Zacks Small-Cap Research
Sponsored – Impartial - Comprehensive

August 13, 2025
David Bautz, PhD
312-265-9471
dbautz@zacks.com

scr.zacks.com
101 N. Wacker Drive, Chicago, IL 60606

Edesa Biotech, Inc.

(EDSA-NASDAQ)

EDSA: EB06 Manufacturing to be Completed by End of 2025…

Based on our probability adjusted DCF model that takes into account potential future revenues of EB05 and EB06, EDSA is valued at $17.00/share. This model is highly dependent upon continued clinical success of the company's pipeline and will be adjusted accordingly based on future clinical results.

Current Price (08/13/25)	$2.17
Valuation	**$17.00**

OUTLOOK

On August 11, 2025, Edesa Biotech, Inc. (EDSA) announced financial results for the third quarter of fiscal year 2025 that ended June 30, 2025 and provided a business update. During the quarter, the company advanced manufacturing activities to support U.S. regulatory approval for a Phase 2 study of EB06 in the treatment of vitiligo. Based on current availability of manufacturing slots at third-party vendors, we estimate that drug manufacturing data for EB06 is likely to be submitted to the U.S. Food and Drug Administration (FDA) before the end of calendar 2025. Once cleared by the FDA, topline results from the Phase 2 study of EB06 in vitiligo could be available in approximately 12-18 months.

SUMMARY DATA

52-Week High	**$5.12**
52-Week Low	**$1.59**
One-Year Return (%)	**-52.04**
Beta	**0.27**
Average Daily Volume (sh)	**27,932**
Shares Outstanding (mil)	**7**
Market Capitalization ($mil)	**$15**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**6**
Insider Ownership (%)	**23**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**

Risk Level	**Average**
Type of Stock	**Small-Blend**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2024	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2025	0.0 A	0.0 A	0.0 A	0.0 E	0.0 E
2026					0.0 E
2027					0.0 E

Earnings per Share

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2024	-$0.54 A	-$0.58 A	-$0.52 A	-$0.30 A	-$1.93 A
2025	-$0.48 A	-$0.30 A	-$0.25 A	-$0.26 E	-$1.19 E
2026					-$0.56 E
2027					-$0.45 E

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

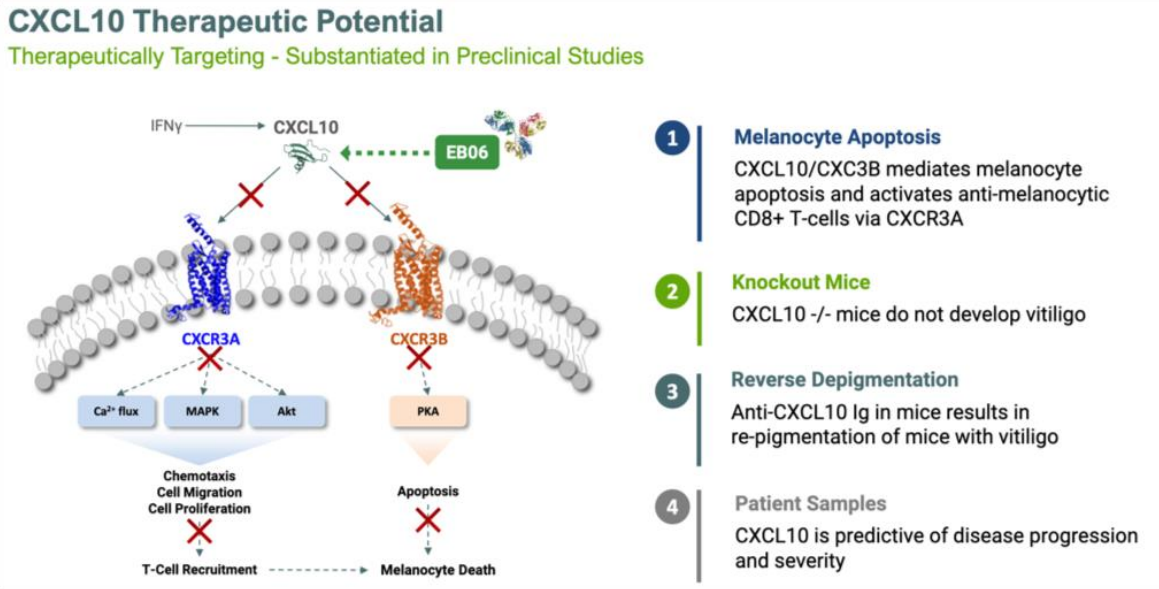
WHAT'S NEW

Business Update

Advancing EB06 for Treating Vitiligo

Edesa Biotech, Inc. (EDSA) is planning for a Phase 2 study of EB06, its anti-CXCL10 monoclonal antibody, for the treatment of moderate-to-severe non-segmental vitiligo patients. Vitiligo is a disease that causes areas of the skin to lose color, with non-segmental vitiligo being characterized by patches appearing on both sides of the body. It is caused when pigment-producing cells (melanocytes) die or stop producing melanin as a result of an autoimmune disease, genetics, or a triggering event (e.g., stress, sunburn, skin trauma).

