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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 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: 001-37619

EDESA BIOTECH, INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada	**N/A**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Spy Court, Markham, ON, Canada L3R 5H6	**(289) 800-9600**
(Address of principal executive offices and zip code)	(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
Common Shares, without par value	EDSA	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 Act). Yes ☐ No ☒

As of August 13, 2026, the registrant had 9,641,031 common shares issued and outstanding.

EDESA BIOTECH, INC.
QUARTERLY REPORT ON FORM 10-Q
Quarter Ended June 30, 2026

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Edesa Biotech, Inc.
Condensed Interim Consolidated Balance Sheets

	June 30, 2026	September 30, 2025 Audited
Assets:		
Current assets:		
Cash and cash equivalents	**$ 10,332,520**	$ 10,792,172
Accounts and other receivable	**228,051**	642,866
Prepaid expenses and other current assets	**219,707**	77,838
Total current assets	**10,780,278**	11,512,876
Non-current assets:		
Long-term deposits	**39,120**	39,966
Intangible asset, net	**1,901,797**	1,977,676
Total assets	**$ 12,721,195**	$ 13,530,518
Liabilities and shareholders' equity:		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 3,910,041**	$ 1,078,536
Total current liabilities	**3,910,041**	1,078,536
Shareholders' equity:		
Capital shares		
Authorized unlimited common shares without par value		
Issued and outstanding:		
9,633,223 common shares (September 30, 2025 - 7,141,783)	**62,416,047**	54,515,421
Authorized preferred shares issued and outstanding		
150 Series A-1 preferred shares (September 30, 2025 - 150)	**1,203,914**	1,092,133
736 Series B-1 preferred shares (September 30, 2025 - 834)	**7,208,266**	8,168,063
Additional paid-in capital	**16,037,835**	14,753,110
Accumulated other comprehensive loss	**(158,541)**	(165,771)
Accumulated deficit	**(77,896,367)**	(65,910,974)
Total shareholders' equity	**8,811,154**	12,451,982
Total liabilities and shareholders' equity	**$ 12,721,195**	$ 13,530,518

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Edesa Biotech, Inc.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

	Three Months Ended		Nine Months Ended	
	June 30, 2026	**June 30, 2025**	**June 30, 2026**	**June 30, 2025**
Expenses:				
Research and development	**$ 3,957,875**	$ 939,067	**$ 7,849,690**	$ 2,443,191
General and administrative	**1,561,674**	964,676	**4,308,236**	2,998,127
Loss from operations	**(5,519,549)**	(1,903,743)	**(12,157,926)**	(5,441,318)
Other income:				
Reimbursement grant income	**107,368**	183,281	**276,021**	536,744
Interest income	**275**	572	**961**	2,503
Foreign exchange gain (loss)	**4,295**	(29,574)	**8,132**	(54,294)
	111,938	154,279	**285,114**	484,953
Loss before income taxes	**(5,407,611)**	(1,749,464)	**(11,872,812)**	(4,956,365)
Income tax expense	**-**	-	**800**	800
Net loss	**(5,407,611)**	(1,749,464)	**(11,873,612)**	(4,957,165)
Exchange differences on translation	**27,548**	164,611	**7,230**	119,536
Net comprehensive loss	**$ (5,380,063)**	$ (1,584,853)	**$ (11,866,382)**	$ (4,837,629)
Weighted average number of common shares	**9,007,474**	7,022,678	**8,504,968**	5,217,343
Loss per common share - basic and diluted	**$ (0.60)**	$ (0.25)	**$ (1.40)**	$ (0.95)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Edesa Biotech, Inc.
Condensed Interim Consolidated Statements of Cash Flows

	Nine Months Ended	
	June 30, 2026	**June 30, 2025**
Cash flows from operating activities:		
Net loss	**$ (11,873,612)**	$ (4,957,165)
Adjustments for:		
Depreciation and amortization	**76,976**	93,405
Share-based compensation	**1,432,178**	325,217
Changes in working capital items:		
Accounts and other receivable	**412,592**	(18,159)
Prepaid expenses and other current assets	**(145,111)**	73,355
Accounts payable and accrued liabilities	**2,910,348**	(1,117,921)
Net cash used in operating activities	**(7,186,629)**	(5,601,268)
Cash flows from financing activities:		
Proceeds from issuance of common shares and warrants	**6,997,816**	7,497,133
Proceeds from issuance of Series A-1 preferred shares and warrants	**-**	1,540,820
Proceeds from issuance of Series B-1 preferred shares	**-**	8,340,000
Payments for issuance costs of common shares and warrants	**(204,440)**	(294,935)
Payment for issuance costs of preferred shares	**-**	(215,157)
Payment for issuance costs of warrants	**-**	(23,446)
Net cash provided by financing activities	**6,793,376**	16,844,415
Effect of exchange rate changes on cash and cash equivalents	**(66,399)**	81,223
Net change in cash and cash equivalents	**(459,652)**	11,324,370
Cash and cash equivalents, beginning of the period	**10,792,172**	1,037,320
Cash and cash equivalents, end of the period	**$ 10,332,520**	$ 12,361,690

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Edesa Biotech, Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

	Shares #	Common Shares	Series A-1 Preferred Shares	Series B-1 Preferred Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
Three Months Ended June 30, 2026								
Balance - March 31, 2026	**8,885,719**	**$58,932,825**	**$ 1,166,517**	**$ 7,208,266**	**$15,526,657**	**$ (186,089)**	**$ (72,451,359)**	**$ 10,196,817**
Issuance of common shares	729,241	3,499,991	-	-	-	-	-	3,499,991
Issuance of common shares upon exercise of restricted share units	18,263	36,285	-	-	(36,285)	-	-	-
Issuance costs	-	(53,054)	-	-	-	-	-	(53,054)
Preferred return on Series A-1 preferred shares	-	-	37,397	-	-	-	(37,397)	-
Share-based compensation	-	-	-	-	547,463	-	-	547,463
Net loss and comprehensive loss	-	-	-	-	-	27,548	(5,407,611)	(5,380,063)
Balance - June 30, 2026	**9,633,223**	**$62,416,047**	**$ 1,203,914**	**$ 7,208,266**	**$16,037,835**	**$ (158,541)**	**$ (77,896,367)**	**$ 8,811,154**
Three Months Ended June 30, 2025								
Balance - March 31, 2025	**7,022,678**	**$54,271,112**	**$ 1,017,750**	**$ 8,168,063**	**$14,229,130**	**$ (287,688)**	**$ (61,858,769)**	**$ 15,539,598**
Preferred return on Series A-1 preferred shares	-	-	36,985	-	-	-	(36,985)	-
Share-based compensation	-	-	-	-	177,381	-	-	177,381
Net loss and comprehensive loss	-	-	-	-	-	164,611	(1,749,464)	(1,584,853)
Balance - June 30, 2025	**7,022,678**	**$54,271,112**	**$ 1,054,735**	**$ 8,168,063**	**$14,406,511**	**$ (123,077)**	**$ (63,645,218)**	**$ 14,132,126**
Nine Months Ended June 30, 2026								
Balance - September 30, 2025	**7,141,783**	**54,515,421**	**1,092,133**	**8,168,063**	**14,753,110**	**(165,771)**	**(65,910,974)**	**$ 12,451,982**
Issuance of common shares	1,906,809	6,997,816	-	-	-	-	-	6,997,816
Issuance of common shares upon exercise of restricted share units	74,216	147,453	-	-	(147,453)	-	-	-
Issuance of common shares upon exercise of Series B-1 Preferred shares, net of issuance cost	510,415	959,797	-	(959,797)	-	-	-	-
Issuance costs	-	(204,440)	-	-	-	-	-	(204,440)
Preferred return on Series A-1 preferred shares	-	-	111,781	-	-	-	(111,781)	-
Share-based compensation	-	-	-	-	1,432,178	-	-	1,432,178
Net loss and comprehensive loss	-	-	-	-	-	7,230	(11,873,612)	(11,866,382)
Balance - June 30, 2026	**9,633,223**	**$62,416,047**	**$ 1,203,914**	**$ 7,208,266**	**$16,037,835**	**$ (158,541)**	**$ (77,896,367)**	**$ 8,811,154**
Nine Months Ended June 30, 2025								

Balance - September 30, 2024	**3,247,389**	**$47,236,024**	**$ -**	**$ -**	**$13,576,757**	**$ (242,613)**	**$ (58,589,013)**	**$ 1,981,155**
Issuance of common shares	3,772,803	7,497,133	-	-	-	-	-	7,497,133
Issuance of Series A-1 preferred shares and warrants	-	-	998,915	-	541,905	-	-	1,540,820
Issuance of Series B-1 preferred shares	-	-	-	8,340,000		-	-	8,340,000
Issuance of common shares upon exercise of restricted share units	2,486	13,922	-	-	(13,922)	-	-	-
Issuance costs	-	(475,967)	(43,220)	(171,937)	(23,446)	-	-	(714,570)
Preferred return on Series A-1 preferred shares	-	-	99,040	-	-	-	(99,040)	-
Share-based compensation	-	-	-	-	325,217	-	-	325,217
Net loss and comprehensive loss	-	-	-	-	-	119,536	(4,957,165)	(4,837,629)
Balance - June 30, 2025	**7,022,678**	**$54,271,112**	**$ 1,054,735**	**$ 8,168,063**	**$14,406,511**	**$ (123,077)**	**$ (63,645,218)**	**$ 14,132,126**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations

Edesa Biotech, Inc. (the "Company" or "Edesa") is a biopharmaceutical company focused on acquiring, developing and commercializing clinical stage drugs for inflammatory and immune-related diseases with clear unmet medical needs. The Company is organized under the laws of British Columbia, Canada and is headquartered in Markham, Ontario. It operates under its wholly owned subsidiaries, Edesa Biotech Research, Inc., an Ontario, Canada corporation, and Edesa Biotech USA, Inc., a California, USA corporation.

