

ONCOSEC MEDICAL Inc
Form 424B3
December 19, 2013
Table of Contents

PROSPECTUS SUPPLEMENT
(To Prospectus Dated December 10, 2013)

FILED PURSUANT TO RULE 424(B)(3)

REGISTRATION STATEMENT NO. 333-175779

ONCOSEC MEDICAL INCORPORATED

PROSPECTUS

Up to 8,440,000 Shares of Common Stock

This Prospectus Supplement No. 1 supplements our Prospectus dated December 10, 2013 (which was contained in our Post-Effective Amendment No. 3 to Registration Statement on Form S-1 (File No. 333-175779)) with the following attached documents:

- A Quarterly Report on Form 10-Q dated December 16, 2013
- B Current Report on Form 8-K dated December 17, 2013

The attached information amends and supplements certain information contained in the Prospectus. This Prospectus Supplement No. 1 should be read in conjunction with the Prospectus, which is required to be delivered with this Prospectus Supplement.

Our common stock is quoted on the OTC Markets Group Inc.'s OTCQB tier under the symbol ONCS. On December 18, 2013 the last reported sale price of our common stock on the OTC Bulletin Board was \$0.39 per share.

Investing in our common stock involves risks. You should carefully consider the risk factors for our common stock, which are listed in the prospectus, as supplemented.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 1 is December 19, 2013

Table of Contents

INDEX TO FILINGS

	Annex
<u>Quarterly Report on Form 10-Q dated December 16, 2013</u>	A
<u>Current Report on Form 8-K dated December 17, 2013</u>	B

Table of Contents

Annex A

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 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
(IRS Employer
Identification No.)

9810 Summers Ridge Road, Suite 110, San Diego, CA 92121

(Address of principal executive offices) (zip code)

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

170,838,526 shares of the registrant's common stock were issued and outstanding as of December 13, 2013.

Table of Contents

OncoSec Medical Incorporated

Form 10-Q

for the Quarterly Period Ended October 31, 2013

PART I FINANCIAL INFORMATION

Item 1.	Condensed Consolidated Financial Statements: <u>Condensed Consolidated Balance Sheets as of October 31, 2013 (unaudited) and July 31, 2013</u>	3
	<u>Condensed Consolidated Statements of Operations for the three months ended October 31, 2013 and 2012 (unaudited)</u>	4
	<u>Condensed Consolidated Statements of Stockholders' Equity (Deficit) for the period from inception (February 8, 2008) to October 31, 2013 (unaudited)</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the three months ended October 31, 2013 and 2012 (unaudited)</u>	6
	<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
Item 3.	<u>Quantitative and Qualitative Disclosure about Market Risk</u>	17
Item 4.	<u>Controls and Procedures</u>	17
<u>PART II OTHER INFORMATION</u>		
Item 1.	<u>Legal Proceedings</u>	18
Item 1A.	<u>Risk Factors</u>	18
Item 6.	<u>Exhibits</u>	30

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Condensed Consolidated Balance Sheets****As of October 31, 2013 and July 31, 2013**

	(unaudited) October 31, 2013	July 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 15,193,760	\$ 4,970,175
Prepaid expenses and other current assets	697,316	199,512
Total Current Assets	15,891,076	5,169,687
Property and equipment, net	146,885	151,625
Intangible assets, net	987,472	1,161,731
Other long-term assets	26,685	26,685
Total Assets	\$ 17,052,118	\$ 6,509,728
Liabilities and Stockholders Equity		
Liabilities		
Current and long-term liabilities		
Accounts payable and accrued liabilities	\$ 799,396	\$ 729,085
Acquisition obligation, current	991,609	979,316
Accrued other	63,027	62,203
Total Liabilities	1,854,032	1,770,604
Stockholders Equity		
Common stock authorized - 3,200,000,000 common shares with a par value of \$0.0001, common stock issued and outstanding 170,838,526 and 118,014,224 common shares as of October 31, 2013 and July 31, 2013, respectively	17,084	11,802
Additional paid-in capital	21,540,797	11,467,139
Warrants issued and outstanding 79,397,574 and 57,644,276 warrants as of October 31, 2013 and July 31, 2013, respectively	9,042,606	6,611,098
Deficit accumulated during the development stage	(15,402,401)	(13,350,915)
Total Stockholders Equity	15,198,086	4,739,124
Total Liabilities and Stockholders Equity	\$ 17,052,118	\$ 6,509,728

