

REFINITIV

DELTA REPORT

10-Q

EDSA - EDESA BIOTECH, INC.

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - JUNE 30, 2023

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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, 2023** **December 31, 2023**

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated Filer filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 9, 2023** **February 9, 2024**, the registrant had **21,093,654** **3,171,760** common shares issued and outstanding.

EDESA BIOTECH, INC.
QUARTERLY REPORT ON FORM 10-Q
Quarter Ended **June 30, 2023 **December 31, 2023****

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PART 1 – FINANCIAL INFORMATION**Item 1. Financial Statements**

Edesa Biotech, Inc.
Condensed Interim Consolidated Balance Sheets

	<u>June 30, 2023</u>	<u>September 30, 2022</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 6,457,170	\$ 7,090,919	\$ 4,267,787	\$ 5,361,397
Accounts and other receivable	42,866	1,255,451	743,569	626,543
Prepaid expenses and other current assets	<u>414,045</u>	<u>745,543</u>	<u>404,903</u>	<u>448,912</u>
Total current assets	6,914,081	9,091,913	5,416,259	6,436,852
Non-current assets:				
Property and equipment, net	9,918	12,694	8,188	8,702
Long-term deposits	177,825	171,464	177,731	173,490
Intangible asset, net	<u>2,205,313</u>	<u>2,281,192</u>	<u>2,154,727</u>	<u>2,180,020</u>
Right-of-use assets	<u>112,387</u>	<u>18,465</u>	<u>74,885</u>	<u>91,373</u>
Total assets	<u>\$ 9,419,524</u>	<u>\$ 11,575,728</u>	<u>\$ 7,831,790</u>	<u>\$ 8,890,437</u>
Liabilities and shareholders' equity:				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,454,120	\$ 2,121,802	\$ 1,908,598	\$ 1,747,150
Short-term right-of-use lease liabilities	<u>74,846</u>	<u>18,975</u>	<u>78,314</u>	<u>74,714</u>
Total current liabilities	1,528,966	2,140,777	1,986,912	1,821,864

Non-current liabilities:				
Long-term payables	-	43,662		
Long-term right-of-use lease liabilities	40,075	-	-	19,773
Total liabilities	1,569,041	2,184,439	1,986,912	1,841,637
Commitments (Note 5)				
Shareholders' equity:				
Capital shares				
Authorized unlimited common and preferred shares without par value				
Issued and outstanding:				
20,866,772 common shares (September 30, 2022 - 16,662,014)	46,141,187	42,473,099		
3,164,722 common shares (September 30, 2023 - 3,075,473)			46,933,895	46,643,151
Additional paid-in capital	12,598,108	11,176,345	13,223,622	13,039,265
Accumulated other comprehensive loss	(190,187)	(213,602)	(215,220)	(214,648)
Accumulated deficit	(50,698,625)	(44,044,553)	(54,097,419)	(52,418,968)
Total shareholders' equity	7,850,483	9,391,289	5,844,878	7,048,800
Total liabilities and shareholders' equity	\$ 9,419,524	\$ 11,575,728	\$ 7,831,790	\$ 8,890,437

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

	Three Months Ended		Nine Months Ended		Three Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	December 31, 2023	December 31, 2022
Expenses:						
Research and development	\$ 1,025,622	\$ 4,547,543	\$ 3,841,150	\$ 11,541,404	\$ 704,458	\$ 1,357,338
General and administrative	<u>1,038,587</u>	1,249,982	<u>3,011,945</u>	3,993,075	<u>1,152,971</u>	1,020,967
Loss from operations	(2,064,209)	(5,797,525)	(6,853,095)	(15,534,479)	(1,857,429)	(2,378,305)
Other income (loss):						
Reimbursement grant income	-	-	-	780,257	120,834	-
Interest income	82,754	17,518	217,901	27,386	60,966	49,429
Foreign exchange loss	<u>(3,451)</u>	(7,013)	<u>(18,078)</u>	(7,377)	<u>(2,822)</u>	(5,941)
	<u>79,303</u>	10,505	<u>199,823</u>	800,266	<u>178,978</u>	43,488
Loss before income taxes	(1,984,906)	(5,787,020)	(6,653,272)	(14,734,213)		
Income tax expense	-	-	800	800		
Net loss	(1,984,906)	(5,787,020)	(6,654,072)	(14,735,013)	(1,678,451)	(2,334,817)
Exchange differences on translation	39,839	34,559	23,415	79,474	(572)	(25,067)

Net comprehensive loss	\$ (1,945,067)	\$ (5,752,461)	\$ (6,630,657)	\$ (14,655,539)	\$ (1,679,023)	\$ (2,359,884)
Weighted average number of common shares	20,514,766	15,462,287	19,619,548	14,227,538	3,128,024	2,626,847
Loss per common share - basic and diluted	\$ (0.10)	\$ (0.37)	\$ (0.34)	\$ (1.04)	\$ (0.54)	\$ (0.89)

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

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

	Nine Months Ended		Three Months Ended	
	June 30,		December 31, 2023	December 31, 2022
	2023	June 30, 2022		
Cash flows from operating activities:				
Net loss	\$ (6,654,072)	\$ (14,735,013)	\$ (1,678,451)	\$ (2,334,817)
Adjustments for:				
Depreciation and amortization	137,501	89,228	45,031	27,197
Share-based compensation	729,380	1,804,670	184,357	333,675
Changes in working capital items:				
Accounts and other receivable	1,149,129	1,900,776	(99,585)	1,060,378
Prepaid expenses and other current assets	339,031	(28,858)	38,664	57,722
Accounts payable and accrued liabilities	(869,430)	4,318,102	103,456	(935,250)

Net cash used in operating activities	<u>(5,168,461)</u>	<u>(6,651,095)</u>	<u>(1,406,528)</u>	<u>(1,791,095)</u>
Cash flows from investing activities:				
Purchase of property and equipment	-	<u>(5,697)</u>		
Net cash used in investing activities				
	-	<u>(5,697)</u>	-	-
Cash flows from financing activities:				
Proceeds from issuance of common shares and warrants	<u>3,861,245</u>	<u>11,957,567</u>	<u>315,201</u>	<u>3,027,496</u>
Proceeds from exercise of warrants	<u>770,531</u>		-	
Payments for issuance costs of common shares and warrants	<u>(214,130)</u>	<u>(327,653)</u>	<u>(9,459)</u>	<u>(115,721)</u>
Net cash provided by financing activities	<u>4,417,646</u>	<u>11,629,914</u>	<u>305,742</u>	<u>2,911,775</u>
Effect of exchange rate changes on cash and cash equivalents	<u>117,066</u>	<u>(3,669)</u>	<u>7,176</u>	<u>58,608</u>
Net change in cash and cash equivalents	<u>(633,749)</u>	<u>4,969,453</u>	<u>(1,093,610)</u>	<u>1,179,288</u>
Cash and cash equivalents, beginning of period	<u>7,090,919</u>	<u>7,839,259</u>	<u>5,361,397</u>	<u>7,090,919</u>
Cash and cash equivalents, end of period	<u>\$ 6,457,170</u>	<u>\$ 12,808,712</u>	<u>\$ 4,267,787</u>	<u>\$ 8,270,207</u>
Supplemental Disclosure of Noncash Financing Activities:				
Issuance costs withheld from gross proceeds from issuance of common shares and warrants	\$	-	\$ 393,461	
Fair value of placement agent warrants		-	408,059	

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 #	Accumulated					Total Shareholders' Equity	
		Additional		Other		Accumulated Deficit		
		Common Shares	Paid-in Capital	Comprehensive Loss	Accumulated Deficit			
Three Months Ended June 30, 2023								
Balance - March 31, 2023	20,058,665	\$ 45,453,733	\$ 12,489,949	\$ (230,026)	\$ (48,713,719)	\$ 8,999,937		
Issuance of common shares and warrants in equity offering	808,107	833,749	-	-	-	833,749		
Issuance costs	-	(146,295)	-	-	-	(146,295)		
Share-based compensation	-	-	108,159	-	-	108,159		
Net loss and comprehensive loss	-	-	-	39,839	(1,984,906)	(1,945,067)		
Balance - June 30, 2023	20,866,772	\$ 46,141,187	\$ 12,598,108	\$ (190,187)	\$ (50,698,625)	\$ 7,850,483		
Three Months Ended June 30, 2022								
Balance - March 31, 2022	15,462,287	\$ 40,264,080	\$ 12,364,302	\$ (160,347)	\$ (35,443,622)	\$ 17,024,413		
Share-based compensation	-	-	565,384	-	-	565,384		
Net loss and comprehensive loss	-	-	-	34,559	(5,787,020)	(5,752,461)		
Balance - June 30, 2022	15,462,287	\$ 40,264,080	\$ 12,929,686	\$ (125,788)	\$ (41,230,642)	\$ 11,837,336		
Nine Months Ended June 30, 2022								
Balance - September 30, 2022	16,662,014	\$ 42,473,099	\$ 11,176,345	\$ (213,602)	\$ (44,044,553)	\$ 9,391,289		

Issuance of common shares and warrants in equity offering	3,499,444	2,916,418	944,827	-	-	3,861,245
Issuance of common shares upon exercise of warrants	705,314	994,618	(224,087)	-	-	770,531
Issuance costs		(242,948)	(28,357)	-	-	(271,305)
Share-based compensation			729,380	-	-	729,380
Net loss and comprehensive loss	-	-	-	23,415	(6,654,072)	(6,630,657)
Balance - June 30, 2023	<u>20,866,772</u>	<u>\$ 46,141,187</u>	<u>\$ 12,598,108</u>	<u>\$ (190,187)</u>	<u>\$ (50,698,625)</u>	<u>\$ 7,850,483</u>
<u>Nine Months Ended June 30, 2022</u>						
Balance - September 30, 2021	13,295,403	\$ 34,887,721	\$ 4,871,461	\$ (205,262)	\$ (26,495,629)	\$ 13,058,291
Issuance of common shares and warrants in equity offering	2,166,884	6,239,180	6,702,293	-	-	12,941,473
Issuance costs including fair value of placement agent warrants	-	(862,821)	(448,738)	-	-	(1,311,559)
Share-based compensation	-	-	1,804,670	-	-	1,804,670
Net loss and comprehensive loss	-	-	-	79,474	(14,735,013)	(14,655,539)
Balance - June 30, 2022	<u>15,462,287</u>	<u>\$ 40,264,080</u>	<u>\$ 12,929,686</u>	<u>\$ (125,788)</u>	<u>\$ (41,230,642)</u>	<u>\$ 11,837,336</u>

Three Months Ended December 31, 2023	Accumulated					
			Additional	Other	Total	
	Common	Paid-in Capital	Comprehensive Loss	Accumulated Deficit	Shareholders' Equity	
Shares #	Shares	Capital	Loss	Deficit	Equity	

Balance - September 30, 2023	3,075,473	\$ 46,643,151	\$ 13,039,265	\$ (214,648)	\$ (52,418,968)	\$ 7,048,800
Issuance of common shares	89,249	315,201	-	-	-	315,201
Issuance costs	-	(24,457)	-	-	-	(24,457)
Share-based compensation	-	-	184,357	-	-	184,357
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(572)</u>	<u>(1,678,451)</u>	<u>(1,679,023)</u>
Balance - December 31, 2023	<u>3,164,722</u>	<u>\$ 46,933,895</u>	<u>\$ 13,223,622</u>	<u>\$ (215,220)</u>	<u>\$ (54,097,419)</u>	<u>\$ 5,844,878</u>
Three Months Ended						
<u>December 31, 2022</u>						
Balance - September 30, 2022	2,380,280	\$ 42,473,099	\$ 11,176,345	\$ (213,602)	\$ (44,044,553)	\$ 9,391,289
Issuance of common shares and warrants	384,477	2,082,669	944,827	-	-	3,027,496
Issuance costs	-	(81,945)	(37,175)	-	-	(119,120)
Share-based compensation	-	-	333,675	-	-	333,675
Net loss and comprehensive loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,067)</u>	<u>(2,334,817)</u>	<u>(2,359,884)</u>
Balance - December 31, 2022	<u>2,764,757</u>	<u>\$ 44,473,823</u>	<u>\$ 12,417,672</u>	<u>\$ (238,669)</u>	<u>\$ (46,379,370)</u>	<u>\$ 10,273,456</u>

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

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Edesa Biotech, Inc.

**Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)**

1. Nature of Operations

Edesa Biotech, Inc. (the Company or Edesa) is a biopharmaceutical company focused on acquiring, developing and commercializing **clinical-stage** **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".

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, 2022** **September 30, 2023**, which was filed with the Securities and Exchange Commission (SEC) on **December 16, 2022** **December 15, 2023**.

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, 2023** **December 31, 2023** are not necessarily indicative of the results that may be expected for other interim periods or the fiscal year ending **September 30, 2023** **September 30, 2024**.

Use of estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the period or year. Actual results could differ from those estimates. Areas where significant judgment is involved in making estimates are valuation of accounts and other receivable; valuation and useful lives of property and equipment; intangible assets; right-of-use assets; deferred income taxes; the determination of fair value of share-based compensation; the determination of fair value of warrants in order to allocate proceeds from equity issuances; and forecasting future cash flows for assessing the going concern assumption.

Functional and reporting currencies

The consolidated 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 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.

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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 5 for license commitments.

Intangible assets, net consisted of the following:



	June 30, 2023	September 30, 2022
The Constructs	\$ 2,529,483	\$ 2,529,483
Less: accumulated amortization	(324,170)	(248,291)
Total intangible assets, net	<u>\$ 2,205,313</u>	<u>\$ 2,281,192</u>
	December 31, 2023	September 30, 2023
The Constructs	\$ 2,529,483	\$ 2,529,483
Less: accumulated amortization	(374,756)	(349,463)
Total intangible assets, net	<u>\$ 2,154,727</u>	<u>\$ 2,180,020</u>

Amortization expense amounted to \$0.03 million for each of the three months ended **June 30, 2023** **December 31, 2023** and 2022 and \$0.08 million for each of the nine months ended June 30, 2023 and 2022., respectively.

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

Year Ending		
September 30, 2023	\$ 25,293	
September 30, 2024	101,172	75,879
September 30, 2025	101,172	101,172
September 30, 2026	101,172	101,172
September 30, 2027	101,172	101,172
September 30, 2028		101,172
Thereafter	<u>1,775,332</u>	<u>1,674,160</u>
	<u>\$ 2,205,313</u>	<u>\$ 2,154,727</u>

4. Right-of-Use Lease with Related Party

The Company leases a facility used for executive offices from a related company. The original lease expired in December 2022 and the Company executed a two-year extension through December 2024.

