

**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 JANUARY 31, 2020

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 NO. 000-54318

ONCOSEC MEDICAL INCORPORATED

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA

(State or other jurisdiction of
incorporation or organization)

98-0573252

(I.R.S. Employer
Identification No.)

24 NORTH MAIN STREET
PENNINGTON, NJ

(Address of principal executive offices)

08534

(Zip Code)

3565 GENERAL ATOMICS COURT, SUITE 100
SAN DIEGO, CA

92121

(855) 662-6732

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	ONCS	NASDAQ Capital Market

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, 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	<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 Exchange Act). Yes No

The number of shares outstanding of the Registrant's Common Stock, \$0.0001 par value, was 22,752,821 as of March 13, 2020.

OncoSec Medical Incorporated
Form 10-Q
for the Quarterly Period Ended January 31, 2020

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS:

OncoSec Medical Incorporated
Condensed Consolidated Balance Sheets

	<u>January 31, 2020</u> (unaudited)	<u>July 31, 2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 9,256,351	\$ 25,147,780
Prepaid expenses and other current assets	2,947,757	3,359,556
Total Current Assets	12,204,108	28,507,336
Property and equipment, net	919,561	1,031,129
Operating right-of-use asset	6,360,863	-
Other long-term assets	306,355	353,547
Total Assets	\$ 19,790,887	\$ 29,892,012
Liabilities and Stockholders' Equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,438,981	\$ 4,217,017
Accrued compensation related	408,701	676,223
Operating lease liabilities	640,253	-
Note payable	-	83,760
Total Current Liabilities	10,487,935	4,977,000
Operating lease liability, net of current portion	6,128,021	-
Other long-term liabilities	-	635,913
Total Liabilities	16,615,956	5,612,913
Commitments and Contingencies (Note 8)		
Stockholders' Equity		
Common stock authorized - 26,000,000 and 16,000,000 common shares with a par value of \$0.0001 as of January 31, 2020 and July 31, 2019, respectively, common stock issued and outstanding — 10,752,529 and 10,633,043 common shares as of January 31, 2020 and July 31, 2019, respectively		
	1,075	1,063
Additional paid-in capital	184,965,590	177,656,149
Warrants issued and outstanding – 3,114,288 and 3,631,953 warrants as of January 31, 2020 and July 31, 2019, respectively	5,708,127	10,809,724
Accumulated other comprehensive income	251,522	169,037
Accumulated deficit	(187,751,383)	(164,356,874)
Total Stockholders' Equity	3,174,931	24,279,099
Total Liabilities and Stockholders' Equity	\$ 19,790,887	\$ 29,892,012

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

OncoSec Medical Incorporated
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	January 31, 2020	January 31, 2019	January 31, 2020	January 31, 2019
Revenue	\$ -	\$ -	\$ -	\$ -
Expenses:				
Research and development	6,055,218	4,746,530	11,485,031	9,485,975
General and administrative	7,468,375	3,733,408	11,886,660	6,497,497
Loss from operations	(13,523,593)	(8,479,938)	(23,371,691)	(15,983,472)
Other income, net	46,768	105,903	128,697	220,305
Interest expense	(78)	-	(1,070)	-
Foreign currency exchange (loss) gain, net	(154,672)	63,912	(147,995)	(108,002)
Realized loss on sale of securities, net	-	-	-	(12,134)
Loss before income taxes	(13,631,575)	(8,310,123)	(23,392,059)	(15,883,303)
Provision for income taxes	2,450	4,904	2,450	7,340
Net loss	\$ (13,634,025)	\$ (8,315,027)	\$ (23,394,509)	\$ (15,890,643)
Basic and diluted net loss per common share	\$ (1.27)	\$ (1.33)	\$ (2.19)	\$ (2.70)
Weighted average shares used in computing basic and diluted net loss per common share	10,712,022	6,272,625*	10,680,281	5,896,031*

*On May 20, 2019, the Company effected a 1 for 10 reverse stock split. Shares have been retroactively restated.

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

OncoSec Medical Incorporated
Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended		Six Months Ended	
	January 31, 2020	January 31, 2019	January 31, 2020	January 31, 2019
Net Loss	\$ (13,634,025)	\$ (8,315,027)	\$ (23,394,509)	\$ (15,890,643)
Foreign currency translation adjustments	98,134	(46,043)	82,485	61,857
Comprehensive Loss	<u>\$ (13,535,891)</u>	<u>\$ (8,361,070)</u>	<u>\$ (23,312,024)</u>	<u>\$ (15,828,786)</u>

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

OncoSec Medical Incorporated
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

Three Months Ended January 31, 2020

	Common Stock		Additional Paid-In	Warrants		Accumulated Other Comprehensive	Accumulated	Total
	Shares	Amount	Capital	Shares	Amount	Income	Deficit	Stockholders' Equity
Balance, October 31, 2019	10,680,428	\$ 1,068	\$ 178,448,285	3,631,953	\$ 10,809,724	\$ 153,388	\$ (174,117,358)	\$ 15,295,107
Common stock issued for employee stock purchase plan	2,841	—	4,744	—	—	—	—	4,744
Stock-based compensation expense	10,448	1	1,366,392	—	—	—	—	1,366,393
Tax withholdings paid on equity awards	—	—	(7,611)	—	—	—	—	(7,611)
Tax shares sold to pay for tax withholdings on equity awards	—	—	8,632	—	—	—	—	8,632
Cash paid for stock options cancellation	—	—	(25,819)	—	—	—	—	(25,819)
Repurchase of warrants	—	—	2,457,976	(266,098)	(2,636,201)	—	—	(178,225)
Cancellation of expired warrants	—	—	2,465,396	(251,567)	(2,465,396)	—	—	—
Common stock issued for services	58,812	6	247,595	—	—	—	—	247,601
Dividends declared (\$0.00 per share)	—	—	—	—	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	—	98,134	(13,634,025)	(13,535,891)
Balance, January 31, 2020	<u>10,752,529</u>	<u>\$ 1,075</u>	<u>\$ 184,965,590</u>	<u>3,114,288</u>	<u>\$ 5,708,127</u>	<u>\$ 251,522</u>	<u>\$ (187,751,383)</u>	<u>\$ 3,174,931</u>

Six Months Ended January 31, 2020

	Common Stock		Additional Paid-In	Warrants		Accumulated Other Comprehensive	Accumulated	Total
	Shares	Amount	Capital	Shares	Amount	Income	Deficit	Stockholders' Equity
Balance, July 31, 2019	10,633,043	\$ 1,063	\$ 177,656,149	3,631,953	\$ 10,809,724	\$ 169,037	\$ (164,356,874)	\$ 24,279,099
Common stock issued for employee stock purchase plan	2,841	—	4,744	—	—	—	—	4,744
Stock-based compensation expense	22,146	2	1,940,461	—	—	—	—	1,940,463
Tax withholdings paid on equity awards	—	—	(15,676)	—	—	—	—	(15,676)
Tax shares sold to pay for tax withholdings on equity awards	—	—	15,596	—	—	—	—	15,596
Cash paid for stock options cancellation	—	—	(25,819)	—	—	—	—	(25,819)
Repurchase of warrants	—	—	2,457,976	(266,098)	(2,636,201)	—	—	(178,225)
Cancellation of expired warrants	—	—	2,465,396	(251,567)	(2,465,396)	—	—	—
Common stock issued for services	94,499	10	466,763	—	—	—	—	466,773
Dividends declared (\$0.00 per share)	—	—	—	—	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	—	82,485	(23,394,509)	(23,312,024)
Balance, January 31, 2020	<u>10,752,529</u>	<u>\$ 1,075</u>	<u>\$ 184,965,590</u>	<u>3,114,288</u>	<u>\$ 5,708,127</u>	<u>\$ 251,522</u>	<u>\$ (187,751,383)</u>	<u>\$ 3,174,931</u>

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

OncoSec Medical Incorporated
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

Three Months Ended January 31, 2019*

	Common Stock		Additional Paid-In Capital	Warrants		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balance, October 31, 2018	5,967,575	\$ 597	\$ 155,590,519	892,890	\$ 11,171,166	\$ 91,876	\$ (141,656,437)	\$ 25,197,721
Exercise of common stock options	2,341	—	26,417	—	—	—	—	26,417
Common stock issued for employee stock purchase plan	1,429	—	10,720	—	—	—	—	10,720
Stock-based compensation expense	9,950	1	912,451	—	—	—	—	912,452
Tax withholdings paid on equity awards	—	—	(35,458)	—	—	—	—	(35,458)
Tax shares sold to pay for tax withholdings on equity awards	—	—	25,594	—	—	—	—	25,594
Tax withholdings paid related to net share settlement of equity awards	—	—	(8,165)	—	—	—	—	(8,165)
Public offering in December 2018, net of issuance costs of \$304,916	466,667	47	6,695,037	—	—	—	—	6,695,084
Common stock issued for services	14,300	1	205,786	—	—	—	—	205,787
Dividends declared (\$0.00 per share)	—	—	—	—	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	—	(46,043)	(8,315,027)	(8,361,070)
Balance, January 31, 2019	<u>6,462,262</u>	<u>\$ 646</u>	<u>\$ 163,422,901</u>	<u>892,890</u>	<u>\$ 11,171,166</u>	<u>\$ 45,833</u>	<u>\$ (149,971,464)</u>	<u>\$ 24,669,082</u>

* On May 20, 2019, the Company effected a 1 for 10 reverse stock split. Shares have been retroactively restated.

Six Months Ended January 31, 2019*

	Common Stock		Additional Paid-In Capital	Warrants		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
Balance, July 31, 2018	5,351,290	\$ 535	\$ 145,749,189	895,805	\$ 11,271,327	\$ (16,024)	\$ (134,080,821)	\$ 22,924,206
Exercise of common stock options	43,029	4	566,131	—	—	—	—	566,135
Common stock issued for employee stock purchase plan	2,636	—	23,390	—	—	—	—	23,390
Stock-based compensation expense	15,107	2	2,304,106	—	—	—	—	2,304,108
Tax withholdings paid on equity awards	—	—	(50,640)	—	—	—	—	(50,640)
Tax shares sold to pay for tax withholdings on equity awards	—	—	40,243	—	—	—	—	40,243
Tax withholdings paid related to net share settlement of equity awards	—	—	(32,505)	—	—	—	—	(32,505)
Public offering in October 2018, net of issuance costs of \$573,189	533,333	53	7,446,758	—	—	—	—	7,446,811
Public offering in December 2018, net of issuance costs of \$304,916	466,667	47	6,695,037	—	—	—	—	6,695,084
Cancellation of expired warrants	—	—	100,161	(2,915)	(100,161)	—	—	—
Common stock issued for services	32,700	3	445,608	—	—	—	—	445,611
Modification of equity award	17,500	2	135,423	—	—	—	—	135,425
Dividends declared (\$0.00 per share)	—	—	—	—	—	—	—	—
Net loss and comprehensive loss	—	—	—	—	—	61,857	(15,890,643)	(15,828,786)
Balance, January 31, 2019	<u>6,462,262</u>	<u>\$ 646</u>	<u>\$ 163,422,901</u>	<u>892,890</u>	<u>\$ 11,171,166</u>	<u>\$ 45,833</u>	<u>\$ (149,971,464)</u>	<u>\$ 24,669,082</u>

* On May 20, 2019, the Company effected a 1 for 10 reverse stock split. Shares have been retroactively restated.

