

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.

15 December 2017

Oncolys BioPharma Inc.

Oncolys Announces First Milestone from License Agreement with Jiangsu Hengrui Medicine

Oncolys BioPharma (“Oncolys”) is pleased to announce that today it has been informed of the achievement of a first milestone in its license agreement with Jiangsu Hengrui Medicine Co., Ltd. (“Hengrui”) for oncolytic virus Telomelysin® (OBP-301) which was announced in a press release “Announcement of License Agreement for Telomelysin (OBP-301) in China” on November 30, 2016.

The achievement entitles Oncolys to receive a milestone payment per the license agreement, however, the financial and contractual details are not disclosed due to confidentiality and business development reasons.

No related impact on Oncolys’ earnings prediction for the FY2017 is expected for the moment. We will inform investors of any important matter from the transaction in a timely and appropriate manner.

Ends

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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:** Co-development with Medigen Biotechnology Corporation: esophageal cancer (Phase I, in combination with radiotherapy, Japan); hepatocellular cancer (Phase I/II, Taiwan/South Korea); melanoma (Phase II, USA); and solid tumors (clinical investigation, in combination with pembrolizumab, NCCHE, Japan)*

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/>

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