UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number: 001-41535

ZYMEWORKS INC.
(Exact name of registrant as specified in its charter)

Delaware	**88-3099146**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

108 Patriot Drive, Suite A
Middletown, Delaware 19709
(Address of principal executive offices, including zip code)

(302) 274-8744
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.00001 par value per share	ZYME	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The number of outstanding shares of common stock of the registrant, $0.00001 par value per share, as of August 9, 2023 was 67,826,689.

ZYMEWORKS INC.

QUARTERLY REPORT ON FORM 10-Q

For the Quarter Ended June 30, 2023

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes "forward-looking statements" or information within the meaning of applicable securities legislation, including Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934 as amended (the "Exchange Act"). Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, under the headings "Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Forward-looking statements can often be identified by the use of terminology such as "subject to," "believe," "anticipate," "plan," "expect," "intend," "estimate," "project," "may," "will," "should," "would," "could," "can," the negatives thereof, variations thereon and similar expressions, or by discussions of strategy. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking. In particular, these forward-looking statements include, but are not limited to, statements about:

- the size of our addressable markets and our ability to commercialize product candidates;
- the achievement of advances in and expansion of our therapeutic platforms and antibody engineering expertise;
- the likelihood of product candidate development and clinical trial progression, initiation or success;
- our ability to predict and manage government regulation; and
- the expected benefits and other impacts of the Redomicile Transactions (as defined below).

All forward-looking statements, including, without limitation, those related to our examination of historical operating trends, are based upon our current expectations and various assumptions. Certain assumptions made in preparing the forward-looking statements include:

- our ability to manage our growth effectively;
- the absence of material adverse changes in our industry or the global economy;
- our ability to understand and predict trends in our industry and markets;
- our ability to enter into and maintain good business relationships with our strategic partners;
- our ability to comply with current and future regulatory standards;
- our ability to protect our intellectual property rights;
- our continued compliance with third-party license terms and the non-infringement of third-party intellectual property rights;
- our ability to manage and integrate any acquisitions we may pursue;
- our ability to retain key personnel; and
- our ability to raise sufficient debt or equity financing to support our continued growth.

We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others (including those referred to in the section titled "Risk Factors"), could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- our or our partners' ability to obtain regulatory approval for product candidates without significant delays;
- the predictive value of our current or planned clinical trials;
- delays with respect to the development and commercialization of our product candidates, which may cause increased costs or delay receipt of product revenue;
- our or any of our partners' ability to enroll subjects in clinical trials and thereby complete trials on a timely basis;
- the design or our execution of clinical trials may not support regulatory approval, including where clinical trials are conducted outside the United States;

- our ability to achieve milestones and receive associated milestone payments pursuant to the terms of our collaboration agreements, including the Amended Jazz Collaboration Agreement (as defined below);
- the extent to which our business may be adversely affected by pandemics or other health crises;
- global economic and political conditions, including as a result of the Russian invasion of Ukraine, as well as social and political unrest in the locations where our clinical trials are held, and the related impact on our business and the markets generally;
- expected benefits of the Redomicile Transactions may not materialize as expected or at all;
- unanticipated tax consequences in connection with the Redomicile Transactions;
- the Fast Track and Breakthrough Therapy designations for any of our product candidates may not expedite regulatory review or approval;
- the U.S. Food and Drug Administration (the “FDA”) may not accept data from trials we conduct outside the United States;
- disruptions at the FDA and other government agencies caused by funding shortages or global health concerns;
- our discretion to discontinue or reprioritize the development of any of our product candidates;
- the potential for our product candidates to have undesirable side effects;
- no regulatory agency has made a determination that any of our product candidates are safe or effective for use by the general public or for any indication;
- our ability to face significant competition, including biosimilar products;
- the likelihood of broad market acceptance of our product candidates;
- our ability to obtain Orphan Drug Designation or exclusivity for some or all of our product candidates;
- our ability to commercialize products outside of the United States;
- the outcome of reimbursement decisions by third-party payors relating to our products;
- our expectations with respect to the market opportunities for any product that we or our strategic partners develop;
- our ability to pursue product candidates that may be profitable or have a high likelihood of success;
- our ability to use and expand our therapeutic platforms to build a pipeline of product candidates;
- our ability to meet the requirements of ongoing regulatory review;
- the threat of product liability lawsuits against us or any of our strategic partners;
- changes in product candidate manufacturing or formulation that may result in additional costs or delay;
- the potential disruption of our business and dilution of our shareholdings associated with acquisitions and joint ventures;
- the potential for foreign governments to impose strict price controls;
- the risk of security breaches and incidents or data loss, which could compromise sensitive business or health information;
- current and future legislation that may increase the difficulty and cost of commercializing our product candidates;
- economic, political, regulatory and other risks associated with international operations;
- our exposure to legal and reputational penalties as a result of any of our current and future relationships with various third parties;
- our ability to comply with export control and import laws and regulations;
- our history of significant losses since inception;
- our ability to generate revenue from product sales and achieve profitability;
- our requirement for substantial additional funding;
- the potential dilution to our stockholders associated with future financings;
- restrictions on our ability to seek financing, which may be imposed by future debt;

- unstable market and economic conditions;
- currency fluctuations and changes in foreign currency exchange rates;
- our ability to maintain existing and future strategic partnerships;
- our ability to realize the anticipated benefits of our strategic partnerships;
- our ability to secure future strategic partners;
- our reliance on third-party manufacturers to produce our product candidate supplies and on other third parties to monitor and transport bulk drug substance and drug product;
- our reliance on third parties to oversee clinical trials of our product candidates and, in some cases, maintain regulatory files for those product candidates;
- risks related to the manufacture of product candidates and difficulties in production;
- our reliance on third parties for various operational and administrative aspects of our business including our reliance on third parties' cloud-based software platforms;
- our reliance on the performance of independent clinical investigators and contract research organizations ("CROs");
- our ability to operate without infringing the patents and other proprietary rights of third parties;
- our ability to obtain and enforce patent protection for our product candidates and related technology;
- our patents could be found invalid or unenforceable if challenged;
- our intellectual property rights may not necessarily provide us with competitive advantages;
- we may become involved in expensive and time-consuming patent lawsuits;
- the risk that the duration of our patents will not adequately protect our competitive position;
- our ability to obtain protection under the Drug Price Competition and Patent Term Restoration Act of 1984 (the "Hatch-Waxman Amendments") and similar foreign legislation;
- we may be unable to protect the confidentiality of our proprietary information;
- our ability to comply with procedural and administrative requirements relating to our patents;
- the risk of claims challenging the inventorship of our patents and other intellectual property;
- our intellectual property rights for some of our product candidates are dependent on the abilities of third parties to assert and defend such rights;
- patent reform legislation and court decisions can diminish the value of patents in general, thereby impairing our ability to protect our products;
- we may not be able to protect our intellectual property rights throughout the world;
- we will require FDA approval for any proposed product candidate names and any failure or delay associated with such approval may adversely affect our business;
- our election to rely on certain reduced reporting and disclosure requirements available to smaller reporting companies may make our common stock less attractive to investors;
- the risk of employee misconduct including noncompliance with regulatory standards and insider trading;
- our ability to market our products in a manner that does not violate the law and subject us to civil or criminal penalties;
- if we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected;
- our ability to retain key executives and attract and retain qualified personnel;
- our ability to manage any organizational growth;
- our exposure to potential securities class action litigation; and
- if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

Consequently, forward-looking statements should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. We cannot guarantee future results, events, levels of activity, performance or achievements. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events, except as required by law. Our Risk Factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, our names, logos and website names and addresses are our service marks or trademarks. Azymetric, Zymeworks, ZymeCAD, EFECT, ZymeLink and the phrase "Building Better Biologics" are our registered trademarks. The other trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, the trademarks, service marks, tradenames and copyrights referred to in this Quarterly Report on Form 10-Q are listed without the ©, ® and TM symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and tradenames.

We express all amounts in this Quarterly Report on Form 10-Q in U.S. dollars, except where otherwise indicated. References to "$" and "US$" are to U.S. dollars and references to "C$" are to Canadian dollars.

Unless the context otherwise requires or otherwise expressly states, all references in this Quarterly Report on Form 10-Q to "Zymeworks," the "Company," "we," "us" and "our" (i) for periods until the Redomicile Transactions (as defined below), refer to Zymeworks BC Inc. and its subsidiaries and (ii) for periods after the Redomicile Transactions, refer to Zymeworks Inc. and its subsidiaries.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Zymeworks Inc.

Index to Interim Condensed Consolidated Financial Statements (unaudited)

As of and for the three and six months ended June 30, 2023

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ZYMEWORKS INC.
Condensed Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars except share data)

	June 30, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 142,100	$ 400,912
Short-term investments (note 5)	197,989	91,320
Accounts receivable	48,819	33,400
Prepaid expenses and other current assets	31,428	19,074
Total current assets	420,336	544,706
Deferred financing fees	—	10
Long-term investments (note 5)	92,235	886
Long-term prepaid assets	7,912	15,729
Deferred tax asset	1,359	1,345
Property and equipment, net	22,375	24,713
Operating lease right-of-use assets	20,796	22,937
Intangible assets, net	7,397	8,755
Acquired in-process research and development (note 6)	17,628	17,628
Goodwill (note 6)	12,016	12,016
Total assets	$ 602,054	$ 648,725
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	$ 69,919	$ 87,468
Income tax payable	1,158	840
Fair value of liability classified stock options	1,060	1,642
Current portion of operating lease liability (note 11)	3,645	3,322
Deferred revenue and other consideration (note 9)	17,764	2,353
Total current liabilities	93,546	95,625
Long-term portion of operating lease liability (note 11)	23,488	24,667
Deferred revenue (note 9)	30,588	30,588
Other long-term liabilities (note 7)	3,597	3,101
Deferred tax liability	1,916	1,788
Total liabilities	153,135	155,769
Stockholders' equity:		
Common stock, $0.00001 par value; 900,000,000 authorized shares at June 30, 2023 and December 31, 2022, respectively; 67,687,384 and 63,059,501 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively (note 8)	929,396	886,322
Preferred shares, $0.00001 par value; 100,000,000 authorized shares of preferred stock, out of which, one share of preferred stock is a share of Special Voting Preferred Stock and outstanding as of June 30, 2023 and December 31, 2022 (note 8b).	—	—
Exchangeable shares, no par value, 651,388 and 1,424,533 issued and outstanding shares at June 30, 2023 and December 31, 2022, respectively (note 8b)	9,347	20,442
Additional paid-in capital	152,257	151,614
Accumulated other comprehensive loss	(7,813)	(6,659)
Accumulated deficit	(634,268)	(558,763)
Total stockholders' equity	448,919	492,956
Total liabilities and stockholders' equity	$ 602,054	$ 648,725
Research collaboration and licensing agreements (note 9)		
Commitments and contingencies (note 13)		

The accompanying notes are an integral part of these financial statements

ZYMEWORKS INC.
Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in thousands of U.S. dollars except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue				
Research and development collaborations (note 9)	$ 7,002	$ 5,442	$ 42,580	$ 7,358
Operating expenses:				
Research and development	39,408	56,022	85,320	118,532
General and administrative	21,708	15,243	38,655	27,335
Total operating expenses	61,116	71,265	123,975	145,867
Loss from operations	(54,114)	(65,823)	(81,395)	(138,509)
Other income:				
Interest income	4,825	436	9,630	738
Other (expense) income, net (note 10)	(209)	759	(696)	444
Total other income, net	4,616	1,195	8,934	1,182
Loss before income taxes	(49,498)	(64,628)	(72,461)	(137,327)
Income tax (expense) recovery	(1,654)	9	(3,044)	83
Net loss	(51,152)	(64,619)	(75,505)	(137,244)
Other comprehensive loss:				
Unrealized loss on available for sale securities, net of tax of nil (note 5)	(1,874)	—	(1,154)	—
Total other comprehensive loss	(1,874)	—	(1,154)	—
Comprehensive loss	$ (53,026)	$ (64,619)	$ (76,659)	$ (137,244)
Net loss per common share (note 4):				
Basic	$ (0.76)	$ (0.97)	$ (1.13)	$ (2.15)
Diluted	$ (0.76)	$ (0.97)	$ (1.13)	$ (2.15)
Weighted-average common stock outstanding (note 4):				
Basic	67,281,028	66,353,279	67,011,664	63,874,097
Diluted	67,284,511	66,354,784	67,014,794	63,880,076

The accompanying notes are an integral part of these financial statements

ZYMEWORKS INC.
Condensed Consolidated Statement of Changes in Stockholders' Equity
(Expressed in thousands of U.S. dollars except share data)
(unaudited)

	Preferred stock		Exchangeable shares		Common stock		Accumulated deficit	Accumulated other comprehensive loss (income)	Additional paid-in capital	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2023	1	$ —	1,424,533	$ 20,442	63,059,501	$ 886,322	$ (558,763)	$ (6,659)	$ 151,614	$ 492,956
Issuance of common stock on exercise of options	—	—	—	—	203,239	2,649	—	—	(1,001)	1,648
Issuance of common stock through employee stock purchase plan	—	—	—	—	50,420	371	—	—	—	371
Issuance of common stock upon vesting of restricted stock units ("RSUs")	—	—	—	—	2,965	132	—	—	(132)	—
Issuance of common stock for retracted exchangeable shares (note 8b)	—	—	(767,645)	(11,016)	767,645	11,016	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	2,196	2,196
Net loss	—	—	—	—	—	—	(24,353)	—	—	(24,353)
Other comprehensive income (note 5)	—	—	—	—	—	—	—	720	—	720
Balance at March 31, 2023	1	$ —	656,888	$ 9,426	64,083,770	$ 900,490	$ (583,116)	$ (5,939)	$ 152,677	$ 473,538
Issuance of common stock on exercise of options	—	—	—	—	202,048	2,129	—	—	(697)	1,432
Issuance of common stock upon vesting of RSUs	—	—	—	—	46,066	465	—	—	(465)	—
Issuance of common stock for retracted exchangeable shares (note 8b)	—	—	(5,500)	(79)	5,500	79	—	—	—	—
Issuance of common stock in connection with at-the-market ("ATM") program, net of issue costs (note 8a)	—	—	—	—	3,350,000	26,233	—	—	—	26,233
Stock-based compensation	—	—	—	—	—	—	—	—	742	742
Net loss	—	—	—	—	—	—	(51,152)	—	—	(51,152)
Other comprehensive loss (note 5)	—	—	—	—	—	—	—	(1,874)	—	(1,874)
Balance at June 30, 2023	1	$ —	651,388	$ 9,347	67,687,384	$ 929,396	$ (634,268)	$ (7,813)	$ 152,257	$ 448,919

The accompanying notes are an integral part of these financial statements

	Preferred stock		Exchangeable shares		Common stock		Accumulated deficit	Accumulated other comprehensive loss	Additional paid-in capital	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at January 1, 2022	—	$ —	—	$ —	46,633,935	$ 741,147	$ (683,104)	$ (6,659)	$ 197,710	$ 249,094
Issuance of common stock on exercise of options	—	—	—	—	2,112	20	—	—	(8)	12
Issuance of common stock through employee stock purchase plan	—	—	—	—	61,801	1,361	—	—	—	1,361
Issuance of common stock upon vesting of restricted stock units RSUs	—	—	—	—	37,398	1,382	—	—	(1,382)	—
Issuance of common stock and pre-funded warrants in connection with public offering, net of offering costs (notes 8a and 8c)	—	—	—	—	11,035,000	82,549	—	—	24,985	107,534
Stock-based compensation recovery	—	—	—	—	—	—	—	—	(2,932)	(2,932)
Net loss	—	—	—	—	—	—	(72,625)	—	—	(72,625)
Balance at March 31, 2022	—	$ —	—	$ —	57,770,246	$ 826,459	$ (755,729)	$ (6,659)	$ 218,373	$ 282,444
Issuance of common stock on exercise of options	—	—	—	—	1,257	11	—	—	(4)	7
Issuance of common stock upon vesting of restricted stock units RSUs	—	—	—	—	958	27	—	—	(27)	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	4,450	4,450
Net loss	—	—	—	—	—	—	(64,619)	—		(64,619)
Balance at June 30, 2022	—	$ —	—	$ —	57,772,461	$ 826,497	$ (820,348)	$ (6,659)	$ 222,792	$ 222,282

The accompanying notes are an integral part of these financial statements

ZYMEWORKS INC.
Condensed Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)
(unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net loss	$ (75,505)	$ (137,244)
Items not involving cash:		
Depreciation of property and equipment	3,525	3,683
Amortization of intangible assets	1,357	320
Stock-based compensation expense (recovery)	2,692	(5,282)
Amortization of operating lease right-of-use assets	2,535	3,500
Deferred income tax expense	115	470
Change in fair value of contingent consideration liability	499	(250)
Unrealized foreign exchange loss (gain)	139	(434)
Changes in non-cash operating working capital:		
Accounts receivable	(15,417)	11,476
Prepaid expenses and other current assets	(6,003)	(127)
Accounts payable and accrued liabilities	(17,575)	13,550
Operating lease liabilities	(1,681)	102
Deferred revenue and other consideration	15,411	—
Income taxes payable	318	—
Net cash used in operating activities	(89,590)	(110,236)
Cash flows from financing activities:		
Proceeds from issuance of common stock under at-the-market program and from public offerings, net of issuance costs (notes 8a)	26,233	107,534
Issuance of common stock on exercise of stock options (note 8d)	2,907	19
Issuance of common stock through employee stock purchase plan (note 8e)	236	863
Deferred financing fees	(27)	(76)
Finance lease payments	(9)	(9)
Net cash provided by financing activities	29,340	108,331
Cash flows from investing activities:		
Purchases of marketable securities	(366,255)	(68,226)
Proceeds from marketable securities	168,547	75,320
Acquisition of property and equipment	(1,188)	(6,821)
Acquisition of intangible assets	—	(1,629)
Net cash used in investing activities	(198,896)	(1,356)
Effect of exchange rate changes on cash and cash equivalents	334	43
Net change in cash and cash equivalents	(258,812)	(3,218)
Cash and cash equivalents, beginning of period	400,912	201,867
Cash and cash equivalents, end of period	$ 142,100	$ 198,649
Supplemental disclosure of non-cash investing and financing items:		
Leased assets obtained in exchange for operating lease liabilities	$ 394	$ 72
Acquisition of property and equipment in accounts payable and accrued liabilities	—	1,003

The accompanying notes are an integral part of these financial statements

ZYMEWORKS INC.
Notes to the Interim Condensed Consolidated Financial Statements
(unaudited)
(Expressed in thousands of U.S. dollars except share and per share data)

1. Nature of Operations

Zymeworks Inc. together with its subsidiaries (collectively the “Company” or “Zymeworks”) is a clinical-stage biopharmaceutical company dedicated to the development of next-generation multifunctional biotherapeutics. Zymeworks BC Inc. ("Zymeworks BC"), (previously known as "Zymeworks Inc.") was incorporated on September 8, 2003 under the laws of the Canada Business Corporations Act. On October 22, 2003, the Company was registered as an extra-provincial company under the Company Act (British Columbia). On May 2, 2017, the Company continued under the Business Corporations Act (British Columbia).

Since its inception, the Company has devoted substantially all of its resources to research and development activities, including developing its therapeutic platforms and identifying and developing potential product candidates by undertaking preclinical studies and clinical trials. The Company supports these activities through general and administrative support, as well as by raising capital, conducting business planning and protecting its intellectual property.

On July 15, 2022, the Company announced its intention to become a Delaware corporation, subject to receipt of necessary shareholder, stock exchange, and court approvals (the "Redomicile Transactions"). The Redomicile Transactions were completed on October 13, 2022. On October 13, 2022, the Company changed its name to Zymeworks BC. Unless the context otherwise requires or otherwise expressly states, all references in the accompanying consolidated financial statements to “Zymeworks,” the “Company,” “we,” “us” and “our” (i) for periods until completion of the Redomicile Transactions, refer to Zymeworks BC and its subsidiaries and (ii) for periods after completion of the Redomicile Transactions, refer to Zymeworks Inc. (formerly known as Zymeworks Delaware Inc.) and its subsidiaries.

To effect the Redomicile Transactions, the Company conducted a share exchange, pursuant to which holders of the Company's common shares exchanged their common shares in the Company for shares of common stock of Zymeworks Inc. (formerly known as Zymeworks Delaware Inc.) or, at their election with respect to all or a portion of their common shares in the Company and subject to applicable eligibility criteria and an overall cap, exchangeable shares (the “Exchangeable Shares”) in the capital of a newly formed indirect subsidiary of Zymeworks Inc. A special meeting of Company security holders was held on October 7, 2022 to approve the Redomicile Transactions. The Redomicile Transactions were governed by a transaction agreement dated July 14, 2022, as restated and amended on August 18, 2022 (the “Restated and Amended Transaction Agreement”), by and among the Company and its direct or indirect subsidiaries Zymeworks Inc., Zymeworks CallCo ULC (“CallCo”) and Zymeworks ExchangeCo Ltd. (“ExchangeCo”), including a plan of arrangement included as Exhibit A to the Restated and Amended Transaction Agreement (the “Plan of Arrangement”).

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying interim condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for interim financial information. Accordingly, these financial statements do not include all the information and footnotes required for complete financial statements and should be read in conjunction with the audited consolidated financial statements of the Company and the accompanying notes thereto for the year ended December 31, 2022.

These unaudited interim condensed consolidated financial statements reflect all adjustments, consisting solely of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of results for the interim periods presented. The results of operations for the three and six months ended June 30, 2023 and 2022 are not necessarily indicative of results that can be expected for a full year. These unaudited interim condensed consolidated financial statements follow the same significant accounting policies as those described in the notes to the audited consolidated financial statements of the Company for the year ended December 31, 2022.

All amounts expressed in the interim condensed consolidated financial statements of the Company and the accompanying notes thereto are expressed in thousands of U.S. dollars, except for share and per share data and where otherwise indicated. References to "$" are to U.S. dollars and references to "C$" are to Canadian dollars.

Certain prior period amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of interim condensed consolidated financial statements in accordance with U.S. GAAP requires the Company to make estimates and judgments in certain circumstances that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, most notably those related to revenue recognition including estimated timing of completion of performance obligations required to meet revenue recognition criteria, accrual of expenses including clinical and preclinical study expense accruals, stock-based compensation, valuation allowance for deferred taxes, benefits under the Scientific Research and Experimental Development ("SR&ED") program, and other contingencies. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances. Actual results could differ from these estimates.

3. Recent Accounting Pronouncements

Recent accounting pronouncements not yet adopted

The Company has reviewed recent accounting pronouncements and concluded that they are either not applicable to the business, or that no material effect is expected on the consolidated financial statements as a result of future adoption.

4. Net loss per share

Net loss per share for the three and six months ended June 30, 2023 and 2022 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator:				
Net loss attributable to common stockholders:				
Basic	$ (51,152)	$ (64,619)	$ (75,505)	$ (137,244)
Adjustment for change in fair value of liability classified stock options	(49)	(2)	(109)	(199)
Diluted	$ (51,201)	$ (64,621)	$ (75,614)	$ (137,443)
Denominator:				
Weighted-average common stock outstanding:				
Basic	67,281,028	66,353,279	67,011,664	63,874,097
Adjustment for dilutive effect of liability classified stock options	3,483	1,505	3,130	5,979
Diluted	67,284,511	66,354,784	67,014,794	63,880,076
Net loss per common share – basic	$ (0.76)	$ (0.97)	$ (1.13)	$ (2.15)
Net loss per common share – diluted	$ (0.76)	$ (0.97)	$ (1.13)	$ (2.15)

Weighted average number of shares of common stock used in the basic and diluted earnings per share calculations include Exchangeable Shares and the pre-funded warrants issued in connection with the Company's June 2019 and January 2020 offerings as the warrants are exercisable at any time for nominal cash consideration.

5. Investments

Short-term investments are high credit quality investment grade debt securities with original maturities exceeding three months and accrue interest based on a fixed interest rate for the term. Short-term investments also consist of guaranteed investment certificates ("GICs") acquired from financial institutions. The Company classifies its marketable securities as available-for-sale securities and are carried at fair value.

Long-term investments at June 30, 2023 consist of debt securities with remaining maturities exceeding twelve months and equity securities of $886 acquired for strategic purposes or in connection with licensing and collaboration agreements (December 31, 2022 - $886). As the Company's investments in equity securities do not have readily determinable fair value, they are carried at cost, less any impairment, including any adjustments resulting from observable price changes.

Unrealized fair value gains and losses for investments classified as available-for-sale are recorded through other comprehensive income (loss) in stockholders' equity. When the fair value of an available-for-sale security falls below the amortized cost basis it is evaluated to determine if any of the decline in value is attributable to credit loss. Decreases in fair value attributable to credit loss are recorded directly to the consolidated statement of loss with a corresponding allowance for credit losses, limited to the amount that the fair value below the amortized cost basis. If the credit quality subsequently improves the allowance is reversed up to a maximum of the previously recorded credit losses. When the Company intends to sell an impaired available-for-sale security, or if it is more likely than not that the Company will be required to sell the security prior to recovering the amortized cost basis, the entire fair value adjustment will immediately be recognized in the consolidated statement of loss with no corresponding allowance for credit losses. Realized gains and losses and credit losses, if any, on available-for-sale securities are included in interest income (expense), based on the specific identification method. Available-for-sale securities are also adjusted for amortization of premiums and accretion of discounts to maturity, with such amortization and accretion included within interest income.

		June 30, 2023	
	Amortized Cost	Unrealized Loss	Fair Value
Short-term investments:			
GICs and mutual funds	$ 93,451	$ —	$ 93,451
U.S. Treasury notes	34,841	—	34,841
Corporate debt securities	69,745	(48)	69,697
	198,037	(48)	197,989
Long-term investments:			
U.S. Treasury notes	15,705	(9)	15,696
Corporate debt securities	76,750	(1,097)	75,653
Equity securities	886	—	886
	93,341	(1,106)	92,235
	$ 291,378	$ (1,154)	$ 290,224

6. IPR&D and Goodwill

Acquired IPR&D

In-process research and development assets ("IPR&D") acquired in the 2016 Kairos Therapeutics Inc. ("Kairos") business combination are classified as indefinite-lived intangible assets and are not currently being amortized. The carrying value of IPR&D, net of impairment was $17,628 at both June 30, 2023 and December 31, 2022. The Company concluded that there were no impairment indicators related to IPR&D as of June 30, 2023.

