NantKwest and Viracta Therapeutics Announce Series B Financing and Immunotherapy Partnership

Culver City and San Diego, April 4, 2017- NantKwest, Inc. (Nasdaq:NK) and Viracta Therapeutics, Inc. announced the initial closing of a Series B Preferred financing round of up to $18.4 million with NantKwest, Inc. [NASDAQ:NK] as the lead investor. Joining NantKwest as a new investor in Viracta is Wicklow Capital. Viracta's founding investors, Latterell Venture Partners and Forward Ventures also participated in the round.

NantKwest Chairman and CEO, Patrick Soon-Shiong, MD, will join Viracta's Board of Directors as Vice Chairman. Concurrent with the financing, Viracta agreed to the terms of an exclusive license of its Phase 2 drug candidate, VRx-3996, to NantKwest for use in combination with NantKwest's platform of natural killer (NK) cell therapies.

Viracta will use the proceeds of the Series B financing to advance VRx-3996 into Phase 2 clinical studies for the treatment of Epstein Barr Virus (EBV)-associated malignancies via Viracta's proprietary viral gene activation therapeutic approach.

VRx-3996 is a Class 1 histone deacetylase inhibitor (HDACi) Phase 2 drug candidate. In addition to use in Viracta's viral gene activation therapeutic approach, VRx-3996 holds potential to enhance the activity and potential efficacy of immunotherapeutic agents, such as NantKwest's NK cell therapies, and further enhance NantKwest's position as an innovative and market leading developer of next generation immunotherapies based on the company's proprietary NK cell therapy platform.

HDAC inhibitors have been show in in-vitro and in-vivo studies to stimulate host immunity and improve clinical benefit in cancer patients. The mechanism of action is believed to result from the upregulation of expression of natural killer group 2D (NKG2D) ligands on tumor cells resulting in increased NK cell activity and NK cell-mediated cytotoxicity.

NantKwest plans to transition VRx-3996 into human clinical trials in combination with the company's aNK, haNK and taNK NK cell therapy platforms which the company believes will synergistically enhance the efficacy of the company's NK cell therapy programs.

"We are pleased to enter this relationship with NantKwest and to welcome Dr. Soon-Shiong to Viracta's Board," said Viracta Chief Executive Officer, Ivor Royston, M.D. "Dr. Soon-Shiong's experience in advancing new cancer treatments adds significant value to the Company and the patients we serve. The financing provides support to advance Viracta's viral gene activation approach to treating patients with cancers associated with EBV, which globally is a significant unmet medical need. The relationship with NantKwest will allow us to explore potential synergy between VRx-3996 and NantKwest's NK cell therapy platform."

Patrick Soon-Shiong, Chairman and CEO of NantKwest added, "Identifying new treatment options for patients with therapeutic agents such as Viracta's HDAC inhibitor, VRx-3996, which can be used in combination with NantKwest's aNK, haNK and taNK natural killer cell therapies offer the promising opportunity to stimulate the patient's own immune system by increasing the tumor cell killing ability of NK cell therapy and is highly synergistic with our vision behind Cancer Breakthroughs 2020." Dr. Soon-Shiong continued, "This strategic relationship will enable us to advance multiple combination therapies including VRx-3996 with our NK cell platform that offers the potential to benefit cancer patients across a broad range of cancer types."

About Viracta

Viracta is a clinical-stage drug development company committed to advancing new medicines based on its proprietary viral gene activation therapy approach to benefit patients with viral-associated cancers and other serious diseases.

For press or investor inquiries regarding Viracta, please call (858) 400-8470, or email info@viracta.com. For additional information see www.viracta.com.

About NantKwest Inc.

NantKwest (Nasdaq:NK) is a pioneering, next generation, clinical-stage immunotherapy company focused on harnessing the unique power of our immune system using natural killer (NK) cells to treat cancer, infectious diseases and inflammatory diseases. NK cells are the body's first line of defense due to the innate ability of NK cells to rapidly identify and destroy cells under stress, such as cancer or virally-infected cells.

NantKwest's unique NK cell-based platform, with the capacity to grow active killer cells as a biological cancer therapy, has been designed to induce cell death against cancer or infected cells by three different modes of action: (1) Direct killing using activated NK cells (aNK) that release toxic granules directly into the cell through cell to cell contact, (2) Antibody-mediated killing using haNKs, which are NK cells engineered to incorporate a high affinity receptor that binds to an administered antibody, enhancing the cancer cell killing effect of that antibody, and (3) Chimeric Antigen Receptor (CAR) activated killing using taNKs, which are NK cells engineered to incorporate CARs to target tumor-specific antigens found on the surface of cancer cells.

Our aNK, haNK® and taNK ™ platform addresses certain limitations of T cell therapies including the reduction of risk of serious "cytokine storms" reported after T cell therapy. As an “off-the-shelf” therapy, NantKwest's NK cells do not rely on a patient’s own often compromised immune system. In Phase 1 clinical trials in patients with late stage cancer, NantKwest's NK cells have been successfully administered as an outpatient infusion therapy without any reported severe side effects, even at doses of 10 billion cells.

By leveraging an integrated and extensive genomics and transcriptomics discovery and development engine, together with a pipeline of multiple, clinical-stage, immuno-oncology programs that include a Phase 2 trial for a rare form of melanoma and the planned initiation of a clinical trial of NK cells targeted to breast cancer, we believe NantKwest is uniquely positioned to be the premier immunotherapy company and transform medicine by delivering living drugs in a bag and bringing novel NK cell-based therapies to routine clinical care. For more information please visit http://www.nantkwest.com and follow Dr. Soon-Shiong on Twitter @Dr.PatSoonShiong.

For more information regarding NantKwest, please contact Jen Hodson, Public Relations Director at (562) 397-3639 or jhodson@nantworks.com, or visit www.nantkwest.com.

Special Cautionary Note Regarding Forward Looking Statements

This communication contains statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding our plans, objectives, intentions, beliefs, expectations and assumptions or future events, performance or results of performance, as well as other statements that are not necessarily historical facts. You are cautioned that these forward-looking statements are only predictions and are not guarantees of future performance and involve risks and uncertainties. Our actual results may differ materially from those described in our forward-looking statements due to various factors, including research and development progress and outcomes, competition, market factors, general economic conditions and other factors described above. The information contained herein describes several, but not all, important factors that could cause these differences. Further, any forward-looking statement speaks only as of the date as of which it is made. We do not intend to update or revise any forward-looking statements, whether because of new information, future events or otherwise.
