Second Quarter Report

June 30, 2025

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2025

August 7, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis should be read in conjunction with our unaudited condensed interim consolidated financial statements and notes thereto as at and for the three and six months ended June 30, 2025, and should also be read in conjunction with the audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contained in our annual report for the year ended December 31, 2024. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all references to "$" and "dollars" in this discussion and analysis mean thousands of Canadian dollars.

All references in this MD&A to "the Company," "Oncolytics," "we," "us," or "our" and similar expressions refer to Oncolytics Biotech Inc. and the subsidiaries through which it conducts its business unless otherwise indicated.

Forward-Looking Statements

The following discussion contains forward-looking statements, within the meaning of Section 21E of the United States *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:

- our belief as to the potential and mechanism of action of pelareorep, an intravenously delivered immunotherapeutic agent, as a cancer therapeutic;
- our business strategy, goals, focus, and objectives for the development of pelareorep, including our primary focus on advancing our first-line metastatic pancreatic ductal adenocarcinoma to a registration-enabled clinical study and our exploration of opportunities for registrational programs and investigator sponsored trials in hormone receptor-positive / human epidermal growth factor 2-negative advanced and metastatic breast cancer and other gastrointestinal cancers, including anal cancer, through our GOBLET platform study, and colorectal cancer through potential investigator sponsored trials;
- our expectation that we will obtain regulatory clarity on a registration-enabled study for first-line mPDAC by the end of 2025;
- our expectation that pelareorep’s ability to enhance innate and adaptive immune responses within the tumor microenvironment will play an increasingly important role as our clinical development program advances, and our belief that this approach increases opportunities for expanding our clinical program and business development and partnering opportunities, has the most promise for generating clinically impactful data and offers the most expeditious path to regulatory approval;
- our belief that by priming the immune system with pelareorep, we can increase the proportion of patients who respond to various cancer treatments, including immunotherapies, especially in cancers where existing treatment regimens have failed or provided limited benefit;
- our expectation that we will incur substantial losses and will not generate significant revenues until and unless pelareorep becomes commercially viable;
- our estimations that we can fund operations into the first quarter of 2026;
- our plans to fund ongoing operations by raising additional funds through the sale of our common shares or other capital resources, such as strategic collaborations and debt;
- the availability of additional liquidity and the terms thereof;
- the potential consequences of failing to secure adequate additional funding;
- our ability to reduce or eliminate planned expenditures to extend our operating runway if additional financing cannot be obtained when required;
- our plans to continue working with various collaborators, academics, and stakeholders on the most effective path forward for breast cancer, anal cancer, and colorectal cancer;
- the focus of and plans for our manufacturing program and our belief that we have sufficient drug supply to support our clinical development program;
- our plans to protect our intellectual property;
- our ongoing evaluation of all types of financing arrangements;
- the sale of securities under the Form F-10 (as defined herein) and our intention to establish a new base shelf prospectus in the near term on either Form F-3 or Form S-3;

- our intention to terminate our ATM equity distribution agreement with Cantor and share purchase agreement with Alumni;
- our intention to delist from the TSX;
- our expectation that we will continue to access equity arrangements to help support our operations;
- our objective to maintain adequate cash reserves to support our planned activities, including our clinical trial program, product manufacturing, administrative costs and intellectual property protection and the methods used to achieve such objective;
- our continued management of our research and development plan, and potential changes to our contractual commitments and obligations that may result from changes to the plan;
- our expectation to fund our expenditure requirements and commitments with existing working capital;
- the judgment applied in assessing our ability to continue as a going concern and the material uncertainties that raise substantial doubt on our ability to continue as a going concern;
- our belief that we are not able to fund our operations for at least the next twelve months from the balance sheet date with the cash and cash equivalents on hand;
- the factors that affect our cash usage;
- our expectation that we will increase our spending in connection with the research and development of pelareorep over the next several years as we look to advance pelareorep into later stages of clinical development and the increased costs associated with later stages of clinical development;
- our expectation that we will continue to incur additional costs associated with operating as a public company;
- the factors that may affect the probability of successful commercialization of pelareorep;
- our approach to credit, interest rate, foreign exchange, and liquidity risk mitigation, and our expectations with respect to the likelihood of these risks;
- our anticipated use of the remaining proceeds raised as part of our 2023 public offering of common shares and warrants;
- the effectiveness of our internal control systems; and
- and other statements that are not historical facts or which are related to anticipated developments in our business and technologies.

In any forward-looking statement in which we express an expectation or belief as to future results, such expectations or beliefs are expressed in good faith and are believed to have a reasonable basis, but there can be no assurance that the statement or expectation, or belief will be achieved. Forward-looking statements involve known and unknown risks and uncertainties, which could cause our actual results to differ materially from those in the forward-looking statements.

Such risks and uncertainties include, among others, the need for and 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, our ability to successfully commercialize pelareorep, uncertainties related to the research, development, and manufacturing of pelareorep, uncertainties related to competition, changes in technology, the regulatory process, and general changes to the economic environment.

With respect to the forward-looking statements made within this MD&A, we have made numerous assumptions regarding, among other things: our ability to recruit and retain employees, our continued ability to obtain financing to fund our clinical development plan, our ability to receive regulatory approval to commence enrollment in the clinical studies which are part of our clinical development plan, our ability to maintain our supply of pelareorep, and future expense levels being within our current expectations.

Investors should consult our 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. Forward-looking statements are based on assumptions, projections, estimates, and expectations of management at the time such forward-looking statements are made, and such assumptions, projections, estimates and/or expectations could change or prove to be incorrect or inaccurate. Investors are cautioned against placing undue reliance on forward-looking statements. We do not undertake any obligation to update these forward-looking statements except as required by applicable law.

Company Overview

We are a clinical-stage biopharmaceutical company developing pelareorep, a well-tolerated intravenously delivered immunotherapeutic agent that activates the innate and adaptive immune systems and weakens tumor defense mechanisms. This improves the ability of the immune system to fight cancer, making tumors more susceptible to a broad range of oncology treatments.

Pelareorep is a proprietary isolate of reovirus, a naturally occurring, non-pathogenic double-stranded RNA (dsRNA) reovirus commonly found in environmental waters. Pelareorep has shown promising results in changing the tumor microenvironment (TME). This creates a more immunologically favorable TME, making the tumor more susceptible to various treatment combinations. These treatments include chemotherapies, checkpoint inhibitors, and other immuno-oncology approaches such as CAR T therapies, bispecific antibodies, and CDK4/6 inhibitors. Pelareorep induces a new army of tumor-reactive T cells, helps these cells to infiltrate the tumor through an inflammatory process, and upregulates the expression of PD-1/PD-L1. By priming the immune system with pelareorep, we believe we can increase the proportion of patients who respond to various cancer treatments, including immunotherapies, especially in cancers where existing treatment regimens have failed or provided limited benefit.

As our clinical development program advances, we anticipate pelareorep's ability to enhance innate and adaptive immune responses within the TME will play an increasingly important role. This greatly increases opportunities for expanding our clinical program, business development, and partnering opportunities to address a broad range of cancers in combination with various other therapies. We believe this approach has the most promise for generating clinically impactful data and offers the most expeditious path to regulatory approval.

Our primary focus is to advance our first-line metastatic pancreatic ductal adenocarcinoma program to a registration-enabled clinical study. In addition, we are exploring opportunities for registrational programs and investigator sponsored trials in hormone receptor-positive / human epidermal growth factor 2-negative (HR+/HER2-) advanced and metastatic breast cancer and other gastrointestinal cancers, including anal cancer, through our GOBLET platform study, and colorectal cancer through potential investigator sponsored trials.

Going Concern

We have not been profitable since our inception and expect to continue to incur substantial losses as we continue research and development efforts. We do not expect to generate significant revenues until and unless pelareorep becomes commercially viable. As at June 30, 2025, we had cash and cash equivalents of $14,626. We estimate we can currently fund our operations into the first quarter of 2026. We plan on raising additional funds through the sale of our common shares or other capital resources, such as strategic collaborations and debt, to fund our ongoing operations. However, given the difficulty for micro-cap market capitalization companies to raise significant capital, there can be no assurance that additional liquidity will be available under acceptable terms or at all. Furthermore, if we are unable to obtain additional financing when required, there can be no assurance that we will be able to sufficiently reduce or eliminate our planned expenditures to extend our operating runway. These material uncertainties raise substantial doubt on our ability to continue as a going concern. See further discussion in "*Liquidity and Capital Resources"*.

Program Development Updates and Outlook

The following are the development updates and outlook for each of our programs for the three months ended June 30, 2025, through to the date hereof:

Clinical Trial Program

In the second quarter of 2025, we presented data from GOBLET's first-line metastatic PDAC (mPDAC) cohort at the 2025 American Society of Clinical Oncology (ASCO) Annual Meeting. The data highlights pelareorep's mechanism of action in PDAC, offering new insights into how this immunotherapy stimulates multiple arms of the immune system and primes tumors for treatment. Highlights from the poster include:

- Pelareorep initiates the expansion of reovirus-specific T cells that are associated with favorable clinical responses at week 24
- Pelareorep increases cytokines and chemokines associated with altering the tumor microenvironment to allow anti-viral and anti-tumor T cells to attack the tumor
- The presence of tumor-infiltrating lymphocytes clones in the blood before treatment and the expansion of these clones in the blood post-treatment are associated with favorable clinical responses
- Previously reported efficacy results from GOBLET Cohort 1, which is evaluating the therapeutic regimen of pelareorep, nab-paclitaxel, gemcitabine, and atezolizumab (Tecentriq®) in first-line mPDAC patients, showed a 62% overall response rate, an 85% disease control rate, and a 45% 12-month survival rate

We are actively evaluating multiple strategic partnership options to advance the development of pelareorep. We expect to obtain regulatory clarity on a registration-enabled study for first-line mPDAC by the end of 2025. In parallel, we continue to engage with collaborators, academic partners, and other stakeholders to determine the most effective path forward for pelareorep in breast cancer, anal cancer, and colorectal cancer.

