

# Trickle Research

Every raging river, every great lake, every  
deep blue sea starts ... with a trickle



**oncosec**<sup>™</sup>  
IMMUNOTHERAPIES

## Coverage Termination

### OncoSec Medical Incorporated

(NasdaqGS: ONCS)

**Report Date: 03/24/23**

**Closing Stock Price at Termination (Closing Px: 03/23/23): \$2.06**

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**Disclosure:** Portions of this report are excerpted from OncoSec's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

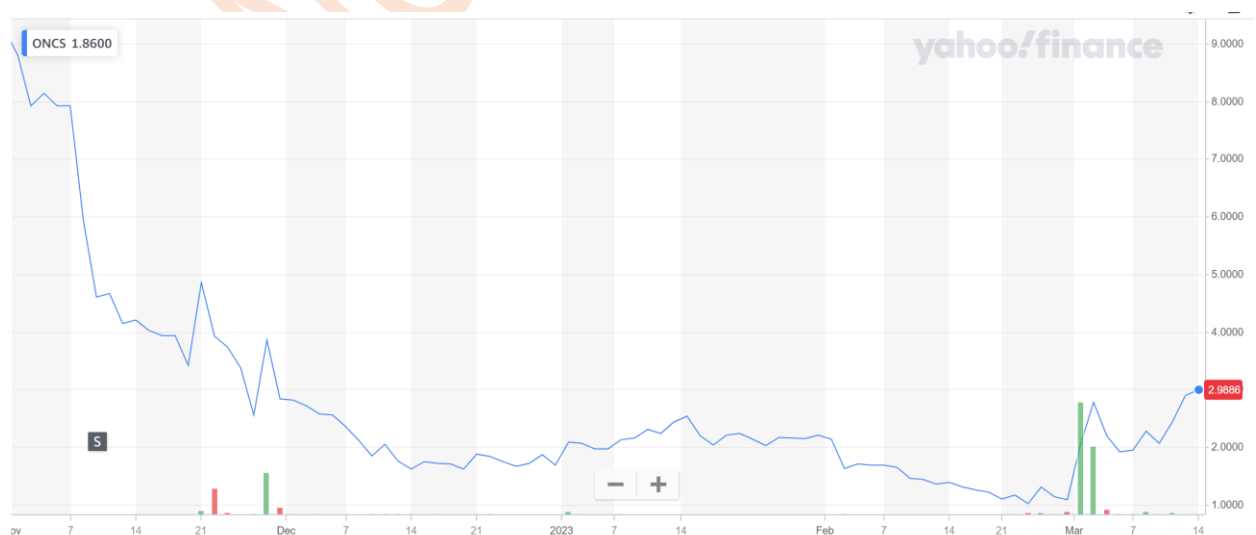
Below is some pertinent narrative from one of our prior update on Oncosec:

*As a bit of background, we initiated coverage of OncoSec in May (2020) at \$1.90 with a price target of \$6.00. In December (2020) the stock breached our \$6.00 price target and traded through \$8.00 in February (2021). Some may recall, the Company has been a periodic presenter at our past Rocky Mountain Microcap Conferences both before and after we initiated the coverage.*

*On June 24, 2021, the Company announced the resignation of its CEO Daniel O'Connor and the appointment of Brian Leuthner, the Company's Chief Operating Officer as Interim CEO. Thereafter, on August 16, 2021, OncoSec announced that Mr. Leuthner was also leaving the Company and the board was establishing a "Leadership Committee consisting of three board members, Margaret Dalesandro, Ph.D., Herbert Kim Lyerly, M.D. and Yuhang Zhao, Ph.D., MBA, to lead all development efforts, with a focus on the Company's lead asset, TAVO™".*

*As a matter of full disclosure, we were fans of CEO Dan O'Connor. In our view, he was a quality CEO on a variety of levels and a high-quality individual as well. We believe his departure is a negative development for OncoSec. Moreover, what is also unsettling is the fact that his replacement, Brian Leuthner, also left the Company less than 30 days after his hiring as the Interim CEO. We will try to unpack that as best we can.*

As with a few other names we are in the process of terminating, following the departure of the Company's CEO (Dan O'Connor in this case) we lost our access to Oncosec management. As we have alluded to in prior updates, the Company has seemed a bit rudderless ever since, and that view is based in part on the revolving door of managers since the departure (there were others beyond those referenced above). Again, as with some of the others, we should probably have terminated the coverage some time ago, but for some period we remained optimistic that they would bring in someone that might pick up the torch and move the Company forward. Our hope in that regard, was based on what we have believed and continue to believe is technology that could achieve clinical success, FDA approval and ultimately commercial traction. In retrospect, we always believed that the Company's large (majority) Chinese shareholder would protect their investment and provide additional financing in one form or another. That does not seem to be the case. On November 9, 2022, Oncosec effected a 1-for-22 reverse split of the common shares, and the stock has not performed well since...



On the other hand, the real damage to the stock came much earlier and since the resignation of Mr. O'Connor:



In addition to the above and after the reverse split, the Company raised additional capital through an equity raise (common shares and warrants) and we suspect they will need to continue to access the capital markets to fund the Company.

To summarize, we continue to believe that TAVO could achieve clinical success and/or perhaps some sort of liquidity/valuation event that could prove considerably positive for the shares from current levels. On the other hand, as we noted, we have no line of communication with management, which in part leads us to believe that we likely cannot provide much insight through our continued analysis. Further, we anticipate ongoing dilution of the shares and while we remain constructive on TAVO, its chance of commercial success (based on the history of biopharma technologies at this clinical stage), remains small. The board's decisions around and since Mr. O'Connor's departure has been disappointing, and in our view avoidably negative for shareholders.

We are terminating our coverage of the shares.

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## Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ( $\$250 * 4$ ). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

**For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.**

**A Trickle rating of 1 thru 3 would best correspond to a "Speculative Buy" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.**

**A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.**

**A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.**