Goodwill

The Company performed its most recent annual impairment test of goodwill as of December 31, 2022. As part of the evaluation of the recoverability of goodwill, the Company identified only one reporting unit to which the total carrying amount of goodwill has been assigned. As at December 31, 2022, the Company performed a qualitative assessment for its annual impairment test of goodwill after concluding that it was not more likely than not that the fair value of the reporting unit was less than its carrying value. Consequently, a quantitative impairment test was not required. The Company concluded that there were no impairment indicators related to goodwill as of June 30, 2023.

7. Liabilities

Accounts payable and accrued expenses consisted of the following:

	June 30, 2023	December 31, 2022
Trade payables	$ 14,526	$ 7,863
Accrued research and development expenses	43,061	39,358
Goods and services tax payable	—	16,244
Employee compensation and vacation accruals	4,506	14,365
Accrued legal and professional fees	6,735	7,799
Other	1,091	1,839
Total	$ 69,919	$ 87,468

Other long-term liabilities consisted of the following:

	June 30, 2023	December 31, 2022
Liability for contingent consideration (note 13)	$ 1,747	$ 1,248
Liability from in-licensing agreements	1,047	1,047
Finance lease liability (note 11)	122	124
Other	681	682
Total	$ 3,597	$ 3,101

8. Stockholders' Equity

a. Equity Offerings

2023 ATM financing

On June 16, 2023, the Company sold 3,350,000 common shares pursuant to the Company's at-the-market sale program, at $8.12 per common share. Net proceeds were $26,233 after underwriting commissions and offering expenses.

2022 Public Offering

On January 31, 2022, the Company closed a public offering pursuant to which the Company sold 11,035,000 common shares, including the sale of 1,875,000 common shares to the underwriters upon their full exercise of their over-allotment option, at $8.00 per common share and 3,340,000 pre-funded warrants (note 8c) in lieu of common shares at $7.9999 per pre-funded warrant. Net proceeds were $107,534, after underwriting discounts, commissions and offering expenses.

b. Authorized Share Capital and Preferred Stock

The Company's authorized share capital consists of 1,000,000,000 shares of stock, consisting of (i) 900,000,000 shares of common stock, par value $0.00001 per share, and (ii) 100,000,000 shares of preferred stock, par value $0.00001 per share.

In connection with the Plan of Arrangement, we issued to Computershare Trust Company of Canada, a trust company existing under the laws of Canada (the "Share Trustee"), one share of our preferred stock, par value $0.00001 per share, which has certain variable voting rights in proportion to the number of Exchangeable Shares outstanding (the "Special Voting Preferred Stock"), enabling the Share Trustee to exercise voting rights for the benefit of the Exchangeable Shareholders.

Immediately prior to the completion of the Redomicile Transactions, there were 61,699,387 Zymeworks BC common shares issued and outstanding. In connection with the consummation of the Plan of Arrangement, 60,274,854 shares of Common Stock and 1,424,533 Exchangeable Shares were issued to former Zymeworks BC shareholders. As of June 30, 2023, there were 651,388 Exchangeable Shares held by former Zymeworks BC shareholders (December 31, 2022: 1,424,533). We will issue shares of our common stock as consideration when a holder of Exchangeable Shares calls for Exchangeable Shares to be retracted by ExchangeCo, when ExchangeCo redeems Exchangeable Shares from the holder, or when CallCo purchases Exchangeable Shares

from the Exchangeable Shareholder under CallCo's overriding call rights. These Exchangeable Shares and the Special Voting Preferred Stock, when taken together, are similar in substance to the Company's common stock.

c. Pre-Funded Common Share Warrants

In connection with the public offerings completed on June 24, 2019, January 27, 2020 and January 31, 2022 (note 8a), the Company issued a total of 8,581,961 pre-funded warrants which granted holders of warrants the right to purchase up to 8,581,961 common shares of the Company, at an exercise price of $0.0001 per share.

The pre-funded warrants are exercisable by the holders at any time on or after the original issue date. The pre-funded warrants do not expire unless they are exercised or settled in accordance with the pre-funded warrant agreement. As the pre-funded warrants meet the condition for equity classification, proceeds from issuance of the pre-funded warrants, net of any transaction costs, are recorded in additional paid-in capital. Upon exercise of the pre-funded warrants, the historical costs recorded in additional paid-in capital along with exercise price collected from holders will be recorded in common shares.

On August 23, 2022, October 25, 2022 and October 27, 2022, a total of 6,502,737 pre-funded warrants were exercised in exchange for issuance of 6,502,675 common shares. As of June 30, 2023, there were 2,079,224 pre-funded warrants outstanding (December 31, 2022: 2,079,224).

d. Stock-Based Compensation

In connection with redomicile transactions in 2022, Zymeworks BC. assigned to the Company, and the Company assumed, all of Zymeworks BC's rights and obligations under each of the stock-based compensation plans, as described below, and such plans became the Company's stock-based compensation plans, with each outstanding award assumed by the Company and deemed exchanged for equivalent awards of the Company, except that the security issuable upon exercise or settlement, as applicable, will be shares of common stock of the Company rather than common shares of Zymeworks BC.

Original Stock Option Plan

On July 14, 2006, the shareholders of the Company approved an employee stock option plan (the "Original Plan"). The total number of options outstanding is not to exceed 20% of the issued common shares of the Company. Options granted under the Original Plan are exercisable at various dates over their 10-year life. The exercise prices of the Company's stock options under the Original Plan are denominated in Canadian dollars. Upon the effectiveness of the Company's New Plan described below, no further options were issuable under the Original Plan. However, all outstanding options granted under the Original Plan remain outstanding, subject to the terms of the Original Plan and the applicable grant documents, until such outstanding options are exercised or they terminate or expire by their terms.

New Plan and Inducement Plan

On April 10, 2017, the Company's shareholders approved a new stock option plan, which became effective immediately prior to the consummation of the Company's initial public offering ("IPO"). This plan allows for the grant of options, and also permitted the Company to grant incentive stock options ("ISOs"), within the meaning of Section 422 of the Internal Revenue Code, to its employees, until the shares reserved for issuance of ISOs were depleted. On June 7, 2018, the Company's shareholders approved an amendment and restatement of this plan (this plan, as amended and restated, the "New Plan"), which includes an article that allows the Company to grant restricted shares, RSU and other share-based awards, in addition to stock options. As of June 30, 2023, 4,599,349 shares of common stock were available for future award grants under the New Plan (December 31, 2022: 3,205,132 shares of common stock).

On January 5, 2022, board of directors approved the Zymeworks Inc. Inducement Stock Option and Equity Compensation Plan (the "Inducement Plan") and reserved 750,000 of the Company's common shares for issuance pursuant to equity awards granted thereunder. As of June 30, 2023, 50,000 shares of common stock were available for future award grants under this plan (December 31, 2022: 50,000).

RSUs

The following table summarizes the Company's RSU activity under the New Plan since December 31, 2022:

	Number of RSUs	Weighted-average grant date fair value ($)
Outstanding, December 31, 2022	227,223	17.36
Granted	864,100	8.03
Vested and settled	(78,699)	19.21
Forfeited	(214,861)	10.70
Outstanding, June 30, 2023	797,763	8.86

As of June 30, 2023, there was $3,776 of unamortized RSU expense that will be recognized over a weighted average period of 1.71 years.

Stock Options

The following table summarizes the Company’s stock options granted in Canadian dollars under the Original Plan and the New Plan:

	Number of Options	Weighted-Average Exercise Price (C$)	Weighted-Average Exercise Price ($)	Weighted-Average Contractual Term (years)	Aggregate intrinsic value (C$)	Aggregate intrinsic value ($)
Outstanding, December 31, 2022	2,147,141	19.02	14.03	6.29	1,460	1,078
Granted	—	—	—			
Exercised	(244,196)	11.56	8.61			
Forfeited	(173,554)	20.39	15.12			
Outstanding, June 30, 2023	1,729,391	19.93	15.05	5.97	1,629	1,231

The following table summarizes the Company’s stock options granted in U.S. dollars under the New Plan and the Inducement Plan:

	Number of Options	Weighted-Average Exercise Price ($)	Weighted-Average Contractual Term (years)	Aggregate intrinsic value ($)
Outstanding, December 31, 2022	5,565,145	17.10	7.86	1,928
Granted	1,901,900	8.20		
Exercised	(133,134)	6.71		
Forfeited	(1,249,422)	17.23		
Outstanding, June 30, 2023	6,084,489	14.51	7.87	3,382

During the six months ended June 30, 2023, the Company received cash proceeds of $2,907 from stock options exercised.

The stock options outstanding at June 30, 2023 expire at various dates from January 1, 2024 to June 29, 2033.

The estimated fair values of options granted to officers, directors, employees and consultants are amortized over the relevant vesting periods. Stock-based compensation expense for equity classified instruments, as well as the financial statement impact of the amortization and periodic revaluation of liability classified instruments, are recorded in research and development expense, general and administration expense and finance expense as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Research and development expense:				
Stock-based compensation (recovery) expense for equity classified instruments	$ (1,081)	$ 1,971	$ (640)	$ (776)
Change in fair value of liability classified instruments	(4)	(300)	—	(774)
	$ (1,085)	$ 1,671	$ (640)	$ (1,550)
General and administrative expense:				
Stock-based compensation expense (recovery) for equity classified instruments	$ 1,725	$ 1,281	$ 4,111	$ (951)
Change in fair value of liability classified instruments	(314)	(163)	(968)	(3,039)
	$ 1,411	$ 1,118	$ 3,143	$ (3,990)
Finance income:				
Change in fair value of liability classified instruments	(15)	(2)	(8)	(32)
	$ (15)	$ (2)	$ (8)	$ (32)

Amounts for equity classified instruments above include stock-based compensation expense relating to RSUs of $1,088 and $1,743 for the three and six months ended June 30, 2023 (2022: $477 and recovery of $126).

The estimated fair value of stock options granted under the New Plan was determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Six Months Ended June 30,	
	2023	2022
Dividend yield	0 %	0 %
Expected volatility	67.7 %	77.3 %
Risk-free interest rate	3.80 %	1.89 %
Expected average life of options	6.05 years	5.94 years

The weighted-average Black-Scholes option pricing assumptions for liability classified stock options outstanding at June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
Dividend yield	0 %	0 %
Expected volatility	79.3 %	73.3 %
Risk-free interest rate	4.50 %	3.09 %
Expected average option term	1.68 years	2.01 years
Number of liability classified stock options outstanding	512,155	811,069

At June 30, 2023, the unamortized compensation expense related to unvested options was $10,205. The remaining unamortized compensation expense as of June 30, 2023 will be recognized over a weighted-average period of 1.64 years.

e. Employee Stock Purchase Plan

On April 10, 2017, the Company's shareholders approved an employee stock purchase plan ("ESPP") which became effective immediately prior to the consummation of the Company's IPO. As this plan is considered compensatory, the Company recognizes compensation expense on these awards based on their estimated grant date fair value using the Black-Scholes option pricing

model. The Company recognizes compensation expense in the consolidated statements of loss and comprehensive loss on a straight-line basis over the requisite service period. For the three and six months ended June 30, 2023, the Company recorded compensation expense of $56 and $197, respectively (2022: $107 and $290) in research and development expense and general and administrative expense accounts. As of June 30, 2023, the total amount contributed by ESPP participants and not yet settled is $398 (December 31, 2022: $287).

9. Research, Collaboration and Licensing Agreements

Revenue recognized from the Company's strategic partnerships is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Jazz Pharmaceuticals Ireland Limited				
Development support payments	$ 26,564	$ —	$ 57,459	$ —
Credit for program amendments	(20,100)	—	(20,100)	—
Drug supply	—	—	3,528	—
Atreca, Inc. ("Atreca")				
Research license fee relating to licensing agreement	—	5,000	—	5,000
Research support and other payments from other partners	538	442	1,693	2,358
	$ 7,002	$ 5,442	$ 42,580	$ 7,358

Since December 31, 2022, there have not been any material changes to the key terms of our collaboration and license agreements, except the amendment of Jazz Collaboration Agreement and the termination of the Collaboration and Cross License Agreement between Zymeworks BC and Daiichi Sankyo, dated September 26, 2016 ("2016 Daiichi Collaboration Agreement") as described below:

On April 25, 2023, Zymeworks BC, a subsidiary of the Company, Zymeworks Biopharmaceuticals Inc. ("ZBI"), a subsidiary of Zymeworks BC, Zymeworks Zanidatamab Inc. ("ZZI"), a subsidiary of ZBI formed in December 2022 focused on the Company's development program for zanidatamab, and Jazz Pharmaceuticals, Inc. ("Jazz Inc."), entered into a Stock and Asset Purchase Agreement (the "Transfer Agreement"). Under the Transfer Agreement, (i) Jazz Inc. acquired from ZBI 100% of the issued and outstanding capital stock of ZZI, (ii) Jazz Inc. engaged certain Zymeworks BC and ZZI employees associated with the development of zanidatamab, and (iii) Zymeworks BC and ZBI transferred to Jazz Inc. or one of its affiliates contracts with respect to the engagement of certain independent contractors of Zymeworks BC and ZBI that work on the Program (as defined below). In addition, Jazz Inc. acquired from Zymeworks BC and ZBI certain contracts related to the Program, organizational documents and other records of ZZI, certain regulatory filings related to the Program, certain other books, records and other files, documents and information related to the Program, and certain employment records of service providers to be employed by Jazz Inc. and its affiliates following the Closing (as defined below). Subject to the terms and conditions of the Transfer Agreement, Jazz Inc. assumed certain liabilities that arise following the Closing related to the acquired assets and the Program, including with respect to transferred service providers.

Zymeworks BC and Jazz Pharmaceuticals Ireland Limited (an affiliate of Jazz Inc.) (a subsidiary of Jazz Pharmaceuticals plc, collectively referred to as "Jazz") amended and restated the license and collaboration agreement dated October 18, 2022 by and between Zymeworks BC and Jazz (the "Original Jazz Collaboration Agreement") (as amended the "Amended Jazz Collaboration Agreement") to reflect the transfer of responsibility for the Program. Under the Amended Jazz Collaboration Agreement, the financial terms of the Original Jazz Collaboration Agreement, as previously disclosed, was unchanged, except that the costs of the Program (including ongoing costs related to the transferred service providers) incurred following the Closing was directly borne by Jazz instead of being incurred by Zymeworks BC and charged back to Jazz for reimbursement, though Zymeworks BC will remain eligible for reimbursement of certain costs for activities where Zymeworks BC maintains responsibility under the Amended Jazz Collaboration Agreement. As part of the amendments to the Amended Collaboration Agreement, the Company agreed to provide a credit to Jazz of $20,100, which has been recognized as a credit to revenue for the three and six months ended June 30, 2023. "Program" refers to (i) ongoing clinical trials in certain sites in South Korea that are the responsibility of Zymeworks BC under the Original Jazz Collaboration Agreement and (ii) clinical trials for zanidatamab, other than the studies referenced in (i), initiated by Zymeworks BC in the Territory (as defined in the Original Jazz Collaboration Agreement) prior to the execution of the Original Jazz Collaboration Agreement.

The consummation of the transactions contemplated by the Transfer Agreement, including the execution of the Amended Jazz Collaboration Agreement, occurred in May 2023 (the "Closing"). In connection with the Closing, the parties entered into a transition services agreement pursuant to which Zymeworks BC and ZBI provide to Jazz Inc. and Jazz Inc. provides to Zymeworks BC and ZBI certain services to support the transfer of the acquired assets and the Program on a transitional basis.

At June 30, 2023, contract liabilities under the Amended Jazz Collaboration Agreement include $15,411 received in relation to the transfer of prepaid contract costs to Jazz in accordance with the Transfer Agreement.

Termination of 2016 Daiichi Collaboration Agreement:

The termination of the 2016 Daiichi Collaboration Agreement did not have any financial impact during the six months ended June 30, 2023, and it has no impact on the License Agreement, dated May 14, 2018, by and between Daiichi Sankyo and Zymeworks BC, which remains in full force and effect.

For further information on the terms and conditions of our existing collaboration and license agreements, please refer to the notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year-ended December 31, 2022.

At June 30, 2023, total contract assets from research, collaboration and licensing agreements were nil (December 31, 2022: $3,000 which is presented within accounts receivable) and total contract liabilities were $48,352 (December 31, 2022: $32,941). Contract liabilities include deferred revenue relating to an upfront payment received in 2018 under the licensing and collaboration agreement with BeiGene. During the six months ended June 30, 2023, the Company did not recognize any revenue from performance obligations satisfied in relation to the deferred revenue (six months ended June 30, 2022: nil). Amounts not expected to be recognized as revenue in the next twelve months from June 30, 2023 have been classified as long-term deferred revenue.

10. Other (expense) income, net

Other (expense) income, net, consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Foreign exchange (loss) gain, net	$ (439)	$ 723	$ (895)	$ 361
Other	230	36	199	83
	$ (209)	$ 759	$ (696)	$ 444

11. Leases

The lease for our Vancouver location, which we entered into in January 2019, has an initial term expiring in February 2032, with two five-year extension options. In addition, the Company leases office space in Seattle, Washington with lease terms expiring in May 2027. None of the optional extension periods have been included in the determination of the right-of-use assets or the lease liabilities for operating leases as the Company did not consider it reasonably certain that the Company would exercise any such options. The Company also leases office equipment under capital lease agreements.

The balance sheet classification of the Company's lease liabilities was as follows:

	June 30, 2023	December 31, 2022
Operating lease liabilities:		
Current portion	$ 3,645	$ 3,322
Long-term portion	23,488	24,667
Total operating lease liabilities	27,133	$ 27,989
Finance lease liabilities:		
Current portion	12	16
Long-term portion	122	124
Total finance lease liabilities	134	140
Total lease liabilities	$ 27,267	$ 28,129

Cash paid for amounts included in the measurement of operating lease liabilities for the three and six months ended June 30, 2023 were $1,174 and $2,315, respectively, and were included in net cash used in operating activities in the consolidated statement of cash flows.

As of June 30, 2023, the maturities of the Company's operating lease liabilities were as follows:

	Operating leases
Within 1 year	$ 4,729
1 to 2 years	4,796
2 to 3 years	4,653
3 to 4 years	4,163
4 to 5 years	3,167
Thereafter	10,325
Total operating lease payments	31,833
Less:	
Imputed interest	(4,700)
Operating lease liabilities	$ 27,133

As of June 30, 2023, the weighted average remaining lease term is 7.4 years and the weighted average discount rate used to determine the operating lease liability was 4.8% for leases in Canadian dollars and 3.0% for leases in U.S. dollars.

During the six months ended June 30, 2023, the Company incurred total operating lease expenses of $2,170 (2022: $4,997), which included lease expenses associated with fixed lease payments of $1,335 (2022: $4,837), and variable payments associated with common area maintenance and similar expenses of $835 (2022: $160).

12. Financial Instruments

The Company evaluates financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level of classification each reporting period. This determination requires the Company to make subjective judgments as to the significance of inputs used in determining fair value and where such inputs lie within the fair value hierarchy.

Fair Value Measurements

The Company measures certain financial instruments and other items at fair value.

To determine fair value, the Company uses a fair value hierarchy that prioritizes the inputs, assumptions and valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted market prices for identical instruments available in active markets.

- Level 2 inputs are inputs other than Level 1 prices, such as prices for a similar asset or liability that are observable either directly or indirectly. If the asset or liability has a contractual term, the input must be observable for substantially the full term. An example includes quoted market prices for similar assets or liabilities in active markets.
- Level 3 inputs are unobservable inputs for the asset or liability and will reflect management's assessment about market assumptions that would be used to price the asset or liability.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. Changes in the observability of valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy.

The Company's financial instruments consist of cash and cash equivalents, short-term and long-term investments in marketable and other securities, accounts receivable, accounts payable and accrued liabilities, contingent consideration, finance and operating lease obligations, and other long-term liabilities.

The carrying values of cash and cash equivalents, investments in marketable securities, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the near-term maturities of these financial instruments. As at June 30, 2023, long-term investments in equity securities of private entities are accounted for as available for sale at their fair values. Other long-term liabilities for contingent consideration related to business acquisitions are recorded at fair value on the acquisition date and are adjusted quarterly for changes in fair value. Changes in the fair value of contingent consideration liabilities can result from changes in anticipated milestone payments and changes in assumed discount periods and rates. These inputs are unobservable in the market and therefore categorized as level 3 inputs as defined above.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis, and indicate the fair value hierarchy of the valuation techniques used to determine such fair value:

	June 30, 2023	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents:				
Cash and GICs	$ 142,100	$ 142,100	$ —	$ —
Investments:				
GICs and mutual funds	93,451	93,451	—	—
U.S. Treasury notes	50,537	50,537	—	—
Corporate debt securities	145,350	—	145,350	—
Total	$ 431,438	$ 286,088	$ 145,350	$ —
Liabilities				
Liability for contingent consideration (note 13)	1,747	—	—	1,747
Total	$ 1,747	$ —	$ —	$ 1,747

	December 31, 2022	Level 1	Level 2	Level 3
Assets				
Cash equivalents:				
Cash and GICs	$ 400,912	$ 400,912	$ —	$ —
Investments:				
GICs	91,320	91,320	—	—
Total	$ 492,232	$ 492,232	$ —	$ —
Liabilities				
Liability for contingent consideration (note 13)	1,248	—	—	1,248
Total	$ 1,248	$ —	$ —	$ 1,248

The following table presents the changes in fair value of the Company's liability for contingent consideration:

	Liability at the beginning of the period	Increase in fair value of liability for contingent consideration	Amounts paid or transferred to payables	Liability at end of the period
Three months ended June 30, 2023	$ 1,747	$ —	$ —	$ 1,747
Six months ended June 30, 2023	$ 1,248	$ 499	$ —	$ 1,747

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, long-term investments and accounts receivable. Cash and cash equivalents and investments in marketable securities are invested in accordance with the Company's cash investment policy with the primary objective being the preservation of capital and maintenance of liquidity. The cash investment policy includes guidelines on the quality of financial instruments and defines allowable investments that the Company believes minimizes the exposure to concentration of credit risk. The Company limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments with high credit quality financial institutions.

At June 30, 2023, the maximum exposure to credit risk for accounts receivable was $48,819, 94% of which was from Jazz Pharmaceuticals Ireland Limited (a subsidiary of Jazz Pharmaceuticals plc, collectively referred to as "Jazz") (December 31, 2022: $33,400) and all accounts receivable are due within the next 12 months. As at June 30, 2023 and December 31, 2022, the Company has recognized nominal amounts of provision for expected credit losses in relation to accounts receivable.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's short-term cash requirements are primarily to settle its financial liabilities, which consist primarily of accounts payable and accrued liabilities falling due within 45 days and current portion of lease obligations falling due within the next 12 months, with medium-term requirements to invest in property and equipment and research and development. The Company's principal sources of liquidity to settle its financial liabilities are cash, cash equivalents, short-term and long-term investments, collection of accounts receivable relating to research collaboration and license agreements and additional public equity offerings as required. The Company believes that these principal sources of liquidity are sufficient to fund its operations for at least the next 12 months.

Foreign Currency Risk

The Company incurs certain operating expenses in currencies other than the U.S. dollar and accordingly is subject to foreign exchange risk due to fluctuations in exchange rates. The Company does not use derivative instruments to hedge exposure to foreign exchange risk due to the low volume of transactions denominated in foreign currencies. At June 30, 2023, the Company's net monetary assets denominated in Canadian dollars were $1,353 (C$1,707).

The operating results and financial position of the Company are reported in U.S. dollars in the Company's interim condensed consolidated financial statements. The fluctuation of the U.S. dollar relative to the Canadian dollar and other foreign currencies will have an impact on the reported balances for net assets, net loss and stockholders' equity in the Company's interim condensed consolidated financial statements.

13. Commitments and Contingencies

Commitments

The Company has entered into research collaboration agreements with strategic partners in the ordinary course of operations that may include contractual milestone payments related to the achievement of pre-specified research, development, regulatory and commercialization events and indemnification provisions, which are common in such agreements. Pursuant to the agreements, the

Company is obligated to make research and development and regulatory milestone payments upon the occurrence of certain events and royalty payments based on net sales. The maximum amount of potential future indemnification is unlimited, however, the Company currently holds commercial and product liability insurance that limits the Company's liability and may enable it to recover a portion of any future amounts paid. Historically, the Company has not made any indemnification payments under such agreements and believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to indemnification obligations for any period presented in the interim condensed consolidated financial statements.

In connection with the Company's 2016 Kairos acquisition, the Company may be required to make future payments of up to an aggregate of C$8.5 million, consisting of (i) a C$2.5 million payment when the first patient is dosed in the first Phase 2 trial and (ii) a C$6.0 million payment when the first patient is dosed in the first Phase 3 trial, to CDRD Ventures Inc. ("CVI") upon the direct achievement of certain development milestones for products incorporating certain Kairos intellectual property (such as zanidatamab zovodotin or other product candidates using our ZymeLink technology). In addition, CVI is eligible to receive low single-digit royalty payments from the Company on the net sales of such products. For out-licensed products and technologies incorporating certain Kairos intellectual property, the Company may also be required to pay CVI a mid-single digit percentage of certain future revenue. As of June 30, 2023, the contingent consideration had an estimated fair value of $1,747, which has been recorded within other long-term liabilities on the Company's consolidated balance sheet (December 31, 2022: $1,248). The contingent consideration was calculated using a probability weighted assessment of the likelihood of the milestones being met, a probability adjusted discount rate that reflects the stage of the development and time to complete the development. Contingent consideration is a financial liability and measured at its fair value at each reporting period, with any changes in fair value from the previous reporting period recorded within research and development expenses in the statement of loss and comprehensive loss.