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

OncoSec Medical Incorporated
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended	
	January 31, 2020	January 31, 2019
<i>Operating activities</i>		
Net loss	\$ (23,394,509)	\$ (15,890,643)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	111,568	121,741
Amortization of right-of-use asset	361,015	-
Amortization of discount on investments	-	(42,893)
Stock-based compensation	1,940,463	2,304,108
Common stock issued for services	450,107	445,611
Modification of equity award	-	135,425
Foreign currency exchange loss, net	147,995	108,002
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	388,478	(340,425)
Other long-term assets	42,505	(8,051)
Accounts payable and accrued liabilities	5,222,378	(618,005)
Accrued compensation related	(267,522)	1,018,826
Operating lease liabilities	(574,334)	-
Other long-term liabilities	-	(461,205)
Net cash used in operating activities	<u>(15,571,856)</u>	<u>(13,227,509)</u>
<i>Investing activities</i>		
Maturity of investment securities	-	12,986,000
Sale of investment securities	-	5,977,794
Net cash provided by investing activities	<u>-</u>	<u>18,963,794</u>
<i>Financing activities</i>		
Proceeds from issuance of common stock through ESPP	4,744	23,390
Proceeds from issuance of common stock and/or warrants	-	15,000,000
Payment of financing and offering costs	-	(573,189)
Cash paid for stock options cancellation	(25,819)	-
Cash paid for repurchase of warrants	(178,225)	-
Proceeds from exercise of options	-	566,135
Principal payments on note payable	(83,760)	-
Tax withholdings paid on equity awards	(15,676)	(50,640)
Tax withholdings paid related to net share settlement of equity awards	-	(32,505)
Tax shares sold to pay for tax withholdings on equity awards	15,596	40,243
Net cash provided by (used in) financing activities	<u>(283,140)</u>	<u>14,973,434</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(36,433)</u>	<u>(26,081)</u>
Net increase (decrease) in cash and cash equivalents	(15,891,429)	20,683,638
Cash and cash equivalents, at beginning of period	25,147,780	3,803,627
Cash and cash equivalents, at end of period	<u>\$ 9,256,351</u>	<u>\$ 24,487,265</u>
Supplemental disclosure for cash flow information:		
Cash paid during the period for:		
Interest	\$ 1,624	\$ -
Income taxes	\$ 2,450	\$ 1,700
Noncash investing and financing transactions:		
Expiration of warrants	\$ 2,465,396	\$ 100,162
Increase in right-of-use assets and operating lease liabilities resulting from contract modification	\$ 5,288,981	-
Amounts accrued for offering costs	\$ -	\$ 304,916

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

OncoSec Medical Incorporated
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1—Nature of Operations and Basis of Presentation

OncoSec Medical Incorporated (together with its subsidiary, unless the context indicates otherwise, being collectively referred to as the “Company”) is a late-stage biotechnology company focused on designing, developing and commercializing innovative therapies and proprietary medical approaches to stimulate and guide an anti-tumor immune response for the treatment of cancer. Its core platform technology, ImmunoPulse®, is a drug-device therapeutic modality comprised of a proprietary intratumoral electroporation (“EP”) delivery device. The ImmunoPulse® platform is designed to deliver plasmid DNA-encoded drugs directly into a solid tumor and promote an immunological response against cancer. The ImmunoPulse® device can be adapted to treat different tumor types, and consists of an electrical pulse generator, a reusable handle and disposable applicators. The Company’s lead product candidate is a DNA-encoded interleukin-12 (“IL-12”), called tavokinogene telseplasmid (“TAVO”). The ImmunoPulse® EP platform is used to deliver TAVO intratumorally, with the aim of reversing the immunosuppressive microenvironment in the treated tumor. The activation of the appropriate inflammatory response can drive a systemic anti-tumor response against untreated tumors in other parts of the body. In 2017, the Company received Fast Track designation and Orphan Drug Designation from the U.S. Food and Drug Administration (“FDA”) for TAVO in metastatic melanoma, which could qualify TAVO for expedited FDA review, a rolling Biologics License Application review and certain other benefits.

The Company’s current focus is to pursue its study of TAVO in combination with KEYTRUDA® (pembrolizumab) in melanoma and triple negative breast cancer (“TNBC”).

KEYNOTE-695 targets melanoma patients who are definitive anti-PD-1 non-responders. In May 2017, the Company entered into a clinical trial collaboration and supply agreement with a subsidiary of Merck & Co., Inc. (“Merck”) in connection with the KEYNOTE-695 study. Pursuant to the terms of the agreement, both companies will bear their own costs related to manufacturing and supply of their product, as well as be responsible for their own internal costs. The Company is the study sponsor and is responsible for external costs. The KEYNOTE-695 study is currently enrolling and treating patients, and is expected to complete enrollment in 2020.

In May 2018, the Company entered into a second clinical trial collaboration and supply agreement with Merck with respect to a Phase 2 study of TAVO in combination with KEYTRUDA® to evaluate the safety and efficacy of the combination in patients with inoperable locally advanced or metastatic TNBC, who have previously failed at least one systemic chemotherapy or immunotherapy. This study is referred to as KEYNOTE-890. Pursuant to the terms of the agreement, both companies will bear their own costs related to manufacturing and supply of their product, as well as be responsible for their own internal costs. The Company is the study sponsor and is responsible for external costs. The KEYNOTE-890 enrollment is complete, and the Company provided interim preliminary data from this study at the San Antonio Breast Cancer Symposium (“SABCS”) in December 2019.

OMS-131 is an investigator-initiated clinical trial conducted by the University of California San Francisco Helen Diller Family Comprehensive Cancer Center. This study targets patients with squamous cell carcinoma head and neck (“SCCHN”) and is a single-arm open-label clinical trial in which 35 evaluable patients will receive TAVO, KEYTRUDA® and epacadostat. OMS-131 is currently enrolling and treating patients.

In June 2019, the Company entered into a collaboration with Dana-Farber Cancer Institute (“DFCI”), a world-leading cancer research and treatment institution, and The Marasco Laboratory, a cutting-edge CAR T-cell research laboratory led by Wayne Marasco, M.D., Ph.D., a renowned cancer immunology researcher, to develop CAR T-cell therapies for triple-negative breast cancer and ovarian cancer.

The Company intends to continue to pursue other ongoing or potential new trials and studies related to TAVO, in various tumor types. In addition, the Company is also developing its next-generation EP device and applicator, including advancements toward prototypes, pursuing discovery research to identify other product candidates that, in addition to IL-12, can be encoded into propriety plasmid-DNA, delivered intratumorally using EP. Specifically, the Company is developing a new, propriety technology to potentially treat liver, lung, bladder, pancreatic and other difficult to treat visceral lesions through the direct delivery of plasmid-based IL-12 with a new Visceral Lesions Applicator (“VLA”).

The VLA has been designed to work with the Company’s recently announced generator, APOLLO, to leverage plasmid-optimized EP, enhancing the depth and frequency of transfection of immunologically relevant genes into cells located in deep visceral lesions. Using its next-generation technology, the Company’s goal is to reverse the immunosuppressive mechanisms of a tumor, as well as to expand its pipeline. The Company believes that the flexibility of its propriety plasmid-DNA technology allows the Company to deliver other immunologically relevant molecules into the tumor microenvironment in addition to the delivery of plasmid-DNA encoding for IL-12.

The Company has established a collaboration with Emerge Health Pty (“Emerge”), a leading Australian company providing full registration, reimbursement, sales, marketing and distribution services of therapeutic products in Australia and New Zealand, to commercialize TAVO and make it available under Australia’s Special Access Scheme (“SAS”). As a specialized Australian pharmaceutical company focused on the marketing and sales of high-quality medicines to the hospital sector, Emerge has previously made numerous other products successfully available under Australia’s SAS.

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by U.S. GAAP for complete financial statements. The condensed consolidated balance sheet as of January 31, 2020, the condensed consolidated statements of operations, the condensed consolidated statements of comprehensive loss and the condensed consolidated statements of stockholders’ equity for the three and six months ended January 31, 2020 and 2019, and the condensed consolidated statements of cash flows for the six months ended January 31, 2020 and 2019, are unaudited, but include all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for a fair presentation of the Company’s financial position, results of operations and cash flows for the periods presented. The condensed consolidated results of operations for the three and six months ended January 31, 2020 shown herein are not necessarily indicative of the consolidated results that may be expected for the year ending July 31, 2020, or for any other period. These condensed consolidated financial statements, and notes thereto, should be read in conjunction with the audited consolidated financial statements for the fiscal year ended July 31, 2019, included in the Company’s Annual Report on Form 10-K (the “Annual Report”) filed with the U.S. Securities and Exchange Commission (“SEC”) on October 28, 2019, as well as the financial information contained in the Company’s Form 10-K/A filed with the SEC on November 27, 2019. The condensed consolidated balance sheet at July 31, 2019 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by U.S. GAAP for complete financial statements.

Reverse Stock Split

On May 20, 2019, the Company effected a one-for-ten reverse stock split of its authorized and outstanding common stock. All share and per share information has been retroactively adjusted to reflect the reverse stock split. The par value was not adjusted as a result of the reverse stock split.

Note 2—Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, OncoSec Medical Australia PTY LTD. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Such estimates include stock-based compensation, accounting for long-lived assets and accounting for income taxes, including the related valuation allowance on the deferred tax asset and uncertain tax positions. The Company bases its estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. On an ongoing basis, the Company reviews its estimates to ensure that they appropriately reflect changes in the business or as new information becomes available. Actual results may differ from these estimates.

Segment Reporting

The Company operates in a single industry segment—the discovery and development of novel immunotherapeutic product candidates to improve treatment options for patients and physicians, intended to treat a wide range of oncology indications.

Cash and Cash Equivalents

The Company considers all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less at the time of purchase to be cash equivalents.

Concentrations and Credit Risk

The Company maintains cash balances at a small number of financial institutions and such balances commonly exceed the \$250,000 amount insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and management believes that the Company does not have significant credit risk with respect to such cash and cash equivalents.

Property and Equipment

The Company's capitalization threshold is \$5,000 for property and equipment. The cost of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets. The useful lives of property and equipment for the purpose of computing depreciation are as follows:

Computers and equipment:	3 to 10 years
Computer software:	1 to 3 years
Leasehold improvements:	Shorter of lease period or useful life

Impairment of Long-Lived Assets

The Company periodically assesses the carrying value of intangible and other long-lived assets, and whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. The assets are considered to be impaired if the Company determines that the carrying value may not be recoverable based upon its assessment, which includes consideration of the following events or changes in circumstances:

- the asset's ability to continue to generate income from operations and positive cash flow in future periods;
- loss of legal ownership or title to the asset(s);
- significant changes in the Company's strategic business objectives and utilization of the asset(s); and
- the impact of significant negative industry or economic trends.

If the assets are considered to be impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fair value is determined by the application of discounted cash flow models to project cash flows from the assets. In addition, the Company bases estimates of the useful lives and related amortization or depreciation expense on its subjective estimate of the period the assets will generate revenue or otherwise be used by it. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less selling costs. The Company also periodically reviews the lives assigned to long-lived assets to ensure that the initial estimates do not exceed any revised estimated periods from which the Company expects to realize cash flows from its assets.

Fair Value of Financial Instruments

The carrying amounts for cash and cash equivalents, prepaid expenses, accounts payable and accrued expenses and notes payable approximate fair value due to the short-term nature of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where expressly disclosed.

The accounting standard for fair value measurements provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in the absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1—Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets at the measurement date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's Principal Accounting Officer.

Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

The Company had no assets or liabilities that required remeasurement on a recurring basis as of January 31, 2020 and July 31, 2019.

Warrants

The Company assesses its warrants as either equity or a liability based upon the characteristics and provisions of each instrument. Warrants classified as equity are recorded at fair value as of the date of issuance on the Company's balance sheet and no further adjustments to their valuation are made. Warrants classified as derivative liabilities and other derivative financial instruments that require separate accounting as liabilities are recorded on the Company's balance sheet at their fair value on the date of issuance and are re-measured on each subsequent balance sheet date until such instruments are exercised or expire, with any changes in the fair value between reporting periods recorded as other income or expense. Management estimates the fair value of these liabilities using option pricing models and assumptions that are based on the individual characteristics of the warrants or other instruments on the valuation date, as well as assumptions for future financings, expected volatility, expected life, yield and risk-free interest rate. As of January 31, 2020, and July 31, 2019, all outstanding warrants issued by the Company were classified as equity.

