NB: this is a summary translation of the press release original drafted in Japanese for the disclosure required in compliance with the TSE regulations.

31 January 2018

Oncolys BioPharma Inc.

Announcement of FY 2017 Earnings Forecast Revision and Non-Operating Losses

Onoclys BioPharma ("Oncolys") announces today that non-operating losses recorded in the non-consolidated cumulative fourth quarter (1/1/2017 - 31/12/2017) as follows. In addition, based on the current business surroundings, Oncolys' earnings forecast for FY2017 was revised as below:

1. Details of earnings forecast revision

(1) Revised financial forecast for the Fiscal Year Ending December 31, 2017

(JPY, million)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous forecast (A) announced on 8 Feb 2017	200	△1,400	△1,400	△1,400	△152.08
Revised forecast (B)	229	△1,078	△1,087	△1,090	△106.23
Differences (B－A)	29	322	313	310	—
Differences (%)	14.5	—	—	—	—
(Ref) FY2016 results	178	△861	△864	△931	△101.18

(2) Reasons for the revision

The revision of the full-year business forecast was made as above for the following reasons: as per sales, it is expected to exceed the original forecast thanks to milestone and other fees received based on existing license agreements with relevant business partners for both pharmaceutical and diagnostic businesses. As for the losses, the estimates have been revised upwardly, based on the expected reduction in research and development costs and patent relate expenses, as the fruits of Oncolys' continuous cost reduction efforts, a delay in a development schedule of current pipeline mainly in the US, and forex exchange rate fluctuation as described below. Therefore, the estimates for the fiscal year ending December 2017 have been revised as below: sales 299 million yen, operating loss 1,078 million yen, ordinary loss 1,087 million yen, and net loss 1,090 million yen.

TRANSLATION

2. Details of non-operating losses

（1）Due to recent and further fluctuations in foreign currency exchange rates, in the non-consolidated cumulative fourth quarter (1/1/2017 – 31/12/2017), foreign exchange losses of 9,441,000 Japanese yen were recorded as non-operating losses.

（2）The impact of non-foreign exchange losses on the non-consolidated cumulative fourth quarter (1/1/2017 – 31/12/2017) has been reflected in the ordinary loss of 1,087 million yen as mentioned above. Please also note that our FY2017 earnings results are scheduled for release on 9 February, 2018.

(Note) The above estimates are made based on the available information as of the date of the new business forecast announcement. The actual figures may differ owing to various factors.

Ends

# # #

About Oncolys BioPharma Inc.

Oncolys BioPharma is a TSE Mothers-listed biopharmaceutical company with focuses on the development of novel biologics for the treatment of cancer and infectious diseases. The company's lead product for the treatment of cancer, Telomelysin® (OBP-301), is based on replication-competent oncolytic virus, and is being tested in Phase I/II clinical trial in Asia and Phase II in the USA, for various solid tumors. A novel cancer diagnostic product, TelomeScan® (OBP-401/1101), is expected to be effective in detecting various types of cancer and inflammatory diseases and adopted in several private practices. The company also has a major program OBP-601 (Censavudine) for infectious diseases, for which it completed Phase II clinical trial in the U.S. for HIV/AIDS therapy, supported by BMS.
For more information, please visit http://www.oncolys.com/en/

Oncolys BioPharma Inc.	
Mie Yamazaki Investor Relations & Corporate Communications Tel: +81 (0) 5472 1578 Email: yamazaki@oncolys.com	

TRANSLATION