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

12 December 2019

Oncolys BioPharma Inc.

Oncolys Announces Achievement of the First Milestone for "Telomelysin (OBP-301)," Oncolytic Viral Immunotherapy

Oncolys BioPharma Inc. (hereafter "Oncolys") today announced that it has been informed of the achievement of the first milestone in the license agreement with Chugai Pharmaceutical Co., Ltd. (hereafter, "Chugai") for oncolytic viral immunotherapy Telomelysin (OBP-301).

Oncolys and Chugai had entered into the license agreement for oncolytic viral immunotherapy Telomelysin on April 8, 2019. Oncolys has notified by Chugai that it met the pre-set criteria in the ongoing clinical trials for Telomelysin.

As a result, Oncolys will receive 500 million yen as the first milestone. It will be recorded in net sales for the fiscal year ending December 2019.

Comments by the Management

Yasuo Urata, President & CEO, Oncolys BioPharma Inc.

"We are extremely delighted that have achieved the first milestone and the development of Telomelysin has been steadily progressing. We will continue to expand the clinical development of Telomelysin with Chugai. We hope that Japan's original oncolytic viral immunotherapy Telomelysin will be used quickly in a medical field."

As disclosed in the "Non-consolidated Financial Results for the Nine Months Ended September 30, 2019 [Japanese GAAP]", released on November 1, 2019, Oncolys has not announced its business performance forecasts for the business term ending December 2019, since the company views it difficult to calculate appropriate and reasonable numerical value due to the existence of numerous uncertain factors that impact the business performance at this point.

Ends

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TRANSLATION

About Telomelysin (OBP-301)

Telomelysin or OBP-301 is genetically modified type 5 adenovirus which can specifically replicate in and destroy cancer cells. Type 5 adenovirus causes common cold symptoms and exists in nature. We are anticipating that Telomelysin may induce strong anti-tumor activity after causing oncolysis by specific replication in cancer cells and may be safe because of its low replication ability in normal cells. In addition, serious adverse reactions such as vomiting, hair loss and hematopoietic disorders have not been reported in clinical studies we conducted so far, and thus it is expected to improve patients' Quality of Life (QOL). Furthermore, recent publication in clinic showed that cancer cells destroyed by virotherapy may enhance cancer immunity by directly transmitting the signal of their specific antigen to immune cells such as dendritic cells. Therefore, we are expecting that Telomelysin in combination with an immune checkpoint inhibitor such as anti-PD-1 antibody may have a systemic anti-cancer efficacy together with good local control.

About Oncolys BioPharma Inc.

Oncolys BioPharma develops novel cancer therapeutics and diagnostic products using gene modified viral technologies and aims to contribute to fulfill unmet medical needs for cancer and severe infectious diseases. Especially in oncology area, we utilize technology platform for oncolytic virus and develop Telomelysin and its next-generations for cancer treatment and TelomeScan for early detection of cancer and recurrence monitoring after surgery. We have established broad range of product pipeline to cover early detection of cancer, early treatment of local cancer, post-operative examination, and treatment of metastatic cancer. For more information, please visit http://www.oncolys.com/en/

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TRANSLATION