Manufacturing and Process Development

While we currently have sufficient drug product supply to support our clinical development program, including for a registration-enabled study in mPDAC, we continued our activities to expand our production capabilities as we focus on advancing our active drug substance and finished drug product toward registration and commercial readiness. During the second quarter of 2025, we completed an engineering run with a secondary fill/finish supplier. We also incurred storage and distribution costs to maintain our product supply. Ongoing bulk manufacturing and expanded filling capabilities are both part of the planned process validation. Continued process validation is required to ensure that the resulting product meets the specifications and quality standards and will form part of our submission to regulators, including the FDA, for product approval.

In 2025, our manufacturing program will focus on filling product with a secondary fill/finish supplier, completing a formal assessment of the drug substance production process in preparation for performance qualification, executing a cGMP production run, completing the potency assay validation, and supply distribution for our ongoing and planned studies.

Intellectual Property

At the end of the second quarter of 2025, we had 147 patents, including 11 U.S. and 7 Canadian patents, and issuances in other jurisdictions. We have an extensive patent portfolio covering pelareorep and formulations that we use in our clinical trial program. We also have patents covering methods for manufacturing pelareorep and screening for susceptibility to pelareorep. These patent rights extend to at least the end of 2031. We are continuing to analyze additional patent protections and have placed an emphasis on patent extension strategy. In addition, we have made patent applications that we expect to extend certain patent protection and grant new rights into the 2040s.

Financing Activity

U.S. "at-the-market" (ATM) equity distribution agreement

During the three months ended June 30, 2025, we sold 3,266,024 common shares for gross proceeds of $2,486 (US$1,823) at an average price of $0.76 (US$0.56). We received proceeds of $2,412 (US$1,768) after commissions of $74 (US$55). In total, we incurred share issue costs (including commissions) of $93.

Share purchase agreement with Alumni Capital LP

On April 10, 2025, we entered into a share purchase agreement with Alumni Capital LP (Alumni), an institutional investor. Under the terms of the agreement, we have the right to sell, and Alumni has the obligation to purchase up to US$20 million worth of common shares over a 15-month period based on the market price at the time of each sale to Alumni. The agreement limits Alumni's beneficial ownership to 4.99% of our common shares outstanding immediately prior to each sale, which can be increased to 9.99% upon mutual agreement. The agreement also limits our sale of common shares to 19.99% of our total outstanding common shares as at the date that the share purchase agreement was entered into, unless and until we have obtained shareholder approval under applicable Nasdaq rules. Subject to the terms of the agreement, we have sole discretion over the timing and amount of all common share sales. We issued an initial commitment fee of 816,326 common shares at the execution of the agreement. An additional 816,326 common shares will be issued on a pro rata basis upon the delivery of purchase notices as an additional commitment fee.

During the three months ended June 30, 2025, we sold 6,650,000 common shares for gross proceeds of $3,233 (US$2,348) at an average price of $0.49 (US$0.35). We also issued 816,326 initial commitment and 95,826 additional commitment shares fair valued at $608 (US$435). In total, we incurred share issue costs (including the initial commitment and additional commitment fees) of $759.

Cash Resources

We ended the second quarter of 2025 with cash and cash equivalents of $14,626 (see "*Liquidity and Capital Resources")*.

Other Corporate Matters

- In June 2025, we appointed Jared Kelly as our new Chief Executive Officer and a member of our Board of Directors, and Andrew Aromando as our Chief Business Officer.

- On July 22, 2025, we received a formal letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") informing us that we have regained compliance with the minimum bid price requirement under Listing Rule 5550(a)(2) (the "Minimum Bid Price Requirement"). The Company is now in compliance with all Nasdaq listing standards. As previously announced in the first quarter of 2025, we received a delinquency notification letter from the Nasdaq that our common shares failed to maintain a minimum price of US$1.00 over the previous 30 consecutive business days as required by the Minimum Bid Price Requirement.

- On August 8, 2025, we announced that we are voluntarily delisting from the Toronto Stock Exchange (“the TSX”), effective August 22, 2025. Once delisted from the TSX, our common shares will continue to trade on the Nasdaq Capital Market. As a result of our voluntary delisting from the TSX, we have terminated our ATM equity distribution agreement with Cantor Fitzgerald & Co. and our share purchase agreement with Alumni.

Results of Operations

Comparison of the three months ended June 30, 2025, and 2024:

Unless otherwise indicated, all amounts below are presented in thousands of Canadian dollars, except for share amounts.

Net loss for the three months ended June 30, 2025, was $6,165 compared to $7,256 for the three months ended June 30, 2024.

Research and Development Expenses ("R&D")

Our R&D expenses decreased by $1,749 from $4,558 for the three months ended June 30, 2024, to $2,809 for the three months ended June 30, 2025. The following table summarizes our R&D expenses for the three months ended June 30, 2025, and 2024:

	Three Months Ended June 30,		
	2025	2024	Change
Clinical trial expenses	**$ 588**	$ 2,164	$ (1,576)
Manufacturing and related process development expenses	**592**	662	(70)
Intellectual property expenses	**119**	72	47
Personnel-related expenses	**1,256**	1,288	(32)
Share-based compensation expense	**219**	310	(91)
Other expenses	**35**	62	(27)
Research and development expenses	**$ 2,809**	$ 4,558	$ (1,749)

R&D expenses decreased in the second quarter of 2025, primarily due to lower clinical trial costs. This reduction was largely driven by lower BRACELET-1 study costs as the study was completed in 2024. We also incurred planning-related expenses as part of our preliminary collaboration with the Global Coalition for Adaptive Research ("GCAR") in the second quarter of 2024. In the second quarter of 2025, we focused our R&D efforts on patient enrollment and sample analysis for Cohort 5 of the GOBLET study. These activities were supported by the PanCAN Therapeutic Accelerator Award, of which $827 of the funds received were applied.

General and Administrative Expenses ("G&A")

Our G&A expenses decreased by $465 from $3,362 for the three months ended June 30, 2024, to $2,897 for the three months ended June 30, 2025. The following table summarizes our G&A expenses for the three months ended June 30, 2025, and 2024:

	Three Months Ended June 30,		
	2025	2024	Change
Public company-related expenses	**$ 1,435**	$ 2,275	$ (840)
Personnel-related expenses	**935**	667	268
Office expenses	**129**	126	3
Share-based compensation expense	**304**	196	108
Depreciation - property and equipment	**25**	28	(3)
Depreciation - right-of-use assets	**69**	70	(1)
General and administrative expenses	**$ 2,897**	$ 3,362	$ (465)

G&A expenses decreased in the second quarter of 2025, primarily due to lower public company-related expenses. This change was caused by lower investor relations activities, reduced Board of Directors fees as restricted share awards were granted in lieu of cash compensation, and the timing of annual general meeting-related expenses, with the 2025 meeting scheduled to occur in the third quarter of 2025. The above decrease was partially offset by higher personnel-related expenses associated with changes to our management team.

Change in fair value of warrant derivative

In the second quarter of 2025, we recognized a loss of $196 on the change in fair value of our warrant derivative compared to a gain of $235 in the second quarter of 2024. In the second quarter of 2025, the underlying market price of these warrants changed from US$0.55 at March 31, 2025, to US$0.76 at June 30, 2025. In the second quarter of 2024, the underlying market

price of these warrants changed from US$1.07 at March 31, 2024, to US$0.99 at June 30, 2024. The number of outstanding warrants was 7,667,050 at June 30, 2025, and March 31, 2025.

Foreign Exchange

Our foreign exchange losses were $282 for the second quarter of 2025 compared to gains of $184 for the second quarter of 2024. The foreign exchange impact mainly reflected the fluctuation of the U.S. dollar versus the Canadian dollar throughout the respective periods, primarily on our U.S. dollar-denominated cash and cash equivalents.

Comparison of the six months ended June 30, 2025, and 2024:

Net loss for the six months ended June 30, 2025, was $12,852 compared to $14,150 for the six months ended June 30, 2024.

Research and development expenses ("R&D")

Our R&D expenses decreased by $3,409 from $10,301 for the six months ended June 30, 2024, to $6,892 for the six months ended June 30, 2025. The following table summarizes our R&D expenses for the six months ended June 30, 2025, and 2024:

	Six Months Ended June 30,		
	2025	**2024**	**Change**
Clinical trial expenses	**$ 1,104**	$ 2,966	$ (1,862)
Manufacturing and related process development expenses	**1,170**	3,840	(2,670)
Intellectual property expenses	**268**	198	70
Personnel-related expenses	**3,156**	2,559	597
Share-based compensation expense	**1,111**	650	461
Other expenses	**83**	88	(5)
Research and development expenses	**$ 6,892**	$ 10,301	$ (3,409)

R&D expenses decreased for the six months ended June 30, 2025, primarily due to the following:

- Decreased clinical trial expenses mainly due to lower BRACELET-1 study costs as the study was completed in 2024. We also incurred planning-related expenses as part of our preliminary collaboration with GCAR in 2024. During the six months ended June 30, 2025, we focused our R&D efforts on patient enrollment and sample analysis for Cohort 5 of the GOBLET study. These activities were supported by the PanCAN Therapeutic Accelerator Award, of which $1,663 of the funds received were applied; and
- Decreased manufacturing and related process development expenses as we completed a cGMP production run and the related batch testing during the same period in the prior year.

The above decreases were partially offset by higher personnel-related expenses and share-based expense associated with CEO transition activities.

