducting the trial in the United States, Canada, the United Kingdom and the European Union. We recently commenced site initiations and enrollments in six European countries. We have experienced and continue to experience slower than expected site activations and enrollment in our ReMEDy2 trial. We believe these conditions may be due to hospital and medical facility staffing shortages; inclusion/exclusion criteria in the study protocol; concerns managing logistics and protocol compliance for participants discharged from the hospital to an intermediate care facility; concerns regarding the prior clinically significant hypotension events and circumstances surrounding the previous clinical hold; use of artificial intelligence and telemedicine which have enabled smaller hospitals to retain AIS patients not eligible for mechanical thrombectomy instead of sending these patients to the larger stroke centers which are more likely to be sites in our trial; and competition for research staff and trial subjects due to other pending stroke and neurological trials. We continue to reach out to current and potential study sites to understand the specific issues at each study site. In an effort to mitigate the impact of these factors, we have significantly expanded our internal clinical team and have brought in-house certain trial activities, including site identification, qualification and activation, clinical site monitoring, supporting vendor management and overall program management. We continue to work closely with our contract research organizations and other supporting vendors to develop procedures to support both U.S. and global study sites and potential participants as needed. We intend to continue to monitor the results of these efforts and, if necessary, implement additional actions to enhance site activations and enrollment in our ReMEDy2 trial; however, no assurances can be provided as to the success of these actions and if or when these issues will resolve. Failure to resolve these issues may result in further delays in our ReMEDy2 trial and increase the difficulty in forecasting enrollment. We currently estimate that the interim analysis will be completed in the fourth quarter of 2026.

Our future success is dependent upon the success of our development efforts, our ability to demonstrate clinical progress for our DM199 product candidate in the United States or other markets, our ability, or the ability of any future partner, to obtain required governmental approvals of our product candidate, our ability to license or market and sell our DM199 product candidate and our ability to obtain additional financing to fund these efforts.

As of March 31, 2026, we have incurred losses of $182.8 million since our inception in 2000. For the three months ended March 31, 2026, we incurred a net loss of $10.0 million and negative cash flows from operating activities of $9.1 million. We expect to continue to incur substantial operating losses until such time as any future product sales, licensing fees, milestone payments and/or royalty payments generate revenue sufficient to fund our continuing operations. For the foreseeable future, we expect to incur significant operating losses as we continue the development and clinical study of, and to seek regulatory approval for, our DM199 product candidate. As of March 31, 2026, we had combined cash, cash equivalents and marketable securities of $51.3 million, working capital of $46.6 million and shareholders' equity of $47.2 million.

Our principal source of cash has been net proceeds from the issuance of equity securities. Although we have previously been successful in obtaining financing through equity securities offerings, there is no assurance that we will be able to do so in the future. This is particularly true if our clinical data are not positive or if economic and market conditions deteriorate.

We expect that we will need substantial additional capital to further our research and development activities and complete the required clinical studies, regulatory activities and manufacturing development for our product candidate, DM199, or any future product candidates, to a point where they may be licensed or commercially sold. We expect our current cash, cash equivalents and marketable securities to be sufficient to fund our planned operations for at least the next 12 months from the date of issuance of these condensed consolidated financial statements. The amount and timing of our future funding requirements will depend on many factors, including timing and results of our ongoing development efforts, including our current ReMEDy2 trial and the rate of site activation and participant enrollment in the study; the Phase 2 PE trial; the potential expansion of our current development programs; the effects of ongoing site staffing shortages; and other factors on our clinical trials and our operating expenses. We may require significant additional funds earlier than we currently expect and there is no assurance that we will not need or seek additional funding prior to such time, especially if market conditions for raising capital are favorable.

3. Summary of Significant Accounting Policies

Interim financial statements

We have prepared the accompanying condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (US GAAP) for interim financial information and with the instructions to Form 10-Q and Regulation S-X of the Securities and Exchange Commission (SEC). Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by US GAAP for complete financial statements. These condensed consolidated financial statements reflect all adjustments consisting of normal recurring accruals which, in the opinion of management, are necessary to present fairly our condensed consolidated financial position, condensed consolidated results of operations and comprehensive loss, condensed consolidated statement of shareholders' equity and condensed consolidated cash flows for the periods and as of the dates presented. Our fiscal year ends on December 31. The condensed consolidated balance sheet as of December 31, 2025 was derived from our audited consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with our annual consolidated financial statements and the notes thereto. The nature of our business is such that the results of any interim period may not be indicative of the results to be expected for the entire year.

Segments

We operate in a single segment focusing on developing potentially transformative treatments for severe ischemic diseases. Consistent with our operational structure, our chief operating decision maker manages and allocates resources for the Company at a consolidated level. Therefore, results of our operations are reported on a consolidated basis for purposes of segment reporting. Substantially all of our assets are held in the United States.

Cash and cash equivalents

We consider all bank deposits, including money market funds and other investments, purchased with an original maturity to the Company of three months or less, to be cash and cash equivalents. The carrying amount of our cash equivalents approximates fair value due to the short maturity of the investments.

Marketable securities

Our marketable securities may consist of obligations of the United States government and its agencies, bank certificates of deposit and investment grade corporate obligations, which are classified as available-for-sale. Marketable securities which mature within 12 months from their purchase date are included in current assets. Securities are generally valued based on market prices for similar assets using third-party certified pricing sources and are carried at fair value. The amortized cost of marketable securities is adjusted for amortization of premiums or accretion of discounts to maturity. Such amortization or accretion is included in interest income. Realized gains and losses, if any, are calculated on the specific identification method. Interest income is included in other income in the condensed consolidated statements of operations.