The components of right-of-use lease cost were as follows:

	Three Months Ended		Nine Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Right-of-use lease cost, included in general and administrative on the Statements of Operations	\$ 21,188	\$ 20,105	\$ 61,530	\$ 60,713

	Three Months Ended	
	December 31, 2023	December 31, 2022
Right-of-use lease cost, included in general and administrative on the Statements of Operations	\$ 20,116	\$ 18,898

Lease terms and discount rates were as follows:

	June	
	30, December 31, 2023	September 30, 2022 2023
Remaining lease term (months):	18 12	3 15
Estimated incremental borrowing rate:	9.2 %	6.5 9.2 %

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The future minimum lease payments under right-of-use leases at June 30, 2023 December 31, 2023 were as follows:

Year Ending		
September 30, 2023	\$ 20,422	
September 30, 2024	81,689	\$ 61,234
September 30, 2025	20,422	20,411

Total lease payments	122,533	81,645
Less imputed interest	7,612	3,331
Present value of right-of-use lease liabilities	114,921	78,314
Present value included in current liabilities	74,846	78,314
Present value included in long-term liabilities	\$ 40,075	\$ -

Cash flow information was as follows:

	Nine Months Ended	
	June 30, 2023	June 30, 2022
Cash paid for amounts included in the measurement of right-of-use lease liabilities, included in accounts payable and accrued liabilities on the Statements of Cash Flow.	\$ 59,045	\$ 60,714

	Three Months Ended	
	December 31, 2023	December 31, 2022
Cash paid for amounts included in the measurement of right-of-use lease liabilities, included in accounts payable and accrued liabilities on the Statements of Cash Flow.	\$ 20,116	\$ 18,899

5. Commitments

Research and other commitments

The Company has commitments for contracted research organizations who perform clinical trials for the Company's ongoing clinical studies and other service providers. Approximate aggregate future contractual payments at **June 30, 2023** **December 31, 2023** are as follows:

Year Ending		
September 30, 2023	\$ 466,000	
September 30, 2024	1,369,000	\$ 1,540,000

September 30, 2025	49,000	49,000
September 30, 2026	36,000	36,000
September 30, 2027	11,000	42,000
September 30, 2028	-	
	<u>\$ 1,931,000</u>	<u>\$ 1,667,000</u>

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 the Constructs, including sublicensing rights. An intangible asset for the acquired license has been recognized. See Note 35 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, 2023 December 31, 2023 and 2022.

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, payable in two installments. The Company recorded expense of \$2.5 million for the second installment during the three and nine months ended June 30, 2022. No expense was recorded during the three and nine months ended June 30, 2023.

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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 after deducting \$0.04 million that is included in the commitments table above for the year ending September 30, 2023. Upon divestiture of substantially all of the assets of the Company, the Company would 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. Milestone payments totaling \$0.04 million and \$0.16 million were A milestone payment of \$0.1 million was made to the third party during the three and nine months ended June 30, 2023, respectively. No milestones December 31, 2022 and no milestone payments were met made during the three and nine months ended June 30, 2022 December 31, 2023. No royalty or sublicensing payments were made to the third party during the three and nine months ended June 30, 2023 and 2022.

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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. Milestone payments of \$0.03 million were made under the 2021 agreement during the nine months ended June 30, 2022. No milestones were met during the three and nine months ended June 30, 2023 or the three months ended June 30, 2022. The Company is committed to remaining milestone 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 or prorated license fee annually quarterly as long as the requirement to file an IND remains unfulfilled. For the three months ended December 31, 2023, the Company recorded an expense of \$25,000 as a result of meeting milestones outlined in the 2021 license agreement. There were no milestones achieved in the three months ended December 31, 2022 and no expenses were incurred.

6. Capital Shares

Equity Distribution Agreements offerings

On November 2, 2022, the Company completed a private placement of units consisting of 384,475 common shares, Class A warrants to purchase up to an aggregate of 192,248 common shares and Class B warrants to purchase up to an aggregate of 192,248 common shares. Net proceeds from the offering were \$2.9 million, which were allocated between the relative fair values of the common shares (using a fair value of \$2.7 million) and the common share purchase warrants (using a total fair value of \$1.2 million). The warrants became exercisable December 23, 2022. The Class A warrants have an exercise price of \$10.50 per share and will expire on December 23, 2025. The Class B warrants have an exercise price of \$7.00 per share and expired on December 23, 2023. The warrants are considered contracts on the Company's own shares and are classified as equity.

Equity distribution agreement

On March 27, 2023, the Company entered into an equity distribution agreement with Canaccord, Genuity LLC (Canaccord), as sales agent, pursuant to which the Company may offer and sell, from time to time, common shares through an at-the-market equity offering program for up to \$20 million in gross proceeds, subject to certain offering limitations that currently allow the Company to offer and sell common shares having an aggregate gross sales price of up to \$8.37 million \$8.4 million. 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. During the three months ended June 30, 2023 December 31, 2023, the Company sold a total of 808,107 89,249 common shares pursuant to the agreement for net gross proceeds of \$0.69 million approximately \$0.3 million after deducting commissions and direct costs.

From November 22, 2021 until terminated on March 21, 2022, the Company had an equity distribution agreement for an at-the-market equity offering program with another sales agent. During the nine months ended June 30, 2022, the Company sold a total of 626,884 common shares pursuant to the agreement for net proceeds of \$2.62 million.

Equity offerings

On November 2, 2022, the Company completed a private placement of units consisting of 2,691,337 common shares, Class A warrants to purchase up to an aggregate of 1,345,665 common shares and Class B warrants to purchase up to an aggregate of 1,345,665 common shares. Net proceeds from the offering were \$2.91 million, which were allocated between the relative fair values of the common shares (using a fair value of \$2.69 million) and the common share purchase warrants (using a total fair value of \$1.22 million). The warrants became exercisable December 23, 2022. The Class A warrants have an exercise price of \$1.50 per share and will expire on December 23, 2025. The Class B warrants have an exercise price of \$1.00 per share and will expire on December 23, 2023. The warrants are considered contracts on the Company's own shares and are classified as equity.

On March 24, 2022, the Company completed a registered direct offering of 1,540,000 common shares, no par value, and pre-funded warrants to purchase up to an aggregate of 1,199,727 common shares. In a concurrent private placement, the Company issued common share purchase warrants to purchase an aggregate of up to 2,739,727 common shares. Net proceeds from the offering were \$9.01 million, which were allocated between the relative fair values of the common shares and pre-funded warrants (using a total fair value of \$5.87 million) and the common share purchase warrants (using a total fair value of \$4.13 million). The common share purchase warrants were immediately exercisable at an exercise price of \$3.52 per share and will expire on September 24, 2027. The pre-funded warrants were immediately exercisable at an exercise price of \$0.0001 per share and do not expire. The warrants are considered contracts on the Company's own shares and are classified as equity. In connection with the offering, the Company issued warrants to purchase an aggregate of 191,780 common shares to certain affiliated designees of the placement agent as part of the placement agent's compensation. The placement agent warrants are exercisable on or after March 24, 2022, at an exercise price of \$4.5625 per share, and will expire on March 21, 2027 with a fair value of \$0.41 million.

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.

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Warrants

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

	Number of Warrant Shares (#)	Weighted Average Exercise Price
<u>Nine Months Ended June 30, 2023</u>		
Balance - September 30, 2022	3,651,953	\$ 4.00
Issued	2,691,330	1.25
Exercised	(705,314)	1.09
Expired	<u>(28,124)</u>	<u>15.90</u>
Balance - June 30, 2023	<u><u>5,609,845</u></u>	<u><u>\$ 2.99</u></u>
<u>Nine Months Ended June 30, 2022</u>		
Balance - September 30, 2021	720,446	\$ 5.69
Issued	<u>2,931,507</u>	<u>3.59</u>

Balance - June 30, 2022	<u><u>3,651,953</u></u>	<u><u>\$ 4.00</u></u>
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	Number of Warrant Shares (#)	Weighted Average Exercise Price
Three Months Ended December 31, 2023		
Balance - September 30, 2023	720,909	\$ 19.51
Expired	(110,122)	7.00
Balance - December 31, 2023	<u><u>610,787</u></u>	<u><u>\$ 21.76</u></u>
Three Months Ended December 31, 2022		
Balance - September 30, 2022	521,718	\$ 28.00
Issued	384,496	8.75
Balance - December 31, 2022	<u><u>906,214</u></u>	<u><u>\$ 19.88</u></u>

The weighted average contractual life remaining on the outstanding warrants at **June 30, 2023** **December 31, 2023** is **34.38** months.

The following table summarizes information about the warrants outstanding at **June 30, 2023** **December 31, 2023**:

Number of Warrants (#)	Exercise Prices	Expiry Dates
563,685	\$ 4.80	July 2023
770,786	\$ 1.00	December 2023
7,484	\$ 4.81	June 2024
11,778	\$ 3.20	January 2025
1,215,230	\$ 1.50	December 2025
109,375	\$ 8.00	February 2026
191,780	\$ 4.56	March 2027
2,739,727	\$ 3.52	September 2027
5,609,845		

Number of Warrants (#)	Exercise Prices	Expiry Dates
1,070	\$ 33.67	June 2024
1,687	\$ 22.40	January 2025
173,614	\$ 10.50	December 2025
15,627	\$ 56.00	February 2026
27,399	\$ 31.94	March 2027
391,390	\$ 24.64	September 2027
610,787		

The fair value of warrants granted during the **nine****three** months ended **June 30, 2023** **December 31, 2022** was estimated using the Black-Scholes option valuation model using the following assumptions:

	Nine Months Ended June		Nine Months Ended June	
	30, 2023		30, 2022	
	Class A Warrants	Class B Warrants	Common Warrants	Agent Warrants
Risk free interest rate	4.54 %	4.76 %	2.37 %	2.37 %
Expected life	3.14 years	1.14 years	5.5 years	5 years
Expected share price volatility	90.73 %	89.70 %	87.09 %	87.09 %
Expected dividend yield	0.00 %	0.00 %	0.00 %	0.00 %

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[Pre-funded Warrants](#)

A summary of the Company's pre-funded warrants activity is as follows:

	Number of Pre-funded Warrant Shares (#)
Nine Months Ended June 30, 2022	
Balance - September 30, 2021	
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Issued	<u>1,199,727</u>
Balance - June 30, 2022	<u>1,199,727</u>

There were no pre-funded warrants during the nine months ended June 30, 2023.

	Three Months Ended	
	December 31, 2022	
	Class A	Class B
	Warrants	Warrants
Risk free interest rate	4.54 %	4.76 %
Expected life	3.14 years	1.14 years
Expected share price volatility	90.73 %	89.70 %
Expected dividend yield	0.00 %	0.00 %

Share [Options](#) 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. At June 30, 2023, the The total number of shares available for issuance is 1,557,766 including shares available for the exercise of outstanding options under the terms of the 2019 Plan. Plan is 575,737. The remaining number of options shares available for grant at June 30, 2023 December 31, 2023 is 1,557,766 81,371.

The Company's 2019 Plan allows options to be granted to directors, officers, employees and certain external consultants and advisers. Under the 2019 Plan, the option term is not to exceed 10 years and the exercise price of each option is determined by the independent members of the Board of Directors.

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Options granted for directors normally have monthly vesting in equal proportions over 12 months beginning on the grant date. Options granted for employees normally have monthly vesting in equal proportions over 36 months beginning on the grant date. Options granted for new employees normally have monthly vesting in equal proportions over 36 months beginning on the monthly anniversary of the grant date following 90 days of employment.

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

	Number of Options (#)	Weighted Exercise Price	Weighted Fair Value
<u>Nine Months Ended June 30, 2023</u>			
Balance - September 30, 2022	2,203,699	\$ 4.66	\$ 3.42
Granted	332,950	1.43	1.07
Forfeited	(88,226)	3.28	2.34
Expired	(238)	304.08	304.08
Balance - June 30, 2023	2,448,185	\$ 4.23	\$ 3.11
<u>Nine Months Ended June 30, 2022</u>			
Balance - September 30, 2021	1,776,219	\$ 5.06	\$ 3.79
Granted	500,083	3.66	2.48
Exercised	(26,954)	6.56	4.97
Expired	(45,649)	8.05	6.48
Balance - June 30, 2022	2,203,699	\$ 4.66	\$ 3.42

	Number of Options (#)	Weighted Exercise Price	Weighted Fair Value
<u>Three Months Ended December 31, 2023</u>			
Balance - September 30, 2023	420,615	\$ 25.60	\$ 18.84
Granted	500	4.10	3.10
Expired	(106)	960.00	960.00

Balance - December 31, 2023	<u>421,009</u>	\$ <u>25.46</u>	\$ <u>18.67</u>
<u>Three Months Ended December 31, 2022</u>			
Balance - September 30, 2022	<u>314,853</u>	\$ <u>32.62</u>	\$ <u>23.94</u>
Granted	500	6.72	4.97
Expired	(34)	<u>2,129.00</u>	<u>2,129.00</u>
Balance - December 31, 2022	<u>315,319</u>	\$ <u>32.27</u>	\$ <u>23.73</u>

During the **nine** **three** months ended **June 30, 2023** **December 31, 2023**, the independent members of the Board of Directors granted **332,950** employee and new employee options pursuant to the **2019 Plan**. During the **nine** months ended **June 30, 2022**, the independent members of the Board of Directors granted **415,083** **500** employee options and **85,000** **no** director options. The options have a term of 10 years and an exercise price equal to the Nasdaq closing price on the grant date.

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The weighted average contractual life remaining on the outstanding options at **June 30, 2023** **December 31, 2023** is **90.83** months.

The following table summarizes information about the options under the **2019 Plan** outstanding and exercisable at **June 30, 2023** **December 31, 2023**:

Number of Options (#)	Exercisable at			
	June 30, 2023 (#)		Range of Exercise Prices	Expiry Dates
3,499	3,499	\$	35.28 - 93.24	Sep 2023-Mar 2025
296,403	296,403	C\$	2.16	Aug 2027-Dec 2028
323,976	323,976	\$	3.16	Feb 2030
397,000	363,829	\$	7.44 - 8.07	Sep 2030-Oct 2030
653,326	525,001	\$	5.25 - 5.74	Jan 2031-Sep 2031
481,365	279,177	\$	2.94 - 3.71	Feb 2032-Mar 2032
292,616	43,990	\$	0.96 - 1.43	Dec 2032-Feb 2033
2,448,185	1,835,875			

Exercisable at					
Number of Options (#)	December 31, 2023 (#)		Range of Exercise Prices	Expiry Dates	
391	391	\$	246.96 - 596.82	June 2024 - Mar 2025	
42,348	42,348	C\$	15.12	May 2024 - Dec 2028	
46,285	46,285	\$	22.12	May 2024 - Feb 2030	
56,722	56,722	\$	52.08 - 56.49	May 2024 - Oct 2030	
93,344	87,090	\$	36.75 - 40.18	Apr 2024 - Sep 2031	
68,777	49,004	\$	20.58 - 25.97	Apr 2024 - Feb 2032	
113,142	30,585	\$	5.79 - 10.01	Apr 2024 - Jul 2033	
421,009	312,425				

The options exercisable at December 31, 2023 had a weighted average exercise price of \$29.99, \$245 intrinsic value and a weighted average remaining life of 74 months. There were 108,584 options at December 31, 2023 that had not vested with a weighted average exercise price of \$12.43, no intrinsic value and a weighted average remaining life of 109 months.

The fair value of options granted during the **nine** **three** months ended **June 30, 2023** **December 31, 2023** and 2022 was estimated using the Black-Scholes option valuation model using the following assumptions:

	Nine Months Ended			
			Three Months Ended	Three Months Ended
	June 30, 2023	June 30, 2022	December 31, 2023	December 31, 2022
Risk free interest rate	1.71% -	3.62%-4.18%	2.54%	4.92 %
Expected life	5 years	5 years	85.91% -	5 years
Expected share price volatility	95.3%-97.34%	86.59%	97.26 %	95.30 %
Expected dividend yield	0.00 %	0.00 %	0.00 %	0.00 %

The Company recorded \$0.11 million \$0.2 million and \$0.57 million \$0.3 million of share-based compensation expenses for the three months ended June 30, 2023 and 2022, respectively and \$0.73 million and \$1.80 million for the nine months ended June 30, 2023 December 31, 2023 and 2022, respectively.