Net Loss Per Share

The Company computes basic net loss per common share by dividing the applicable net loss by the weighted-average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing the applicable net loss by the weighted-average number of common shares outstanding during the period plus additional shares to account for the dilutive effect of potential future issuances of common stock relating to stock options and other potentially dilutive securities using the treasury stock method.

The Company did not include shares underlying stock options, restricted stock units and warrants issued and outstanding during any of the periods presented in the computation of net loss per share, as the effect would have been anti-dilutive. The following potentially dilutive outstanding securities were excluded from diluted net loss per share because of their anti-dilutive effect:

	For the Three and Six Months Ended January 31, 2020	For the Three and Six Months Ended January 31, 2019
Stock options	15,000	914,830
Restricted stock units	47,998	113,854
Warrants	3,114,288	892,890
Total	<u>3,177,286</u>	<u>1,921,574</u>

Subsequent to January 31, 2020, the Company issued shares of common stock that will impact earnings per share in the future. (See Note 11)

Stock-Based Compensation

The Company grants equity-based awards (typically stock options or restricted stock units) under its stock-based compensation plan and outside of its stock-based compensation plan, with terms generally similar to the terms under the Company's stock-based compensation plan. The Company estimates the fair value of stock option awards using the Black-Scholes option valuation model. For employees, directors and consultants, the fair value of the award is measured on the grant date. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. The Black-Scholes option valuation model requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and expected life of the option. The Company estimates the fair value of restricted stock unit awards based on the closing price of the Company's common stock on the date of issuance.

Employee Stock Purchase Plan

Employees may elect to participate in the Company's stockholder-approved employee stock purchase plan. The stock purchase plan allows for the purchase of the Company's common stock at not less than 85% of the lesser of (i) the fair market value of a share of common stock on the beginning date of the offering period or (ii) the fair market value of a share of common stock on the purchase date of the offering period, subject to a share and dollar limit as defined in the plan and subject to the applicable legal requirements. There are two six-month offering periods during each fiscal year, ending on January 31 and July 31.

In accordance with applicable accounting guidance, the fair value of awards under the stock purchase plan is calculated at the beginning of each offering period. The Company estimates the fair value of the awards using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and the offering period. This fair value is then amortized at the beginning of the offering period. Stock-based compensation expense is based on awards expected to be purchased at the beginning of the offering period, and therefore is reduced when participants withdraw during the offering period.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets represent the Company's right to use an underlying asset during the lease term, and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating leases are included in ROU assets, current operating lease liabilities, and long-term operating lease liabilities on the Company's condensed consolidated balance sheets.

Lease ROU assets and lease liabilities are initially recognized based on the present value of the future minimum lease payments over the lease term at commencement date calculated using our incremental borrowing rate applicable to the lease asset, unless the implicit rate is readily determinable. ROU assets also include any lease payments made at or before lease commencement and exclude any lease incentives received. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Leases with a term of 12 months or less are not recognized on the condensed consolidated balance sheets. The Company's leases do not contain any residual value guarantees. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company accounts for lease and non-lease components as a single lease component for all its leases.

Foreign Currency Translation

The Company uses the U.S. Dollar as the reporting currency for its financial statements. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company's wholly owned subsidiary is the Australian dollar.

Assets and liabilities of the Company's subsidiary are translated into U.S. Dollars at period-end foreign exchange rates, and revenues and expenses are translated at average rates prevailing throughout the period. Translation adjustments are included in "Accumulated other comprehensive income" a separate component of stockholders' equity, and in the "Effect of exchange rate changes on cash and cash equivalents," on the Company's condensed consolidated statements of cash flows. Transaction gains and losses including intercompany transactions denominated in a currency other than the functional currency of the entity involved are included in "Foreign currency exchange gain (loss), net" on the Company's condensed consolidated statements of operations.

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) includes foreign currency translation adjustments related to the Company's subsidiary in Australia and is excluded from the accompanying condensed consolidated statements of operations.

Australia Research and Development Tax Credit

The Company's wholly-owned Australian subsidiary incurs research and development expenses, primarily in the course of conducting clinical trials. The Company's Australian research and development activities qualify for the Australian government's tax credit program, which provides a 41% credit for qualifying research and development expenses. The tax credit does not depend on the Company's generation of future taxable income or ongoing tax status or position. Accordingly, the credit is not considered an element of income tax accounting under ASC 740 "Income Taxes" and is recorded against qualifying research and development expenses.

Tax Reform

The Tax Cuts and Jobs Act (the "Act") was enacted in December 2017. Among other things, the Act reduced the U.S. federal corporate tax rate from 34 percent to 21 percent as of January 1, 2018 and eliminated the alternative minimum tax ("AMT") for corporations. Since the deferred tax assets are expected to reverse in a future year, it has been tax effected using the 21% federal corporate tax rate. The effects of the 2017 Tax Act did not have a significant impact on the Company's condensed consolidated financial statements during the three and six months ended January 31, 2020 and 2019.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("the FASB") issued Accounting Standards Update No. 2016-02, Leases ("ASU 2016-02"), which supersedes previous lease accounting guidance (Topic 840) and establishes a right-of-use model that requires a lessee to record an asset and liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for fiscal years and interim periods beginning after December 15, 2018. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. In issuing ASU No. 2018-11, the FASB decided to provide another transition method in addition to the existing transition method by allowing entities to initially apply the new leases standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. ASU 2016-02 also requires expanded financial statement disclosures on leasing activities.

The Company adopted the standard effective August 1, 2019 using the modified retrospective approach with the effective date as the date of initial application. Consequently, prior period balances and disclosures have not been restated.

ASC 842 provides a number of optional practical expedients in transition. For leases that commenced prior to August 1, 2019, the Company elected: (1) the "package of practical expedients", which permits it not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs, and (2) the use-of-hindsight in determining the lease term and in assessing impairment of ROU assets. In addition, ASC 842 provides practical expedients for an entity's ongoing accounting that the Company has elected, comprised of the following: (1) the election for classes of underlying asset to not separate non-lease components from lease components, and (2) the election for short-term lease recognition exemption for all leases that qualify.

See Note 9 for the Company's additional required disclosures under Topic 842.

Note 3— Liquidity and Financial Condition

The Company has sustained losses in all reporting periods since inception, with an inception-to-date loss of \$187.8 million as of January 31, 2020, which raises substantial doubt. Further, the Company has never generated any cash from its operations and does not expect to generate meaningful cash in the near term. Consequently, the Company will need additional capital to continue operating its business and fund its planned operations, including research and development, clinical trials and, if regulatory approval is obtained, commercialization of its product candidates. In addition, the Company will require additional financing if it desires to in-license or acquire new assets, research and develop new compounds or new technologies and pursue related patent protection, or obtain any other intellectual property rights or other assets.

As of January 31, 2020, the Company had cash and cash equivalents of \$9.3 million, which consisted of cash of \$1.3 million and cash equivalents of \$8.0 million. Since inception, cash flows from financing activities has been the primary source of the Company's liquidity. The Company currently estimates its monthly working capital requirements to be approximately \$2.5 million, although the Company may modify or deviate from this estimate and it is likely that the Company's actual operating expenses and working capital requirements will vary from its estimate.

Subsequent to January 31, 2020, the Company received gross proceeds of approximately \$30.0 million from the sale of its common stock. The net proceeds, after deducting offering fees and expenses paid by us, were approximately \$28.0 million (see Note 11). In addition, the Company received approximately \$0.9 million as part of the Australian government's research and development tax credit program.

The above financing activities substantially increased the Company's cash position. As a result, as of the date of the issuance of these condensed consolidated financial statements, the Company believes its current cash position as a result of the Company's financing activities through February 2020 has alleviated substantial doubt about its ability to sustain operations through at least the next 12 months from the issuance date of the condensed consolidated financial statements. The Company is anticipating raising additional capital, but there can be no assurance that it will be able to do so or if the terms of any such raising of additional capital will be favorable to the Company.

Note 4—Balance Sheet Details

Property and Equipment

Property and equipment, net, is comprised of the following:

	January 31, 2020	July 31, 2019
Equipment and furniture	\$ 1,859,824	\$ 1,859,824
Computer software	109,242	109,242
Leasehold improvements	21,934	21,934
Property and equipment, gross	1,991,000	1,991,000
Accumulated depreciation and amortization	(1,071,439)	(959,871)
Total	<u>\$ 919,561</u>	<u>\$ 1,031,129</u>

Depreciation and amortization expense recorded for the three and six months ended January 31, 2020 was approximately \$56,000 and \$112,000, respectively. Depreciation and amortization expense recorded for the three and six months ended January 31, 2019 was approximately \$61,000 and \$122,000, respectively.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are comprised of the following:

	January 31, 2020	July 31, 2019
Research and development costs	\$ 3,394,197	\$ 2,380,215
Professional services fees	5,926,385	1,702,886
Other	118,399	133,916
Total	<u>\$ 9,438,981</u>	<u>\$ 4,217,017</u>

Accrued Compensation and Related

Accrued compensation is comprised of the following:

	January 31, 2020	July 31, 2019
Separation costs	\$ 132,041	\$ 495,004
Accrued payroll	270,361	181,219
401K payable	6,299	-
Total	<u>\$ 408,701</u>	<u>\$ 676,223</u>

Other Long-Term Liabilities

Other long-term liabilities are comprised of the following:

	January 31, 2020	July 31, 2019
Deferred rent	\$ -	\$ 635,913
Total	<u>\$ -</u>	<u>\$ 635,913</u>

Note 5—Note Payable

On March 22, 2019, the Company entered into a finance agreement with First Insurance Funding (“FIF”). Pursuant to the terms of the agreement, FIF loaned the Company the principal amount of \$185,990, which would accrue interest at 6.25% per annum, to partially fund the payment of the premium of the Company’s D&O insurance. The agreement required the Company to make nine monthly payments of \$21,207, including interest starting on April 18, 2019. At January 31, 2020, the outstanding balance related to this finance agreement was paid in full.

Note 6—Stockholders’ Equity

Reverse Stock Split

On May 20, 2019, the Company effected a one-for-ten reverse stock split of its authorized and outstanding common stock. Under Nevada law, and in accordance with NRS Section 78.207, the split was approved by the Board of Directors of the Company and shareholder approval was not required. Pursuant to this reverse stock split, the total number of authorized common shares was reduced from 160,000,000 to 16,000,000 shares and the number of common shares outstanding was reduced from 71,216,082 shares to 7,121,594 shares (which reflects adjustments for fractional share settlements). The par value was not adjusted as a result of the reverse stock split. All applicable share and per share information contained in these condensed consolidated financial statements has been retroactively adjusted to reflect the reverse stock split.

Amendment to Articles of Incorporation

On September 6, 2019, the Company filed with the Secretary of State of the State of Nevada an amendment to its Certificate of Incorporation increasing the number of shares of common stock that the Company is authorized to issue from 16,000,000 shares of common stock, par value \$0.0001 per share, to 26,000,000 shares of common stock, par value \$0.0001 per share.

On October 7, 2019, the Company's Board of Directors approved an amendment to its Articles of Incorporation (the "Amendment") to, among other things, increase the number of shares of common stock authorized for issuance to 30,000,000 shares. Pursuant to the Amendment, the total number of authorized common shares will increase from 26,000,000 to 30,000,000 shares. The increase in authorized shares is subject to stockholder approval.

Alpha Holdings

On August 31, 2018, the Company entered into a stock purchase agreement with Alpha Holdings, Inc. ("Alpha Holdings"), pursuant to which the Company agreed to issue and sell to Alpha Holdings shares of its common stock equal to an aggregate amount of up to \$15.0 million at a market purchase price of \$15.00 per share, which was the closing price of the Company's common stock the day immediately before the agreement was executed by the parties.