We conduct periodic reviews to identify and evaluate each available-for-sale debt security that is in an unrealized loss position in order to determine whether an other-than-temporary impairment exists. An unrealized loss exists when the current fair value of an individual security is less than its amortized cost basis. Declines in fair value considered to be temporary and caused by noncredit-related factors of the issuer, are recorded in accumulated other comprehensive income or loss, which is a separate component of shareholders' equity. Declines in fair value that are other than temporary or caused by credit-related factors of the issuer, are recorded within earnings as an impairment loss. There were no material other-than-temporary unrealized losses as of March 31, 2026.

Fair value measurements

Under the authoritative guidance for fair value measurements, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and financial liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels defined as follows:

Level 1 Inputs — quoted prices in active markets for identical assets and liabilities
Level 2 Inputs — observable inputs other than quoted prices in active markets for identical assets and liabilities
Level 3 Inputs — unobservable inputs

As of March 31, 2026, we believe that the carrying amounts of our other financial instruments, including amounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these instruments. See Note 4 titled "*Marketable Securities*" for additional information.

Deferred offering costs

Deferred offering costs represent legal, accounting and other direct costs related to the Company's efforts to raise capital through a public sale of the Company's common shares under the 2025 Sales Agreement, see Note 10. Costs related to the public sale of the Company's common shares are deferred until the completion of the applicable offering, at which time such costs are reclassified to additional paid-in-capital as a reduction of the proceeds. See Note 10 titled "*Shareholders' Equity*" for additional information.

Recently issued accounting pronouncements

In November 2024, the FASB issued ASU No. 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses (ASU 2024-03), which is intended to improve disclosures about a public business entity's expenses by requiring disaggregated disclosure, in the notes to the consolidated financial statements, of certain categories of expenses included in the financial statements. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. ASU 2024-03 may be applied either on a prospective or retrospective basis, and early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of ASU 2024-03 on its consolidated financial statement disclosures.

4. Marketable Securities

The available-for-sale marketable securities are primarily comprised of investments in commercial paper, corporate bonds and government securities and consist of the following, measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements Using Inputs Considered as of:							
	March 31, 2026				December 31, 2025			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Government securities	$ 38,164	$ —	$ 38,164	$ —	$ 39,421	$ —	$ 39,421	$ —
Corporate bonds	8,299	—	8,299	—	4,822	—	4,822	—
Total	$ 46,463	$ —	$ 46,463	$ —	$ 44,243	$ —	$ 44,243	$ —

Maturities of individual securities are less than 12 months and the amortized cost of all securities approximated fair value as of March 31, 2026 and December 31, 2025. Accrued interest receivable on marketable securities is included in amounts receivable and was $285,000 and $250,000 as of March 31, 2026 and December 31, 2025, respectively.

There were no transfers of assets between Level 1 and Level 2 of the fair value measurement hierarchy during the three months ended March 31, 2026.

5. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of insurance premiums, yearly subscriptions for services and deposits expected to be recovered during the next twelve months.

6. Amounts Receivable

Amounts receivable consisted primarily of accrued interest receivable on marketable securities of $285,000 and $250,000 as of March 31, 2026 and December 31, 2025, respectively.

7. Property and Equipment

Property and equipment, net, consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Computer equipment	$ 157	$ 151
Furniture and equipment	128	128
Leasehold improvements	16	16
	301	295
Less accumulated depreciation	(159)	(150)
Property and equipment, net	$ 142	$ 145

8. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	March 31, 2025	December 31, 2025
Clinical trial costs	$ 1,399	$ 1,291
Compensation	741	1,380
Research and development services	130	749
Professional services fees	64	120
Other	6	5
Total accrued liabilities	$ 2,340	$ 3,545

9. Operating Lease

Office lease

Our operating lease costs were $26,000 for each of the three-month periods ended March 31, 2026 and 2025. Our variable lease costs were $23,000 and $19,000 for the three months ended March 31, 2026 and 2025, respectively. Variable lease costs consist primarily of common area maintenance costs, insurance and taxes, which are paid based upon actual costs incurred by the lessor.

Maturities of our operating lease obligation are as follows as of March 31, 2026 (in thousands):

2026	$ 87
2027	119
2028	10
Total lease payments	216
Less interest portion	(16)
Present value of operating lease obligation	200
Less current portion of operating lease	(104)
Operating lease obligation, non-current	$ 96

10. Shareholders' Equity

Authorized capital stock

DiaMedica has authorized share capital of an unlimited number of common voting shares, and the shares do not have a stated par value. Common shareholders are entitled to receive dividends as declared by the Company, if any, and are entitled to one vote per share at the Company's annual general meeting and any extraordinary or special general meeting.

Equity issued during the three months ended March 31, 2026

During the three months ended March 31, 2026, 140,136 common shares were issued upon the exercise of stock options for gross proceeds of $420,000 and 839 common shares were issued upon the vesting and settlement of restricted stock units.

Equity issued during the three months ended March 31, 2025

During the three months ended March 31, 2025, 37,000 common shares were issued upon the exercise of stock options for gross proceeds of $94,000 and 3,805 common shares were issued upon the vesting and settlement of restricted stock units.