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

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Condensed Consolidated Statements of Operations (unaudited)**

	Three Months Ended October 31, 2013	Three Months Ended October 31, 2012	Period from Inception (February 8, 2008) to October 31, 2013
Revenue	\$	\$	\$
Expenses:			
Research and development	773,958	1,180,974	6,887,006
General and administrative	1,214,535	816,502	9,457,167
Loss from operations	(1,988,493)	(1,997,476)	(16,344,173)
Other income (expense):			
Fair value of derivative liabilities in excess of proceeds			(808,590)
Adjustments to fair value of derivative liabilities			3,150,986
Loss on extinguishment of debt			(761,492)
Financing transaction costs			(210,000)
Non-cash interest expense	(12,293)	(27,449)	(362,075)
Interest expense			(1,357)
Impairment charges			(9,000)
Net loss before income taxes	(2,000,786)	(2,024,925)	(15,345,701)
Provision for income taxes	50,700	2,000	56,700
Net loss	\$ (2,051,486)	\$ (2,026,925)	\$ (15,402,401)
Basic and diluted net loss per common share	\$ (0.01)	\$ (0.02)	
Weighted average shares used in computing basic and diluted net loss per common share	144,247,064	87,892,196	

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

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Condensed Consolidated Statements of Stockholders' Equity (Deficit)****For the period from Inception (February 8, 2008) to October 31, 2013 (unaudited)**

	Common Stock (1)		Additional Paid-In Capital (1)	Warrants		Deficit Accumulated during the Development Stage	Total Stockholders' Equity (Deficit)
	Shares	Amount		Shares	Amount		
Balance, February 8, 2008		\$	\$		\$	\$	\$
Shares issued to founder on Feb 8, 2008	48,000,000	4,800	10,200				15,000
Private placement on June 30, 2008	20,480,000	2,048	29,952				32,000
Net loss						(7,187)	(7,187)
Balance, July 31, 2008	68,480,000	6,848	40,152			(7,187)	39,813
Net loss						(33,714)	(33,714)
Balance, July 31, 2009	68,480,000	6,848	40,152			(40,901)	6,099
Net loss						(36,158)	(36,158)
Balance, July 31, 2010	68,480,000	6,848	40,152			(77,059)	(30,059)
Common stock cancelled	(17,280,000)	(1,728)	1,728				
Private placement on March 18, 2011	1,456,000	146	659,873	1,456,000	431,981		1,092,000
Common stock issued for services	200,000	20	331,980				332,000
Private placement on June 24, 2011	4,000,000	400	(400)	4,000,000			
Net loss						(3,758,817)	(3,758,817)
Balance, July 31, 2011	56,856,000	5,686	1,033,333	5,456,000	431,981	(3,835,876)	(2,364,876)
Issuance of warrants							
Inovio				4,000,000	958,111		958,111
Expiration of Series B Warrants				(4,000,000)			
Re-classification of Series A Warrants				4,240,000	657,604		657,604
Public offering on March 28, 2012, net of issuance costs of \$542,500	31,000,000	3,100	4,227,456	32,550,000	2,976,944		7,207,500
Share-based compensation expense			332,778				332,778
Net loss						(2,364,852)	(2,364,852)
Balance, July 31, 2012	87,856,000	8,786	5,593,567	42,246,000	5,024,640	(6,200,728)	4,426,265
Exercise of stock options	766,500	76	138,224				138,300