On October 9, 2018, the Company received total proceeds, before expenses, of \$8.0 million in cash from the offering and issued Alpha Holdings 533,333 shares of common stock. There were no underwriting or placement agent fees associated with the offering.

On December 6, 2018, the Company received total proceeds, before expenses, of \$7.0 million in cash from the offering and issued Alpha Holdings 466,667 shares of common stock. There were no underwriting or placement agent fees associated with the offering.

Common Stock Option Exercise

During the six months ended January 31, 2019, shares of common stock issued related to option exercises totaled 43,029. The Company realized proceeds of \$0.6 million from the stock option exercises.

Outstanding Warrants

During the six months ended January 31, 2020, the Company repurchased an aggregate of 266,098 warrants from certain warrant holders for an aggregate of approximately \$0.2 million. The repurchase price was paid in cash, and upon repurchase, all the warrants were cancelled and of no further force and effect.

At January 31, 2020, the Company had outstanding warrants to purchase 3,114,288 shares of its common stock, with exercise prices ranging from \$3.45 to \$43.75, all of which were classified as equity instruments. These warrants expire at various dates between November 2020 and May 2024.

Note 7—Stock-Based Compensation

The OncoSec Medical Incorporated 2011 Stock Incentive Plan (as amended and approved by the Company's stockholders (the "2011 Plan")), authorizes the Company's Board of Directors to grant equity awards, including stock options and restricted stock units, to employees, directors and consultants. The 2011 Plan authorizes a total of 750,000 shares for issuance thereunder, and includes an automatic increase of the number of shares of common stock reserved thereunder on the first business day of each calendar year by the lesser of: (i) 3% of the shares of the Company's common stock outstanding as of the last day of the immediately preceding calendar year; (ii) 100,000 shares; or (iii) such lesser number of shares as determined by the Company's Board of Directors. As of January 31, 2020, there were an aggregate of 1,050,000 shares of the Company's common stock authorized for issuance under the 2011 Plan. The 2011 Plan allows for an annual fiscal year per individual grant of up to 50,000 shares of its common stock. Under the 2011 Plan, incentive stock options are to be granted at a price that is no less than 100% of the fair value of the Company's common stock at the date of grant. Stock options vest over a period specified in the individual option agreements entered into with grantees, and are exercisable for a maximum period of 10 years after the date of grant. Stock options granted to stockholders who own more than 10% of the outstanding stock of the Company at the time of grant must be issued at an exercise price of no less than 110% of the fair value of the Company's common stock on the date of grant.

Modification of Stock Option Awards

During the six months ended January 31, 2020, the Company cancelled 878,534 outstanding common stock option awards under the following terms:

- The Company entered into Stock Option Cancellation Agreements (the "Cancellation Agreements") with certain executive officers, directors and other senior level employees of the Company, pursuant to which such individuals (the "Senior Level Option holder") agreed to the voluntary surrender and cancellation of certain previously granted stock options (the "Cancelled Options") to purchase in the aggregate 699,140 shares of the Company's common stock. Under the terms of the Cancellation Agreements, each Senior Level Option holder and the Company acknowledged and agreed that the surrender and cancellation of the Cancelled Options was without any expectation on the part of the Senior Level Option holder to receive, and without any obligation on the Company to pay or grant, any cash, equity awards or other consideration presently or in the future with respect to the Cancelled Options.
- The Company cancelled outstanding common stock options held by employees and consultants other than Senior Level Option holders of the Company, pursuant to which such individuals previously granted stock options to purchase in the aggregate 179,394 shares of the Company's common stock were cancelled for cash consideration of approximately \$26,000.

The Company accounted for the effects of the stock option modifications described above under the guidance of ASC 718 as follows:

- A cancellation of an award that is not accompanied by the concurrent grant of (or offer to grant) a replacement award or other valuable consideration shall be accounted for as a repurchase for no consideration. Accordingly, any previously unrecognized compensation is recognized at the cancellation date.
- The amount of cash paid to settle an equity-classified award is charged directly to equity as long as that amount is equal to or less than the fair-value-based measure of the award on the settlement date. To the extent that the settlement consideration exceeds the fair-value-based measure of the equity-classified award on the settlement date, that difference is recognized as additional compensation cost. The cash paid to settle employee and consultant equity-classified awards, other than Senior Level Option holders, was less than the fair-value-based measure of the award on the settlement date. The approximately \$26,000 in cash paid to settle the equity-classified awards was charged directly to additional paid in capital.

Following the cancellation of the outstanding option awards described above, there were 15,000 stock option awards outstanding under the 2011 Plan. The Company recorded the previously unrecognized compensation cost related to the cancelled outstanding stock option awards of approximately \$1.2 million on the date of cancellation.

Modification of Award

On October 2, 2019, the Company entered into an amendment to a consulting agreement with a consulting firm. Prior to the amendment the Company was required to issue 3,000 restricted common shares monthly for services through July 2, 2020. As per the terms of the amended agreement, starting October 2, 2019, the Company will be required to issue 15,000 shares of restricted common stock monthly for services through July 2, 2020. Upon modification, it is required under ASC 718 to analyze the fair value of the instruments, before and after the modification, recognizing additional compensation cost for any incremental value. The Company computed the fair value of the award prior to the amendment and compared the fair value to that of the modified award. The incremental compensation cost of approximately \$0.2 million resulting from the modification will be recognized ratably over the remaining term of the consulting agreement.

Stock Options

During the six months ended January 31, 2020, the Company granted options to purchase 5,050 shares of its common stock to employees under the 2011 Plan. The stock options issued to employees have a ten-year term, vest over three years, and have exercise prices ranging from \$1.89 to \$2.21. All options granted during the six months ended January 31, 2020 were cancelled during the second quarter of fiscal year 2020 as part of the stock option cancellation transaction discussed previously.

During the six months ended January 31, 2019, the Company granted options to purchase 124,100 and 67,500 shares of its common stock to employees and directors under the 2011 Plan, respectively. The stock options issued to employees have a ten-year term, vest over three years, and have exercise prices ranging from \$6.00 to \$15.80. The stock options issued to directors have a 10-year term, vest over a period ranging from one to three years and have exercise prices ranging from \$6.55 and \$8.41.

During the six months ended January 31, 2019, the Company granted options to purchase 20,000 and 50,000 shares of its common stock to employees and consultants outside the 2011 Plan. The stock options issued to employees have a ten-year term, vest over three years, and have an exercise price of \$16.40. The stock options issued to consultants have ten-year terms, vest in accordance with the terms of the applicable consulting agreement and have exercise prices ranging from \$8.46 and \$14.30.

The Company accounts for stock-based compensation based on the fair value of the stock-based awards granted and records forfeitures as they occur. As such, the Company recognizes stock-based compensation cost only for those stock-based awards that vest over their requisite service period, based on the vesting provisions of the individual grants. The service period is generally the vesting period, with the exception of stock options granted pursuant to a consulting agreement, in which case the stock option vesting period and the service period are defined pursuant to the terms of the consulting agreement.

The following assumptions were used for the Black-Scholes calculation of the fair value of stock-based compensation related to stock options granted during the periods presented:

	Six Months Ended January 31, 2020	Six Months Ended January 31, 2019
Expected term (years)	5.00–6.50 years	5.00–6.50 years
Risk-free interest rate	1.35 – 1.70%	2.47 – 3.09%
Volatility	80.93 – 83.66%	72.88 – 81.96%
Dividend yield	0%	0%

The Company's expected volatility is derived from the historical daily change in the market price of its common stock. The Company uses the simplified method to calculate the expected term of options issued to employees, non-employees and directors. The risk-free interest rate used in the Black-Scholes calculation is based on the prevailing U.S. Treasury yield in effect at the time of grant, commensurate with the expected term. For the expected dividend yield used in the Black-Scholes calculation, the Company has never paid any dividends on its common stock and does not anticipate paying dividends on its common stock in the foreseeable future.

The following is a summary of the Company's 2011 Plan and non-Plan stock option activity for the six months ended January 31, 2020:

	Options	Weighted Average Exercise Price
Outstanding - July 31, 2019	921,572	\$ 12.63
Granted	5,050	\$ 1.98
Forfeited/Cancelled	(911,622)	\$ 12.67
Outstanding - January 31, 2020	<u>15,000</u>	<u>\$ 6.34</u>
Options vested and expected to vest - January 31, 2020	<u>15,000</u>	<u>\$ 6.34</u>
Options Exercisable - January 31, 2020	<u>12,085</u>	<u>\$ 6.29</u>

As of January 31, 2020, the total intrinsic value of options outstanding and exercisable was \$0. As of January 31, 2020, the Company has approximately \$13,000 in unrecognized stock-based compensation expense attributable to the outstanding options, which will be amortized over a period of approximately 1.75 years.

Stock-based compensation expense recorded in the Company's condensed consolidated statements of operations for the three and six months ended January 31, 2020 resulting from stock options awarded to the Company's employees, directors and consultants was approximately \$1.3 million and \$1.7 million, respectively, which included approximately \$1.2 million and \$1.2 million, respectively, related to the cancellation of certain stock option awards. Of the total expense, \$0.7 million and \$0.8 million, respectively, was recorded to research and development and \$0.6 million and \$0.9 million, respectively, was recorded in general and administrative in the Company's condensed consolidated statements of operations for the three and six months ended January 31, 2020.

Stock-based compensation expense recorded in the Company's condensed consolidated statements of operations for the three and six months ended January 31, 2019 resulting from stock options awarded to the Company's employees, directors and consultants was approximately \$1.1 million and \$2.9 million, respectively. Of this balance, \$0.25 million and \$1.1 million, respectively, was recorded to research and development and \$0.85 million and \$1.8 million, respectively, was recorded in general and administrative in the Company's condensed consolidated statements of operations for the three and six months ended January 31, 2019.

The weighted-average grant date fair value of stock options granted during the three and six months ended January 31, 2020 was \$1.44 and \$1.35, respectively. The weighted-average grant date fair value of stock options granted during the three and six months ended January 31, 2019 was \$4.60 and \$5.70, respectively.

Restricted Stock Units

For the three and six months ended January 31, 2020, the Company recorded \$0.1 million and \$0.2 million, respectively, in stock-based compensation related to RSUs, which is reflected in the condensed consolidated statements of operations.

As of January 31, 2020, there were 47,998 restricted stock units ("RSUs") outstanding. During the six months ended January 31, 2020, 22,146 RSU's vested.

In December 2018, the Company granted its President and Chief Executive Officer 75,000 restricted stock unit awards ("RSUs"). The units vest as follows: 6,250 units vested on January 31, 2019, and the remaining 68,750 units vest in equal quarterly installments of 6,250 units beginning on April 30, 2019 and ending on October 31, 2021. The closing price of the Company's common stock on the date of grant was \$6.00 per share, which is the fair market value per unit of the RSUs.

In October 2018, the Company granted 5,000 RSUs to an employee. The units vest as follows: 1,250 units vested on October 29, 2018, and the remaining 3,750 units vest according to the following vesting schedule: 1,250 units on October 29, 2019, 1,250 units on October 29, 2020 and 1,250 units on October 29, 2021. The closing price of the Company's common stock on the date of grant was \$16.40 per share, which is the fair market value per unit of the RSUs.

On October 26, 2018, in accordance with a severance agreement with an employee, the Company's Board of Directors approved the accelerated vesting of 25% of the outstanding RSUs held by the employee. The RSUs, which originally vest on the third anniversary of the grant date, or March 29, 2020, were accelerated to vest on October 26, 2018. As per ASC 718, on the date of the modification the Company reversed the previously accrued expense on the unvested RSUs of \$63,278 and recognized the fair value of the modified grant of \$44,250 on the date of the modification.

For the three and six months ended January 31, 2019, the Company recorded \$0.2 million and \$0.4 million, respectively, in stock-based compensation related to RSUs, which is reflected in the condensed consolidated statements of operations.

