

November 12, 2018



# Oncolytics Biotech® Reports 2018 Third Quarter Financial Results and Provides Corporate Update

**- Checkpoint combination studies support progression into registration pathway for metastatic breast cancer and potential expansion of indications -**

**- Management to host webcast and conference call today at 8:30 a.m. ET -**

CALGARY, Alberta and SAN DIEGO, Nov. 12, 2018 (GLOBE NEWSWIRE) -- Oncolytics Biotech® Inc. (Nasdaq: ONCY) (TSX: ONC), currently developing pelareorep, an intravenously delivered immuno-oncolytic virus, today announced financial results and operational highlights for the quarter ended September 30, 2018. All dollar amounts are Canadian unless otherwise noted.

“The clinical progress and mechanistic understandings achieved with pelareorep thus far in 2018 lay the ground work for a transformational 2019. We continue to advance towards a registration study in metastatic breast cancer as we prepare to initiate our AWARE-1 window of opportunity clinical study with pelareorep and Roche’s checkpoint inhibitor, Tecentriq, in breast cancer patients,” said Dr. Matt Coffey, President and CEO of Oncolytics Biotech. “Although we originally believed that pelareorep acts foremost as a lytic agent directly killing tumor cells, we have learned pelareorep replicates efficiently in cancer cells to produce double stranded RNA and trigger an immune response to the tumor by stimulating and recruiting NK cells and T cells to target the tumor. This quarter we presented additional data confirming pelareorep stimulates expression of PD-L1 on tumor cells, thereby transforming those tumor cells into targets for the highly valued immuno-oncology checkpoint inhibitors. This expanded focus on innate and adaptive immune response better allows us to prepare for our planned studies in metastatic breast cancer, to validate recently identified therapeutic biomarkers for pelareorep, and to efficiently explore the potential for pelareorep to extend the effectiveness of checkpoint inhibitors into additional patient populations.”

## **Selected highlights since July 1, 2018**

### ***Clinical Updates***

- Established plans with pelareorep to advance the phase 3 metastatic breast cancer program and for expansion into combination trials with checkpoint inhibitors to enlist pelareorep’s immune effects and to seek validation of key therapeutic and prognostic biomarkers.
- Clinical trials announced in 2018 include:
  - AWARE-1 window of opportunity (WOO) study with pelareorep in combination with Roche’s Tecentriq® in breast cancer.

- Pelareorep plus Merck's anti-PD-1 checkpoint inhibitor Keytruda<sup>®</sup> in pancreatic cancer.
- Pelareorep plus Bristol-Myers Squibb's anti-PD-1 checkpoint inhibitor Opdivo<sup>®</sup> in multiple myeloma.
- Pelareorep plus Merck's anti-PD-1 checkpoint inhibitor Keytruda in multiple myeloma.
- Announced a Master Clinical Supply Agreement with F. Hoffmann-La Roche Ltd (Roche) to supply Tecentriq for use in the company's clinical development program.
- Presented positive phase 2 clinical trial results for pelareorep in the treatment of patients with KRAS mutant metastatic colorectal cancer at the European Society for Medical Oncology (ESMO) 2018 Congress. Thirty-six patients received treatment with FOLFIRI/B (irinotecan, fluorouracil, leucovorin, plus bevacizumab) and pelareorep. The six patients receiving treatment with the recommended study dose had progression free survival of 65.6 weeks and an overall survival of 107.5 weeks. Study results exceeded expectations when compared to analogous historical data.
- Announced a publication demonstrating that intravenously delivered oncolytic viruses, including pelareorep, effectively target tumors even in the presence of neutralizing antibodies. A publication in *Cancer Immunology Research* showed that pelareorep, a systemically delivered oncolytic reovirus, can destroy tumor cells via a monocyte-mediated process even after the virions have been exposed to antibodies designed to neutralize the reovirus.

### **Corporate Updates**

- Entered into a common stock purchase agreement for up to US\$26.0 million with Lincoln Park Capital Fund, LLC.
- Announced a US\$30.0 million At-the-Market facility with Canaccord Genuity.

