Douglas W. Loe, PhD MBA | Managing Director & Analyst | dloe@leedejonesgable.com | 416.365.9924

ONC-TSX

Rating:	Speculative Buy
Target:	$8.50
Price:	$3.17
Return:	168%
Valuation:	NPV (40% disc), 20x EPS. 10x EV/EBITDA (F2025 estimates)

Market Data

Basic S/O (M)	42.3
FD S/O (M)	45.4
Market cap ($M, basic S/O)	137.3
Ent Val ($M, basic S/O)	110.5
Pro forma cash (rec Q, $M)	26.7
Tot. Debt (rec. Q, $M)	0.0
52 Week Range	$1.35-$7.84
Avg. Daily Volume (M)	0.9527
Fiscal Year End	Dec-31

Financial Metrics

In C$M	2022E	2023E	2024E
Breast cancer	0.0	0.0	17.1
Pancreatic cancer	0.0	0.0	0.0
Royalty rev, pelareorep	0.0	0.0	17.1
EBITDA ($M)	(23.6)	(22.4)	(4.3)
Net Inc ($M)	(24.1)	(22.9)	(4.8)
EPS (basic)	($0.57)	($0.54)	($0.11)
EPS (FD)	($0.53)	($0.50)	($0.11)
P/E	NA	NA	NA
EV/EBITDA	NA	NA	NA

Company Description

Oncolytics Biotech is an AB-based cancer biologics developer, with oncolytic reovirus formulation pelareo-rep/Reolysin undergoing testing in several Phae II cancer trials, mostly focused on breast & pancreatic cancer, and secondarily on multiple myeloma

Source: Consensus data- Refinitiv, Forecasts/Estimates - Leede Jones Gable

Initiating Coverage on Clinical-Stage Oncolytic Virus Developer with a Speculative BUY Rating

We are initiating coverage on AB-based oncolytic virus developer Oncolytics Biotech with a Speculative BUY rating and a price target of $8.50. Oncolytics Biotech is a cancer-focused virus-based therapy developer. The firm's lead is the oncolytic virus therapy is pelareorep, a strain of the RNA enteric/respiratory pathogen reovirus for which anti-cancer activity was long-ago documented. Oncolytics is singularly focused on exploring plausible paths to approval and clinical use in one or more cancer forms. On that theme, Phase II clinical studies are already ongoing in three flagship cancer indications – metastatic breast cancer, advanced pancreatic cancer, and multiple myeloma (the first two of which are embedded into our model). Impressive survival benefit data has already been generated for one of these indications (metastatic breast cancer) in a 74-patient Phase II trial completed back in FQ117. Survival/tumor response/biomarker data in all three of these indications are expected during FH121.