The Company's common shares trade on The Nasdaq Capital Market in the United States under the symbol "EDSA".

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which presumes the realization of assets and the discharge of liabilities in the normal course of operations for at least the next twelve months.

For the nine months ended June 30, 2026, the Company incurred a comprehensive loss of $11.9 million resulting in an accumulated deficit of $77.9 million. For the nine months ended June 30, 2026, the Company had a net cash outflow from operating activities of $7.2 million, and ended the period with $10.3 million in cash and cash equivalents and a net working capital surplus of $6.9 million. The Company's ability to continue as a going concern is dependent on obtaining additional funding through financings, other strategic activities as well as via grants, to fund the development of its drug candidates. There can be no assurance that the Company will be successful in raising the necessary financing. These conditions indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim consolidated financial statements. These adjustments could be material.

2. Basis of Presentation

The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q. They do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with U.S. GAAP for complete financial statements. These unaudited condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended September 30, 2025, which was filed with the Securities and Exchange Commission ("SEC") on December 12, 2025.

The accompanying unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated on consolidation. All adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair presentation of the results of operations for the periods presented have been included in the interim periods. Operating results for the three and nine months ended June 30, 2026 are not necessarily indicative of the results that may be expected for other interim periods or the fiscal year ending September 30, 2026.

Use of estimates

The preparation of condensed interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenue and expenses during the period or year. Actual results could differ from those estimates. Significant areas of judgment and estimation include, but are not limited to, the valuation of accounts and other receivables; the valuation and useful lives of intangible assets; deferred income taxes; the determination of the fair value of share-based compensation; the determination of the fair value of warrants and the allocation of proceeds from equity issuances; and forecasting future cash flows in assessing our going concern assumption.

Functional and reporting currencies

The consolidated condensed interim financial statements of the Company are presented in U.S. dollars, unless otherwise stated, which is the Company's and its wholly owned subsidiary's, Edesa Biotech USA, Inc., functional currency. The functional currency of the Company's wholly owned subsidiary, Edesa Biotech Research, Inc., as determined by management, is Canadian dollars.

3. Intangible Assets

Acquired license

In April 2020, the Company entered into a license agreement with a pharmaceutical development company to obtain exclusive world-wide rights to know-how, patents and data relating to certain monoclonal antibodies (the "Constructs"), including sublicensing rights. Unless earlier terminated, the term of the license agreement will remain in effect for 25 years from the date of first commercial sale of licensed products containing the Constructs. Subsequently, the license agreement will automatically renew for five-year periods unless either party terminates the agreement in accordance with its terms.

Under the license agreement, the Company is exclusively responsible, at its expense, for the research, development, manufacture, marketing, distribution and commercialization of the Constructs and licensed products and to obtain all necessary licenses and rights. The Company is required to use commercially reasonable efforts to develop and commercialize the Constructs in accordance with the terms of a development plan established by the parties.

The Company has determined that the license has multiple alternative future uses in research and development projects and sublicensing in other countries or for other disease indications. The value of the acquired license is recorded as an intangible asset with amortization over the estimated useful life of 25 years and evaluation for impairment at the end of each reporting period.

The required upfront license payment of $2.5 million was paid by issuance of Series A-1 Convertible Preferred Shares, which have been fully converted to common shares. The value of the license includes acquisition legal costs. See Note 4 for license commitments.

Intangible assets, net consisted of the following:

	June 30, 2026	September 30, 2025
The Constructs	$ 2,529,483	$ 2,529,483
Less: accumulated amortization	(627,686)	(551,807)
Total intangible assets, net	$ 1,901,797	$ 1,977,676

Amortization expense amounted to $0.03 million for each of the three months ended June 30, 2026 and June 30, 2025 and $0.08 million for each of the nine months ended June 30, 2026 and June 30, 2025.

Total estimated future amortization of intangible assets for each fiscal year is as follows:

Year Ending	
September 30, 2026	$ 25,293
September 30, 2027	101,172
September 30, 2028	101,172
September 30, 2029	101,172
September 30, 2030	101,172
Thereafter	1,471,816
	$ 1,901,797

4. Commitments

Research and other commitments

The Company has commitments for contract manufacturing and other service providers for chemistry, contract research organizations, manufacturing and controls and related development activities associated with its product candidates. Aggregate future contractual payments at June 30, 2026 are as follows:

Year Ending	
September 30, 2026	$ 2,063,000
September 30, 2027	840,000
September 30, 2028	-
September 30, 2029	-
September 30, 2030	-
	$ 2,903,000

License and royalty commitments

In April 2020, through its Ontario subsidiary, the Company entered into a license agreement with a third party to obtain exclusive world-wide rights to certain know-how, patents and data relating to certain monoclonal antibodies (the "Constructs"), including sublicensing rights. An intangible asset for the acquired license has been recognized. See Note 3 for intangible assets. Under the license agreement, the Company is committed to payments of up to an aggregate amount of $356 million contingent upon meeting certain milestones outlined in the license agreement, primarily relating to future potential commercial approval and sales milestones. The Company also has a commitment to pay royalties based on any net sales of products containing the Constructs in the countries where the Company directly commercializes the products containing the Constructs and a percentage of any sublicensing revenue received by the Company and its affiliates in the countries where it does not directly commercialize the products containing the Constructs. No milestone, royalty or sublicensing payments were made to the third party during the three and nine months ended June 30, 2026 and 2025. In connection with this license agreement and pursuant to a purchase agreement entered into in April 2020, the Company acquired drug substance of one of the Constructs for an aggregate purchase price of $5.0 million. No expense was recorded during the three and nine months ended June 30, 2026 and 2025.

In 2016, through its Ontario subsidiary, the Company entered into a license agreement with a third party to obtain exclusive rights to certain know-how, patents and data relating to a pharmaceutical product. The Company will use the exclusive rights to develop the product for therapeutic, prophylactic and diagnostic uses in topical dermal applications and anorectal applications. No intangible assets have been recognized under the license agreement with the third party. Under the license agreement, the Company is committed to payments of various amounts to the third party upon meeting certain milestones outlined in the license agreement, up to an aggregate amount of $18.4 million. Upon divestiture of substantially all of the assets of the Company, the Company shall pay the third party a percentage of the valuation of the licensed technology sold as determined by an external objective expert. The Company also has a commitment to pay the third party a royalty based on net sales of the product in countries where the Company, or an affiliate, directly commercializes the product and a percentage of sublicensing revenue received by the Company and its affiliates in the countries where it does not directly commercialize the product. No license or royalty payments were made to the third party during the three and nine months ended June 30, 2026 and 2025.

In March 2021, through its Ontario subsidiary, the Company entered into a license agreement with the inventor of the same pharmaceutical product to acquire global rights for all fields of use beyond those named under the 2016 license agreement. The Company is committed to remaining payments of up to an aggregate amount of $68.9 million, primarily relating to future potential commercial approval and sales milestones. In addition, if the Company fails to file an investigational new drug application or foreign equivalent ("IND") for the product within a certain period of time following the date of the agreement, the Company is required to remit to the inventor a fixed license fee quarterly as long as the requirement to file an IND remains unfulfilled. For the three and nine months ended June 30, 2026 and 2025, the Company recorded an expense of $25,000 and $75,000, respectively, related to the quarterly fixed license fee under the 2021 license agreement.