Contingencies

From time to time, the Company may be subject to various legal proceedings and claims related to matters arising in the ordinary course of business. The Company does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the attached financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our audited financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2022 included in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 7, 2023 and with the securities commissions in all provinces and territories of Canada on March 7, 2023. This Quarterly Report on Form 10-Q, including the following sections, contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially from those expressed or implied by such forward-looking statements. As a result of many factors, including without limitation those set forth under "Risk Factors" under Item 1A of Part II below, and elsewhere in this Quarterly Report on Form 10-Q, our actual results may differ materially from those anticipated in these forward-looking statements. We caution the reader not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update forward-looking statements which reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q, except as required by law. Unless the context otherwise requires or otherwise expressly states, all references in this Quarterly Report on Form 10-Q to "Zymeworks," the "Company," "we," "us" and "our" (i) for periods until completion of the Redomicile Transactions, refer to Zymeworks BC Inc. and its subsidiaries and (ii) for periods after completion of the Redomicile Transactions, refer to Zymeworks Inc. and its subsidiaries.

Overview

Zymeworks is a biotechnology company committed to the discovery, development, and commercialization of novel, multifunctional biotherapeutics. Zymeworks' mission is to make a meaningful difference for people impacted by difficult-to-treat cancers and other serious diseases. Zymeworks' complementary therapeutic platforms and fully integrated drug development engine provide the flexibility and compatibility to precisely engineer and develop highly differentiated antibody-based therapeutic candidates.

Our lead product candidate, zanidatamab, is a novel bispecific antibody that targets two distinct domains of the human epidermal growth factor receptor 2 ("HER2"). We have entered into separate agreements with BeiGene, Ltd. ("BeiGene") and Jazz Pharmaceuticals Ireland Limited (a subsidiary of Jazz Pharmaceuticals plc, collectively referred to as "Jazz"), granting to each of BeiGene and Jazz exclusive rights to develop and commercialize zanidatamab in different territories. Zanidatamab's unique binding properties result in multiple mechanisms of action that may enable it to address unmet need in patient populations with HER2-expressing cancers. In clinical trials, zanidatamab monotherapy and zanidatamab in combination with chemotherapy have been well tolerated with promising antitumor activity in patients with treatment-naive and heavily pretreated HER2-expressing cancers, including individuals whose disease had progressed on multiple prior treatment regimens that included HER2-targeted agents. Based on these data, a number of global multicenter clinical trials have been initiated to evaluate zanidatamab in specific indications and lines of therapy. These include pivotal clinical trials in (i) previously treated HER2 gene-amplified biliary tract cancers ("BTC") and (ii) first-line locally advanced or metastatic HER2-positive gastroesophageal adenocarcinomas ("GEA") in combination with chemotherapy with or without BeiGene's tislelizumab. These also include proof of concept trials in (i) first-line locally advanced or metastatic HER2-positive colorectal cancer, GEA, or BTC in combination with standard of care chemotherapy, (ii) first-line locally advanced or metastatic HER2-positive GEA in combination with tislelizumab and chemotherapy, (iii) first-line locally advanced or metastatic HER2-positive breast cancer in combination with docetaxel, (iv) previously treated locally advanced or metastatic HER2-positive, hormone receptor-positive breast cancer in combination with Pfizer's Ibrance (palbociclib) and fulvestrant, (v) previously treated locally advanced or metastatic HER2-expressing cancers (including HER2-positive and HER2-low breast cancer) in combination with ALX Oncology Inc.'s evorpacept (ALX148), and (vi) locally advanced (unresectable) and/or metastatic HER2-expressing cancers in Japanese patients.

Our second product candidate, zanidatamab zovodotin (formerly known as "ZW49"), combines the unique biparatopic antibody design of zanidatamab with our ZymeLink auristatin antibody-drug conjugate ("ADC") technology, comprised of our proprietary cytotoxin (cancer cell-killing compound) and cleavable linker. We designed zanidatamab zovodotin to be a potential best-in-class HER2-targeting ADC to further address unmet need across a range of HER2-expressing cancers. In January 2023, we announced our intent to continue development of zanidatamab zovodotin at the recommended phase two dose ("RP2D") of 2.5 mg/kg dosed every three weeks. Before the end of 2023, we expect to present additional data from our Phase 1 clinical trial that further supports this RP2D and enrollment in a Phase 2 study.

We are also advancing a deep pipeline of preclinical product candidates and discovery-stage programs in oncology (including immuno-oncology agents) and other therapeutic areas with an emphasis on developing ADC and multispecific antibody therapeutics ("MSAT") candidates. Our pipeline of preclinical product candidates includes three programs nominated for development, ZW191, ZW171 and ZW220. We expect to submit investigational new drug ("IND") or foreign equivalent

applications in 2024 for ZW191 and ZW171, and in the first half of 2025 for ZW220. We also have multiple early-stage preclinical programs in development. The three nominated programs are as follows:

- ***ZW191***, is an ADC that targets folate receptor alpha expressing tumors including ovarian, other gynecological, and non-small cell lung cancers ("NSCLC"). ZW191 is built using our drug conjugate platforms, including our novel topoisomerase inhibitor ("TOPO1i")-based payload technology. The folate receptor alpha monoclonal antibody incorporated in ZW191 was generated in-house and selected based on enhanced internalization characteristics to enable targeting of high, mid, and low levels of folate alpha receptor expression;

- ***ZW171*** is a multispecific antibody built using our Azymetric platform and is a novel 2 + 1 format T-cell engaging multispecific antibody targeting pancreatic, mesothelioma, ovarian, and other mesothelin ("MSLN")-expressing cancers. ZW171 has a unique geometry with two single-chain fragment variable arms targeting MSLN, and one fab arm targeting CD3 to redirect the body's natural immune system to fight cancer cells; and

- ***ZW220***, is an ADC that targets NaPi2b-expressing non-small cell lung cancer (NSCLC) and ovarian cancer and similar to ZW191, is built using our proprietary TOPO1i-based payload technology. The NaPi2b-targeting monospecific antibody incorporated in ZW220 was generated in-house and selected based on a favorable binding profile and enhanced internalization properties to enable targeting of both high and low expressing NaPi2d-expressing tumors.

Our proprietary capabilities and technologies include several modular, complementary therapeutic platforms that can be used in combination with each other and with existing approaches. This ability to layer technologies without compromising manufacturability enables us to engineer next-generation biotherapeutics with synergistic activity, which we believe will result in improved patient outcomes. Our platforms include:

- ***Azymetric***, our multispecific antibody platform, which enables therapeutic antibodies to simultaneously bind multiple distinct locations on a target (known as an epitope) or to multiple targets. This is achieved by tailoring multiple configurations of the antibody's Fab regions (locations on the antibody to which epitopes bind);

- ***Drug Conjugate Platforms***, used to develop ADC candidates, are comprised of cytotoxins and the linker technologies used to couple these cytotoxins to tumor-targeting antibodies or proteins. These platforms can be used in conjunction with our other therapeutic platforms to increase safety and efficacy as compared to existing ADC technologies;

- ***EFECT***, which enables finely tuned modulation (both up and down) of immune cell recruitment and function; and

- ***ProTECT***, which enables tumor-specific activity that may reduce systemic toxicity and simultaneously enhances localized immune co-stimulation or checkpoint modulation that may increase efficacy.

Our protein engineering expertise and proprietary structure-guided molecular modeling capabilities enable these therapeutic platforms. Together with our internal antibody discovery and generation technologies, we have established a fully integrated drug development engine and toolkit capable of rapidly delivering a steady pipeline of next-generation product candidates in oncology and other therapeutic areas.

We have revenue-generating strategic partnerships and collaborations with respect to our Azymetric, EFECT and drug conjugate platforms with the following pharmaceutical companies: BeiGene, Celgene Corporation and Celgene Alpine Investment Co. LLC (now a Bristol-Myers Squibb company, "BMS"), GlaxoSmithKline Intellectual Property Development Limited ("GSK"), Daiichi Sankyo Co., Ltd. ("Daiichi Sankyo"), Janssen Biotech, Inc. ("Janssen"), LEO Pharma A/S ("LEO"), BeiGene, Iconic Therapeutics, Inc. ("Iconic") (and through our relationship with Iconic, Exelixis, Inc.), Merck Sharp & Dohme Research GmbH ("Merck"), and Atreca, Inc. ("Atreca").

Our goal is to use our experience and capabilities developing multifunctional therapeutics platforms, along with our proprietary protein engineering capabilities, to have a meaningful and positive impact on the lives of people living with difficult-to-treat cancers and other serious diseases with high unmet medical need.

We commenced operations in 2003 and have since devoted substantially all of our resources to research and development activities including developing our therapeutic platforms, identifying and developing potential product candidates and undertaking preclinical studies and clinical trials. Additionally, we have supported our research and development activities with general and administrative support, as well as by raising capital, conducting business planning and protecting our intellectual property. We have not generated any revenue from the sale of approved products to date and do not expect to do so until such time as we obtain regulatory approval and commercialize one or more of our product candidates. We cannot be certain of the timing or success of approval of our product candidates.

Since our initial public offering ("IPO") in 2017, we have funded our operations primarily through follow-on public offerings, including the issuance of pre-funded warrants, and payments received under our license and collaboration agreements. Payments received from our license and collaboration agreements include upfront fees, milestone payments, as well as research support and reimbursement payments. Prior to our IPO, we also received financing from private equity placements and the issuance of convertible debt, which was subsequently converted into equity securities, and a credit facility. From inception to June 30, 2023, we received $940.6 million, net of equity issuance costs, from these sources of financing including proceeds from exercises of stock options and employee stock purchase plans. As of June 30, 2023, we had $431.4 million of cash resources consisting of cash, cash equivalents and marketable securities.

Although it is difficult to predict our funding requirements, based upon our current operating plan, we anticipate that our existing cash and cash equivalents and short-term investments as of June 30, 2023, combined with certain anticipated milestone payments from our existing collaborations, will enable us to fund our operating expenditures and capital expenditure requirements for at least the next twelve months from the date of this Quarterly Report on Form 10-Q is filed with the SEC.

We reported a net loss of $75.5 million for the six months ended June 30, 2023 and through June 30, 2023, we had an accumulated deficit of $634.3 million. Over the next several years, we expect to continue to incur losses as we increase our research and development expenditures in connection with the ongoing development of our product candidates and other clinical, preclinical and regulatory activities.

Recent Developments

Zanidatamab Clinical Program

In January 2023, we presented updated Phase 2 clinical data at the ASCO Gastrointestinal Cancers Symposium. The presentation included updated data from a clinical study evaluating zanidatamab in combination with standard of care chemotherapy in first-line HER2-expressing GEA patients. Patients had not received prior HER2-targeted agents or systemic treatment for metastatic GEA. A total of 46 patients with metastatic GEA were enrolled from 15 sites across the United States, Canada and South Korea. The data demonstrated zanidatamab combined with standard chemotherapy is a highly active treatment regimen for first-line therapy of HER2-positive metastatic GEA. In 42 patients evaluable for overall survival ("OS") receiving zanidatamab in combination with chemotherapy, the 18-month OS rate was 84% [95% confidence interval ("CI"): 68, 93], the 12-month OS rate was 88% [95% CI: 73, 95], and the median OS had not yet been reached (with 26.5 months median duration of study follow-up). These data represent the first OS data presented for a zanidatamab containing regimen. Treatment with zanidatamab resulted in a confirmed objective response rate ("cORR") of 79% [95% CI: 63, 90], a disease control rate ("DCR") of 92% [95% CI: 79, 98], with three patients achieving complete response among 38 response-evaluable patients. The median duration of response was 20.4 months [95% CI: 8.3, NE] with a median progression-free survival ("mPFS") of 12.5 months [95% CI: 7.1, NE] with 17 patients having an ongoing response at the time of data cut-off. The regimen was manageable, tolerable and consistent with the observed safety profiles reported for other standard combination regimens for patients with HER2-positive GEA. Zanidatamab was also recently selected for inclusion in the I-SPY platform trials for patients with HER2-expressing tumors in neoadjuvant treatment of locally advanced breast cancer, which continues to explore the potential use of zanidatamab in indications outside of GEA and BTC.

In June 2023, at the American Society of Clinical Oncology (ASCO) Annual Meeting Jazz and we presented updated pivotal trial data from the Phase 2b HERIZON-BTC-01 trial of the bispecific antibody zanidatamab (20 mg/kg IV every 2 weeks) in patients with HER2-amplified, locally advanced unresectable or metastatic BTC (gallbladder cancer, intra-/extra-hepatic cholangiocarcinoma) who had received prior gemcitabine-containing therapy. Patients with prior HER2-targeted therapy use were excluded from the trial. Patients (n=87) were assigned into two cohorts based on tumor immunohistochemistry ("IHC") status: Cohort 1 (n=80) included patients who were IHC 2+/3+ (HER2-amplified) and Cohort 2 (n=7) included patients who were IHC 0/1+. Tumors were assessed every 8 weeks per RECIST v1.1. The primary endpoint was cORR by independent central review ("ICR") in Cohort 1, with secondary endpoints including other efficacy and safety outcomes. In Cohort 1, cORR was 41.3% [95% CI: 30.4, 52.8] with a Kaplan Meier ("KM") estimated median duration of response ("DOR") of 12.9 months (range of 1.5 – 16.9+) by ICR assessment with a median study follow-up time of 12.4 months (range of 7 – 24). The mPFS in Cohort 1, which is new data presented at ASCO 2023, was 5.5 months [95% CI: 3.7, 7.2], with a range of 0.3 to 18.5 months. Among the 33 responding patients at the data cutoff (October 10, 2022), 16 patients (49%) had ongoing responses and 27 patients (81.8%) had a DOR of ≥16 weeks. The median time to first confirmed response was 1.8 months (range, 1.6 – 5.5). No responses were observed in Cohort 2. Zanidatamab demonstrated a manageable and tolerable safety profile, with two of the 87 patients (2.3%) experiencing adverse events leading to treatment discontinuation. There were no Grade 4 adverse events and no deaths were treatment-related. The most common adverse events were diarrhea and infusion-related reactions, which were predominately low-grade, reversible

and manageable with routine supportive care. The HERIZON-BTC-01 trial is ongoing and some secondary outcome measures, including OS, are not yet mature.

At ASCO, our partner BeiGene presented updated clinical data from a phase 1b/2 study evaluating zanidatamab in combination with docetaxel as first-line therapy for patients with advanced HER2-positive breast cancer. In total, 38 patients were enrolled in the study and one patient was subsequently excluded due to non-metastatic breast cancer histology. Patients included in this analysis received 30 mg/kg (n=10) or 1800 mg (n=27) zanidatamab, in combination with docetaxel. Of the 33 efficacy-evaluable patients, the cORR was 90.9% (95% CI: 75.7, 98.1) and the DCR was 97.0% (95% CI: 84.2, 99.9). The median DOR was not estimable (95% CI: 12.1, not estimable). The 6-month progression-free survival rate was 93.9% (95% CI: 77.9, 98.4) and the 12-month rate was 73.3% (95% CI: 50.7, 86.7). As of November 22, 2022, 18 patients (48.6%) remained on treatment. The median study follow-up was 15.5 months (range: 1.1-29.3) and the median number of treatment cycles was 13 (range: 1-37). The combination of zanidatamab and docetaxel had a manageable safety profile in patients with HER2-positive breast cancer, with incidence of treatment-related adverse events consistent with previous reports.

Zanidatamab Zovodotin Clinical Program

In January 2023, we announced our plans for the continued development of zanidatamab zovodotin at the RP2D of 2.5 mg/kg every three weeks and announced that by the end of 2023, we expect to present additional data from our clinical study that further supports this RP2D. Based on the data generated to date from the Phase 1 clinical study, which has continued to enroll subjects to gather additional data for zanidatamab zovodotin monotherapy, we plan to initiate a Phase 2 clinical study of zanidatamab zovodotin plus the current standard of care in HER2 non-small cell lung cancer patients. Based on our development efforts to date and in combination with the results of this planned clinical study, we believe these results may provide the rationale for one or more registration-enabling studies of zanidatamab zovodotin before the end of 2025, which we would expect to undertake with a future collaboration partner.

In April 2023, as part of the American Association of Cancer Research Annual Meeting, we presented data from preclinical studies of zanidatamab zovodotin showing that it is a strong inducer of immunogenic cell death ("ICD") hallmarks including extracellular ATP, calreticulan, and HMGB1. Further, zanidatamab zovodotin showed promising anti-tumor activity in breast and gastric cancer patient derived xenograft models representing a range of HER2 expression. The strong anti-tumor activity and ability to induce markers of ICD support the continued investigation of zanidatamab zovodotin in a planned Phase 2 study in combination with a checkpoint inhibitor.

Preclinical Programs

In April 2023, as part of the American Association of Cancer Research Annual Meeting, we presented additional preclinical data on our preclinical product candidates currently in development, multiple technology platforms including our trispecific T cell engager platforms, as well as the non-core asset, ZW270, our conditionally masked IL-12 cytokine fusion program. Data presented helps underscore our focused development efforts from both our ADC and MSAT programs and provides support for further development of these programs.

In July 2023, we selected ZW220 as our next IND candidate (or foreign equivalent), with application(s) expected to be submitted in the first half of 2025. ZW220 is built on Zymeworks' drug conjugate platform technology, and delivers a potent, bystander-active topoisomerase 1 inhibitor-based payload via a cleavable traceless linker. The monoclonal antibody in ZW220 targeting NaPi2b, a sodium-dependent transporter, was developed in-house and selected based on its favorable binding profile and enhanced internalization properties to enable targeting of both high and low expressing NaPi2d-expressing tumors. The drug-antibody-ratio (DAR) in ZW220 was designed to balance efficacy and tolerability by incorporating an average of four topoisomerase-1 inhibitor payloads per antibody.

Licensing and Collaboration Agreements

Amended Jazz Collaboration Agreement

As previously disclosed, on October 18, 2022, Zymeworks BC Inc. (“Zymeworks BC”), a subsidiary of Zymeworks Inc. (the “Company”), entered into a License and Collaboration Agreement (the “Original Jazz Collaboration Agreement”) with Jazz Pharmaceuticals Ireland Limited (a subsidiary of Jazz Pharmaceuticals plc, collectively referred to as “Jazz”), an affiliate of Jazz Pharmaceuticals, Inc. (“Jazz Inc.”), granting Jazz exclusive rights to develop and commercialize Zymeworks BC’s proprietary bispecific HER2 antibody product candidate known as zanidatamab throughout the world, but excluding existing Asia Pacific territories (other than Japan) already governed by Zymeworks BC’s agreement with BeiGene (the “Territory”).

As previously disclosed, as part of the transactions contemplated by the Transfer Agreement (as defined below), on May 15, 2023, Zymeworks BC and Jazz entered into an Amended and Restated License and Collaboration Agreement (the "Amended Jazz Collaboration Agreement"), amending the terms and conditions of the Original Jazz Collaboration Agreement, to reflect the transfer of responsibility for the Program (as defined below) as further described below. The consummation of the transactions contemplated by the Transfer Agreement, including the execution of the Amended Jazz Collaboration Agreement, occurred on May 15, 2023 (the "Closing").

Development, Regulatory and Manufacturing. Pursuant to the Amended Jazz Collaboration Agreement, Jazz will be solely responsible for all development and commercial activities with respect to the Licensed Products (as defined in the Amended Jazz Collaboration Agreement) in the Territory, including with respect to the Zymeworks Ongoing Studies (as defined below) and the ongoing clinical trials in certain sites in South Korea that were the responsibility of Zymeworks BC under the Original Jazz Collaboration Agreement (the "Zymeworks Korean Studies"), at Jazz's sole cost and expense, and Jazz will be the holder of all regulatory approvals and regulatory submissions for the Licensed Products in the Territory, including with respect to the Program.

In addition to the previously disclosed manufacturing terms included in the Original Jazz Collaboration Agreement, Zymeworks BC will continue to supply zanidatamab and Licensed Product to the clinical sites engaged to perform the Program pursuant to the terms of the Amended Jazz Collaboration Agreement.

Financials. Under the Amended Jazz Collaboration Agreement, the financial terms of the Original Jazz Collaboration Agreement, as previously disclosed, will be unchanged except that the costs of the Program (including ongoing costs related to the transferred service providers) incurred following the Closing will be directly borne by Jazz instead of being incurred by Zymeworks BC and charged back to Jazz for reimbursement. Zymeworks BC remains eligible for reimbursement of certain costs for activities where Zymeworks BC maintains responsibility under the Amended Jazz Collaboration Agreement.

Licenses. Under the Amended Jazz Collaboration Agreement, the licenses granted to Jazz under the Original Jazz Collaboration Agreement, as previously disclosed, are unchanged except that Jazz's nonexclusive license was expanded to include the right to research and develop Licensed Products outside the Territory in the performance of the portions of the Program that are conducted outside the Territory.

Exclusivity. In addition to the exclusivities included in the Original Jazz Collaboration Agreement, the Amended Jazz Collaboration Agreement prohibits Zymeworks BC from using clinical data resulting from (i) the Zymeworks Korean Studies and (ii) clinical trials for zanidatamab, other than the Zymeworks Korean Studies, initiated by Zymeworks BC in the Territory prior to the execution of the Original Jazz Collaboration Agreement (collectively, the "Zymeworks Ongoing Studies" and, together with the Zymeworks Korean Studies, the "Program"), in each case, to perform any pre-clinical development or clinical development of, or commercialize any pharmaceutical product that is directed to HER2 in the Territory, excluding zanidatamab zovodotin.

Intellectual Property. Under the Amended Jazz Collaboration Agreement, Jazz will solely own all intellectual property arising as a result of the Program, except for patentable subject matter made by or on behalf of Zymeworks BC or its affiliates prior to the effective date of the Amended Jazz Collaboration Agreement, which is owned by Zymeworks BC and licensed to Jazz pursuant to the licenses described above. The allocation of ownership of other inventions under the Original Jazz Collaboration Agreement, as previously disclosed, remains unchanged.

Other material terms in the Amended Jazz Collaboration Agreement remain substantially similar to the terms of the Original Jazz Collaboration Agreement, including commercialization, term and termination, and certain other customary terms and conditions, including mutual representations and warranties, indemnification, and confidentiality provisions.

For additional information regarding the terms of the Original Jazz Collaboration Agreement, please refer to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on October 19, 2022.

Other Matters

On January 3, 2023, we removed Dr. Neil Josephson from the position of Chief Medical Officer.

On April 10, 2023, our Board of Directors, upon recommendation of the nominating and corporate governance committee of the Board of Directors, appointed Derek J. Miller as a Director of the Company, effective immediately. Mr. Miller was appointed as a Class II director with a term expiring at the Company's 2023 annual general meeting of stockholders.

On June 26, 2023, Dr. Natalie Sacks submitted her resignation from our Board of Directors, including the nominating and corporate governance committee and the research and development committee of the Board of Directors, effective June 30, 2023.

On June 29, 2023, our Board of Directors, upon recommendation of the nominating and corporate governance committee of the Board of Directors, appointed Carlos Campoy as a Director of the Company, effective June 30, 2023. Mr. Campoy was appointed as a Class I director with a term expiring at the Company's 2025 annual general meeting of stockholders.

On June 30, 2023, Neil Klompas stepped down from the position of President and Chief Operating Officer. In connection with Mr. Klompas' departure, our Board of Directors appointed Kenneth Galbraith, the Company's Chief Executive Officer and Chair of the Board of Directors, as President of the Company to succeed Mr. Klompas in the role of President of the Company, effective June 30, 2023.

Strategic Partnerships and Collaborations

Our novel product candidates, together with our combination of proprietary protein engineering capabilities and resulting therapeutic platform technologies, have enabled us to enter into a number of strategic partnerships, many of which were subsequently expanded in scope. Our strategic partnerships and collaborations provide us with the ability to accelerate clinical development of our product candidates in certain geographical regions and provide our strategic partners with access to components of our proprietary therapeutic platforms for their own therapeutics development. In addition, these strategic partnerships have provided us with non-dilutive funding as well as access to proprietary therapeutic assets, which increase our ability to rapidly advance our product candidates while maintaining commercial rights to our own therapeutics.

Through collaboration agreements with Jazz and BeiGene relating to our lead programs for zanidatamab and zanidatamab zovodotin, we have received over $435 million through June 30, 2023 in the form of non-refundable upfront payments and milestone payments. In addition, through these partnerships, we are eligible to receive up to $1.75 billion in potential regulatory, development and commercial milestone payments, as well as tiered royalties on potential future product sales, pending receipt of regulatory approval. These partnerships have provided us with a significant source of non-dilutive funding and provide for additional future funding for our lead asset, zanidatamab. These partnerships also leverage our partners' commercial infrastructure, helping accelerate the development and expanding the potential reach of our lead product candidates.

Through June 30, 2023, we have received approximately $180.0 million in the form of non-refundable upfront and milestone payments from platform partnership and collaboration agreements, excluding amounts received related to zanidatamab or zanidatamab zovodotin. We continue to have revenue-generating strategic partnerships and collaborations with respect to our Azymetric, EFECT and drug conjugate therapeutic platforms with BeiGene, BMS, GSK, Daiichi Sankyo, Janssen, LEO, Iconic, Merck and Atreca. Under these revenue-generating strategic partnerships and collaboration agreements, we are eligible to receive up to $2.7 billion in preclinical and development milestone payments and up to $5.7 billion in commercial milestone payments, as well as tiered royalties on potential future product sales, pending regulatory approval. It is possible, however, that our strategic partners' programs will not advance as currently contemplated, which would negatively affect the amount of development and commercial milestone payments and royalties on potential future product sales we may receive. Importantly, these partnerships include predominantly non-target-exclusive licenses for any of our therapeutic platforms, so we maintain the ability to develop therapeutics directed to many high-value targets utilizing our platforms.