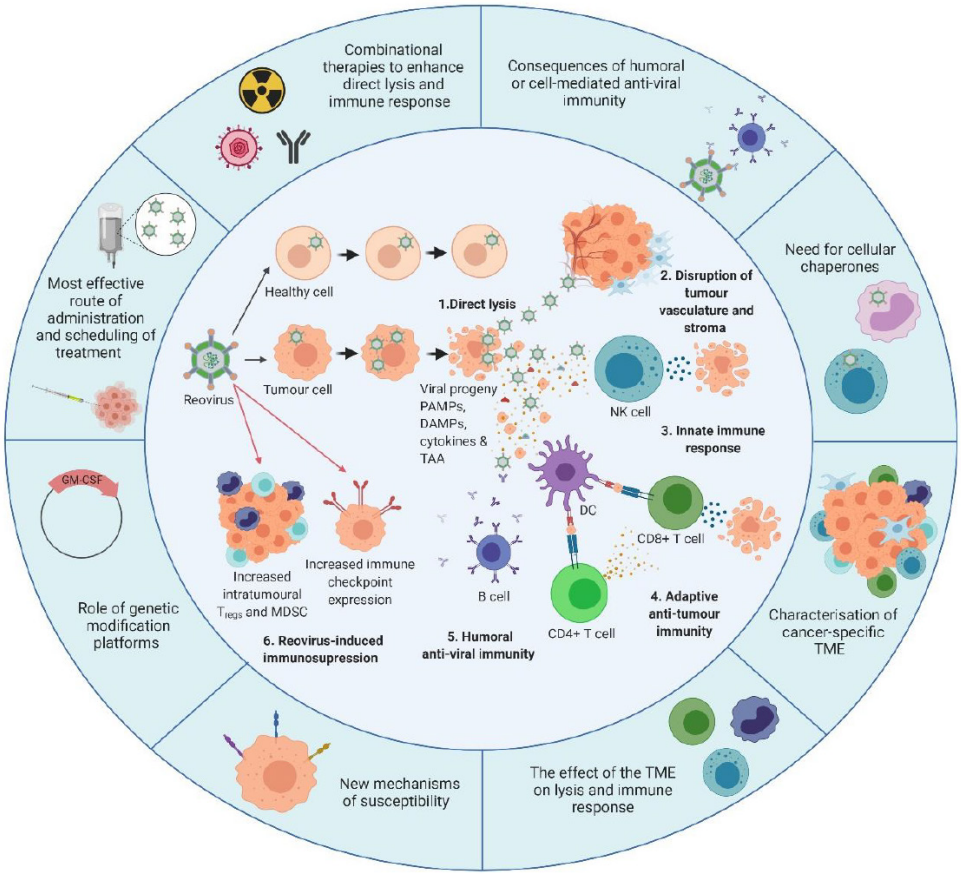
Investment Summary

Many oncolytic viruses are in development by peer firms, but Oncolytics is the leading developer of reovirus as a cancer therapeutic: Pelareorep is a specific strain (type three Dearing strain; T3D) of a well-known and well-characterized enteric respiratory microbe called reovirus. As stated above, Oncolytics branded this virus formulation for years as Reolysin, for which Oncolytics and collaborators at the University of Calgary discovered anti-cancer activity in a specific category of cancers (those that have an over-active cell signalling pathway called the Ras pathway). This observation was then published in the journal Science back in 1998. Oncolytics' CEO Matt Coffey is one of the co-authors on this paper and has been involved with the firm ever since.

Reovirus is a non-enveloped double-stranded RNA virus. While it does engender mild enteric or respiratory illness in children, it is relatively benign in adults. This is unlike other RNA-based viral pathogens like influenza or SARS-CoV2 that have had more profound epidemiological consequences throughout history. Oncolytics and its contract manufacturing partners at Sigma-Aldrich (part of Merck; MRK-NY, NR) have been able to manufacture reovirus/pelareorep to sufficient quantities for all clinical activities that the firm has published and is currently funding. We assume that this organization could manufacture virus to commercial scale if eventually FDA-approved for one or more cancer indications, as our model assumes.

Pelareorep has a mixed clinical history, but current Phase II activities in breast/ pancreatic cancer and multiple myeloma exhibit strong medical potential: Throughout its public history, Oncolytics has tested pelareorep in multiple Phase II clinical trials, including in a Phase III head & neck cancer trial for which survival and tumor response data were encouraging in some patient sub-populations but not in others. This indication was long ago disengaged from Oncolytics' clinical priorities and from our model. Encouragingly, the firm has been partnered with the Canadian National Cancer Institute's Clinical Trials Group on many of its Phase II programs, suggesting to us that clinical oncologists do hold pelareorep in high regard at least for its potential, while offsetting Oncolytics' own cash obligations on pelareorep clinical testing.

Exhibit 1 – Plausible Mechanisms of Action for Describing Reovirus/Pelareorep Anti-Cancer Activities