5. Capital Shares

June 2026 Private Placement

On June 10, 2026, the Company entered into a securities purchase agreement for a private placement with certain investors, including Pardeep Nijhawan, the Company's Chief Executive Officer, Secretary and member of its Board, pursuant to which the Company sold an aggregate of 729,241 common shares for gross proceeds of approximately $3.5 million, before deducting offering costs. The closing of the private placement occurred on June 16, 2026. The common shares were sold at a purchase price of $4.69 per share for purchasers other than the Company's Chief Executive Officer, and $5.21 per share for the Company's Chief Executive Officer.

Series B-1 Preferred Shares Offering

On February 12, 2025, the Company entered into a Securities Purchase Agreement ("Series B-1 Purchase Agreement") with certain investors, including members of the Company's board of directors and executive officers (the "Series B-1 Investors"), pursuant to which the Company issued and sold to the Series B-1 Investors in a private placement (the "Private Placement"), an aggregate of (i) 834 shares (the "Series B-1 Preferred Shares") of the Company's newly designated Series B-1 Convertible Preferred Shares, stated value $10,000 per share, each of which is initially convertible into approximately 5,208 common shares (the "Series B-1 Conversion Shares"), without par value, of the Company (the "Common Shares") at a conversion price of $1.92 per Series B-1 Conversion Share, and (ii) 3,468,746 Common Shares. The purchase price per Series B-1 Preferred Share was $10,000 and the purchase price per Common Share was $1.92. The gross proceeds to the Company were approximately $15.0 million, prior to deducting offering expenses payable by the Company which were allocated between the Series B-1 Preferred Shares and Common Shares based on the market price of the Company's Common Shares on the issuance date. A Series B-1 Investor will not have the right to convert any portion of its Series B-1 Preferred Shares if, together with its affiliates, it would beneficially own in excess of 4.99%, 9.99% or 19.99% of the number of Common Shares outstanding immediately after giving effect to such conversion.

The Series B-1 Purchase Agreement contains customary representations and warranties and agreements of the Company and the Series B-1 Investors and customary indemnification rights and obligations of the parties.

The Series B-1 Preferred Shares are presented as permanent shareholders' equity. During the nine months ended June 30, 2026, 98 Series B-1 Preferred Shares were converted into 510,415 Common Shares.

Issued and Outstanding Series B-1 convertible preferred shares

	Series B-1 Convertible Preferred Shares (#)	Series B-1 Convertible Preferred Shares
Nine Months Ended June 30, 2026		
Balance - September 30, 2025	834	$ 8,168,063
Conversions	(98)	(980,000)
Issuance costs relieved upon conversion	-	20,203
Balance - June 30, 2026	736	$ 7,208,266

Series A-1 Preferred Shares Offering

On October 30, 2024, the Company entered into a Securities Purchase Agreement ("Series A-1 Purchase Agreement") with Pardeep Nijhawan Medicine Professional Corporation, an entity controlled by the Company's Chief Executive Officer, Secretary and member of the board of directors of the Company ("PN MPC" or the "Series A-1 Purchaser"), pursuant to which the Company agreed to issue and sell to the Series A-1 Purchaser in a private placement, up to $5,000,000 of shares of the Company's newly designated Series A-1 Convertible Preferred Shares, stated value $10,000 per share (the "Series A-1 Preferred Shares"), each of which is initially convertible into approximately 2,903 Common Shares (the "Series A-1 Conversion Shares"), at a conversion price of $3.445 per Series A-1 Conversion Share, and warrants ("Warrants") to purchase Common Shares (the "Series A-1 Warrant Shares") at an exercise price of $3.445 per Series A-1 Warrant Share. The Series A-1 Preferred Shares and the Warrants are being sold together in a fixed combination of one Series A-1 Preferred Share and a Warrant to purchase a number of Common Shares equal to 75% of the underlying Series A-1 Conversion Shares at a combined purchase price of $10,272.13 per Series A-1 Preferred Share and related Warrants. Under the Series A-1 Purchase Agreement, the Series A-1 Purchaser has purchased 150 Series A-1 Preferred Shares initially convertible into an aggregate of 435,414 Series A-1 Conversion Shares and Warrants to purchase up to an aggregate of 326,560 Warrant Shares for an aggregate purchase price of $1,540,819. The offering of the Series A-1 Preferred Shares and Warrants was structured as an at-market offering under the rules of The Nasdaq Stock Market. The Series A-1 Purchaser will not have the right to convert any portion of its Series A-1 Preferred Shares if, together with its affiliates, it would beneficially own in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such conversion.

The Warrants expire five years from the issuance date. The Warrants may only be exercised on a cashless basis if there is no registration statement registering, or the prospectus contained therein is not available for, the issuance or resale of the Common Shares issuable upon exercise of the Warrants to or by the holders thereof. The exercise price of the Warrants is subject to customary antidilution adjustments in the event of share splits, reclassifications, recapitalizations and similar events. The Series A-1 Purchaser will not have the right to exercise any portion of its Warrants if, together with its affiliates, it would beneficially own in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such exercise.

The Company has the right to require the Series A-1 Purchaser to purchase additional Series A-1 Preferred Shares and Warrants (up to an aggregate investment of $5.0 million); provided however, no more than an aggregate of $2.0 million of Series A-1 Preferred Shares and Warrants may be issued and sold pursuant to the Series A-1 Purchase Agreement without shareholder approval in accordance with applicable Canadian securities laws.

The Series A-1 Purchase Agreement contains customary representations and warranties and agreements of the Company and the Series A-1 Purchaser and customary indemnification rights and obligations of the parties.

The Company has the option to redeem the Series A-1 Preferred Shares, and upon conversion or liquidation, holders are entitled to receive the stated value plus a 10% annual return on capital, payable in Common Shares at the conversion price, calculated daily until the three-year anniversary of issuance.

The Series A-1 Preferred Shares are presented as permanent shareholders' equity. The total proceeds were allocated between the Series A-1 Preferred Shares and warrants using relative fair value. The fair value of the Series A-1 Preferred Shares was determined as a reference to the fair value of Common Shares on the issuance date and the fair value of the warrants was determined using Black-Scholes option pricing model as detailed below.

Issued and Outstanding Series A-1 convertible preferred shares

	Series A-1 Convertible Preferred Shares (#)	Series A-1 Convertible Preferred Shares
Nine Months Ended June 30, 2026		
Balance - September 30, 2025	150	1,092,133
Preferred return on Series A-1 Preferred Shares	-	111,781
Balance - June 30, 2026	150	$ 1,203,914

At The Market offering agreement

On October 4, 2024, the Company entered into an At The Market offering agreement (the "ATM Agreement") with H.C. Wainwright & Co., LLC as a sales agent ("HCW ATM") pursuant to which the Company may offer and sell, from time to time, common shares through an at-the-market equity offering program. The Company has no obligation to sell any of the common shares and may at any time suspend sales or terminate the equity distribution agreement in accordance with its terms. For the nine months ended June 30, 2026, the Company sold 1,177,568 common shares pursuant to the ATM Agreement under the prospectus supplement filed on September 9, 2025 for net proceeds of approximately $3.4 million, after deducting sales agent commissions. For the three months ended June 30, 2026, the Company did not sell any common shares pursuant to the ATM Agreement. On December 12, 2025, the Company filed a prospectus supplement with the SEC authorizing the offer and sale of up to approximately $2.26 million of common shares pursuant to the ATM Agreement. The Company has not sold any common shares under the December 12, 2025 prospectus supplement.

Black-Scholes option valuation model

The Company uses the Black-Scholes option valuation model to determine the fair value of share-based compensation for share options and compensation warrants granted and the fair value of warrants issued. Option valuation models require the input of highly subjective assumptions including the expected price volatility. The Company calculates expected volatility based on historical volatility of the Company's share price. When there is insufficient data available, the Company uses a peer group that is publicly traded to calculate expected volatility. The Company adopted interest-free rates by reference to the U.S. treasury yield rates. The Company calculated the fair value of share options granted based on the expected life of 5 years considering expected forfeitures during the option term of 10 years. Expected life of warrants is based on warrant terms. The Company did not and is not expected to declare any dividends. Changes in the subjective input assumptions can materially affect the fair value estimates, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's warrants and share options.

Warrants

A summary of the Company's warrant activity is as follows:

	Number of Warrant Shares (#)	Weighted Average Exercise Price
Nine Months Ended June 30, 2026		
Balance - September 30, 2025	934,590	$ 15.35
Expired	(189,241)	14.26
Balance - June 30, 2026	745,349	$ 15.62
Nine Months Ended June 30, 2025		
Balance - September 30, 2024	609,717	$ 21.74
Issued	326,560	3.45
Expired	(1,687)	22.40
Balance - June 30, 2025	934,590	$ 15.35

The weighted average contractual life remaining on the outstanding warrants at June 30, 2026 is 26 months.