As of June 30, 2023 December 31, 2023, the Company had \$0.46 million approximately \$0.3 million of unrecognized share-based compensation expense, which is expected to be recognized over a period of 31 months. 31months.

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Restricted Share Units (RSU)

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 is based on the 5-day VWAP of the Company's common shares up to the date of grant. The initial grant of RSUs was in August 2023.

The following is a summary of changes in the status of RSUs from October 1, 2023 through December 31, 2023:

		Weighted Average
	Number of RSU (#)	Grant Date Fair Value
Three Months Ended December 31, 2023		
Balance - September 30, 2023 and December 31, 2023	33,045	\$ 5.60

The following table summarizes information about the RSUs under the 2019 Plan outstanding and exercisable at December 31, 2023:

	Number of RSU (#)	Expiry Date
Fully-vested RSUs	33,045	August 4, 2033

All RSUs that were granted vested immediately upon the grant date. The outstanding RSUs can be converted to common shares by the holder at any time prior to the expiry date. There is no future unrecorded compensation expense for the RSUs.

7. Reimbursement Grant Income and Receivable Government Contributions

Reimbursement grant income for the Company's federal grant with the Canadian government's Strategic Innovation Fund (SIF) SIF is recorded based on the claim period of eligible costs. At June 30, 2023,

In February 2021, the Company entered into a multi-year contribution agreement (the 2021 SIF Agreement) with the Canadian Government's Strategic Innovation Fund. Under the 2021 SIF Agreement, the Government of Canada

committed up to C\$14.1 million in nonrepayable funding which was intended to support research and development related to our EB05 clinical program. No further funding will be received from the 2021 SIF Agreement.

In October 2023, the Company entered into a multi-year contribution agreement (the 2023 SIF Agreement) with the Canadian Government's Strategic Innovation Fund. Under the 2023 SIF 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 in critical-care patients with Acute Respiratory Distress Syndrome (ARDS) caused by COVID-19 or other infectious agents, (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 Project). Of the C\$23 million committed by SIF, up to C\$5.8 million is not repayable by the Company. The remaining C\$17.2 million is conditionally repayable starting in 2029 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 under the Agreement is 1.4 times the original repayable amount. In addition, the Company is entitled to partial reimbursement of certain eligible expenses under the Agreement.

Under the Agreement, the Company agreed to certain financial and non-financial covenants and other obligations in relation to the Project. Pursuant to the Agreement, 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 under the Agreement. Upon an event of default, subject to applicable cure, the Government of Canada may exercise a number of remedies, including suspending or terminating funding under the Agreement, demanding repayment of funding previously received and/or terminating the Agreement.

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The funding and any associated conditional repayments are not secured by any assets of Edesa Biotech Research or the Company.

The Agreement will expire on the later of December 31, 2042 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 of the Agreement.

Under the 2023 SIF Agreement the Company recorded grant program is complete and all income of \$0.1 million for the three months ended December 31, 2023. No grant reimbursements have been received. income was recorded under the 2023 SIF Agreement for the three months ended December 31, 2022.

8. 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.

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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. The fair value of lease obligations on right-of-use assets approximates carrying value due to a fixed lease rate, which represents market rate.

(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, Bank and a U.S. banks bank believed to be credit worthy 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 receivable 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 SIF and the Canada Revenue Agency.

(c) Foreign exchange risk

The Company and its Canadian 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, 2023 December 31, 2023, the Company and its Canadian subsidiary had assets denominated in Canadian dollars of approximately C\$3.3 1.9 million and the U.S. dollar exchange rate at this date was equal to 1.3250 1.3257 Canadian dollars. Based on the exposure at June 30, 2023 December 31, 2023, a 10% annual change in the Canadian/U.S. exchange rate would impact the Company's loss and other comprehensive loss by approximately \$0.3 million \$0.1 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.

9. 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.

10. Related Party Transactions

During each of the three and nine months ended June 30, 2023 December 31, 2023 and 2022, the Company paid cash of \$0.02 million \$20,000 and \$0.06 million, \$19,000, respectively, for a right of use ROU 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. On December 31, 2022, the Company executed a two-year lease extension through December 31, 2024 in accordance with the terms of the original lease agreement. Rent of approximately \$15,000 was payable at December 31, 2023. There was no rent payable at December 31, 2022.

In October 2023, we entered into \$10.0 million revolving credit agreement with Pardeep Nijhawan Medicine Professional Corporation, an entity controlled by Dr. Pardeep Nijhawan, MD, our Chief Executive Officer and Secretary and member of our board of directors (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 bears interest at the Canadian Imperial Bank of Commerce US Base-Interest Rate plus 3% per annum and has a maturity date of March 31, 2026, unless terminated earlier by either party with 90 days' notice. Advances under the line of credit are tied to a borrowing base (Borrowing Base) consisting of eligible grant receivables from SIF, future potential license fee receivables and any other accounts receivable. At no time shall the aggregate principal amount of all advances outstanding exceed the lesser of (i) the Credit Limit and (ii) an amount equal to 85% of the Borrowing Base. The Company has not drawn any funds from the Credit Agreement. During the three months ended December 31, 2023 the Company incurred a standby charge of \$12,000. There was no standby charge in the three months ended December 31, 2022.

11. Subsequent Events

Subsequent to **June 30, 2023** December 31, 2023, equity sales under the Company's at-the-market offering program have resulted in the issuance of **226,882** 7,038 common shares and receipt of net cash proceeds of **\$0.19 million** \$0.03 million after deducting sales agent commissions.

Subsequent to the quarter end, the Company granted 497,000 share options to employees and directors and 326,200 restricted shares units to certain employees in lieu of cash-based incentive compensation and to one employee for payment of past consulting services.

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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, 2023** December 31, 2023 and our audited consolidated financial statements for the year ended **September 30, 2022** September 30, 2023 included in our Annual Report on Form 10-K, as amended, filed with the Securities and Exchange Commission, (the "SEC") or the SEC, on **December 16, 2022** December 15, 2023.*

*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, 2022** September 30, 2023 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, 2023** **December 31, 2023** and **September 30, 2022** **September 30, 2023**, and for the three **and nine months ended** **June 30, 2023** **December 31, 2023** and 2022 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 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 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 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, 2023

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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, 2023, filed with the SEC on December 15, 2023, 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. We have multiple late-stage product candidates in our development pipeline.

Our most advanced drug candidate is EB05. EB05 (paridiprubarb) represents a monoclonal antibody developed 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. Importantly, these therapies are designed to work across multiple infectious diseases and threats, and could be stockpiled preemptively ahead of outbreaks. Because they are threat agnostic, HDTs like paridiprubarb have the potential to become standard of care in Intensive Care Units (ICUs) and critical countermeasures for

acute both pandemic preparedness and chronic disease indications that involve dysregulated innate immunity responses. EB05 inhibits toll-like receptor 4 (TLR4), a key immune signaling protein and an important mediator of inflammation. We are currently evaluating EB05 as a potential treatment for Acute Respiratory Distress Syndrome (ARDS), a life-threatening form of respiratory failure. In September 2022, we reported final results from the Phase 2 part of Recruitment in a Phase 2/Phase 3 study of EB05 in ARDS patients who were hospitalized for Covid-19-related respiratory disease. Among the findings, EB05 demonstrated statistically significant mortality reductions in critically ill hospitalized patients treated with EB05 plus Standard of Care treatment (SOC). Based in part of these findings, the U.S. Food and Drug Administration (FDA) granted us a Fast Track designation. We are currently enrolling patients in the Phase 3 part of the EB05 study. is ongoing.

In addition to EB05, we are developing product candidates for a number of chronic dermatological and inflammatory conditions. We recently In November 2023, we reported preliminary, topline final results from a Phase 2b clinical study evaluating multiple concentrations of our drug candidate, EB01, as a monotherapy for moderate-to-severe chronic Allergic Contact Dermatitis (ACD), a common occupational skin condition. Among the preliminary findings, 1.0% EB01 (daniluromer) cream demonstrated statistically significant improvement over placebo for the primary endpoint and a key secondary endpoint. We are preparing for an End of Phase 2 meeting with FDA following full analysis. In January 2023, Health Canada approved our clinical trial application (CTA) for For our EB06 monoclonal antibody candidate, we have received regulatory approval by Health Canada to conduct a future Phase 2 study in patients with moderate to severe nonsegmental vitiligo, a common autoimmune disorder that causes skin to lose its color in patches. We are also preparing an investigational new drug application (IND) in the United States (U.S.) for our EB07 (paridiprubart) product candidate to conduct a future Phase 2 study in systemic sclerosis (SSc), an autoimmune rheumatic disorder that causes fibrosis (scarring/hardening) of skin and internal organs. patients with certain fibrotic diseases.

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Recent Developments

EB05 (paridiprubart)

In June 2023, we announced positive findings from an *in vitro* study of paridiprubart against a panel of respiratory pathogens. The research results demonstrated that inflammation signaling from multiple pathogens, including Influenza A, coronavirus and a common bacterium (*H. influenzae*), was inhibited by paridiprubart. Based on these findings and our clinical experience with paridiprubart, we believe that our drug candidate could provide an effective treatment for ARDS caused by, among others, coronaviruses, pandemic influenza and harmful bacteria. The *in vitro* study was conducted in collaboration with the University of Toronto under a grant from the Government of Canada's Strategic Innovation Fund.

In March 2023, we announced that the

. In November 2023, we reported final results from a Phase 2b clinical study evaluating multiple concentrations of our drug candidate, EB01, as a monotherapy for moderate-to-severe chronic ACD. Among the findings, 1.0% EB01 cream demonstrated statistically significant improvement over placebo for the primary endpoint and a key secondary endpoint.

company and the FDA agreed on the primary endpoint and population for the Phase 3 part of a Phase 2/3 study evaluating our monoclonal antibody candidate, EB05, as a therapy for hospitalized Covid-19 patients with ARDS. Under the amended protocol design, Edesa will evaluate a single cohort of severely ill patients on invasive mechanical ventilation, both with and without additional organ support such as extracorporeal membrane oxygenation (ECMO). Edesa plans to enroll approximately 600 evaluable hospitalized subjects. The primary endpoint will be the mortality rate at 28 days. Last year, Canadian

regulators approved a similar Phase 3 study of EB05 in Covid-19-induced ARDS among two separate cohorts of patients, and we are evaluating potential future harmonization of the Canadian protocol with the U.S. protocol. With recruitment open in both the U.S. and Canada, we discontinued recruitment at secondary sites, which were located in Poland and Colombia.

In April 2023, we announced the World Health Organization and the United States Adopted Name (USAN) Council have adopted the international nonproprietary name “paridiprabart” for our anti-TLR4 monoclonal antibody candidate.

Based on current hospitalization trends and our recruitment experience, we believe that Covid-19-related hospitalization patterns have become more predictable and seasonal in nature, similar to those of influenza, with increased hospitalizations and deaths anticipated in the fall/winter and among populations and geographies with low booster/vaccination rates. As a result, we believe that the pace of future enrollment will be more closely linked to the number and location of investigational sites we activate rather than the unpredictable waves of the pandemic. Subject to funding, we plan

to increase the number of investigational centers from 23 to up to 60 hospitals in the U.S. and Canada. We have the flexibility to adjust the timing of these and other clinical trial expenditures to manage our working capital.

In addition to Covid-19 induced ARDS, we are also exploring various approaches to evaluate our EB05 (paridiprubar) drug candidate in a general ARDS population, including, among other potential options, participating in a government-sponsored platform study, amending our current Phase 3 study protocol to include non-Covid-19 ARDS patients and initiating a separate study or cohort. Given the

broader pool of patients, we believe a harmonized or general ARDS study could increase efficiency and expedite development timelines as well as validate the broader potential utility of paridiprubart. Any changes we make to our clinical study protocol may impact how previously enrolled subjects are categorized and/or included in the study's results.

EB01

(daniluromer)

In June 2023, we announced the assignment of the name "daniluromer" to the active pharmaceutical ingredient in our EB01 drug candidate, a topical formulation of daniluromer that we are developing

as a treatment for Allergic Contact Dermatitis. We expect daniluromer to be published in an upcoming World Health Organization (WHO) list of recommended international nonproprietary names. The WHO, under its International Nonproprietary Names program, provides a globally recognized system for selecting unique names to identify pharmaceutically active substances.

- . In October 2023, we announced that Health Canada approved the company's proposal to harmonize clinical trial designs in the U.S. and Canada for an ongoing Phase 3 study of EB05 (paridiprabart). Our monoclonal antibody is currently being evaluated as a treatment for Covid-19 induced ARDS. We are also exploring various approaches to evaluate our EB05 drug candidate in a general, all-cause ARDS population.
- . In October 2023, we secured a \$10 million credit facility with our Founder (see Liquidity and Capital Resources); and
- . In October 2023, we announced up to C\$23 million in partially repayable funding from the Canadian government (see Liquidity and Capital Resources).

Significant Accounting Policies and Estimates**SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

See Note 32 to our financial statements included in our Annual Report on Form 10-K for the year ended September 30, 2022 September 30, 2023 for a discussion of our significant accounting policies and estimates. There have been no material changes to such critical significant accounting policies or estimates.

Results of Operations

Comparison of the Three Months Ended **June 30, 2023** **December 31, 2023** and 2022

Total operating expenses decreased by **\$3.74 million** **\$0.5 million** to **\$2.06 million** **\$1.9 million** for the three months ended **June 30, 2023** **December 31, 2023** compared to **\$5.80 million** **\$2.4 million** for the same period last year:

- Research and development (R&D) expenses decreased by **\$3.52 million** **\$0.7 million** to **\$1.03 million** **\$0.7 million** for the three months ended **June 30, 2023** **December 31, 2023** compared to **\$4.55 million** **\$1.4 million** for the same period last year primarily due to decreased external research expenses related to our **EB01** study, which was completed during the current period, while expenses for our ongoing **EB05** clinical studies study remained relatively unchanged from the prior period. 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 of research material; costs associated with clinical activities, including expenses for contract research organizations; and clinical trials and activities related to regulatory filings for our **investigational drugs**. In the comparative period, the Company purchased bulk drug product of **EB05** for its clinical study for **\$2.54 million** candidates, including regulatory consultants.
- General and administrative (G&A) expenses decreased increased by **\$0.21 million** **\$0.1 million** to **\$1.04 million** **\$1.1 million** for the three months ended **June 30, 2023** **December 31, 2023** compared to **\$1.25 million** **\$1.0 million** for the same period last year primarily due to decreased non-cash increased fees for professional services and noncash share-based compensation.

Total other income increased by **\$0.07 million** to **\$0.08 million** for the three months ended June 30, 2023 compared to **\$0.01 million** for the same period last year Our G&A expenses consist primarily due to an increase in interest earned on cash balances.

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For the three months ended June 30, 2023, our net loss was **\$1.98 million**, or **\$0.10 per common share**, compared to a net loss of **\$5.79 million**, or **\$0.37 per common share**, for the three months ended June 30, 2022.

Comparison of the Nine Months Ended June 30, 2023 and 2022

Total operating expenses decreased by **\$8.68 million** to **\$6.85 million** for the nine months ended June 30, 2023 compared to **\$15.53 million** for the same period last year:

Research salaries and development related costs for our employees in administrative, executive and finance functions. G&A expenses decreased by \$7.70 million to \$3.84 million also include professional fees for the nine months ended June 30, 2023 compared to \$11.54 million for the same period last year primarily due to decreased external research expenses related to our ongoing clinical studies legal, accounting, audit, tax and manufacturing of our investigational drugs, consulting services, insurance, office, and a decrease in non-cash share-based compensation, travel expenses.