General and administrative expenses ("G&A")

Our G&A expenses decreased by $532 from $6,345 for the six months ended June 30, 2024, to $5,813 for the six months ended June 30, 2025. The following table summarizes our G&A expenses for the six months ended June 30, 2025, and 2024:

	Six Months Ended June 30,		
	2025	**2024**	**Change**
Public company-related expenses	**$ 3,108**	$ 4,119	$ (1,011)
Personnel-related expenses	**1,647**	1,320	327
Office expenses	**247**	253	(6)
Share-based compensation expense	**620**	432	188
Depreciation - property and equipment	**51**	56	(5)
Depreciation - right-of-use assets	**140**	165	(25)
General and administrative expenses	**$ 5,813**	$ 6,345	$ (532)

G&A expenses decreased for the six months ended June 30, 2025, primarily due to lower public company-related expenses. This change was caused by lower investor relations activities, reduced Board of Directors fees as restricted share awards were granted in lieu of cash compensation, and the timing of annual general meeting-related expenses with the 2025 meeting scheduled to occur in the third quarter of 2025.

The above decrease was partially offset by higher personnel-related expenses associated with changes to our management team and increased share-based compensation expense, reflecting the impact of the restricted share awards granted to our Board of Directors during the period and the vesting of options granted in prior periods.

Change in fair value of warrant derivative

For the six months ended June 30, 2025, we recognized gains of $44 on the change in fair value of our warrant derivative compared to $1,104 for the six months ended June 30, 2024. For the six months ended June 30, 2025, the underlying market price of these warrants changed from US$0.92 at December 31, 2024, to US$0.76 at June 30, 2025. For the six months ended June 30, 2024, the underlying market price of these warrants changed from US$1.35 at December 31, 2023, to US$0.99 at June 30, 2024. The number of outstanding warrants was 7,667,050 at June 30, 2025, and December 31, 2024.

Foreign exchange

Our foreign exchange losses for the six months ended June 30, 2025, were $333 compared to gains of $701 for the six months ended June 30, 2024. The foreign exchange impact mainly reflected the fluctuation of the U.S. dollar versus the Canadian dollar throughout the respective periods, primarily on our U.S. dollar-denominated cash and cash equivalents.

Summary of Quarterly Results

Historical patterns of expenditures cannot be taken as an indication of future expenditures. Our current and future expenditures are subject to numerous uncertainties, including the duration, timing, and costs of R&D activities ongoing during each period and the availability of funding from investors and prospective partners. As a result, the amount and timing of expenditures and, therefore, liquidity and capital resources may vary substantially from period to period.

	2025		2024				2023	
	Jun.[3]	Mar.[3]	Dec.[3]	Sept.[3]	Jun.[3]	Mar.[3]	Dec.[3]	Sept.
Revenue	—	—	—	—	—	—	—	—
Net loss[1][2]	(6,165)	(6,687)	(8,017)	(9,543)	(7,256)	(6,894)	(3,949)	(9,925)
Basic and diluted loss per common share[1][2]	$ (0.07)	$ (0.08)	$ (0.10)	$ (0.12)	$ (0.10)	$ (0.09)	$ (0.05)	$ (0.14)
Total assets[4]	19,974	19,702	20,187	24,262	32,069	34,750	38,820	46,089
Total cash, cash equivalents, and marketable securities[4]	14,626	15,303	15,942	19,598	24,850	29,603	34,912	39,981
Total long-term debt	—	—	—	—	—	—	—	—
Cash dividends declared[5]	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Included in consolidated net loss and loss per common share were share-based compensation expenses of $523, $1,208, $1,196, $445, $506, $576, $759, and $599, respectively.
(2) Included in consolidated net loss and loss per common share were foreign exchange (losses) gains of $(282), $(51), $382, $(122), $184, $517, $(392), and $310, respectively.
(3) Included in consolidated net loss and loss per common share were (losses) gains resulting from a change in fair value of warrant derivative of $(196), $240, $(91), $229, $235, $869, and $4,846, respectively.
(4) We raised net cash proceeds of $5,475, $5,993, $3,439, nil, $2,040, $1,598, $1,846, and $20,802, respectively, from issuing common shares.
(5) We have not declared or paid any dividends since incorporation.

During the quarter ended September 30, 2023, we completed an engineering production run, resulting in higher manufacturing and related process development expenses. We also incurred higher public company-related expenses associated with higher investor relations activities and the portion of the 2023 public offering transaction costs allocated to warrants. During the quarter ended September 30, 2024, we completed a cGMP production run, resulting in higher manufacturing and related process development expenses. During the quarters ended December 31, 2024, and 2023, we incurred expenses related to annual short-term incentive awards.

Liquidity and Capital Resources

As a clinical-stage biopharmaceutical company, we have not been profitable since our inception. We expect to continue to incur substantial losses as we continue our research and development efforts. We do not expect to generate significant revenues until and unless pelareorep becomes commercially viable. See "*Operating Capital Requirements*" below for the discussion on our ability to continue as a going concern. To date, we have funded our operations mainly through issuing additional capital via public offerings, equity distribution arrangements, and the exercise of warrants and stock options. For the six months ended June 30, 2025, we raised funds through our U.S. ATM and share purchase agreement.

We have no assurances that we will be able to raise additional funds through the sale of our common shares. Consequently, we will continue to evaluate all types of financing arrangements, such as strategic collaborations and debt, to fund our ongoing operations.

As at June 30, 2025, we had an effective Form F-10 short form base shelf prospectus (the "Form F-10") that qualified for distribution of up to $150 million of common shares, subscription receipts, warrants, or units (the "Securities") in either Canada, the U.S. or both. Under the Form F-10, we may sell Securities to or through underwriters, dealers, placement agents, or other intermediaries. We may also sell Securities directly to purchasers or through agents, subject to obtaining any applicable exemption from registration requirements. The distribution of Securities may be performed from time to time in one or more transactions at a fixed price or prices, which may be subject to change, at market prices prevailing at the time of sale or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying Prospectus Supplement. Our Form F-10 allowed us to enter into our U.S. ATM equity distribution agreement and share purchase agreement (see note 7 in our condensed interim consolidated financial statements).

Subsequent to June 30, 2025, we voluntarily delisted from the TSX effective August 22, 2025. Consequently, our Form F-10 will no longer be effective, necessitating the termination of our U.S. ATM and share purchase agreements. We intend to establish a new base shelf prospectus in the near term on either Form F-3 or Form S-3.

As at June 30, 2025, and December 31, 2024, we had cash and cash equivalents as follows:

	June 30, 2025	December 31, 2024
Cash and cash equivalents	**$ 14,626**	$ 15,942

We have no debt other than accounts payable and accrued liabilities and lease liabilities. We have commitments relating to completing our research and development of pelareorep.

The following table summarizes our cash flows for the periods indicated:

	Six Months Ended June 30,		
	2025	2024	Change
Cash used in operating activities	**$ (11,969)**	$ (14,288)	$ 2,319
Cash used in investing activities	**—**	(201)	201
Cash provided by financing activities	**11,263**	3,470	7,793
Impact of foreign exchange on cash and cash equivalents	**(610)**	957	(1,567)
Decrease in cash and cash equivalents	**$ (1,316)**	$ (10,062)	$ 8,746

Cash used in operating activities

The decrease reflected lower net operating activities in 2025, partially offset by higher non-cash working capital changes.

Cash used in operating activities for the six months ended June 30, 2025, consisted of a net loss of $12,852 offset by non-cash adjustments of $1,953 less non-cash working capital changes of $1,070. Non-cash items primarily included share-based compensation expense. Non-cash working capital changes mainly reflected increased prepaid expenses and accounts payable and accrued liabilities and decreased other liabilities (see note 13 of our condensed interim consolidated financial statements).

Cash used in operating activities for the six months ended June 30, 2024, consisted of a net loss of $14,150 less non-cash adjustments of $320 offset by non-cash working capital changes of $182. Non-cash items primarily included change in fair value of warrant derivative, share-based compensation expense, and unrealized foreign exchange gains. Non-cash working capital changes mainly reflected increased other receivables, accounts payable and accrued liabilities, and other liabilities (see note 13 of our condensed interim consolidated financial statements).

Cash provided by financing activities

During the six months ended June 30, 2025, we sold, through our ATM, 8,568,974 common shares for gross proceeds of $8,714 (US$6,150) at an average price of $1.02 (US$0.72). We also sold 6,650,000 common shares for gross proceeds of $3,233 (US$2,348) at an average price of $0.49 (US$0.35) through our share purchase agreement. During the six months ended June 30, 2024, we sold, through our ATM, 2,432,099 common shares for gross proceeds of $3,840 (US$2,835) at an average price of $1.58 (US$1.17).

Operating Capital Requirements

Our objective is to maintain adequate cash reserves to support our planned activities, including our clinical trial program, product manufacturing, administrative costs, and intellectual property protection. To do so, we estimate our future cash requirements by preparing a budget and a multi-year plan annually for review and approval by our Board. The budget establishes the approved activities for the upcoming year and estimates the associated costs. The multi-year plan estimates future activity along with the potential cash requirements and is based on our assessment of our current clinical trial progress along with the expected results from the coming year's activity. Budget to actual variances are prepared and reviewed by management and are presented quarterly to the Board. We continue to manage our research and development plan to ensure optimal use of our existing resources as we expect to fund our expenditure requirements and commitments with existing working capital.