In March 2023, Zymeworks BC and Daiichi Sankyo entered into a Termination and License Agreement (the "Termination and License Agreement") relating to the Collaboration and Cross License Agreement between Zymeworks BC and Daiichi Sankyo, dated September 26, 2016, as amended on September 25, 2018, July 2, 2021, and June 6, 2022 (collectively, the "Daiichi Collaboration Agreement"). Pursuant to the Termination and License Agreement, the Daiichi Collaboration Agreement was terminated and is no longer in effect, except that the termination does not relieve the parties from obligations under the Daiichi Collaboration Agreement that accrued prior to the termination or provisions of the Daiichi Collaboration Agreement expressly indicated in the Daiichi Collaboration Agreement or the Termination and License Agreement to survive the termination. Among the rights to survive the termination of the Daiichi Collaboration Agreement are Zymeworks' non-exclusive royalty-bearing rights to develop and commercialize products using Daiichi Sankyo's proprietary immune-oncology antibodies. Under the Termination and License Agreement, Zymeworks BC granted to Daiichi Sankyo a non-exclusive, worldwide, royalty-free right and license, with the right to sublicense, to certain Zymeworks BC intellectual property to perform additional research in accordance with the terms of the Termination and License Agreement during the term of the Termination and License Agreement, which is from February 28, 2023 (the "Effective Date") until the earlier of (i) the day that Zymeworks BC receives written notice from Daiichi Sankyo confirming that Daiichi Sankyo has completed such additional research and (ii) eighteen months after the Effective Date. Daiichi Sankyo will also have the right to terminate the Termination and License Agreement early in its sole discretion upon advance written notice to Zymeworks BC. The Termination and License Agreement has no impact on the License Agreement, dated May 14, 2018, by and between Daiichi Sankyo and Zymeworks BC, which remains in full force and effect.

In April 2023, Zymeworks BC, ZBI (a subsidiary of Zymeworks BC), Zymeworks Zanidatamab Inc. ("ZZI", a subsidiary of ZBI formed in December 2022 focused on the development program for zanidatamab), and Jazz Inc., entered into a Stock and Asset Purchase Agreement (the "Transfer Agreement"). Pursuant to the terms of the Transfer Agreement, the Transfer Agreement provides for a series of steps designed to simplify, focus, and potentially expedite the clinical development and commercialization of zanidatamab in partnership with Jazz Inc. and its affiliates by transferring certain assets, contracts and employees associated with the zanidatamab development program to Jazz Inc. and its affiliates.

Pursuant to the Transfer Agreement, (i) Jazz Inc. acquired from ZBI 100% of the issued and outstanding capital stock of ZZI; (ii) Jazz Inc. engaged certain Zymeworks BC and ZZI employees associated with the development of zanidatamab, and the Company transferred to Jazz Inc. or one of its affiliates contracts with respect to the engagement of certain independent contractors of Zymeworks BC and ZBI that worked on the Program; (iii) Jazz Inc. and its affiliates acquired from Zymeworks BC and ZBI and their affiliates the Acquired Assets (as defined in the Transfer Agreement); and (iv) Jazz Inc. and its affiliates have assumed certain liabilities that arise following the Closing related to the Acquired Assets and the Program, including with respect to the transferred service providers, in each case subject to the terms and conditions of the Transfer Agreement ((i) through (iv) are collectively referred to as the “Transactions”). No shares of the Company’s common stock were sold by the Company or acquired by Jazz Inc. and its affiliates in connection with the Transactions. For additional details on the Amended Jazz Collaboration Agreement, see Item II, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Licensing and Collaboration Agreements – Amended Jazz Collaboration Agreement” above.

There have not been any material changes to the key terms of any of our licensing and collaboration agreements since December 31, 2022, except as noted above. For further information on the terms and conditions of our existing collaboration and license agreements, please refer to “Item 1. Business - Strategic Partnerships and Collaborations” of our Annual Report on Form 10-K for the year ended December 31, 2022.

Financial Operations Overview

Revenue

Our revenue consists of collaboration revenue, including amounts recognized relating to upfront non-refundable payments for licenses or options to obtain future licenses, research and development funding and milestone payments earned under collaboration and license agreements. We expect that collaboration revenue from our strategic partnerships will be our primary source of revenue for the foreseeable future.

Operating Expenses

Our operating expenses consist primarily of research and development expenses and general and administrative expenses. Personnel costs, including salaries, benefits, bonuses and stock-based compensation expense, comprise a significant component of research and development and general and administrative expenses. We allocate certain indirect expenses associated with our facilities, information technology, depreciation and other overhead costs between research and development and general and administrative categories based on employee headcount and the nature of work performed by each employee.

Research and Development Expense

Research and development expenses consist of expenses incurred in performing research and development activities such as conducting clinical trials and preclinical research studies, technical and manufacturing operations, regulatory affairs and other indirect expenses in support of advancing our product candidates and therapeutic platforms. Research and development expenses include third-party program costs, internal personnel costs and other indirect costs as follows:

- fees paid to CROs, consultants, subcontractors and other third-party vendors for work performed for our clinical trials, preclinical studies and regulatory activities;
- fees paid to third-party manufacturers to produce our product candidate supplies;
- amounts paid to vendors and suppliers for laboratory supplies;
- fees, milestone payments and other expenses incurred in connection with license agreements and amendments;
- employee-related expenses such as salaries and benefits and stock-based compensation;
- depreciation of laboratory equipment, computers and leasehold improvements; and
- overhead expenses such as facilities, information technology and other allocated items.

It is difficult to determine with certainty the duration and completion costs of our current or future clinical trials and preclinical programs of our product candidates, or if, when or to what extent we will generate revenue from the commercialization and sale of any of our product candidates that obtain regulatory approval. We may never succeed in achieving regulatory approval for any

of our product candidates. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including the uncertainties of clinical trials and preclinical studies, uncertainties in clinical trial enrollment rates and significant and changing government regulation. In addition, the probability of success for each product candidate will depend on numerous factors, including competition, manufacturing capability and commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of each product candidate, as well as an assessment of each product candidate's commercial potential. Excluding research and development expenses related to our zanidatamab program, which expenses we expect to decrease significantly in future quarters as a result of the closing of the transactions contemplated by the Transfer Agreement and our entry into the Amended Jazz Collaboration Agreement, we expect our research and development expenses related to our non-zanidatamab programs to increase in the future, subject to periodic fluctuations, as we continue to advance, expand and complete the clinical development of our product candidates, support our ongoing collaborations, and conduct our ongoing preclinical research activities.

General and Administrative Expense

General and administrative expenses consist of salaries, benefits and stock-based compensation costs for employees in our executive, finance, legal, intellectual property, business development, human resources and other support functions, as well as legal and professional fees, business insurance, facilities and information technology costs and other expenses. Our general and administrative expenses may increase in the future as we expand our infrastructure to support our ongoing research and development activities.

Other Income (Expense)

Other income (expense) primarily consists of interest income and foreign exchange gain (loss).

Critical Accounting Policies and Significant Judgments and Estimates

Our critical accounting policies are those policies that require the most significant judgments and estimates in the preparation of our interim condensed consolidated financial statements. A summary of our critical accounting policies is presented in note 2 of our annual consolidated financial statements for the year ended December 31, 2022.

Our management's discussion and analysis of financial condition and results of operations is based on our interim condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these interim condensed consolidated financial statements requires us to make estimates, judgments and assumptions that are inherently uncertain that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. We review and evaluate these estimates on an ongoing basis. These assumptions and estimates form the basis for making judgments about the carrying values of assets and liabilities and amounts that have been recorded as revenue and expenses. Actual results and experiences may differ from these estimates. The results of any material revisions would be reflected in the interim condensed consolidated financial statements prospectively from the date of the change in estimate.

There have been no material changes in our critical accounting policies and significant judgments and estimates during the three and six months ended June 30, 2023 as compared to what has been described in our most recent annual consolidated financial statements.

Recent Accounting Pronouncements

A summary of recent accounting pronouncements is presented in note 3 of our interim condensed consolidated financial statements for the quarter ended June 30, 2023 within this Quarterly Report on Form 10-Q.

Results of Operations for the Three and Six Months Ended June 30, 2023 and 2022

Revenue

(dollars in millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Increase/ (Decrease)		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Increase/ (Decrease)	
Revenue from research and collaborations	$ 7.0	$ 5.4	$ 1.6	30 %	$ 42.6	$ 7.4	$ 35.2	476 %

Our revenue relates primarily to non-recurring upfront fees, expansion payments or milestone payments from our licensing and collaboration agreements.

Total revenue increased by $1.6 million in the three months ended June 30, 2023 compared to the same period in 2022. Revenue for the three months ended June 30, 2023 included $26.6 million for development support from Jazz, which was partially offset by a $20.1 million credit, issued to Jazz for contractual amendments to our partnership arrangement, and $0.5 million from our partners for research support and other payments. Revenue for the same period in 2022 included a $5.0 million research license fee from our Atreca licensing agreement and $0.4 million from our partners for research support and other payments.

Total revenue increased by $35.2 million in the six months ended June 30, 2023 compared to the same period in 2022. Revenue for the six months ended June 30, 2023 included $61.0 million for development support and drug supply revenue from Jazz, which was partially offset by a $20.1 million credit, issued to Jazz for contractual amendments to our partnership arrangement, and $1.7 million from our partners for research support and other payments. Revenue for the same period in 2022 included a $5.0 million research license fee from our Atreca licensing agreement and $2.4 million from our partners for research support and other payments.

In connection with the closing of the transactions contemplated by the Transfer Agreement and our entry into the Amended Jazz Collaboration Agreement, we expect that revenue in future quarters for development support and drug supply payments from Jazz will decrease significantly compared to revenue for the three and six months ended June 30, 2023, though we will remain eligible for reimbursement of certain costs for activities where we maintain responsibility under the Amended Jazz Collaboration Agreement. The expected decrease in revenue reflects the transfer of responsibility for the Program to Jazz pursuant to the Amended Jazz Collaboration Agreement with such future costs to be borne by Jazz instead of being incurred by us and reimbursed by Jazz.

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Research and Development Expense

(dollars in millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Increase/ (Decrease)		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Increase/ (Decrease)	
Third-party research and development program expenses:								
Clinical development programs:								
Zanidatamab	$ 18.1	$ 36.1	$ (18.0)	(50)%	$ 41.5	$ 74.8	$ (33.3)	(45)%
Zanidatamab zovodotin	1.6	(0.7)	2.3	329 %	3.1	0.9	2.2	244 %
Preclinical and other research programs	7.1	1.6	5.5	344 %	11.4	2.1	9.3	443 %
	26.8	37.0	(10.2)	(28)%	56.0	77.8	(21.8)	(28)%
Unallocated departmental research and development expenses:								
Salaries and benefits	8.6	12.8	(4.2)	(33)%	20.0	31.1	(11.1)	(36)%
Stock-based compensation (recovery) expense	(1.1)	1.7	(2.8)	(165)%	(0.7)	(1.6)	0.9	56 %
Other unallocated expenses	5.1	4.5	0.6	13 %	10.0	11.2	(1.2)	(11)%
Research and development expense [1]	$ 39.4	$ 56.0	$ (16.6)	(30)%	$ 85.3	$ 118.5	$ (33.2)	(28)%

[1] Excluding zanidatamab, we expect research and development expenditures to increase over time, subject to periodic fluctuations, in line with the advancement, expansion and completion of the clinical development of our product candidates, support of our ongoing collaborations, and our ongoing preclinical research activities.

Research and development expense decreased by $16.6 million in the three months ended June 30, 2023 compared to the same period in 2022. For the three months ended June 30, 2023, research and development expense included non-cash stock-based compensation recovery of $1.1 million comprised of a $1.1 million recovery from equity classified awards (three months ended June 30, 2022 – $2.0 million expense) and a nominal expense related to the non-cash, mark-to-market revaluation of certain historical liability classified awards (three months ended June 30, 2022 - $0.3 million recovery). The decrease in research and development expense was primarily due to lower manufacturing expenses for zanidatamab and a reduction in development costs per the terms of our Amended Jazz Collaboration Agreement. This decrease, compared to the same period in 2022, was partially offset by an increase in preclinical expenses and in higher zanidatamab zovodotin program costs, as a result of amendments to clinical development program agreements in 2022. In addition, salaries and benefits expenses decreased compared to the same period in 2022, due to lower headcount in 2023.

Research and development expense decreased by $33.2 million in the six months ended June 30, 2023 compared to the same period in 2022. For the six months ended June 30, 2023, research and development expense included non-cash stock-based compensation recovery of $0.7 million comprised of a $0.7 million recovery from equity classified awards (six months ended June 30, 2022 – $0.8 million recovery) and a nominal expense related to the non-cash, mark-to-market revaluation of certain historical liability classified awards (six months ended June 30, 2022 - $0.8 million recovery). The decrease in research and development expense was primarily due to lower manufacturing expenses for zanidatamab and a reduction in development costs per the terms of our Amended Jazz Collaboration Agreement. This decrease, compared to the same period in 2022, was partially offset by an increase in preclinical expenses and in higher zanidatamab zovodotin program costs, as a result of amendments to clinical development program agreements in 2022. In addition, salaries and benefits expenses decreased compared to the same period in 2022, due to lower headcount in 2023 and lower non-recurring severance expenses.

Over the longer term we expect that research and development expenses relating to zanidatamab in future quarters following the closing of the transactions contemplated by the Transfer Agreement and the Amended Jazz Collaboration Agreement will decrease significantly compared to zanidatamab-related research and development expenses for the three and six months ended June 30, 2023, which anticipated decrease reflects the transfer of responsibility for the Program to Jazz pursuant to the Amended Jazz Collaboration Agreement with such future costs to be borne by Jazz instead of being incurred by us and reimbursed by Jazz. We remain eligible for reimbursement of certain costs for activities where we maintain responsibility under the Amended Jazz Collaboration Agreement and are also eligible for reimbursement of costs for third party services or other expenses under certain contracts being transferred to Jazz pursuant to the Transfer Agreement.

General and Administrative Expense

(dollars in millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Increase/ (Decrease)		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Increase/ (Decrease)	
Salaries and benefits	$ 4.1	$ 5.2	$ (1.1)	(21)%	$ 9.1	$ 13.1	$ (4.0)	(31)%
Stock-based compensation expense (recovery)	1.4	1.1	0.3	27 %	3.1	(4.0)	7.1	178 %
Professional fees, consulting and business insurance	9.7	6.1	3.6	59 %	16.3	9.8	6.5	66 %
Other general and administrative expenses	6.5	2.8	3.7	132 %	10.1	8.4	1.7	20 %
General and administrative expense	$ 21.7	$ 15.2	$ 6.5	43 %	$ 38.6	$ 27.3	$ 11.3	41 %

General and administrative expense increased by $6.5 million for the three months ended June 30, 2023 compared to the same period in 2022. For the three months ended June 30, 2023, general and administrative expense included non-cash stock-based compensation expense of $1.4 million comprised of a $1.7 million expense from equity classified awards (three months ended June 30, 2022 – $1.3 million expense) and a $0.3 million recovery related to the non-cash mark-to-market revaluation of certain historical liability classified awards (three months ended June 30, 2022 – $0.2 million recovery). The increase in general and administrative expense was primarily due to an increase in expenses for professional services in 2023 compared to the same period in 2022. This was partially offset by a decrease in salaries and benefits expenses compared to the same period in 2022 due to lower headcount in 2023.

General and administrative expense increased by $11.3 million for the six months ended June 30, 2023 compared to the same period in 2022. For the six months ended June 30, 2023, general and administrative expense included non-cash stock-based compensation expense of $3.1 million comprised of a $4.1 million expense from equity classified awards (six months ended June 30, 2022 – $1.0 million recovery) and a $1.0 million recovery related to the non-cash mark-to-market revaluation of certain historical liability classified awards (six months ended June 30, 2022 – $3.0 million recovery). The increase in general and administrative expense was primarily due to an increase in expenses for professional services in 2023 compared to the same period in 2022. This was partially offset by a decrease in salaries and benefits expenses compared to the same period in 2022 due to lower headcount in 2023 and due to lower non-recurring severance expenses.

Other Income, net

(dollars in millions)	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Increase/ (Decrease)		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	Increase/ (Decrease)	
Other income, net	$ 4.6	$ 1.2	$ 3.4	283 %	$ 8.9	$ 1.2	$ 7.7	642 %

Other income, net increased by $3.4 million for the three months ended June 30, 2023 compared to the same period in 2022. Other income, net for 2023 included $4.8 million in interest income and $0.2 million in net foreign exchange loss and other miscellaneous amounts. Other income, net for the three months ended June 30, 2022, included $0.4 million in interest income and a $0.8 million net foreign exchange gain and other miscellaneous amounts. The increase in interest income was driven by a higher balance of cash resources at higher rates of return.

Other income, net increased by $7.7 million for the six months ended June 30, 2023 compared to the same period in 2022. Other income, net for 2023 included $9.6 million in interest income and $0.7 million in net foreign exchange loss and other miscellaneous amounts. Other income, net for the six months ended June 30, 2022, included $0.7 million in interest income and a $0.4 million net foreign exchange gain and other miscellaneous amounts. The increase in interest income was driven by a higher balance of cash resources at higher rates of return.

Liquidity and Capital Resources

Sources of Liquidity

Since our IPO in 2017, we have funded our operations primarily through follow-on public offerings, including the issuance of pre-funded warrants, as well as from upfront fees, milestone payments, and research support payments generated from our strategic collaborations and licensing agreements.

On January 31, 2022, we completed a public offering pursuant to which we sold (i) 11,035,000 common shares (including the sale of 1,875,000 common shares to the underwriters upon their full exercise of their over-allotment option), at $8.00 per common share and 3,340,000 pre-funded warrants in lieu of common shares at $7.9999 per pre-funded warrant. We received gross proceeds of $115.0 million and net proceeds were $107.5 million, after underwriting discounts, commissions and estimated offering expenses.

On November 9, 2022, we entered into a sales agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co. (“Cantor”) to sell shares of our common stock having an aggregate offering price of up to $150.0 million, from time to time, through an “at-the-market” equity offering program under which Cantor is acting as our sales agent. On June 16, 2023, we sold an aggregate of 3,350,000 shares of common stock at $8.12 per share under the Sales Agreement. We received gross proceeds of $27.2 million and net cash proceeds of $26.2 million, after underwriting commissions and offering expenses.

As of June 30, 2023, we had $431.4 million of cash, cash equivalents, and marketable securities, comprised of $142.1 million in cash and cash equivalents and $289.3 million in marketable securities.

Cash Flows

The following table represents a summary of our cash flows for the six months ended June 30, 2023 and 2022:

	Six Months Ended June 30,	
	2023	2022
	(dollars in millions)	
Net cash (used in) provided by:		
Operating activities	$ (89.6)	$ (110.2)
Investing activities	(198.9)	(1.3)
Financing activities	29.3	108.3
Effect of exchange rate changes on cash and cash equivalents	0.4	—
Net change in cash and cash equivalents	$ (258.8)	$ (3.2)

Operating Activities

During the six months ended June 30, 2023, cash used in operating activities was $89.6 million compared to $110.2 million for the same period in the prior year. The decrease in net cash used in operating activities was primarily due to an increase in collections of collaboration receivables, which was partially offset by an increase in cash expenditures for operations.

Investing Activities

Net cash used in investing activities for the six months ended June 30, 2023 was primarily related to net purchases of investments in marketable securities of $197.7 million and cash outflows of $1.2 million for the acquisition of property and equipment in our office and lab spaces in Canada. Net cash used in investing activities for the six month period ended June 30, 2022 was primarily related to net redemptions of short-term investments in marketable securities of $7.1 million partially offset by cash outflows of $8.5 million for the acquisition of property and equipment in relation to our new office and lab spaces in Canada and an increase in intangible assets including software implementation costs.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2023 included net proceeds of $26.2 million from our share issuance pursuant to the Sales Agreement, $2.9 million from stock option exercises and $0.2 million from the issuance of

shares of common stock in relation to our employee stock purchase plan. Net cash provided by financing activities for the six months ended June 30, 2022 included $107.5 million relating to net proceeds from our January 2022 public offering of equity securities and $0.9 million from the issuance of shares of common stock in relation to our employee stock purchase plan.

Funding Requirements

We have not generated any revenue from approved product sales to date and do not expect to do so until such time as we obtain regulatory approval and commercialize one or more of our product candidates. As we are currently in the clinical and preclinical stages of development, it will be some time before we expect to achieve this, and it is uncertain that we ever will. We expect that we will continue to increase our operating expenses in connection with ongoing clinical trials and preclinical activities and the development of product candidates in our pipeline. In addition, inflation generally may affect us by increasing our cost of labor and clinical trial expenses. Our funding requirements in the short-term and long-term will consist of the operational, capital, and manufacturing expenditures, a portion of which contain contractual or other obligations including future minimum lease payments under non-cancelable operating leases as presented in note 11 and other commitments and contingencies as presented in note 13 to the interim condensed consolidated financial statements. Because of the inherent risks and uncertainties associated with the development and commercialization of our drug candidates, we are unable to estimate the amounts of capital outflows and operating expenditures associated with our current and anticipated clinical trials and preclinical studies.

Although it is difficult to predict our funding requirements, based on our current operating plan, we anticipate that our existing cash and cash equivalents and short-term investments combined with certain anticipated milestone payments from our existing collaborations will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months from the date this Quarterly Report on Form 10-Q is filed with the SEC. We have based these estimates on assumptions and plans which may change and which could impact the magnitude and/or timing of operating expenses, capital expenditures and our cash runway. These estimates include future milestone payments which are dependent upon the successful completion of specified research and development activities by us and our strategic partners and are therefore uncertain at this time. The successful development of our product candidates and the achievement of milestones by our strategic partners is uncertain, and therefore we are unable to estimate the actual funds we will require to complete the research, development and commercialization of product candidates. See Part II, Item 1A, “Risk Factors - Risks Related to Our Business and the Development and Commercialization of Our Product Candidates” and “Risk Factors - Risks Related to Our Dependence on Third Parties - We may not realize the anticipated benefits of our strategic partnerships”.

We will need substantial additional funding to support our continuing operations and pursue our long-term business plans. Accordingly, our future funding requirements will depend on many factors, including but not limited to:

- the scope, rate of progress, results and costs of our clinical trials, preclinical studies and other related activities;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such agreements as well as our ability to enter into new arrangements;
- the timing and the costs of obtaining regulatory approvals for any of our current or future drug candidates;
- the cost of commercialization activities if any of our current or future drug candidates are approved for sale, including marketing, sales and distribution costs;
- the amount of royalties and sales-based milestones, if any, received from our collaboration partners for commercial sales of drug candidates, should any of such drug candidates receive marketing approval; and
- the amount of revenue, if any, received from commercial sales of our drug candidates, should any of our drug candidates receive marketing approval.

If adequate funds are not available at favorable terms, we may be required to reduce operating expenses, delay or reduce the scope of our product development and commercial expansion programs, obtain funds through arrangements with others that may require us to relinquish rights to certain of our technologies or products that we would otherwise seek to develop or commercialize ourselves or cease operations. If we do raise additional capital through public or private equity or convertible debt offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. A deterioration in the equity or credit markets may make any necessary debt or equity financing more difficult, more costly and more dilutive.

Segment Reporting

We view our operations and manage our business in one segment, which is the development of next-generation multifunctional biotherapeutics.

Outstanding Share Data

Our authorized share capital consists of 1,000,000,000 shares of stock, consisting of 900,000,000 shares of common stock, par value $0.00001 per share, and 100,000,000 shares of preferred stock, par value 0.00001 per share. As of August 9, 2023, 67,826,689 shares of common stock were issued and outstanding. In addition, as of August 9, 2023, we had 2,079,224 shares of common stock issuable pursuant to 2,079,224 pre-funded warrants, 4,437,083 shares of common stock issuable pursuant to 4,437,083 exercisable outstanding stock options, 3,305,334 shares of common stock issuable pursuant to 3,305,334 outstanding options that were not exercisable at that date, and 795,263 shares of common stock issuable upon vesting of outstanding restricted stock units.

In connection with the Plan of Arrangement (as defined in note 1 of our interim condensed consolidated financial statements for the quarter ended June 30, 2023 within this Quarterly Report on Form 10-Q), we issued to Computershare Trust Company of Canada, a trust company existing under the laws of Canada (the “Share Trustee”), one share of our preferred stock, par value $0.00001 per share, which has certain variable voting rights in proportion to the number of Exchangeable Shares (as defined below) outstanding (the “Special Voting Preferred Stock”), enabling the Share Trustee to exercise voting rights for the benefit of the holders of Exchangeable Shares. In connection with the consummation of the Plan of Arrangement, 1,424,533 Exchangeable Shares were issued to former Zymeworks BC shareholders. We will issue shares of our common stock as consideration when a holder of Exchangeable Shares calls for Exchangeable Shares to be retracted by Zymeworks ExchangeCo Ltd ("ExchangeCo"), when ExchangeCo redeems Exchangeable Shares from the holder, or when Zymeworks CallCo ULC ("CallCo") purchases Exchangeable Shares from the holder of Exchangeable Shares under CallCo’s overriding call rights.

As of August 9, 2023, 773,314 Exchangeable Shares have been exchanged on a one-to-one basis for 773,314 shares of our common stock and 651,219 Exchangeable Shares are held by former Zymeworks BC shareholders and are exchangeable on a one-to-one basis, subject to adjustment, for up to 651,219 shares of our common stock.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

As a “smaller reporting company,” as defined by Rule 12b-2 of the Exchange Act, and pursuant to Item 305 of Regulation S-K we are not required to provide quantitative and qualitative disclosures about market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the design and operating effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. Any such information is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on our evaluation of our disclosure controls and procedures as of June 30, 2023, our Chief Executive Officer and our Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were, in design and operation, effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. As of June 30, 2023, we are not a party to any legal proceedings that, in the opinion of our management, would reasonably be expected to have a material adverse effect on our business, financial condition, operating results or cash flows if determined adversely to us. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this Quarterly Report on Form 10-Q, including our interim condensed consolidated financial statements and related notes. If any of the events described in the following risk factors occurs, our business, operating results and financial condition could be seriously harmed. This Quarterly Report on Form 10-Q also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this Quarterly Report on Form 10-Q. See "Cautionary Note Regarding Forward-Looking Statements." The risks below are not the only risks facing our company. Risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, results of operations, and/or prospects. Our Risk Factors are not guarantees that no such conditions exist as of the date of this report and should not be interpreted as an affirmative statement that such risks or conditions have not materialized, in whole or in part.