Shares Issued to Consultants

During the three and six months ended January 31, 2020, 58,812 and 94,499 shares of common stock valued at approximately \$0.2 million and \$0.5 million, respectively, were issued to consultants for services. The common stock share values were based on the dates the shares were granted. The Company recorded compensation expense relating to the share issuances of approximately \$0.2 million and \$0.5 million, respectively, during the three and six months ended January 31, 2020.

During the three and six months ended January 31, 2019, 14,300 and 32,700 shares of common stock valued at approximately \$0.2 million and \$0.5 million, respectively, were issued to consultants for services. The common stock was valued based on the dates the shares were granted. The Company recorded compensation expense relating to the share issuances of approximately \$0.2 million and \$0.5 million, respectively, during the three and six months ended January 31, 2019.

2015 Employee Stock Purchase Plan

Under the Company's 2015 Employee Stock Purchase Plan ("ESPP"), the Company is authorized to issue 50,000 shares of the Company's common stock. The sixth offering period under the ESPP ended on January 31, 2019, with 1,428 shares purchased and distributed to employees, the seventh offering period under the ESPP ended on July 31, 2019, with 2,053 shares purchased and distributed to employees, and the eighth offering period under the ESPP ended on January 31, 2020, with 2,841 shares purchased and distributed to employees. At January 31, 2020, there were 34,767 shares remaining available for issuance under the ESPP.

The ESPP is considered a Type B plan under FASB ASC Topic 718 because the number of shares a participant is permitted to purchase is not fixed based on the stock price at the beginning of the offering period and the expected withholdings. The ESPP enables the participant to "buy-up" to the plan's share limit, if the stock price is lower on the purchase date. As a result, the fair value of the awards granted under the ESPP is calculated at the beginning of each offering period as the sum of:

- 15% of the share price of an unvested share at the beginning of the offering period,
- 85% of the fair market value of a six-month call on the unvested share aforementioned, and
- 15% of the fair market value of a six-month put on the unvested share aforementioned.

The fair market value of the six-month call and six-month put are based on the Black-Scholes option valuation model. For the six-month offering period ended January 31, 2020, the following assumptions were used: six-month maturity, 2.04% risk free interest, 90.64% volatility, 0% forfeitures and \$0 dividends. For the six-month offering period ended January 31, 2019, the following assumptions were used: six-month maturity, 2.22% risk free interest, 61.83% volatility, 0% forfeitures and \$0 dividends.

Approximately \$2,700 and \$6,500 was recorded as stock-based compensation during the six months ended January 31, 2020 and 2019, respectively.

Common Stock Reserved for Future Issuance

The following table summarizes all common stock reserved for future issuance at January 31, 2020:

Common Stock options outstanding (within the 2011 Plan and outside of the terms of the 2011 Plan)	15,000
Common Stock reserved for outstanding restricted stock units	47,998
Common Stock authorized for future grant under the 2011 Plan	779,757
Common Stock reserved for warrant exercise	3,114,288
Commons Stock reserved for future ESPP issuance	34,767
Total common stock reserved for future issuance	<u>3,991,810</u>

Note 8—Commitments and Contingencies

Contingencies

On October 29, 2019, the Company's stockholder, Alpha Holdings, Inc. ("Alpha") filed two civil actions in the district court, Clark County, Nevada (the "District Court"), related to the proposed equity investment in the Company (the "Proposed Transaction") by (i) Grand Decade Developments Limited ("Grand Decade"), a British Virgin Islands limited company and a wholly-owned subsidiary of China Grand Pharmaceutical and Healthcare Holdings Limited ("CGP") and (ii) Sirtex Medical US Holdings, Inc., an affiliate of CGP ("Sirtex"). The first action, asserted against the Company only, sought to compel the Company to make its books and records available for inspection, so that Alpha could solicit proxies from other stockholders in connection with the vote to approve the Proposed Transaction. The second action, a putative class action asserted against the Company, certain directors on the OncoSec Board (the "Director Defendants"), Sirtex and Grand Decade, sought, among other things, a preliminary injunction to enjoin the Proposed Transaction and a special meeting of OncoSec's shareholders seeking approval of the Proposed Transaction, based on claims that the Director Defendants breached their fiduciary duties by (i) failing to make complete and accurate disclosures concerning the Proposed Transaction, (ii) adopting improper defensive measures to preclude the Company from pursuing or receiving alternatives to the Proposed Transaction, and (iii) running an inadequate "sales process" that failed to obtain the highest value reasonably available. This second action also asserted a claim against Sirtex and CGP for aiding and abetting the Director Defendants' alleged breaches of fiduciary duties. On November 13, 2019, the two actions were consolidated into a single proceeding, when the court so-ordered a joint stipulation filed by the parties. On February 6, 2020, the District Court judge denied Alpha's motion for preliminary injunction in its entirety and allowed the special meeting of shareholders to take place on February 7, 2020. The Nevada Supreme Court then denied Alpha's request for an emergency appeal. Alpha subsequently filed a stipulation dismissing the action with prejudice, which the District Court entered on March 5, 2020. Since Alpha's cases were dismissed with prejudice, they cannot be relitigated and the Company has no liability to Alpha with matters addressed in these lawsuits.

We are not a party to any other legal proceeding or aware of any other threatened action as of the date of this quarterly report.

Employment Agreements

The Company has entered into employment agreements with each of its executive officers and certain other key employees. Generally, the terms of these agreements provide that, if the Company terminates the officer or employee other than for cause, death or disability, or if the officer terminates his or her employment with the Company for good cause, the officer shall be entitled to receive certain severance compensation and benefits as described in each such agreement.

Note 9 – Leases

In February 2016, the FASB issued ASU 2016-02, which supersedes previous lease accounting guidance (Topic 840) and establishes a right-of-use model that requires a lessee to record an asset and liability on the balance sheet for all leases with terms longer than 12 months. The Company does not have any material variable payments, residual value guarantees or restrictive covenants for its leases and does not have any leases with terms of 12 months or less.

On August 1, 2019, upon adoption of ASC Topic 842, the Company recorded right-of-use assets of approximately \$1.4 million, lease liabilities of approximately \$2.1 million and a reduction in deferred rent liabilities of \$0.6 million for operating leases. Also, the adoption of ASC 842 did not have an impact on the Company's beginning accumulated deficit balance.

In November 2019, the Company entered into a lease agreement for its office space in California directly with the landlord, ARE-SD Region No. 18, LLC ("ARE"), with an effective date being the earlier of: (a) October 1, 2020 or (b) the day after the termination of the Company's existing sublease if it ends prior to September 30, 2020. The lease is for a term of 36 months, with one renewal option for an additional 36-month term. The minimum monthly payment is \$55,989. The Company accounted for the ARE lease as a contract modification, and accordingly, recorded an additional right-of-use asset for approximately \$5.3 million and lease liabilities of approximately \$5.2 million for this operating lease.

The Company has operating leases for corporate offices and lab space. These leases have remaining lease terms of approximately one year to seven years, some of which include options to extend the lease. For any lease where the Company is reasonably certain that a renewal option will be exercised, the lease payments associated with the renewal option period are included in the ROU asset and lease liability as of January 31, 2020.

Supplemental balance sheet information related to leases as of January 31, 2020 was as follows:

Operating Leases:

Operating lease right-of-use assets	\$	6,360,863
Current portion included in current liabilities	\$	640,253
Long-term portion included in non-current liabilities		6,128,021
Total operating lease liabilities	\$	6,768,274

Supplemental lease expense related to leases was as follows:

	For the Three Months Ended January 31, 2020	For the Six Months Ended January 31, 2020
Operating lease cost	\$ 318,404	\$ 530,771
Total lease expense	\$ 318,404	\$ 530,771

Other information related to leases where the Company is the lessee is as follows:

	As of January 31, 2020
Weighted-average remaining lease term	6.5 years
Weighted-average discount rate	9.99%

Supplemental cash flow information related to operating leases was as follows:

	For the Three Months Ended January 31, 2020	For the Six Months Ended January 31, 2020
Cash paid for operating lease liabilities	\$ 349,474	\$ 682,485
Total cash flows related to operating lease liabilities	<u>\$ 349,474</u>	<u>\$ 682,485</u>

Future minimum lease payments under non-cancellable leases as of January 31, 2020 were as follows:

Years ending July 31,	
2020	\$ 723,682
2021	1,116,946
2022	1,392,265
2023	1,431,473
2024	1,474,552
Thereafter	<u>3,290,695</u>
Total minimum lease payments	9,429,613
Less: Imputed interest	<u>(2,661,339)</u>
Total	<u>\$ 6,768,274</u>

Disclosures related to periods prior to adoption of ASC 842

The future minimum obligations under leases in effect as of July 31, 2019 having a noncancelable term in excess of one year as determined prior to the adoption of ASC 842 are as follows:

Years ending July 31,	
2020	\$ 1,356,000
2021	308,000
Total minimum lease payments	<u>\$ 1,664,000</u>

Note 10—401(k) Plan

Effective May 15, 2012, the Company adopted a defined contribution savings plan pursuant to Section 401(k) of the Code. The plan is for the benefit of all qualifying employees and permits voluntary contributions by employees of up to 100% of eligible compensation, subject to the maximum limits imposed by Internal Revenue Service. The terms of the plan allow for discretionary employer contributions and the Company currently matches 100% of its employees' contributions, up to 3% of their annual compensation. The Company's contributions are recorded as an expense in the accompanying condensed consolidated statements of operations and totaled approximately \$21,000 and \$59,000 for the three and six months ended January 31, 2020, respectively. The Company's contributions totaled approximately \$18,000 and \$45,000 for the three and six months ended January 31, 2019, respectively.

Note 11—Subsequent Events

Strategic Transaction Overview

On February 7, 2020, the Company closed (the “Closing”) a strategic transaction (the “Transaction”) with Grand Decade Developments Limited, a direct, wholly-owned subsidiary of China Grand Pharmaceutical and Healthcare Holdings Limited, a company formed under the laws of the British Virgin Islands (“CGP”), and its affiliate, Sirtex Medical US Holdings, Inc., a Delaware corporation (“Sirtex” and, together with CGP, the “Buyers”). On October 10, 2019, the Company and the Buyers entered into Stock Purchase Agreements (as amended, the “Purchase Agreements”) pursuant to which the Company agreed to sell and issue to CGP and Sirtex 10,000,000 shares and 2,000,000 shares, respectively, of the Company’s common stock for a total purchase price of \$30 million. The net proceeds, after deducting offering fees and expenses paid by us, were approximately \$28.0 million. Upon Closing, CGP and Sirtex owned 43.95% and 8.79%, respectively, of the outstanding shares of common stock of the Company.

Purchase Agreements

Pursuant to the Purchase Agreements, beginning on February 7, 2020 and ending on the first anniversary thereof (the “Option Period”), the Company granted to CGP an option to make an offer to acquire the remaining outstanding common stock of the Company at a purchase price per share equal to the greater of (a) \$4.50 or (b) 110% of the last closing stock price for the common stock on the date prior to CGP delivering written notice to the Company of its intent to exercise such option along with a proposal on all other material terms. This purchase option does not create an obligation on the part of the Company to accept the exercise of the option nor does it prevent any interested third parties from making offers to acquire shares of the Company. Additionally, the shares are subject to a lock-up provision restricting the sale or disposition of the shares for a period of six months following the Closing and a standstill provision prohibiting certain actions by CGP and Sirtex during the Option Period. In addition, upon the Closing, the Stockholder Agreements and Registration Rights Agreements between the Company and each of CGP and Sirtex were effective (all described further below). The Company’s Special Committee will be responsible for the evaluation of any such future offer by CGP.

The Purchase Agreements include customary covenants that obligate the Company to use commercially reasonable efforts to cause the purchased shares to be approved for listing on The Nasdaq Capital Market, and a contractual anti-dilution mechanism that accounts for the Company’s outstanding options and warrants, as well as other customary covenants. In addition, the Company, CGP, and Sirtex each shall pay their respective fees and expenses in connection with the transactions contemplated by the Purchase Agreements. On the date of the Closing the Company reimbursed legal fees and expenses incurred by each of CGP and Sirtex in an aggregate amount of \$600,000.