Management assesses our ability to continue as a going concern. In our going concern assessment, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. We have concluded that our cash and cash equivalents are not sufficient to fund our planned operations and meet our obligations for the twelve months following the balance sheet date without raising additional funding or reducing or eliminating our planned expenditures. Factors that will affect our anticipated cash usage for which additional funding might be required include, but are not limited to, expansion of our clinical trial program, the timing of patient enrollment in our clinical trials, the actual costs incurred to support each clinical trial, the number of treatments each patient will receive, the timing of R&D activity with our clinical trial research collaborations, the number, timing and costs of manufacturing runs required to conclude the validation process and supply product to our clinical trial program, and the level of collaborative activity undertaken, and other factors described in the "Risk Factors" section of our most recent annual report on Form 20-F. The judgment and assumptions applied by management may prove to be wrong, and actual results could vary materially from our expectations as significant risks and uncertainties are involved.

We expect to increase our spending in connection with the research and development of pelareorep over the next several years as we look to advance our pancreatic, breast, and other gastrointestinal cancer programs into later stages of clinical development. A product candidate in later stages of clinical development generally has higher costs than those in earlier stages, primarily due to the increased size and duration of later-stage clinical trials. Additionally, we expect to continue to incur additional costs associated with operating as a public company.

We plan on raising additional funds through the sale of our common shares or other capital resources, such as strategic collaborations and debt, to fund our ongoing operations. However, given the difficulty for micro-cap market capitalization companies to raise significant capital, there can be no assurance that additional liquidity will be available under acceptable terms or at all. Furthermore, if we are unable to obtain additional financing when required, there can be no assurance that we will be able to sufficiently reduce or eliminate our planned expenditures to extend our operating runway until we obtain sufficient financing. These material uncertainties raise substantial doubt on our ability to continue as a going concern. Our condensed interim consolidated financial statements do not reflect the adjustments that may result from the outcome of these uncertainties. Such adjustments could be material.

To the extent that we can raise additional funds by issuing equity, our shareholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that may impact our ability to conduct our business. If we are unable to secure adequate additional funding, we may be forced to make reductions in spending, including potentially delaying, scaling back or eliminating certain of our development programs, extending payment terms with suppliers, or liquidating assets where possible. Any of these actions could materially harm our business, results of operations and future prospects.

Conducting clinical trials necessary to obtain regulatory approval is costly and time-consuming. We may never succeed in achieving marketing approval. The probability of successful commercialization of our drug candidates may be affected by numerous factors, including clinical data obtained in future trials, competition, manufacturing capability and commercial viability. As a result, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates.

We are not subject to externally imposed capital requirements, and there have been no changes in how we define or manage our capital in 2025.

Contractual Obligations and Commitments

The following table summarizes our significant contractual obligations as at June 30, 2025:

	Total	Less than 1 year	1 -3 years	4 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 5,285	$ 5,285	$ —	$ —	$ —
Lease obligations	1,148	405	743	—	—
Total contractual obligations	$ 6,433	$ 5,690	$ 743	$ —	$ —

In addition, we are committed to payments totaling approximately $5,300 for activities mainly related to our clinical trial and manufacturing programs, which are expected to occur over the next two years. Approximately half of the committed payments relate to a production service agreement with our primary toll manufacturer, which cannot be canceled without a significant penalty. We are able to cancel most of the remaining agreements with notice. The ultimate amount and timing of these payments are subject to changes in our research and development plan.

Off-Balance Sheet Arrangements

As at June 30, 2025, we had not entered into any off-balance sheet arrangements.

Transactions with Related Parties

During the three and six months ended June 30, 2025, and 2024, we did not enter into any related party transactions other than compensation paid to key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling our activities as a whole. We have determined that key management personnel comprise the Board of Directors, Executive Officers, President, and Vice Presidents.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Compensation and short-term benefits	**$ 886**	$ 985	**$ 1,791**	$ 1,913
Termination benefits	**286**	—	**1,476**	—
Share-based compensation expense	**430**	436	**793**	934
	$ 1,602	$ 1,421	**$ 4,060**	$ 2,847

Termination benefits included both cash and share-based compensation.

Critical Accounting Policies and Estimates

In preparing our condensed interim consolidated financial statements, we use IFRS as issued by the IASB. IFRS requires us to make certain estimates, judgments, and assumptions that we believe are reasonable based on the information available in applying our accounting policies. These estimates and assumptions affect the reported amounts and disclosures in our condensed interim consolidated financial statements and accompanying notes. Actual results could differ from those estimates, and such differences could be material.

Our critical accounting policies and estimates are described in our audited consolidated financial statements for the year ended December 31, 2024, and available on SEDAR+ at www.sedarplus.ca and contained in our annual report on Form 20-F filed on EDGAR at www.sec.gov/edgar.

There were no material changes to our critical accounting policies in the six months ended June 30, 2025.

Accounting standards and interpretations issued but not yet effective

IFRS 18 *Presentation and Disclosure in Financial Statements*
In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new requirements on presentation within the statement of profit or

loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes. Narrow scope amendments have been made to IAS 7 *Statement of Cash Flows* and some requirements previously included within IAS 1 have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which has also been renamed IAS 8 *Basis of Preparation of Financial Statements*. IAS 34 *Interim Financial Reporting* has also been amended to require disclosure of management-defined performance measures. IFRS 18 and the amendments to the other standards are effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 applies retrospectively to both annual and interim financial statements. We are assessing the impact of adopting this standard on our consolidated financial statements.

Upcoming change in issuer's GAAP

Effective January 1, 2026, we will become a domestic issuer under the rules of the U.S. Securities and Exchange Commission, and will no longer qualify as a "foreign private issuer" under those rules. As a result, we will have to prepare our December 31, 2025 annual financial statements in accordance with US GAAP, with such changes being applied retrospectively. The extent of the impact of the adoption of US GAAP has not yet been fully determined.

Financial Instruments and Other Instruments

Fair value of financial instruments

As at June 30, 2025, and December 31, 2024, the carrying amount of our cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and other liabilities approximated their fair value due to their short-term maturity. The warrant derivative is a recurring Level 2 fair value measurement as these warrants have not been listed on an exchange and, therefore, do not trade on an active market. As at June 30, 2025, the fair value of our warrant derivative was presented as an asset of $1,024 (December 31, 2024 - $980). The change was mainly due to the revaluation of our warrants issued as part of our 2023 public offering. As the unamortized discount balance was greater than the fair value of the warrant derivative liability at June 30, 2025, the net balance was presented as an asset on our condensed interim consolidated statement of financial position. An initial discount was recognized as the difference between the fair value of the warrants and their allocated proceeds, which is amortized on a straight-line basis over the expected life of the warrants (see note 6 of our condensed interim consolidated financial statements). We use the Black-Scholes valuation model to estimate fair value.

Financial risk management

Credit risk
Credit risk is the risk of a financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. As at June 30, 2025, we were exposed to credit risk on our cash and cash equivalents in the event of non-performance by counterparties, but we do not anticipate such non-performance. Our maximum exposure to credit risk at the end of the period is the carrying value of our cash and cash equivalents.

We mitigate our exposure to credit risk connected to our cash and cash equivalents by maintaining our primary operating and investment bank accounts with Schedule I banks in Canada. For our foreign-domiciled bank accounts, we use referrals or recommendations from our Canadian banks to open foreign bank accounts. Our foreign-domiciled bank accounts are used solely for the purpose of settling accounts payable and accrued liabilities or payroll.

Interest rate risk
Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. We hold our cash and cash equivalents in bank accounts or high-interest investment accounts with variable interest rates. We mitigate interest rate risk through our investment policy that only allows the investment of excess cash resources in investment-grade vehicles while matching maturities with our operational requirements.

Fluctuations in market interest rates do not significantly impact our results of operations due to the short-term maturity of the investments held.

Foreign exchange risk
Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of our financial assets or liabilities. For the six months ended June 30, 2025, we were primarily exposed to the risk of changes in the Canadian dollar relative to the U.S. dollar and Euro, as a portion of our financial assets and liabilities were denominated in such currencies. The impact of a $0.01 increase in the value of the U.S. dollar against the Canadian dollar would have decreased our comprehensive loss in 2025 by approximately $44 (June 30, 2024 - $179). The impact of a $0.01 increase in the value of the

Euro against the Canadian dollar would have increased our comprehensive loss in 2025 by approximately $30 (June 30, 2024 - $19).

We mitigate our foreign exchange risk by maintaining sufficient foreign currencies by purchasing foreign currencies or receiving foreign currencies from financing activities to settle our foreign accounts payable.

Significant balances denominated in U.S. dollars were as follows:

	June 30, 2025	December 31, 2024
Cash and cash equivalents	$ 9,270	$ 9,534
Accounts payable and accrued liabilities	(2,228)	(1,722)
	$ 7,042	$ 7,812

Significant balances denominated in Euros were as follows:

	June 30, 2025	December 31, 2024
Accounts payable and accrued liabilities	€ (1,072)	€ (1,114)

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure as outlined in note 11 to our condensed interim consolidated financial statements. Accounts payable and accrued liabilities are all due within the current operating period. Other liabilities associated with funding received from PanCAN (see note 4 in our condensed interim consolidated financial statements) are expected to be applied within the current operating period. See note 5 in our condensed interim consolidated financial statements for a maturity analysis of our lease liabilities.