Source: Cancers (2020). Vol. 12, pp. 3219-3245

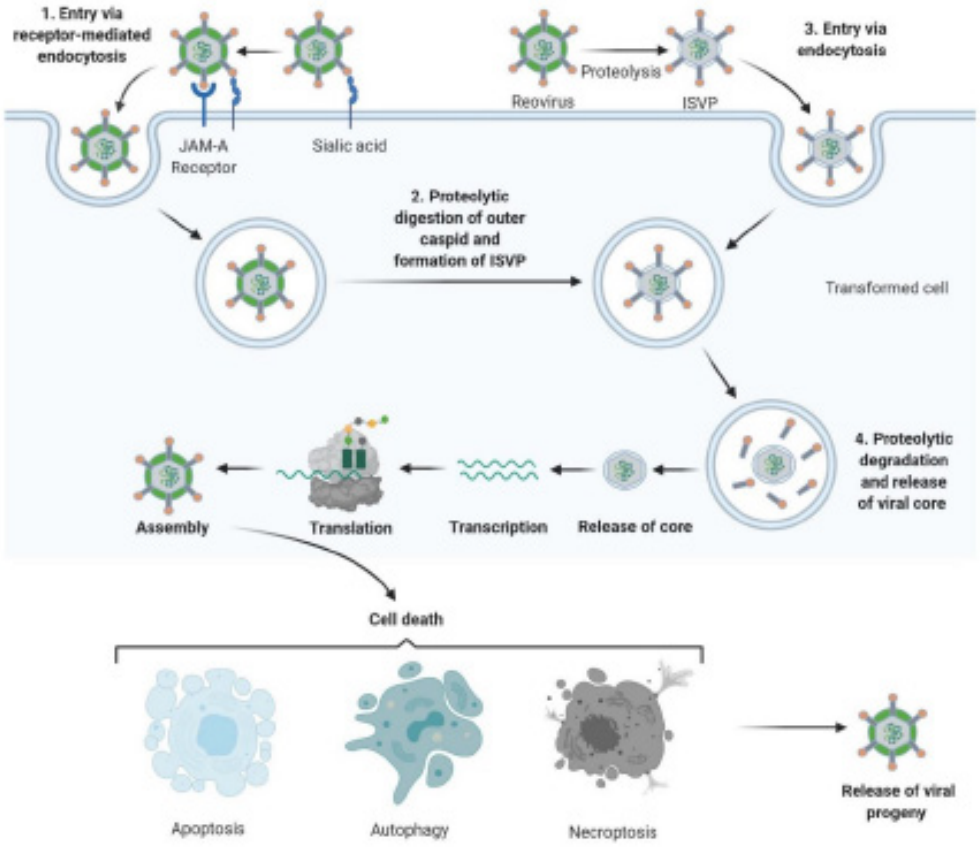
Testing pelareorep in combination with checkpoint inhibitors seems mechanistically reasonable as a way to evade immune response to pelareorep action: In more recent clinical programs, Oncolytics has been collaborating with academic researchers to test pelareorep's utility when combined with immunologically active checkpoint inhibitor drugs. This includes Merck's pembrolizumab/Keytruda (in Phase II pancreatic cancer testing, data in FH121), Roche's (ROG-SW, NR) atezolizumab/Tecentriq (in the Phase II breast cancer trial AWARE-1, final biomarker data on T-cell clonality in FH121), Pfizer's (PFE-NY, NR) avelumab/Bavencio (Phase II breast cancer data from the BRACELET-1 trial probably later in FH221), as well as a more recently-initiated 25-patient Phase II trial in triple-negative breast cancer is exploring pelareorep's utility in combination with Incyte's (INCY-Q, NR) anti-PD-1 checkpoint inhibitor retifanlimab/INCMGA00012.

Metastatic breast cancer is the flagship indication in our model, based on Phase II survival data previously reported: Returning to the 74-patient Phase II metastatic breast cancer trial we mentioned above, this study nicely showed in a 57-patient biomarker-defined breast cancer patient subset – women harboring tumors that do not express the HER2 protein (to which mAb drugs like Roche's Herceptin binds) but do express either the estrogen or the progesterone receptor. Collectively, such patients would be diagnosed as having HER2-negative/hormone receptor-positive disease). Data from this subset exhibited a substantial survival benefit when treated with pelareorep/paclitaxel as compared to patients treated with paclitaxel alone (21.0 months vs 10.8 months). We have long believed that these data, as originally reported back in FQ117, were sufficiently positive to justify advancing into Phase III testing, specifically targeting this breast cancer patient population, just as Eli Lilly's (LLY-NY, NR) cyclin-dependent kinase inhibitor drug Ibrance/palbociclib or Novartis's (NOVN-SW, NR) related kinase inhibitor Kisqali/ribociclib do.

Reflecting back on this trial, there were a few reasons to proceed as cautiously as Oncolytics has to more fully define Phase III parameters before funding such a program. First of all, we reflect on the fact that the primary endpoint for this 74-patient Phase II trial was not actually overall survival, but instead was progression-free survival, for which pelareorep conferred no benefit (strictly-speaking then, the drug missed its primary endpoint). Secondly, comparing pelareorep to paclitaxel (BMS' (BMY-NY, NR) long-ago genericized Taxol) is no longer clinically relevant since paclitaxel monotherapy is not standard-of-care anymore, if it ever was. And thirdly, there is mechanistic rationale for assuming that pelareorep could work well in combination with

immunologically-active checkpoint inhibition as a way to enhance the virus' anti-cancer activity through evasion of immune responses to the virus, either systemic or from target tumors themselves. We have commented before, only half-jokingly, that the best-before date on this trial is fast approaching, and we believe that Oncolytics will need to make seminal and value-enhancing decisions on its Phase III breast cancer clinical strategy no later than FH221, if not sooner.

Exhibit 2 – Reovirus/Pelareorep Replication within Tumor Cells is Key to Conferring Oncolytic Activity



Source: *Cancers* (2020). Vol. 12, pp. 3219-3245

Oncolytics is actively testing pelareorep in at least three ongoing Phase II breast cancer trials, two of which should generate final data next year: Accordingly, we endorse Oncolytics' Phase II clinical plan to explore pelareorep's anti-cancer activity when co-administered with checkpoint inhibition, and the relevant studies include:

- **AWARE-1 (metastatic breast cancer):** The 38-patient Phase II AWARE-1 trial, combining pelareorep with Tecentriq (and the aromatase inhibitor drug letrozole) for treating early-stage breast cancer and to identify any T-cell-based biomarkers that could be predictive of pelareorep responsiveness. Oncolytics is collaborating with the Spain-based clinical oncology organization SOLTI. Final data from this trial are expected in FH121. We were encouraged that updated data presented just last week nicely showed that an increase in circulating T-cells was associated with pelareorep administration in 72% of evaluable subjects, and the increase in expression of Tecentriq's target, PD-L1, within breast tumor microenvironment was substantial in all evaluable subjects. This is indicative of a clear role for Tecentriq to mitigate any tumor immune response to pelareorep's oncolytic activity. We expect final T-cell biomarker data form this trial in FH121.