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Exercise of common stock warrants	441,724	45	181,931	(441,724)	(39,858)		142,118
Common stock issued in connection with license agreement	150,000	15	34,485				34,500
Public offering on December 17, 2012, net of issuance costs of \$504,000	28,800,000	2,880	5,066,804	15,840,000	1,626,316		6,696,000
Share-based compensation expense			452,128				452,128
Net loss						(7,150,187)	(7,150,187)
Balance, July 31, 2013	118,014,224	11,802	11,467,139	57,644,276	6,611,098	(13,350,915)	4,739,124
Common stock issued for services	500,000	50	149,950				150,000
Exercise of common stock warrants	4,532,302	453	1,617,980	(4,532,302)	(440,035)		1,178,398
Public offering on September 18, 2013, net of issuance costs of \$836,360	47,792,000	4,779	8,235,318	26,285,600	2,871,543		11,111,640
Share-based compensation expense			70,410				70,410
Net loss						(2,051,486)	(2,051,486)
Balance, October 31, 2013	170,838,526	\$ 17,084	\$ 21,540,797	79,397,574	\$ 9,042,606	\$ (15,402,401)	\$ 15,198,086

(1) Adjusted to reflect the forward stock split of 32-for-1 effective March 1, 2011.

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

Table of Contents**OncoSec Medical Incorporated****(A Development Stage Company)****Condensed Consolidated Statements of Cash Flows (unaudited)**

	Three Months Ended October 31, 2013	Three Months Ended October 31, 2012	Period from Inception (February 8, 2008) to October 31, 2013
<i>Operating activities</i>			
Net loss	\$ (2,051,486)	\$ (2,026,925)	\$ (15,402,401)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	190,453	183,484	1,895,599
Write-down of supplies inventory			38,000
Write-down of web development costs			9,000
Fair value of derivative liabilities in excess of proceeds			808,590
Loss on extinguishment of debt			761,492
Gain on adjustment to fair value of derivative liabilities			(3,150,986)
Non-cash interest expense	12,293	27,449	362,075
Share-based compensation	70,410	179,631	855,316
Common stock issued for services	50,000		449,833
Changes in operating assets and liabilities:			
(Increase) decrease in prepaid expenses and other current assets	(542,096)	118,468	(612,415)
(Increase) decrease in other long-term assets	(5,708)		(44,921)
(Decrease) increase in accounts payable and accrued liabilities	220,311	358,304	799,396
(Decrease) Increase in accrued other	824	(57,497)	63,027
Net cash used in operating activities	(2,054,999)	(1,217,086)	(13,168,395)
<i>Investing activities</i>			
Purchases of property and equipment	(11,454)		(250,801)
Investment in intangible assets			(250,000)
Net cash used in investing activities	(11,454)		(500,801)
<i>Financing activities</i>			
Proceeds from issuance of common stock and warrants	11,948,000		31,037,000
Payment of financing and offering costs	(836,360)		(1,882,860)
Payment of amounts due under acquisition obligation		(500,000)	(1,750,000)
Proceeds from exercise of warrants and stock options	1,178,398	106,050	1,458,816
Proceeds from amounts due to stockholder			153,867
Repayment of amounts due to stockholder			(153,867)
Net cash provided by (used in) financing activities	12,290,038	(393,950)	28,862,956
Net increase (decrease) in cash	10,223,585	(1,611,036)	15,193,760
Cash and cash equivalents, at beginning of period	4,970,175	5,141,509	
Cash and cash equivalents, at end of period	\$ 15,193,760	\$ 3,530,473	\$ 15,193,760
Supplemental disclosure for cash flow information:			
Cash paid during the period for:			
Interest	\$	\$	\$ 1,357

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Income taxes	\$	1,600	\$	\$	5,200
Noncash investing and financing transaction:					
Fair value of placement agent warrants issued in the public offering	\$	410,535	\$	\$	1,011,076
Acquisition obligation of asset purchase agreement	\$		\$	\$	2,750,000
Acquisition obligation discounts - imputed interest and fair value of warrants	\$		\$	\$	402,355