### **Anticipated Milestones**

- Initiate a phase 2 study with pelareorep in combination with Merck's Keytruda in advanced pancreatic cancer in Q4 2018\*.
- Initiate a phase 1 study with pelareorep in combination with Bristol-Myers Squibb's Opdivo in multiple myeloma in Q4 2018\*.
- Initiate AWARE-1, a phase 1b WOO study with pelareorep in the neoadjuvant breast cancer setting in Q1 2019.
- Initiate a phase 1b study with pelareorep in combination with Merck's Keytruda in multiple myeloma in Q1 2019\*.
- Data from AWARE-1 study with pelareorep in breast cancer mid-2019.
- Initiate registration study with pelareorep in mBC – guidance to be provided after AWARE-1 data is available.
- Preliminary data from MUK eleven study with pelareorep in multiple myeloma mid-2019\*.

\* *Guidance provided by principle investigator*

### **Financial**

- At September 30, 2018, the company reported \$16.2 million in cash and cash equivalents.

- As at November 8, 2018, the company had an unlimited number of authorized common shares with 17,059,123 common shares issued and outstanding, 16,443,500 warrants exercisable into 1,730,894 common shares with a \$9.025 strike price and 1,093,407 options and share units.
- Operating expense for the third quarter of 2018 was \$1.5 million compared to \$1.3 million for the prior year period. R&D expense in the third quarter 2018 was \$1.9 million compared to \$1.7 million for the third quarter of 2017.
- The net loss for the third quarter of 2018 was \$3.3 million or \$0.20 per share compared to a net loss of \$3.0 million or \$0.20 per share for the period one year ago, on a consolidated basis.

### **Webcast and Conference Call**

Oncolytics management will host a conference call for Analysts and Institutional Investors at 8:30 a.m. ET today, Monday, November 12, 2018. The live call may be accessed by dialing (888) 231-8191 for callers in North America. Overseas callers should contact investor relations for the toll-free dial information for their country. A replay of this call will be available approximately two hours after the call is ended at 855-859-2056, using the replay code 6463668 and will be available for six months.

A live audio webcast of the call will be accessible on the Investor Relations page of Oncolytics' website at [www.oncolyticsbiotech.com](http://www.oncolyticsbiotech.com) and will be archived for six months.

**ONCOLYTICS BIOTECH INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(unaudited)*

| As at   | September 30,<br>2018<br>\$ | December 31,<br>2017<br>\$ |
|---|-----------------------------|----------------------------|
| <b>Assets</b>                                     |                             |                            |
| <b>Current assets</b>                             |                             |                            |
| Cash and cash equivalents                         | 16,214,347                  | 11,836,119                 |
| Contract receivable                               | —                           | 4,767,100                  |
| Other receivables                                 | 56,895                      | 37,726                     |
| Prepaid expenses                                  | 1,450,030                   | 1,176,063                  |
| <b>Total current assets</b>                       | <b>17,721,272</b>           | <b>17,817,008</b>          |
| <b>Non-current assets</b>                         |                             |                            |
| Property and equipment                            | 428,588                     | 333,441                    |
| <b>Total non-current assets</b>                   | <b>428,588</b>              | <b>333,441</b>             |
| <b>Total assets</b>                               | <b>18,149,860</b>           | <b>18,150,449</b>          |
| <b>Liabilities And Shareholders' Equity</b>       |                             |                            |
| <b>Current Liabilities</b>                        |                             |                            |
| Accounts payable and accrued liabilities          | 2,239,514                   | 3,684,023                  |
| Contract liability                                | 927,400                     | 1,545,645                  |
| Other liabilities                                 | 76,529                      | —                          |
| <b>Total current liabilities</b>                  | <b>3,243,443</b>            | <b>5,229,668</b>           |
| <b>Non-current liabilities</b>                    |                             |                            |
| Contract liability                                | 5,802,887                   | 4,636,935                  |
| Other liabilities                                 | 54,128                      | —                          |
| <b>Total non-current liabilities</b>              | <b>5,857,015</b>            | <b>4,636,935</b>           |
| <b>Total liabilities</b>                          | <b>9,100,458</b>            | <b>9,866,603</b>           |
| <b>Shareholders' equity</b>                       |                             |                            |
| Share capital                                     |                             |                            |
| Authorized: unlimited                             |                             |                            |
| Issued:   |                             |                            |
| September 30, 2018 – 16,915,325                   |                             |                            |
| December 31, 2017 – 141,805,722 pre-consolidation |                             |                            |
| December 31, 2017 – 14,926,840 post-consolidation | 283,742,409                 | 271,710,138                |
| Warrants  | 3,617,570                   | 3,617,900                  |
| Contributed surplus                               | 27,894,420                  | 27,028,238                 |
| Accumulated other comprehensive income            | 459,142                     | 373,730                    |
| Accumulated deficit                               | (306,664,139 )              | (294,446,160 )             |
| <b>Total shareholders' equity</b>                 | <b>9,049,402</b>            | <b>8,283,846</b>           |
| <b>Total liabilities and equity</b>               | <b>18,149,860</b>           | <b>18,150,449</b>          |