- **BRACELET-1 (metastatic breast cancer):** A related but distinct 48-patient Phase II breast cancer trial called BRACELET-1 just commenced enrollment in FQ220. The trial uses Pfizer's (PFE-NY, NR) anti-PD-L1 mAb avelumab/Bavencio as the co-administered checkpoint inhibitor. The primary endpoint in this trial, which is exclusively testing women with HER2-negative/HR-positive disease, will be objective response rate (as conventionally assessed through CT imaging by RECIST criteria) at four-month follow up. Accordingly, if enrollment concludes by, say, mid-F2021, final data could be available near end-of-FH221 or perhaps early FH122. As with AWARE-1, a key secondary endpoint will be to assess any changes in T-cell clonality that emerge during pelareorep therapy, and to determine if those changes if apparent are relevant to pelareorep responsiveness. T-cell clonality (specifically, sequence changes in the T-cell receptor, a T-cell surface protein that plays a

key role in antigen recognition by the immune system) is being assessed using Adaptive Biotechnologies' (ADPT-Q, NR) ImmunoSEQ platform.

- **IRENE (metastatic breast cancer):** A third Phase II breast cancer trial, this time conducted in collaboration with Rutgers University researchers. The trial will explore pelareorep's anticancer activity when co-administered with Incyte's still-development-stage anti-PD1 mAb retifanlimab. The so-called IRENE trial will enroll up to 25 women with a different biomarker profile (so-called triple-negative disease, and thus with minimal-to-no expression of HER2 or the estrogen/progesterone receptors). Two-month response rate and ImmunoSEQ-assessed T-cell clonality data should be available by F2022, with survival/PFS data to follow in F2023. For now, our model does not contemplate pelareorep's utility in triple-negative breast cancer, just because we do not have any survival data specific to this breast cancer form, but final IRENE data if positive could shift our views on this theme.

Exhibit 3 – Financial Summary for Oncolytics Biotech

(C$M, except per share data)	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pelareorep royalty revenue, by indication												
Breast cancer	$0.0	$0.0	$0.0	$0.0	$0.0	$17.1	$78.4	$142.2	$203.9	$277.3	$334.7	$394.2
Pancreatic cancer	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$6.1	$24.5	$43.7	$63.6	$84.2	$105.7
Royalty rev, pelareorep	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$17.1**	**$84.5**	**$166.7**	**$247.6**	**$340.8**	**$418.9**	**$500.0**
Revenue growth (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*394%*	*97%*	*49%*	*38%*	*23%*	*19%*
Cash operating expenses	$18.7	$19.0	$22.5	$23.6	$22.4	$21.4	$20.6	$20.1	$22.3	$25.0	$27.9	$31.4
EBITDA	**($18.7)**	**($19.0)**	**($22.5)**	**($23.6)**	**($22.4)**	**($4.3)**	**$63.9**	**$146.6**	**$225.2**	**$315.9**	**$391.0**	**$468.6**
EBITDA growth (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*229.4%*	*153.6%*	*140.3%*	*123.8%*	*119.9%*
EBITDA margin (%)	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*75.6%*	*88.0%*	*91.0%*	*92.7%*	*93.3%*	*93.7%*
Net Income, fully-taxed	($20.7)	($19.5)	($23.0)	($24.1)	($22.9)	($4.8)	$44.3	$102.2	$157.2	$220.7	$273.2	$327.5
EPS (fully-taxed, basic)	**($0.64)**	**($0.46)**	**($0.54)**	**($0.57)**	**($0.54)**	**($0.11)**	**$1.05**	**$2.41**	**$3.71**	**$5.21**	**$6.45**	**$7.74**
EPS (fully-taxed, fd)	($0.57)	($0.43)	($0.51)	($0.53)	($0.50)	($0.11)	$0.97	$2.25	$3.46	$4.86	$6.01	$7.21
S/O (basic, M)	*32.2*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*	*42.3*
S/O (fully-diluted, M)	*36.1*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*	*45.4*
P/E	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*3.3x*	*1.4x*	*0.9x*	*0.7x*	*0.5x*	*0.4x*
EV/EBITDA	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*1.2x*	*0.5x*	*0.3x*	*0.2x*	*0.2x*	*0.2x*

