**Zymeworks and Daiichi Sankyo Announce Immuno-Oncology Cross-Licensing Agreement and Bi-Specific Antibody Collaboration**

**Vancouver, Canada, Tokyo, Japan and Parsippany, NJ (September 28, 2016)** – Zymeworks Inc., a clinical-stage biopharmaceutical company discovering and developing innovative multifunctional protein-based therapeutics including bi-specific antibodies and drug conjugates for the treatment of cancer, and Daiichi Sankyo Company, Limited (hereafter, Daiichi Sankyo) announced today that they have entered into a cross-licensing and collaboration agreement to develop proprietary cancer immuno-oncology products.

Under the terms of the agreement, Daiichi Sankyo will acquire a license to Zymeworks’ Azymetric™ and Effector Function Enhancement and Control Technology (EFECT™) platforms to develop a bi-specific antibody therapeutic, for which Zymeworks will receive an upfront technology access fee and research support. Zymeworks will also be eligible to receive payments upon the achievement of preclinical, clinical and commercial milestones, as well as up to double-digit tiered royalties on global product sales. Additionally, Zymeworks will license immuno-oncology antibodies from Daiichi Sankyo, with the right to research, develop and commercialize multiple bi-specific products globally in exchange for royalties on product sales. Further financial details are not disclosed.

“We are very excited to enter into this cross-licensing agreement with Daiichi Sankyo,” said Ali Tehrani, Ph.D., President and CEO of Zymeworks. “The in-licensing component of the transaction will enable Zymeworks to expand its therapeutic pipeline in the near term by accelerating a number of our immuno-oncology programs into the clinic and to ultimately provide more effective and targeted treatments to patients. Additionally, we believe that the licensing of Zymeworks’ platforms to Daiichi Sankyo further demonstrates the potential of the Azymetric™ and EFECT™ technologies for the discovery and development of next-generation multifunctional biologics.”

“Targeting two drivers of disease with a single monoclonal antibody is a key scientific advance that may help change the standard of care for patients with cancer,” said Antoine Yver, MD, MSc, Executive Vice President and Global Head, Oncology Research and Development, Daiichi Sankyo. “We are looking forward to strengthening our expertise in bi-specific immuno-oncology by working closely with Zymeworks on this collaboration.”

**About the Azymetric™ Platform**

Bi-specific antibodies developed using the Azymetric™ platform resemble conventional mono-specific antibodies while being able to simultaneously bind to two different targets resulting in additive or synergistic therapeutic responses. Azymetric™ antibodies spontaneously assemble into a single molecule with two different Fab domains comprising of unique heavy and light chain pairings. Azymetric™ antibodies are manufactured using conventional monoclonal antibody processes and can be easily adapted to rapidly screen target and sequence combinations for bi-specific activity in the final therapeutic format, thereby significantly reducing drug development timelines.
About the EFECT™ Platform
The EFECT™ platform is a library of antibody Fc modifications engineered to modulate the activity of the antibody-mediated immune response, which includes both the up and down-regulation of effector functions. This platform is compatible with traditional monoclonal and well as Azymetric™ bi-specific antibodies to further enable the customization of therapeutic responses for different diseases.

About Zymeworks Inc.
Zymeworks is a privately held clinical-stage biotherapeutics company that is developing best-in-class Azymetric™ bi-specific antibodies and antibody drug conjugates for the treatment of cancer, autoimmune and inflammatory diseases. The company’s novel Azymetric™, AlbuCORE™, and EFECT™ platforms, its Zymelink™ conjugation platform and cytotoxins, and its proprietary ZymeCAD™ structure-guided protein engineering technology, enable the development of highly potent bi-specific antibodies, multivalent protein therapeutics, and antibody drug conjugates across a range of indications. Zymeworks is focused on accelerating its clinical and preclinical biotherapeutics pipeline through in-house research and development programs and strategic collaborations. More information on Zymeworks can be found at www.zymeworks.com.

About Daiichi Sankyo Cancer Enterprise
The vision of Daiichi Sankyo Cancer Enterprise is to push beyond traditional thinking to align world-class science to create innovative treatments for patients with cancer. The oncology pipeline of Daiichi Sankyo continues to grow and currently includes more than 20 small molecules and monoclonal antibodies with novel targets in both solid and hematological cancers. Compounds in phase 3 development include: quizartinib, an oral FLT3 inhibitor, for newly-diagnosed and relapsed/refractory FLT3-ITD+ acute myeloid leukemia (AML); pexidartinib, an oral CSF-1R inhibitor, for tenosynovial giant cell tumor (TGCT), also known as pigmented villonodular synovitis (PVNS) and giant cell tumor of the tendon sheath (GCT-TS), which also is being investigated in combination with anti-PD1 immunotherapy, pembrolizumab, in a range of solid tumors; and tivantinib, an oral MET inhibitor, for second-line treatment of MET-high hepatocellular carcinoma in partnership with ArQule, Inc.

About Daiichi Sankyo
Daiichi Sankyo Group is dedicated to the creation and supply of innovative pharmaceutical products to address diversified, unmet medical needs of patients in both mature and emerging markets. With over 100 years of scientific expertise and a presence in more than 20 countries, Daiichi Sankyo and its 16,000 employees around the world draw upon a rich legacy of innovation and a robust pipeline of promising new medicines to help people. In addition to a strong portfolio of medicines for hypertension and thrombotic disorders, under the Group’s 2025 Vision to become a “Global Pharma Innovator with Competitive Advantage in Oncology,” Daiichi Sankyo research and development is primarily focused on bringing forth novel therapies in oncology, including immuno-oncology, with additional focus on new horizon areas, such as pain management, neurodegenerative diseases, heart and kidney diseases, and other rare diseases. For more information, please visit: www.daiichisankyo.com. Daiichi Sankyo, Inc., headquartered in Parsippany, New Jersey, is a member of the Daiichi Sankyo Group. For more information on Daiichi Sankyo, Inc., please visit: www.dsi.com.
Contact:

Zymeworks:

Media Inquiries
Michael Lampe
(484) 575-5040
michael@scientpr.com

Investor Inquiries
Stephanie Carrington
ICR Inc.
(646) 277-1282
stephanie.carrington@icrinc.com

Zymeworks Inc.
David Poon, Ph.D.
Executive Director, External R&D and Alliances
(604) 678-1388
bd@zymeworks.com

Daiichi Sankyo:

Jennifer Brennan
Daiichi Sankyo, Inc.
jbrennan2@dsi.com
+1 973 944 2393 (office)
+1 201 709 9309 (mobile)