At-the-Market Offering Program

We are party to a Sales Agreement under which we may, from time to time, sell voting common shares having an aggregate offering price of up to $100 million, through an "at-the-market" (ATM) offering. The sales agent receives a customary commission from the Company for any common shares sold under the ATM offering. The offer and sale of any shares sold in the ATM offering is pursuant to an effective registration statement on Form S-3 and an accompanying prospectus. As of March 31, 2026 $86.2 million remained available for issuance pursuant to the ATM offering.

Shares reserved

Common shares reserved for future issuance are as follows:

	March 31, 2026
Issuable upon exercise of employee and non-employee stock options	6,405,096
Issuable upon settlement of deferred stock units	190,785
Issuable upon vesting and settlement of restricted stock units	2,516
Available for grant under the Amended and Restated 2019 Omnibus Incentive Plan	1,231,163
Available for grant under the 2021 Employment Inducement Incentive Plan	603,125
Total	8,432,685

11. Net Loss Per Share

We compute net loss per share by dividing our net loss (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Shares issued during the period and shares reacquired during the period, if any, are weighted for the portion of the period that they were outstanding. The computation of diluted earnings per share, or EPS, is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. Our diluted EPS is the same as basic EPS due to common equivalent shares being excluded from the calculation, as their effect is anti-dilutive.

The following table summarizes our calculation of net loss per common share for the periods presented (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2026	2025
Net loss	$ (10,042)	$ (7,707)
Weighted average shares outstanding—basic and diluted	53,793,490	42,843,938
Basic and diluted net loss per share	$ (0.19)	$ (0.18)

The following outstanding potential common shares were not included in the diluted net loss per share calculations as their effects were not dilutive:

	Three Months Ended March 31,	
	2026	2025
Common shares issuable upon exercise of employee and non-employee stock options	6,405,096	5,051,342
Common shares issuable upon settlement of deferred stock units	190,785	322,057
Common shares issuable upon vesting and settlement of restricted stock units	2,516	11,410

12. Share-Based Compensation

Amended and Restated 2019 Omnibus Incentive Plan (2019 Plan)

The 2019 Plan permits the Board, or a committee or subcommittee thereof, to grant to the Company's eligible employees, non-employee directors and certain consultants non-statutory and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock units (RSUs), deferred stock units (DSUs), performance awards, non-employee director awards and other share-based awards. We grant options to purchase common shares under the 2019 Plan at no less than the fair market value of the underlying common shares as of the date of grant. Options granted to employees and non-employee directors have a maximum term of ten years and generally vest over one to four years. Options granted to non-employees have a maximum term of five years and generally vest over one year. Subject to adjustment as provided in the 2019 Plan, the maximum number of the Company's common shares authorized for issuance under the 2019 Plan is 7,000,000 shares. As of March 31, 2026, options to purchase an aggregate of 4,960,186 common shares were outstanding, 181,040 common shares were reserved for issuance upon settlement of DSUs and 2,516 shares were reserved for issuance upon the vesting and settlement of RSUs and 1,231,163 shares remained available for issuance.

2021 Employment Inducement Incentive Plan (2021 Inducement Plan)

The 2021 Inducement Plan permits the Board, or a committee or subcommittee thereof, to grant non-statutory options, stock appreciation rights, restricted stock awards, restricted stock units, performance awards and other share-based awards, to new employees who satisfy the standards for inducement grants under Nasdaq Listing Rule 5635(c)(4) or 5635(c)(3), as applicable. The Inducement Plan has a term of 10 years. The share reserve under the Inducement Plan may be increased at the discretion of and approval by the Board and on July 31, 2025, the Board increased the number of common shares reserved for issuance under the plan to 2,000,000. As of March 31, 2026, options to purchase an aggregate of 1,150,000 common shares were outstanding under the Inducement Plan and 603,125 shares remained available for issuance.

Prior stock option plan

The Company ceased granting awards under its Amended and Restated Stock Option Plan in conjunction with shareholder approval of the 2019 Plan. Awards outstanding under the prior plan remain outstanding in accordance with and pursuant to the terms thereof. Options granted under the prior plan have terms similar to those used under the 2019 Plan. As of March 31, 2026, options to purchase an aggregate of 294,910 common shares were outstanding.

Prior deferred stock unit plan

The Company ceased granting awards under its Deferred Share Unit Plan in conjunction with shareholder approval of the 2019 Plan. Awards outstanding under that plan remain outstanding in accordance with and pursuant to the terms thereof. As of March 31, 2026, there were 9,745 common shares reserved for issuance upon settlement of DSUs outstanding.

Share-based compensation expense for each of the periods presented is as follows (in thousands):

	Three Months Ended March 31	
	2026	2025
General and administrative	$ 519	$ 678
Research and development	303	189
Total share-based compensation	$ 822	$ 867

We recognize share-based compensation for options awards based on the fair value of each award as estimated using the Black-Scholes option valuation model. Ultimately, the actual expense recognized over the vesting period will only be for those options that actually vest.