Source: Historical data – Company Information (Oncolytics Biotech), Forecasts/Estimates – Leede Jones Gable

Secondary Phase II activities in pancreatic cancer & multiple myeloma are also well-advanced and could generate supplemental pelareorep survival or tumor response/biomarker data in F2021/22: On other pelareorep clinical programs, we continue to closely monitor Phase II testing in advanced pancreatic cancer. Oncolytics and collaborators at Northwestern University are funding a 30-patient trial that is assessing pelareorep in combination with Merck's Keytruda from which final survival-PFS-response rate data are expected in FH121. Although our model does not overtly incorporate multiple myeloma as a target indication, we remain focused on timelines to data from two distinct Phase II multiple myeloma trials. These include a 28-patient trial in collaboration with the US NCI that is testing pelareorep with Amgen's (AMGN-Q, NR) carfilzomib/Kyprolis (final survival/PFS/biomarker data probably in F2021), and a separate 62-patient Phase II multiple myeloma trial testing pelareorep with either/both Kyprolis and BMS' anti-PD1 mAb nivolumab/Opdivo (interim survival/PFS data probably available in FH221). A pending 55-patient pancreatic/colorectal/anal cancer trial (called the GOBLET trial) that will test pelareorep-Tecentriq combination therapy in these three indications, as it is in breast cancer in AWARE-1, is being contemplated and could start enrollment next year. We do not yet see GOBLET as being overly germane to our investment thesis.

Exhibit 4 – Valuation Scenarios for Oncolytics Biotech

NPV, discount rate		20%	30%	40%	45%	50%	60%
Implied value per share		$30.41	$15.68	**$8.29**	$6.21	$4.58	$2.46
				Discounted share price mid-2021			
Price/earnings multiple, F2025	**P/E**	**20%**	**30%**	**40%**	**45%**	**50%**	**60%**
Implied share price[1]	10	$5.72	$4.50	$3.60	$3.24	$2.93	$2.41
	20	$11.44	$9.00	**$7.10**	$6.48	$5.86	$4.82
	30	$17.16	$13.50	$10.80	$9.72	$8.79	$7.23
EV/EBITDA multiple, F2025		5x	7.5x	10x	12.5x	15x	20x
Implied share price[1,2]		$5.44	$7.95	**$10.47**	$12.98	$15.49	$20.51
One-year ONC target price				$8.62			

[1] *Based on F2025 fd fully-taxed EPS forecast of $1.05; EBITDA of $63.9M; 40% discount rate*

[2] *EV incorporates FQ320 cash of $26.7M, no LT debt, S/O (fd) of 45.4M (42.3M basic S/O)*

Source: Forecasts/Estimates – Leede Jones Gable

Most of Oncolytics' partners are clinical collaborators, but it does have one corporate alliance in Asia to which modest economics are ascribed: Oncolytics has a legacy alliance in Asia that it signed in F2017 with Chinese biopharma firm Adlai Nortye (Private), an alliance that to be candid has not shown any evidence of advancing pelareorep clinical testing much beyond its development status at the time of deal consummation. The US$86.6M cash-and-share deal did provide upfront capital of US$5.3M, but most deal economics will be triggered if/when Adlai advances pelareorep into pivotal Phase III testing, probably in metastatic breast cancer since Phase II survival data in that indication were probable motivation for the alliance.

And yet, we reflect positively on Adlai's recent US$100M Series C capital raise in FQ320. In the press release announcing the financing, pelareorep/AN1004 still holds high prominence in Adlai's oncology pipeline. An alternative oncology asset however, the EP4 antagonist drug AN0025, was preferentially advanced into Phase Ib solid tumor testing. And a separate 483-patient Phase III lung cancer trial (the BURAN trial) was commenced in FQ320 testing the PI3K inhibitor buparlisib. But we are optimistic that pelareorep Phase III breast cancer testing could still be on the horizon. We do not yet ascribe any value to pelareorep economics in Asia, at least not until we see tangible evidence of clinical activity in that geography.