Use of Proceeds

2023 public offering

The following table provides an update on the anticipated use of proceeds raised as part of the 2023 public offering of common shares and warrants along with amounts actually expended. As at June 30, 2025, the following expenditures have been incurred (in thousands of U.S. dollars):

Item	Amount to Spend	Spent to Date	Adjustments	Remaining to Spend
Pancreatic Cancer Program	$ 10,500	$ (3,136)	$ (528)	$ 6,836
Breast Cancer Program	500	(1,028)	528	—
General and Administrative Expenses	2,650	(800)	—	1,850
Total	$ 13,650	$ (4,964)	$ —	$ 8,686

ATM facility

On August 2, 2024, we entered into an ATM equity distribution agreement with Cantor Fitzgerald & Co. The ATM allows us to issue common shares, at prevailing market prices, with an aggregate offering value of up to US$50.0 million through the facilities of the Nasdaq Capital Market in the United States until August 19, 2026. During the six months ended June 30, 2025, we sold 8,568,974 common shares for gross proceeds of $8,714 (US$6,150). As at June 30, 2025, approximately $56.3 million (US$41.3 million) remains unused under the ATM equity distribution agreement. On August 8, 2025, we voluntarily delisted from the TSX, effective August 22, 2025, causing us to terminate our ATM agreement (see "*Other Corporate Matters")*.

Share purchase agreement

On April 10, 2025, we entered into a share purchase agreement with Alumni Capital LP (Alumni), an institutional investor. Under the terms of the agreement, we have the right to sell, and Alumni has the obligation to purchase up to US$20 million worth of common shares over a 15-month period based on the market price at the time of each sale to Alumni. The agreement limits Alumni's beneficial ownership to 4.99% of our common shares outstanding immediately prior to each sale, which can be

increased to 9.99% upon mutual agreement. The agreement also limits our sale of common shares to 19.99% of our total outstanding common shares as at the date that the share purchase agreement was entered into, unless and until we have obtained shareholder approval under applicable Nasdaq rules. During the six months ended June 30, 2025, we sold 6,650,000 common shares for gross proceeds of $3,233 (US$2,348). As at June 30, 2025, approximately $24.1 million (US$17.7 million) remains unused under the share purchase agreement. On August 8, 2025, we voluntarily delisted from the TSX, effective August 22, 2025, causing us to terminate the share purchase agreement (see "*Other Corporate Matters"*).

Other MD&A Requirements

We have 100,361,117 common shares outstanding at August 7, 2025. If all of our stock options and share awards (15,111,650) and common share purchase warrants (8,203,743) were exercised, we would have 123,676,510 common shares outstanding.

Our 2024 annual report on Form 20-F is available on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov/edgar.

Disclosure Controls and Procedures

Disclosure controls and procedures (“DC&P”) are designed to provide reasonable assurance that information required to be disclosed by the Company in its reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its reports filed or submitted under securities legislation is accumulated and communicated to the Company’s management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. There were no changes in our DC&P during the three months ended June 30, 2025, that materially affected or are reasonably likely to materially affect, our DC&P.

Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting (“ICFR”) or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The CEO and CFO have designed, or caused to be designed under their supervision, ICFR to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others; and (ii) information required to be disclosed by the Company in its reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. The Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) 2013 framework provides the basis for management’s design of internal controls over financial reporting. There were no changes in our ICFR during the three months ended June 30, 2025, that materially affected or are reasonably likely to materially affect, our ICFR.

Management, including the CEO and CFO, does not expect that our internal controls and procedures over financial reporting will prevent all errors and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Risks and Uncertainties

We are a clinical-stage biopharmaceutical company. Prospects for biotechnology companies in the research and development stage should generally be regarded as speculative. It is not possible to predict, based on studies in animals, or early studies in humans, whether a new therapeutic will ultimately prove to be safe and effective in humans or whether necessary and sufficient data can be developed through the clinical trial process to support a successful product application and approval. If a product is approved for sale, product manufacturing at a commercial scale and significant sales to end users at a commercially reasonable price may not be successful. There can be no assurance that we will generate adequate funds to continue development or will ever achieve significant revenues or profitable operations. Many factors (e.g., competition, patent protection, appropriate

regulatory approvals) can influence the revenue and product profitability potential. In developing a pharmaceutical product, we rely on our employees, contractors, consultants and collaborators, and other third-party relationships, including the ability to obtain appropriate product liability insurance. There can be no assurance that this reliance and these relationships will continue as required. In addition to developmental and operational considerations, market prices for securities of biotechnology companies generally are volatile, and may or may not move in a manner consistent with the progress we have made or are making.

Investment in our common shares involves a high degree of risk. An investor should carefully consider, among other matters, the risk factors in addition to the other information in our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission (the "SEC"), as well as our other public filings with the Canadian securities regulatory authorities and the SEC, when evaluating our business because these risk factors may have a significant impact on our business, financial condition, operating results or cash flow. If any of the described material risks in our annual report or in subsequent reports we file with the regulatory authorities actually occur, they may materially harm our business, financial condition, operating results or cash flow. Additional risks and uncertainties that we have not yet identified or that we presently consider to be immaterial may also materially harm our business, financial condition, operating results, or cash flow. For information on risks and uncertainties, please refer to the "Risk Factors" section of our most recent annual report on Form 20-F and our other public filings available on www.sedarplus.ca and www.sec.gov/edgar.

Condensed Interim Consolidated Financial Statements
(unaudited)

Oncolytics Biotech® Inc.
For the three and six months ended June 30, 2025

ONCOLYTICS BIOTECH INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)
(in thousands of Canadian dollars, except share amounts)

As at	June 30, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents (note 4)	**$ 14,626**	$ 15,942
Other receivables	**72**	68
Prepaid expenses	**3,174**	1,885
Warrant derivative (note 6)	**1,024**	980
Total current assets	**18,896**	18,875
Property and equipment	**351**	411
Right-of-use assets (note 5)	**727**	901
Total assets	**$ 19,974**	$ 20,187
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	**$ 5,285**	$ 4,792
Other liabilities (note 4)	**982**	1,618
Lease liabilities (note 5)	**291**	277
Total current liabilities	**6,558**	6,687
Contract liability	**6,730**	6,730
Lease liabilities (note 5)	**597**	787
Total liabilities	**13,885**	14,204
Commitments (note 10)		
Shareholders' equity		
Share capital (note 7) Authorized: unlimited Issued: June 30, 2025 – 97,407,903 December 31, 2024 – 80,020,131	**451,142**	438,193
Contributed surplus (note 8)	**44,792**	44,542
Accumulated other comprehensive income	**720**	961
Accumulated deficit	**(490,565)**	(477,713)
Total shareholders' equity	**6,089**	5,983
Total liabilities and shareholders' equity	**$ 19,974**	$ 20,187

See accompanying notes

ONCOLYTICS BIOTECH INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited)
(in thousands of Canadian dollars, except share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Expenses				
Research and development (note 14)	**$ 2,809**	$ 4,558	**$ 6,892**	$ 10,301
General and administrative (note 14)	**2,897**	3,362	**5,813**	6,345
Loss before the following	**(5,706)**	(7,920)	**(12,705)**	(16,646)
Change in fair value of warrant derivative (note 6)	**(196)**	235	**44**	1,104
Foreign exchange (loss) gain	**(282)**	184	**(333)**	701
Interest income, net	**104**	340	**227**	786
Loss before income taxes	**(6,080)**	(7,161)	**(12,767)**	(14,055)
Income tax expense	**(85)**	(95)	**(85)**	(95)
Net loss	**(6,165)**	(7,256)	**(12,852)**	(14,150)
Other comprehensive (loss) income items that may be reclassified to net loss				
Translation adjustment	**(238)**	52	**(241)**	178
Comprehensive loss	**$ (6,403)**	$ (7,204)	**$ (13,093)**	$ (13,972)
Basic and diluted loss per common share (note 9)	**$ (0.07)**	$ (0.10)	**$ (0.15)**	$ (0.19)
Weighted average number of shares (basic and diluted) (note 9)	**90,999,586**	76,090,406	**87,833,107**	75,667,521

See accompanying notes

ONCOLYTICS BIOTECH INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)
(in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
As at December 31, 2023	$ 430,906	$ 42,116	$ 544	$ (446,003)	$ 27,563
Net loss and other comprehensive income	—	—	178	(14,150)	(13,972)
Issued pursuant to incentive share award plan (notes 7, 8)	3	(3)	—	—	—
Issued pursuant to "At the Market" Agreement (note 7)	3,840	—	—	—	3,840
Share issue costs (note 7)	(202)	—	—	—	(202)
Share-based compensation expense (note 8)	—	1,082	—	—	1,082
As at June 30, 2024	$ 434,547	$ 43,195	$ 722	$ (460,153)	$ 18,311
As at December 31, 2024	$ 438,193	$ 44,542	$ 961	$ (477,713)	$ 5,983
Net loss and other comprehensive loss	—	—	(241)	(12,852)	(13,093)
Issued pursuant to incentive share award plan (notes 7, 8)	1,481	(1,481)	—	—	—
Issued pursuant to "At the Market" Agreement (note 7)	8,714	—	—	—	8,714
Issued pursuant to share purchase agreement (note 7)	3,841	—	—	—	3,841
Share issue costs (note 7)	(1,087)	—	—	—	(1,087)
Share-based compensation expense (note 8)	—	1,731	—	—	1,731
As at June 30, 2025	**$ 451,142**	**$ 44,792**	**$ 720**	**$ (490,565)**	**$ 6,089**

See accompanying notes

ONCOLYTICS BIOTECH INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands of Canadian dollars)

	Six Months Ended June 30,	
	2025	**2024**
Operating Activities		
Net loss for the period	**$ (12,852)**	$ (14,150)
Depreciation - property and equipment (note 14)	**51**	56
Depreciation - right-of-use-assets (note 14)	**140**	165
Share-based compensation expense (notes 8, 14, 15)	**1,731**	1,082
Interest expense on lease liabilities	**74**	57
Unrealized foreign exchange loss (gain)	**1**	(576)
Change in fair value of warrant derivative (note 6)	**(44)**	(1,104)
Net change in non-cash working capital (note 13)	**(1,070)**	182
Cash used in operating activities	**(11,969)**	(14,288)
Investing Activities		
Acquisition of property and equipment	**—**	(201)
Cash used in investing activities	**—**	(201)
Financing Activities		
Proceeds from "At the Market" equity distribution agreement, net (note 7)	**8,386**	3,638
Proceeds from share purchase agreement, net (note 7)	**3,082**	—
Payment of lease liabilities	**(205)**	(168)
Cash provided by financing activities	**11,263**	3,470
Decrease in cash and cash equivalents	**(706)**	(11,019)
Cash and cash equivalents, beginning of period	**15,942**	34,912
Impact of foreign exchange on cash and cash equivalents	**(610)**	957
Cash and cash equivalents, end of period	**$ 14,626**	$ 24,850

See accompanying notes

Note 1: Nature of Operations and Going Concern

Oncolytics Biotech Inc. was incorporated on April 2, 1998, under the Business Corporations Act (Alberta) as 779738 Alberta Ltd. On April 8, 1998, we changed our name to Oncolytics Biotech Inc. We are a limited company incorporated and domiciled in Canada. Our shares are publicly traded on the Nasdaq Capital Market (the "Nasdaq") and the Toronto Stock Exchange (the "TSX"). Our principal place of business is located at 804, 322 11th Avenue S.W., Calgary, Alberta, Canada.