**ONCOLYTICS BIOTECH INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
*(unaudited)*

|   | Three Month<br>Period<br>Ending<br>September<br>30, 2018<br>\$ | Three Month<br>Period<br>Ending<br>September<br>30, 2017<br>\$ | Nine Month<br>Period<br>Ending<br>September<br>30, 2018<br>\$ | Nine Month<br>Period<br>Ending<br>September<br>30, 2017<br>\$ |
|---|--|--|---|---|
| <b>Expenses</b>   |  |  |   |   |
| Research and development  | 1,929,405  | 1,726,726  | 6,909,713   | 6,913,470   |
| Operating   | 1,468,262  | 1,309,607  | 4,869,617   | 4,054,450   |
| <b>Loss before the following</b>  | <b>(3,397,667 )</b>  | <b>(3,036,333 )</b>  | <b>(11,779,330 )</b>  | <b>(10,967,920 )</b>  |
| Interest  | 61,880   | 31,759   | 109,308   | 96,637  |
| <b>Loss before income taxes</b>   | <b>(3,335,787 )</b>  | <b>(3,004,574 )</b>  | <b>(11,670,022 )</b>  | <b>(10,871,283 )</b>  |
| Income tax (expense) recovery   | (79 )  | 168  | (547,957 )  | 16  |
| <b>Net loss</b>   | <b>(3,335,866 )</b>  | <b>(3,004,406 )</b>  | <b>(12,217,979 )</b>  | <b>(10,871,267 )</b>  |
| <b>Other comprehensive (loss) income items that may be reclassified to net loss</b> |  |  |   |   |
| Translation adjustment  | (49,238 )  | (126,846 )   | 85,412  | (192,334 )  |
| <b>Net comprehensive loss</b>   | <b>(3,385,104 )</b>  | <b>(3,131,252 )</b>  | <b>(12,132,567 )</b>  | <b>(11,063,601 )</b>  |
| <b>Basic and diluted loss per common share</b>                                      | <b>(0.20 )</b>   | <b>(0.20 )</b>   | <b>(0.78 )</b>  | <b>(0.80 )</b>  |
| <b>Weighted average number of shares (basic and diluted)</b>                        | <b>16,540,612</b>  | <b>14,685,871</b>  | <b>15,646,117</b>   | <b>13,625,411</b>   |

