

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

18 January 2019

Oncolys BioPharma Inc.

Announcement of FY 2018 Earnings Forecast Revision

Oncolys BioPharma (“Oncolys”) announced, in light of recent business trends, a revisions to non-consolidated earnings forecast for the FY2018 ending December 31, 2018, as follows:

1. Revision of Non-Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2018

(JPY, million)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings Per Share
Previous forecast (A) announced on 9 Feb 2018	230	△1,400	△1,400	△1,400	△126.29
Revised forecast (B)	160	△1,250	△1,250	△1,250	△93.66
Differences (B – A)	△70	150	150	150	—
Differences (%)	△30.4	—	—	—	—
(Ref) FY2017 results	229	△1,078	△1,087	△1,090	△106.23

2. Reason for the revision

The Fiscal Year Ended Forecast was revised as above for the following reasons: For net sales, due to lower than originally anticipated development alliance revenue from Medigen Biotechnology Corp. (Taiwan) for pharmaceutical business and a few revenue from existing and no revenue from new license agreements, net sales is forecasted to be lower than originally forecasted.

The estimated losses has been revised lower for the following reasons: the sales fell short of expectations cost of sales declined to 43 million yen decrease in cost of sales due to lower than expected net sales; delay in development schedule of the sponsor-initiated Phase I clinical trial of Telomelysin (OBP-301)-Radiation combination therapy for pharmaceutical business and the TelomeScan (OBP-401) for diagnostic business related research & development cost; and the execution of the Investigator-Initiated Phase II Trial at Cornell University, (US) which was disclosed on January 7, 2019, was moved to the fiscal year ending of December 2019. With these, research and development cost of various pipelines ended lower than originally forecasted, leading to 177 million yen lower selling, general

and administrative expenses as a whole.

With all the reasons mentioned above, the estimates for the fiscal year ended December 2018 have been revised as below: sales loss 70 million yen, operating loss 1,250 million yen, ordinary loss 1,250 million yen, and net loss 1,250 million yen.

We anticipate to complete the sponsor-initiated Phase I clinical trial of Telomelysin (OBP-301)-Radiation combination therapy in Japan during FY 2019 and to begin the Investigator-Initiated Phase II Trial at Cornell University (US) during FY 2019.

(Note 1) The announcement of full-year financial results for the fiscal year ending December 31, 2018 is scheduled for February 8, 2019.

(Note 2) The above forecasts are estimated based on available information as of the date of the new business forecast announcement. The actual figures may vary due to unforeseen factors.

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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.

For more information, please visit <http://www.oncolys.com/en/>

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