We are a clinical-stage biopharmaceutical company developing pelareorep, a well-tolerated intravenously delivered immunotherapeutic agent that activates the innate and adaptive immune systems and weakens tumor defense mechanisms. This improves the ability of the immune system to fight cancer, making tumors more susceptible to a broad range of oncology treatments. Our primary focus is to advance our first-line metastatic pancreatic ductal adenocarcinoma program to a registration-enabled clinical study. In addition, we are exploring opportunities for registrational programs and investigator sponsored trials in hormone receptor-positive / human epidermal growth factor 2-negative (HR+/HER2-) advanced and metastatic breast cancer and other gastrointestinal cancers, including anal cancer, through our GOBLET platform study, and colorectal cancer through potential investigator sponsored trials.

We have not been profitable since our inception and expect to continue to incur substantial losses as we continue our research and development efforts. As at June 30, 2025, we had an accumulated deficit of $490,565. We do not expect to generate significant revenues until and unless pelareorep becomes commercially viable. To date, we have funded our operations mainly through issuing additional capital via public offerings, equity distribution arrangements, and the exercise of warrants and stock options.

Going concern

Management assesses our ability to continue as a going concern when preparing our condensed interim consolidated financial statements. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. As at June 30, 2025, we had cash and cash equivalents of $14,626. We estimate we can currently fund our operations into the first quarter of 2026. Factors that will affect our anticipated cash needs for the next twelve months include, but are not limited to, expansion of our clinical trial program, the timing of patient enrollment in our clinical trials, the actual costs incurred to support each clinical trial, the number of treatments each patient will receive, the timing of activity with our clinical trial research collaborations, the number, timing and costs of manufacturing runs required to conclude the validation process and supply product to our clinical trial program, and the level of collaborative activity undertaken.

Our ability to continue as a going concern is dependent upon raising additional financing through equity or strategic collaborations and transactions. We plan on raising additional funds through the sale of our common shares or other capital resources, such as strategic collaborations and debt, to fund our ongoing operations. However, given the difficulty for micro-cap market capitalization companies to raise significant capital, there can be no assurance that additional liquidity will be available under acceptable terms or at all. Furthermore, if we are unable to obtain additional financing when required, there can be no assurance that we will be able to sufficiently reduce or eliminate our planned expenditures to extend our operating runway. These material uncertainties raise substantial doubt on our ability to continue as a going concern and meet our obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These condensed interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. However, the use of the going concern assumption on which these condensed interim consolidated financial statements are prepared may not be appropriate based on the factors described above.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if we were unable to realize our assets and settle our liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Note 2: Basis of Presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS and in compliance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

Our condensed interim consolidated financial statements for the three and six months ended June 30, 2025, were authorized for issue in accordance with a resolution of the Board of Directors on August 7, 2025.

Basis of presentation

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value as explained in the notes to these financial statements.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions occurring since our last fiscal year end and are not fully inclusive of all matters required to be disclosed in our annual audited consolidated financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with our most recent annual audited consolidated financial statements for the year ended December 31, 2024.

Our condensed interim consolidated financial statements include our financial statements and the financial statements of our subsidiaries, Oncolytics Biotech (Barbados) Inc. and Oncolytics Biotech (U.S.) Inc., and are presented in Canadian dollars, our functional currency.

Use of estimates

The preparation of our condensed interim consolidated financial statements in conformity with IFRS requires us to make judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts, and disclosures in our condensed interim consolidated financial statements and accompanying notes. Management makes estimates based on our best knowledge of current events and actions that the Company may undertake in the future. We consider the potential impact of certain external factors outside of our control, including global political conflicts, supply chain disruptions, inflation, fluctuating interest rates, and liquidity, when making certain estimates and judgments relating to the preparation of these condensed interim consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from these estimates, and such differences could be material.

Note 3: Material Accounting Policies

The accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in our audited consolidated financial statements for the year ended December 31, 2024.

Accounting standards and interpretations issued but not yet effective

IFRS 18 *Presentation and Disclosure in Financial Statements*
In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* which replaces IAS 1 *Presentation of Financial Statements.* IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes. Narrow scope amendments have been made to IAS 7 *Statement of Cash Flows* and some requirements previously included within IAS 1 have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which has also been renamed IAS 8 *Basis of Preparation of Financial Statements*. IAS 34 *Interim Financial Reporting* has also been amended to require disclosure of management-defined performance measures. IFRS 18 and the amendments to the other standards are effective for annual periods beginning on or after January 1, 2027, with early

(in thousands of Canadian dollars, except share amounts and where indicated)

application permitted. IFRS 18 applies retrospectively to both annual and interim financial statements. We are assessing the impact of adopting this standard on our consolidated financial statements.

Note 4: Balance Sheet Details

Cash equivalents

Cash equivalents consist of interest-bearing deposits with our bank totaling $10,569 as at June 30, 2025 (December 31, 2024 – $12,312).

Other liabilities

In 2023, we were selected by the Pancreatic Cancer Action Network (PanCAN) as the recipient of its Therapeutic Accelerator Award to conduct a clinical trial with pelareorep in combination with modified FOLFIRINOX chemotherapy with or without an immune checkpoint inhibitor in pancreatic cancer patients. Under the terms of the award agreement, we are entitled to receive up to US$5 million in funding for eligible research expenses, and we must comply with the conditions set out with the award agreement, including providing periodic performance progress reports. As at June 30, 2025, we recorded US$719 ($982) (December 31, 2024 – US$1,125 ($1,618)) in other liabilities representing unapplied funding received from PanCAN.

Accounts payable and accrued liabilities

	June 30, 2025	December 31, 2024
Trade payables	**$ 1,331**	$ 1,087
Accrued liabilities	**3,954**	3,705
	$ 5,285	$ 4,792

Note 5: Leases

We have office space leases with initial lease terms generally between 3 to 6 years. We currently do not have leases with residual value guarantees or leases not yet commenced to which we are committed. We have variable lease payments related to office space lease operating costs that are not material. Lease liabilities have been measured by discounting future lease payments using our incremental borrowing rate, as rates implicit in the leases were not readily determinable. The weighted average rate applied was 15%.

Our total undiscounted lease liabilities as at June 30, 2025, were as follows:

	June 30, 2025
Less than one year	$ 405
One to five years	743
More than five years	—
Total undiscounted lease liabilities	$ 1,148

Note 6: Warrant Derivative

Our common share purchase warrants ("warrants") with a U.S. dollar exercise price, which differs from our functional currency, are treated as a derivative measured at fair value, and revalued each period end at fair value through profit and loss. There is no cash flow impact as a result of the accounting treatment for changes in the fair value of the warrant derivative or when warrants expire unexercised.

(in thousands of Canadian dollars, except share amounts and where indicated)

Changes in the value of our warrant derivative were as follows:

	Number of Warrants	Fair Value of Warrant Derivative
As at December 31, 2023	7,731,085	$ 200
Exercised	(52,456)	(6)
Expired	(11,579)	(1)
Amortization of discount on warrants issued	—	365
Change in fair value	—	(1,605)
Foreign exchange impact	—	67
As at December 31, 2024	7,667,050	$ (980)
Amortization of discount on warrants issued	—	182
Change in fair value	—	(226)
As at June 30, 2025	**7,667,050**	**$ (1,024)**

The following table summarizes our outstanding warrant derivative as at June 30, 2025:

Exercise price	Issuance date	Expiry date	Number of Warrants Outstanding
US$2.81	August 8, 2023	August 8, 2028	6,667,000
US$2.81	September 7, 2023	August 8, 2028	1,000,050
			7,667,050

On August 8, 2023, pursuant to an underwritten public offering, we issued 6,667,000 units for gross proceeds of $20,185 (US$15,001) at a price of US$2.25 per unit. On September 7, 2023, pursuant to the over-allotment option exercised by the underwriter, we issued an additional 1,000,050 units for gross proceeds of $3,077 (US$2,250) at a price of US$2.25 per unit. Each unit consisted of one common share and one common share purchase warrant ("warrant"), which were immediately separable and issued separately in this offering. Each warrant entitles the holder to purchase one common share at an exercise price of US$2.81 up to 60 months from the date of issuance. Proceeds were allocated amongst common shares and warrants by applying a relative fair value approach, which resulted in $17,724 recorded in share capital and an initial warrant derivative liability of $7,360. The difference between the fair value of the warrants and their allocated proceeds was a discount of $1,822, which is amortized on a straight-line basis over the five-year expected life of the warrants and recorded under change in fair value of warrant derivative on our consolidated statement of loss and comprehensive loss.