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

Table of Contents

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 Nature of Operations and Basis of Presentation

OncoSec Medical Incorporated (the Company) was incorporated under the name of Netventory Solutions Inc., in the state of Nevada on February 8, 2008 to pursue the business of inventory management solutions. On March 1, 2011, Netventory Solutions Inc. completed a merger with its subsidiary OncoSec Medical Incorporated and changed its name to OncoSec Medical Incorporated. On March 24, 2011, the Company completed the acquisition of certain technology and related assets from Inovio Pharmaceuticals, Inc. (Inovio) pursuant to an Asset Purchase Agreement (the Asset Purchase Agreement) dated March 14, 2011. The acquired technology and related assets relate to the use of drug-medical device combination products for the treatment of various cancers. Since this acquisition, the Company has focused its efforts in the biomedical industry and abandoned its efforts in the online inventory services industry. Prior to the acquisition of the assets from Inovio, the Company had been inactive since March 2010 and had no continuing operations other than those of a company seeking a business opportunity. The Company has not produced any revenues from its newly acquired assets and is considered a development stage company.

The accompanying condensed consolidated financial statements include the accounts of OncoSec Medical Incorporated and its wholly-owned inactive subsidiary, OncoSec Medical Therapeutics Incorporated. All significant intercompany transactions and balances have been eliminated at consolidation. 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 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The condensed consolidated balance sheet as of October 31, 2013, condensed consolidated statements of operations for the three months ended October 31, 2013 and 2012, condensed consolidated statements of stockholders' equity (deficit) for the period from inception (February 8, 2008) to October 31, 2013 and the condensed consolidated statements of cash flows for the three months ended October 31, 2013 and 2012, are unaudited, but include all adjustments (consisting of normal recurring adjustments) that the Company considers necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The results of operations for the three months ended October 31, 2013 shown herein are not necessarily indicative of the results that may be expected for the year ending July 31, 2014, or for any other period. These financial statements, and notes thereto, should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2013, included in the Company's Form 10-K filed with the U.S. Securities and Exchange Commission (SEC) on September 27, 2013. The consolidated balance sheet at July 31, 2013 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Note 2 Cash and Cash Equivalents and Liquidity

The Company considers all liquid investments with maturities of ninety days or less when purchased to be cash equivalents. As of October 31, 2013 and July 31, 2013, cash and cash equivalents were comprised of cash in checking accounts.

The Company's activities to date have been supported by equity and debt financing. It has sustained losses in previous reporting periods with an inception to date loss of \$15,402,401 as of October 31, 2013.

As of October 31, 2013, the Company had cash and cash equivalents of approximately \$15.2 million. The Company believes its cash resources are sufficient to meet its anticipated needs during the next twelve months. The Company will require additional financing to fund its planned operations, including research and development and clinical trials and commercialization of its product candidates. In addition, the Company will require additional financing in order to seek to license or acquire new assets, research and develop any potential patents and the related compounds, and obtain any further intellectual property that the Company may seek to acquire. Additional financing may not be available to the Company when needed or, if available, it may not be obtained on commercially reasonable terms. If the Company is not able to obtain the necessary additional financing on a timely basis, the Company will be forced to delay or scale down some or all of its development activities or perhaps even cease the operation of its business. Historically, the Company has funded its operations primarily through equity financings and it expects that it will continue to fund its operations through equity and debt financing. If the Company secures additional financing by issuing equity securities, its existing stockholders' ownership will be diluted. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. The Company also expects to pursue non-dilutive financing sources. However, obtaining such financing would require significant efforts by the Company's management team, and such financing may not be available, and if available, could take a long period of time to obtain.

Table of Contents

Note 3 Intangible Asset Acquisition and Cross License Agreement