The following table summarizes information about the warrants outstanding at June 30, 2026:

Number of Warrants (#)		Exercise Prices	Expiry Dates
27,399	$	31.94	March 2027
391,390	$	24.64	September 2027
326,560	$	3.45	October 2029
745,349			

No warrants were issued during the nine months ended June 30, 2026. The fair value of warrants issued during the comparative prior-year period was estimated using the Black-Scholes option valuation model using the following assumptions:

	Nine Months Ended June 30, 2025 Series A-1 Preferred Share Warrants
Risk free interest rate	4.14%
Expected life (in years)	5
Expected share price volatility	91.24%
Expected dividend yield	0.00%

Share options

The Company adopted an Equity Incentive Compensation Plan in 2019 (the "2019 Plan") administered by the independent members of the Board of Directors, which amended and restated prior plans. Options, restricted shares and restricted share units are eligible for grant under the 2019 Plan. On May 27, 2026, shareholders approved amendments to the 2019 Plan to increase the number of shares available for issuance by 750,000 shares and eliminate the annual per participant option grant limit. At June 30, 2026, a total of 3,117,737 shares were available for issuance under the 2019 Plan, of which 808,967 remained available for future grants. The 2019 Plan allows grants to directors, officers, employees and certain consultants and advisers. Options may be granted for terms of up to 10 years at exercise prices determined by the independent members of the Board of Directors.

Options have been granted under the 2019 Plan allowing the holders to purchase common shares of the Company as follows:

	Number of Options (#)		Weighted Average Exercise Price		Weighted Average Grant Date Fair Value
Nine Months Ended June 30, 2026					
Balance - September 30, 2025	378,039	$	24.70	$	18.12
Balance - June 30, 2026	378,039	$	24.70	$	18.12
Nine Months Ended June 30, 2025					
Balance - September 30, 2024	383,040	$	24.93	$	18.33
Forfeited	(4,431)		25.20		17.69
Expired	(374)		246.96		246.96
Balance - June 30, 2025	378,235	$	24.66	$	18.10

There were no options exercised during each of the three and nine months ended June 30, 2026 and 2025. The intrinsic value of options outstanding at June 30, 2026 was $168,089.

The weighted average contractual life remaining on the outstanding options at June 30, 2026 is 60 months.

The following table summarizes information about the options under the 2019 Plan outstanding and exercisable at June 30, 2026:

Number of Options (#)	Exercisable at June 30, 2026 (#)		Range of Exercise Prices	Expiry Dates
37,719	37,719	C$	15.12	August 2027 - Dec 2028
43,031	43,031	$	22.12	Feb 2030
51,006	51,006	$	52.08 - 56.49	September 2030 - Oct 2030
79,651	79,651	$	36.75 - 40.18	January 2031 - Sep 2031
56,865	56,865	$	25.97	February 2032
109,767	109,767	$	4.10 - 10.01	August 2026 - July 2033
378,039	378,039			

The options exercisable at June 30, 2026 had a weighted average exercise price of $24.70 and an intrinsic value of $168,089 and a weighted average remaining life of 60 months.

As of June 30, 2026, there was no unrecognized compensation expense related to unvested stock options.

Restricted share units

The Company's 2019 Plan allows restricted share units (“RSUs”) to be granted to directors, officers, employees and certain external consultants and advisers. Under the 2019 Plan, the RSU term is not to exceed 10 years. The fair value of RSUs is determined based on the market price of the Company’s common shares on the grant date.

The following is a summary of changes in the status of RSUs from October 1, 2025 through June 30, 2026:

	Number of RSU (#)		Weighted Average Grant Date Fair Value
Nine Months Ended June 30, 2026			
Balance - September 30, 2025	1,243,653	$	2.16
Granted	728,289		6.74
Exercised	(74,216)		1.99
Cancelled	(19,525)		1.99
Balance - June 30, 2026	1,878,201	$	3.94
Nine Months Ended June 30, 2025			
Balance - September 30, 2024	63,204	$	5.10
Granted	1,207,856		2.00
Exercised	(2,486)		5.60
Balance - June 30, 2025	1,268,574	$	2.15

The following table summarizes information about the RSUs under the 2019 Plan outstanding and exercisable at June 30, 2026:

	Number of RSU (#)	Exercisable at June 30, 2026 (#)	Expiry Date
Fully-vested RSUs	278,832	278,832	August 2033 - June 2036
Vesting in the next 12 months	342,289	228,289	May 2035 - May 2036
Vesting from 13–24 months	375,921	239,770	May 2035
Vesting in 24 months or greater	881,159	134,866	May 2035 - May 2036
	1,878,201	881,757	

The Company has granted RSUs with varying vesting schedules. Certain RSUs vest immediately upon the grant date, while others vest over a period ranging from 12 to 35 months. Outstanding RSUs can be converted to Common Shares by the holder at any time after vesting and before the expiry date. As of June 30, 2026, the Company had approximately $5.3 million of unrecognized restricted share unit compensation expense, which is expected to be recognized over a period of 35 months.

The Company recorded share-based compensation expense of approximately $0.5 million and $0.2 million for the three months ended June 30, 2026 and 2025, respectively, and approximately $1.4 million and $0.3 million for the nine months ended June 30, 2026 and 2025, respectively. These amounts include expenses related to both stock options and RSUs granted to employees and directors under the Company’s equity compensation plans.

6. Government Contributions

Strategic Response Fund

The Company's wholly owned subsidiary Edesa Biotech Research is party to a multi-year contribution agreement with the Canadian government's Strategic Response Fund, or SRF (formerly Strategic Innovation Fund, SIF), dated October 12, 2023, and an Amendment Agreement No. 1 to the agreement, dated September 30, 2025 (together, the "2023 SRF Agreement"). Under the 2023 SRF Agreement, the Government of Canada committed up to C$23 million in partially repayable funding toward (i) conducting and completing the Company's Phase 3 clinical study of its experimental drug EB05, (ii) submitting EB05 for governmental approvals and manufacturing scale-up, following, and subject to, completing the Phase 3 study and (iii) conducting two non-clinical safety studies to assess the potential long-term impact of EB05 exposure (the "SRF Project"). Of the C$23 million committed by SRF, up to C$5.8 million is not repayable by the Company. The remaining C$17.2 million is conditionally repayable starting in 2032 only if and when the Company earns gross revenue. The repayable portion would be payable over fifteen (15) years based on a percentage rate of the Company's annual revenue growth. The maximum amount repayable is 1.4 times the original repayable amount. In addition, the Company is entitled to partial reimbursement of certain eligible expenses. The Company also agreed to certain financial and non-financial covenants and other obligations in relation to the SRF Project. Certain customary events of default, such as the Company's or Edesa Biotech Research's breach of their covenants and obligations under the Agreement, their insolvency, winding up or dissolution, and other similar events, may permit the Government of Canada to declare an event of default. Upon an event of default, subject to applicable cure, the Government of Canada may exercise a number of remedies, including suspending or terminating funding, demanding repayment of funding previously received and/or terminating the 2023 SRF Agreement. The funding and any associated conditional repayments are not secured by any assets of Edesa Biotech Research or the Company. The 2023 SRF Agreement will expire on the later of December 31, 2045 or the date of the last repayment, unless earlier terminated, subject to certain provisions that extend three (3) years beyond the term or early termination.

Under the 2023 SRF Agreement, the Company recorded grant income of $0.1 million and $0.2 million for the three months ended June 30, 2026 and June 30, 2025, respectively, and $0.3 million and $0.5 million for the nine months ended June 30, 2026 and June 30, 2025, respectively.

7. Financial Instruments

(a) Fair values

The Company uses the fair value measurement framework for valuing financial assets and liabilities measured on a recurring basis in situations where other accounting pronouncements either permit or require fair value measurements.

The Company follows the fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs are inputs that reflect assumptions market participants would use in pricing 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 own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

There are three levels of inputs that may be used to measure fair value:

- Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets and liabilities in markets that are not active.
- Level 3 – Unobservable inputs for the asset or liability that are supported by little or no market activity.

The carrying value of certain financial instruments such as cash and cash equivalents, accounts and other receivable, accounts payable and accrued liabilities approximates fair value due to the short-term nature of such instruments.

(b) Interest rate and credit risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Company does not believe that the results of operations or cash flows would be affected to any significant degree by a significant change in market interest rates, relative to interest rates on cash and cash equivalents due to the short-term nature of these balances. The Company is also exposed to credit risk at period end from the carrying value of its cash and cash equivalents and accounts and other receivable. The Company manages this risk by maintaining bank accounts with Canadian Chartered Banks, U.S. banks believed to be creditworthy and money market mutual funds of U.S. government securities. The Company's cash is not subject to any external restrictions. The Company assesses the collectability of accounts and receivables through a review of the current aging and terms, as well as an analysis of historical collection rates, general economic conditions and credit status of government agencies. Credit risk for the reimbursement grant and HST refunds receivable are not considered significant since amounts are due from the Canadian government's SRF and the Canada Revenue Agency.