Summary of Risk Factors

Below is a summary of the principal factors that make an investment in shares of our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Form 10-Q and our other filings with the SEC, before making an investment decision regarding shares of our common stock.

- We have a limited number of product candidates, all which are still in preclinical or clinical development. If we do not obtain regulatory approval of one or more of our product candidates, or experience significant delays in doing so, our business will be materially adversely affected.
- Clinical trials are expensive, time consuming, difficult to design and implement, and involve uncertain outcomes. Furthermore, the results of previous preclinical studies and clinical trials may not be predictive of future results, and the results of our current and planned clinical trials may not satisfy the requirements of the FDA or comparable regulatory authorities outside the United States.
- Our long-term prospects depend in part upon discovering, developing and commercializing additional product candidates, which may fail in development or suffer delays that adversely affect their commercial viability.
- Our product candidates may have undesirable side effects that may delay or prevent marketing approval or, if approval is received, require them to be taken off the market, require them to include safety warnings or otherwise limit their sales; no regulatory agency has made any determination that any of our product candidates are safe or effective for use by the general public for any indication.
- We face significant competition, and if our competitors develop and market products that are more effective, safer or less expensive than our product candidates, our commercial opportunities will be negatively impacted.
- If any of our product candidates receive regulatory approval, the approved products may not achieve broad market acceptance among physicians, patients, the medical community and third-party payors, in which case revenue generated from their sales would be limited.
- We may not be successful in our efforts to use our therapeutic platforms to build a pipeline of product candidates.
- If any product liability lawsuits are successfully brought against us or any of our strategic partners, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.
- Security breaches and incidents, loss of data and other disruptions could compromise sensitive information related to our business or protected health information or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

- Current and future legislation may increase the difficulty and cost for us to commercialize any products that we or our strategic partners develop and affect the prices we may obtain.
- We have incurred significant losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from product sales. We may never achieve or sustain profitability.
- We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development programs or operations.
- We depend on our collaborative relationship with Jazz to further develop and commercialize zanidatamab, and if our relationship is not successful or is terminated, we may be delayed in or unable to effectively develop and/or commercialize zanidatamab, which could have a material adverse effect on our business.
- Our existing strategic partnerships are important to our business, and future strategic partnerships will likely also be important to us. If we are unable to maintain our strategic partnerships, or if these strategic partnerships are not successful, our business could be adversely affected.
- We rely on third-party manufacturers to produce our product candidates and on other third parties to provide supplies and store, monitor and transport bulk drug substance and drug product. We and our third-party partners may encounter difficulties with respect to these activities that could delay or impair our ability to initiate or complete our clinical trials or commercialize approved products.
- We rely on third parties to monitor, support, conduct and oversee clinical trials of the product candidates that we are developing and, in some cases, to maintain regulatory files for those product candidates. We may not be able to obtain regulatory approval for our product candidates or commercialize any products that may result from our development efforts if we are not able to maintain or secure agreements with such third parties on acceptable terms, if these third parties do not perform their services as required, or if these third parties fail to timely transfer any regulatory information held by them to us.
- If we are unable to obtain, maintain and enforce patent and trade secret protection for our product candidates and related technology, our business could be materially harmed.
- If we are unable to protect the confidentiality of our proprietary information, the value of our technology and products could be adversely affected.
- Our effective tax rate may change in the future.
- Our stock price is likely to be volatile and the market price of our common stock may drop below the price paid by stockholders.
- Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws might delay, discourage or prevent a change in control of Zymeworks or changes in our management, thereby depressing the market price of our common stock.

Risk Factors

Risks Related to Our Business and the Development and Commercialization of Our Product Candidates

We have a limited number of product candidates, all which are still in preclinical or clinical development. If we do not obtain regulatory approval of one or more of our product candidates, or experience significant delays in doing so, our business will be materially adversely affected.

We currently have no products approved for sale or marketing in any country, and may never be able to obtain regulatory approval for any of our product candidates. As a result, we are not currently permitted to market any of our product candidates in the United States or in any other country until we obtain regulatory approval from the FDA or comparable regulatory authorities outside the United States. Our product candidates are in preclinical or clinical development and we have not submitted an application, or received marketing approval, for any of our product candidates. Obtaining regulatory approval of our product candidates will depend on many factors, including:

- completing clinical trials that demonstrate the efficacy and safety of our product candidates;

- preparation and submission to the appropriate regulatory authorities of an application for marketing approval that includes substantial evidence of safety, purity and potency from results of nonclinical testing and clinical trials;
- establishing and maintaining adequate commercial manufacturing arrangements or establishing our own commercial manufacturing capabilities or reliable arrangements with third-party contract manufacturers;
- potential pre-approval audits of nonclinical sites, clinical trial sites, and third-party manufacturing sites that generated the data and product in support of the marketing application; and
- launching commercial sales, marketing and distribution operations.

Many of these factors are wholly or partially beyond our control, including clinical advancement, the regulatory submission process and changes in the competitive landscape. If we do not achieve one or more of these factors in a timely manner, we could experience significant delays or an inability to develop our product candidates at all.

Clinical trials are expensive, time consuming, difficult to design and implement, and involve uncertain outcomes. Furthermore, the results of previous preclinical studies and clinical trials may not be predictive of future results, and the results of our current and planned clinical trials may not satisfy the requirements of the FDA or comparable regulatory authorities outside the United States.

We have not previously submitted a Biologics License Application ("BLA") to the FDA or similar marketing applications to foreign health authorities. A BLA must include extensive preclinical and clinical data and supporting information to establish the product candidate's safety, purity and efficacy for each desired indication. The BLA must also include significant information regarding the manufacturing controls for the product. The novel nature of our product candidates may introduce uncertain, complex, expensive and lengthy challenges that could impact regulatory approval. Even if we eventually complete clinical testing and receive approval of any regulatory filing for our product candidates, the FDA or foreign health authorities may approve our product candidates for a more limited indication or a narrower patient population than we originally requested.

There is typically an extremely high rate of attrition from the failure of product candidates proceeding through preclinical studies and clinical trials. Positive or timely results from preclinical or early-stage trials do not ensure positive or timely results in late-stage clinical trials or product approval by the FDA or comparable regulatory authorities outside the United States. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can seek regulatory approvals for their commercial sale. Our clinical trials may produce negative or inconclusive results, and we or any of our current and future strategic partners may decide, or regulators may require us, to conduct additional clinical or preclinical testing. In some instances, there can be significant variability in safety or efficacy results between different preclinical studies and clinical trials of the same product candidate due to numerous factors, including changes in clinical trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants. Moreover, success in preclinical studies or early-stage clinical trials does not mean that future clinical trials or registrational clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and comparable regulatory authorities outside the United States, despite having progressed through preclinical studies and initial clinical trials. Product candidates that have shown promising results in early clinical trials may suffer significant setbacks in subsequent clinical trials or registrational clinical trials. For example, a number of companies in the pharmaceutical industry have suffered significant setbacks in late-stage clinical trials, even after obtaining promising results in earlier-stage clinical trials. Similarly, interim results of a clinical trial do not necessarily predict final results.

There is a high failure rate for biopharmaceutical products proceeding through clinical trials. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later stage clinical trials even after achieving promising results in earlier stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, regulatory delays or rejections may be encountered as a result of many factors, including changes in regulatory policy during the period of product development. For example, the FDA's Oncology Center of Excellence initiated Project Optimus to reform the dose optimization and dose selection paradigm in oncology drug development and Project FrontRunner to help develop and implement strategies to support approvals in the early clinical setting, among other goals. How the FDA plans to implement those goals and their impact on specific clinical programs and the industry are unclear.

Applications for our product candidates could fail to receive regulatory approval for many reasons, including but not limited to the following:

- the FDA or foreign health authorities may disagree with the design, implementation or data analyses of our clinical trials;
- the FDA or foreign health authorities may determine that our product candidate(s) do not have adequate risk-benefit ratio or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use;
- the population studied in the clinical program may not be sufficiently broad or representative to assure efficacy and safety in the full population for which we seek approval;
- the FDA or foreign health authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of a BLA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or foreign health authorities may fail to approve the manufacturing processes, test procedures and specifications or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or foreign health authorities may significantly change in a manner rendering our clinical data insufficient for approval.

Additionally, we have conducted, and may in the future conduct, clinical trials outside the United States. Although the FDA may accept data from clinical trials conducted outside the United States, acceptance of these data is subject to certain conditions imposed by the FDA and its determination that the trials also complied with all applicable U.S. laws and regulations. If the FDA does not accept the data from any clinical trials we conduct outside the United States, it would likely result in the need for additional trials, which would be costly and time-consuming and delay or halt our development of any future product candidates.

If clinical trials for our product candidates are prolonged, delayed or stopped, we may be unable to obtain regulatory approval and commercialize our product candidates on a timely basis, or at all, which would require us to incur additional costs and delay our receipt of any product revenue.

Zanidatamab is currently being evaluated in Phase 1, Phase 2, and Phase 3 clinical trials, including certain ongoing pivotal clinical trials, and we are currently evaluating zanidatamab zovodotin in a Phase 1 clinical trial in patients with recurrent or metastatic HER2-expressing solid tumors. Since the closing in May 2023 of the transactions contemplated by the Transfer Agreement, Jazz is responsible for the conduct of ongoing and future zanidatamab trials, and our Phase 1 clinical trial of zanidatamab zovodotin is our most advanced clinical trial. We may experience delays in our ongoing or future preclinical studies or clinical trials, and we do not know whether future preclinical studies or clinical trials will begin on time, need to be redesigned, enroll an adequate number of patients on time or be completed on schedule, if at all. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during clinical development, and, because our product candidates are in an early stage of development, there is a high risk of failure and we may never succeed in developing marketable products. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials, particularly because early trials have smaller numbers of subjects tested. In addition, it is not uncommon for product candidates to exhibit unforeseen safety or efficacy issues, such as immunogenicity, when tested in humans despite promising results in preclinical animal models.

Any clinical trials that we may conduct may not demonstrate the safety and efficacy profiles necessary to obtain regulatory approval to market our product candidates. As we continue developing our product candidates, serious adverse events, undesirable side effects, or unexpected characteristics may emerge, causing us to abandon these product candidates or limit their development to more narrow uses or subpopulations in which the risk-benefit ratio is more acceptable.

Patients treated with our product candidates may experience side effects or adverse events that are unrelated to our product candidates but may still impact the success of our clinical trials. The inclusion of patients with significant co-morbidities in our clinical trials may result in deaths or other adverse medical events due to an underlying condition or other therapies or medications that such patients may be using. Any of these events could prevent us from obtaining regulatory approval or achieving or maintaining market acceptance and impair our ability to commercialize our product candidates. In some instances, there can be significant variability in safety and efficacy results between different clinical trials of the same product candidate due to a variety of factors, including, but not limited to, changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants.

The commencement or completion of these planned clinical trials could be substantially delayed or prevented by many factors, including:

- further discussions with the FDA or other regulatory agencies regarding the scope or design of our clinical trials;
- the limited number of, and competition for, suitable sites to conduct our clinical trials, many of which may already be engaged in other clinical trial programs, including some that may be for the same indication as our product candidates;
- any delay or failure to obtain approval or agreement to commence a clinical trial in any of the countries where enrollment is planned;
- inability to obtain sufficient funds required for a clinical trial;
- clinical holds on, or other regulatory objections to, a new or ongoing clinical trial;
- delay or failure to manufacture sufficient supplies of the product candidate for our clinical trials;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different sites or CROs;
- delay or failure to obtain institutional review board ("IRB") approval to conduct a clinical trial at a prospective site;
- slower than expected rates of patient recruitment and enrollment;
- failure of patients to complete the clinical trial;
- the inability to enroll a sufficient number of patients in studies to ensure adequate statistical power to detect statistically significant treatment effects;
- unforeseen safety issues, including severe or unexpected drug-related adverse effects experienced by patients, including possible deaths;
- lack of efficacy during clinical trials;
- termination of our clinical trials by one or more clinical trial sites;
- inability or unwillingness of patients or clinical investigators to follow our clinical trial protocols;
- inability to monitor patients adequately during or after treatment by us or our CROs;
- our CROs or clinical study sites failing to comply with the trial protocol or regulatory requirements or meet their contractual obligations to us in a timely manner, or at all, deviating from the protocol or dropping out of a study;
- the inability to address any noncompliance with regulatory requirements or safety concerns that arise during the course of a clinical trial;
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or foreign health authorities for violations of applicable regulatory requirements;
- delays in the testing, validation, manufacturing and delivery of our product candidates to the clinical trial sites, including due to a facility manufacturing any of our product candidates or any of their components being ordered by the FDA or foreign health authorities to temporarily or permanently shut down due to violations of current good manufacturing practices ("cGMP") regulations or other applicable requirements, or cross-contaminations of product candidates in the manufacturing process;
- the need to repeat or terminate clinical trials as a result of inconclusive or negative results or unforeseen complications in testing;
- our clinical trials may be suspended or terminated upon a breach or pursuant to the terms of any agreement with, or for any other reason by, current or future strategic partners that have responsibility for the clinical development of any of our product candidates; and
- receiving untimely or unfavorable feedback from applicable regulatory authorities regarding the trial or requests from regulatory authorities to modify the design of a trial.

We could also experience delays in physicians enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments or other clinical trials. Furthermore, a clinical trial may be suspended or terminated by us, the IRBs for the institutions in which such trials are being conducted, the Data Monitoring Committee for such trial, or by the FDA or foreign health authorities due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or foreign health authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. If we experience termination of, or delays in the completion of, any clinical trial of our product candidates, the commercial prospects for our product candidates will be harmed, and our ability to generate product revenue will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenue.

Securing regulatory approval also requires the submission of information about the manufacturing processes and inspection of manufacturing facilities by the relevant regulatory authority. The FDA or foreign health authorities may fail to approve our manufacturing processes or facilities, whether run by us or our contract manufacturing organizations. In addition, if we make manufacturing changes to our product candidates in the future, we may need to conduct additional preclinical and/or clinical studies to bridge our modified product candidates to earlier versions.

Changes in regulatory requirements, policies and guidelines may also occur and we may need to significantly amend clinical trial protocols to reflect these changes with appropriate regulatory authorities. These changes may require us to renegotiate terms with CROs or resubmit clinical trial protocols to IRBs for re-examination, which may impact the costs, timing or successful completion of a clinical trial. Our clinical trials may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB overseeing the clinical trial at issue, any of our clinical trial sites with respect to that site, or us.

Since the closing in May 2023 of the transactions contemplated by the Transfer Agreement and the transfer of certain personnel to Jazz Inc., we are focused on the clinical development of zanidatamab zovodotin and our preclinical product candidates and general discovery efforts. If we are successful in advancing the development of these clinical or preclinical product candidates, we will need to evaluate any organizational hiring needs for additional clinical operations personnel and other personnel with later-stage development experience that we may not have needed in the absence of the completion of the transactions contemplated by the Transfer Agreement. Identifying, recruiting and hiring such personnel can be time-consuming and we may be unsuccessful in any hiring efforts or may be delayed in such efforts, which could delay our clinical development activities.

Any failure or significant delay in commencing or completing clinical trials for our product candidates would adversely affect our ability to obtain regulatory approval, and our commercial prospects and ability to generate product revenue will be diminished.

In addition, even if the trials are successfully completed, clinical data are often susceptible to varying interpretations and analyses, and we cannot guarantee that the FDA or foreign health authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. We cannot guarantee that the FDA or foreign health authorities will view any of our product candidates as having adequate safety and efficacy profiles even if favorable results are observed in these clinical trials, and we may receive unexpected or unfavorable feedback from the FDA or foreign health authorities regarding satisfaction of safety, purity and potency (including clinical efficacy), amongst other factors. To the extent that the results of the trials are not satisfactory to the FDA or foreign health authorities for support of a marketing application, approval of our product candidates may be significantly delayed, or we may be required to expend significant additional resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates.

Our long-term prospects depend in part upon discovering, developing and commercializing additional product candidates, which may fail in development or suffer delays that adversely affect their commercial viability.

Our future operating results are dependent in part on our ability to successfully discover, develop, obtain regulatory approval for and commercialize product candidates beyond those we currently have in clinical development. A product candidate can unexpectedly fail at any stage of preclinical and clinical development. Our investments in our early-stage research and development efforts may not yield any promising product candidates. Even if our research and development efforts yield product candidates that advance into clinical studies, the historical failure rate for product candidates is high due to risks relating to safety, efficacy, clinical execution, changing standards of medical care and other unpredictable variables. The results from preclinical testing or early clinical trials of a product candidate may not be predictive of the results that will be obtained in later stage clinical trials of the product candidate.

The success of other product candidates we may develop will depend on many factors, including the following:

- generating sufficient data to support the initiation or continuation of clinical trials;
- obtaining regulatory permission to initiate clinical trials;
- contracting with the necessary parties to conduct clinical trials;
- successful enrollment of patients in, and the completion of, clinical trials on a timely basis;
- the timely manufacture of sufficient quantities of the product candidate for use in clinical trials; and
- adverse events in the clinical trials.

Even if we successfully advance any other product candidates into clinical development, their success will be subject to all of the clinical, regulatory and commercial risks described elsewhere in this "Risk Factors" section. Accordingly, we cannot assure you that we will ever be able to discover, develop, obtain regulatory approval of, commercialize or generate significant revenue from our other product candidates.

If we, or any of our partners, are unable to enroll patients in clinical trials, we will be unable to complete these trials on a timely basis or at all.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of subjects to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, ability to obtain and maintain patient consents, risk that enrolled subjects will drop out before completion, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating. In particular, we are developing certain of our product candidates for the treatment of rare diseases, which have limited pools of patients from which to draw for clinical testing. If we, or any of our strategic partners that perform clinical tests for our product candidates, are unable to enroll a sufficient number of patients to complete clinical testing, we will be unable to gain marketing approval for such product candidates and our business will be harmed.

In addition, the U.S. federal Right to Try Act, among other things, provides a federal framework for patients to access certain investigational new drug products that have completed a Phase 1 clinical trial. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA approval under the FDA expanded access program. While there is no obligation to make product candidates available to eligible patients as a result of the Right to Try Act, new and emerging legislation regarding expanded access to unapproved drugs could negatively impact enrollment in our clinical trials and our business in the future.

The design or our execution of clinical trials may not support regulatory approval.

The design or execution of a clinical trial can determine whether its results will support regulatory approval, and flaws in the design or execution of a clinical trial may not become apparent until the clinical trial is well advanced. In some instances, there can be significant variability in safety or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. We do not know whether any Phase 2, Phase 3 or other clinical trials we or any of our strategic partners may conduct will demonstrate consistent or adequate efficacy and safety to obtain regulatory approval to market our product candidates.

Further, the FDA and comparable foreign regulatory authorities have substantial discretion in the approval process and in determining when or whether regulatory approval will be obtained for any of our product candidates. Our product candidates may not be approved even if they achieve their primary endpoints in any Phase 3 clinical trials or registration trials. The FDA or other non-U.S. regulatory authorities may disagree with our trial design and our interpretation of data from preclinical studies and clinical trials. In addition, any of these regulatory authorities may change requirements for the approval of a product candidate even after reviewing and providing comments or advice on a protocol for a pivotal Phase 3 clinical trial that has the potential to result in FDA or other agencies' approval. In addition, any of these regulatory authorities may also approve a product candidate for fewer or more limited indications than we request or may grant approval contingent on the performance of costly post-marketing clinical trials. The FDA or other non-U.S. regulatory authorities may not approve the labeling claims that we believe would be necessary or desirable for the successful commercialization of our product candidates.

Interim, preliminary or top-line data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim, preliminary or top-line data from clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary or top-line data previously published. As a result, interim, preliminary and top-line data should be viewed with caution until the final data are available. Adverse differences between interim, preliminary or top-line data and final data could significantly harm our reputation and business prospects. Moreover, preliminary, interim and top-line data are subject to the risk that one or more of the clinical outcomes may materially change as more patient data become available when patients mature on study, patient enrollment continues or as other ongoing or future clinical trials with a product candidate further develop. Past results of clinical trials may not be predictive of future results.

In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically more extensive information, and you or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure. Any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product candidate or our business. Similarly, even if we are able to complete our planned and ongoing preclinical studies and clinical trials of our product candidates according to our current development timeline, the positive results from such preclinical studies and clinical trials of our product candidates may not be replicated in subsequent preclinical studies or clinical trial results.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in early-stage development and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, preclinical and other nonclinical findings made while clinical trials were underway or safety or efficacy observations made in preclinical studies and clinical trials, including previously unreported adverse events. Moreover, preclinical, nonclinical and clinical data are often susceptible to varying interpretations and analyses and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA or other regulatory approval.

The Fast Track and Breakthrough Therapy designations we have received for zanidatamab may not result in faster development, regulatory review or approval process.

The FDA has granted Fast Track designations to zanidatamab for the first-line treatment of patients with HER2-overexpressing GEA in combination with standard of care chemotherapy and for previously treated or recurrent gene-amplified BTC. These Fast Track designations do not ensure that zanidatamab will experience a faster development, regulatory review or approval process compared to conventional FDA procedures or that zanidatamab will ultimately obtain regulatory approval. Additionally, the FDA may withdraw Fast Track designation if it believes that the designation is no longer supported by data from the zanidatamab clinical development program. The FDA also granted Breakthrough Therapy designation for zanidatamab for treatment of patients with previously treated HER2 gene-amplified locally advanced/unresectable or metastatic BTC. Although Jazz and we have met with the FDA to discuss the data readout from the HERIZON-BTC-01 study in support of submitting a BLA for zanidatamab in patients with previously treated HER2 gene-amplified BTC, the receipt of a Breakthrough Therapy designation for a product candidate may not ultimately result in a faster development process or review, and it does not in any way assure approval of a product candidate by the FDA. In addition, designation as a Breakthrough Therapy is within the discretion of the FDA and the FDA may decide to rescind a Breakthrough Therapy designation if it believes that a designated product candidate no longer meets the conditions for qualification of this program. If the zanidatamab clinical development program is suspended, terminated, or put on clinical hold due to unexpected adverse events or other issues, including clinical supply issues, the benefits associated with the Fast Track designation may not be realized by us or our strategic partners. Furthermore, Fast Track designation does not change the standards for approval, and the designation alone does not guarantee qualification for the FDA's priority review procedures.

Zanidatamab has also been granted Breakthrough Therapy designation from the Center for Drug Evaluation in China for treating patients with BTC who have failed prior systemic therapies.

Development of product candidates in combination with other therapies could expose us to additional risks.

Even if any of our product candidates were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risks that the FDA, the European Medicines Agency ("EMA") or other comparable foreign regulatory authorities could revoke approval of the therapy used in combination with any of our product

candidates, or safety, efficacy, manufacturing or supply issues could arise with these existing therapies. In addition, it is possible that existing therapies with which our product candidates are approved for use could themselves fall out of favor or be relegated to later lines of treatment. This could result in the need to identify other combination therapies for our product candidates or our own products being removed from the market or being less successful commercially. We may also evaluate our product candidates in combination with one or more other cancer therapies that have not yet been approved for marketing by the FDA, EMA or comparable foreign regulatory authorities. We will not be able to market and sell any product candidate in combination with any such unapproved cancer therapies that do not ultimately obtain marketing approval. If the FDA, EMA or other comparable foreign regulatory authorities do not approve or revoke their approval of these other therapies, or if safety, efficacy, commercial adoption, manufacturing or supply issues arise with the therapies we choose to evaluate in combination with any other product candidate, we may be unable to obtain approval of or successfully market any one or all of the product candidates we develop.

Additionally, if the third-party providers of therapies or therapies in development used in combination with our product candidates are unable to produce sufficient quantities for clinical trials or for commercialization of our product candidates, or if the cost of combination therapies are prohibitive, our development and commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and growth prospects.

Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified product candidates from being developed, or approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA to review and clear or approve new product candidates can be affected by a variety of factors, including government budget and funding levels, statutory, regulatory, and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies, including delays or disruptions due to pandemics or other health crises, travel restrictions, staffing shortages, government shutdowns and furloughs, may also slow the time necessary for new product candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. During the COVID-19 pandemic, the FDA has issued a number of COVID-19 related guidance documents for manufacturers and clinical trial sponsors, many of which have expired or were withdrawn with the termination of the COVID-19 public health emergency declaration on May 11, 2023, although some COVID-19 related guidance documents continue in effect. The full impact of this termination of the national emergency and the wind-down of the public health emergency on FDA and other regulatory policies and operations are unclear. However, if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, or if the FDA and other agencies experience other delays, backlogs or disruptions, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business.

Successful development of our current and future product candidates is uncertain and we may discontinue or reprioritize the development of any of our product candidates at any time, at our discretion.

Before obtaining regulatory approval for the commercial distribution of our product candidates, we must conduct, at our own expense, extensive preclinical tests and clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Preclinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. Additionally, the results from nonclinical testing or early clinical trials of a product candidate may not predict the results that will be obtained in subsequent human clinical trials of that product candidate. There is a high failure rate for drugs proceeding through clinical studies. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical development even after achieving promising results in earlier studies, and any such setbacks in any future clinical development could have a material adverse effect on our business and operating results. Alternatively, management may elect to discontinue development of certain product candidates to accommodate a shift in corporate strategy, despite positive clinical results. Based on our operating results and business strategy, among other factors, we may discontinue the development of any of our product candidates under development or reprioritize our focus on other product candidates at any time and at our discretion.

Additionally, because we have limited financial and managerial resources, we focus on research programs, therapeutic platforms and product candidates that we identify for specific indications. As a result, we may forgo or delay pursuit of opportunities with other therapeutic platforms or product candidates or for other indications that later prove to have greater commercial potential. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish

valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights.

Our product candidates may have undesirable side effects that may delay or prevent marketing approval or, if approval is received, require them to be taken off the market, require them to include safety warnings or otherwise limit their sales; no regulatory agency has made any determination that any of our product candidates are safe or effective for use by the general public for any indication.