General and administrative expenses decreased Total other income increased by \$0.98 million \$136,000 to \$3.01 million \$179,000 for the nine three months ended June 30, 2023 December 31, 2023 compared to \$3.99 million \$43,000 for the same period last year and was composed of the following:

- Grant income increased by \$0.1 million to \$0.1 million the three months ended December 31, 2023. There was no grant income in the comparative period. The increase is related to the grant income associated with the activities under the 2023 SIF Agreement.
- Interest income increased by \$12,000 to \$61,000 the three months ended December 31, 2023 compared to \$49,000 for the same period last year primarily due to decreased personnel expenses and non-cash share-based compensation, an increase in interest rates.
- Foreign exchange gain was \$2,800 for the three months ended December 31, 2023 compared to a gain of \$5,900 for the three months ended December 31, 2022.

Total other income decreased by \$0.60 million to \$0.20 million for For the nine three months ended June 30, 2023 compared to \$0.80 million for the same period last year primarily due to a decrease in grant income associated with the completion of clinical study activities under our federal reimbursement grant with the Canadian government's Strategic Innovation Fund. For the nine months ended June 30, 2023 December 31, 2023, our net loss was \$6.65 million \$1.7 million, or \$0.34 \$0.54 per common share, compared to a net loss of \$14.74 million \$2.3 million, or \$1.04 \$0.89 per common share for the nine three months ended June 30, 2022 December 31, 2022.

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, 2023 December 31, 2023 and 2022.

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. For 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 nine-month periods 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 \$1.4 million and \$1.8 million for the three months

ended June 30, 2023 December 31, 2023 and 2022, we reported respectively. We incurred net losses of \$6.65 million \$1.7 million and \$14.74 million, respectively. \$2.3 million for those same quarters.

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In October 2023, we entered into the 2023 SIF Agreement with the Canadian Government's SIF. Under the 2023 SIF Agreement, the Government of Canada committed up to C\$23 million in partially repayable funding. Of the C\$23 million committed by SIF, up to C\$5.8 million is not repayable by us. The remaining C\$17.2 million is conditionally repayable starting in 2029 only if and when we earn gross revenue. In February 2021, we entered into the 2021 SIF Agreement, pursuant to which we were eligible to receive cash reimbursements up to C\$14.1 million in the aggregate for certain R&D expenses related to our EB05 clinical development program. All potential funding available under the 2021 SIF Agreement has been received. For the three months ended December 31, 2023 we recorded grant income of \$0.1 million related to the 2023 SIF Agreement. There was no grant income recognized in the comparative period.

On March 27, 2023 In October 2023, we entered into \$10.0 million revolving credit agreement with Pardeep Nijhawan Medicine Professional Corporation, an entity controlled by Dr. Pardeep Nijhawan, MD, our Chief Executive Officer and Secretary and member of our board of directors (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 bears interest at the Canadian Imperial Bank of Commerce US Base-Interest Rate plus 3% per annum and has a maturity date of March 31, 2026, unless terminated earlier by either party with 90 days' notice. Advances under the line of credit are tied to a borrowing base (Borrowing Base) consisting of eligible grant receivables from SIF, future potential license fee receivables and any other accounts receivable. At no time shall the aggregate principal amount of all advances outstanding exceed the lesser of (i) the Credit Limit and (ii) an amount equal to 85% of the Borrowing Base. We have not drawn any funds from the Credit Agreement.

In August 2022, we filed a \$150.0 million shelf registration statement. In March 2023, we entered into an equity distribution agreement with Canaccord, Genuity LLC (Canaccord), as sales agent, pursuant to which the Company we may offer and sell, from time to time, common shares through an at-the-market equity offering program for up to \$20 million in gross cash proceeds, subject to certain offering limitations that currently allow the Company us to offer and sell common shares having an aggregate gross sales price of up to \$8.37 million \$8.4 million (Canaccord ATM). There was approximately \$6.7 million of available capacity on the Canaccord will use commercially reasonable efforts to sell the common shares from time to time, based upon our instructions. We ATM as of December 31, 2023. We have no obligation to sell any of the common shares and may at any time suspend sales under the equity distribution agreement or terminate the equity distribution agreement in accordance with its terms. The total amount of cash that may be generated under this equity distribution agreement is uncertain and depends on a variety of factors, including market conditions and the trading price of our common shares. For the three months ended June 30, 2023 December 31, 2023, we sold a total of 808,107 89,249 common shares pursuant to the agreement. After agreement for net proceeds of \$0.3 million after deducting commissions and costs of \$24,000. Subsequent to December 31, 2023, we sold a total of 7,038 common shares pursuant to the agreement for net proceeds totaled \$0.69 million. Subsequent to the quarter end, sales under the agreement have resulted in the issuance of 226,882 common shares and receipt of net cash proceeds of \$0.19 million \$33,000 after deducting sales agent commissions.

In November 2022, we completed a private placement of units consisting of 2,691,337 384,475 common shares, three-year 12-month warrants to purchase up to an aggregate of 1,345,665 192,248 common shares (Class A warrants) and twelve-month 3-year warrants to purchase up to an aggregate of 1,345,665 192,248 common shares (Class B warrants). The gross proceeds from this offering are approximately \$3.03 million \$3.0 million, before offering expenses. During the nine months ended June 30, 2023, 705,314 shares have been issued upon the exercise of Class A and Class B warrants, with proceeds to the Company of \$0.77 million. In March 2022, we completed a registered direct offering of 1,540,000 common shares, no par value, and pre-funded warrants to purchase up to an aggregate of 1,199,727 common shares. In a concurrent private placement, we issued common share purchase warrants to purchase an aggregate of up to 2,739,727 common shares. After deducting the placement agent fees and offering expenses, net proceeds to the Company were approximately \$9.01 million.

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From November 2021 to March 2022, we sold a total of 626,884 common shares under an “at-the-market” equity distribution program which resulted in net proceeds of \$2.62 million after deducting commissions and direct costs.

Under our contribution agreement with the Canadian government’s Strategic Innovation Fund (SIF), we were eligible to receive cash reimbursements up to C\$14.05 million (approximately \$11 million USD) in the aggregate for certain research and development expenses related to our EB05 clinical development program. For the years ended September 30, 2022 and 2021, we recorded grant income of \$0.78 million and \$10.34 million respectively. All grant reimbursements were received by December 31, 2022.

At June 30, 2023 December 31, 2023, we had cash and cash equivalents of \$6.46 million, working capital of \$5.39 million, shareholders’ equity of \$7.85 million and an accumulated deficit of \$50.70 million. \$54.1 million and working capital of \$3.4 million, including \$4.3 million in cash and cash equivalents. We plan to finance company operations over the course of the next twelve months with cash and cash equivalents on hand, and equity sales including net proceeds from the Canaccord ATM, advances under the at-the-market offering program. Credit Agreement and reimbursements of eligible R&D expenses under the 2023 SIF Agreement with the Canadian government. 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. There is no assurance. 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 adequately 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 will not be available to us on acceptable terms, or if

available, that at all. If we fail to raise capital or enter into such funding 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 be available on terms 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 shareholders view 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 favorable. Market volatility, inflation, interest rates, government policies and concerns related 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 \$1.4 million for the war three months ended December 31, 2023 compared to \$1.8 million for the three months ended December 31, 2022, primarily due to a decrease in Ukraine R&D expenses of \$0.7 million, partially offset by a reduction in non-cash stock based compensation of \$0.1 million and the Covid-19 pandemic may have reduction in the recovery of working capital of \$0.1 million.

Net cash used in investing activities

There was no cash used in investing activities for the three months ended December 31, 2023 and 2022, respectively.

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Net cash provided by financing activities

Net cash provided by financing activities was \$0.3 million for the three months ended December 31, 2023 as compared to \$2.9 million for the three months ended December 31, 2022. In the current quarter, we received proceeds of \$0.3 million from the Canaccord ATM, partially offset by issuance costs of \$9,500. In the comparative quarter, we received proceeds of \$3.0 million from a significant impact on the availability private placement in November 2022 and incurred issuance costs of funding sources and the terms at which any funding may be available. \$0.1 million for net proceeds of \$2.9 million.

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 research and development R&D activities, including the conduct of clinical studies and product development, and expense such costs as they are incurred. Our research and development expenses have primarily consisted of employee-related expenses, including salaries, benefits, taxes, travel and share-based compensation expense for personnel in research and development functions; expenses related to process development and production of product candidates paid to contract manufacturing organizations and contract testing 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.

Research and development 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 research R&D expenses were \$0.7 million and development costs were \$3.84 million and \$11.54 million \$1.4 million for the nine three months ended June 30, 2023 December 31, 2023 and 2022, respectively. The decrease was due primarily to decreased lower external research expenses related to our ongoing clinical studies and manufacturing of our investigational drugs studies.

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 the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities and Exchange Act of 1934, as amended) Act) as of June 30, 2023 December 31, 2023. 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, 2023 December 31, 2023, 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, 2023 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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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, 2022 September 30, 2023, filed with the Securities and Exchange Commission on December 16, 2022 December 15, 2023.

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.

Amended and Restated Employment Agreement with Pardeep Nijhawan

On August 4, 2023, the Company entered into an amended and restated employment agreement with Pardeep Nijhawan, the Company's Chief Executive Officer (the "Nijhawan Employment Agreement").

Pursuant to the Nijhawan Employment Agreement, Dr. Nijhawan serves as the Company's Chief Executive Officer as well as Chief Executive Officer of each of the Company's subsidiaries, Edesa Biotech Research, Inc. and Edesa Biotech USA, Inc. and a director of Edesa Biotech Research, Inc. Dr. Nijhawan's employment will continue for an indefinite term until terminated in accordance with the Nijhawan Employment Agreement.

Pursuant to the Nijhawan Employment Agreement, Dr. Nijhawan is entitled to a base salary of \$357,700 per year and is eligible to receive a target annual bonus of 40% of his base salary, subject to the achievement of corporate and personal targets as determined by the Company and the Board of Directors. Dr. Nijhawan's base salary is subject to annual review by the Board of Directors. Dr. Nijhawan is also entitled to an automobile allowance of \$2,701.50 per month and is eligible to participate in the Company's group insured benefits program, as may be in effect from time-to-time for employees generally, and executive employees specifically. Dr. Nijhawan is eligible for equity-based awards pursuant to the Company's Equity Incentive Compensation Plan, as determined by the Board of Directors or Compensation Committee, commensurate with Dr. Nijhawan's position and any business milestones that may be established by the Company.

If Dr. Nijhawan's employment is terminated for "Cause" (as such term is defined in the Nijhawan Employment Agreement), subject to applicable law, Dr. Nijhawan is entitled to his base salary and vacation pay earned through the date of termination, and all of Dr. Nijhawan's non-vested equity-based awards will be automatically extinguished. All vested equity-based awards shall be subject to the terms of the Company's Equity Incentive Compensation Plan.

If Dr. Nijhawan is terminated without "Cause", subject to Dr. Nijhawan signing a general release of claims, Dr. Nijhawan is entitled to: (i) a lump sum payment equal to Dr. Nijhawan's then current base salary for 12 months plus one additional month for every completed year of service since August 1, 2017 (the "Nijhawan Severance Period") which shall not exceed 24 months, inclusive of, and not in addition to, his notice and severance entitlements, if any, pursuant to applicable law, (ii) a lump sum payment of the annual bonus to which Dr. Nijhawan is entitled for the calendar year immediately preceding the date of termination, if such bonus has not already been paid, (iii) a lump sum payment equal to Dr. Nijhawan's annual bonus entitlement, prorated over Dr. Nijhawan's length of service in the calendar year in which his employment is terminated, calculated in accordance with the terms of the Nijhawan Employment Agreement, (iv) payment of Dr. Nijhawan's annual bonus entitlement during the full Nijhawan Severance Period, calculated in accordance with the terms of the Nijhawan Employment Agreement, (v) continuation of Dr. Nijhawan's benefits and car allowance and any other benefit required to be maintained by law in accordance with the terms of the Nijhawan

Employment Agreement, and (vi) subject to applicable law, all vested equity-based awards granted to Dr. Nijhawan shall be exercisable in accordance with the terms of the applicable Equity Incentive Compensation Plan.

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In the event that Dr. Nijhawan is terminated or constructively terminated, which includes a material change in Dr. Nijhawan's title, responsibilities, authority or status or a material reduction of his compensation, without "Cause" upon or within a 12-month period following a "Change of Control" (as such term is defined in the Nijhawan Employment Agreement), Dr. Nijhawan is entitled to (i) a change of control payment equal to 24 months of the value of Dr. Nijhawan's then current base salary as of the date of termination, (ii) a lump sum payment of the annual bonus to which Dr. Nijhawan is entitled for the calendar year immediately preceding the date of termination, if such bonus has not already been paid, (iii) a lump sum payment equal to Dr. Nijhawan's annual bonus entitlement, prorated over Dr. Nijhawan's length of service in the calendar year in which his employment is terminated, calculated in accordance with the terms of the Nijhawan Employment Agreement, (iv) payment of Dr. Nijhawan's annual bonus entitlement during the full Nijhawan Severance Period, calculated in accordance with the terms of the Nijhawan Employment Agreement, (v) continuation of Dr. Nijhawan's benefits and car allowance and any other benefit required to be maintained by law in accordance with the terms of the Nijhawan Employment Agreement, and (vi) subject to applicable law, all vested equity-based awards granted to Dr. Nijhawan shall be exercisable in accordance with the terms of the applicable Equity Incentive Compensation Plan.

Dr. Nijhawan may resign from his employment at any time by providing the Company with a minimum of 60 days advance notice, in writing. Dr. Nijhawan's notice may be waived by the Company, subject only to providing Dr. Nijhawan with payment of his base salary and continuation of benefits until the end of the notice period. If Dr. Nijhawan resigns from his employment, subject to applicable law, (i) all non-vested equity based awards held by Dr. Nijhawan shall be automatically extinguished and (ii) Dr. Nijhawan shall not be entitled to any bonus or pro rata bonus payment not already awarded on or before the date of termination. All vested equity-based awards shall be subject to the terms of the applicable Equity Incentive Compensation Plan.

During the term of Dr. Nijhawan's employment and for 12 months following the cessation of Dr. Nijhawan's employment, Dr. Nijhawan is prohibited from competing with the business of the Company in North America. In addition, for 24 months following the cessation of Dr. Nijhawan's employment, Dr. Nijhawan is prohibited from soliciting customers or prospective customers for any purpose competitive with the business of the Company, encouraging any customer to cease doing business with the Company and soliciting the employment or engagement of certain of Company's employees.

Amended and Restated Employment Agreement with Michael Brooks

On August 4, 2023, the Company entered into an amended and restated employment agreement with Michael Brooks, the Company's President (the "Brooks Employment Agreement").

Pursuant to the Brooks Employment Agreement, Dr. Brooks serves as the Company's President as well as President and a director of the Company's subsidiary, Edesa Biotech Research, Inc. Dr. Brooks' employment will continue for an indefinite term until terminated in accordance with the Brooks Employment Agreement.

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Pursuant to the Brooks Employment Agreement, Dr. Brooks is entitled to a base salary of \$335,340 per year and is eligible to receive a target annual bonus of 40% of his base salary, subject to the achievement of corporate and personal targets as determined by the Company and the Board of Directors. Dr. Brooks' base salary is subject to annual review by the Board of Directors. Dr. Brooks is also entitled to an automobile allowance of \$2,000 per month and is eligible to participate in the Company's group insured benefits program, as may be in effect from time-to-time for employees generally, and executive employees specifically. Dr. Brooks is eligible for equity-based awards pursuant to the Company's Equity Incentive Compensation Plan, as determined by the Board of Directors or Compensation Committee, commensurate with Dr. Brooks' position and any business milestones that may be established by the Company.