A summary of option activity is as follows (in thousands except share and per share amounts):

	Shares Underlying Options	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balances at December 31, 2025	6,864,854	$ 4.11	$ 26,479
Granted	125,000	8.53	
Exercised	(140,136)	3.00	
Forfeitures	(377,122)	4.39	
Cancellations	(67,500)	2.16	
Balances at March 31, 2026	6,405,096	$ 4.23	$ 16,811

Information about stock options outstanding, vested and expected to vest as of March 31, 2026, is as follows:

	Outstanding, Vested and Expected to Vest			Options Vested and Exercisable	
Per Share Exercise Price	Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Remaining Contractual Life (Years)
$1.00 - $1.99	51,443	6.8	$ 1.64	46,756	6.8
$2.00 - $2.99	2,016,923	6.7	2.75	1,440,111	6.6
$3.00 - $3.99	293,107	4.8	3.53	234,984	3.9
$4.00 - $4.99	2,823,069	7.4	4.32	873,414	4.4
$5.00 - $5.99	339,287	6.4	5.12	265,850	5.7
$6.00 - $10.00	881,267	8.5	7.32	138,439	3.1
	6,405,096	7.2	$ 4.23	2,999,554	5.5

13. Segment Information

An operating segment is identified as a component of an enterprise that engages in business activities about which separate discrete financial information and operating results is regularly reviewed by the chief operating decision-maker (CODM) in making decisions regarding resource allocation and assessing performance. The Company's CODM is the Chief Executive Officer. The Company operates in a single operating segment focused on the development of its drug product candidate DM199 for the treatment of severe ischemic disease. The CODM manages and allocates resources to the operations of the Company on a total company basis. Further, the CODM reviews and utilizes functional expenses (i.e., research, development and general and administrative) at the consolidated level to manage the Company's operations. Other segment items included in consolidated net loss are share-based compensation, interest income, other expense, net, and income tax expense, which are reflected in the condensed consolidated statements of operations and comprehensive loss. The measure of segment assets is reported on the condensed consolidated balance sheet as total consolidated assets.

The following table presents financial information, including significant segment expenses, which are regularly provided to the CODM and included within segment and consolidated net loss:

	March 31, 2026	March 31, 2025
Operating expenses, excluding share-based compensation		
Research and development	$ 7,684	$ 5,467
General and administrative	1,976	1,810
Total operating expenses, excluding share-based compensation	9,660	7,277
Share-based compensation		
Research and development	303	189
General and administrative	519	678
Total share-based compensation	822	867
Operating loss	(10,482)	(8,144)
Interest income	470	444
Other expense, net	(23)	(1)
Income tax expense	(7)	(6)
Segment and consolidated net loss	$ (10,042)	$ (7,707)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon accounting principles generally accepted in the United States of America and discusses the financial condition and results of operations for DiaMedica Therapeutics Inc. and our subsidiaries for the three months ended March 31, 2026 and 2025.

This discussion should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report and our annual report on Form 10-K for the year ended December 31, 2025. The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Our actual results could differ materially from the forward-looking statements as a result of these risks and uncertainties. See "*Cautionary Note Regarding Forward-Looking Statements*" for additional cautionary information.

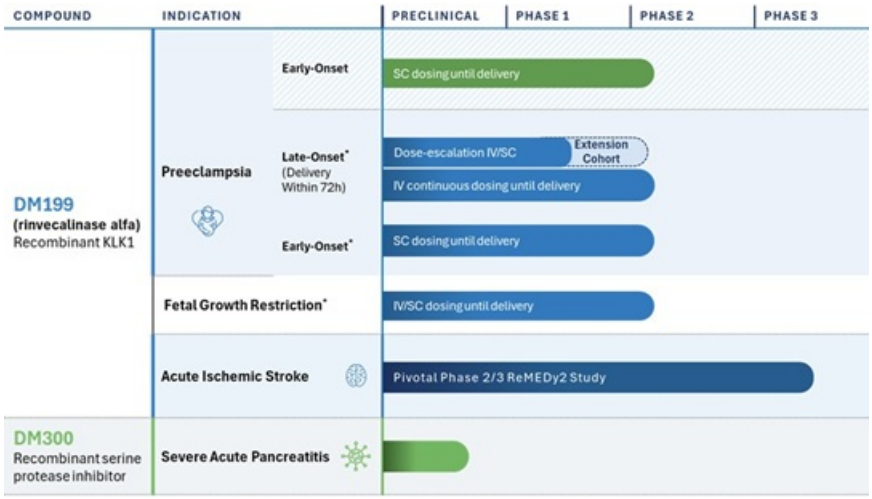
Business Overview

We are a clinical stage biopharmaceutical company focused on developing novel treatments for preeclampsia (PE), fetal growth restriction (FGR) and acute ischemic stroke (AIS). Our lead product candidate DM199 (rinvecalinase alfa; rhKLK1) is the first pharmaceutically active recombinant (synthetic) form of the human tissue kallikrein-1 (KLK1) protein (serine protease enzyme) to be clinically studied in patients. KLK1 is an established therapeutic modality in Asia, with human urinary KLK1 for the treatment of AIS and porcine KLK1 for the treatment of cardiorenal disease, including hypertension. We plan to advance DM199 through required clinical trials to create shareholder value by establishing its clinical and commercial potential as a therapy for PE, FGR and AIS. Longer term, we plan to develop DM300, our patented recombinant human ulinastatin, a broad-spectrum serine protease inhibitor, as a potential therapy for severe acute pancreatitis.

DM199 is a recombinant form of the naturally occurring protease enzyme KLK1 (rhKLK1) and the first rhKLK1 undergoing global clinical development studies in PE, FGR and AIS. DM199 has been granted Fast Track designation from the FDA for the treatment of AIS. Naturally occurring KLK1 (extracted from human urine or porcine pancreas) has been an approved therapeutic agent in Asia for decades in the treatment of AIS and hypertension associated with cardiorenal disease. DM199 is produced using recombinant DNA technology without the need for extracted human or animal tissue sources and thereby eliminates risk of pathogen transmission.