All of our product candidates are still in preclinical or clinical development. Consequently, all of our product candidates are required to undergo ongoing safety testing in humans as part of clinical trials. Unforeseen side effects from any of our product candidates could arise either during clinical development or, if approved by regulatory authorities, after the approved product has been marketed. Zanidatamab and zanidatamab zovodotin continue to be evaluated in clinical trials, and the results of these and future clinical trials may show that zanidatamab, zanidatamab zovodotin or our other product candidates cause undesirable or unacceptable side effects, which could interrupt, delay or halt clinical trials, and result in delay of, or failure to obtain, marketing approval from the FDA and other regulatory authorities, or result in marketing approval from the FDA and other regulatory authorities with restrictive label warnings, limited patient populations or potential product liability claims. Even if we believe that our clinical trials and preclinical studies demonstrate the safety and efficacy of our product candidates, only the FDA and other comparable regulatory agencies may ultimately make such determination. No regulatory agency has made any such determination that any of our product candidates are safe or effective for use by the general public for any indication.

If any of our product candidates receive marketing approval and we or others later identify undesirable or unacceptable side effects caused by such products:

- regulatory authorities may require us to take our approved product off the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies, or impose a risk evaluation and mitigation strategy that includes restrictions and conditions on product distribution, prescribing and/or dispensing;
- we may be required to change the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- we may be subject to limitations on how we may promote the product;
- sales of the product may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us or our current or future strategic partners from achieving or maintaining market acceptance of the affected product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating revenue from the sale of any future products.

We face significant competition, and if our competitors develop and market products that are more effective, safer or less expensive than our product candidates, our commercial opportunities will be negatively impacted.

The life sciences industry is highly competitive and subject to rapid and significant technological change. We are currently developing biotherapeutics that will compete with other drugs and therapies that currently exist or are being developed. Products we may develop in the future are also likely to face competition from other drugs and therapies, some of which we may not currently be aware. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies, universities and other research institutions. Many of our competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and in manufacturing pharmaceutical products. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development and collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product candidates that we develop obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection or FDA approval or discovering, developing and commercializing products in our field before we do.

Specifically, there are a large number of companies developing or marketing treatments for cancer and autoimmune disorders, including many major pharmaceutical and biotechnology companies. These treatments consist both of small-molecule drug products, as well as biologics that work by using various antibody therapeutic platforms to address specific cancer targets.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, more convenient or less expensive than any products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for our product candidates, which could result in our competitors establishing a strong market position before we are able to enter the market.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. In addition, the biopharmaceutical industry is characterized by rapid technological change. If we fail to stay at the forefront of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

In addition, we expect to compete with biosimilar versions of already approved products, and even if our product candidates achieve marketing approval, they may be challenged to achieve a price premium over competitive biosimilar products and will compete for market share with them.

The Biologics Price Competition and Innovation Act of 2009, which is included in the 2010 Patient Protection and Affordable Care Act ("PPACA"), authorized the FDA to approve similar versions of innovative biologics, commonly known as biosimilars. Under the PPACA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biologic product or "reference product." Manufacturers may not submit an application for a biosimilar to the FDA until four years following approval of the reference product, and the FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if our product candidates, if approved, are deemed to be reference products eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full BLA for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. Additionally, from time to time, there are proposals to repeal or modify the PPACA, including proposals that could significantly shorten the exclusivity period for biologics.

If any of our product candidates receive regulatory approval, the approved products may not achieve broad market acceptance among physicians, patients, the medical community and third-party payors, in which case revenue generated from their sales would be limited.

The commercial success of our product candidates will depend upon their acceptance among physicians, patients and the medical community. The degree of market acceptance of our product candidates will depend on a number of factors, including:

- limitations or warnings contained in the approved labeling for a product candidate;
- changes in the standard of care for the targeted indications for any of our product candidates;
- limitations in the approved clinical indications for our product candidates;
- demonstrated clinical safety and efficacy compared to other products;
- sales, marketing and distribution support;
- availability of coverage and extent of reimbursement from managed care plans and other third-party payors;
- timing of market introduction and perceived effectiveness of competitive products;
- availability of alternative therapies at similar or lower cost, including generic, biosimilar and over-the-counter products;
- the extent to which the product candidate is approved for inclusion on formularies of hospitals and managed care organizations;
- whether the product is designated under physician treatment guidelines as a first-line therapy or as a second- or third-line therapy for particular diseases;
- whether the product can be used effectively with other therapies to achieve higher response rates;

- adverse publicity about our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

If any of our product candidates are approved, but do not achieve an adequate level of acceptance by physicians, patients and the medical community, we may not generate sufficient revenue from these products, and we may not become or remain profitable. In addition, efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful.

We or our strategic partners may be unable to obtain orphan drug exclusivity in specific indications for zanidatamab or in future product candidates that we may develop. If our competitors are able to obtain orphan product exclusivity for their products in specific indications, we may not be able to have competing products approved in those indications by the applicable regulatory authority for a significant period of time.

The FDA has granted Orphan Drug Designation to zanidatamab for the treatment of BTC and gastric cancer, including cancer of the gastroesophageal junction, the EMA has granted Orphan Drug Designation to zanidatamab for the treatment of gastric cancer and BTC, and we or our strategic partners may seek Orphan Drug Designation for zanidatamab or other product candidates for additional indications in the future. Orphan Drug Designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

Generally, if a product candidate with an Orphan Drug Designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the EMA or the FDA from approving another marketing application for the same drug for the same indication for that time period. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a product no longer meets the criteria for Orphan Drug Designation or if the product is sufficiently profitable so that market exclusivity is no longer justified. Orphan drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition. The loss of Orphan Drug Designation could have a negative effect on our ability to successfully commercialize our product candidates, earn revenues and achieve profitability.

Even if orphan drug exclusivity for zanidatamab is obtained, or is obtained for any other product candidates that receive an Orphan Drug Designation in the future, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition. Further, in the United States, even after an orphan drug is approved, the FDA can subsequently approve the same drug for the same condition submitted by a competitor if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care. If we or our strategic partners are unable to manufacture sufficient supply of a product to meet the needs of patients, the FDA can withdraw orphan exclusive marketing rights or approve another marketing application for the same drug product before the expiration of the exclusivity period.

Further, in Catalyst Pharms., Inc. v. Becerra, 14 F.4th 1299 (11th Cir. 2021), the court disagreed with the FDA's longstanding position that the orphan drug exclusivity only applies to the approved use or indication within an eligible disease, and not to all uses or indications within the entire disease or condition. On January 24, 2023, the FDA published a notice in the Federal Register to clarify that while the agency complies with the court's order in Catalyst, the FDA intends to continue to apply its longstanding interpretation of the regulations to matters outside of the scope of the Catalyst order – that is, the agency will continue tying the scope of orphan drug exclusivity to the uses or indications for which a drug is approved, which permits other sponsors to obtain approval of a drug for new uses or indications within the same orphan designated disease or condition that have not yet been approved. It is unclear how future litigation, legislation, agency decisions, and administrative actions will impact the scope of the orphan drug exclusivity.

Even if we obtain FDA approval of any of our product candidates, we may never obtain approval or commercialize such products outside of the United States, which would limit our ability to realize their full market potential.

In order to market any products outside of the United States, we must establish and comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking foreign regulatory approvals could result in significant delays, difficulties and costs for us and may require additional preclinical studies or clinical trials, which would be costly and time

consuming. Regulatory requirements can vary widely from country to country and region to region and could delay or prevent the introduction of our products in those countries. Satisfying these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. We do not have any product candidates approved for sale in any jurisdiction, including international markets, and we do not have experience in obtaining regulatory approval in international markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of our products will be harmed.

Our ability to eventually generate significant revenues from product sales will depend on a number of factors, including:

- successful completion of preclinical studies;
- submission of IND or foreign equivalent applications, or other regulatory applications, for our planned clinical trials or future clinical trials and authorizations from regulators to initiate clinical studies;
- successful enrollment in, and completion of, clinical trials;
- achieving favorable results from clinical trials;
- receipt of marketing approvals from applicable regulatory authorities;
- establishing and maintaining sufficient manufacturing capabilities, whether internally or with third parties, for clinical and commercial supply;
- obtaining pricing, reimbursement, and hospital formulary access;
- establishing sales, marketing and distribution capabilities and launching commercial sales of our products, if and when approved, whether alone or in combination with other products;
- sufficiency of our financial and other resources to complete the necessary preclinical studies and clinical trials and commercialization activities;
- effectively competing with other therapies;
- developing and implementing successful marketing and reimbursement strategies;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity for our product candidates; and
- maintaining a continued acceptable safety profile of any product following approval, if any.

If we do not achieve one or more of these requirements in a timely manner, we could experience significant delays or an inability to successfully commercialize our product candidates, which would materially harm our business.

We cannot be certain that our clinical trials will be initiated and completed on time, if at all, or whether our planned clinical strategy will be acceptable to the FDA or foreign health authorities. To become and remain profitable, we must develop, obtain approval for and eventually commercialize products, if approved, that generate significant revenue. In addition, it is not uncommon for product candidates to exhibit unforeseen safety issues or inadequate efficacy when tested in humans despite promising results in preclinical animal models or earlier trials, and we may ultimately be unable to demonstrate adequate safety and efficacy of our product candidates to obtain marketing approval. Even if we obtain approval and begin commercializing one or more of our product candidates, we may never generate revenue that is significant or large enough to achieve profitability.

Even if we succeed in commercializing one or more of our product candidates, we will continue to incur substantial research and development, manufacturing and other expenditures to develop and market additional product candidates. Our failure to become or remain profitable would decrease the value of the company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations.

Reimbursement decisions by third-party payors may have an adverse effect on pricing and market acceptance. If there is not sufficient reimbursement for our products, it is less likely that our products will be widely used.

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drugs vary widely from country to country. Many countries require approval of the sale price of a drug before it can be marketed. The pricing review period begins after marketing or product licensing approval is granted in most cases. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain

regulatory approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product and negatively impact the revenues we are able to generate from the sale of the product in that country.

Our ability to commercialize any products successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other third-party payors. In many jurisdictions, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. Obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that could require us to provide to the payor supporting scientific, clinical and cost-effectiveness data for the use of our products. If we are not currently capturing the scientific and clinical data that will be required for reimbursement approval, we may be required to conduct additional trials, which may delay or suspend reimbursement approval. Additionally, in the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of a product candidate that receives regulatory approval to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

Even if our product candidates are approved for sale by the appropriate regulatory authorities, market acceptance and sales of these products will depend on reimbursement policies and may be affected by future healthcare reform measures. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs they will reimburse and establish payment levels. We cannot be certain that reimbursement will be available for any products that we develop. If reimbursement is not available or is available on a limited basis, we may not be able to successfully commercialize any of our approved products.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, also called the Medicare Modernization Act (“MMA”), changed the way Medicare covers and pays for pharmaceutical products. The legislation established Medicare Part D, which expanded Medicare coverage for outpatient prescription drug purchases by the elderly but provided authority for limiting the number of drugs that will be covered in any therapeutic class. The MMA also introduced a new reimbursement methodology based on average sales prices for physician-administered drugs. We expect to experience pricing pressures in connection with the sale of any products that we develop, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative proposals. In August 2022, Congress passed the Inflation Reduction Act of 2022, which includes prescription drug provisions that have significant implications for the pharmaceutical industry and Medicare beneficiaries, including allowing the federal government to negotiate a maximum fair price for certain high-priced single-source Medicare drugs, imposing penalties and excise tax for manufacturers that fail to comply with the drug price negotiation requirements, requiring inflation rebates for all Medicare Part B and Part D drugs, with limited exceptions, if their drug prices increase faster than inflation, and redesigning Medicare Part D to reduce out-of-pocket prescription drug costs for beneficiaries, among other changes. Various industry stakeholders, including pharmaceutical companies, the U.S. Chamber of Commerce, the National Infusion Center Association, the Global Colon Cancer Association, and the Pharmaceutical Research and Manufacturers of America, have initiated lawsuits against the federal government asserting that the price negotiation provisions of the Inflation Reduction Act are unconstitutional. The impact of these judicial challenges, legislative, executive, and administrative actions and any future healthcare measures and agency rules implemented by the government on us and the pharmaceutical industry as a whole is unclear. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product candidates if approved.

There may be significant delays in obtaining coverage and reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the FDA, EMA or other regulatory authorities. Moreover, eligibility for coverage and reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution expenses. Interim reimbursement levels for new drugs, if applicable, may also be insufficient to cover our and any collaborator’s costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that currently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Our or any collaborator’s inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products that we or our strategic partners develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates and our overall financial condition.

If the market opportunities for any product that we or our strategic partners develop are smaller than we believe they are, our revenue may be adversely affected and our business may suffer.

We intend to initially focus our independent product candidate development on treatments for oncology. Our projections of addressable patient populations that have the potential to benefit from treatment with our product candidates are based on estimates. If our projections are inaccurate, the market opportunities for any of our product candidates could be significantly diminished and have an adverse material impact on our business.

We may not be successful in our efforts to use our therapeutic platforms to build a pipeline of product candidates.

We intend to use our therapeutic platforms to build a pipeline of product candidates and progress these product candidates through clinical development for the treatment of a variety of diseases. Although our research and development efforts to date have resulted in a pipeline of product candidates directed at various cancers, we may not be able to develop product candidates that are safe and effective. In addition, although we expect that our therapeutic platforms will allow us to develop further product candidates, they may not prove to be successful at doing so. Even if we are successful in continuing to build our pipeline, the potential product candidates that we identify may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not continue to successfully develop and begin to commercialize product candidates, we will face difficulty in obtaining product revenue in future periods, which could result in significant harm to our financial position and adversely affect our stock price.

Even if we receive regulatory approval to commercialize any of the product candidates that we develop, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense.

Any regulatory approvals that we receive for our product candidates may be subject to limitations on the approved indicated uses for which the product may be marketed or subject to certain conditions of approval, and may contain requirements for potentially costly post-approval trials, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the marketed product.

For any approved product, we will be subject to ongoing regulatory obligations and extensive oversight by regulatory authorities, including with respect to manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product. These requirements include submissions of safety and other post-approval information and reports, as well as continued compliance with cGMP and good clinical practice (“GCP”), for any clinical trials that we or our strategic partners conduct after approval. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product;
- withdrawal of the product from the market or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the FDA, EMA or another applicable regulatory authority to approve pending applications or supplements to approved applications filed by us or our strategic partners, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

Occurrence of any of the foregoing could have a material and adverse effect on our business and results of operations. Further, the FDA’s or other ex-U.S. regulators’ policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

The FDA strictly regulates manufacturers’ promotional claims of drug products. In particular, a drug product may not be promoted by manufacturers for uses that are not approved by the FDA, as reflected in the FDA-approved labeling, although healthcare professionals are permitted to use drug products for off-label uses. The FDA, the Department of Justice, the Inspector

General of the Department of Health and Human Services, among other government agencies, actively enforce the laws and regulations prohibiting manufacturers' promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including large civil and criminal fines, penalties, and enforcement actions. The FDA has also imposed consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed for companies that engaged in such prohibited activities. If we cannot successfully manage the promotion of our approved product candidates, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

If any product liability lawsuits are successfully brought against us or any of our strategic partners, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability lawsuits related to the testing of our product candidates in seriously ill patients, and will face an even greater risk if product candidates are approved by regulatory authorities and introduced commercially. Product liability claims may be brought against us or our strategic partners by participants enrolled in our clinical trials, patients, health care providers or others using, administering or selling any of our future approved products. If we cannot successfully defend ourselves against any such claims, we may incur substantial liabilities. Regardless of their merit or eventual outcome, liability claims may result in:

- decreased demand for any future approved products;
- injury to our reputation;
- withdrawal of clinical trial participants;
- termination of clinical trial sites or entire trial programs;
- increased regulatory scrutiny;
- significant litigation costs;
- substantial monetary awards to, or costly settlement with, patients or other claimants;
- product recalls or a change in the indications for which they may be used;
- loss of revenue;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize our product candidates.

We may need to have in place increased product liability coverage when we begin the commercialization of our product candidates. Insurance coverage is becoming increasingly expensive. As a result, we may be unable to maintain or obtain sufficient insurance at a reasonable cost to protect us against losses that could have a material adverse effect on our business. A successful product liability claim or series of claims brought against us, particularly if judgments exceed any insurance coverage we may have, could decrease our cash resources and adversely affect our business, financial condition and results of operation.

Patients with cancer and other diseases targeted by our product candidates are often already in severe and advanced stages of disease and have both known and unknown significant pre-existing and potentially life-threatening health risks. During the course of treatment, patients may suffer adverse events, including death, for reasons that may be related to our product candidates. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market our product candidates, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to our product candidates, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our sales efforts, delay our regulatory approval process in other countries, or impact and limit the type of regulatory approvals our product candidates receive or maintain. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition or results of operations.

If we or any of our third-party manufacturers encounter manufacturing difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or prevented.

The manufacture of biological drug products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques, process and quality controls. Manufacturers of biologic products often encounter difficulties in production and sourcing, particularly in scaling up or out, validating the production process and assuring

high reliability of the manufacturing processes (including the absence of contamination), in light of variations and supply constraints of key components. These problems include logistics and shipping, difficulties with production costs and yields, quality control, including consistency, stability, purity and efficacy of the product, product testing, operator error and availability of qualified personnel, as well as compliance with applicable federal, state and foreign regulations. If contaminants are discovered in our supply of our product candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability, purity, and efficacy failures, deficiencies, or other issues relating to the manufacture of our product candidates will not occur in the future. Our research and development activities also involve the controlled use of potentially hazardous substances, including chemical and biological materials, by our third-party manufacturers. While we currently outsource all manufacturing to third parties, we and our manufacturers are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of medical and hazardous materials. Although we believe that our manufacturers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury, and any related liability, resulting from medical or hazardous materials.

Material modifications in methods of product candidate manufacturing or formulation may result in additional costs or delay.

As product candidates are developed through preclinical to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods and formulation, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidates and jeopardize our ability, or our strategic partners' ability, to commence product sales and generate revenue.

Strategic transactions could disrupt our business, cause dilution to our stockholders and otherwise harm our business.

We actively evaluate various strategic transactions on an ongoing basis. For example, we may acquire other businesses, products or technologies as well as pursue strategic alliances, joint ventures, investments in complementary businesses, out-licensing and in-licensing agreements, divestitures or other transactions. Any of these transactions could be material to our financial condition and operating results and expose us to many risks, including:

- disruption in our relationships with existing strategic partners or suppliers as a result of such a transaction;
- unanticipated liabilities related to acquired companies;
- difficulties integrating acquired personnel, technologies and operations into our existing business;
- retention of key employees;
- diversion of management time and focus from operating our business to management of strategic alliances or joint ventures or acquisition integration challenges;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and marketing approvals;
- increases in our expenses and reductions in our cash available for operations and other uses; and
- possible write-offs or impairment charges relating to acquired businesses.

Also, the anticipated benefit of any strategic transaction may not materialize or such strategic transaction may be prohibited. Additionally, future acquisitions or dispositions could result in potentially dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities or amortization expenses or write-offs of goodwill, any of which could harm our financial condition. We cannot predict the number, timing or size of any future strategic alliances, joint ventures, investments, acquisitions, divestitures or other strategic transactions, or the effect that any such transactions might have on our operating results.

Many governments impose strict price controls, which may adversely affect our future profitability.

In many countries, particularly those in the EU, prescription drug pricing and reimbursement is subject to governmental control. In those countries that impose price controls, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we or our strategic partners may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidates to other available therapies.

Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we or our strategic partners might obtain marketing approval for a product candidate in a particular country, but then be subject to price regulations that delay commercial launch of the product candidate, possibly for lengthy time periods, and negatively impact the revenue that is generated from the sale of the product in that country. If reimbursement of such product candidates is unavailable or limited in scope or amount, if pricing is set at unsatisfactory levels, or if there is competition from lower priced cross-border sales, our profitability will be negatively affected.

Security breaches and incidents, loss of data and other disruptions could compromise sensitive information related to our business or protected health information or prevent us from accessing critical information and expose us to liability, which could adversely affect our business and our reputation.

In the ordinary course of our business, we and our CROs and other service providers collect, store and otherwise process petabytes of sensitive data, including legally protected health information, personal information, intellectual property and proprietary business information owned or controlled by ourselves or our strategic partners. We manage and maintain our applications and data by utilizing a combination of on-site systems, managed data center systems and cloud-based data center systems. These applications and data encompass a wide variety of business-critical information, including research and development information, commercial information and business and financial information. We face four primary risks relative to protecting this critical information: loss of access risk, inappropriate disclosure risk, inappropriate modification risk and the risk of being unable to adequately monitor our controls over the first three risks.

Although we take measures designed to protect sensitive information from unauthorized access or disclosure, our information technology and infrastructure and those that our CROs and our other third-party service providers may utilize, in the past have been subject to, and may be vulnerable to, attacks by hackers or other third parties, viruses, ransomware or other malicious code, or other breaches, incidents, outages, interruptions, compromises or vulnerabilities due to inadvertent or intentional actions by our employees, contractors, business partners, and/or other third parties, or from cyber-attacks by malicious third parties (including supply chain cyber-attacks or the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of systems or information). Any such breach, incident, outage, interruption, compromise or vulnerability could compromise systems and networks used in our business and lead to system and other operational outages, interruptions and disruptions and the loss, destruction, alteration, prevention of access to, disclosure, or dissemination of, or damage or unauthorized access to, our data (including trade secrets or other confidential information, intellectual property, proprietary business information, and personal information) or data that is processed or maintained on our behalf, or other assets, which could result in financial, legal, business and reputational harm to us. Any such event could result in legal claims, demands and litigation or governmental investigations or other proceedings, liability under laws that protect the privacy of personal information, such as the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and regulatory penalties and other liabilities. Although we have implemented security measures and a formal enterprise security program designed to prevent unauthorized access to sensitive data, and make use of third-party service providers to perform certain operational and security functions on our behalf, there is no guarantee that we or our third-party service providers can, or have been able to, protect our systems or networks or other systems or networks used in our business from security breaches, incidents, outages, interruptions, compromises, or vulnerabilities, or that we or they have been or will be able to identify, identify the cause of or otherwise respond to any actual or potential security breach, incident, outages, interruptions, compromise or vulnerabilities. We have engaged in efforts to improve our security measures, and we expect to continue to incur additional expenses in further efforts to do so, whether in response to actual or perceived security breaches or incidents, compromises, outages, interruptions, vulnerabilities or otherwise. Any loss, destruction, alteration, prevention of access to, disclosure, or dissemination of, or damage or unauthorized access to, our data or other data that is processed or maintained on our behalf could also disrupt our operations (including our ability to conduct our analyses, pay providers, conduct research and development activities, collect, process and prepare company financial information, provide information about any future products, and manage the administrative aspects of our business) and damage our reputation, any of which could adversely affect our business.

HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (“HITECH”), and its implementing regulations, impose certain requirements relating to the privacy, security, transmission and breach reporting of individually identifiable health information upon entities subject to the law, such as health plans, healthcare clearinghouses and healthcare providers and their respective business associates and subcontractors that perform services for them that involve individually identifiable health information. Mandatory penalties for HIPAA violations can be significant, and criminal and monetary penalties, as well as injunctive relief, may be imposed for HIPAA violations. Although most drug manufacturers are not directly subject to HIPAA, prosecutors are increasingly using HIPAA-related theories of liability against drug manufacturers and

their agents and we also could be subject to criminal penalties if we knowingly obtain individually identifiable health information from a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

Furthermore, in the event of a breach as defined by HIPAA, HIPAA regulations impose specific reporting requirements to regulators, individuals impacted by the breach and, in some cases, the media. Issuing such notifications can be costly, time and resource intensive, and can generate significant negative publicity. Breaches of HIPAA may also constitute contractual violations that could lead to contractual damages or terminations. In addition to HIPAA, other applicable data privacy and security obligations, including U.S. state data breach notification laws, may require us to notify relevant stakeholders of any security breaches or incidents that result in the unauthorized disclosure, or dissemination of, personal information. Such disclosures are costly, and the disclosures or the failure to comply with such requirements, could lead to adverse impacts.

Furthermore, the loss, corruption, or unavailability of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on other third parties for the manufacture of our product candidates and to conduct clinical trials, and similar events relating to their computer systems or otherwise relating to their collection, storage, or processing of data could also have a material adverse effect on our business.

In addition, we may face increased cybersecurity risks due to our reliance on internet technology given that we have employees at four office locations (Vancouver, Seattle, Dublin and Singapore) and a significant number of employees who work remotely, which may create additional opportunities for cybercriminals to exploit vulnerabilities.

We are subject to stringent and changing obligations related to privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm and other adverse business consequences.

U.S. states have enacted and are considering enacting laws relating to the protection of personal information (including health and other data of patients, research subjects, and other individuals), which may be more rigorous than, or impose additional requirements beyond those required by, HIPAA. For example, the California Consumer Privacy Act ("CCPA"), which became effective on January 1, 2020, gives California consumers expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA allows for statutory fines for noncompliance (up to $7,500 per violation) as well as a limited private right of action for data breaches, which may increase the volume of data breach litigation. In addition, the California Privacy Rights Act of 2020 ("CPRA"), which went into effect on January 1, 2023, expands the CCPA by, among other things, giving California residents the ability to limit use of certain sensitive personal information, establishing restrictions on personal information retention, expanding the types of data breaches subject to the CCPA's private right of action, and establishing a new California Privacy Protection Agency to implement and enforce the new law. Many other privacy and security laws have been proposed at the federal level and in other states, certain of which impose obligations similar to the CCPA, including such laws in Colorado, Connecticut, Florida, Indiana, Iowa, Montana, Oregon, Tennessee, Texas, Utah, and Virginia. Further, Washington also has enacted the My Health, My Data Act, which, among other things, provides for a private right of action. While limited exemptions to some of these laws may apply to portions of our business, the recency of these laws' enactment and evolving interpretations of these laws may increase our compliance costs and potential liability. These or other proposed or enacted laws relating to privacy and security could similarly increase our compliance obligations and costs in the future.