If Dr. Brooks' employment is terminated for "Cause" (as such term is defined in the Brooks Employment Agreement), subject to applicable law, Dr. Brooks is entitled to his base salary and vacation pay earned through the date of termination, and all of Dr. Brooks' non-vested equity-based awards will be automatically extinguished. All vested equity-based awards shall be subject to the terms of the Company's Equity Incentive Compensation Plan.

If Dr. Brooks is terminated without "Cause", subject to Dr. Brooks signing a general release of claims, Dr. Brooks is entitled to: (i) a lump sum payment equal to Dr. Brooks' then current base salary for 12 months plus one additional month for every completed year of service since September 1, 2015 (the "Brooks Severance Period") which shall not exceed 24 months, inclusive of, and not in addition to, his notice and severance entitlements, if any, pursuant to applicable law, (ii) a lump sum payment of the annual bonus to which Dr. Brooks is entitled for the calendar year immediately preceding the date of termination, if such bonus has not already been paid, (iii) a lump sum payment equal to Dr. Brooks' annual bonus entitlement, prorated over Dr. Brooks' length of service in the calendar year in which his employment is terminated, calculated in accordance with the terms of the Brooks Employment Agreement, (iv) payment of Dr. Brooks' annual bonus entitlement during the full Brooks Severance Period, calculated in accordance with the terms of the Brooks Employment Agreement, (v) continuation of Dr. Brooks' benefits and car allowance and any other benefit required to be maintained by law in accordance with the terms of the Brooks Employment Agreement, and (vi) subject to applicable law, all vested equity-based awards granted to Dr. Brooks shall be exercisable in accordance with the terms of the applicable Equity Incentive Compensation Plan.

In the event that Dr. Brooks is terminated or constructively terminated, which includes a material change in Dr. Brooks' title, responsibilities, authority or status or a material reduction of the Employee's compensation, without cause upon or within a 12-month period following a "Change of Control" (as such term is defined in the Brooks Employment Agreement), Dr. Brooks is entitled to (i) a change of control payment equal to 24 months of the value of Dr. Brooks' then current base salary as of the date of termination, (ii) a lump sum payment of the annual bonus to which Dr. Brooks is entitled for the calendar year immediately preceding the date of termination, if such bonus has not already been paid, (iii) a lump sum payment equal to Dr. Brooks' annual bonus entitlement, prorated over Dr. Brooks' length of service in the calendar year in which his employment is terminated, calculated in accordance with the terms of the Brooks Employment Agreement, (iv) payment of Dr. Brooks' annual bonus entitlement during the full Brooks Severance Period, calculated in accordance with the terms of the Brooks Employment Agreement, (v) continuation of Dr. Brooks' benefits and car allowance and any other benefit required to be maintained by law in accordance with the terms of the Brooks Employment Agreement, and (vi) subject to applicable law, all vested equity-based awards granted to Dr. Brooks shall be exercisable in accordance with the terms of the applicable Equity Incentive Compensation Plan.

Dr. Brooks may resign from his employment at any time by providing the Company with a minimum of 60 days advance notice, in writing. Dr. Brooks' notice may be waived by the Company, subject only to providing Dr. Brooks with payment of his base salary

and continuation of benefits until the end of the notice period. If Dr. Brooks resigns from his employment, subject to applicable law, (i) all non-vested equity based awards held by Dr. Brooks shall be automatically extinguished and (ii) Dr. Brooks shall not be entitled to any bonus or pro rata bonus payment not already awarded on or before the date of termination. All vested equity-based awards shall be subject to the terms of the applicable Equity Incentive Compensation Plan.

During the term of Dr. Brooks' employment and for 12 months following the cessation of Dr. Brooks' employment, Dr. Brooks is prohibited from competing with the business of the Company in North America. In addition, for 24 months following the cessation of Dr. Brooks' employment, Dr. Brooks is prohibited from soliciting customers or prospective customers for any purpose competitive with the business of the Company, encouraging any customer to cease doing business with the Company and soliciting the employment or engagement of certain of Company's employees.

The descriptions of the Nijhawan Employment Agreement and Brooks Employment Agreement do not purport to be complete and are qualified in their entireties by reference to the full texts of the Nijhawan Employment Agreement and Brooks Employment Agreement, which have been filed as Exhibits 10.3 and 10.4 to this Quarterly Report and are incorporated herein by reference.

None.

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Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Description
10.1 +	Amendment No. 2 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 24, 2023, and incorporated herein by reference).
10.2 + 10.1+	Employment Strategic Innovation Fund Agreement, dated October 12, 2023, by and between among Edesa Biotech Research, Inc., Edesa Biotech, Inc., and his Majesty the Company and Stephen Lemieux, dated June 26, 2023 King in right of Canada as represented by the Minister of Industry (included as Exhibit 10.1 10.33 to the Company's Current Company's Annual Report on Form 8-K 10-K filed on June 27, December 15, 2023, and incorporated herein by reference).
10.2	Credit Agreement, effective as of October 20, 2023, by and between the Company and Pardeep Nijhawan Medicine Professional Corporation (included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 23, 2023, and incorporated herein by reference).

<u>10.3</u> <u>+ 10.3+</u>	<u>First Amendment to Exclusive License Agreement, dated as of September 21, 2023, by and between Edesa Biotech Research, Inc. and Dr. Saul Yedgar (included as Exhibit 10.35 to the Company's Annual Report on Form 10-K filed on December 15, 2023, and incorporated herein by reference).</u>
<u>10.4@</u>	<u>First Amendment to Amended and Restated Employment Agreement, by and between the Company and Pardeep Nijhawan, dated August 4, 2023 (filed herewith).</u>
<u>10.4 +</u>	<u>Amended December 7, 2023 (included as Exhibit 10.36 to the Company's Annual Report on Form 10-K filed on December 15, 2023, and Restated Employment Agreement, incorporated herein by and between the Company and Michael Brooks, dated August 4, 2023 (filed herewith) reference).</u>
<u>31.1</u>	<u>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).</u>
<u>31.2</u>	<u>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).</u>
<u>32.1*</u>	<u>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).</u>
<u>32.2*</u>	<u>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).</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

* 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.

+ @ Management contract or compensatory plan or arrangement.

+ Portions of this exhibit have been omitted pursuant to Rule 601(b)(10)(iv) of Regulation S-K.

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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.

EDESA BIOTECH, INC.

Date: August 9, 2023

By: /s/ Stephen Lemieux

Date: February 9, 2024

/s/ Pardeep Nijhawan

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

Date: February 9, 2024

/s/ Stephen Lemieux

Stephen Lemieux, Chief Financial Officer

(Principal Financial Officer and Duly Authorized Officer)

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EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY
ACT OF 2002
(18 U.S.C. SECTION 1350)**

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 9, 2023 February 9, 2024

By: */s/ Pardeep Nijhawan*

Pardeep
Nijhawan

Director, Chief Executive Officer and
Corporate Secretary
(Principal Executive Officer)

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EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302(a) OF THE SARBANES-OXLEY
ACT OF 2002
(18 U.S.C. SECTION 1350)**

I, Stephen Lemieux, 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 9, 2023, February 9, 2024

By: /s/ Stephen Lemieux

Stephen
Lemieux

Chief Financial Officer
(Principal Financial Officer)

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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, 2023** **December 31, 2023**, 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 9, 2023**, **February 9, 2024**

By:

/s/ Pardeep Nijhawan

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

**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, 2023** December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Stephen Lemieux, 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 9, 2023**, **February 9, 2024**

By: */s/ Stephen Lemieux*

Stephen Lemieux

Chief Financial Officer

(Principal Financial Officer)

Amended and Restated Employment Agreement

THIS AMENDED AND RESTATED AGREEMENT is made as of August 4, 2023 (the “**Agreement**”) and amends and replaces in its entirely the employment agreement between the Company (as defined below) and the Employee (as defined below) made as of June 14, 2019, as amended on March 19, 2021 and April 12, 2022 (the “**Old Employment Agreement**”).

Between:

EDESA BIOTECH INC., a company incorporated pursuant to the laws of the Province of **British Columbia** (hereinafter referred to as “**the Employer**” or “**the Company**”)

AND

Pardeep Nijhawan of the City of Markham, in the Province of Ontario (hereinafter referred to as the “**Employee**”)

WHEREAS the Employer and the Employee wish to amend and restate the terms and conditions of the Old Employment Agreement;

AND WHEREAS the Employee confirms that he has the skills and knowledge to perform the duties of the position of Chief Executive Officer and has not misrepresented his experience or qualifications for the position;

In consideration of the payments, mutual covenants and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), it is agreed by and between the parties as follows:

1. TERM OF EMPLOYMENT

The employment of the Employee commenced on August 1, 2017, and will continue for an indefinite term until terminated in accordance with this Agreement.

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2. DUTIES AND RESPONSIBILITIES

The Employee shall be employed in the position of Chief Executive Officer (“**CEO**”) for the Company, and subject to the direction otherwise by the Company, will also act as CEO, and Director to its affiliated entity Edesa Biotech Research, Inc. (“**Edesa Research**”), an Ontario corporation and CEO to its affiliated entity Edesa Biotech USA, Inc. (“**Edesa USA**”), a California corporation (collectively, the “**Edesa Entities**”). The Employee will be responsible for performing such duties as the Employer or its designee may reasonably assign, including all duties usually and customarily rendered by and required of a CEO of a publicly traded company, and including such duties as are described in any written job description that may be provided to the Employee and amended from time to time, provided that in no event may such an amendment or duties assigned to the Employee materially diminish the Employee’s level of responsibilities, title, and stature as CEO of the Employer.

The Employee shall devote his full time and attention to the business and affairs of the Company and the Edesa Entities and work those hours required to meet his duties and responsibilities hereunder.

During the term of his employment, the Employee will refrain from engaging in any activities in which the Employee’s personal interests conflict with the Employee’s duties, responsibilities, and attention to the affairs of the Company. As such, the Employee

will not, directly or indirectly, engage or participate in any other business activities which conflict with the Employee's duties, responsibilities, and attention to the affairs of the Company without the written consent of the Company.

The parties acknowledge that the Employee is actively engaged in the practice of medicine approximately twenty-five (25) hours per week (the "**Other Work**") without conflict or interference with his duties, responsibilities and attention to the affairs of the Company. Notwithstanding the restrictions stated in the preceding paragraph, the Employer agrees that the Employee may continue to engage in the Other Work, provided that it continues not to conflict or interfere with the Employee's duties, responsibilities and attention to the affairs of the Company.

3. COMPENSATION AND BENEFITS

In consideration of the services to be provided hereunder, the Employee, effective May 13, 2023 and during the term of his employment, shall be paid a gross annual base salary of \$357,700 USD ("**Base Salary**") payable in equal bi-weekly installments, in arrears, less applicable statutory deductions and withholdings. Salaries are reviewed annually in March on the basis of such factors as, but not limited to, merit, market performance, job grade and potential. However, any increase to the Employee's Base Salary is in the sole discretion of the Employer, as determined by the board of directors of the Company ("**Board of Directors**").

The Employee shall be eligible for a target annual bonus of 40% of the Employee's Base Salary, based on performance in the prior calendar year, subject to achieving corporate and personal targets to be determined by the Employer and the Board of Directors, taking into account input from the Employee regarding his personal targets. The Employee acknowledges that: (i) terms and conditions of the applicable bonus program may change each calendar year at the discretion of the Employer; (ii) there will be no guaranteed level of Bonus in any year.

The Employee will be eligible for equity-based awards under the Company's Equity Incentive Compensation Plan as determined by the Board of Directors, commensurate with the Employee's position and any business milestones which may be established by the Employer.

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The Employee shall receive an automobile allowance of \$2,701.25 USD per month payable in accordance with the Employer's practices and subject to applicable deductions.

Subject to the terms of applicable policies and plans, the Employee will be eligible to participate in the Employer's group insured benefits program, as may be in effect from time to time for its employees generally, and executive employees specifically. Benefits, coverages, policies and plans may be amended or terminated by the Employer at any time, without advance notice or other obligation, provided however that in the event of such amendment or termination, the Employer will either make available to the Employee benefits coverage substantially comparable in scope to the preceding coverage, or reimburse the Employee for the cost of obtaining private coverage substantially comparable in scope to the preceding coverage.

4. EXPENSES

The Employer shall reimburse the Employee for reasonable and documented expenses actually and necessarily incurred by the Employee in the performance of this Agreement, in accordance with the Employer's policies and procedures.

5. VACATION

The Employer's vacation year is January 1st to December 31st.

During each full calendar year, the Employee will be entitled to six (6) weeks' vacation, which shall accrue in accordance with the Employer's vacation policy. Vacation is to be taken at a time acceptable to the Employer acting reasonably having regard to reasonable business requirements.

6. POLICIES AND PROCEDURES

As a term and condition of employment, the Employee agrees to comply with, and be bound by, the Employer's handbook and other employment policies and procedures. From time to time, the Employer's handbook and other policies and procedures may be changed by the Employer, in its sole discretion, without advance notice. It is the sole responsibility of the Employee to review and understand any changes to the Employer's handbook or other policies and procedures.

7. TERMINATION OF EMPLOYMENT

The Employer may terminate the employment of the Employee at any time:

- (a) for cause, in which case the employee shall receive payment of any Base Salary and vacation pay earned to the date of termination. Subject only to any minimum requirements to the contrary under the *Employment Standards Act* (Ontario) ("ESA"), all Base Salary, vacation pay accrual and participation in any other benefits (including group benefits and car allowance) will cease immediately upon the date of termination for cause, and no other bonus or other payments will be payable to the Employee. Furthermore, subject only to any minimum requirements to the contrary under the ESA, all non-vested equity-based awards shall be automatically extinguished. All vested equity-based awards shall be subject to the terms of the applicable Equity Incentive Compensation Plan.

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"Cause" means the existence of just cause for termination of employment at common law as determined by the law of the province of Ontario, including but not limited to fraud, theft, dishonesty, illegality, conflict of interest, gross incompetence or breach of any material obligation under this Agreement.

- (b) without cause, in which case the Employee will be entitled to the following if the Employee executes a general release of claims in a form reasonably required by the Company substantially in the form attached in Schedule "A", within thirty days after Employee's termination date:
 - (i) a lump sum payment equal to the Employee's then Base Salary for twelve months plus one additional month for every completed year of service since August 1, 2017 (the "**Severance Period**", which shall not exceed 24 months), inclusive of, and not in addition to, the Employee's notice and severance entitlements (if any) pursuant to the ESA;
 - (ii) a lump sum payment of the annual bonus to which the Employee is entitled for the calendar year immediately preceding the date of termination, if such bonus has not already been paid;
 - (iii) a lump sum payment equal to the Employee's annual bonus entitlement, prorated over the Employee's length of service in the calendar year in which his employment was terminated, such annual bonus entitlement to be calculated using an average of the bonus percentages paid or payable for the two calendar years immediately preceding the termination, or the most recent calendar year immediately preceding the termination if only one calendar year was completed since the effective date of this Agreement. If employment terminates during the course of the calendar year in which this Agreement became effective, then the bonus percentage will be calculated using the "at target" percentage

described in section 3, above. If no bonus payment was awarded for the two previous calendar years, then no bonus shall be payable to the Employee;

(iv) payment of the Employee's annual bonus entitlement during the full Severance Period (prorated for a partial calendar year), such annual bonus entitlement to be paid on the same dates as for other executives but calculated using only the corporate targets applicable to comparable employees and no personal target. For the sake of clarity, if for example the bonus is weighted 60% personal target and 40% corporate target and corporate achievements justify paying out at 50% corporate target, then the bonus percentage payout for such calendar year will amount to 8% of the Employee's Base Salary further prorated for the Severance Period;

(v) continuation of the Employee's benefits and car allowance and any other benefit required to be maintained pursuant to the ESA for any minimum period required by the ESA and, to the extent permissible under the terms of the applicable benefits plans, continuation of the Employee's health and dental benefits for the balance of the Severance Period or until the Employee becomes eligible for similar benefits through new employment, whichever is earlier. For clarity, all other benefits, including cell phone allowance, disability benefits, accidental death & dismemberment, and life insurance, shall cease as of the end of the minimum statutory notice period under the ESA; and

(vi) any and all vested equity-based awards shall be exercisable in accordance with the terms of the applicable Equity Incentive Compensation Plan, subject only to any minimum requirements to the contrary under the ESA.