Several oncolytic virus developers have been acquired on attractive terms, and all such transactions collectively reflect favorably on our ONC valuation: Oncolytics is the only publicly-traded cancer biologics developer that is focused on developing reovirus as an anticancer agent (and indeed it has all of the important intellectual property to preclude competition from other entities anyway). But it does have several peer firms that are developing alternative oncolytic viruses as cancer therapies, many of which are extensively described in the medical literature, including but not limited to a review published just this quarter by University of Leeds researchers in the journal *Cancers*. We will not review the mechanistic underpinnings of alternative oncolytic viruses here, but we will review the valuations ascribed to their corporate developers on acquisition, and that list includes:

- Private modified herpes virus developer BioVex was acquired by biotech giant Amgen (AMGN-Q, NR) for total consideration of US$1B back in FQ111. The relevant virus, called OncoVEX at the time and now branded at Imlygic (talimogene laherparepvec), was FDA-approved in FQ415 for treating metastatic melanoma, based on data from Amgen's now-published 436-patient Phase III OPTiM trial. The melanoma pharmacopeia has been revised with newer biologics (BMS' Yervoy, plus multiple anti-PD1/PD-L1 mAbs) in recent years, but regardless, BioVex's take-out valuation will forever be fixed in time.

- Australia-based coxsackievirus developer Viralytics was acquired by pharma giant Merck (MRK-NY, NR) in FQ118 for US$394M, ostensibly for its ICAM-1 targeted coxsackievirus A21 formulation Cavatak. Coincidentally, Cavatak was also targeting melanoma in Phase II melanoma testing and testing in a 185-patient Phase II solid tumor trial and two Phase II melanoma trials (65- & 135-patients, both with Merck's Keytruda) are still ongoing.

- And thirdly, private European pharma giant Boehringer Ingelheim ascribed a US$244M/€210M valuation to vesicular stomatitis virus developer ViraTherapeutics in a FQ318 deal.

- On the partnership front, we know that Astellas Pharma (4503-JP, NR) is now partnered with PA-based vaccinia virus developer KaliVir Immunotherapeutics in a deal consisting of upfront cash and milestone-triggerable payments totalling US$671M. The relevant virus construct, VET2-L2 is still in preclinical testing.

- And of course, Oncolytics Biotech has a new public peer in newly-IPO'd MA-based oncolytic virus developer Oncorus (ONCR-Q, NR), for which Phase I solid tumor testing for its flagship immune-modified herpes virus-based ONCR-177 just began Phase I testing in early FQ320. Oncorus's current EV is US$708M, Oncolytics' EV as of this writing is C$111M.

Exhibit 5 – Comparable Companies for Oncolytics Biotech

Company	Filing Curr	Sym	Shares Out (M)	Share price 13-Dec	Mkt cap ($M) (curr)	Mkt cap ($M) (C$)	Ent val ($M) (curr)	Ent val ($M) (C$)	Status of lead program
Bavarian Nordic AS	DKK	BAVA	58.4	DKK 183.4	DKK 10,713	2,226	DKK 11,811	2,454	Vaccine developer, focused on infectious disease but with HPV program with MVA-BN HPV in Phase II testing; BN-Brachyury/transcription factor vaccine in Phase II testing in advanced chordoma/bone cancer
Celldex Therapeutics	USD	CLDX	39.6	$17.74	702	896	502	642	CDX-0159, mAb targeting KIT tyrosine kinase (Phase I, angioedema); CEX-1140, mAb targeting CD40 (Phase II testing with Keytruda); CDX-527, bispecific mAb targeting PD-L1 & CD27 (Phase I, solid tumors)
Clovis Oncology	USD	CLVS	88.3	$4.85	428	547	801	1,023	Rucaparib developer (PARP inhibitor, ovarian cancer)
Dynavax Technologies	USD	DVAX	109.5	$4.96	543	694	546	697	Heplisav-B, recombinant hepatitis B vaccine; DNA vaccines targeting toll-like receptors (TLR7,8,9, as cancer therapies)
Incyte Corporation	USD	INCY	218.7	$81.30	17,780	22,709	16,092	20,553	Itacitinib (Phase III, chronic GvHD); Pemigatinib (Phase III, cholangio-sarcoma); INCMGA-00012 (Phase III, non-small cell lung cancer, anal cancer); ruxolitinib (myelofibrosis)
Iovance Bio-therapeutics	USD	IOVA	146.7	$49.95	7,327	9,358	6,613	8,446	Autologous T-cell immune therapies. C-144-01 (Phase II, melanoma); C-145-03 (Phase II, H&N cancer); C-145-04 (Phase II, cervical cancer)
Oxford Biomedica	GBP	OXB	82.3	p870.0	£716	1,209	£676	1,141	Lentivirus-based gene therapy (engineers T-cells to express Abs against 5T4 surface antigen) for multiple diseases, including hematologic cancers
Novavax, Inc.	USD	NVAX	63.7	$124.88	7,950	10,154	8,086	10,328	Nanoparticle vaccine technology, targeting viral respiratory pathogens
Oncorus	USD	ONCR	22.6	$26.00	588	751	708	904	Oncolytic virus developer; ONCR-177, intratumoral herpes virus construct in Phase I/solid tumor trial, coxsackievirus A21 (CVA21) in preclinical testing, IPO in Oct/20
Sunesis Pharma	USD	SNSS	18.1	$1.79	32	41	12	15	Vecabrutinib in Phase I B-cell lymphoma testing; PDK1 inhibitor SNS-510 in Phase I solid/hematologic tumor testing; Viracta merger is pending
Transgene	EUR	TNG	83.3	€ 1.66	€ 138	214	€ 112	173	Oncolytic vaccinia virus TG6002 in multiple cancer trials (breast cancer, mesothelioma; neoantigen vaccine TG4050 in Phase I H&N/ovarian cancer
VBI Vaccines	USD	VBIV	484.1	$3.13	1,515	1,935	1,411	1,802	Mostly focused on hepatitis B with Sci-B-Vac but also glioblastoma with VBI-1901 (bivalent VLP expressing the CMV Ags pp65 and gB)
Average						**$4,228**		**$4,015**	
Oncolytics Biotech	**CAD**	**ONC**	**43.3**	**$3.17**	**$137**	**$175**	**$111**	**$142**	**Reovirus-based pelareorep, Phase II testing in HER2(-)/ HR(+) breast cancer, pancreatic cancer, multiple myeloma**