KLK1 is a serine protease enzyme that plays an important role in the regulation of diverse physiological processes via a molecular mechanism believed to enhance endothelial health, microcirculatory blood flow and tissue perfusion by increasing production of NO, PGI2 and EDHF. In PE and FGR, DM199 is intended to lower blood pressure, enhance endothelial health and improve perfusion to maternal organs and the placenta, potentially disease modifying results that improve both maternal and perinatal outcomes. In the case of AIS, DM199 is intended to enhance blood flow and boost neuronal survival in the ischemic penumbra by dilating arterioles surrounding the site of the vascular occlusion and inhibiting apoptosis (neuronal cell death) while also facilitating neuronal remodeling through the promotion of angiogenesis.

Our product development pipeline is as follows:



We are developing DM199 to address substantial unmet needs. In PE and FGR, there are currently no approved agents in any global market to safely lower maternal blood pressure and/or reduce the risk of FGR. Historically, the major issue is that traditional vasodilators that are commonly used to reduce essential hypertension (e.g., beta-blockers, angiotensin converting enzyme inhibitors (ACEi)) can readily cross the placental barrier and enter into the fetal circulation and cause harm to the developing fetus. We believe that DM199 is uniquely suited to treat PE since its inherent molecular size, approximately 26 kilodaltons (KD) is typically too large to cross the placental barrier, as was demonstrated in the interim result noted below, and therefore may reduce blood pressure and enhance microcirculatory perfusion to the maternal organs and placenta without entering fetal circulation, a potentially significant safety advantage. Additionally, we believe DM199 has the potential to not only address hypertension of PE, but also to confer disease modifying outcomes for both maternal and perinatal outcomes, including FGR. In AIS, up to 80% of AIS patients are not eligible for treatment with currently approved clot-busting (thrombolytic) drugs or catheter-based clot removal procedures (mechanical thrombectomy). DM199 is intended to enhance collateral blood flow and boost neuronal survival in the ischemic penumbra by inhibiting neuronal cell death (apoptosis) and promoting neuronal remodeling and neoangiogenesis, and accordingly, offer a potential treatment option for AIS patients who otherwise have no therapeutic options.

Preeclampsia / Fetal Growth Restriction Program and Phase 2 Investigator-Sponsored Study

PE is a serious pregnancy disorder that typically develops after the 20th week of gestation, characterized by high blood pressure and damage to organ systems, often the kidneys and liver. Affecting up to 8% of pregnancies worldwide, PE can pose significant risks to both the mother and baby, including risk of stroke, placental abruption, progression to eclampsia, premature delivery, and death. Symptoms may include severe headaches, vision changes, upper abdominal pain and swelling in the hands and face. Delivery of the baby, often very prematurely, is the only available option for stopping the progression of PE. Women who have had PE have three to four times the risk of high blood pressure and double the risk for heart disease and stroke and there are currently no approved therapeutics for PE in the United States or Europe. FGR is a closely related condition of fetal undergrowth due to a poorly functioning placenta – the life support system of the unborn child. FGR is the leading cause of stillbirth. For the fetuses that survive the pregnancy, unhealthy fetal development in utero leaves a legacy of poor health echoing across the child's lifespan. Currently, no approved treatment exists for this condition.

Our clinical development program in PE and FGR consists of five clinical studies: four from an on-going Phase 2 investigator-sponsored trial (IST) and one global Phase 2 study to be conducted in North America (United States and Canada) and the United Kingdom (UK) as follows:

- The investigator-sponsored trial is a safety, tolerability and pharmacodynamic, proof-of-concept Phase 2 study in PE patients being conducted at the Tygerberg Hospital, Cape Town, South Africa. It consists of three studies in PE (Part 1a, dose-escalation; Part 1b, dose-expansion; and Part 2, expectant management) and a fourth study in FGR (Part 3, expectant management). Part 1a topline study results are intended to identify a suitable dose for Parts 1b, 2, and 3. Up to 90 women with PE and potentially an additional 30 subjects with FGR may be evaluated. Interim results from Part 1a of the study were released in July 2025. The interim results (N=28 subjects) demonstrate that DM199 appears safe and well-tolerated with clinically-relevant pharmacodynamic activity with no evidence of placental transfer of DM199. Additionally, subjects in cohorts 6 through 9, the potentially therapeutic dose levels, exhibited rapid, statistically significant reductions in blood pressure with duration of effect that was sustained up to 24 hours post-infusion compared to pre-treatment baseline, a durable effect extending up to 24 hours post-infusion. The acceptance by the FDA of study data from clinical trials conducted outside the United States may be subject to certain conditions or may not be accepted at all. If the FDA does not accept such data, it would result in the need for additional participants or trials, which would be costly and time-consuming and delay regulatory approval and commercialization of our DM199 product candidate.