In the event that the employment of the Employee is terminated or constructively terminated by the Employer without cause upon or within a 12 month period following a Change of Control, as defined below, the Employee shall be entitled to the payments and benefits provided at paragraphs (b)(ii) to (vi) above, plus a change of control payment equal to 24 months of the value of the Base Salary as of the date of termination.

A "constructive termination" shall include a material change in the Employee's title, responsibilities, authority or status, a material reduction of the Employee's compensation, or any other conduct which would constitute a constructive dismissal at common law, in which case the Employee shall be immediately entitled to resign and claim the above entitlements.

A "Change of Control" shall mean a transaction or series of transactions whereby directly or indirectly:

(a) a plan of arrangement, amalgamation, merger or consolidation in which more than 50% of the total combined voting power of the Employer's voting securities, on a fully diluted basis, are transferred or issued to a person or persons different from those persons holding such securities immediately prior to such transaction; or

(b) the direct or indirect acquisition by a person or related group of persons acting jointly or in concert of the beneficial ownership of voting securities of the Employer representing more than 50% of the total combined voting power of the Employer's then outstanding securities, on a fully diluted basis; or

Stephen
Lemieux

(c) the exercise of the voting power of all voting or other securities of the Employer so as to cause or result in the election of a majority of the board of directors of Employer who were not recommended by either the management or the current board of directors; or

Chief
Financial
Officer

(d) the sale,
transfer or
disposition of
all or
substantially
all of the assets
of the
Company.

The Employee may resign from his employment at any time by providing the Employer with a minimum of 60 days advance notice, in writing. The Employee's notice may be waived by the Employer in whole or in part at its sole discretion, subject only to providing the Employee with payment of the Base Salary and continuation of benefits until the end of the 60-day period of notice required by this Agreement. For clarity, and subject only to any minimum requirements to the contrary under the ESA: (i) all non-vested equity-based awards as of the date of termination shall be automatically extinguished and (ii) the Employee shall not be entitled to any bonus or pro rata bonus payment not already awarded on or before the date of termination. All vested equity-based awards will be subject to the terms of the applicable Equity Incentive Compensation Plan.

For clarity, to the extent the termination rights and entitlements under this section are greater than the Employee's entitlements pursuant to the ESA, they shall be paid only on the condition the Employee executes a full and final release satisfactory to the Company within thirty (30) days of the Employee's termination date. In the event the Employee declines to execute such release, the Employee's maximum entitlement shall be the minimum: (i) notice or pay in lieu thereof, or some combination of the two; (ii) severance pay (if any); (iii) period for the continuation of benefits; (iv) vacation pay; and (v) other entitlements, if any, required by the ESA.

The Employee understands and agrees that provision of such payment and benefits described above in this Section 7 are fair and reasonable and are in full and final satisfaction and settlement of all amounts owed for notice of termination or pay in lieu of notice, as well as termination and/or severance pay arising under any contract, statute, common law or otherwise.

8. EMPLOYER PROPERTY

On the date of termination, the Employee will return all Employer property and documentation the Employee has received in the course of employment with the Employer, including but not limited to: vehicle (if applicable), smartphone, documents, laptop, computer-generated information, reports, books, studies, data, credit cards, employee identification, access cards/keys and other such materials. The Employee will not be permitted to retain any copies of any documentation containing Employer information, except for personal benefit or pay statements provided during the course of employment. The Employee will confirm the return of all Employer property, including any confidential information, in the Employee's possession, charge, control or custody by signing a

Termination Checklist, a copy of which will be provided to the Employee for his records. All property shall be returned in good working condition, save for normal wear and tear.

9. CONFIDENTIALITY

The Employee acknowledges that, in the course of performing and fulfilling his duties hereunder, he may have access to and be entrusted with Confidential Information, as described further below, the disclosure of which would be highly detrimental to the interests of the Employer. The Employee acknowledges that all right, title and interest in and to the Confidential Information shall remain the exclusive property of the Employer and shall be held in trust by the Employee to the benefit of the Employer. The Employee further acknowledges and agrees that the right to maintain the confidentiality of such Confidential Information constitutes a proprietary right which the Employer is entitled to protect. Accordingly, the Employee covenants and agrees with the Employer that he will not, directly or indirectly, during or after his employment with the Employer, disclose any such Confidential Information to any person, firm or corporation, nor shall he use any Confidential Information, except as required in the normal course of his employment.

The Employee shall not copy, reproduce in any form or store in any retrieval system or database the Confidential Information without the prior written consent of the Employer. If so requested following the cessation of the employment of the Employee for any reason, the Employee shall certify by way of affidavit or statutory declaration that all Confidential Information was returned to the Employer and that the Employee no longer has access to same.

Confidential information includes, but is not limited to, financial information, reports, and forecasts; inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae, software, market or sales information or plans, supplier lists and supplier contact information, customer lists and customer contact information; and business plans, prospects, strategies and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the Employer or its affiliates. Confidential information includes information developed by the Employee in the course of the Employee's employment with the Employer, as well as other information to which the Employee may have access in connection with the Employee's employment.

For greater clarity, the Employee's obligations of confidentiality shall not apply to Confidential Information that:

- (a) was lawfully in the public domain prior to its disclosure, or becomes publicly available other than through a breach of this agreement; or
- (b) is disclosed when such disclosure is compelled pursuant to a legal, judicial, or administrative proceeding, or otherwise required by law, except that the Employee shall, prior to disclosure, provide the Employer with notice of a compelled requirement to disclose to allow the Employer to seek protective or other court orders.

10. NON-COMPETITION

The Employee shall not, without the prior written consent of the Employer, for and during the term of the Employee's employment with the Employer and for twelve (12) months following the cessation of the Employee's employment with the Employer (for any reason, including termination for or without cause, constructive termination, resignation or otherwise), either directly or indirectly, individually or in partnership or in conjunction with or through any individual, firm, corporation, association or other entity, whether

as principal, agent, shareholder, employee, consultant or in any other capacity whatsoever, within North America, carry on, engage in, or attempt to carry on or attempt to engage in, or be financially interested in any business that competes with the Employer's Business.

"Business" means the development, sale, or licensing of any inflammatory and immune-related products which are substantially similar to those products (a) developed, in development, sold or licensed by the Employer as at the date of the cessation of employment of the Employee or (b) that have been the subject of active negotiations (that is, having led to the execution of a confidentiality agreement) in the twelve (12) months immediately preceding the cessation of the employment of the Employee or the purposes of licensing or acquisition by the Employer.

Notwithstanding anything to the contrary contained herein, the Employee may, without being deemed to compete, hold an equity share investment in a public company whose shares are listed on a stock exchange or in an over-the-counter market where that share investment does not in the aggregate exceed 10% of the issued equity shares of the company.

11. NON-SOLICITATION

The Employee shall not, for twenty four (24) months following the cessation of the Employee's employment (for any reason, including termination for or without cause, constructive termination, resignation or otherwise), either directly or indirectly, individually or in partnership or in conjunction with or through any individual, firm, corporation, association or other entity, whether as principal, agent, shareholder, employee, consultant or in any other capacity whatsoever:

- (a) canvass or solicit any Customer for any purpose which is competitive with the Business;
- (b) canvass or solicit any Prospective Customer for any purpose which is competitive with the Business;

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- (c) encourage or influence any Customer to cease doing business with the Company; or
- (d) solicit the employment or engagement of or otherwise entice away from the employment or engagement of the Company any individual who is employed or engaged by the Company and who worked with the Employee (regardless of the reporting relationship) during the twenty four (24) month period prior to the cessation of the Employee's employment, whether or not such individual would commit any breach of his/her contract or terms of employment or engagement by leaving the employ or the engagement of the Company, provided that the Employee will not be restricted from making any general solicitation for employment that is not specifically directed at such employees and that the Employee will not be restricted from hiring any such employee who responds to any such general solicitation.

"Business" has the meaning set out above at Section 10.

"Customer" means any entity who purchased from the Company any product or service supplied, sold, licensed or distributed by the Company; provided that a Customer shall only include any entity who the Employee knew or ought to have known was a Customer during the twenty-four (24) months preceding the date of the cessation of the Employee's employment.

"Prospective Customer" means (i) any entity solicited by the Employee on behalf of the Company in furtherance of the Business; and (ii) any entity solicited by the Company with the Employee's knowledge in furtherance of the Business; provided that Prospective Customers shall only include any entity who was a Prospective Customer during the twenty-four (24) months preceding the date of the cessation of the Employee's employment.

12. EQUITABLE REMEDIES

The Employee acknowledges and agrees that a breach by the Employee of Sections 9 to 11 would cause substantial and irreparable harm to the Employer which could not be adequately compensated for by damages, and, in the event of such a breach (or the reasonable apprehension of such a breach) by the Employee of such provisions, the Employee hereby consents to a preliminary and permanent injunction being issued against him restraining him from any breach or further breach of the said provisions and of an order to account for all profits and benefits arising out of any such breach, but the provisions of this Section 12 shall be in addition to and not in substitution for any other remedy which the Employer may have in respect of such a breach. The prevailing party, if any, as determined by the court, shall be awarded all fees and costs, including without limitation reasonable legal fees.

13. INTELLECTUAL PROPERTY

All results of services performed by the Employee hereunder, including without limitation all inventions, ideas, copyrights, trade secrets or otherwise, shall be owned by and be the sole and exclusive property of the Employer. The Employee hereby transfers and assigns all right, title and interest of every nature and kind whatsoever therein to the Company and agrees to execute and deliver such further documents and instruments as may be necessary to fully and effectually give effect thereto. The Employee hereby irrevocably waives all moral rights in such work.

14. RESIGNATION UPON TERMINATION

The Employee hereby agrees that, upon the cessation of the Employee's employment (for any reason, including termination for or without cause, constructive termination, resignation or otherwise), the Employee shall be deemed, upon the request of the Company, to have immediately resigned any position the Employee may have as an officer and/or director of the Company together with any other office, position or directorship which the Employee may hold with any of the Company's subsidiaries, affiliates or divisions or related entities in connection with or arising from the performance of the Employee's duties of employment under this Agreement. In such event, the Employee shall, at the request of the Company, execute any and all documents appropriate to evidence such resignations. The parties agree that the execution of such documents shall not adversely impact the Employee's right to seek a remedy to any dispute relating to his employment with the Employer or the termination thereof.

15. ASSIGNMENT

This Agreement and any rights or obligations under this Agreement shall not be assignable or transferable by the Employee. The Employer may assign its rights, entitlements and obligations under this Agreement at any time, without the Employee's consent and without advance notice.

16. SEVERABILITY, AMENDMENTS AND WAIVERS

Each section (or part thereof) of this Agreement shall be and remain separate from and independent of and severable from all and any other section (or part thereof) herein except where otherwise indicated by the context of this Agreement. The decision or declaration that one or more of the sections (or part thereof) are null and void shall have no effect on the remaining sections (or part thereof) of this Agreement.

No provision of this Agreement may be amended or waived unless such amendment or waiver is authorized by the Employee (including any authorized officer or committee of the board of directors) and is in writing signed by the Employee and by a duly authorized officer of the Employee. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of

any breach by the other party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar breach, condition or provision at the same time or at any prior or subsequent time.

17. NOTICE

Any notice required to be given hereunder shall be deemed to have been properly given if delivered personally, via email or sent by pre-paid registered mail as follows:

- a) To the Employee: Last address on file with the Employer
- b) To the Employer: 100 Spy Court, Markham, Ontario, L3R 5H6

And if sent by registered mail, shall be deemed to have been received on the 4th business day of uninterrupted postal service following the date of mailing. Either party may change its address for notice at any time, by giving notice to the other party pursuant to the provisions of this Agreement.

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18. INTERPRETATION OF AGREEMENT

The interpretation, construction and performance of this Agreement shall be governed by the laws of the Province of Ontario. This Agreement shall be interpreted with all necessary changes in gender and in number as the context may require and shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

19. ENTIRE AGREEMENT

This Agreement, together with the Appendices hereto, amends and restates in its entirety the Old Employment Agreement, and collectively constitutes the entire agreement between the parties with respect to the subject matter herein. The Employee has not relied on any representations, inducements or statements, oral or written, which are not contained in this Agreement. However, nothing herein shall serve to release the Company from its obligation to pay any accrued wages or bonus to the Employee as of the date of this Agreement.

20. OPPORTUNITY TO CONSULT LEGAL ADVICE

The Employee states that he has read this Agreement in its entirety, been given an opportunity to consider the Agreement and seek legal counsel and advice, and that he enters into this Agreement voluntarily and intending to be legally bound.

21. EMPLOYMENT STANDARDS

In the event that a minimum standard in the ESA is more favourable to the Employee in any respect than a term or provision provided herein, the provision of the ESA will apply in respect of that term or provision. For clarity, under no circumstance will the Employee receive less than his minimum entitlements under the ESA.

22. LANGUAGE OF AGREEMENT

The parties hereto confirm that it is their express wish that this Agreement, as well as related documents and notices, be drawn up in English. *Les parties a la presente convention conferment leur volonte expresse que cette convention, de meme que toute documentation ou avis afferent, soit redigee en anglais.*

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed effective date first noted above.

August 4, 2023

/s/ Pardeep Nijhawan

Pardeep Nijhawan

Date

August 4, 2023

By: /s/ Michael J. Brooks

Authorized Signatory

Date (Principal Financial Officer)

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SCHEDULE "A"
RELEASE AGREEMENT
(Attached)

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FORM OF
FULL AND FINAL RELEASE ("RELEASE")

I, **d**, ([Name], on behalf of myself and my heirs, executors, assigns, administrators and legal representatives, in consideration of the payments and other benefits provided for in the attached employment agreement, dated August 4, 2023 (the "Employment Agreement"), and other good and valuable consideration, the sufficiency and adequacy of which I hereby acknowledge, release and forever discharge **Edesa Biotech, Inc.** (hereinafter the "Company" which term includes any related, subsidiary, parent or affiliated companies, and any and all of its and their respective officers, directors, agents and employees and any of its or their respective heirs, executors, administrators, legal representatives, successors and assigns) from all claims, debts, demands, actions, causes of action, damages, costs, expenses and liabilities of any kind or nature whatsoever, existing up to the present time or which may arise in the future, in any way related to or arising out of my hiring by the Company, my employment with the Company and the cessation of that employment (the "Claim") including, without limitation, any Claim for wages, holiday pay, vacation pay, overtime pay, bonus payments, commissions, right to reinstatement, pension benefits, short-term disability benefits, long term disability benefits, other benefit entitlements, notice of termination or payment in lieu of notice, severance pay, or any other employment benefit whatsoever whether arising pursuant to contract, common law, statute including, without limitation, the *Employment Standards Act, 2000*, the *Ontario Human Rights Code*, the *Occupational Health and Safety Act*, the *Pension Benefits Act*, the *Pay Equity Act* and related legislation.