Source: Refinitiv, Leede Jones Gable

Summary and valuation: **We are initiating coverage on ONC with a Speculative BUY rating and a one-year PT of $8.50.** Our valuation is solely driven by pelareorep clinical milestones in the near-term, and downstream royalty revenue generated from future commercial partners in at least two distinct indications, HER2-negative/HR-positive breast cancer and advanced pancreatic cancer as stated above. As shown in Exhibit 3, we project that Oncolytics can complete pivotal Phase III breast cancer testing and receive FDA approval/launch by FH224, and achieve similar status in pancreatic cancer by FH225, though we would consider both timelines to be best-case scenarios.

Accordingly, our model assumes that Oncolytics can be royalty-revenue-positive by F2024, though generating more substantive royalty revenue in F2025 of $84.5M, increasing to $166.7M in F2026 and $247.6M in F2027. Our revenue model assumes that future marketing partners will incur most manufacturing and marketing costs. As such, our EBITDA/margin projections are quite close to our royalty revenue projections, less modest R&D and administrative costs for the firm. We project F2025 EBITDA of $63.9M (F2025 is the reference year in our valuation), increasing to $146.6M in F2026 and $225.2M in F2027.

We value ONC based on three distinct methodologies, as summarized in Exhibit 4: NPV, and multiples of our F2025 EBITDA/EPS forecasts ($63.9M & $1.05, respectively). Our NPV uses a 40% discount rate that is a bit more conservative than we would normally ascribe to a Phase II-stage drug developer, but we expect to have a downward bias on this value once a clear Phase III path to NDA filing is established, probably/initially in metastatic breast cancer. We use F2025 as the reference year in our EBITDA/EPS methodologies because it is the first year during which we can plausibly predict that pelareorep could be approved/launched in one or more cancer indications. As emphasized above, we do consider this to be an aggressive assumption that we partially recognize through our ascribed discount rate. Taking the average of these three methods gives us a one-year PT of $8.62, which we round to $8.50. Since ONC current share price is substantially below our calculated PT, **we rate the stock a Speculative BUY**, with the speculative designation ascribed to our rating to recognize development risk still infused into Oncolytics' main clinical asset. Our PT corresponds to a one-year return of 168%.

Exhibit 6 – Forthcoming Clinical & Development Milestones for Pelareorep/Oncolytics Biotech

Expected milestone	Clinical trial	Cancer indication	Patient num (n)	Co-administered therapies	Clinical collaborators	Date (calendar)
Final biomarker (T-cell clonality, tumor infiltration) data	AWARE-1	Metastatic breast cancer (HER2-neg/ HR-pos)	38	Atezolizumab/ Tecentriq (anti-PD-L1 mAb)	Roche, SOLTI	Q420/Q121
Interim safety & biomarker data	BRACELET-1	Metastatic breast cancer	48	Avelumab/Bavencio (anti-PD-L1 mAb)	Pfizer & Merck KGaA	H121
Final survival-PFS-tumor response data	BU-18I01	Advanced pancreatic cancer (second-line)	30	Pembrolizumab/ Keytruda (anti-PD1 mAb)	Northwestern University, US NCI	H121
Interim safety & biomarker (T-cell clonality, tumor infiltration) data	IRENE	Triple-negative breast cancer (HER2-neg/HR-neg)	25	Retifanlimab (anti-PD1 mAb, INCMGA00012)	Rutgers University, Incyte	H221
Commence enrollment (key biomarkers are T-cell clonality & CEACAM6 expression)	GOBLET	Advanced pancreatic, colorectal, anal cancer	55	Atezolizumab/ Tecentriq (anti-PD-L1 mAb)	Roche, AIO Studien gGmbH	Q221/Q321
Response rate, survival	WINSHIP 4398-18	Refractory multiple myeloma	62	Nivolumab/Opdivo or Carfilzomib/Kyprolis	BMS & Amgen	H121
Response rate, PFS, immune markers	NCI-9603	Refractory multiple myeloma	28	Carfilzomib/Kyprolis	Amgen	H221
Response rate & biomarker (T-cell clonality) data	BRACELET-1	Metastatic breast cancer	48	Avelumab/Bavencio (anti-PD-L1 mAb)	Pfizer & Merck KGaA	Q421/Q122