First Amendment to the Purchase Agreements and Stockholder Agreement

On November 26, 2019, the Company entered into an amendment (the “First Amendment”) to the Purchase Agreements with CGP and Sirtex and to the Stockholder Agreement with CGP. The First Amendment provides that following the Closing, the Company will, at its next annual meeting of stockholders (instead of at the Special Meeting, as previously required by the Purchase Agreements), seek, among other things, the requisite stockholder approval for the Company to amend its Articles of Incorporation to (i) increase the Company’s authorized shares of common stock by 4,000,000 shares from 26,000,000 shares to 30,000,000 shares and (ii) add the corporate opportunity waiver (described below). In addition, the First Amendment (a) amended the Purchase Agreements to provide that a material breach of the Purchase Agreements shall be deemed to have occurred if the Closing does not occur within 10 business days of the satisfaction of the conditions to the Company’s obligations, including the approval of the Proposed Transactions by the Company’s shareholders and (b) amended the Stockholder Agreement with CGP to provide that rescission of the corporate opportunity waiver is subject to the enhanced voting requirements described below.

In connection with approving the First Amendment, to the extent permitted by applicable law, the Board has (i) renounced any interest or expectancy of the Company in, or in being offered an opportunity to participate in, business opportunities that are presented to CGP and certain related parties, the directors on the Board which have been nominated by CGP or Sirtex pursuant to the Stockholder Agreements, any other person or persons who are, at the time, associated with or nominated by, or serving as representatives of either CGP or Sirtex, or the respective affiliates of the foregoing parties (including their officers or directors who are employees, officers, directors, managers, stockholders or members) (the "Covered Persons"), (ii) resolved that none of such Covered Persons shall have any obligation to refrain from (a) engaging in similar activities or lines of business as the Company or developing or marketing any products or services that compete, directly or indirectly, with those of the Company, (b) investing or owning any interest publicly or privately in, serving as a director or officer of or developing a business relationship with, any person engaged in similar activities or lines of business as, or otherwise in competition with, the Company, (c) doing business with any client or customer of the Company or (d) employing or otherwise engaging a former officer or employee of the Company, and (iii) resolved that neither the Company nor any of its subsidiaries shall have any right to be offered any opportunity to participate or invest in any venture engaged or to be engaged in by any Covered Person.

License Agreement and Services Agreement

Concurrently with the execution and delivery of the Purchase Agreements, the Company and CGP entered into a License Agreement (the "License Agreement"), which became effective upon the Closing. Pursuant to the License Agreement, the Company, among other things, granted CGP and its affiliates an exclusive, sublicensable, royalty-bearing license to develop, manufacture, commercialize, or otherwise exploit the Company's current and future products, including TAVO and the VLA in the following territories: China Mainland, Hong Kong, Macau, Taiwan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei, Burma, Cambodia, East Timor, Georgia, India, Indonesia, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Malaysia, Mongolia, Nepal, Oman, Pakistan, Papua New Guinea, Philippines, Qatar, Saudi Arabia, Singapore, South Korea, Sri Lanka, Tajikistan, Thailand, Turkmenistan, United Arab Emirates, Uzbekistan and Vietnam (the "Territory"). Under the terms of the License Agreement, CGP will pay the Company up to 20% royalties on the net sales (as defined in the License Agreement) of such products in the Territory during the applicable Royalty Term (as defined in the License Agreement).

In addition, the Company and Sirtex entered into a Services Agreement (the "Services Agreement") which became effective upon the Closing. Pursuant to the Services Agreement, the Company agreed, among other things, to pay Sirtex low single-digit royalties on the Net Sales (as defined in the Services Agreement) of all Products (defined as TAVO and VLA products and their accompanying generators, and any products (including, for clarity, combination products) incorporating or including such products and their accompanying generators), in all countries other than those in the Territory. In exchange for the royalty fee, Sirtex will provide the Company with certain services for these products, including key opinion leader management and engagement services, voice of customer (VOC) services, development of a go to market strategy, and pricing, reimbursement and market access services.

If either party believes that the other party has materially breached one or more of its material obligations under the License Agreement, then the non-breaching party may, following a cure period, terminate the License Agreement upon written notice to the breaching party, subject to other conditions. Licensee may terminate the License Agreement in its entirety for any reason or no reason upon prior written notice to Licensor. Additionally, the License Agreement may be terminated upon certain events involving bankruptcy or insolvency. If CGP terminates the License Agreement for convenience or the Company terminates the License Agreement due to CGP's breach or insolvency, then, subject to certain conditions, each party's rights and licenses will terminate, and CGP will have certain obligations to assign to the Company, or grant a right of reference under, certain regulatory documentation or approvals. If CGP terminates the License Agreement due to the Company's breach or insolvency, then CGP will have the option either to keep the License Agreement in effect with the royalty rate owed by CGP to the Company reduced by 50% or to terminate the License Agreement (in which case each party's rights and licenses will terminate, except that CGP will have the right to wind down certain clinical trials).

Stockholder Agreements

Concurrently with the execution and delivery of the Purchase Agreements, the Company, CGP, and Sirtex entered into Stockholders Agreements (the “Stockholders Agreements”), to be effective upon the Closing, pursuant to which, among other things, CGP and Sirtex will have the option to nominate a combined total of three (3) members to the Board of Directors, initially at the Closing, and thereafter at every annual meeting of the stockholders of the Company in which directors are generally elected, including at every adjournment or postponement thereof. CGP will also have the option to nominate two (2) independent directors to the Company’s Board of Directors if any independent director currently serving on the Board of Directors ceases to serve as a director of the Company for any reason, provided that the independent director nominee shall be satisfactory to a majority of the independent directors of the Company. If either CGP or Sirtex beneficially owns less than 40% of the shares acquired pursuant to the Purchase Agreements, either (as applicable) shall have the right to nominate members to the Board of Directors in proportion with their ownership of the issued and outstanding common stock.

In addition, CGP and Sirtex will have certain rights of participation in future financings as well as a right of first refusal related to future potential transactions. The Stockholders Agreements implement a 70% supermajority approval by the Board of Directors for certain actions, as well as stockholder consent rights for CGP, all of which are conditioned upon CGP and Sirtex maintaining certain ownership thresholds.

Effective February 7, 2020, Punit Dhillon resigned as a member of the Board of Directors (the “Board”) of the Company pursuant to the Purchase Agreements. His resignation was not the result from any disagreement with the Company, or any matter related to the Company’s operations, policies or practices, the Company’s management or the Board.

Immediately thereafter, the Board appointed Dr. Yuhang Zhao, a senior adviser to China Grand Enterprises, Chao Zhou, the Executive Deputy Officer of CGP, and Kevin R. Smith, the Chief Executive Officer of Sirtex, as new members of the Board.

Registration Rights Agreements

On the date of the Closing, the Company, CGP, and Sirtex entered into Registration Rights Agreements (the “Registration Rights Agreements”), pursuant to which, among other things, CGP and Sirtex will each have the right to deliver to the Company a written notice requiring the Company to prepare and file with the SEC, a registration statement with respect to resales of shares of some or all the common stock of the Company held by CGP and Sirtex.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Unless the context indicates otherwise, all references to "OncoSec," "our company," "we," "us" and "our" in this report refer to OncoSec Medical Incorporated and its consolidated subsidiary. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and the related notes included in this report.

This discussion and analysis of our financial condition and results of operations is not a complete description of our business or the risks associated with an investment in our common stock. As a result, this discussion and analysis should be read together with our condensed consolidated financial statements and related notes included in this report, as well as the other disclosures in this report and in the other documents we file from time to time with the Securities and Exchange Commission, or SEC, including our Annual Report on Form 10-K for our fiscal year ended July 31, 2019 filed with the SEC on October 28, 2019, or the Annual Report. Pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K promulgated by the SEC, in preparing this discussion and analysis, we have presumed that readers have access to and have read the discussion and analysis of our financial condition and results of operations included in the Annual Report.

This discussion and analysis and the other disclosures in this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. Forward-looking statements relate to future events or circumstances or our future performance and are based on our current assumptions, expectations and beliefs about future developments and their potential effect on our business. All statements in this report that are not statements of historical fact could be forward-looking statements. The forward-looking statements in this discussion and analysis include statements about, among other things, the status, progress and results of our clinical programs and our expectations regarding our liquidity and performance, including our expense levels, sources of capital and ability to maintain our operations as a going concern. Forward-looking statements are only predictions and are not guarantees of future performance, and they are subject to known and unknown risks, uncertainties and other factors, including the risks described under the heading "Risk Factors" in Part I, Item 1A of the Company's most recent Annual Report on Form 10-K and similar discussions contained in the other documents we file from time to time with the SEC. In light of these risks, uncertainties and other factors, the forward-looking events and circumstances described in this report may not occur and our results, levels of activity, performance or achievements could differ materially from those expressed in or implied by any forward-looking statements we make. As a result, you should not place undue reliance on any of our forward-looking statements. Forward-looking statements speak only as of the date they are made, and unless required to by law, we undertake no obligation to update or revise any forward-looking statement for any reason, including to reflect new information, future developments, actual results or changes in our expectations.

Overview

We are a late-stage biotechnology company focused on designing, developing and commercializing innovative therapies and proprietary medical approaches to stimulate and to guide an anti-tumor immune response for the treatment of cancer. Our core platform technology, ImmunoPulse®, is a drug-device therapeutic modality comprised of a proprietary intratumoral electroporation ("EP") delivery device. The ImmunoPulse® platform is designed to deliver plasmid DNA-encoded drugs directly into a solid tumor and promote an immunological response against cancer. The ImmunoPulse® device can be adapted to treat different tumor types, and consists of an electrical pulse generator, a reusable handle and disposable applicators. Our lead product candidate is a DNA-encoded interleukin-12 ("IL-12"), called tavokinogene telseplasmid ("TAVO"). The ImmunoPulse® EP platform is used to deliver TAVO intratumorally, with the aim of reversing the immunosuppressive microenvironment in the treated tumor. The activation of the appropriate inflammatory response can drive a systemic anti-tumor response against untreated tumors in other parts of the body. In 2017, we received Fast Track designation and Orphan Drug Designation from the U.S. Food and Drug Administration ("FDA") for TAVO in metastatic melanoma, which could qualify TAVO for expedited FDA review, a rolling Biologics License Application review and certain other benefits.

We have completed monotherapy and combination programs and our current focus is to pursue clinical development programs with TAVO, in combination with anti-PD-1 checkpoint inhibitors, in metastatic melanoma, triple negative breast cancer (“TNBC”) and squamous cell carcinoma head and neck (“SCCHN”). The Company intends to continue to pursue other ongoing or potential new trials and studies related to TAVO, in various tumor types. In addition to TAVO, we have identified and are developing new DNA-encoded therapeutic candidates and tumor indications for use with our new Visceral Lesion Applicator (“VLA”), to target deep visceral lesions, such as liver, lung, bladder, pancreatic and other difficult to treat visceral lesions.

Performance Outlook

We expect to use our available working capital in the near term primarily for the advancement of our existing and planned clinical programs, including performance of the KEYNOTE-695 and KEYNOTE-890 studies and, to a lesser extent, the continuation of our other clinical trials and studies. We anticipate our spending on clinical programs and the development of our next-generation EP device will continue throughout our current fiscal year, primarily in support of the KEYNOTE-695 and KEYNOTE-890 studies, while our spending on research and development programs will be prioritized, based on our focus on the KEYNOTE-695 and KEYNOTE-890 studies. We expect our cash-based general and administrative expenses to remain relatively flat in the near term, as we seek to continue to leverage internal resources and automate processes to decrease our outside services expenses. See “Results of Operations” below for more information.