We may also become subject to laws and regulations in non-U.S. countries covering privacy and security and the protection of health-related and other personal information. In particular, the European Economic Area ("EEA") has adopted privacy and security protection laws and regulations that impose significant compliance obligations. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure, processing and security of information that identifies or may be used to identify an individual, such as names, contact information, and sensitive personal information such as health data. These laws and regulations are subject to frequent revisions and differing interpretations, and have generally become more stringent over time.

The General Data Protection Regulation 2016/679 ("GDPR") applies to the processing of personal information and imposes many requirements for controllers and processors of personal information, including, for example, higher standards for obtaining consent from individuals to process their personal information, more robust disclosures to individuals and a strengthened individual data rights regime, shortened timelines for data breach notifications, limitations on retention and secondary use of information, increased requirements pertaining to health data and pseudonymized (i.e., key-coded) data and additional obligations when contracting third-party processors in connection with the processing of the personal information. The GDPR allows EEA countries to make additional laws and regulations further limiting the processing of genetic, biometric or health data. Failure to comply with the requirements of the GDPR and the applicable national privacy and security laws of EEA countries may result in fines of up to €20,000,000 or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, and other administrative penalties; we may also be liable should any individual who has suffered financial or non-financial

damage arising from our infringement of the GDPR exercise their right to receive compensation against us. Furthermore, adverse publicity relating to our failure to comply with the GDPR could cause a loss of goodwill, which could have an adverse effect on our reputation, brand, business and financial condition. Additionally, the United Kingdom ("UK") has implemented legislation similar to the GDPR, referred to as the UK GDPR, which provides for fines of up to the greater of £17.5 million or 4% of global turnover.

Certain jurisdictions, including the EEA, have enacted data localization laws and cross-border personal information transfer laws. For example, absent appropriate safeguards or other circumstances, the GDPR generally restricts the transfer of personal information to countries outside the EEA, such as the United States, which the European Commission does not consider to provide an adequate level of personal information protection. On July 16, 2020, the Court of Justice of the European Union ("CJEU") invalidated the European Union-U.S. Privacy Shield ("Privacy Shield") as a data transfer mechanism for transferring personal information from the EEA to the United States. While the European Union ("EU") standard contractual clauses ("EU SCCs") remain a valid mechanism to transfer personal information to third countries outside the EEA, the CJEU's ruling has also imposed enhanced due diligence obligations on data exporters and importers to ensure that the laws of the country to which the personal information is transferred offer a level of data protection that is essentially equivalent to the EEA. Also, the EU has issued updated EU SCCs, and the UK has issued its own standard contractual clauses (the "UK SCCs"), which each are required to be implemented over time. To the extent we transfer personal information from other jurisdictions to the United States, we may not be able to implement or maintain an appropriate data transfer mechanism to continue such international transfers of data. Additionally, the CJEU's invalidation of the Privacy Shield, the revised EU SCCs and new UK SCCs, regulatory guidance and opinions, and other developments relating to cross-border data transfer may require us to implement additional contractual and technical safeguards for any personal information transferred out of the EEA, UK, or other regions, which may increase compliance costs, lead to increased regulatory scrutiny or liability, and may require additional contractual negotiations, which may adversely impact our business, financial condition, and operating results.

Separate from, and in addition to, requirements under the GDPR and UK GDPR, certification requirements for the hosting of health data will vary by jurisdiction. To the extent we operate in various EEA countries or the UK, there might be other national healthcare regulations or regulatory requirements with which we will be required to comply. For example, France requires hosts of health data to obtain a prior certification with the competent certification body.

The interpretation and application of consumer, health-related and privacy and security laws in the United States, the EEA, and elsewhere are often uncertain, contradictory and in flux. Any failure or perceived failure to comply with federal, state or foreign laws or regulations, contractual or other legal obligations related to privacy or security may result in claims, warnings, communications, requests or investigations from individuals, supervisory authorities or other legal or regulatory authorities in relation to our processing of personal information, and regulatory investigations or other proceedings. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices. If so, this could result in government-imposed fines or orders requiring that we change our practices, which could adversely affect our business. In addition, these privacy regulations vary between states, may differ from country to country, and may vary based on whether testing is performed in the United States or in the local country. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices and compliance procedures in a manner adverse to our business.

Current and future legislation may increase the difficulty and cost for us to commercialize any products that we or our strategic partners develop and affect the prices we may obtain.

The United States and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals to change healthcare systems in ways that could affect our ability to sell any of our product candidates profitably, if such product candidates are approved for sale. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

In March 2010, the PPACA became law in the United States. The PPACA may affect the operational results of companies in the pharmaceutical industry, including us, by imposing on them additional costs. For example, effective January 1, 2010, PPACA increased the minimum Medicaid drug rebates for pharmaceutical companies and imposed an annual fee on certain branded prescription drugs and biologics. Since the enactment of PPACA, there have been executive, judicial and Congressional challenges to certain aspects of the PPACA, including judicial challenges in the Fifth Circuit Court and the United States Supreme Court. In June 2021, the United States Supreme Court held that Texas and other challengers had no legal standing to challenge the PPACA, dismissing the case without specifically ruling on the constitutionality of the PPACA. Accordingly, the PPACA remains in effect in its current form. It is unclear how future litigation or healthcare measures promulgated by the Biden administration will impact our business, financial condition and results of operations. Complying with any new legislation or changes in healthcare regulation could be time-intensive and expensive, resulting in a material adverse effect on our business.

Other legislative changes have been proposed and adopted since the PPACA was enacted. For example, the Bipartisan Budget Act of 2018, among other things, amended the PPACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans. The Budget Control Act of 2011, which calls for aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, began in 2013 and, due to subsequent legislative amendments, will remain in effect through 2031, with the exception of a temporary suspension implemented under various COVID-19 relief legislation from May 1, 2020 through March 31, 2022, unless additional Congressional action is taken. Under the Consolidated Appropriations Act 2023, the 2% Medicare sequester is extended for the first six months of fiscal year 2032 and revises the sequester percentage up to 2% for fiscal years 2030 and 2031. The American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on potential customers for our product candidates, if approved, and, accordingly, our future financial operations. We are unable to predict the future course of federal or state health care legislation or foreign regulations relating to the marketing, pricing and reimbursement of pharmaceutical products.

There have been U.S. Congressional inquiries, presidential executive orders, and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. For example, under the American Rescue Plan Act of 2021, effective January 1, 2024, the statutory cap on Medicaid Drug Rebate Program rebates that manufacturers pay to state Medicaid programs will be eliminated. Elimination of this cap may require pharmaceutical manufacturers to pay more in rebates than it receives on the sale of products, which could have a material impact on our business. Additionally, in July 2021, the Biden administration released an executive order, “Promoting Competition in the American Economy,” with multiple provisions aimed at prescription drugs. In response to Biden’s executive order, on September 9, 2021, the Department of Health and Human Services (“HHS”) released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform and sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. As discussed above, Congress passed the Inflation Reduction Act of 2022, which includes prescription drug provisions that have significant implications for the pharmaceutical industry and Medicare beneficiaries, including allowing the federal government to negotiate a maximum fair price for certain high-priced single-source Medicare drugs, imposing penalties and excise tax for manufacturers that fail to comply with the drug price negotiation requirements, requiring inflation rebates for all Medicare Part B and Part D drugs, with limited exceptions, if their drug prices increase faster than inflation, and redesigning Medicare Part D to reduce out-of-pocket prescription drug costs for beneficiaries, among other changes. Various industry stakeholders have initiated lawsuits against the federal government asserting that the price negotiation provisions of the Inflation Reduction Act are unconstitutional. The impact of these judicial challenges as well as future actions and agency rules implemented by the government on us and the pharmaceutical industry as a whole is unclear. The implementation of cost containment measures, including the prescription drug provisions under the Inflation Reduction Act, as well as other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product candidates if approved. Complying with any new legislation and regulatory changes could be time-intensive and expensive, resulting in a material adverse effect on our business.

Further, many states have proposed or enacted legislation that seeks to indirectly or directly regulate pharmaceutical drug pricing, such as by requiring biopharmaceutical manufacturers to publicly report proprietary pricing information or to place a maximum price ceiling on pharmaceutical products purchased by state agencies. For example, a number of states are considering or have enacted state drug price transparency and reporting laws that could substantially increase our compliance burdens and expose us to greater liability under such state laws once we begin commercialization after obtaining regulatory approval for any of our products candidates. We cannot be sure to what extent these and future legislative and regulatory efforts, whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by Congress of the FDA’s approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements. These measures could reduce the ultimate demand for our products, once approved, or put pressure on our product pricing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could affect the prices we may obtain for any of our product candidates for which we may obtain regulatory approval or the frequency with which any such product candidate, if approved, is prescribed or used.

In the EU similar political, economic and regulatory developments may affect our ability to profitably commercialize any future products. In addition to continuing pressure on prices and cost containment measures, legislative developments at the EU or member state level may result in significant additional requirements or obstacles that may increase our operating costs. In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. Our future products, if any, might not be considered medically reasonable and necessary for a specific indication or cost-effective by third-party payors, an adequate level of reimbursement might not be available for such products, and third-party payors’ reimbursement policies might adversely affect our or our strategic partners’ ability to sell any future products profitably.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-approval testing and other requirements.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or elsewhere. If we or our strategic partners are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or our strategic partners are not able to maintain regulatory compliance, our product candidates may lose any marketing approval that may have been obtained and we may not achieve or sustain profitability, which would adversely affect our business.

Unstable or unfavorable global market and economic conditions may have adverse consequences on our business, financial condition and stock price.

Global credit and financial markets have experienced extreme volatility and disruptions in the past several years, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in the rate of inflation and uncertainty about economic stability. We cannot assure you that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our business, financial condition, and stock price may be adversely affected by any such economic downturn, volatile business environment, or large-scale unpredictable or unstable market conditions, including a prolonged government shutdown, geopolitical events such as the conflict between Russia and Ukraine, or a global pandemic such as the COVID-19 pandemic.

If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon development plans. In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may not survive difficult economic times, which could directly affect our ability to attain our operating goals on schedule and on budget.

Our business may become subject to economic, political, regulatory and other risks associated with international operations.

Our business is subject to risks associated with conducting business internationally. We have physical operations and personnel in Canada, the United States, Ireland and Singapore, and maintain offices in these four countries. In addition, some of our suppliers and collaborative and clinical trial relationships are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic instability or weakness, including inflation, reduced growth, diminished credit availability, weakened consumer confidence or increased unemployment;
- instability in the international geopolitical environment, including as a result of the Russian invasion of Ukraine;
- sociopolitical instability in particular foreign economies and markets;
- differing regulatory requirements for drug approvals in foreign countries;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers, including any changes that China may impose as a result of political tensions between Canada and China or the United States and China;
- regulatory changes and economic conditions following the UK's withdrawal from the EU and uncertainty related to the terms of the withdrawal;
- changes in non-U.S. currency exchange rates and currency controls;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- differing reimbursement regimes, including price controls;

- negative consequences from changes in tax laws;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities outside the United States;
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods and fires; and
- supply and other disruptions resulting from the impact of public health epidemics, including the COVID-19 pandemic, on our strategic partners, third-party manufacturers, suppliers and other third parties upon which we rely.

Our business has been and may continue to be adversely affected by public health outbreaks and pandemics, including the COVID-19 pandemic.

Our business has been and may continue to be adversely affected by public health outbreaks and pandemics, including the COVID-19 pandemic. The COVID-19 pandemic has had a broad adverse impact on the global economy across many industries and has resulted in significant governmental measures being implemented to control the spread of the virus, including quarantines, travel restrictions and business shutdowns, as well as significant volatility in global financial markets. On May 11, 2023, the federal government ended the COVID-19 public health emergency, which ended a number of temporary changes made to federally funded programs while some continue to be in effect. The full impact of this termination of the public health emergencies on the FDA and other regulatory policies and operations are unclear.

Any future public health outbreaks or pandemics, including a potential resurgence in COVID-19 cases, could lead to the reintroduction of governmental measures. For example, certain clinical trial activities, including patient enrollment and site activations, may be delayed or otherwise impacted by public health outbreaks, pandemics, or a resurgence of COVID-19 cases and related disruptions. Our business and financial condition in the future could be adversely impacted by the effects of public health outbreaks, pandemics, or a resurgence of COVID-19 cases and related disruptions, but the extent of such impact will depend on future developments, which are highly uncertain and cannot be predicted, such as the location, duration and severity of outbreaks (including future potential waves or cycles), travel restrictions and social distancing, business closures or disruptions, and the effectiveness of actions taken to contain and treat the disease and to address its impact, including on financial markets.

If a public health outbreak, pandemic, or a resurgence of COVID-19 cases and related disruptions were to occur, particularly in regions where we or our strategic partners and suppliers do business, we could experience disruptions that could significantly impact our current and planned clinical trials, preclinical research and other business activities, including:

- disruption to and delays in preclinical research activities due to extended closure or reduced capacity of lab facilities;
- further delays or difficulties in enrolling patients in our ongoing and planned clinical trials;
- patients discontinuing their treatment or follow-up visits;
- further delays or difficulties in clinical site initiation, including limitations on access to sites, limitations to site initiation activities that can be carried out remotely, and limitations on the number of clinical site staff on site from time to time;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others;
- shortages, disruptions in supply, logistics or other activities related to the procurement of materials and other supplies, which could have a negative impact on our ability to conduct preclinical research, initiate or complete our clinical trials or commercialize our product candidates;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of clinical trials;
- interruption of key business activities due to illness and/or quarantine of key individuals and delays associated with recruiting, hiring and training new temporary or permanent replacements for such key individuals, both internally and at our third-party service providers and strategic partners;
- limitations in resources that would otherwise be focused on the conduct of our business or our current or planned clinical trials or preclinical research, including because of sickness, the desire to avoid contact with large groups of people, restrictions on travel, or prolonged stay-at-home or similar working arrangements;
- delays in receiving approvals from regulatory authorities to initiate our planned clinical trials;

- changes in regulations as part of a response to public health outbreaks, pandemics, or a resurgence of COVID-19 cases and related disruptions, which may require us to change the ways in which our clinical trials are conducted and incur unexpected costs, or require us to discontinue clinical trials altogether;
- delays in necessary interactions with regulators (including the FDA), ethics committees and other important agencies and contractors due to limitations in employee resources or furlough of government or contractor personnel;
- disruptions to our strategic partners' operations, which could delay the development of our product candidates in certain geographical regions and thereby affect the timing of development and commercial milestone payments and royalties on potential future product sales we may receive; and
- limitations on our ability to recruit any necessary preclinical research, clinical, regulatory and other professional staff on the timeframe required to support our research and development programs.

In addition, public health outbreaks, pandemics, or a resurgence of COVID-19 cases and related disruptions could disrupt the global financial markets, reducing our ability to access capital, which could negatively affect our liquidity and could heighten the volatility of the financial markets, which could adversely impact the value of our common stock.

Our business and current and future relationships with customers and third-party payors in the United States and elsewhere will be subject, directly or indirectly, to applicable federal and state anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security, and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens, and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the United States and elsewhere play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval.

Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers, and third-party payors and other entities may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, including the federal Anti-Kickback Statute and the federal False Claims Act, that may constrain the business or financial arrangements and relationships through which we conduct clinical research on product candidates and market, sell and distribute any products for which we obtain marketing approval. In addition, we may be subject to transparency laws and patient privacy regulation by the federal government and by the U.S. states and foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include the following:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration (including any kickback, bribe or rebate), directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, impose criminal or civil penalties, as applicable, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government (including the Medicare and Medicaid programs) or other third-party payor claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- HIPAA established the federal offense of health care fraud, which among other things, imposes criminal liability for knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g. public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services relating to healthcare matters;
- HIPAA, as amended by HITECH, and its implementing regulations, which imposes certain obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information without the appropriate authorization by entities subject to the law, such as health plans, healthcare clearinghouses and healthcare providers and their respective business associates and their covered subcontractors;

- the federal Open Payments program under the Physician Payments Sunshine Act, created under Section 6002 of the PPACA and its implementing regulations, requires applicable group purchasing organizations and manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to HHS information related to "payments or other transfers of value" made in the previous year to covered recipients, including physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors, other health care professionals (such as nurse practitioners and physician assistants) and teaching hospitals, and information regarding ownership and investment interests held by physicians (as defined above) or their immediate family members; and
- analogous and similar state and foreign laws and regulations, including: state anti-kickback and false claims laws that may apply to our business practices (including research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by state governmental and non-governmental third-party payors, including private insurers); state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government; state laws that require drug manufacturers to track gifts and other remuneration and items of value provided to healthcare professionals and entities and file reports relating to pricing and marketing information; and state and foreign laws that govern the privacy and security of health information in specified circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of any available statutory exceptions and safe harbors, it is possible that some of our current and future business activities could be subject to challenge under one or more of such laws.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. Any failure or perceived failure by us to comply with such laws, regulations, or case law may result in governmental investigations or enforcement actions, litigation, claims and other proceedings, harm our reputation, and could result in significant liability. Additionally, if our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including damages, fines, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of noncompliance with these laws and the curtailment or restructuring of our operations, which could have a material adverse effect on our business. If any of the physicians or other providers or entities with whom we expect to do business, including our strategic partners, is found not to be in compliance with applicable laws, it may be subject to criminal, civil or administrative sanctions, including exclusions from participation in government healthcare programs, which could also materially affect our business.

We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations that can harm our business.

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the United Kingdom Bribery Act 2010, the Proceeds of Crime Act 2002, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other partners from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We currently engage third parties for clinical trials outside of the United States and we may in the future engage third parties to sell our products outside of the United States once we enter a commercialization phase, or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We may have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other partners, even if we do not explicitly authorize or have actual knowledge of such activities. Any violation of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

Third-party manufacturers may not be able to comply with U.S. export control regulations, cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in a necessity to replace current third parties, resulting in the possibility of supply delays, clinical holds on our trials, sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocations, seizures or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business, financial condition, results of operations and growth prospects.

We have received an unsolicited, non-binding proposal from an existing investor to purchase our Company.

In April 2022, All Blue Falcons FZE (“All Blue Falcons”), an existing stockholder, submitted an unsolicited, non-binding proposal to purchase our Company for $10.50 per share in cash. Our board of directors carefully reviewed the proposal and, in May 2022, unanimously determined that the unsolicited, non-binding proposal substantially undervalued our Company and was not in the best interest of the Company and its stockholders. While All Blue Falcons has not submitted a follow-up proposal and we have not had subsequent engagement with All Blue Falcons following our rejection of the non-binding proposal, reviewing this matter has in the past and may in the future divert management’s and our board of directors’ attention and has and may require us to incur significant costs related to our engagement of advisors. Any further actions by All Blue Falcons or others may disrupt our business and operations by causing uncertainty among and potentially loss of current and prospective employees, partners, suppliers and other constituencies important to our success or delay certain initiatives, transactions or the like that we are pursuing. Any of the foregoing could materially and negatively impact our business and financial results. The price of our common stock could be subject to price fluctuations due to the uncertainty associated with any such matter.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from product sales. We may never achieve or sustain profitability.

We are a clinical-stage biopharmaceutical company. We have incurred significant losses since our inception. Our net loss for the year ended December 31, 2021 was $211.8 million, while net income for the year ended December 31, 2022 was $124.3 million, which was driven in large part by our entry into the Original Jazz Collaboration Agreement and the receipt of certain payments thereunder, and we do not anticipate being net income positive on a regular basis for the foreseeable future. Our net loss for the six months ended June 30, 2023 was $75.5 million. As of June 30, 2023, our accumulated deficit was $634.3 million. We expect to continue to incur losses for the foreseeable future as we continue our research and development of, and seek regulatory approvals for, our product candidates, prepare for and begin to commercialize any approved product candidates and add infrastructure, which may include personnel, to support our product development efforts. In addition, inflationary pressure could adversely impact our financial results. The net losses and negative cash flows incurred to date, together with expected future losses, have had, and likely will continue to have, an adverse effect on our stockholders’ deficit and working capital. The amount of future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue.

Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability.

To become and remain profitable, we must succeed in developing and commercializing product candidates with significant market potential. This will require us to be successful in a range of challenging activities for which we are only in the preliminary stages, including developing product candidates, obtaining regulatory approval for such product candidates, and manufacturing, marketing and selling those product candidates for which we may obtain regulatory approval. We may never succeed in these activities and may never generate revenue from product sales that is significant enough to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become or remain profitable would depress our market value and could impair our ability to raise capital, expand our business, develop other product candidates, or continue our operations. A decline in the value of our company could also cause our stockholders to lose all or part of their investment.

Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We have never generated any revenue from product sales and may never be profitable.

We have devoted substantially all of our financial resources and efforts to developing our proprietary therapeutic platforms, identifying potential product candidates and conducting preclinical studies and clinical trials. We and our partners are still developing our product candidates, and we have not completed development of any products. Our revenue to date has been primarily revenue from the license of our proprietary therapeutic platforms for the development of product candidates by others or revenue from our strategic partners. Our ability to generate revenue and achieve profitability depends in large part on our ability, alone or with our strategic partners, to achieve milestones and to successfully complete the development of, obtain the necessary regulatory approvals for, and commercialize, product candidates. We do not anticipate generating revenue from sales of products in the near term.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, scale back, or cease our product development programs or operations.

We are currently advancing zanidatamab zovodotin through clinical development as well as other potential product candidates through discovery and preclinical development. Since the closing in May 2023 of the transactions contemplated by the Transfer Agreement, Jazz is responsible for the conduct of ongoing and future zanidatamab trials, and our Phase 1 clinical trial of zanidatamab zovodotin is our most advanced clinical trial. Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is expensive. In order to obtain regulatory approval, we will be required to conduct clinical trials for each indication for each of our product candidates. Although our collaboration agreements with Jazz and BeiGene provide for additional future funding for zanidatamab, we will continue to require additional funding to complete the development and commercialization of zanidatamab zovodotin, and to continue to advance the development of our other product candidates, and such funding may not be available on acceptable terms or at all. If sufficient funds on acceptable terms are not available when needed, or at all, we could be forced to significantly reduce operating expenses and delay, scale back or eliminate one or more of our development programs or our business operations.

Our future funding requirements will depend on many factors, including:

- the number and characteristics of other product candidates that we pursue;
- the scope, progress, timing, cost and results of research, preclinical development, and clinical trials;
- the costs, timing and outcome of seeking and obtaining FDA and non-U.S. regulatory approvals;
- the costs associated with manufacturing our product candidates and establishing sales, marketing and distribution capabilities;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make in connection with the licensing, filing, defense and enforcement of any patents or other intellectual property rights;
- our ability to hire when needed additional management, scientific and medical personnel;
- the effect of competing products that may limit market penetration of our product candidates;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems; and
- the economic and other terms, timing of and success of our existing strategic partnerships, and any collaboration, asset monetization, licensing, or other arrangements into which we may enter in the future, including the timing of receipt of any milestone or royalty payments under these agreements.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never do, we expect to finance future cash needs primarily through a combination of public and private equity offerings, debt financings, asset monetization, strategic partnerships and grant funding.

Raising additional capital may cause dilution to our stockholders, restrict our operations or require us to relinquish substantial rights.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, our stockholders’ ownership interest will be diluted, and the terms of these new securities may include liquidation or other preferences that adversely affect our stockholders’ rights as common stockholders. On November 9, 2022, we entered into the Sales Agreement with Cantor to sell shares of our common stock having an aggregate offering price of up to $150.0 million, from time to time, through an “at-the-

market" equity offering program under which Cantor is acting as our sales agent. On June 16, 2023, we sold an aggregate of 3,350,000 shares of common stock under the Sales Agreement for net proceeds of $26.2 million, after underwriting commissions and offering expenses. Debt financing, if available at all, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise additional funds through partnerships, collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, product candidates, or future revenue streams, or grant licenses on terms that are not favorable to us. We cannot assure that we will be able to obtain additional funding if and when necessary. If we are unable to obtain adequate financing on a timely basis, we could be required to delay, scale back or eliminate one or more of our development programs or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Risks Related to Our Dependence on Third Parties

We depend on our collaborative relationship with Jazz to further develop and commercialize zanidatamab, and if our relationship is not successful or is terminated, we may be delayed in or unable to effectively develop and/or commercialize zanidatamab, which could have a material adverse effect on our business.

In October 2022, Zymeworks BC entered into a license and collaboration agreement (the "Original Jazz Collaboration Agreement") with Jazz, under which Jazz obtained development and commercialization rights of zanidatamab throughout the world, but excluding certain territories already covered by Zymeworks BC's agreement with BeiGene. Pursuant to the terms of the agreement, we received a $50 million upfront payment following receipt of HSR Clearance and delivery of licenses and technology transfer to Jazz and a further payment of $325 million following Jazz's decision to continue the collaboration after readout of the top-line clinical data from HERIZON-BTC-01. We were also eligible to receive additional milestone payments upon achievement of certain regulatory and commercial milestones, as well as tiered royalties on Jazz's net sales of licensed products.

In April 2023, certain of our subsidiaries entered into the Transfer Agreement with an affiliate of Jazz. Pursuant to the terms of the Transfer Agreement, we took a series of steps designed to simplify, focus, and potentially expedite the clinical development and commercialization of zanidatamab in partnership with Jazz by transferring certain assets, contracts and employees associated with our zanidatamab development program to Jazz and its affiliates. As part of the transactions contemplated by the Transfer Agreement, at the Closing in May 2023, Zymeworks BC and Jazz amended and restated the Original Jazz Collaboration Agreement to reflect the transfer of responsibility for the Program (as amended, the "Amended Jazz Collaboration Agreement"). Under the Amended Jazz Collaboration Agreement, the financial terms of the Original Jazz Collaboration Agreement, as previously disclosed, are unchanged, except that the costs of the Program (including ongoing costs related to the service providers transferred to Jazz Inc. pursuant to the Transfer Agreement) incurred following the Closing are directly borne by Jazz instead of being incurred by us and charged back to Jazz for reimbursement, though Zymeworks BC will remain eligible for reimbursement of certain costs for activities where Zymeworks BC maintains responsibility under the Amended Jazz Collaboration Agreement. Other material terms in the Amended Jazz Collaboration Agreement also remain substantially similar to the terms of the Original Jazz Collaboration Agreement, including commercialization, term and termination, and certain other customary terms and conditions, including mutual representations and warranties, indemnification, and confidentiality provisions. We cannot be certain that our amended arrangement with Jazz will simplify, focus, or potentially expedite the clinical development and commercialization of zanidatamab in partnership with Jazz. We continue to depend on Jazz to collaborate with us to develop and commercialize zanidatamab in the territories covered by the Amended Jazz Collaboration Agreement and, as a result, the eventual success or commercial viability of zanidatamab is largely beyond our control. Any future financial returns to us depend in large part on achievement of regulatory and commercialization milestones, plus a share of any revenue from sales. Therefore, our success, and any associated financial returns to us and our investors, will depend in significant part on Jazz's performance under the Amended Jazz Collaboration Agreement.