1. I hereby acknowledge that the parties to this Release have discussed or otherwise canvassed any and all human rights or harassment complaints, concerns, or issues, whether or not arising directly out of or in respect to my employment with the Company and the cessation of that employment and that it has been agreed that the said consideration constitutes a full and final settlement of any existing, planned, or possible claims or complaint(s) I may have against the Company under the *Ontario Human Rights Code* or the *Occupational Health and Safety Act*.

1. I also acknowledge that the said consideration represents payment in full of any and all amounts including, without limitation, wages, overtime pay, vacation pay, severance and pay in lieu of notice, to which I am or may be entitled pursuant to the *Employment Standards Act, 2000*.
2. I agree that should I commence or continue any Claim against the Company or any provider of benefit plans made available to me by or through the Company, in any way connected to my employment or the cessation of my employment, this Release may be raised as a complete bar to such proceedings, and the Company and all of those entitled to the benefit of this Release shall be entitled to raise this Release in support of an order dismissing such proceedings without costs.
3. I agree to save harmless and indemnify the Company from and against all claims, charges, taxes or penalties and demands which may be made by governmental authorities against the Company in respect of income tax payable by me in relation to my employment income from the Company and aforesaid consideration.

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4. I agree to save harmless and indemnify the Company from and against all claims, charges, taxes, penalties or demands which may be made related to the *Employment Insurance Act* or the *Canada Pension Plan*, or the *Canada Emergency Response Benefit*, the *Canada Recovery Benefit*, the *Canada Recovery Caregiver Benefit*, or the *Canada Recovery Sickness Benefit* with respect to any amounts which may, in the future, be found to be payable by me in relation to my employment income from the Company and aforesaid consideration.
5. I agree not to make any claim, complaint or take any proceeding, including third party proceedings or cross-claims, against any person or corporation with respect to any matters, including Claims released herein, that have arisen between myself and the Company up to the present time, on which any claim could arise against the Company for contribution or indemnity or other relief.
6. I agree not to make any offensive public remarks, whether orally, in writing or via electronic means (i.e., internet based medium) concerning the Company, its employees, directors, officers or customers.
7. I have not assigned to any person, firm or corporation any of the actions, causes of action, claims, suits, executions or demands which I am releasing in this Release.
8. I understand that the Company does not, by payment and performance as noted above or otherwise, admit that I have any valid Claims against the Company.
9. The terms of this Release are intended to be contractual and not a mere recital.
10. This Release and the terms referenced herein shall be governed by and construed in accordance with the laws in force in the Province of Ontario and the federal laws of Canada applicable therein.

11. I confirm that, in signing this Release, I have not relied on any written or oral representations made by or on behalf of the Company other than what might be contained in the Employment Agreement, and that this Release contains all terms and conditions with respect to my release of liability of the Company without exception or limitation.
12. The terms or existence of this settlement and this Release are confidential and I agree not to disclose any such terms to any person save and except as may be required by law or to my immediate family and professional advisors, all of whom shall be advised on the confidential nature of the terms and be required to maintain confidentiality over the terms.
13. I understand that if I violate paragraph 7 or paragraph 13 of this Release I may be liable to repay some or all of the settlement amount provided for in the Employment Agreement.

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14. I acknowledge that:
 - (a) I have had an adequate opportunity to read and consider this Release and to obtain legal and other advice prior to executing it;
 - (b) I understand the Release and the consequences of signing same; and
 - (c) I am signing the Release voluntarily, without coercion and without reliance on any representation, expressed or implied, by the Company.

IN WITNESS WHEREOF, I, [Name], do execute this Release at the City of

[name of city] on the [day] day of

[month], 2023.

SIGNED

)

In the presence of

)

)

)

)

Witness

)

[Name]

Print Name Below

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EXHIBIT 10.4

Amended and Restated Employment Agreement

THIS AMENDED AND RESTATED AGREEMENT is made as of August 4, 2023 (the "Agreement"), and amends and replaces in its entirely the employment agreement between the Company (as defined below) and the Employee (as defined below) made as of

June 14, 2019, as amended on March 19, 2021 and April 12, 2022 (the “**Old Employment Agreement**”);

Between:

EDESA BIOTECH INC., a company incorporated pursuant to the laws of the Province of **British Columbia** (hereinafter referred to as “**the Employer**” or “**the Company**”)

AND

Michael Brooks of the City of Toronto, in the Province of Ontario (hereinafter referred to as “**the Employee**”)

WHEREAS the Employer and Employee wish to amend and restate the terms and conditions of the Old Employment Agreement; AND WHEREAS the Employee confirms that he has the skills and knowledge to perform the duties of the position of President and has not misrepresented his experience or qualifications for the position;

In consideration of the payments, mutual covenants and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), it is agreed by and between the parties as follows:

1. TERM OF EMPLOYMENT

The employment of the Employee commenced on September 1, 2015, and will continue for an indefinite term until terminated in accordance with this Agreement.

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2. DUTIES AND RESPONSIBILITIES

The Employee shall be employed in the position of President for the Company, and subject to the direction otherwise by the Company, will also act as President and Director to its affiliated entity, Edesa Biotech Research, Inc. (“**Edesa Research**”), an Ontario corporation. The Employee will be responsible for performing such duties as the Employer or its designee may reasonably assign, including all duties usually and customarily rendered by and required of a President of a publicly traded company, and including such duties as are described in any written job description that may be provided to the Employee and amended from time to time, provided that in no event may such an amendment or duties assigned to the Employee materially diminish the Employee’s level of responsibilities, title, and stature as President of the Employer.

The Employee shall devote his full time and attention to the business and affairs of the Company and Edesa Research and work those hours required to meet his duties and responsibilities hereunder.

During the term of his employment, the Employee will refrain from engaging in any activities in which the Employee’s personal interests conflict with the Employee’s duties, responsibilities, and attention to the affairs of the Company. As such, the Employee will not, directly or indirectly, engage or participate in any other business activities which conflict with the Employee’s duties, responsibilities, and attention to the affairs of the Company without the written consent of the Company.

3. COMPENSATION AND BENEFITS

In consideration of the services to be provided hereunder, the Employee, effective May 13, 2023 and during the term of his employment, shall be paid a gross annual base salary of \$335,340 USD (“**Base Salary**”) payable in equal bi-weekly installments, in arrears, less applicable statutory deductions and withholdings. Salaries are reviewed annually in March on the basis of such factors as, but not limited to, merit, market performance, job grade and potential. However, any increase to the Employee’s Base Salary is in the sole discretion of the Employer, as determined by the board of directors of the Company (“**Board of Directors**”).

The Employee shall be eligible for a target annual bonus of 40% of the Employee's Base Salary, based on performance in the prior calendar year, subject to achieving corporate and personal targets to be determined by the Employer and the Board of Directors, taking into account input from the Employee regarding his personal targets. The Employee acknowledges that: (i) terms and conditions of the applicable bonus program may change each calendar year at the discretion of the Employer; (ii) there will be no guaranteed level of Bonus in any year.

The Employee will be eligible for equity-based awards under the Company's Equity Incentive Compensation Plan as determined by the Board of Directors, commensurate with the Employee's position and any business milestones which may be established by the Employer.

The Employee shall receive an automobile allowance of \$2,000 USD per month payable in accordance with the Employer's practices and subject to applicable deductions.

Subject to the terms of applicable policies and plans, the Employee will be eligible to participate in the Employer's group insured benefits program, as may be in effect from time to time for its employees generally, and executive employees specifically. Benefits, coverages, policies and plans may be amended or terminated by the Employer at any time, without advance notice or other obligation, provided however that in the event of such amendment or termination, the Employer will either make available to the Employee benefits coverage substantially comparable in scope to the preceding coverage, or reimburse the Employee for the cost of obtaining private coverage substantially comparable in scope to the preceding coverage.

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4. EXPENSES

The Employer shall reimburse the Employee for reasonable and documented expenses actually and necessarily incurred by the Employee in the performance of this Agreement, in accordance with the Employer's policies and procedures.

5. VACATION

The Employer's vacation year is January 1st to December 31st.

During each full calendar year, the Employee will be entitled to six (6) weeks' vacation, which shall accrue in accordance with the Employer's vacation policy. Vacation is to be taken at a time acceptable to the Employer acting reasonably having regard to reasonable business requirements.

6. POLICIES AND PROCEDURES

As a term and condition of employment, the Employee agrees to comply with, and be bound by, the Employer's handbook and other employment policies and procedures. From time to time, the Employer's handbook and other policies and procedures may be changed by the Employer, in its sole discretion, without advance notice. It is the sole responsibility of the Employee to review and understand any changes to the Employer's handbook or other policies and procedures.

7. TERMINATION OF EMPLOYMENT

The Employer may terminate the employment of the Employee at any time:

(a) for cause, in which case the employee shall receive payment of any Base Salary and vacation pay earned to the date of termination. Subject only to any minimum requirements to the contrary under the *Employment Standards Act (Ontario)* (“**ESA**”), all Base Salary, vacation pay accrual and participation in any other benefits (including group benefits and car allowance) will cease immediately upon the date of termination for cause, and no other bonus or other payments will be payable to the Employee. Furthermore, subject only to any minimum requirements to the contrary under the **ESA**, all non-vested equity-based awards shall be automatically extinguished. All vested equity-based awards shall be subject to the terms of the applicable **Equity Incentive Compensation Plan**.

“Cause” means the existence of just cause for termination of employment at common law as determined by the law of the province of Ontario, including but not limited to fraud, theft, dishonesty, illegality, conflict of interest, gross incompetence or breach of any material obligation under this Agreement.

(b) without cause, in which case the Employee will be entitled to the following if the Employee executes a general release of claims in a form reasonably required by the Company substantially in the form attached in Schedule “A”, within thirty days after Employee’s termination date:

- (i) a lump sum payment equal to the Employee’s then Base Salary for twelve months plus one additional month for every completed year of service since September 1, 2015 (the “**Severance Period**”, which shall not exceed 24 months), inclusive of, and not in addition to, the Employee’s notice and severance entitlements (if any) pursuant to the **ESA**;
- (ii) a lump sum payment of the annual bonus to which the Employee is entitled for the calendar year immediately preceding the date of termination, if such bonus has not already been paid;
- (iii) a lump sum payment equal to the Employee’s annual bonus entitlement, prorated over the Employee’s length of service in the calendar year in which his employment was terminated, such annual bonus entitlement to be calculated using an average of the bonus percentages paid or payable for the two calendar years immediately preceding the termination, or the most recent calendar year immediately preceding the termination if only one calendar year was completed since the effective date of this Agreement. If employment terminates during the course of the calendar year in which this Agreement became effective, then the bonus percentage will be calculated using the “at target” percentage described in section 3, above. If no bonus payment was awarded for the two previous calendar years, then no bonus shall be payable to the Employee;
- (iv) payment of the Employee’s annual bonus entitlement during the full **Severance Period** (prorated for a partial calendar year), such annual bonus entitlement to be paid on the same dates as for other executives but calculated using only the corporate targets applicable to comparable employees and no personal target. For the sake of clarity, if for example the bonus is weighted 60% personal target and 40% corporate target and corporate achievements justify paying out at 50% corporate target, then the bonus percentage payout for such calendar year will amount to 8% of the Employee’s Base Salary further prorated for the **Severance Period**;
- (v) continuation of the Employee’s benefits and car allowance and any other benefit required to be maintained pursuant to the **ESA** for any minimum period required by the **ESA** and, to the extent permissible under the terms of

the applicable benefits plans, continuation of the Employee's health and dental benefits for the balance of the Severance Period or until the Employee becomes eligible for similar benefits through new employment, whichever is earlier. For clarity, all other benefits, including cell phone allowance, disability benefits, accidental death & dismemberment, and life insurance, shall cease as of the end of the minimum statutory notice period under the ESA; and

(vi) any and all vested equity-based awards shall be exercisable in accordance with the terms of the applicable Equity Incentive Compensation Plan, subject only to any minimum requirements to the contrary under the ESA.

In the event that the employment of the Employee is terminated or constructively terminated by the Employer without cause upon or within a 12 month period following a Change of Control, as defined below, the Employee shall be entitled to the payments and benefits provided at paragraphs (b)(ii) to (vi) above, plus a change of control payment equal to 24 months of the value of the Base Salary as of the date of termination.

A "constructive termination" shall include a material change in the Employee's title, responsibilities, authority or status, a material reduction of the Employee's compensation, or any other conduct which would constitute a constructive dismissal at common law, in which case the Employee shall be immediately entitled to resign and claim the above entitlements.

A "Change of Control" shall mean a transaction or series of transactions whereby directly or indirectly:

- (a) a plan of arrangement, amalgamation, merger or consolidation in which more than 50% of the total combined voting power of the Employer's voting securities, on a fully diluted basis, are transferred or issued to a person or persons different from those persons holding such securities immediately prior to such transaction; or
- (b) the direct or indirect acquisition by a person or related group of persons acting jointly or in concert of the beneficial ownership of voting securities of the Employer representing more than 50% of the total combined voting power of the Employer's then outstanding securities, on a fully diluted basis; or
- (c) the exercise of the voting power of all voting or other securities of the Employer so as to cause or result in the election of a majority of the board of directors of Employer who were not recommended by either the management or the current board of directors; or
- (d) the sale, transfer or disposition of all or substantially all of the assets of the Company.

The Employee may resign from his employment at any time by providing the Employer with a minimum of 60 days advance notice, in writing. The Employee's notice may be waived by the Employer in whole or in part at its sole discretion, subject only to providing the Employee with payment of the Base Salary and continuation of benefits until the end of the 60-day period of notice required by this Agreement. For clarity, and subject only to any minimum requirements to the contrary under the ESA: (i) all non-vested equity-based awards as of the date of termination shall be automatically extinguished and (ii) the Employee shall not be entitled to any bonus or pro rata bonus payment not already awarded on or before the date of termination. All vested equity-based awards will be subject to the terms of the applicable Equity Incentive Compensation Plan.

For clarity, to the extent the termination rights and entitlements under this section are greater than the Employee's entitlements pursuant to the ESA, they shall be paid only on the condition the Employee executes a full and final release satisfactory to the Company within thirty (30) days of the Employee's termination date. In the event the Employee declines to execute such release, the Employee's maximum entitlement shall be the minimum: (i) notice or pay in lieu thereof, or some combination of the two; (ii) severance pay (if any); (iii) period for the continuation of benefits; (iv) vacation pay; and (v) other entitlements, if any, required by the ESA.

The Employee understands and agrees that provision of such payment and benefits described above in this Section 7 are fair and reasonable and are in full and final satisfaction and settlement of all amounts owed for notice of termination or pay in lieu of notice, as well as termination and/or severance pay arising under any contract, statute, common law or otherwise.