**ONCOLYTICS BIOTECH INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
*(unaudited)*

|  | Share Capital<br>\$ | Warrants<br>\$   | Contributed<br>Surplus<br>\$ | Accumulated<br>Other<br>Comprehensive<br>Income<br>\$ | Accumulated<br>Deficit<br>\$ | Total<br>\$       |
|--|---------------------|------------------|------------------------------|---|------------------------------|-------------------|
| As at December 31, 2016                            | 262,321,825         | —                | 26,643,044                   | 554,060   | (278,829,309 )               | 10,689,620        |
| Net loss and other comprehensive loss              | —                   | —                | —                            | (192,334 )  | (10,871,267 )                | (11,063,601 )     |
| Issued pursuant to "At the Market" agreement       | 1,479,065           | —                | —                            | —   | —                            | 1,479,065         |
| Issued pursuant to public offering                 | 7,893,600           | 3,617,900        | —                            | —   | —                            | 11,511,500        |
| Issued pursuant to stock option plan               | 536,949             | —                | (193,509 )                   | —   | —                            | 343,440           |
| Share based compensation                           | —                   | —                | 438,044                      | —   | —                            | 438,044           |
| Share issue costs                                  | (1,331,770 )        | —                | —                            | —   | —                            | (1,331,770 )      |
| <b>As at September 30, 2017</b>                    | <b>270,899,669</b>  | <b>3,617,900</b> | <b>26,887,579</b>            | <b>361,726</b>  | <b>(289,700,576 )</b>        | <b>12,066,298</b> |
| As at December 31, 2017                            | 271,710,138         | 3,617,900        | 27,028,238                   | 373,730   | (294,446,160 )               | 8,283,846         |
| Net loss and other comprehensive income            | —                   | —                | —                            | 85,412  | (12,217,979 )                | (12,132,567 )     |
| Issued pursuant to "At the Market" agreement       | 553,650             | —                | —                            | —   | —                            | 553,650           |
| Issued pursuant to public offering                 | 11,606,882          | —                | —                            | —   | —                            | 11,606,882        |
| Issued pursuant to Common Stock Purchase Agreement | 1,906,152           | —                | —                            | —   | —                            | 1,906,152         |
| Issued pursuant to stock option plan               | 178,322             | —                | (66,635 )                    | —   | —                            | 111,687           |
| Issued pursuant to warrant agreement               | 1,747               | (330 )           | —                            | —   | —                            | 1,417             |
| Share based compensation                           | —                   | —                | 932,817                      | —   | —                            | 932,817           |
| Share issue costs                                  | (2,214,482 )        | —                | —                            | —   | —                            | (2,214,482 )      |
| <b>As at September 30, 2018</b>                    | <b>283,742,409</b>  | <b>3,617,570</b> | <b>27,894,420</b>            | <b>459,142</b>  | <b>(306,664,139 )</b>        | <b>9,049,402</b>  |

**ONCOLYTICS BIOTECH INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(unaudited)*

|   | Three Month<br>Period<br>Ending<br>September<br>30, 2018<br>\$ | Three Month<br>Period<br>Ending<br>September<br>30, 2017<br>\$ | Nine Month<br>Period<br>Ending<br>September<br>30, 2018<br>\$ | Nine Month<br>Period<br>Ending<br>September<br>30, 2017<br>\$ |
|---|--|--|---|---|
| <b>Operating Activities</b>                                 |  |  |   |   |
| Net loss for the period                                     | (3,335,866 )   | (3,004,406 )   | (12,217,979 )   | (10,871,267 )   |
| Depreciation - property and equipment                       | 26,698   | 20,591   | 67,682  | 70,315  |
| Share based compensation                                    | 236,607  | 148,447  | 932,817   | 438,044   |
| Unrealized foreign exchange loss (gain)                     | 82,643   | (6,414 )   | (19,702 )   | (119,058 )  |
| Onerous lease contract                                      | 67,588   | —  | 67,588  | —   |
| Amortization - lease incentive liability                    | 12,494   | —  | 12,494  | —   |
| Net change in non-cash working capital                      | (596,779 )   | (331,590 )   | 3,630,991   | (1,186,142 )  |
| <b>Cash used in operating activities</b>                    | <b>(3,506,615 )</b>  | <b>(3,173,372 )</b>  | <b>(7,526,109 )</b>   | <b>(11,668,108 )</b>  |
| <b>Investing Activities</b>                                 |  |  |   |   |
| Acquisition of property and equipment                       | (40,094 )  | (9,451 )   | (120,156 )  | (95,337 )   |
| Redemption of short-term investments                        | —  | —  | —   | 2,088,800   |
| <b>Cash (used in) provided by investing activities</b>      | <b>(40,094 )</b>   | <b>(9,451 )</b>  | <b>(120,156 )</b>   | <b>1,993,463</b>  |
| <b>Financing Activities</b>                                 |  |  |   |   |
| Proceeds from "At the Market" equity distribution agreement | —  | 733,171  | 520,315   | 1,292,698   |
| Proceeds from public offering                               | —  | —  | 10,188,526  | 10,366,098  |
| Proceeds from Common Stock Purchase Agreement               | 1,143,361  | —  | 1,143,361   | —   |
| Proceeds from exercise of options                           | 87,777   | 48,090   | 111,687   | 343,440   |
| Proceeds from exercise of warrants                          | —  | —  | 1,417   | —   |
| <b>Cash provided by financing activities</b>                | <b>1,231,138</b>   | <b>781,261</b>   | <b>11,965,306</b>   | <b>12,002,236</b>   |
| <b>(Decrease) increase in cash</b>                          | <b>(2,315,571 )</b>  | <b>(2,401,562 )</b>  | <b>4,319,041</b>  | <b>2,327,591</b>  |
| Cash and cash equivalents, beginning of period              | 18,741,347   | 16,676,298   | 11,836,119  | 12,034,282  |
| Impact of foreign exchange on cash and cash equivalents     | (211,429 )   | (241,092 )   | 59,187  | (328,229 )  |
| <b>Cash and cash equivalents, end of period</b>             | <b>16,214,347</b>  | <b>14,033,644</b>  | <b>16,214,347</b>   | <b>14,033,644</b>   |

