

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

28 Mar 2017

Oncolys BioPharma Inc.

Announcement of a Joint Research Agreement with Osaka University for Next Generation Telomelysin®

Oncolys BioPharma (“Oncolys”) is pleased to announce that today the board of the company resolved to sign a joint research agreement with Osaka University, to design and produce the next generation Telomelysin® which is a cancer virotherapy pipeline Oncolys is currently pushing forward, and TelomeScan®, a genetically engineered adenovirus for tumor detection. The program shall be implemented in cooperation with a research group led by Dr. Hiroyuki Mizuguchi, Laboratory of Biochemistry and Molecular Biology, Advanced Pharmaco-Science, Graduate School of Pharmaceutical Sciences, Osaka University.

Currently, Oncolys has a Phase I/II clinical trial for hepatocellular cancer in progress in Taiwan and Korea, and a Phase II clinical trial for melanoma in the US. In Japan, in addition to an investigator-initiated clinical study of Telomelysin®-radiation combination therapy at Okayama University, Oncolys has its own Phase I clinical trial of Telomelysin®-radiation for esophageal cancer, while with National Cancer Center Hospital East a new investigator-initiated clinical trial of a combination therapy is in preparation.

Under the agreement, Oncolys and Osaka University will advance the research aiming to realize the new “armed” Telomelysin®, with further stronger immunity and simpler/easier administration method, in addition to the enhanced features of current Telomelysin® observed through the clinical trials and research to date, such as abscopal effects, potential as combination treatment with radiation or check-point inhibitors, and tumor-specific immune response. It is also targeted to design a new armed Telomelysin® with a specific gene which is expected to stimulate the expression of a target molecule within a tumor cell, consequently resulting in the increase in antibody titre and the improved efficacy of cancer antibodies that specifically target a certain antigen within a tumor cell.

The announcement above will not affect Oncolys’ earnings for the fiscal year ending 31 December 2017.

###

About Telomelysin® (OBP-301)

Telomelysin® is an oncolytic adenovirus in which gene is modified to be able to selectively replicate in cancer cells by introducing human telomerase reverse transcriptase (hTERT) promotor. Oncolytic adenovirus has much potential

for cancer immunotherapy because its viral replication is highly immunogenic, and oncolysis induced by such virus releases tumor epitopes and provides costimulatory danger signals. From the result of phase I clinical trial in the US, Oncolys obtained promising data showing abscopal effect in melanoma patients after single injection into one single tumor and found that not only increasing infiltration of CD8 and antigen presenting cells but diminishing Treg cells in injected tumor site. **Clinical Research:** esophageal cancer (1. Clinical investigation, in combination with radiotherapy, Okayama University, Japan 2. Radiation-combination Phase I, Japan); hepatocellular cancer (Phase I/II, with Medigen Biotechnology Corp., Taiwan/South Korea); and melanoma (Phase II, USA).

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.

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	