Notice of Establishment of Overseas Subsidiary in the US

The Board of Oncolys BioPharma ("Oncolys") is pleased to announce that it resolved at its board meeting today to establish a wholly owned subsidiary in the US as below.

1. Reasons for establishing subsidiary
   Oncolys’ board resolved to establish a 100% owned subsidiary, Oncolys USA Inc. ("Oncolys USA"), in New Jersey, to forge ahead with business development operations and R&D activities in the United States. With its new base in North America, Oncolys USA will play an active role in licensing activities for pipelines led by oncolytic virus OBP-301 (Telomelysin®), leveraging its existence in the US to enhance the relationship and to expand the network with overseas counterparties and a number of clinical trial institutions.

2. Subsidiary company outline
   (1) Company Name: Oncolys USA Inc. (provisional)
   (2) Address: New Jersey, USA (provisional)
   (3) Representative: Yasunari Kashihara, CEO
   (4) Businesses: Business Development and R&D of drugs and diagnostics agents
   (5) Capital: $1 (Additional paid-in-capital $100,000 (provisional)
   (6) Ownership: 100.0% owned by Oncolys BioPharma Inc.
   (6) Establishment: September, 2016 (provisional)

3. Future outlook
   The announcement above will not significantly affect Oncolys’ earnings for the fiscal year ending 31 December 2016. A prompt disclosure will be made in case any revisions or matters which may influence the said earnings should be anticipated.

END
About OBP-301 (Telomelysin®)

Telomelysin® is a therapeutic modality derived from adenovirus. Telomelysin® is generated by replacing the normal transcriptional regulatory element of the E1A gene in the human adenovirus type 5 with the human telomerase reverse transcriptase (hTERT) promoter. Telomerase is an enzyme expressed in approximately 90% of all types of cancer cells. The hTERT promoter is the key for the expression of telomerase, as well as for the complete replication of chromosomal ends. Telomelysin® is able to achieve a high replication rate, due to the internal ribosome entry site (IRES) gene inserted between the E1A and E1B genes. **Clinical Research**: esophageal cancer (clinical investigation, in combination with radiotherapy, Okayama University, Japan), hepatocellular cancer (Phase I/II, with Medigen Biotechnology Corp., Taiwan/South Korea), melanoma (Phase II planned in 2016).

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, OBP-301 (Telomelysin®), is based on replication-competent oncolytic virus, and is being tested in Phase I/II clinical trial in Asia, for various solid tumors. A novel cancer diagnostic product, OBP-401 (TelomeScan), 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 (Festinavir) for infectious diseases, which has completed Phase II clinical trial in the U.S. for HIV/AIDS therapy, supported by BMS. OBP-601 is a novel NRTI with highly promising safety and resistance profiles. For more additional information, please visit [www.oncolys.com](http://www.oncolys.com)

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