(c) Foreign exchange risk

The Company and its subsidiary have balances in Canadian dollars that give rise to exposure to foreign exchange ("FX") risk relating to the impact of translating certain non-U.S. dollar balance sheet accounts as these statements are presented in U.S. dollars. A strengthening U.S. dollar will lead to a FX loss while a weakening U.S. dollar will lead to a FX gain. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At June 30, 2026, the Company and its Canadian subsidiary had current assets denominated in Canadian dollars of approximately C$2.9 million and the U.S. dollar exchange rate at this date was equal to 1.4219 Canadian dollars. Based on the exposure at June 30, 2026, a 10% annual change in the Canadian/U.S. exchange rate would impact the Company's loss and other comprehensive loss by approximately $0.2 million.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, the Company closely monitors its forecasted cash requirements with expected cash drawdown.

8. Loss per Share

The Company had securities outstanding which could potentially dilute basic earnings per share in the future but were excluded from the computation of diluted loss per share in the periods presented, as their effect would have been anti-dilutive.

9. Related Party Transactions

On June 10, 2026, we entered into a securities purchase agreement for a private placement with certain investors, including Pardeep Nijhawan, our Chief Executive Officer, Secretary and member of our Board. Pursuant to the agreement, Pardeep Nijhawan purchased 153,550 common shares at a purchase price of $5.21 per share, for gross proceeds of approximately $0.8 million. The closing of the private placement occurred on June 16, 2026.

Effective May 13, 2026, the Board approved an amendment to the compensation arrangement of Pardeep Nijhawan whereby 90% of his monthly base salary is payable in the form of fully vested restricted share units under the Company's 2019 Equity Incentive Compensation Plan.

During the three and nine months ended June 30, 2026 and 2025, the Company paid cash of approximately $20,000 and $59,000 in 2026, and $20,000 and $60,000 in 2025, respectively, for a lease from a company controlled by the Company's CEO. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties. The Company extended the lease beyond its December 31, 2024 expiration to November 30, 2025 and upon expiry the lease is month to month and either party will have the right to terminate on 30 days' notice.

On February 12, 2025 (the "Closing Date"), the Company entered into the Series B-1 Purchase Agreement with the Series B-1 Investors. Pursuant to the Series B-1 Purchase Agreement, the Company sold to the Series B-1 Investors in a private placement, an aggregate of (i) 834 Series B-1 Preferred Shares, each of which is initially convertible into approximately 5,208 Series B-1 Conversion Shares at a conversion price of $1.92 per Series B-1 Conversion Share, and (ii) 3,468,746 Common Shares. The purchase price per Series B-1 Preferred Share was $10,000 and the purchase price per common share was $1.92. The Company's Chief Executive Officer, Secretary, and a member of the board of directors purchased 100 Series B-1 Preferred Shares for an aggregate purchase price of $1.0 million. A director purchased 41,666 Common Shares for an aggregate purchase price of approximately $80,000. Another director purchased 10,416 Common Shares for an aggregate purchase price of approximately $20,000. Entities affiliated with significant beneficial owner purchased, in aggregate, 2,687,500 Common Shares and 734 Series B-1 Preferred Shares for aggregate gross proceeds of approximately $12.5 million. A holder of Series B-1 Preferred Shares will not have the right to convert any portion of its Series B-1 Preferred Shares, if, together with its affiliates, it would beneficially own in excess of 4.99% (or, at the option of the holder, 9.99%) of the number of Common Shares outstanding immediately after giving effect to such conversion, provided, however, that a holder may increase or decrease the beneficial ownership limitation by giving 61 days' notice to the Company, but not to any percentage in excess of 19.99%.

In connection with the Series B-1 Purchase Agreement, on February 12, 2025, the Company also entered into an Investor Rights Agreement ("IRA") with the Series B-1 Investors, whereby the Company agreed to provide the Series B-1 Investors with certain registration and other rights. The IRA provides that the board of directors, following the Company's annual meeting held on May 28, 2025, shall consist of seven members, one of whom shall be a director nominated by the lead investor (the "Lead Investor Nominee"), who shall serve on the board effective as of the Closing Date, until the earlier of such time as (i) the lead investor no longer holds at least 51% of the Common Shares (calculated on an as-converted-to-Common Shares basis), subject to appropriate adjustment in the event of any stock dividend, stock split, combination, or other similar recapitalization with respect to the Common Shares issued in the private placement, or (ii) the lead investor beneficially owns less than 5% of the outstanding Common Shares as a result of a disposition of shares (such period, the "Lead Investor Rights Period"). The Company also agreed to use its reasonable best efforts to solicit shareholder approval of the Lead Investor Nominee at each general or special meeting of shareholders of the Company at which an election of directors is held during the Lead Investor Rights Period.

Additionally, the IRA includes certain protective provisions that restrict the Company's ability to, among other things, (i) amend, modify, alter or repeal any provision of the Company's governing documents in a manner adverse to the holders of Series B-1 Preferred Shares, (ii) alter or change the special rights and restrictions of the Series B-1 Preferred Shares and (iii) increase or decrease the authorized number of Series B-1 Preferred Shares, in each case, without the written consent of the lead investor.

Pursuant to the IRA, during the Lead Investor Rights Period, the lead investor is entitled to designate one (1) non-voting observer to the Board to attend all meetings of the Board and committees and subcommittees thereof, subject to the terms of the IRA.

On October 30, 2024, the Company entered into the Series A-1 Purchase Agreement with the Series A-1 Purchaser, an entity controlled by the Company's Chief Executive Officer, Secretary and member of the board of directors of the Company, pursuant to which the Company agreed to issue and sell to the Series A-1 Purchaser in a private placement, up to $5,000,000 of the Series A-1 Preferred Shares, each of which is initially convertible into the Series A-1 Conversion Shares, at a conversion price of $3.445 per Series A-1 Conversion Share, and Warrants to purchase Common Shares at an exercise price of $3.445. Under the Series A-1 Purchase Agreement, the Series A-1 Purchaser has purchased 150 Series A-1 Preferred Shares initially convertible into an aggregate of 435,414 Series A-1 Conversion Shares and Warrants to purchase up to an aggregate of 326,560 Warrant Shares for an aggregate purchase price of $1,540,819. The offering of the Series A-1 Preferred Shares and Warrants was structured as an at-market offering under the rules of The Nasdaq Stock Market. The Series A-1 Purchaser will not have the right to convert any portion of its Series A-1 Preferred Shares, or exercise any portion of the Warrants, if, together with its affiliates, it would beneficially own in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such conversion or exercise. See Note 5 – Series A-1 Convertible Preferred Shares offering.

During the three and nine months ended June 30, 2026 and 2025, the Company did not incur any standby charges related to its revolving credit agreement with PN MPC, an entity controlled by the Company's Chief Executive Officer (the "Credit Agreement"). The Credit Agreement was terminated in October 2024. Prior to its termination, the Company had not borrowed any funds under the agreement and incurred no termination penalties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q as of June 30, 2026 and our audited consolidated financial statements for the year ended September 30, 2025 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission, or the SEC, on December 12, 2025.

This Quarterly Report on Form 10-Q contains forward-looking statements. When used in this report, the words "expects," "anticipates," "suggests," "believes," "intends," "estimates," "plans," "projects," "continue," "ongoing," "potential," "expect," "predict," "believe," "intend," "may," "will," "should," "could," "would" and similar expressions are intended to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in our Annual Report on Form 10-K for the year ended September 30, 2025, and other reports we file with the Securities and Exchange Commission. Although we believe the expectations reflected in the forward-looking statements are reasonable, they relate only to events as of the date on which the statements are made. We do not intend to update any of the forward-looking statements after the date of this report to conform these statements to actual results or to changes in our expectations, except as required by law.

The discussion and analysis of our financial condition and results of operations are based on our unaudited condensed interim consolidated financial statements as of June 30, 2026 and September 30, 2025 and for the three and nine months ended June 30, 2026 and 2025 included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which we have prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. The preparation of these condensed interim financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties, and other factors, which may be beyond our control, and which may cause our actual results, performance, or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "can," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "seek," "estimate," "continue," "plan," "point to," "project," "predict," "could," "intend," "target," "potential" and other similar words and expressions of the future.