- We are preparing for an open-label, dose-ranging global Phase 2 study of DM199 in participants with early onset PE to be conducted in North America (United States & Canada) and the United Kingdom (UK). In March 2026 we received approval from Health Canada to initiate this Phase 2 study and we are currently finalizing plans to commence site activation by the end of this year. We anticipate filing a clinical trial application to expand this Phase 2 study to include sites in the UK in the second quarter of 2026. Regarding the status of this clinical program in the United States, in the fourth quarter of 2025, we participated in a productive, in-person pre-investigational new drug (IND) meeting with the FDA to discuss the planned Phase 2 study, at which the FDA requested an additional non-clinical, 10-day modified embryo-fetal development and pre- and postnatal development (ePPND) study in a rabbit model. Preliminary results of the rabbit study suggest that the animals developed an antibody response to DM199, a humanized recombinant protein, preventing us from completing the requested ePPND study in the rabbit model. We have proposed performing the ePPND study in

AIS Program and Phase 2/3 ReMEDy2 Trial

Our clinical program in AIS centers on our ReMEDy2 clinical trial (NCT05065216) of DM199 for the treatment of AIS. Our ReMEDy2 clinical trial is a Phase 2/3, adaptive design, randomized, double-blind, placebo-controlled trial intended to enroll approximately 300 participants at up to 100 sites globally. The adaptive design component includes an interim analysis by our independent data safety monitoring board to be conducted after the first 200 participants have completed the trial. Based on the results of the interim analysis, the study may be stopped for futility or the final sample size will be determined, ranging between 300 and 728 patients, according to a pre-determined statistical plan. We are currently conducting the trial in the United States, Canada, the United Kingdom and the European Union. We recently commenced site initiations and enrollments in six European countries. As previously disclosed, we have experienced and continue to experience slower than expected site activations and enrollment in our ReMEDy2 trial. We believe these conditions may be due to hospital and medical facility staffing shortages; inclusion/exclusion criteria in the study protocol; concerns managing logistics and protocol compliance for participants discharged from the hospital to an intermediate care facility; concerns regarding the prior clinically significant hypotension events and circumstances surrounding the previous clinical hold; use of artificial intelligence and telemedicine which have enabled smaller hospitals to retain AIS patients not eligible for mechanical thrombectomy instead of sending these patients to the larger stroke centers which are more likely to be sites in our trial; and competition for research staff and trial subjects due to other pending stroke and neurological trials. We continue to reach out to current and potential study sites to understand the specific issues at each study site. In an effort to mitigate the impact of these factors, we have significantly expanded our internal clinical team and have brought in-house certain trial activities, including site identification, qualification and activation, clinical site monitoring, supporting vendor management and overall program management. We continue to work closely with our contract research organizations and other supporting vendors to develop procedures to support both U.S. and global study sites and potential participants as needed. We intend to continue to monitor the results of these efforts and, if necessary, implement additional actions to enhance site activations and enrollment in our ReMEDy2 trial; however, no assurances can be provided as to the success of these actions and if or when these issues will resolve. Failure to resolve these issues may result in further delays in our ReMEDy2 trial and increase the difficulty in forecasting enrollment. We currently estimate that the interim analysis will be completed in the fourth quarter of 2026.

Financial Overview

We do not have commercial approval to market any product, nor have we ever had such approval. We have financed our operations principally by the public and private sales of equity securities. We have received additional capital from the exercise of warrants and stock options, interest income on funds available for investment and government grants. We have incurred a net loss in each year since our inception. Our net losses were $10.0 million and $7.7 million for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026, we had an accumulated deficit of $182.8 million. Substantially all of our operating losses resulted from expenses incurred in connection with our research and development (R&D) activities and general and administrative (G&A) support costs associated with our operations.

We expect to continue to incur significant expenses and operating losses for at least the next few years. We anticipate that our quarterly expenses will increase moderately relative to recent prior quarterly periods as we continue to advance our DM199 clinical development program into PE and we continue our ReMEDy2 trial, including the activation of additional study sites in the U.S. and Europe and the enrollment of additional participants in the trial. Our efforts to expand our team to provide support for our clinical programs and administrative operations will also likely contribute to such increases.

While we expect our rate of future negative operating cash flows per quarter will generally increase moderately relative to recent prior quarterly periods as we continue our clinical development programs in PE, FGR and AIS, we expect our current cash resources will be sufficient to allow us to fund our planned operations for at least the next 12 months from the date of issuance of the condensed consolidated financial statements included in this report. However, the amount and timing of our future funding requirements will depend on many factors, including timing and results of our ongoing development efforts, including the current Phase 2 PE trial, our current ReMEDy2 trial and in particular the rate of site activation and participant enrollment in the study, the potential further expansion of our current development programs and other factors. We may require or otherwise seek significant additional funds earlier than we currently expect. We may elect to raise additional funds even before we need them if market conditions for raising additional capital are favorable.

Components of Our Results of Operations

Research and Development Expenses

R&D expenses consist primarily of fees paid to external service providers such as contract research organizations; clinical support services; clinical development including clinical site costs; outside nursing services; and laboratory testing. R&D costs also include non-clinical testing; fees paid to our contract manufacturing and development organizations and outside laboratories for development of DM199 and related manufacturing processes; costs for production runs of DM199; consulting resources with specialized expertise related to the execution of our development plan for DM199; and personnel costs, including salaries, benefits, non-cash share-based compensation expense; and other personnel costs. Our R&D efforts have been primarily focused on developing DM199. At this time, due to the risks inherent in the clinical development process and the clinical stage of our product development programs, we are unable to estimate with any certainty the costs we will incur in completing the development of DM199 through marketing approval. The process of conducting clinical studies necessary to obtain regulatory approval and manufacturing scale-up to support expanded development and potential future commercialization is costly and time consuming. Any failure by us or delay in completing clinical studies, manufacturing scale-up, or in obtaining regulatory approvals could lead to increased R&D expenses and, in turn, have a material adverse effect on our results of operations.

General and Administrative Expenses

G&A expenses consist primarily of salaries and benefits, including non-cash share-based compensation related to our executive, finance, business development and support functions. G&A expenses also include insurance, including directors' and officers' liability coverage, rent and utilities, travel expenses, patent costs, and professional fees, including for auditing, tax and legal services.