8. EMPLOYER PROPERTY

On the date of termination, the Employee will return all Employer property and documentation the Employee has received in the course of employment with the Employer, including but not limited to: vehicle (if applicable), smartphone, documents, laptop, computer-generated information, reports, books, studies, data, credit cards, employee identification, access cards/keys and other such materials. The Employee will not be permitted to retain any copies of any documentation containing Employer information, except for personal benefit or pay statements provided during the course of employment. The Employee will confirm the return of all Employer property, including any confidential information, in the Employee's possession, charge, control or custody by signing a Termination Checklist, a copy of which will be provided to the Employee for his records. All property shall be returned in good working condition, save for normal wear and tear.

9. CONFIDENTIALITY

The Employee acknowledges that, in the course of performing and fulfilling his duties hereunder, he may have access to and be entrusted with Confidential Information, as described further below, the disclosure of which would be highly detrimental to the interests of the Employer. The Employee acknowledges that all right, title and interest in and to the Confidential Information shall remain the exclusive property of the Employer and shall be held in trust by the Employee to the benefit of the Employer. The Employee further acknowledges and agrees that the right to maintain the confidentiality of such Confidential Information constitutes a proprietary right which the Employer is entitled to protect. Accordingly, the Employee covenants and agrees with the Employer that he will not, directly or indirectly, during or after his employment with the Employer, disclose any such Confidential Information to any person, firm or corporation, nor shall he use any Confidential Information, except as required in the normal course of his employment.

The Employee shall not copy, reproduce in any form or store in any retrieval system or database the Confidential Information without the prior written consent of the Employer. If so requested following the cessation of the employment of the Employee for any reason, the Employee shall certify by way of affidavit or statutory declaration that all Confidential Information was returned to the Employer and that the Employee no longer has access to same.

Confidential information includes, but is not limited to, financial information, reports, and forecasts; inventions, improvements and other intellectual property, trade secrets, know-how, designs, processes or formulae, software, market or sales information or plans, supplier lists and supplier contact information, customer lists and customer contact information; and business plans, prospects,

strategies and opportunities (such as possible acquisitions or dispositions of businesses or facilities) which have been discussed or considered by the Employer or its affiliates. Confidential information includes information developed by the Employee in the course of the Employee's employment with the Employer, as well as other information to which the Employee may have access in connection with the Employee's employment.

For greater clarity, the Employee's obligations of confidentiality shall not apply to Confidential Information that:

- (a) was lawfully in the public domain prior to its disclosure, or becomes publicly available other than through a breach of this agreement; or
- (b) is disclosed when such disclosure is compelled pursuant to a legal, judicial, or administrative proceeding, or otherwise required by law, except that the Employee shall, prior to disclosure, provide the Employer with notice of a compelled requirement to disclose to allow the Employer to seek protective or other court orders.

10. NON-COMPETITION

The Employee shall not, without the prior written consent of the Employer, for and during the term of the Employee's employment with the Employer and for twelve (12) months following the cessation of the Employee's employment with the Employer (for any reason, including termination for or without cause, constructive termination, resignation or otherwise), either directly or indirectly, individually or in partnership or in conjunction with or through any individual, firm, corporation, association or other entity, whether as principal, agent, shareholder, employee, consultant or in any other capacity whatsoever, within North America, carry on, engage in, or attempt to carry on or attempt to engage in, or be financially interested in any business that competes with the Employer's Business.

“Business” means the development, sale, or licensing of any inflammatory and immune-related products which are substantially similar to those products (a) developed, in development, sold or licensed by the Employer as at the date of the cessation of employment of the Employee or (b) that have been the subject of active negotiations (that is, having led to the execution of a confidentiality agreement) in the twelve (12) months immediately preceding the cessation of the employment of the Employee or the purposes of licensing or acquisition by the Employer.

Notwithstanding anything to the contrary contained herein, the Employee may, without being deemed to compete, hold an equity share investment in a public company whose shares are listed on a stock exchange or in an over-the-counter market where that share investment does not in the aggregate exceed 10% of the issued equity shares of the company.

11. NON-SOLICITATION

The Employee shall not, for twenty four (24) months following the cessation of the Employee's employment (for any reason, including termination for or without cause, constructive termination, resignation or otherwise), either directly or indirectly, individually or in partnership or in conjunction with or through any individual, firm, corporation, association or other entity, whether as principal, agent, shareholder, employee, consultant or in any other capacity whatsoever:

- (a) canvass or solicit any Customer for any purpose which is competitive with the Business;
- (b) canvass or solicit any Prospective Customer for any purpose which is competitive with the Business;
- (c) encourage or influence any Customer to cease doing business with the Company; or
- (d) solicit the employment or engagement of or otherwise entice away from the employment or engagement of the Company any individual who is employed or engaged by the Company and who worked with the Employee (regardless of the reporting relationship) during the twenty four (24) month period prior to the cessation of the Employee's employment, whether or not such individual would commit any breach of his/her contract or terms of employment or engagement by leaving the employ or the engagement of the Company, provided that the Employee will not be restricted from making any general solicitation for employment that is not specifically directed at such employees and that the Employee will not be restricted from hiring any such employee who responds to any such general solicitation.

"Business" has the meaning set out above at Section 10.

"Customer" means any entity who purchased from the Company any product or service supplied, sold, licensed or distributed by the Company; provided that a Customer shall only include any entity who the Employee knew or ought to have known was a Customer during the twenty-four (24) months preceding the date of the cessation of the Employee's employment.

"Prospective Customer" means (i) any entity solicited by the Employee on behalf of the Company in furtherance of the Business; and (ii) any entity solicited by the Company with the Employee's knowledge in furtherance of the Business; provided that Prospective Customers shall only include any entity who was a Prospective Customer during the twenty-four (24) months preceding the date of the cessation of the Employee's employment.

12. EQUITABLE REMEDIES

The Employee acknowledges and agrees that a breach by the Employee of Sections 9 to 11 would cause substantial and irreparable harm to the Employer which could not be adequately compensated for by damages, and, in the event of such a breach (or the reasonable apprehension of such a breach) by the Employee of such provisions, the Employee hereby consents to a preliminary and permanent injunction being issued against him restraining him from any breach or further breach of the said provisions and of an order to account for all profits and benefits arising out of any such breach, but the provisions of this Section 12 shall be in addition to and not in substitution for any other remedy which the Employer may have in respect of such a breach. The prevailing party, if any, as determined by the court, shall be awarded all fees and costs, including without limitation reasonable legal fees.

13. INTELLECTUAL PROPERTY

All results of services performed by the Employee hereunder, including without limitation all inventions, ideas, copyrights, trade secrets or otherwise, shall be owned by and be the sole and exclusive property of the Employer. The Employee hereby transfers and assigns all right, title and interest of every nature and kind whatsoever therein to the Company and agrees to execute and deliver such further documents and instruments as may be necessary to fully and effectually give effect thereto. The Employee hereby irrevocably waives all moral rights in such work.

14. RESIGNATION UPON TERMINATION

The Employee hereby agrees that, upon the cessation of the Employee's employment (for any reason, including termination for or without cause, constructive termination, resignation or otherwise), the Employee shall be deemed, upon the request of the Company, to have immediately resigned any position the Employee may have as an officer and/or director of the Company together with any other office, position or directorship which the Employee may hold with any of the Company's subsidiaries, affiliates or divisions or related entities in connection with or arising from the performance of the Employee's duties of employment under this Agreement. In such event, the Employee shall, at the request of the Company, execute any and all documents appropriate to evidence such resignations. The parties agree that the execution of such documents shall not adversely impact the Employee's right to seek a remedy to any dispute relating to his employment with the Employer or the termination thereof.

15. ASSIGNMENT

This Agreement and any rights or obligations under this Agreement shall not be assignable or transferable by the Employee. The Employer may assign its rights, entitlements and obligations under this Agreement at any time, without the Employee's consent and without advance notice.

16. SEVERABILITY, AMENDMENTS AND WAIVERS

Each section (or part thereof) of this Agreement shall be and remain separate from and independent of and severable from all and any other section (or part thereof) herein except where otherwise indicated by the context of this Agreement. The decision or declaration that one or more of the sections (or part thereof) are null and void shall have no effect on the remaining sections (or part thereof) of this Agreement.

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No provision of this Agreement may be amended or waived unless such amendment or waiver is authorized by the Employee (including any authorized officer or committee of the board of directors) and is in writing signed by the Employee and by a duly authorized officer of the Employee. Except as otherwise specifically provided in this Agreement, no waiver by either party hereto of any breach by the other party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar breach, condition or provision at the same time or at any prior or subsequent time.

17. NOTICE

Any notice required to be given hereunder shall be deemed to have been properly given if delivered personally, via email or sent by pre-paid registered mail as follows:

- a) To the Employee: Last address on file with the Employer
- b) To the Employer: 100 Spy Court, Markham, Ontario, L3R 5H6

And if sent by registered mail, shall be deemed to have been received on the 4th business day of uninterrupted postal service following the date of mailing. Either party may change its address for notice at any time, by giving notice to the other party pursuant to the provisions of this Agreement.

18. INTERPRETATION OF AGREEMENT

The interpretation, construction and performance of this Agreement shall be governed by the laws of the Province of Ontario. This Agreement shall be interpreted with all necessary changes in gender and in number as the context may require and shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

19. ENTIRE AGREEMENT

This Agreement, together with the Appendices hereto, amends and restates in its entirety the Old Employment Agreement, and collectively constitutes the entire agreement between the parties with respect to the subject matter herein. The Employee has not relied on any representations, inducements or statements, oral or written, which are not contained in this Agreement. However, nothing herein shall serve to release the Company from its obligation to pay any accrued wages or bonus to the Employee as of the date of this Agreement.

20. OPPORTUNITY TO CONSULT LEGAL ADVICE

The Employee states that he has read this Agreement in its entirety, been given an opportunity to consider the Agreement and seek legal counsel and advice, and that he enters into this Agreement voluntarily and intending to be legally bound.

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21. EMPLOYMENT STANDARDS

In the event that a minimum standard in the ESA is more favourable to the Employee in any respect than a term or provision provided herein, the provision of the ESA will apply in respect of that term or provision. For clarity, under no circumstance will the Employee receive less than his minimum entitlements under the ESA.

22. LANGUAGE OF AGREEMENT

The parties hereto confirm that it is their express wish that this Agreement, as well as related documents and notices, be drawn up in English. *Les parties a la presente convention conferment leur volonte expresse que cette convention, de meme que toute documentation ou avis afferent, soit redigee en anglais.*

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed effective date first noted above.

/s/ Michael J. Brooks

August 4, 2023

Michael Brooks

Date

EDESA BIOTECH INC.

By: /s/ Pardeep Nijhawan

August 4, 2023

Authorized Signatory

Date

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SCHEDULE "A"

RELEASE AGREEMENT

(Attached)

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FORM OF FULL AND FINAL RELEASE ("RELEASE")

I, [Name], on behalf of myself and my heirs, executors, assigns, administrators and legal representatives, in consideration of the payments and other benefits provided for in the attached employment agreement, dated August 4, 2023 (the “Employment Agreement”), and other good and valuable consideration, the sufficiency and adequacy of which I hereby acknowledge, release and forever discharge **Edesa Biotech, Inc.** (hereinafter the “Company” which term includes any related, subsidiary, parent or affiliated companies, and any and all of its and their respective officers, directors, agents and employees and any of its or their respective heirs, executors, administrators, legal representatives, successors and assigns) from all claims, debts, demands, actions, causes of action, damages, costs, expenses and liabilities of any kind or nature whatsoever, existing up to the present time or which may arise in the future, in any way related to or arising out of my hiring by the Company, my employment with the Company and the cessation of that employment (the “Claim”) including, without limitation, any Claim for wages, holiday pay, vacation pay, overtime pay, bonus payments, commissions, right to reinstatement, pension benefits, short-term disability benefits, long term disability benefits, other benefit entitlements, notice of termination or payment in lieu of notice, severance pay, or any other employment benefit whatsoever whether arising pursuant to contract, common law, statute including, without limitation, the *Employment Standards Act, 2000*, the *Ontario Human Rights Code*, the *Occupational Health and Safety Act*, the *Pension Benefits Act*, the *Pay Equity Act* and related legislation.

1. I hereby acknowledge that the parties to this Release have discussed or otherwise canvassed any and all human rights or harassment complaints, concerns, or issues, whether or not arising directly out of or in respect to my employment with the Company and the cessation of that employment and that it has been agreed that the said consideration constitutes a full and final settlement of any existing, planned, or possible claims or complaint(s) I may have against the Company under the *Ontario Human Rights Code* or the *Occupational Health and Safety Act*.
2. I also acknowledge that the said consideration represents payment in full of any and all amounts including, without limitation, wages, overtime pay, vacation pay, severance and pay in lieu of notice, to which I am or may be entitled pursuant to the *Employment Standards Act, 2000*.
3. I agree that should I commence or continue any Claim against the Company or any provider of benefit plans made available to me by or through the Company, in any way connected to my employment or the cessation of my employment, this Release may be raised as a complete bar to such proceedings, and the Company and all of those entitled to the benefit of this Release shall be entitled to raise this Release in support of an order dismissing such proceedings without costs.
4. I agree to save harmless and indemnify the Company from and against all claims, charges, taxes or penalties and demands which may be made by governmental authorities against the Company in respect of income tax payable by me in relation to my employment income from the Company and aforesaid consideration.

4. I agree to save harmless and indemnify the Company from and against all claims, charges, taxes, penalties or demands which may be made related to the *Employment Insurance Act* or the Canada Pension Plan, or the Canada Emergency Response Benefit, the Canada Recovery Benefit, the Canada Recovery Caregiver Benefit, or the Canada Recovery Sickness Benefit with respect to any amounts which may, in the future, be found to be payable by me in relation to my employment income from the Company and aforesaid consideration.
5. I agree not to make any claim, complaint or take any proceeding, including third party proceedings or cross-claims, against any person or corporation with respect to any matters, including Claims released herein, that have arisen between myself and the Company up to the present time, on which any claim could arise against the Company for contribution or indemnity or other relief.
6. I agree not to make any offensive public remarks, whether orally, in writing or via electronic means (i.e., internet based medium) concerning the Company, its employees, directors, officers or customers.
7. I have not assigned to any person, firm or corporation any of the actions, causes of action, claims, suits, executions or demands which I am releasing in this Release.
8. I understand that the Company does not, by payment and performance as noted above or otherwise, admit that I have any valid Claims against the Company.
9. The terms of this Release are intended to be contractual and not a mere recital.
10. This Release and the terms referenced herein shall be governed by and construed in accordance with the laws in force in the Province of Ontario and the federal laws of Canada applicable therein.
11. I confirm that, in signing this Release, I have not relied on any written or oral representations made by or on behalf of the Company other than what might be contained in the Employment Agreement, and that this Release contains all terms and conditions with respect to my release of liability of the Company without exception or limitation.
12. The terms or existence of this settlement and this Release are confidential and I agree not to disclose any such terms to any person save and except as may be required by law or to my immediate family and professional advisors, all of whom shall be advised on the confidential nature of the terms and be required to maintain confidentiality over the terms.
13. I understand that if I violate paragraph 7 or paragraph 13 of this Release I may be liable to repay some or all of the settlement amount provided for in the Employment Agreement.

14. I acknowledge that:

- (a) I have had an adequate opportunity to read and consider this Release and to obtain legal and other advice prior to executing it;
- (b) I understand the Release and the consequences of signing same; and
- (c) I am signing the Release voluntarily, without coercion and without reliance on any representation, expressed or implied, by the Company.

IN WITNESS WHEREOF, I, [Name], do execute this Release at the City of [name of city] on the [day] day of [month], 2023.

SIGNED)

In the presence of)

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_____)

Witness) [Name]

Print Name Below)

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DISCLAIMER

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