There are a number of important factors that could cause the actual results to differ materially from those expressed in any forward-looking statement made by us. These factors include, but are not limited to:

- *our ability to obtain funding for our operations;*
- *our estimates regarding our expenses, revenues, anticipated capital requirements and our needs for additional financing*
- *the timing of the commencement, progress and receipt of data from any of our preclinical and clinical trials;*
- *the expected results of any preclinical or clinical trial and the impact on the likelihood or timing of any regulatory approval;*
- *the therapeutic benefits, effectiveness and safety of our product candidates;*
- *the timing or likelihood of regulatory filings and approvals;*
- *changes in our strategy or development plans;*
- *the volatility of our common share price;*
- *the rate and degree of market acceptance and clinical utility of any future products;*
- *the effect of competition;*
- *our ability to protect our intellectual property as well as comply with the terms of license agreements with third parties;*
- *our ability to comply with the continued listing requirements of Nasdaq;*
- *our ability to identify, develop and commercialize additional products or product candidates;*
- *reliance on key personnel;*
- *general changes in economic or business conditions; and*
- *other risks and uncertainties, including those listed under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2025.*

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. You should refer to the "Risk Factors" section of our Annual Report on Form 10-K for the fiscal year ended September 30, 2025, filed with the SEC on December 12, 2025 for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. We operate in an evolving environment and new risk factors and uncertainties may emerge from time to time. It is not possible for management to predict all risk factors and uncertainties. As a result of these factors, we cannot assure you that the forward-looking statements in this report will prove to be accurate. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. You should review the factors and risks and other information we describe in the reports we will file from time to time with the SEC.

Overview

We are a biopharmaceutical company developing innovative ways to treat inflammatory and immune-related diseases. Our approach is to acquire, develop and commercialize drug candidates based on mechanisms of action that have demonstrated proof-of-concept in human subjects. We prioritize our efforts on disease indications where there is compelling scientific rationale, no approved therapies or where there are unmet medical needs, and where there are large addressable market opportunities, among other factors. Our clinical pipeline is focused on two therapeutic areas: Medical Dermatology and Respiratory.

In Medical Dermatology we are developing EB06, an anti-CXCL10 monoclonal antibody candidate, as a therapy for vitiligo, a common autoimmune disorder that causes skin to lose its color in patches. CXCL10 has been shown to play a key role in the disease, and neutralization of CXCL10 has been demonstrated to both prevent and reverse depigmentation in animal models. To date, EB06 has demonstrated a favorable safety and tolerability profile. We have received regulatory approval from Health Canada to conduct a Phase 2 proof of concept study of EB06 in patients with moderate-to-severe nonsegmental vitiligo. We are in the process of providing chemistry, manufacturing and controls-related information to the U.S. Food and Drug Administration ("FDA") in connection with our Investigational New Drug ("IND") application for the same study based on our discussions with the FDA. The Phase 2 study protocol is designed to enroll approximately 80 subjects. We expect recruitment to begin in the coming weeks in Canada, with additional jurisdictions to follow, subject to regulatory approval and administrative filings. Our Medical Dermatology assets also include EB01 (1.0% daniluromer cream), a Phase 3-ready asset developed for use as a potential therapy for moderate-to-severe chronic Allergic Contact Dermatitis ("ACD"), a common occupational skin condition. This asset is at the partnering stage.

Our most advanced Respiratory drug candidate is paridiprubart. Paridiprubart represents a new class of emerging therapies called Host-Directed Therapeutics ("HDTs") that are designed to modulate the body's own immune response when confronted with infectious diseases or even chemical agents. In October 2025, we reported that paridiprubart met primary and secondary endpoints with statistical significance, providing clinically meaningful improvement in survival and recovery, in a truncated Phase 3 clinical study of hospitalized patients with Acute Respiratory Distress Syndrome ("ARDS"), a life-threatening form of respiratory failure. We subsequently reported positive additional data from the same study. These results represent a broader, 278-patient population, which includes both previously reported 104 patients requiring invasive mechanical ventilation ("IMV") as well as 174 non-IMV patients. Across this full population, paridiprubart demonstrated a statistically significant reduction in 28-day mortality. Treatment benefits were consistent across severity groups and in patients with serious comorbidities. Because TLR4-mediated inflammation plays a central role in both lung and kidney injury, we conducted additional exploratory analyses to evaluate paridiprubart's effect in ARDS patients with concurrent acute kidney injury ("AKI"). In a population of 101 ARDS patients from our Phase 2 and 3 studies who presented with AKI at baseline, paridiprubart plus standard of care treatments was associated with significant mortality reductions supported by concordant improvements in the kidney-specific MAKE30 composite endpoint. Paridiprubart is being evaluated in an ongoing U.S. government-funded platform study investigating three novel threat-agnostic HDTs in hospitalized patients with ARDS. The company has initiated manufacturing readiness activities, including process development and scale-up planning, in preparation for future drug production. Certain development expenses, including manufacturing scale-up, for our paridiprubart program are also eligible for reimbursement from the Government of Canada under a 2023 grant and funding award.

Significant Accounting Policies and Estimates

See Note 3 to our financial statements included in our Annual Report on Form 10-K for the year ended September 30, 2025 for a discussion of our significant accounting policies and estimates. There have been no material changes to such significant accounting policies or estimates.

Results of Operations

Comparison of the Three Months Ended June 30, 2026 and 2025

Total operating expenses increased by $3.6 million to $5.5 million for the three months ended June 30, 2026 compared to $1.9 million for the same period last year.

- The following table summarizes our R&D expenses incurred during the three months ended June 30, 2026 and 2025, together with the dollar increase or decrease in those items:

	Three Months Ended		Change
	June 30, 2026	**June 30, 2025**	**$**
Program-specific external costs:			
EB06	**$ 3,044,039**	$ 226,118	$ 2,817,921
EB05	**338,051**	396,993	(58,942)
Other development and discovery programs	**51,372**	40,370	11,002
Total program-specific costs	**3,433,462**	663,481	2,769,981
Unallocated internal costs			
Non-program specific external costs	**-**	-	-
Unallocated internal costs	**524,413**	275,586	248,827
Total unallocated internal costs	**524,413**	275,586	248,827
Total research and development costs	**3,957,875**	939,067	3,018,808

- Research and development ("R&D") expenses increased by $3.1 million to $4.0 million for the three months ended June 30, 2026 compared to $0.9 million for the same period last year, primarily due to increased expenses for manufacturing-related activities and other preparations for the planned Phase 2 clinical study of EB06 in vitiligo patients, as well as increased unallocated research costs, which were partially offset by decreased expenditures for our paridiprubart (EB05) program. Our R&D expenses consist primarily of employee-related expenses, including salaries, benefits, taxes, travel, and share-based compensation expense for personnel in R&D functions; expenses related to process development and production of product candidates paid to contract manufacturing organizations, including the cost of acquiring, developing, and manufacturing research material; costs associated with clinical activities, including expenses for contract research organizations; and clinical trials and activities related to regulatory filings for our product candidates, including regulatory consultants.

- General and administrative ("G&A") expenses increased by $0.6 million to $1.6 million for the three months ended June 30, 2026 compared to $1.0 million for the same period last year primarily due to increases in noncash share-based compensation and professional fees. Our G&A expenses consist primarily of salaries and related costs for our employees in administrative, executive and finance functions. G&A expenses also include professional fees for legal, accounting, audit, tax and consulting services, insurance, office, and travel expenses.

Total other income decreased by approximately $42,000 to $112,000 for the three months ended June 30, 2026 compared to $154,000 for the same period last year and was composed of the following:

- Grant income decreased by $76,000 to $107,000 for the three months ended June 30, 2026 compared to $183,000 for the same period last year, reflecting a decrease in grant income associated with reimbursable expenses under the 2023 SRF Agreement.

- Interest income was nominal for the three months ended June 30, 2026 and 2025, primarily due to minimal interest earned on cash balances and lower average interest rates.

- Foreign exchange gain increased to approximately $4,000 for the three months ended June 30, 2026 compared to a foreign exchange loss of approximately $30,000 for the same period in 2025.

For the three months ended June 30, 2026, our net loss was $5.4 million, or $0.60 per common share, compared to a net loss of $1.7 million, or $0.25 per common share for the three months ended June 30, 2025.

Comparison of the Nine Months Ended June 30, 2026 and 2025

Total operating expenses increased by $6.8 million to $12.2 million for the nine months ended June 30, 2026 compared to $5.4 million for the same period last year.