At June 30, 2025, as the unamortized discount balance was greater than the fair value of the warrant derivative liability, the net balance was presented as an asset on our condensed interim consolidated statement of financial position.

We use the Black-Scholes valuation model to estimate fair value. The expected volatility is based on the Company's common share historical volatility less an estimated market participant risk adjustment. The risk-free interest rate is based on the Government of Canada benchmark bond yield rates with an approximate equivalent remaining term in effect at the time of valuation, and the expected life represents the estimated length of time the warrants are expected to remain outstanding.

(in thousands of Canadian dollars, except share amounts and where indicated)

The estimated fair value of the warrant derivative was determined using the following assumptions:

	June 30, 2025	December 31, 2024
Underlying share price	**US$0.76**	US$0.92
Risk-free interest rate	**2.6%**	2.9%
Expected life	**3.1 years**	3.6 years
Expected volatility	**36.5%**	36.5%
Expected dividend yield	**Nil**	Nil
Fair value per warrant	**US$0.01**	US$0.03

Note 7: Share Capital

Authorized
Unlimited number of no par value common shares

	Shares	
	Number	**Amount**
As at December 31, 2023	74,423,960	$ 430,906
Issued pursuant to incentive share award plan	133,572	297
Issued pursuant to "At the Market" (ATM) equity distribution agreement[(a)]	5,410,143	7,670
Issued pursuant to warrant derivative exercised	52,456	71
Share issue costs	—	(751)
As at December 31, 2024	80,020,131	$ 438,193
Issued pursuant to incentive share award plan	1,256,646	1,481
Issued pursuant to "At the Market" (ATM) equity distribution agreement[(b)]	8,568,974	8,714
Issued pursuant to share purchase agreement[(c)]	7,562,152	3,841
Share issue costs	—	(1,087)
As at June 30, 2025	**97,407,903**	**$ 451,142**

(a) On June 17, 2022, we entered into an ATM equity distribution agreement with Canaccord Genuity Inc. The ATM allowed us to issue common shares, at prevailing market prices, with an aggregate offering value of up to US$65,000 over a 25-month period through the facilities of the Nasdaq in the United States. This sales agreement was terminated on July 17, 2024. During the six months ended June 30, 2024, we sold 2,432,099 common shares for gross proceeds of $3,840 (US$2,835) at an average price of $1.58 (US$1.17). We received proceeds of $3,725 (US$2,750) after commissions of $115 (US$85). In total, we incurred share issue costs (including commissions) of $202.

(b) On August 2, 2024, we entered into an ATM equity distribution agreement with Cantor Fitzgerald & Co. (Cantor). The ATM allows us to issue common shares, at prevailing market prices, with an aggregate offering value of up to US$50,000 over a 25-month period through the facilities of the Nasdaq in the United States. During the six months ended June 30, 2025, we sold 8,568,974 common shares for gross proceeds of $8,714 (US$6,150) at an average price of $1.02 (US$0.72). We received proceeds of $8,453 (US$5,965) after commissions of $261 (US$185). In total, we incurred share issue costs (including commissions) of $328. On August 8, 2025, we voluntarily delisted from the TSX, effective August 22, 2025, causing us to terminate our ATM agreement (see note 16).

(c) On April 10, 2025, we entered into a share purchase agreement with Alumni Capital LP (Alumni), an institutional investor. Under the terms of the agreement, we have the right to sell, and Alumni has the obligation to purchase up to US$20 million worth of common shares over a 15-month period based on the market price at the time of each sale to Alumni. The agreement limits Alumni's beneficial ownership to 4.99% of our common shares outstanding immediately prior to each

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sale, which can be increased to 9.99% upon mutual agreement. The agreement also limits our sale of common shares to 19.99% of our total outstanding common shares as at the date that the share purchase agreement was entered into, unless and until we have obtained shareholder approval under applicable Nasdaq rules. Subject to the terms of the agreement, we have sole discretion over the timing and amount of all common share sales. We issued an initial commitment fee of 816,326 common shares at the execution of the agreement. An additional 816,326 common shares will be issued on a pro rata basis upon the delivery of purchase notices as an additional commitment fee.

During the six months ended June 30, 2025, we sold 6,650,000 common shares for gross proceeds of $3,233 (US$2,348) at an average price of $0.49 (US$0.35). We also issued 816,326 initial commitment and 95,826 additional commitment shares fair valued at $608 (US$435). In total, we incurred share issue costs (including the initial commitment and additional commitment fees) of $759. On August 8, 2025, we voluntarily delisted from the TSX, effective August 22, 2025, causing us to terminate the share purchase agreement (see note 16).

Note 8: Share-Based Compensation

Stock options and share awards

(a) Our amended and restated Stock Option Plan and Share Award Plan (collectively, the "Equity Incentive Plans") were approved by our shareholders at the annual general meeting of shareholders on May 9, 2023. Pursuant to our Equity Incentive Plans, we may grant stock options, restricted share awards, and performance share awards. The number of common shares reserved for issuance under our Equity Incentive Plans in aggregate shall not exceed 14% of the total number of issued and outstanding common shares from time to time. As at June 30, 2025, there were 6,269,415 common shares available for grant under the Equity Incentive Plans.

In June 2025, we granted inducement equity awards to our new Chief Executive Officer ("New CEO") and Chief Business Officer ("CBO"). These awards included stock options and performance-based stock options ("Inducement Stock Options") and performance restricted share awards ("Inducement Share Awards"). The grants were made as a material inducement to employment in accordance with Nasdaq Listing Rule 5635(c)(4), and therefore did not require shareholder approval.

Our share-based compensation expense was $523 and $1,731 for the three and six months ended June 30, 2025 (June 30, 2024 - $506 and $1,082, respectively).

(b) Our stock option activity related to the Equity Incentive Plan and Inducement Stock Options for the six months ended June 30 was as follows:

	2025		**2024**	
	Stock Options	**Weighted Average Exercise Price $**	**Stock Options**	**Weighted Average Exercise Price $**
Outstanding, beginning of the period	**6,876,345**	**2.14**	7,063,333	2.72
Granted	**5,500,000**	**0.62**	310,000	1.57
Forfeited	**(286,733)**	**1.84**	(95,535)	2.25
Expired	**(5,263)**	**7.60**	(65,263)	5.93
Outstanding, end of the period	**12,084,349**	**1.45**	7,212,535	2.65
Exercisable, end of the period	**5,116,947**	**2.35**	5,255,889	2.83

(in thousands of Canadian dollars, except share amounts and where indicated)

The following table summarizes information about the stock options outstanding and exercisable at June 30, 2025:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Number Exercisable	Weighted Average Exercise Price $
$0.57 - $1.12	5,500,000	5.0	0.62	—	—
$1.13 - $1.50	1,720,900	3.8	1.14	785,658	1.13
$1.51 - $2.20	2,099,517	2.5	1.90	1,665,209	1.92
$2.21 - $3.11	1,610,489	2.0	2.60	1,512,637	2.59
$3.12 - $5.42	1,153,443	0.7	3.50	1,153,443	3.50
	12,084,349	3.6	1.45	5,116,947	2.35

Our option grants vest either immediately or annually over periods ranging from one to three years, except for our performance-based option grant, which vests upon achieving certain financing objectives during the service period.

We use the Black-Scholes valuation model to estimate fair value. We use historical data to estimate the expected dividend yield and expected volatility of our stock in determining the fair value of the stock options. The risk-free interest rate is based on the Government of Canada benchmark bond yield rates in effect at the time of grant. The expected life of the options represents the estimated length of time the options are expected to remain outstanding.

The estimated fair value of stock options granted during the six months ended June 30 were determined using the following weighted average assumptions:

	2025	2024
Risk-free interest rate	**2.9%**	4.0%
Expected life	**5.0 years**	3.0 years
Expected volatility	**76.7%**	64.8%
Expected dividend yield	**Nil**	Nil
Weighted average fair value of options	**$0.40**	$0.72

(c) Our share award activity related to the Equity Incentive Plan and Inducement Share Awards for the six months ended June 30 was as follows:

	2025	2024
Outstanding, beginning of the period	**1,118,510**	398,440
Granted[(1)]	**3,369,636**	—
Released	**(1,256,646)**	(1,140)
Outstanding, end of the period	**3,231,500**	397,300

(1) The weighted average fair value of the restricted share awards granted was $0.72 in 2025.

During the six months ended June 30, 2025, we granted restricted share awards ("RSA") to our independent members of the Board of Directors, our Interim Chief Executive Officer ("Interim CEO), and our Former Chief Executive Officer ("Former CEO").

The RSAs granted to our independent Board of Director members were in lieu of their cash compensation for the first half of 2025. These RSA's and those granted to the Former CEO vested immediately upon grant. RSAs granted to our Interim CEO were subject to immediate vesting or cliff vesting in two years, depending on the terms of the individual award.

(in thousands of Canadian dollars, except share amounts and where indicated)

The Inducement Share Awards granted to our New CEO and CBO will vest upon our entry into a definitive agreement involving either (i) the acquisition of our company or (ii) the exclusive license of pelareorep. Upon such triggering event, our New CEO will be entitled to receive a number of common shares equal to 2% of our then-outstanding common shares, and our CBO will be entitled to receive 500,000 common shares.

Compensation warrants

In consideration of the services rendered by the underwriter as part of a public offering in 2023, we issued 536,693 compensation warrants. Each compensation warrant is exercisable into one common share at an exercise price of US$2.25 up to 60 months from the date of issuance. At issuance date, we used the Black-Scholes valuation model to estimate the fair value of the services rendered. As at June 30, 2025, and June 30, 2024, there were 536,693 compensation warrants outstanding.

