

NB: this is a **summary translation** of the press release original drafted in Japanese for the disclosure in compliance with the TSE regulations. In case of any discrepancy, the Japanese original shall prevail.

16 February 2018

Oncolys BioPharma Inc.

Oncolys Invests in US Biotech Venture Specialized in Development of Novel Oncolytic Adenovirus

Oncolys BioPharma (“Oncolys”) is pleased to announce that today the board of the company resolved to enter into an investment and share transfer agreement with Unleash Immuno Oncolytics, Inc. (Saint Louis, Missouri, USA. CEO: Daniel Kazman hereinafter “Unleash”), a biotech venture specialized in development of novel oncolytic adenovirus.

1. Purpose of Investment

Unleash was established in 2015 by Dr. David Curiel, a top scientific leader with broad experience in oncolytic virus, with the purpose to develop new adenovirus based cancer therapy. Its lead product, UIO-512, is an oncolytic virus designed to target both malignant cells and tumor-associated stroma cells and currently under development for refractory solid tumors. Unleash also has a novel pipeline, UIO-702, that is genetically modified virus with camelid antibody incorporated to fiber so that it evades human immune responses. UIO-702 is a systemically delivered oncolytic virus for neoplastic metastatic disease.

In addition to the purchase of convertible bonds issued by Unleash, Oncolys is to enter into a share transfer agreement with Unleash to receive common shares of Precision Virologics Inc. (Saint Louis, Missouri, USA. Chairman/CEO: Daniel Kazman hereinafter “Precision Virologics”), a Washington University biotech venture, currently held by Unleash. Oncolys has been a shareholder of Precision Virologics since March 2017.

Oncolys strongly believes that a capital tie-up with Unleash and Precision Virologics, with their world-leading gene-modification technology, can further reinforce its existing pipeline of cancer virotherapy led by its own oncolytic adenovirus Telomelysin® (OBP-301), and help to expand drug candidates portfolio in both cancer and serious infectious diseases with no cure at present.

2. Details of the agreement

- (1) Oncolys will be entitled to have a board seat within the board of directors of Unleash.
- (2) Oncolys agrees to purchase \$3,000,000 convertible bonds issued by Unleash with the expected voting rights ratio of approximately 27%, when fully converted. Oncolys also agrees to purchase 294,118 ordinary shares of Precision Virologics held by Unleash for \$330,000, which will increase Oncolys’ voting rights ratio of

Precision from 14.3% to 23%, approximately.

(3) Number of shares purchased by Unleash and its ratio against shares outstanding: None

3. Overview of the companies

<Unleash>

(1) Name	Unleash Immuno Oncolytics, Inc.		
(2) Address	4320 Forest Park Avenue, Saint Louis, MO 63108 USA		
(3) Representative	Daniel Katzman, CEO		
(4) Type of Business	Research and development of cancer immunotherapy based on genetically modified adenovirus		
(5) Establishment	26 August 2015		
(6) Total Paid-In Capital	Not applicable		
(7) Major Shareholders	Name/Ownership	Attribution	
	Daniel Katzman	Founder & CEO	
	Dr. David Curiel	Founder & CSO Washington University School of Medicine	
	Axia Ventures, LLC	Venture Capital	
	Dr. Osvaldo Podhajcer	Lead Scientific Advisor	
	Marina Scuseria	Founder	
(8) Relationship with Oncolys	Capital	No	
	Personal	No	
	Transactional	No	
	Related Parties	No	
(9) Operating Performance and Financials in the previous 3 years	(USD)		
Fiscal Year	Dec. 2015	Dec. 2016	Dec. 2017
Net Asset	N/A*	-133,548.19	-179,604.45
Total Asset		94,006.37	56,552.69
Sales		—	61,500.00
Operating Profit		-115,067.15	-32,055.31
Net Profit		-130,597.84	-33,447.59

*No earnings report is available as Unleash was established in August 2015

<Precision Virologics>

(1) Name	Precision Virologics Inc.		
(2) Address	4320 Forest Park Ave Saint Louis, Missouri 63108 USA		
(3) Representative	Daniel Katzman, CEO		
(4) Type of Business	Research and development of biologically targeted adenovirus based vaccines for emerging infectious diseases		
(5) Establishment	18 February 2012 as Precision Virologics, LLC. Converted to Precision Virologics, Inc. in August 2016.		
(6) Total Paid-In Capital	Not applicable		
(7) Major Shareholders	Name/Ownership		Attribution
	Dr. David Curiel		Founder & CSO Washington University School of Medicine
	Daniel Katzman		CEO
	Oncolys BioPharma		Listed company
	Unleash Immuno Oncolytics		Private company
(8) Relationship with Oncolys	Capital	Ordinary shares: 14%	
	Personal	Board member: 1	
	Transactional	First refusal right in Asian countries with relation to all projects developed by Precision Virologics	
	Related Parties	No	
(9) Operating Performance and Financials in the previous 3 years			
Fiscal Year	Dec. 2015	Dec. 2016	Dec. 2017
Net Asset	No earnings report filed for these years as the company was converted from Precision Virologics, LLC. to Precision Virologics Inc. in August 2016.		409,512.75
Total Asset			409,512.75
Sales			-
Net Profit			-90,497.27

4. Schedule

(1) Board Resolution	16 February 2018
(2) Execution of Agreement	February 2018 (provisional)
(3) Execution of Investment	February 2018 (provisional)

5. Future Outlook

As neither Unleash nor Precision Virologics falls under the category of equity method affiliates for Oncolys, the announcement above will not significantly affect Oncolys' earnings for the fiscal year ending 31 December 2018.

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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	