

Diffusion Pharmaceuticals Announces Reverse Stock Split in Preparation for Proposed Uplisting to NASDAQ Capital Market

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CHARLOTTESVILLE, Va., Aug. 18, 2016 (GLOBE NEWSWIRE) -- Diffusion Pharmaceuticals Inc. ([DFFN](#)), a clinical stage biotechnology company focused on the development of novel small molecule therapeutics for cancer and other hypoxia-related diseases, today announced that its Board of Directors approved an amendment to the Company's certificate of incorporation effecting a 1-for-10 reverse split of all outstanding common stock. Diffusion's stockholders previously approved the reverse split on July 21, 2016. Both the record date and effective date for the reverse stock split will be August 17, 2016 and, following the reverse split, Diffusion intends to uplist to the NASDAQ Capital Market.

Diffusion's common stock is expected to begin trading on a post-split basis on August 19, 2016 under the temporary stock symbol "DFFND". The temporary ticker symbol will remain in effect for 20 trading days to signify that the reverse stock split has occurred, after which it will revert back to "DFFN". The stock will trade under a new CUSIP number 253748206 as a result of the reverse split. The reverse stock split will reduce the number of shares of Diffusion's common stock currently issued and outstanding from approximately 103.5 million shares of common stock to approximately 10.3 million shares of common stock. No fractional shares of common stock will be issued in connection with the reverse stock split. Any fractional share created as a result of the reverse stock split will be rounded up to one additional whole share.

David G. Kalergis, Chairman and Chief Executive Officer, stated, "This reverse split will have no impact on the percentage ownership of any of Diffusion's current investors as it reduces the overall number of shares held on a proportional basis. The share consolidation is part of a series of strategic actions we are taking in an effort to strengthen our financial position for future growth and development. Specifically, we believe the reverse stock split will facilitate an uplist to the NASDAQ Capital Market and help to improve the marketability and liquidity of Diffusion's common stock."

Mr. Kalergis continued, "We believe moving the Company's common stock listing to a national exchange will represent a significant step in our efforts to

create long-term shareholder value, while attracting a broader and more diverse shareholder base.”

At the effective time of the reverse stock split, every 10 shares of Diffusion’s issued and outstanding common stock will be converted automatically into one issued and outstanding share of common stock without any change in the par value per share. Proportional adjustments will be made to the number of shares of Diffusion’s common stock issuable upon exercise or conversion of Diffusion’s outstanding warrants, stock options, and 1.0% convertible notes due June 30, 2018, as well as the applicable exercise or conversion price. Diffusion’s authorized shares will remain unchanged.

About Diffusion Pharmaceuticals Inc.

Diffusion Pharmaceuticals Inc. is a clinical stage biotechnology company focused on extending the life expectancy of cancer patients by improving the effectiveness of current standard-of-care treatments including radiation therapy and chemotherapy. Diffusion is developing its lead drug, *trans sodium crocetin* (TSC), for use in the many cancer types in which tumor hypoxia (oxygen deprivation) is known to diminish the effectiveness of current treatments. TSC targets the cancer's hypoxic micro-environment, re-oxygenating treatment-resistant tissue and making the cancer cells more vulnerable to the therapeutic effects of treatments such as radiation therapy and chemotherapy, without the apparent addition of any serious side effects.

A Phase 2 clinical program, completed in the second quarter of 2015, evaluated 59 patients with newly diagnosed glioblastoma multiforme (GBM). This open label, historically controlled study demonstrated a favorable safety and efficacy profile for TSC combined with standard of care. The U.S. Food and Drug Administration has agreed upon the design of a Phase 3 trial in newly diagnosed GBM. Additional planned studies include a Phase 2 trial in pancreatic cancer and a study in brain metastases. Due to its novel mechanism of action, TSC has safely re-oxygenated a range of tumor types in our preclinical and clinical studies. Diffusion believes its therapeutic potential is not limited to specific tumors, thereby making it potentially useful to improve standard of-care treatments of other life-threatening cancers. We also believe that TSC has potential application in other indications involving hypoxia, such as stroke and neurodegenerative diseases.

Forward-Looking Statements

To the extent any statements made in this news release deal with information that is not historical, these are forward-looking statements under the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the company's plans, objectives, expectations and intentions with respect to future operations and products, the potential of the combined company's technology and product candidates, the anticipated

timing of future clinical trials, the anticipated financial position, operating results and growth prospects of the combined company and other statements that are not historical in nature, particularly those that utilize terminology such as "would," "will," "plans," "possibility," "potential," "future," "expects," "anticipates," "believes," "intends," "continue," "expects," other words of similar meaning, derivations of such words and the use of future dates. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Uncertainties and risks may cause the company's actual results to be materially different than those expressed in or implied by such forward-looking statements. Particular uncertainties and risks include; general business and economic conditions; the company's need for and ability to obtain additional financing; and the difficulty of developing pharmaceutical products, obtaining regulatory and other approvals and achieving market acceptance. All forward-looking statements in this news release speak only as of the date of this news release and are based on management's current beliefs and expectations. Diffusion undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.