- The following table summarizes our R&D expenses incurred for the nine months ended June 30, 2026 and 2025, together with the dollar increase or decrease in those items:

	Nine Months Ended		Change
	June 30, 2026	**June 30, 2025**	**$**
Program-specific external costs:			
EB06	**$ 5,623,664**	$ 292,200	$ 5,331,464
EB05	**805,161**	1,269,963	(464,802)
Other development and discovery programs	**137,203**	101,227	35,976
Total program-specific costs	**6,566,028**	1,663,390	4,902,638
Unallocated internal costs			
Non-program specific external costs	**-**	1,199	(1,199)
Unallocated internal costs	**1,283,662**	778,602	505,060
Total unallocated internal costs	**1,283,662**	779,801	503,861
Total research and development costs	**7,849,690**	2,443,191	5,406,499

- R&D expenses increased by $5.4 million to $7.8 million for the nine months ended June 30, 2026 compared to $2.4 million for the same period last year, primarily due to increased expenses for manufacturing-related activities and other preparations for the planned Phase 2 clinical study of EB06 in vitiligo patients, as well as increased unallocated research costs, which were partially offset by decreased expenditures for our paridiprubart (EB05) program. Our R&D expenses consist primarily of employee-related expenses, including salaries, benefits, taxes, travel, and share-based compensation expense for personnel in R&D functions; expenses related to process development and production of product candidates paid to contract manufacturing organizations, including the cost of acquiring, developing, and manufacturing research material; costs associated with clinical activities, including expenses for contract research organizations; and clinical trials and activities related to regulatory filings for our product candidates, including regulatory consultants.

- G&A expenses increased by $1.3 million to $4.3 million for the nine months ended June 30, 2026 compared to $3.0 million for the same period last year primarily due to increases in noncash share-based compensation and professional fees. Our G&A expenses consist primarily of salaries and related costs for our employees in administrative, executive and finance functions. G&A expenses also include professional fees for legal, accounting, audit, tax and consulting services, insurance, office, and travel expenses.

Total other income decreased by approximately $200,000 to $285,000 for the nine months ended June 30, 2026 compared to $485,000 for the same period last year and was composed of the following:

- Grant income decreased by $261,000 to $276,000 for the nine months ended June 30, 2026 compared to $537,000 for the same period last year, reflecting a decrease in grant income associated with reimbursable expenses under the 2023 SRF Agreement.
- Interest income was nominal for the nine months ended June 30, 2026 and 2025, primarily due to minimal interest earned on cash balances and lower average interest rates.
- Foreign exchange gain increased to approximately $8,000 for the nine months ended June 30, 2026 compared to a foreign exchange loss of approximately $54,000 for the same period in 2025.

For the nine months ended June 30, 2026, our net loss was $11.9 million, or $1.40 per common share, compared to a net loss of $5.0 million, or $0.95 per common share for the nine months ended June 30, 2025.

Capital Expenditures

Our capital expenditures primarily consist of computer and office equipment. There were no significant capital expenditures for the three and nine months ended June 30, 2026 and 2025.

Liquidity and Capital Resources

As a clinical-stage company, we have not generated significant revenue, and we expect to incur operating losses as we continue our efforts to acquire, develop, seek regulatory approval for and commercialize product candidates and execute on our strategic initiatives. Our operations have historically been funded through issuances of common shares, exercises of common share purchase warrants, convertible preferred shares, convertible loans, government grants and tax incentives.

Our primary use of cash is to fund our operating expenses, which consist of R&D and G&A expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in accounts payable and accrued expenses. Net cash used in operating activities was $7.2 million for the nine months ended June 30, 2026, compared to $5.6 million for the same period in 2025. We incurred net losses of $11.9 million for the nine months ended June 30, 2026, compared to $5.0 million for the same period in 2025. We ended the period with $10.3 million in cash and cash equivalents and working capital of $6.9 million, compared to $10.8 million in cash and cash equivalents and working capital of approximately $10.4 million as of September 30, 2025.

On June 10, 2026, we entered into a securities purchase agreement for a private placement with certain investors, including Pardeep Nijhawan, our Chief Executive Officer, Secretary and member of our Board, pursuant to which we sold an aggregate of 729,241 common shares for gross proceeds of $3.5 million, before deducting offering costs. The closing of the private placement occurred on June 16, 2026. The common shares were sold at a purchase price of $4.69 per share for purchasers other than the Company's Chief Executive Officer, and $5.21 per share for the Company's Chief Executive Officer.

On December 12, 2025, we filed a prospectus supplement with the SEC to increase the maximum aggregate offering amount of common shares issuable under the HCW ATM by $2.26 million. We have not sold any common shares under the December 12, 2025 prospectus supplement.

In July 2025, we filed with the SEC a shelf registration statement on Form S-3, allowing for the offer and sale of up to $150.0 million of securities, which was declared effective on September 9, 2025. Such registration statement replaced our previous shelf registration statement that expired in August 2025.

In February 2025, we entered into a Securities Purchase Agreement (the "Series B-1 Purchase Agreement") with a lead investor and several additional investors signatory thereto (the "Series B-1 Investors"), pursuant to which we sold to the Series B-1 Investors in a private placement, an aggregate of (i) 834 Series B-1 Preferred Shares, each of which is initially convertible into approximately 5,208 common shares (the "Series B-1 Conversion Shares") at a conversion price of $1.92 per Series B-1 Conversion Share, and (ii) 3,468,746 common shares. The purchase price per Series B-1 Preferred Share was $10,000 and the purchase price per common share was $1.92. The gross proceeds were approximately $15.0 million, prior to deducting offering expenses payable by us. During the nine months ended June 30, 2026, 98 Series B-1 Preferred Shares were converted into 510,415 Common Shares. A holder of Series B-1 Preferred Shares will not have the right to convert any portion of its Series B-1 Preferred Shares if, together with its affiliates, it would beneficially own in excess of 4.99% (or, at the option of the holder, 9.99%) of the number of common shares outstanding immediately after giving effect to such conversion, provided, however, that a holder may increase or decrease the beneficial ownership limitation by giving 61 days' notice to the Company, but not to any percentage in excess of 19.99%.

In October 2024, we entered into a Securities Purchase Agreement (the "Series A-1 Purchase Agreement") with Pardeep Nijhawan Medicine Professional Corporation ("PN MPC" or the "Series A-1 Purchaser"), an entity controlled by Pardeep Nijhawan, our Chief Executive Officer, Secretary and member of our Board, pursuant to which we agreed to issue and sell to the Series A-1 Purchaser in a private placement, up to $5 million of Series A-1 Preferred Shares, each of which is initially convertible into approximately 2,903 common shares (the "Series A-1 Conversion Shares"), at a conversion price of $3.445 per Series A-1 Conversion Share, and warrants (the "Warrants") to purchase common shares (the "Warrant Shares") at an exercise price of $3.445 per Warrant Share. The Series A-1 Preferred Shares and the Warrants were being sold together in a fixed combination of one Series A-1 Preferred Share and a Warrant to purchase a number of common shares equal to 75% of the underlying Series A-1 Conversion Shares at a combined purchase price of $10,272.13 per Series A-1 Preferred Share and related Warrants. Under the Series A-1 Purchase Agreement, the Series A-1 Purchaser has purchased 150 Series A-1 Preferred Shares initially convertible into an aggregate of 435,414 Series A-1 Conversion Shares and Warrants to purchase up to an aggregate of 326,560 Warrant Shares for an aggregate purchase price of $1,540,819. The Warrants expire five years from the issuance date. We have the right to require the Series A-1 Purchaser to purchase additional Series A-1 Preferred Shares and Warrants (up to an aggregate investment of $5.0 million); provided however, no more than an aggregate of $2.0 million of Series A-1 Preferred Shares and Warrants may be issued and sold pursuant to the Series A-1 Purchase Agreement without shareholder approval in accordance with applicable Canadian securities laws.

In October 2024, we entered into an At The Market Offering Agreement with H.C. Wainwright & Co., LLC as sales agent ("HCW ATM") pursuant to which we may offer and sell, from time to time, common shares through an at-the-market equity offering program. For the nine months ended June 30, 2026, we sold a total of 1,177,568 common shares pursuant to the HCW ATM for net proceeds of approximately $3.4 million. For the nine months ended June 30, 2025, we sold 3,772,803 common shares for net proceeds of approximately $7.2 million pursuant to the HCW ATM. We did not sell any common shares pursuant to the HCW ATM during the three months ended June 30, 2026.

In October 2023, we entered into the 2023 SRF Agreement with the Canadian Government's SRF. Under the 2023 SRF Agreement, the Government of Canada committed up to C$23 million in partially repayable funding. Of the C$23 million committed by SRF, up to C$5.8 million is not repayable by us. The remaining C$17.2 million is conditionally repayable starting in 2032 only if and when we earn gross revenue. For the three and nine months ended June 30, 2026 and 2025, we recorded grant income of $0.1 million and $0.2 million, and $0.3 million and $0.5 million, respectively, related to the 2023 SRF Agreement. On September 30, 2025, the 2023 SRF Agreement was amended to, among other things, extend the program period to December 31, 2028 from December 31, 2025 and defer the start of the conditional repayment period from 2029 to 2032.