Other Income, Net

Other income, net consists primarily of interest income earned on marketable securities.

Results of Operations

Comparison of the Three Months Ended March 31, 2026 and 2025

The following table summarizes our unaudited results of operations for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	**2025**
Research and development expenses	$ 7,987	$ 5,656
General and administrative expenses	2,495	2,488
Other income, net	(447)	(443)

Research and Development Expenses

R&D expenses increased to $8.0 million for the three months ended March 31, 2026, up from $5.7 million for the three months ended March 31, 2025. The increase is due primarily to the increased costs resulting from the continuation of our ReMEDy2 clinical trial and its global expansion; the expansion of our clinical team; and costs related to additional reproductive toxicity testing being performed in support of our PE program in the United States. These increases were partially offset by net cost reductions in manufacturing development activity related to work performed and completed in the prior year period. We expect that our R&D expenses will moderately increase in future periods relative to recent prior periods as we continue our ReMEDy2 trial, including our global expansion, and continue to advance our DM199 clinical development program into PE and FGR.

General and Administrative Expenses

G&A expenses were $2.5 million for each of the three-month periods ended March 31, 2026 and 2025, respectively. While small changes occurred within a number of expense categories, the differences were not material individually or in the aggregate, and the overall net changes offset each other. We expect G&A expenses to remain relatively consistent in future periods as compared to recent prior periods.

Other Income, Net

Other income, net, was $447 thousand for the three months ended March 31, 2026 compared to $443 thousand for the three months ended March 31, 2025.

Liquidity and Capital Resources

The following tables summarize our liquidity and capital resources as of March 31, 2026 and December 31, 2025, and our cash flows for each of the three-month periods ended March 31, 2026 and 2025, and are intended to supplement the more detailed discussion that follows (in thousands):

	March 31, 2026	December 31, 2025
Cash, cash equivalents and marketable securities	$ 51,331	$ 59,890
Total assets	53,080	61,371
Total current liabilities	5,748	5,132
Total shareholders' equity	47,235	56,111
Working capital	46,615	55,497

	Three Months Ended March 31,	
Cash Flow Data	**2026**	**2025**
Cash flow provided by (used in):		
Operating activities	$ (9,082)	$ (7,149)
Investing activities	(2,114)	6,622
Financing activities	417	91
Net decrease in cash and cash equivalents	$ (10,779)	$ (436)

Working Capital

We had aggregate cash, cash equivalents and marketable securities of $51.3 million, current liabilities of $5.7 million and working capital of $46.6 million as of March 31, 2026, compared to aggregate cash, cash equivalents and marketable securities of $59.9 million, $5.1 million in current liabilities and $55.5 million in working capital as of December 31, 2025. The decreases in cash, cash equivalents and marketable securities and in working capital are due primarily to the increased net loss, partially offset by changes in operating assets and liabilities during the current year period.

Cash Flows

Operating Activities

Net cash used in operating activities for the three months ended March 31, 2026 was $9.1 million compared to $7.1 million for the three months ended March 31, 2025. The increase in cash used in operating activities resulted primarily from the increased net loss, partially offset by changes in operating assets and liabilities during the current year period.

Investing Activities

Investing activities consist primarily of purchases and maturities of marketable securities. Net cash used in investing activities was $2.1 million for the three months ended March 31, 2026 compared to net cash provided by investing activities of $6.6 million for the three months ended March 31, 2025. This change resulted primarily from the timing of maturities and investments in marketable securities.

Financing Activities

Net cash provided by financing activities was $417 thousand and $91 thousand for the three months ended March 31, 2026 and March 31, 2025, respectively. This change resulted primarily from an increase in the level of exercise of stock options during the current year period.

Capital Requirements

Since our inception, we have incurred losses while advancing the development of our DM199 product candidate. We have not generated any revenues from product sales and do not expect to do so for at least two to three years. We do not know when or if we will generate any revenues from product sales or out-licensing of our DM199 product candidate or any future product candidate. We will not generate any revenue from product sales unless and until we obtain required regulatory approvals. We expect to continue to incur substantial operating losses until such time as any future product sales, licensing fees, milestone payments and/or royalty payments are sufficient to generate revenues to fund our continuing operations. We expect our operating losses to moderately increase as compared to recent prior periods as we continue the research, development and clinical studies of, and seek regulatory approval for, our DM199 product candidate, including, in particular, the expansion of our PE clinical development program and the continuation and global expansion of our ReMEDy2 trial. In the long-term, subject to obtaining regulatory approval of our DM199 product candidate, or any other product candidate, and if we are unable to secure the assistance of, or out-license to, a strategic partner, we expect to incur significant commercialization expenses for product marketing, sales, manufacturing and distribution.

Accordingly, and notwithstanding the sale of common shares during 2025, in which we received net proceeds of approximately $43.3 million, we expect we will need substantial additional capital to complete our R&D activities, including current and anticipated future clinical studies, regulatory activities, and otherwise develop our product candidate, DM199, or any future product candidate, to a point where the product candidate may be out-licensed or commercially sold. Although we are striving to achieve these plans, there is no assurance that these and other strategies will be achieved or that additional funding will be obtained on favorable terms or at all. We expect our rate of future negative quarterly cash flows will vary depending on our clinical activities and the timing of expenses incurred and will increase moderately relative to recent prior periods as we initiate our global Phase 2 PE trial in early-onset patients and continue our ReMEDy2 trial. We expect our current cash resources to be sufficient to fund our planned operations for at least the next twelve months from the date of issuance of the condensed consolidated financial statements included in this report. The amount and timing of our future funding requirements will depend on many factors, including timing and results of our ongoing development efforts, including our current ReMEDy2 trial and the initiation of our global Phase 2 PE trial, the potential further expansion of our current development programs and other factors on our operating expenses. We may require significant additional funds earlier than we currently expect and there is no assurance that we will not need or seek additional funding prior to such time, especially if market conditions for raising additional capital are favorable.