Results of Operations for the Three Months Ended January 31, 2020 Compared to the Three Months Ended January 31, 2019

The unaudited financial data for the three months ended January 31, 2020 and January 31, 2019 is presented in the following table and the results of these two periods are included in the discussion thereafter.

	January 31, 2020	January 31, 2019	\$ Change	% Change
Revenue	\$ -	\$ -	-	-
Expenses				
Research and development	6,055,218	4,746,530	1,308,688	28
General and administrative	7,468,375	3,733,408	3,734,967	100
Loss from operations	(13,523,593)	(8,479,938)	5,043,655	59
Other income, net	46,768	105,903	59,135	56
Interest expense	(78)	-	78	100
Foreign currency exchange (loss) gain, net	(154,672)	63,912	218,584	342
Loss before income taxes	(13,631,575)	(8,310,123)	5,321,452	64
Provision for income taxes	2,450	4,904	(2,454)	(50)
Net loss	\$ (13,634,025)	\$ (8,315,027)	5,318,998	64

Revenue

We have not generated any revenue since our inception, and we do not anticipate generating meaningful revenue in the near term.

Research and Development Expenses

Our research and development expenses increased by \$1.3 million, from approximately \$4.7 million during the three months ended January 31, 2019 to approximately \$6.0 million during the three months ended January 31, 2020. This increase was primarily due to the following approximate increases: (i) \$1.0 million in clinical trial-related costs to support our various clinical studies and discovery research (ii) \$0.5 million in stock-based compensation expense for employees and consultants and (iii) \$0.1 million in higher rent expense as a result of the adoption of Accounting Standards Codification (“ASC”) 842 for our operating leases on August 1, 2019. These increases were partially offset by a \$0.3 million reduction in payroll and related benefits expenses.

General and Administrative

Our general and administrative expenses increased by approximately \$3.7 million, from \$3.7 million during the three months ended January 31, 2019, to approximately \$7.4 million during the three months ended January 31, 2020. This increase was largely due to the following approximate increases: (i) \$3.4 million in legal costs primarily related to the Alpha Holdings litigation and the contested proxy; (ii) \$0.5 million in proxy costs related to the Company's special meeting to approve the CGP transaction and (iii) \$0.1 million in consulting costs. These increases were partially offset by a \$0.3 million reduction in payroll and related benefits expenses. The Company believes a significant portion of its legal costs related to the Alpha Holdings litigation are recoverable and are likely to be recovered. At this point, no amount for insurance recoveries has been recorded.

Other Income, Net

Other income, net, stayed consistent at approximately \$0.1 million during both the three months ended January 31, 2020 and the three months ended January 31, 2019.

Foreign Currency Exchange Loss, Net

Foreign currency exchange loss, net, increased by approximately \$0.2 million from a loss of \$0.2 million during the three months ended January 31, 2020 to a \$0.1 million gain for the three months ended January 31, 2019. This increase was primarily due to higher unrealized foreign currency transaction losses recognized in connection with the Australian subsidiary's intercompany loan.

Results of Operations for the Six Months Ended January 31, 2020 Compared to the Six Months Ended January 31, 2019

The unaudited financial data for the six months ended January 31, 2020 and January 31, 2019 is presented in the following table and the results of these two periods are included in the discussion thereafter.

	January 31, 2020	January 31, 2019	\$ Change	% Change
Revenue	\$ -	\$ -	-	-
Expenses				
Research and development	11,485,031	9,485,975	1,999,056	21
General and administrative	11,886,660	6,497,497	5,389,163	83
Loss from operations	(23,371,691)	(15,983,472)	7,388,219	46
Other income, net	128,697	220,305	91,608	42
Interest expense	(1,070)	-	1,070	100
Foreign currency exchange loss, net	(147,995)	(108,002)	39,993	(37)
Realized loss on sale of securities, net	-	(12,134)	(12,134)	100
Loss before income taxes	(23,392,059)	(15,883,303)	7,508,756	47
Provision for income taxes	2,450	7,340	(4,890)	(67)
Net loss	<u>\$ (23,394,509)</u>	<u>\$ (15,890,643)</u>	<u>7,503,866</u>	47

Revenue

We have not generated any revenue since our inception, and we do not anticipate generating meaningful revenue in the near term.

Research and Development Expenses

Our research and development expenses increased by \$2.0 million, from approximately \$9.5 million during the six months ended January 31, 2019 to approximately \$11.5 million during the six months ended January 31, 2020. This increase was primarily due to the following approximate increases: (i) \$2.6 million in clinical trial-related costs to support our various clinical studies and discovery research and (ii) \$0.2 million in higher rent expense as a result of the adoption of ASC 842 for our operating leases on August 1, 2019. These increases were partially offset by (i) \$0.6 million reduction in payroll and related benefits expenses, which was primarily related to a decrease in severance expense and (ii) \$0.2 million decrease in stock-based compensation expense for employees and consultants.

General and Administrative

Our general and administrative expenses increased by approximately \$5.4 million, from \$6.5 million during the six months ended January 31, 2019, to approximately \$11.9 million during the six months ended January 31, 2020. This increase was largely due to the following approximate increases: (i) \$4.5 million in legal costs primarily related to the Alpha Holdings litigation and the contested proxy; (ii) \$0.7 million in consulting costs and (iii) \$0.6 million in proxy costs related to the Company's special meeting to approve the CGP transaction. These increases were partially offset by (i) a \$0.3 million reduction in stock-based compensation expense for employees and consultants and (ii) \$0.1 million decrease in payroll and related benefits expenses. The Company believes a significant portion of its legal costs related to the Alpha Holdings litigation are recoverable and are likely to be recovered. At this point, no amount for insurance recoveries has been recorded.

Other Income, Net

Other income, net, decreased by \$0.1 million from \$0.2 million for the six months ended January 31, 2019 to \$0.1 million for the six months ended January 31, 2020. This decrease was primarily due to reduced interest income as a result of lower cash balances for these respective periods.

Foreign Currency Exchange Loss, Net

Foreign currency exchange loss, net, stayed consistent at \$0.1 million during the six months ended January 31, 2020 and January 31, 2019.

Liquidity and Capital Resources

Working Capital

The following table and subsequent discussion summarize our working capital as of each of the periods presented:

	At January 31, 2020	At July 31, 2019
Current assets	\$ 12,204,108	\$ 28,507,336
Current liabilities	10,487,935	4,977,000
Working capital	<u>\$ 1,716,173</u>	<u>\$ 23,530,336</u>

Current Assets

Current assets as of January 31, 2020 decreased by \$16.3 million to \$12.2 million, from \$28.5 million as of July 31, 2019. This decrease was primarily due to a decrease in cash and cash equivalents as a result of cash used to support our operations.

Current Liabilities

Current liabilities as of January 31, 2020 increased by \$5.5 million to \$10.5 million, from \$5.0 million as of July 31, 2019. This increase was primarily due to the timing of payments of accrued expenses related to the Alpha Holdings litigation and contested proxy as well as the addition of operating lease liabilities to the balance sheet as a result of the adoption of ASC 842.

Cash Flow

Cash Used in Operating Activities

Net cash used in operating activities for the six months ended January 31, 2020 was \$15.5 million, as compared to \$13.2 million for the six months ended January 31, 2019. The \$2.3 million increase in cash used in operating activities was primarily attributable to an increase in cash used to support our operating activities, including but not limited to, our clinical trials, an increase in R&D activities and general working capital requirements.

Cash Provided by Investing Activities

Net cash provided by investing activities for the six months ended January 31, 2020 was \$0, as compared to \$19.0 million provided by investing activities for the six months ended January 31, 2019. Net cash provided by investing activities for the six months ended January 31, 2019 was related to maturities and sales of certain investment securities. We have an investment policy which is administered by management and reviewed by the Board of Directors. We believe our investment policy is conservative and maximizes returns, while minimizes risk, since we rely on the cash to fund operations.

Cash Provided by (Used in) Financing Activities

Net cash used in financing activities was \$0.3 million for the six months ended January 31, 2020, as compared to \$15.0 million provided by financing activities for the six months ended January 31, 2019. Net proceeds during the six months ended January 31, 2019 was primarily attributable to the net proceeds received from the Alpha Holdings offering (see "Sources of Capital" below).

Uses of Cash and Cash Requirements

Our primary uses of cash have been to finance clinical and research and development activities focused on the identification and discovery of new potential product candidates, the development of innovative and proprietary medical approaches for the treatment of cancer, and the design and advancement of pre-clinical and clinical trials and studies related to our pipeline of product candidates. We have also used our capital resources on general and administrative activities, including building and strengthening our corporate infrastructure, programs and procedures to enable compliance with applicable federal, state and local laws and regulations.

Our primary objectives for the next 12 months are to continue the advancement of our KEYNOTE-695 and KEYNOTE-890 studies and, to a lesser extent, our other ongoing clinical trials and studies, and to continue our research and development activities for our next-generation EP device and drug discovery efforts. In addition, we expect to pursue capital-raising transactions, which could include equity or debt financings, in the near term to fund our existing and planned operations and acquire and develop additional assets and technology consistent with our business objectives as opportunities arise.

We currently estimate our monthly working capital requirements to be approximately \$2.5 million, although we may modify or deviate from this estimate and it is likely that our actual operating expenses and working capital requirements will vary from our estimate. Based on these expectations regarding future expenses, rate of consumption, as well as our current cash levels, we believe our cash resources are sufficient to meet our anticipated needs for more than the 12 months following the issuance of this quarterly report. We will continue to assess our cash resources and anticipated needs on a quarterly basis.

Sources of Capital

We have not generated any revenue since our inception, and we do not anticipate generating meaningful revenue in the near term. Historically, we have raised the majority of the funding for our business through offerings of our common stock and warrants to purchase our common stock. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders would experience further dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we incur debt, our fixed payment obligations, liabilities and leverage relative to our equity capitalization would increase, which could increase the cost of future capital. Further, the terms of any debt securities we issue or borrowings we incur, if available, could impose significant restrictions on our operations, such as limitations on our ability to incur additional debt or issue additional equity or other operating restrictions that could adversely affect our ability to conduct our business, and any such debt could be secured by any or all of our assets pledged as collateral. Additionally, we may incur substantial costs in pursuing future capital, including investment banking, legal and accounting fees, printing and distribution expenses and other costs.

CGP and Sirtex

On February 7, 2020, the Company closed (the “Closing”) a strategic transaction (the “Transaction”) with Grand Decade Developments Limited, a direct, wholly-owned subsidiary of China Grand Pharmaceutical and Healthcare Holdings Limited, a company formed under the laws of the British Virgin Islands (“CGP”), and its affiliate, Sirtex Medical US Holdings, Inc., a Delaware corporation (“Sirtex” and, together with CGP, the “Buyers”). On October 10, 2019, the Company and the Buyers entered into Stock Purchase Agreements (as amended, the “Purchase Agreements”) pursuant to which the Company agreed to sell and issue to CGP and Sirtex 10,000,000 shares and 2,000,000 shares, respectively, of the Company’s common stock for a total purchase price of \$30 million. The net proceeds, after deducting offering fees and expenses paid by us, were approximately \$28.0 million.

May 2019 Offering

On May 24, 2019, we completed our offer and sale of an aggregate of 3,492,063 shares of our common stock, together with 3,492,063 accompanying warrants to purchase an aggregate of 2,619,047 shares of our common stock, at a combined purchase price of \$3.15 per share of common stock and warrant. The warrants have an exercise price of \$3.45 per full share, became exercisable on May 24, 2019 and expire on May 24, 2024. The gross proceeds of the offering were approximately \$11.0 million, and the net proceeds, after deducting the placement agent’s fee and other offering fees and expenses paid by us, were approximately \$10.0 million. In connection with the offering, we paid the placement agent (i) a cash fee equal to 6.5% of the gross proceeds of the offering, as well as legal and other expenses equal to \$90,000. In addition, pursuant to the underwriting agreement, the Company granted the underwriters an option, exercisable for 45 days, to purchase up to an additional 523,809 shares of our common stock (the “Option Shares”) and/or warrants to purchase up to 392,857 shares of common stock (the “Option Warrants”). On May 24, 2019, the underwriters partially exercised their option and purchased 238,095 Option Warrants to purchase an aggregate of 178,571 shares of our common stock, at a purchase price of \$0.01 per warrant before underwriting discounts, or \$2,381. The Option Warrants have an exercise price of \$3.45 per full share, became exercisable on May 24, 2019 and expire on May 24, 2024.