Past research showed that the chemokine CXCL10 was elevated in both vitiligo patient skin and serum (El-Domyati *et al*., 2022). In a mouse model of vitiligo, which includes CXCL10 expression in the skin, neutralization of CXCL10 in mice with established, widespread depigmentation induced reversal of disease as shown by repigmentation (Rashighi *et al*., 2014). In addition, serum CXCL10 levels are significantly increased in vitiligo patients compared to controls, suggesting that CXCL10 may play a role in the pathogenesis of vitiligo in humans (Gharib *et al*., 2021). The following slide gives an overview of the mechanism of action of EB06 and data supporting its use in the treatment of vitiligo.



Source: Edesa Biotech, Inc.

A 2022 publication reported that the estimated prevalence of vitiligo patients in the U.S. is between 1.9 million and 2.8 million (Gandhi *et al*., 2022). This corresponds to a vitiligo market that is projected to reach approximately $1 billion by 2030 (EvaluatePharma).

Edesa is continuing IND-enabling work for EB06 and has already received approval from Health Canada to conduct a Phase 2 trial. Manufacturing activities have begun and are likely to be concluded before the end of calendar 2025. In addition, the company has begun outreach to potential investigators for the Phase 2 trial. The study as currently planned will enroll approximately 150 patients with severe nonsegmental vitiligo, will evaluate three different doses of EB06, and will have a primary efficacy outcome of the percentage of patients that achieve ≥50% decrease from baseline in facial Vitiligo Area Scoring Index (F-VASI50), a composite measurement of the overall area of facial vitiligo patches and degree of depigmentation within patches. The final trial protocol will be contingent on feedback from the FDA. We anticipate the IND being filed before the end of 2025.

VYN201 Fails Phase 2 Trial in Vitiligo

On July 30, 2025, VYNE Therapeutics (VYNE) announced that the Phase 2b trial of repibresib gel in 177 patients with nonsegmental vitiligo did not meet its primary endpoint of the proportion of subjects achieving an improvement in Facial Vitiligo Area Scoring Index of at least 50% from baseline (F-VASI50) at week 24 compared to placebo. The trial also missed a key secondary endpoint of F-VASI75. The company reported that the results of the trial were impacted by an unusually high placebo effect and further impacted by a higher-than-expected dropout rate in the active arms of the trial compared to placebo. VYNE is discontinuing the extension phase of the trial and will terminate the study.

We don't see any type of read-through for Edesa's potential in vitiligo based on VYNE's failure. It may represent one less potential competitor in the space, albeit repibresib gel most likely would have directly competed with Opzelura.

Financial Update

On August 11, 2025, Edesa announced financial results for the third quarter of fiscal year 2025 that ended June 30, 2025. There were no revenues reported for the third quarter of fiscal year 2025. R&D expenses in the third quarters of both fiscal years 2025 and 2024 were $0.5 million. This was due to an increase in EB06-related expenses that were offset by a decrease in external research expenses for EB05. G&A expenses totaled $1.0 million for the third quarters of both fiscal year 2025 and 2024. A decrease in salaries in 2025 was offset by an increase in noncash share-based compensation and professional service fees.

As of June 30, 2025, Edesa had approximately $12.4 million in cash and cash equivalents. We estimate the company has sufficient capital to fund operations through the end of fiscal 2026. As of August 8, 2025, Edesa had approximately 7.0 million shares outstanding and, when factoring in stock options, warrants, RSUs, and the Series B-1 convertible preferred shares, a fully diluted share count of approximately 14.0 million.

Conclusion

We look forward to additional details regarding EB06's manufacturing and the filing of the IND with the FDA before the end of 2025. Once the IND is filed, we estimate that data from the Phase 2 study could be available in 12-18 months. With no changes to our model, our valuation remains at $17 per share.