Historically, we have financed our operations primarily from the public and private sale of equity securities. We have received additional capital from the exercise of warrants and stock options, interest income on funds available for investment and government grants. Our most recent equity financing was our July 2025 private placement in which we issued and sold an aggregate of 8,606,425 common shares pursuant to a securities purchase agreement at a purchase price of $3.50 per share to accredited investors. As a result of the offering, we received net proceeds of $30.0 million, after deducting offering expenses. Additionally, we sold 1,724,472 common shares under our at-the-market offering for net proceeds of $13.3 million. We do not have any existing credit facilities under which we could borrow funds. We may seek to raise additional funds through various sources, such as equity or debt financings, or through strategic collaborations and license agreements. We can give no assurances that we will be able to secure additional sources of funds to support our operations, or if such funds are available to us, that such additional financing will be sufficient to meet our needs or on terms acceptable to us. This is particularly true if our clinical data is not positive or economic and market conditions deteriorate.

To the extent we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our shareholders will be diluted. Debt financing, if available, may involve agreements that include conversion discounts, pledging our intellectual property as collateral or covenants limiting or restricting our ability to take specific actions, such as incurring additional debt or making capital expenditures. If we raise additional funds through government or other third-party funding, marketing and distribution arrangements or other collaborations, or strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. The availability of financing will be affected by the status of our clinical trials; our clinical data and other results of scientific and clinical research; the ability to obtain regulatory approvals and other regulatory actions; market acceptance of our product candidates; the state of the capital markets generally with particular reference to pharmaceutical, biotechnology and medical companies; the status of strategic alliance agreements; and other relevant commercial considerations.

If adequate funding is not available when needed, we may be required to scale back our operations by taking actions that may include, among other things, implementing cost reduction strategies, such as reducing use of outside professional service providers, reducing the number of our employees or employee compensation, modifying or delaying the development of our DM199 product candidate; licensing to third parties the rights to commercialize our DM199 product candidate for PE, FGR, AIS or other indications that we would otherwise seek to pursue, or otherwise relinquishing significant rights to our technologies, future revenue streams, research programs or product candidates or granting licenses on terms that may not be favorable to us; and/or divesting assets or ceasing operations through a merger, sale, or liquidation of our Company.

Critical Accounting Estimates

There have been no material changes to our critical accounting estimates from the information provided in "*Part II. Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies*," included in our annual report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide disclosure pursuant to this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934, as amended (Exchange Act)) that are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered in this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of such period to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the three months ended March 31, 2026 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to various ongoing or threatened legal actions and proceedings, including those that arise in the ordinary course of business, which may include employment matters and breach of contract disputes. Such matters are subject to many uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time. We are not currently engaged in or aware of any threatened legal actions.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed by us in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025. The risk factors included our Annual Report continue to apply to us and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business, financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Plan and Non-Rule 10b5-1 Trading Arrangement Adoptions, Terminations, and Modifications

During the quarterly period ended March 31, 2026, none of our directors or “officers” (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408, respectively, of SEC Regulation S-K.

ITEM 6. EXHIBITS

The following exhibits are being filed or furnished with this quarterly report on Form 10-Q:

Exhibit No.	Description	Manner of Filing
3.1	Notice of Articles of DiaMedica Therapeutics Inc. dated May 20, 2025	Incorporated by reference to Exhibit 3.1 to DiaMedica's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025
3.2	Amended and Restated Articles of DiaMedica Therapeutics Inc. Effective May 17, 2023	Incorporated by reference to Exhibit 3.1 to DiaMedica's Current Report on Form 8-K as filed with the Securities and Exchange Commission on May 18, 2023
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	Financial statements from the quarterly report on Form 10-Q of DiaMedica Therapeutics Inc. for the three months ended March 31, 2026, formatted in Inline XBRL: (i) the Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statements of Shareholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, (v) Notes to the Condensed Consolidated Financial Statements, and (vi) the information set forth in Part II, Item 5	Filed herewith
104	Cover Page Interactive Data File	Embedded within the Inline XBRL document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIAMEDICA THERAPEUTICS INC.

Date: May 6, 2026

/s/ Rick Pauls
Rick Pauls
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2026

/s/ Scott Kellen
Scott Kellen
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rick Pauls, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DiaMedica Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: May 6, 2026

/s/ Rick Pauls
Rick Pauls
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Kellen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DiaMedica Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: May 6, 2026

/s/ Scott Kellen
Scott Kellen
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Rick Pauls, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 of DiaMedica Therapeutics Inc. (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of DiaMedica Therapeutics Inc.

Dated: May 6, 2026

/s/ Rick Pauls
Rick Pauls
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Kellen, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 of DiaMedica Therapeutics Inc. (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of DiaMedica Therapeutics Inc.

Dated: May 6, 2026

/s/ Scott Kellen
Scott Kellen
Chief Financial Officer
(Principal Financial Officer)