In October 2023, we entered into a $10.0 million revolving credit agreement with PN MPC, an entity controlled by Pardeep Nijhawan, our Chief Executive Officer and Secretary and member of our Board ("Credit Agreement"), providing an unsecured revolving credit facility, with a credit limit of $3.5 million ("Credit Limit") which was available immediately. The line of credit bore interest at the Canadian Imperial Bank of Commerce US Base-Interest Rate plus 3% per annum and had a maturity date of March 31, 2026, unless terminated earlier by either party with 90 days' notice. Advances under the line of credit were tied to a borrowing base ("Borrowing Base") consisting of eligible grant receivables from SRF, future potential license fee receivables and any other accounts receivable. At no time could the aggregate principal amount of all advances outstanding have exceeded the lesser of (i) the Credit Limit and (ii) an amount equal to 85% of the Borrowing Base. The Credit Agreement was terminated in October 2024. Prior to the termination of the Credit Agreement, we had not borrowed any funds thereunder. We incurred no termination penalties in connection with the termination of the Credit Agreement.

At June 30, 2026, we had an accumulated deficit of $77.9 million and working capital of $6.9 million, including $10.3 million in cash and cash equivalents. We expect that our cash and cash equivalents at June 30, 2026, future sales of common shares pursuant to the HCW ATM and reimbursements of eligible R&D expenses under the 2023 SRF Agreement will not be sufficient to fund our operating expenses including the advancement of the vitiligo program through the end of fiscal 2026. Management has flexibility to adjust this timeline by making changes to planned expenditures related to, among other factors, the size and timing of clinical trial expenditures and manufacturing campaigns, staffing levels, and the acquisition or in-licensing of new product candidates. To help fund our operations and meet our obligations in the future, we plan to seek additional financing through the sale of equity, government grants, debt financings or other capital sources, including potential future licensing, collaboration or similar arrangements with third parties or other strategic transactions. If we raise additional funds by issuing equity securities, our shareholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity that we raise may contain terms, such as liquidation and other preferences that are not favorable to us or our existing shareholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development of our product candidates.

We expect to continue to incur substantial additional operating losses for at least the next several years as we continue to develop our product candidates and seek marketing approval and, subject to obtaining such approval, the eventual commercialization of our product candidates. If we obtain marketing approval for our product candidates, we will incur significant sales, marketing and outsourced manufacturing expenses. In addition, we expect to incur additional expenses to add operational, financial and information systems and personnel, including personnel to support our planned product commercialization efforts. We also expect to incur significant costs to comply with corporate governance, internal controls and similar requirements applicable to us as a public company. To continue to grow our business over the longer term, we plan to commit substantial resources to research and development, clinical trials of our product candidates, and other operations and potential product acquisitions and in licensing. We have evaluated and expect to continue to evaluate a wide array of strategic transactions as part of our plan to acquire or in-license and develop additional products and product candidates to augment our internal development pipeline. Strategic transaction opportunities that we may pursue could materially affect our liquidity and capital resources and may require us to incur additional indebtedness, seek equity capital or both. In addition, we may pursue development, acquisition or in licensing of approved or development products in new or existing therapeutic areas or continue the expansion of our existing operations. Accordingly, we expect to continue to opportunistically seek access to additional capital to license or acquire additional products, product candidates or companies to expand our operations, or for general corporate purposes. Strategic transactions may require us to raise additional capital through one or more public or private debt or equity financings or could be structured as a collaboration or partnering arrangement. We have no arrangements, agreements, or understandings in place at the present time to enter into any acquisition, in licensing or similar strategic business transaction.

Cash Flows

Net cash used in operating activities

Net cash used in operating activities was $7.2 million for the nine months ended June 30, 2026 compared to $5.6 million for the nine months ended June 30, 2025, primarily due to a higher net loss, partially offset by higher noncash share-based compensation and favorable net changes in working capital. Favorable net changes in working capital were driven primarily by a $0.4 million decrease in accounts and other receivable and a $2.9 million increase in accounts payable and accrued liabilities, mainly related to manufacturing activities for the planned Phase 2 clinical study of EB06, partially offset by a $0.1 million increase in prepaid expenses and other current assets.

Net cash used in investing activities

There was no cash used in investing activities for the nine months ended June 30, 2026 and 2025, respectively.

Net cash provided by financing activities

Net cash provided by financing activities was $6.8 million for the nine months ended June 30, 2026 compared to $16.8 million for the nine months ended June 30, 2025, primarily due to lower proceeds from financing activities during the current period. During the nine months ended June 30, 2026, financing cash flows primarily related to net proceeds from issuances of common shares under the HCW ATM and the June 2026 private placement, net of issuance costs. During the nine months ended June 30, 2025, financing cash flows primarily related to proceeds from issuances of common shares and the Series A-1 and Series B-1 preferred share financings, net of issuance costs.

Research and Development

Our primary business is the development of innovative therapeutics for inflammatory and immune-related diseases with clear unmet medical needs. We focus our resources on R&D activities, including the conduct of clinical studies and product development, and expense such costs as they are incurred.

R&D expenses, which have historically varied based on the level of activity in our clinical programs, are significantly influenced by study initiation expenses and patient recruitment rates, and as a result are expected to continue to fluctuate, sometimes substantially. Our R&D expenses were $4.0 million and $0.9 million for the three months ended June 30, 2026 and 2025, respectively, and $7.8 million and $2.4 million for the nine months ended June 30, 2026 and 2025, respectively. For the three months ended June 30, 2026, the increase was primarily due to increased expenses for manufacturing-related activities and other preparations for the planned Phase 2 clinical study of EB06 in vitiligo patients; increased expenses related to regulatory and manufacturing readiness for paridiprubart; and increased unallocated research costs. For the nine months ended June 30, 2026, the increase was primarily due to increased expenses for manufacturing-related activities and other preparations for the planned Phase 2 clinical study of EB06 in vitiligo patients, as well as increased unallocated research costs, which were partially offset by decreased expenses related to the completion of the Phase 3 study of paridiprubart.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company and are not required to provide disclosure under this item.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that material information related to our Company, including our consolidated subsidiaries, is made known to senior management, including our Chief Executive Officer and the Chief Financial Officer, by others within those entities on a timely basis so that appropriate decisions can be made regarding public disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and our Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2026. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures as of June 30, 2026 were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2026 that have materially affected, or are 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 involved in legal proceedings, claims and litigation arising in the ordinary course of business. We are not currently a party to any material legal proceedings or claims outside the ordinary course of business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

There have been no material changes to the risk factors discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended September 30, 2025, filed with the Securities and Exchange Commission on December 12, 2025.

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.

None of the Company's directors and officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2026 (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Description
10.1	Amendment No. 5 to Edesa Biotech, Inc. 2019 Equity Incentive Compensation Plan (included as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on May 29, 2026, and incorporated herein by reference).
10.2	Form of Purchase Agreement, dated June 10, 2026, by and among the Company and the Purchasers (included as Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 11, 2026, and incorporated herein by reference).
10.3	Form of Registration Rights Agreement, dated June 10, 2026, by and among the Company and the Purchasers (included as Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on June 11, 2026, and incorporated herein by reference).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of section 18 of the Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of Edesa Biotech, Inc. under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: August 13, 2026

EDESA BIOTECH, INC.

/s/ Pardeep Nijhawan
Pardeep Nijhawan, MD, Director, Chief Executive Officer and Corporate Secretary
(Principal Executive Officer)

Date: August 13, 2026

/s/ Peter J. Weiler
Peter J. Weiler, Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Pardeep Nijhawan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Edesa Biotech, 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.

Date: August 13, 2026

By: */s/ Pardeep Nijhawan*
Pardeep Nijhawan
Director, Chief Executive Officer and Corporate Secretary
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Weiler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Edesa Biotech, 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.

Date: August 13, 2026

By: */s/ Peter Weiler*
Peter Weiler
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Edesa Biotech, Inc. (the Company) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Pardeep Nijhawan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. 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 the Company.

Date: August 13, 2026

By: */s/ Pardeep Nijhawan*
Pardeep Nijhawan
Director, Chief Executive Officer and Corporate Secretary
(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Quarterly Report of Edesa Biotech, Inc. (the Company) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Peter Weiler, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. 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 the Company.

Date: August 13, 2026

By: */s/ Peter Weiler*
Peter Weiler
Chief Financial Officer
(Principal Financial Officer)