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Viracta and XOMA Announce Multi-License Milestone and Royalty Monetization Transaction

Viracta to Receive $13.5 Million Upfront Cash Payment

XOMA to Receive Economics on Two Clinical-Stage Partnered Programs

SAN DIEGO and EMERYVILLE, Calif., March 23, 2021 /PRNewswire/ -- Viracta Therapeutics, Inc. (Nasdaq: VIRX), and XOMA Corporation (NASDAQ: XOMA) announced today XOMA has purchased the potential future milestones and royalties associated with existing licenses relating to two clinical-stage drug candidates that were obtained in Viracta's merger with Sunesis Pharmaceuticals in exchange for an upfront payment of $13.5 million and up to $20 million in a pre-commercialization, event-based milestone. The first candidate, DAY101 (pan-RAF kinase inhibitor), is being developed by Day One Biopharmaceuticals, which recently initiated a pivotal Phase 2 with DAY101 in pediatric low-grade glioma. The second candidate, vosaroxin (topoisomerase II inhibitor), is being developed by Denovo Biopharma as a potential treatment for acute myeloid leukemia.

"This transaction with XOMA offered a unique opportunity for Viracta to secure meaningful non-dilutive capital and further strengthen our balance sheet prior to the initiation of our registration trial for the treatment of relapsed/refractory Epstein-Barr virus (EBV)-positive lymphoma and our Phase 1b/2 trial in EBV-positive solid tumors," said Dan Chevallard, Chief Operating Officer and Chief Financial Officer of Viracta. "We look forward to evaluating opportunities to strategically deploy this capital to further develop, expand and diversify our portfolio and pipeline."

"We congratulate Viracta for their recent successful merger. XOMA's purpose-built milestone and royalty acquisition-focused business provides an alternative source of capital and offers an ideal solution for companies like Viracta to capitalize on the opportunity to divest non-strategic assets," commented Jim Neal, Chief Executive Officer of XOMA. "We like both Day One and Denovo's thoughtful clinical development approaches, and we look forward to seeing them progress."

Under the terms of the agreement, XOMA has acquired potential royalty economics related to DAY101 and up to $54 million in pre-commercialization, event-based milestones and high single-digit net royalties on sales related to vosaroxin and up to $57 million in regulatory and commercial milestones.

About Viracta Therapeutics, Inc.
Viracta is a precision oncology company targeting virus-associated malignancies. Viracta's

proprietary investigational drug, nanatinostat, is currently being evaluated in combination with the antiviral agent valganciclovir as an oral combination therapy in a Phase 2 clinical trial for EBV-positive lymphoma. Viracta is pursuing application of this inducible synthetic lethality approach in other EBV-associated malignancies, such as nasopharyngeal carcinoma, gastric carcinoma, and other virus-related cancers. For additional information please visit www.viracta.com.

About XOMA Corporation
XOMA has built a significant portfolio of products that are licensed to and being developed by other biotechnology and pharmaceutical companies. The Company's portfolio of partner-funded programs spans multiple stages of the drug development process and across various therapeutic areas. Many of these licenses are the result of XOMA's pioneering efforts in the discovery and development of antibody therapeutics. The Company's royalty-aggregator business model includes acquiring additional licenses to partner-funded programs. For more information, visit www.xoma.com.

Viracta Forward-Looking Statements
This communication contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding milestone payments related to the transaction; Viracta's clinical development plans and use of the proceeds from the transaction; and other statements that are not historical facts. Risks and uncertainties related to Viracta that may cause actual results to differ materially from those expressed or implied in any forward-looking statement include, but are not limited to: Viracta's ability to successfully enroll patients in and complete its ongoing and planned clinical trials; Viracta's plans to develop and commercialize its product candidates, including all oral combinations of nanatinostat and valganciclovir; the timing of initiation of Viracta's planned clinical trials; the timing of the availability of data from Viracta's clinical trials; previous preclinical and clinical results may not be predictive of future clinical results; the timing of any planned investigational new drug application or new drug application; Viracta's plans to research, develop and commercialize its current and future product candidates; the clinical utility, potential benefits and market acceptance of Viracta's product candidates; Viracta's ability to identify additional products or product candidates with significant commercial potential; developments and projections relating to Viracta's competitors and its industry; the impact of government laws and regulations; Viracta's ability to protect its intellectual property position; and Viracta's estimates regarding future expenses, capital requirements and need for additional financing in the future.

These risks and uncertainties may be amplified by the COVID-19 pandemic, which has caused significant economic uncertainty. If any of these risks materialize or underlying assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Additional risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are included under the caption "Risk Factors" and elsewhere in Viracta's reports and other documents that Viracta has filed, or will file, with the SEC from time to time and available at www.sec.gov.

The forward-looking statements included in this communication are made only as of the date hereof. Viracta assumes no obligation and does not intend to update these forward-looking statements, except as required by law or applicable regulation.

XOMA Forward-Looking Statements/Explanatory Notes

Certain statements contained in this press release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding the potential of XOMA's portfolio of partnered programs and licensed technologies generating substantial milestone and royalty proceeds over time, creating additional value for the stockholders, cash sufficiency forecast, economic outlook, and potential impact of the COVID-19 pandemic. These statements are based on assumptions that may not prove accurate, and actual results could differ materially from those anticipated due to certain risks inherent in the biotechnology industry, including those related to the fact that our product candidates subject to out-license agreements are still being developed, and our licensees may require substantial funds to continue development which may not be available; we do not know whether there will be, or will continue to be, a viable market for the products in which we have an ownership or royalty interest; if the therapeutic product candidates to which we have a royalty interest do not receive regulatory approval, our third-party licensees will not be able to market them, and the impact to the global economy as a result of the COVID-19 pandemic. Other potential risks to XOMA meeting these expectations are described in more detail in XOMA's most recent filing on Form 10-K and in other SEC filings. Consider such risks carefully when considering XOMA's prospects. Any forward-looking statement in this press release represents XOMA's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date. XOMA disclaims any obligation to update any forward- looking statement, except as required by applicable law.

XOMA EXPLANATORY NOTE:

Any references to "portfolio" in this press release refer strictly to milestone and/or royalty rights associated with a basket of drug products in development. Any references to "assets" in this press release refer strictly to milestone and/or royalty rights associated with individual drug products in development. References to royalties or royalty rates strictly refer to future potential payment streams regardless of whether or not they are technically defined as royalties in the underlying contractual agreement; further, any rates referenced herein are subject to potential future contractual adjustments.

As of the date of this press release, all assets in XOMA's milestone and royalty portfolio are investigational compounds. Efficacy and safety have not been established. There is no guarantee that any of these assets will become commercially available.

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