To view the Company's Fiscal 2018 Third Quarter Consolidated Financial Statements, related Notes to the Consolidated Financial Statements, and Management's Discussion and Analysis, please see the Company's filings, which will be available at [www.sedar.com](http://www.sedar.com), [www.sec.gov](http://www.sec.gov) and on Oncolytics' website at <http://www.oncolyticsbiotech.com/investor-centre/financials/>.

### **About Pelareorep**

Pelareorep is a non-pathogenic, proprietary isolate of the unmodified reovirus: a first-in-class intravenously delivered immuno-oncolytic virus for the treatment of solid tumors and hematological malignancies. The compound induces selective tumor lysis and promotes an inflamed tumor phenotype through innate and adaptive immune responses to treat a variety of cancers and has been demonstrated to be able to escape neutralizing antibodies found in patients.

### **About Oncolytics Biotech Inc.**

Oncolytics is a biotechnology company developing pelareorep, an intravenously delivered immuno-oncolytic virus. The compound induces selective tumor lysis and promotes an inflamed tumor phenotype -- turning "cold" tumors "hot" -- through innate and adaptive immune responses to treat a variety of cancers. Oncolytics' clinical development program

emphasizes three pillars: chemotherapy combinations to trigger selective tumor lysis and immuno-therapy and immune modulator (IMiD) combinations to produce innate and adaptive immune responses. Oncolytics is currently conducting and planning additional studies in combination with checkpoint inhibitors and targeted and IMiD therapies in solid and hematological malignancies, as it prepares for a phase 3 registration study in metastatic breast cancer. For further information, please visit: [www.oncolyticsbiotech.com](http://www.oncolyticsbiotech.com).

*This press release contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended and forward-looking information under applicable Canadian securities laws (such forward-looking statements and forward-looking information are collectively referred to herein as “forward-looking statements”). Forward-looking statements, including the Company's belief as to the potential and mode of action of REOLYSIN, also known as pelareorep, as a cancer therapeutic; the collaboration between Merck and USC using pelareorep, including the timing, enrollment and potential benefits to the Company thereof; and other statements related to anticipated developments in the Company's business and technologies involve known and unknown risks and uncertainties, which could cause the Company's actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, among others, the availability of funds and resources to pursue research and development projects, the efficacy of pelareorep as a cancer treatment, the success and timely completion of clinical studies and trials, the Company's ability to successfully commercialize pelareorep, uncertainties related to the research and development of pharmaceuticals, uncertainties related to the regulatory process and general changes to the economic environment. Investors should consult the Company's quarterly and annual filings with the Canadian and U.S. securities commissions for additional information on risks and uncertainties relating to the forward-looking statements. Investors are cautioned against placing undue reliance on forward-looking statements. The Company does not undertake to update these forward-looking statements, except as required by applicable laws.*

**Company Contact**

Michael Moore  
Vice President, Investor Relations & Corporate Communications  
858-886-7813  
[mmoore@oncolytics.ca](mailto:mmoore@oncolytics.ca)

**Investor Relations**

Robert Uhl  
Westwicke Partners  
858-356-5932  
[robert.uhl@westwicke.com](mailto:robert.uhl@westwicke.com)

**Media Contact**

Jason Spark  
Canale Communications  
619-849-6005  
[jason@canalecomm.com](mailto:jason@canalecomm.com)



Source: Oncolytics Biotech, Inc.