Aspire Capital

On March 29, 2019, the Company entered into a common stock purchase agreement (the “Purchase Agreement”) with Aspire Capital Fund, LLC, (“Aspire Capital”) pursuant to which the Company agreed to issue and sell to Aspire Capital shares of its common stock equal to an aggregate amount of up to \$20.0 million at the Company’s request from time to time during a 30-month period. The Company filed with the Securities and Exchange Commission a prospectus supplement to the Company’s effective shelf registration statement on Form S-3 registering all the shares of common stock that have been offered to Aspire Capital from time to time. In consideration for entering into the Purchase Agreement, the Company issued to Aspire Capital 120,201 shares of the Company’s common stock which represented 3% of the aggregate commitment.

Under the Purchase Agreement, on any trading day selected by the Company, the Company had the right, in its sole discretion, to present Aspire Capital with a purchase notice, directing Aspire Capital to purchase up to 30,000 shares of the Company's common stock per business day, up to \$20.0 million of the Company's common stock in the aggregate at a per share price equal to the lesser of:

- the lowest sale price of the Company's common stock on the purchase date; or
- the arithmetic average of the three (3) lowest closing sale prices for the Company's common stock during the ten (10) consecutive trading days ending on the trading day immediately preceding the purchase date.

Upon execution of the Purchase Agreement, the Company agreed to sell to Aspire Capital 400,674 shares of common stock for total proceeds, before expenses, of \$2,000,000. Additionally, in April 2019, the Company sold a total of 90,000 shares of its common stock to Aspire Capital resulting in the Company receiving total proceeds, before expenses, of approximately \$520,000 in cash. There were no underwriting or placement agent fees associated with the offering.

On May 27, 2019, the Company terminated the Purchase Agreement.

Alpha Holdings

On August 31, 2018, the Company entered into a stock purchase agreement with Alpha Holdings, Inc. ("Alpha Holdings"), pursuant to which the Company agreed to issue and sell to Alpha Holdings shares of its common stock equal to an aggregate amount of up to \$15.0 million at a market purchase price of \$15.00 per share, which was the closing price of the Company's common stock the day immediately before the agreement was executed by the parties.

On October 9, 2018, the Company received total proceeds, before expenses, of \$8.0 million in cash from the offering and issued Alpha Holdings 533,333 shares of common stock. There were no underwriting or placement agent fees associated with the offering.

On December 6, 2018, the Company received total proceeds, before expenses, of \$7.0 million in cash from the offering and issued Alpha Holdings 466,667 shares of common stock. There were no underwriting or placement agent fees associated with the offering.

Critical Accounting Policies

Accounting for Long-Lived Assets

We assess the impairment of long-lived assets, consisting of property and equipment, periodically and whenever events or circumstances indicate that the carrying value may not be recoverable. Examples of such circumstances may include: (1) the asset's ability to continue to generate income from operations and positive cash flow in future periods; (2) loss of legal ownership or title to an asset; (3) significant changes in our strategic business objectives and utilization of the assets; and (4) the impact of significant negative industry or economic trends. If a change were to occur in any of these or similar factors, the likelihood of a material change in our net loss would increase.

Recoverability of assets to be held and used in operations is measured by a comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the assets. Although we believe the factors used by management to evaluate future net cash flows are reasonable, this evaluation requires a high degree of judgment, and results could vary if the actual amounts are materially different than management's estimates. In addition, we base estimates of useful lives and related amortization or depreciation expense on our subjective estimate of the period the assets will generate revenue or otherwise be used by us. If long-lived assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less selling costs.

Equity-Based Awards

The Company grants equity-based awards (typically stock options or restricted stock units) under our stock-based compensation plan and outside of our stock-based compensation plan, with terms generally similar to the terms under our stock-based compensation plan. The Company estimates the fair value of stock option awards using the Black-Scholes option valuation model. For employees, directors and consultants, the fair value of the award is measured on the grant date. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period. The Black-Scholes option valuation model requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and expected life of the option. The Company estimates the fair value of restricted stock unit awards based on the closing price of the Company's common stock on the date of issuance.

Employee Stock Purchase Plan

Employees may elect to participate in our stockholder approved employee stock purchase plan. The stock purchase plan allows for the purchase of our common stock at not less than 85% of the lesser of (i) the fair market value of a share of stock on the beginning date of the offering period or (ii) the fair market value of a share of stock on the purchase date of the offering period, subject to a share and dollar limit as defined in the plan and subject to the applicable legal requirements. There are two 6-month offering periods during each fiscal year, ending on January 31 and July 31. In accordance with applicable accounting guidance, the fair value of awards under the stock purchase plan is calculated at the beginning of each offering period. We estimate the fair value of the awards using the Black-Scholes option valuation model. The Black-Scholes option valuation model requires the input of subjective assumptions, including price volatility of the underlying stock, risk-free interest rate, dividend yield, and the offering period. This fair value is then amortized at the beginning of the offering period. Stock-based compensation expense is based on awards expected to be purchased at the beginning of the offering period, and therefore is reduced when participants withdraw during the offering period.

Australia Research and Development Tax Credit

Our Australian, wholly-owned, subsidiary incurs research and development expenses, primarily in the course of conducting clinical trials. The Australian research and development activities qualify for the Australian government's tax credit program, which provides a 41% credit for qualifying research and development expenses. The tax credit does not depend on our generation of future taxable income or ongoing tax status or position. Accordingly, the credit is not considered an element of income tax accounting under ASC 740 and is recorded against qualifying research and development expenses in the Company's condensed consolidated statements of operations.

Leases

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets represent the Company's right to use an underlying asset during the lease term, and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating leases are included in ROU assets, current operating lease liabilities, and long-term operating lease liabilities on the Company's condensed consolidated balance sheets.

Lease ROU assets and lease liabilities are initially recognized based on the present value of the future minimum lease payments over the lease term at commencement date calculated using our incremental borrowing rate applicable to the lease asset, unless the implicit rate is readily determinable. ROU assets also include any lease payments made at or before lease commencement and exclude any lease incentives received. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Leases with a term of 12 months or less are not recognized on the condensed consolidated balance sheet. The Company's leases do not contain any residual value guarantees. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company accounts for lease and non-lease components as a single lease component for all its leases.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is contained in Note 2 to our condensed consolidated financial statements included in this report.

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 effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditure or capital resources that is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, or Exchange Act, is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, or the SEC, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer (our principal executive officer) and our Principal Accounting Officer (our interim principal financial officer), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures reflects the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

As required by Rule 13a-15(b) under the Exchange Act, our management, under the supervision and with the participation of our President and Chief Executive Officer and our Principal Accounting Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of January 31, 2020. Based on such evaluation, our President and Chief Executive Officer and our Principal Accounting Officer concluded that, as of January 31, 2020, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during our fiscal quarter ended January 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In January 2020, our Chief Financial Officer (“CFO”) and Chief Operating Officer (“COO”) resigned. The resignation of our CFO/COO did not have an impact on our internal controls over financial reporting.

Limitations on Effectiveness of Controls

Our management, including our President and Chief Executive Officer and Principal Accounting Officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we are involved in legal proceedings in the ordinary course of our business. Refer to Footnote 8: Commitments and Contingencies for more information on legal proceedings.

ITEM 1A. RISK FACTORS.

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended July 31, 2019, except as noted below. The risk factors disclosed in Part I, Item 1A to our Annual Report on Form 10-K for the fiscal year ended July 31, 2019, in addition to the other information set forth in this report, could materially affect our business, financial condition, or results of operations.

Business or economic disruptions or global health concerns could seriously harm our development efforts and increase our costs and expenses.

Broad-based business or economic disruptions could adversely affect our ongoing or planned research and development. For example, in December 2019 an outbreak of a novel strain of coronavirus originated in Wuhan, China, and has since spread to a number of other countries, including the United States. To date, this outbreak has already resulted in extended shutdowns of certain businesses in the Wuhan region and has had ripple effects to businesses around the world. The outbreak may result in additional or more extensive travel restrictions, closures, disruptions of businesses or facilities in China or other affected regions around the world or lead to social, economic, political or labor instability in the affected areas may impact our, our suppliers' or our customers' operations.

Global epidemics, such as the coronavirus, could also negatively affect the hospitals and clinical sites in which we conduct any of our clinical trials, which could have a material adverse effect on our business and our results of operations and financial condition. We cannot presently predict the scope and severity of any potential business shutdowns or disruptions, but if we or any of the third parties with whom we engage, including the suppliers, clinical trial sites, regulators and other third parties with whom we conduct business, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively impacted.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

From November 1, 2019 to January 2, 2020, we issued a total of 45,000 shares of our common stock to a third-party firm pursuant to a consulting agreement at an average market price of \$2.05 per share for services rendered.

On January 2, 2020 we issued 13,812 shares of our common stock to a third-party firm pursuant to a consulting agreement at a market price of \$1.81 per share for services rendered.

The securities above were offered and sold without registration under the Securities Act of 1933, as amended, or the Securities Act, pursuant to the exemption provided in Section 4(a)(2) under the Securities Act as a transaction not involving a public offering as well as similar exemptions under applicable state laws, in reliance on the following facts: no general solicitation was used in the offer or sale of such shares; the recipient of such shares represented that it was acquiring the shares for investment for its own account and not with a view to or for resale in connection with any distribution thereof within the meaning of the Securities Act; the recipient of such shares had adequate access to information about us; the recipient of such shares represented that it had a preexisting business or personal relationship with us or had the capacity to protect its own interests in connection with acquiring such shares; and such shares were issued as restricted securities with restricted legends referring to the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The following exhibits are either filed or furnished with this report:

10.1	Amendment Agreement, dated as of November 26, 2019, by and between OncoSec Medical Incorporated and Grand Decade Developments Limited, (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K, filed with the SEC on November 26, 2019).
10.2	Amendment Agreement, dated as of November 26, 2019, by and between OncoSec Medical Incorporated and Sirtex Medical US Holdings, Inc., (incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K, filed with the SEC on November 26, 2019).
31.1*	Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instant Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements 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.

ONCOSEC MEDICAL INCORPORATED

By: /s/ Daniel J. O'Connor

Daniel J. O'Connor
President & Chief Executive Officer
(Principal Executive Officer)

Dated: March 13, 2020

By: /s/ Robert J. DeAversano

Robert J. DeAversano
Principal Accounting Officer & Controller
(Interim Principal Financial Officer)

Dated: March 13, 2020

CERTIFICATIONS

I, Daniel J. O'Connor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OncoSec Medical Incorporated;
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.

March 13, 2020

/s/ Daniel J. O'Connor

Daniel J. O'Connor
President & Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Robert J. DelAversano, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OncoSec Medical Incorporated;
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.

March 13, 2020

/s/ Robert J. DelAversano

Robert J. DelAversano

Principal Accounting Officer & Controller

(Interim Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Daniel J. O'Connor, President and Chief Executive Officer of OncoSec Medical Incorporated (the "Company"), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the period ended January 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 13, 2020

By: /s/ Daniel J. O'Connor

Daniel J. O'Connor
President & Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Robert J. DelAversano, Principal Accounting Officer and Controller of OncoSec Medical Incorporated (the "Company"), hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the period ended January 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 13, 2020

By: /s/ Robert J. DelAversano

Robert J. DelAversano
Principal Accounting Officer & Controller
(Interim Principal Financial Officer)