Note 9: Loss Per Common Share

Loss per common share is calculated by dividing net loss for the period and the weighted average number of common shares outstanding for the three and six months ended June 30, 2025, of 90,999,586 and 87,833,107, respectively (June 30, 2024 - 76,090,406 and 75,667,521, respectively). The effect of any potential exercise of our stock options, share awards, and warrants outstanding during the period has been excluded from the calculation of diluted loss per common share, as it would be anti-dilutive.

Note 10: Commitments

We are committed to payments of approximately $5,300 for activities mainly related to our clinical trial and manufacturing programs, which are expected to occur over the next two years. Approximately half of the committed payments relate to a production service agreement with our primary toll manufacturer, which cannot be canceled without a significant penalty. We are able to cancel most of the remaining agreements with notice.

Note 11: Capital Disclosures

Our objective when managing capital is to maintain adequate cash resources to support planned activities, including our clinical trial program, product manufacturing, administrative costs, and intellectual property expansion and protection. See note 1 for the discussion on our ability to continue as a going concern. We include shareholders' equity and cash and cash equivalents in the definition of capital.

	June 30, 2025	December 31, 2024
Cash and cash equivalents	**$ 14,626**	$ 15,942
Shareholders' equity	**$ 6,089**	$ 5,983

We have no debt other than accounts payable and accrued liabilities and lease liabilities. We also have commitments relating to completing our research and development of pelareorep.

In managing our capital, we estimate our future cash requirements by preparing a budget and a multi-year plan annually for review and approval by our Board. The budget establishes the approved activities for the upcoming year and estimates the associated costs. The multi-year plan estimates future activity along with the potential cash requirements and is based on our assessment of our current clinical trial progress along with the expected results from the coming year’s activity. Budget to actual variances are prepared and reviewed by management and are presented quarterly to the Board.

Historically, funding for our plan is primarily managed through the issuance of additional common shares and common share purchase warrants that are converted to common shares upon exercise. Management regularly monitors the capital markets attempting to balance the timing of issuing additional equity with our progress through our clinical trial program, general market conditions, and the availability of capital. There are no assurances that funds will be made available to us when required.

On June 30, 2025, we had an effective Form F-10 short form base shelf prospectus (the "Form F-10") that qualified for distribution of up to $150 million of common shares, subscription receipts, warrants, or units (the "Securities") in either Canada, the U.S. or both. Under the Form F-10, we may sell Securities to or through underwriters, dealers, placement agents, or other intermediaries. We may also sell Securities directly to purchasers or through agents, subject to obtaining any applicable exemption from registration requirements. The distribution of Securities may be performed from time to time in one or more transactions at a fixed price or prices, which may be subject to change, at market prices prevailing at the time of sale or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying Prospectus Supplement.

Subsequent to June 30, 2025, the Company voluntarily delisted from the TSX effective August 22, 2025 (see note 16). Consequently, our Form F-10 will no longer be effective on August 22, 2025.

We are not subject to externally imposed capital requirements, and there have been no changes in how we define or manage our capital in 2025.

Note 12: Financial Instruments

Fair value of financial instruments

As at June 30, 2025, and December 31, 2024, the carrying amount of our cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and other liabilities approximated their fair value due to their short-term maturity. The warrant derivative is a recurring Level 2 fair value measurement as these warrants have not been listed on an exchange and, therefore, do not trade on an active market. As at June 30, 2025, the fair value of our warrant derivative was presented as an asset of $1,024 (December 31, 2024 - $980) (see note 6).

Financial risk management

Credit risk
Credit risk is the risk of a financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. As at June 30, 2025, we were exposed to credit risk on our cash and cash equivalents in the event of non-performance by counterparties, but we do not anticipate such non-performance. Our maximum exposure to credit risk at the end of the period is the carrying value of our cash and cash equivalents.

We mitigate our exposure to credit risk connected to our cash and cash equivalents by maintaining our primary operating and investment bank accounts with Schedule I banks in Canada. For our foreign-domiciled bank accounts, we use referrals or recommendations from our Canadian banks to open foreign bank accounts. Our foreign-domiciled bank accounts are used solely for the purpose of settling accounts payable and accrued liabilities or payroll.

Interest rate risk
Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate because of changes in market interest rates. We hold our cash and cash equivalents in bank accounts or high-interest investment accounts with variable interest rates. We mitigate interest rate risk through our investment policy that only allows the investment of excess cash resources in investment-grade vehicles while matching maturities with our operational requirements.

Fluctuations in market interest rates do not significantly impact our results of operations due to the short-term maturity of the investments held.

Foreign exchange risk
Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of our financial assets or liabilities. For the six months ended June 30, 2025, we were primarily exposed to the risk of changes in the Canadian dollar relative to the U.S. dollar and Euro, as a portion of our financial assets and liabilities were denominated in such currencies. The impact of a $0.01 increase in the value of the U.S. dollar against the Canadian dollar would have decreased our comprehensive loss in 2025 by approximately $44 (June 30, 2024 - $179). The impact of a $0.01 increase in the value of the

(in thousands of Canadian dollars, except share amounts and where indicated)

Euro against the Canadian dollar would have increased our comprehensive loss in 2025 by approximately $30 (June 30, 2024 - $19).

We mitigate our foreign exchange risk by maintaining sufficient foreign currencies by purchasing foreign currencies or receiving foreign currencies from financing activities to settle our foreign accounts payable.

Significant balances denominated in U.S. dollars were as follows:

	June 30, 2025	December 31, 2024
Cash and cash equivalents	$ 9,270	$ 9,534
Accounts payable and accrued liabilities	(2,228)	(1,722)
	$ 7,042	$ 7,812

Significant balances denominated in Euros were as follows:

	June 30, 2025	December 31, 2024
Accounts payable and accrued liabilities	€ (1,072)	€ (1,114)

Liquidity risk
Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. See note 1 for the discussion on our ability to continue as a going concern. We manage liquidity risk by managing our capital structure as outlined in note 11. Accounts payable and accrued liabilities are all due within the current operating period. Other liabilities associated with funding received from PanCAN (see note 4) are expected to be applied within the current operating period. See note 5 for a maturity analysis of our lease liabilities.

Note 13: Additional Cash Flow Disclosures

Change in non-cash working capital

	Six Months Ended June 30,	
	2025	2024
Change in:		
Other receivables	**$ (4)**	$ (1,556)
Prepaid expenses	**(1,289)**	(118)
Accounts payable and accrued liabilities	**493**	1,081
Other liabilities	**(636)**	927
Non-cash impact of foreign exchange	**366**	(152)
Change in non-cash working capital related to operating activities	**$ (1,070)**	$ 182

Other cash flow disclosures

	Six Months Ended June 30,	
	2025	2024
Cash interest received	**$ 301**	$ 843
Cash taxes paid	**$ 85**	$ 147

(in thousands of Canadian dollars, except share amounts and where indicated)

Note 14: Components of Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Research and development expenses				
Clinical trial expenses	**$ 588**	$ 2,164	**$ 1,104**	$ 2,966
Manufacturing and related process development expenses	**592**	662	**1,170**	3,840
Intellectual property expenses	**119**	72	**268**	198
Personnel-related expenses	**1,256**	1,288	**3,156**	2,559
Share-based compensation expense	**219**	310	**1,111**	650
Other expenses	**35**	62	**83**	88
	$ 2,809	$ 4,558	**$ 6,892**	$ 10,301
General and administrative expenses				
Public company-related expenses	**$ 1,435**	$ 2,275	**$ 3,108**	$ 4,119
Personnel-related expenses	**935**	667	**1,647**	1,320
Office expenses	**129**	126	**247**	253
Share-based compensation expense	**304**	196	**620**	432
Depreciation - property and equipment	**25**	28	**51**	56
Depreciation - right-of-use assets	**69**	70	**140**	165
	$ 2,897	$ 3,362	**$ 5,813**	$ 6,345

Our research and development personnel-related expenses included employee compensation and benefits of $1,127 and $2,820 for the three and six months ended June 30, 2025, respectively (June 30, 2024 - $1,253 and $2,524, respectively).

Our general and administrative personnel-related expenses included employee compensation and benefits of $935 and $1,647 for the three and six months ended June 30, 2025, respectively (June 30, 2024 - $577 and $1,121, respectively).

(in thousands of Canadian dollars, except share amounts and where indicated)

Note 15: Related Party Transactions

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling our activities as a whole. We have determined that key management personnel comprise the Board of Directors, Executive Officers, President, and Vice Presidents.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Compensation and short-term benefits	**$ 886**	$ 985	**$ 1,791**	$ 1,913
Termination benefits	**286**	—	**1,476**	—
Share-based compensation expense	**430**	436	**793**	934
	$ 1,602	$ 1,421	**$ 4,060**	$ 2,847

Termination benefits included both cash and share-based compensation.

Note 16: Subsequent Events

On August 8, 2025, we announced that we are voluntarily delisting from the TSX, effective August 22, 2025. Once delisted from the TSX, our common shares will continue to trade on the Nasdaq. As a result of our voluntary delisting from the TSX, we have terminated our ATM equity distribution agreement with Cantor and our share purchase agreement with Alumni.

Shareholder Information

Our public company filings are available on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov or contact us at:

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Kirk Look, CA, MSJ
Chief Financial Officer
Thomas C. Heineman, MD, PhD
Chief Medical Officer
Andrew Aromando
Chief Business Officer

Directors

Pat Andrews
Corporate Director
Deborah M. Brown, MBA, ICD.D
Corporate Director
Angela Holtham, MBA, FCPA, FCMA, ICD.D
Corporate Director
James T. Parsons, MAcc, CPA, CA
CFO, Sernova Biotherapeutics Inc.
Wayne Pisano, MBA
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