Source: Oncolytics Biotech, Leede Jones Gable

Disclosures none

Important Information and Legal Disclaimers

Leede Jones Gable Inc. (LJG) is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF). This document is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular investing strategy. Data from various sources were used in the preparation of these documents; the information is believed but in no way warranted to be reliable, accurate and appropriate. All information is as of the date of publication and is subject to change without notice. Any opinions or recommendations expressed herein do not necessarily reflect those of LJG. LJG cannot accept any trading instructions via e-mail as the timely receipt of e-mail messages, or their integrity over the Internet, cannot be guaranteed. Dividend yields change as stock prices change, and companies may change or cancel dividend payments in the future. All securities involve varying amounts of risk, and their values will fluctuate, and the fluctuation of foreign currency exchange rates will also impact your investment returns if measured in Canadian Dollars. Past performance does not guarantee future returns, investments may increase or decrease in value and you may lose money. LJG employees may buy and sell shares of the companies that are recommended for their own accounts and for the accounts of other clients. LJG employees may buy and sell shares of the companies that are recommended for their own accounts and for the accounts of other clients. Disclosure codes are used in accordance with Policy 3400 of IIROC.

Description of Disclosure Codes

1. LJG and its affiliates collectively beneficially own 1% or more of any class of equity securities of the company.
2. The analyst or any associate of the analyst responsible for the report or public comment hold shares or is short any of the company's securities directly or through derivatives.
3. LJG or a director or officer of LJG or any analyst provided services to the company for remuneration other than normal investment advisory or trade execution services within the preceding 12 months.
4. LJG provided investment banking services for the company during the 12 months preceding the publication of the research report.
5. LJG expects to receive or intends to seek compensation for investment banking services in the next three months.
6. The analyst preparing the report received compensation based upon LJG investment banking revenues for this issuer.
7. The director, officer, employee, or research analyst is an officer, director or employee of the company, or serves in an advisory capacity to the company.
8. LJG acts as a market maker of the company.
9. The analyst has conducted a site visit and has viewed a major facility or operation of the issuer.
10. The company has paid for all, or a material portion, of the travel costs associated with the site visit by the analyst.

Dissemination

All final research reports are disseminated to existing and potential institutional clients of Leede Jones Gable Inc. (LJG) in electronic form to intended recipients thorough e-mail and third-party aggregators. Research reports are posted to the LJG website and are accessible to customers who are entitled the firm's research. Reproduction of this report in whole or in part without permission is prohibited.

Research Analyst Certification

The Research Analyst(s) who prepare this report certify that their respective report accurately reflects his/her personal opinion and that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views as to the securities or companies. Leede Jones Gable Inc. (LJG) compensates its research analysts from a variety of sources and research analysts may or may not receive compensation based upon LJG investment banking revenue.

Canadian Disclosures

This research has been approved by Leede Jones Gable Inc. (LJG), which accepts sole responsibility for this research and its dissemination in Canada. LJG is registered and regulated by the Investment Industry Regulatory Organization of Canada (IIROC) and is a Member of the Canadian Investor Protection Fund (CIPF). Canadian clients wishing to effect transactions in any designated investment discussed should do so through a LJG Registered Representative.

U.S. Disclosures

This research report was prepared by Leede Jones Gable Inc. (LJG), a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF). This report does not constitute an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. LJG is not registered as a broker-dealer in the United States and is not be subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. Any resulting transactions should be effected through a U.S. broker-dealer.

Rating Definitions	
Buy	The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12 month time horizon.
Speculative Buy	The security is considered a BUY but carries an above-average level of risk.
Hold	The security represents fair value and no material appreciation is expected over the next 12 month time horizon.
Sell	The security represents poor value and is expected to depreciate over the next 12 month time horizon.
Under Review	The rating is temporarily placed under review until further information is disclosed.
Tender	Leede Jones Gable Inc. recommends that investors tender to an existing public offer for the securities in the absence of a superior competing offer.
Not Rated	Leede Jones Gable Inc. does not provide research coverage of the relevant issuer.