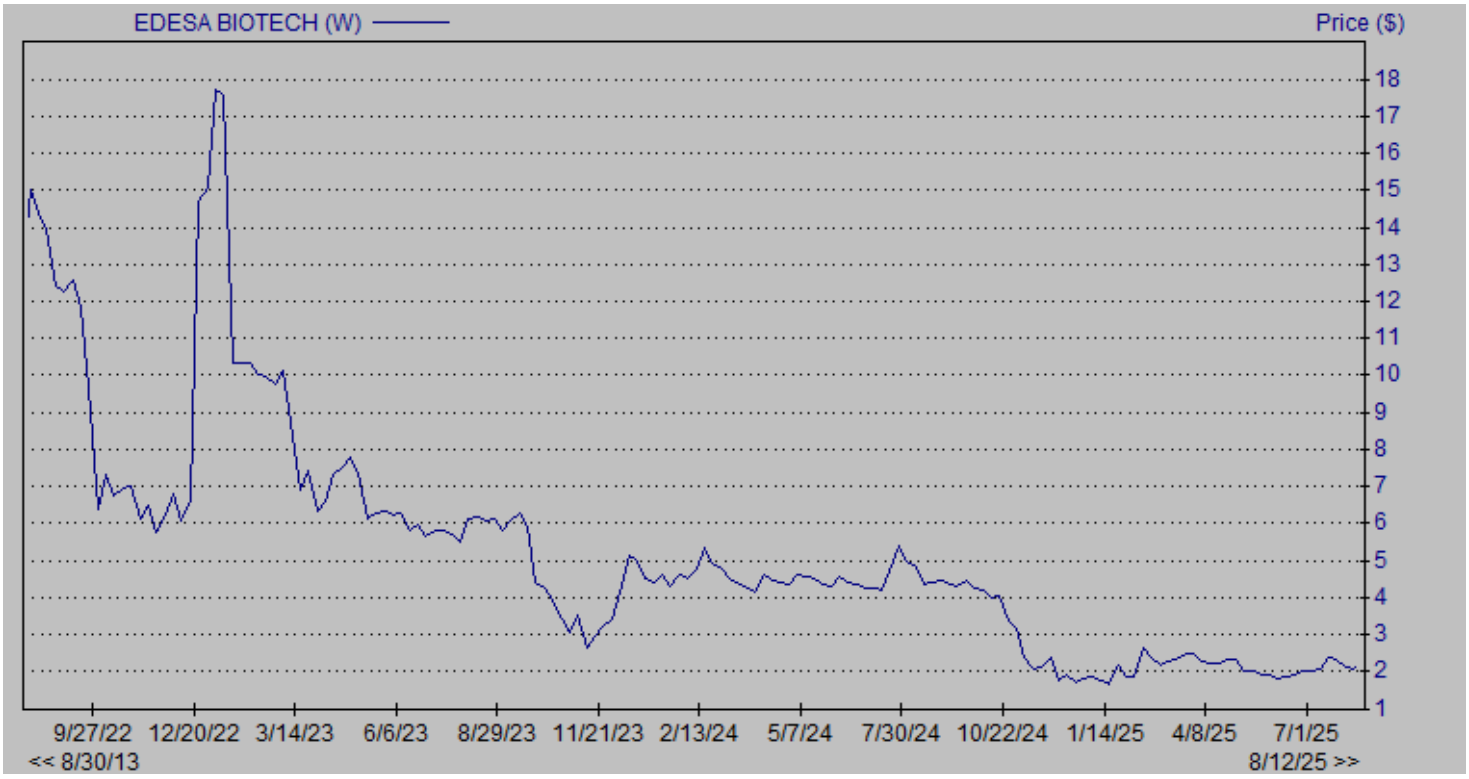
PROJECTED FINANCIALS

Edesa Biotech, Inc.	FY2024 A	Q1FY25 A	Q2FY25 A	Q3FY25 A	Q4FY25 E	FY2025 E	FY2026 E	FY2027 E
EB06	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
EB05	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Cost of Sales	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Product Gross Margin	-	-	-	-	-	-	-	-
Research & Development	$2.9	$1.0	$0.5	$0.9	$1.0	$3.4	$3.5	$3.8
General & Administrative	$4.1	$0.9	$1.2	$1.0	$1.0	$4.0	$4.0	$4.2
Other (Income) Expense	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($7.0)	($1.9)	($1.6)	($1.9)	($2.0)	($7.4)	($7.5)	($8.0)
Operating Margin	-	-	-	-	-	-	-	-
Non-Operating Expenses (Net)	$0.8	$0.3	$0.0	$0.2	$0.2	$0.7	$0.8	$0.8
Pre-Tax Income	($6.2)	($1.6)	($1.6)	($1.7)	($1.8)	($6.8)	($6.7)	($7.2)
Income Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	**($6.2)**	**($1.6)**	**($1.59)**	**($1.7)**	**($1.8)**	**($6.8)**	**($6.7)**	**($7.2)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($1.93)**	**($0.48)**	**($0.30)**	**($0.25)**	**($0.26)**	**($1.19)**	**($0.56)**	**($0.45)**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	3.2	3.3	5.3	7.0	7.0	5.7	12.0	16.0

Source: Zacks Investment Research, Inc. David Bautz, PhD

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

HISTORICAL STOCK PRICE



Source: Zacks Small Cap Research

© Copyright 2025, Zacks Investment Research. All Rights Reserved.

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, David Bautz, PhD, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.