We are subject to a number of additional specific risks associated with our dependence on our collaborative relationship with Jazz, including:

- adverse decisions by Jazz regarding the development and commercialization of zanidatamab;
- possible disagreements as to the timing, nature and extent of development plans, including clinical trials or regulatory approval strategy;
- loss of significant rights if we fail to meet our obligations under the agreement;
- changes in key management personnel at Jazz; and

- possible disagreements with Jazz regarding the agreement, for example, with regard to ownership of intellectual property rights or program costs and reimbursement matters.

If either we or Jazz fail to perform our respective obligations, any clinical trial, regulatory approval or development progress could be significantly delayed or halted, could result in costly or time-consuming litigation or arbitration and could have a material adverse effect on our business.

Decisions by Jazz to emphasize other drug candidates currently in its portfolio ahead of zanidatamab, or to add competitive agents to its portfolio could result in a decision to terminate the agreement, in which event, among other things, we may be responsible for paying any remaining costs of ongoing or future clinical trials. If Jazz decides to terminate the Amended Jazz Collaboration Agreement, we may be delayed in or unable to effectively develop and/or commercialize zanidatamab, which could have a material adverse effect on our business.

Any of the above discussed scenarios could adversely affect the timing and extent of the development and commercialization activities related to zanidatamab, which could materially and adversely impact our business.

Our existing strategic partnerships are important to our business, and future strategic partnerships will likely also be important to us. If we are unable to maintain our strategic partnerships, or if these strategic partnerships are not successful, our business could be adversely affected.

We have limited capabilities for drug development and commercialization of our product candidates, if approved. Accordingly, we have entered into strategic partnerships with other companies that we believe can provide such capabilities, including our collaboration and license agreements with Jazz, BeiGene, BMS, GSK, Daiichi Sankyo, Janssen, LEO, Iconic, Merck and Atreca. These relationships also have provided us with non-dilutive funding for our wholly owned pipeline and therapeutic platforms and we expect to receive additional funding under these strategic partnerships in the future. Our existing strategic partnerships, and any future strategic partnerships we enter into, may pose a number of risks, including the following:

- strategic partners have significant discretion in determining the efforts and resources that they will apply to these partnerships;
- strategic partners may not perform their obligations as expected;
- strategic partners may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the partners' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- strategic partners may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- strategic partners could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates if the strategic partners believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than our product candidates;
- product candidates discovered in collaboration with us may be viewed by our strategic partners as competitive with their own product candidates or products, which may cause strategic partners to cease to devote resources to the commercialization of our product candidates;
- a strategic partner with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product candidates;
- disagreements with strategic partners, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- strategic partners may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation;

- strategic partners may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- strategic partnerships may be terminated for the convenience of the partner and, if terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates. For example, each of our collaboration and license agreements with Jazz, BeiGene, BMS, GSK, Daiichi Sankyo, Janssen, LEO, Iconic, Merck and Atreca may be terminated for convenience upon the completion of a specified notice period;
- we may elect to enter into additional licensing or collaboration agreements to partner our product candidates in territories we currently retain, and in the event we grant exclusive rights to such partners, we would be precluded from potential commercialization of our product candidates within the territories in which we have a partner; and
- strategic partners may not have the ability or the development capabilities to perform their obligations as expected, including as a result of the impact of a pandemic or epidemic on our strategic partners' operations or business.

If our strategic partnerships do not result in the successful development and commercialization of product candidates or if one of our partners terminates its agreement with us, we may not receive any future research funding or milestone or royalty payments under the collaboration. If we do not receive the funding we expect under our strategic partnership agreements, our development of our therapeutic platforms and product candidates could be delayed and we may need additional resources to develop product candidates and our therapeutic platforms.

We face significant competition in seeking new strategic partners.

For some of our product candidates, we may in the future determine to collaborate with additional pharmaceutical and biotechnology companies for development and potential commercialization of therapeutic products. Our ability to reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the strategic partner's resources and expertise, the terms and conditions of the proposed collaboration and the proposed strategic partner's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of approval by the FDA or similar regulatory authorities outside the United States, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge, and industry and market conditions generally. The strategic partner may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with us for our product candidate.

Strategic partnerships are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future strategic partners. If we are unable to reach agreements with suitable strategic partners on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay one or more of our other development programs, delay potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into strategic partnerships and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market or continue to develop our therapeutic platforms and our business may be materially and adversely affected.

We rely on third-party manufacturers to produce our product candidates and on other third parties to provide supplies and store, monitor and transport bulk drug substance and drug product. We and our third-party partners may encounter difficulties with respect to these activities that could delay or impair our ability to initiate or complete our clinical trials or commercialize approved products.

We do not currently own or operate any manufacturing facilities. We rely on our strategic partners to manufacture product candidates licensed to them or work with multiple third-party contract manufacturers to produce sufficient quantities of materials required for the manufacture of our product candidates for preclinical testing and clinical trials, in compliance with applicable regulatory and quality standards, and intend to do so for the commercial manufacture of our products. If we are unable to arrange for such third-party manufacturing sources, or fail to do so on commercially reasonable terms, we may not be able to successfully produce sufficient supply of product candidate or we may be delayed in doing so. Such failure or substantial delay could materially harm our business.

The manufacture of biopharmaceutical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. The process of manufacturing our product candidates is susceptible to product loss due to contamination, equipment failure or improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our product candidates or in the third-party manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. All of our engineered antibodies are manufactured in accordance with cGMP by utilizing cells that are stored in a cell bank. We have one master cell bank and one working cell bank for zanidatamab and one master cell bank for each of ZW191 and ZW171. Should any cell bank be lost in a catastrophic event, it is possible that we could lose part of a cell bank and have our manufacturing potentially impacted by the need to replace the cell bank. Any adverse developments affecting manufacturing operations for our product candidates, if any are approved, may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

Furthermore, reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured product candidates ourselves, including reliance on the third party for regulatory compliance and quality control and assurance, volume production, the possibility of breach of the manufacturing agreement by the third party because of factors beyond our control (including a failure to manufacture our product candidates in accordance with our product specifications) and the possibility of termination or nonrenewal of the agreement by the third party at a time that is costly or damaging to us. In addition, the FDA, EMA and other regulatory authorities require that our product candidates be manufactured according to cGMP and similar foreign standards. Pharmaceutical manufacturers and their subcontractors are required to register their facilities or products manufactured at the time of submission of the marketing application and then annually thereafter with the FDA and certain state and foreign agencies. They are also subject to periodic unannounced inspections by the FDA, state and other foreign authorities. Any subsequent discovery of problems with a product, or a manufacturing or laboratory facility used by us or our strategic partners, may result in restrictions on the product or on the manufacturing or laboratory facility, including marketed product recall, suspension of manufacturing, product seizure, or a voluntary withdrawal of the drug from the market. We may have little to no control regarding the occurrence of third-party manufacturer incidents. Any failure by our third-party manufacturers to comply with cGMP or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates.

In addition to third-party manufacturers, we rely on other third parties to store, monitor and transport bulk drug substance and drug product. If we are unable to arrange for such third-party sources, or fail to do so on commercially reasonable terms, we may not be able to successfully supply sufficient product candidate or we may be delayed in doing so. Such failure or substantial delay could materially harm our business.

In addition, disruptions to ports and other shipping infrastructure, as were experienced during the COVID-19 pandemic, may result in shortages or delays impacting the availability of materials and other supplies, which could negatively impact our manufacturers, suppliers and other third parties on whom we rely. While we have not yet suffered any direct, material negative impacts from these ongoing supply chain disruptions, we cannot be certain that we will not be impacted, which could increase our costs or negatively impact our development timelines.

We rely on third parties to monitor, support, conduct and oversee clinical trials of the product candidates that we are developing and, in some cases, to maintain regulatory files for those product candidates. We may not be able to obtain regulatory approval for our product candidates or commercialize any products that may result from our development efforts if we are not able to maintain or secure agreements with such third parties on acceptable terms, if these third parties do not perform their services as required, or if these third parties fail to timely transfer any regulatory information held by them to us.

We rely on entities outside of our control, which may include academic institutions, CROs, hospitals, clinics and other third-party strategic partners, to monitor, support, conduct and oversee preclinical studies and clinical trials of our current and future product candidates. We also rely on third parties to perform clinical trials on our current and future product candidates when they reach that stage. As a result, we have less control over the timing and cost of these studies and the ability to recruit trial subjects than if we conducted these trials with our own personnel.

If we are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated prematurely, we may be unable to enroll patients on a timely basis or otherwise conduct our trials in the manner we anticipate. In addition, there is no guarantee that these third parties will devote adequate time and resources to our studies or

perform as required by our contract or in accordance with regulatory requirements, including maintenance of clinical trial information regarding our product candidates. These third parties, in turn, may face their own constraints in obtaining the resources and personnel needed to perform the work for which we engage them. If these third parties fail to meet expected deadlines, fail to transfer to us any regulatory information in a timely manner, fail to adhere to protocols or fail to act in accordance with regulatory requirements or our agreements with them, or if they otherwise perform in a substandard manner or in a way that compromises the quality or accuracy of their activities or the data they obtain, then clinical trials of our product candidates may be extended or delayed with additional costs incurred, or our data may be rejected by the FDA, EMA or other regulatory agencies.

Ultimately, we are responsible for ensuring that each of our clinical trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities.

We and our CROs are required to comply with GCP regulations and guidelines enforced by the FDA, the competent authorities of the member states of the EU and comparable foreign regulatory authorities for products in clinical development. Regulatory authorities enforce these GCP regulations through periodic inspections of clinical trial sponsors, principal investigators and clinical trial sites. If we or any of our CROs fail to comply with applicable GCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and our submission of marketing applications may be delayed or the FDA may require us to perform additional clinical trials before approving our marketing applications. Upon inspection, the FDA could determine that any of our clinical trials fail or have failed to comply with applicable GCP regulations. In addition, our clinical trials must be conducted with product produced under the cGMP regulations enforced by the FDA, and our clinical trials may require a large number of test subjects. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process and increase our costs. Moreover, our business may be implicated if any of our CROs violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

If any of our clinical trial sites terminate for any reason, we may experience the loss of follow-up information on patients enrolled in our ongoing clinical trials unless we are able to transfer the care of those patients to another qualified clinical trial site. Further, if our relationship with any of our CROs is terminated, we may be unable to enter into arrangements with alternative CROs on commercially reasonable terms, or at all.

Switching or adding CROs or other suppliers can involve substantial cost and require extensive management time and focus. In addition, there is a natural transition period when a new CRO or supplier commences work. As a result, delays may occur, which can materially impact our ability to meet our desired clinical development timelines. If we are required to seek alternative supply arrangements, the resulting delays and potential inability to find a suitable replacement could materially and adversely impact our business.

We rely on third parties for various operational and administrative aspects of our business, including for certain cloud-based software platforms, which impact our financial, operational and research activities. If any of these third parties fail to provide timely, accurate and ongoing service or if the cloud-based platforms suffer outages that we are unable to mitigate, our business may be adversely affected.

We currently rely upon third-party consultants and contractors to provide certain operational and administrative services, including external financial, legal, information technology, clinical and research consultation. The failure of any of these third parties to provide accurate and timely service may adversely impact our business operations. In addition, if such third-party service providers were to cease operations, temporarily or permanently, face financial distress or other business disruption, or increase their fees, or if our relationships with these providers deteriorate, we could suffer increased costs until an equivalent provider could be found, if at all, or we could develop internal capabilities, if ever.

In addition, if we are unsuccessful in choosing or finding high-quality partners, if we fail to negotiate cost-effective relationships with them, or if we ineffectively manage these relationships, it could have an adverse impact on our business and financial performance.

Further, our operations depend on the continuing and efficient operation of our information technology and communications systems and infrastructure, and specifically on “cloud-based” platforms. These platforms are vulnerable to damage or interruption from earthquakes, vandalism, sabotage, terrorist attacks, floods, fires, power outages, telecommunications failures, and computer viruses or other deliberate attempts to harm the systems. The occurrence of a natural or intentional disaster, any decision to close a facility we are using without adequate notice, or particularly an unanticipated problem at our cloud-based virtual server facility, could result in harmful interruptions in our service, resulting in adverse effects to our business.

Risks Related to Our Intellectual Property

Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. Other entities may have or obtain patents or proprietary rights that could limit our ability to make, use, sell, offer for sale or import our future approved products or impair our competitive position. For example, certain patents and patent applications held by third parties cover Fab and Fc region engineering methods for bispecific antibodies, and antibodies having mutations in Fab heavy and light chain regions and Fc regions to generate correctly paired bispecific antibodies. If our products or our strategic partners' products incorporate any Fab or Fc region mutations covered by any claims of these patents or patents that may issue from these applications, and if licenses for them are not available on commercially reasonable terms or at all, and we are unable to invalidate or render unenforceable those patents, our business could be materially harmed.

We are also aware of third-party patents and patent applications containing claims directed to compositions and methods for treating various forms of cancer with antibodies targeting HER2, alone or in combination with other anti-cancer agents, which patents and applications could potentially be construed to cover our product candidates and the use thereof to treat cancer. If our products or our strategic partners' products were found to infringe any such patents, and if licenses for them are not available on commercially reasonable terms, or at all, and we were unable to invalidate or render unenforceable those patents, our business could be materially harmed. These patents may not expire before we receive marketing authorization for our product candidates, and could delay the commercial launch of one or more future products. There is also no assurance that there are not third-party patents or patent applications of which we are aware, but which we do not believe are relevant to our business, which may, nonetheless, ultimately be found to limit our ability to make, use, sell, offer for sale or import our future approved products or impair our competitive position.

Patents that we may ultimately be found to infringe could be issued to third parties. Third parties may have or obtain valid and enforceable patents or proprietary rights that could block us from developing product candidates using our technology. Our failure to obtain a license to any patent covering any technology that we require may materially harm our business, financial condition and results of operations. Moreover, our failure to maintain a license to any patent covering any technology that we require may also materially harm our business, financial condition and results of operations. Furthermore, we would be exposed to a threat of litigation.

In the pharmaceutical industry, significant litigation and other proceedings regarding patents, patent applications, trademarks and other intellectual property rights are commonplace. Any such lawsuits and proceedings could be costly and could affect our results of operations and divert the attention of our management and scientific personnel. Some of our competitors may be able to sustain the cost of such litigation and proceedings more effectively than we can because of their substantially greater resources. There is a risk that a court would decide that we or our strategic partners are infringing a third party's patents and would order us or our strategic partners to stop the activities or stop the manufacture, use, or sale of any product covered by the patents. In that event, we or our strategic partners may not have a viable alternative to the technology protected by the patent and may need to halt work on the affected product candidate or cease commercialization of an approved product. In addition, there is a risk that a court would order us or our strategic partners to pay third-party damages or some other monetary award, depending upon the jurisdiction. An adverse outcome in any litigation or other proceeding could subject us to significant liabilities to third parties, potentially including treble damages and attorneys' fees if we are found to have willfully infringed, and we may be required to cease using the technology that is at issue or to license the technology from third parties. We may not be able to obtain any required licenses on commercially acceptable terms or at all. Any of these outcomes could have a material adverse effect on our business.

If we are unable to obtain, maintain and enforce patent and trade secret protection for our product candidates and related technology, our business could be materially harmed.

Our strategy depends on our ability to identify and seek patent protection for our discoveries. This process is expensive and time consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions where protection may be commercially advantageous. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we have licensed from third parties. Therefore, our owned or in-licensed patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. Our

patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless, and until, patents issue from such applications, and then only to the extent the issued claims cover the technology. The patent applications that we own or in-license may fail to result in issued patents with claims that cover our current and future product candidates in the United States or in other countries.

Moreover, the patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has been the subject of much litigation. The issuance of a patent does not ensure that it is valid or enforceable. Third parties may challenge the validity, enforceability or scope of our issued patents, and such patents may be narrowed, invalidated, circumvented, or deemed unenforceable. In addition, changes in law may introduce uncertainty in the enforceability or scope of patents owned by biotechnology companies. If our patents are narrowed, invalidated or held unenforceable, third parties may be able to commercialize our technology or products and compete directly with us without payment to us. There is no assurance that all potentially relevant prior art relating to our patents and patent applications has been found, and such prior art could potentially invalidate one or more of our patents or prevent a patent from issuing from one or more of our pending patent applications. There is also no assurance that there is not prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim in our patents and patent applications, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim.

Furthermore, even if our patents are unchallenged, they may not adequately protect our intellectual property, provide exclusivity for our product candidates, prevent others from designing around our claims or provide us with a competitive advantage. The legal systems of certain countries do not favor the aggressive enforcement of patents, and the laws of other countries may not allow us to protect our inventions with patents to the same extent as the laws of the United States. Because patent applications in the United States and many other jurisdictions are typically not published until 18 months after filing, or in some cases not at all, and because publications of discoveries in scientific literature lag behind actual discoveries, we cannot be certain that we were the first to make the inventions claimed in our issued patents or pending patent applications, or that we were the first to file for protection of the inventions set forth in our patents or patent applications. As a result, we may not be able to obtain or maintain protection for certain inventions. Therefore, the issuance, validity, enforceability, scope and commercial value of our patents in the United States and in other countries cannot be predicted with certainty and, as a result, any patents that we own or license may not provide sufficient protection against competitors. We may not be able to obtain or maintain patent protection from our pending patent applications, from those we may file in the future, or from those we may license from third parties. Moreover, even if we are able to obtain patent protection, such patent protection may be of insufficient scope to achieve our business objectives. In addition, the issuance of a patent does not give us the right to practice the patented invention. Third parties may have blocking patents that could prevent us from marketing our own patented product and practicing our own patented technology.

Our patents covering one or more of our products or product candidates could be found invalid or unenforceable if challenged.

Any of our intellectual property rights could be challenged or invalidated despite measures we take to obtain patent and other intellectual property protection with respect to our product candidates and proprietary technology. For example, if we were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States and in some other jurisdictions, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld material information from the U.S. Patent and Trademark Office (“USPTO”) or the applicable foreign counterpart, or made a misleading statement, during prosecution. A litigant or the USPTO itself could challenge our patents on this basis even if we believe that we have conducted our patent prosecution in accordance with the duty of candor and in good faith. The outcome following such a challenge is unpredictable.

With respect to challenges to the validity of our patents, for example, there might be invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on a product candidate. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our ability to enforce such claims against the defendant and others. The cost of defending such a challenge, and any resulting loss of patent protection, could have a material adverse impact on one or more of our product candidates and our business.

Enforcing our intellectual property rights against third parties may also cause such third parties to file other counterclaims against us, which could be costly to defend and could require us to pay substantial damages, cease the use, manufacture, or sale of certain products or enter into a license agreement and pay royalties (which may not be possible on commercially reasonable terms or at all). Any efforts to enforce our intellectual property rights are also likely to be costly and may divert the efforts of our scientific and management personnel.

Our intellectual property rights will not necessarily provide us with competitive advantages.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make compounds that are similar to our product candidates but that are not covered by the claims of the patents that we or our strategic partners own or have exclusively licensed;
- others may independently develop similar or alternative technologies without infringing our intellectual property rights;
- issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- we may obtain patents for certain compounds many years before we obtain marketing approval for products containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related product, the commercial value of our patents may be limited;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may fail to develop additional proprietary technologies that are patentable;
- the laws of certain countries may not protect our intellectual property rights to the same extent as the laws of the United States, or we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and
- the patents of others may have an adverse effect on our business, for example by preventing us from marketing one or more of our product candidates for one or more indications.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business.

We may become involved in lawsuits to protect or enforce our patents and trade secrets, which could be expensive, time consuming and unsuccessful.

Third parties may seek to market biosimilar versions of any approved products. Alternatively, third parties may seek approval to market their own products similar to or otherwise competitive with our product candidates. In these circumstances, we may need to defend or assert our patents, including by filing lawsuits alleging patent infringement. The outcome following legal assertions of invalidity and unenforceability is unpredictable. In any of these types of proceedings, a court or agency with jurisdiction may find our patents invalid or unenforceable. Even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives.

Even after they have issued, our patents and any patents that we license may be challenged, narrowed, invalidated or circumvented. If our patents are invalidated or otherwise limited or will expire prior to the commercialization of our product candidates, other companies may be better able to develop products that compete with ours, which could adversely affect our competitive business position, business prospects and financial condition. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

The following are examples of litigation and other adversarial proceedings or disputes that we could become a party to involving our patents or patents licensed to us:

- we or our strategic partners may initiate litigation or other proceedings against third parties to enforce our patent or trade secret rights;

- third parties may initiate litigation or other proceedings seeking to invalidate patents owned by or licensed to us or to obtain a declaratory judgment that their product or technology does not infringe our patents or patents licensed to us;
- third parties may initiate opposition or reexamination proceedings challenging the validity or scope of our patent rights, requiring us or our strategic partners and/or licensors to participate in such proceedings to defend the validity and scope of our patents;
- there may be a challenge or dispute regarding inventorship or ownership of patents or trade secrets currently identified as being solely or co-owned by us or by a licensor who has granted a license to us;
- the USPTO may initiate an interference between patents or patent applications owned by or licensed to us and those of our competitors, requiring us or our strategic partners and/or licensors to participate in an interference proceeding to determine the priority of invention, which could jeopardize our patent rights; or
- third parties may seek approval to market biosimilar versions of our future approved products prior to expiration of relevant patents owned by or licensed to us, requiring us to defend our patents, including by filing lawsuits alleging patent infringement.

These lawsuits and proceedings would be costly and could affect our results of operations and divert the attention of our managerial and scientific personnel. Adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors can. There is a risk that a court or administrative body would decide that our patents are invalid, unenforceable or not infringed or trade secrets not misappropriated by a third party's activities, or that the scope of certain issued claims must be further limited. An adverse outcome in a litigation or proceeding involving our own patents or trade secrets could limit our ability to assert our patents or trade secrets against these or other competitors, affect our ability to receive royalties or other licensing consideration from our licensees, and may curtail or preclude our ability to exclude third parties from making, using and selling similar or competitive products. Any of these occurrences could adversely affect our competitive business position, business prospects and financial condition.

We may not be able to prevent, alone or with our licensors or licensees, infringement or misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. Any litigation or other proceedings to enforce our intellectual property rights may fail, and even if successful, may result in substantial costs and distract our management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of our common stock.

The degree of future protection for our proprietary rights is uncertain because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- others may be able to develop a platform that is similar to, or better than, ours in a way that is not covered by the claims of our patents;
- others may be able to make compounds that are similar to our product candidates but that are not covered by the claims of our patents;
- we might not have been the first to make the inventions covered by patents or pending patent applications;
- we might not have been the first to file patent applications for these inventions;
- any patents that we obtain may not provide us with any competitive advantages or may ultimately be found invalid or unenforceable; or
- we may not develop additional proprietary technologies that are patentable or that afford meaningful trade secret protection.

Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired, we

may be open to competition from competitive products, including biosimilars. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

If we do not obtain protection under the Hatch-Waxman Amendments and similar legislation in other countries for extending the term of patents covering each of our product candidates, our business may be materially harmed.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

If we are unable to protect the confidentiality of our proprietary information, the value of our technology and products could be adversely affected.

In addition to patent protection, we also rely on other proprietary rights, including protection of trade secrets, and other proprietary information. For example, we treat our confidential and proprietary computational technologies, including unpatented know-how and other proprietary information, as trade secrets. We enter into confidentiality agreements with our employees, consultants, strategic partners and others upon the commencement of their relationships with us. These agreements provide that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees and our personnel policies also provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. We cannot guarantee that we have entered into such agreements with each party that has or may have had access to, or houses or hosts, our trade secrets or proprietary information or that has been involved in the development of intellectual property. Further, despite such agreements, such inventions or confidential information may become disclosed or assigned to third parties. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in such technology or know-how or in related inventions. To the extent that an individual who is not obligated to assign rights in intellectual property to us is rightfully an inventor of intellectual property, we may need to obtain an assignment or a license to that intellectual property from that individual, or a third party or from that individual's assignee. Such assignment or license may not be available on commercially reasonable terms or at all.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems and cloud storage sources, but such security measures may be breached, including through cyber-hacking or cyberattacks, and we may not have adequate remedies for any breach.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition and results of operations. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to maintain trade secret protection could adversely affect our competitive business position. In addition, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent such third party, or those to whom they communicate such technology or information, from using

that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, or if we otherwise lose protection for our trade secrets or proprietary know-how, the value of this information may be greatly reduced and our business and competitive position could be harmed. Adequate remedies may not exist in the event of unauthorized use or disclosure of our proprietary information.

As is common in the biotechnology and pharmaceutical industries, we employ individuals who were previously or concurrently employed at research institutions and/or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. We may be subject to claims that these employees, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers, or that patents and applications we have filed to protect inventions of these employees, even those related to one or more of our product candidates, are rightfully owned by their former or concurrent employer. Litigation may be necessary to defend against these claims. Such trade secrets or other proprietary information could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such license may not be available on commercially reasonable terms or at all. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by regulations and governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents or applications will be due to the USPTO and various foreign patent offices at various points over the lifetime of our patents or applications. We have systems in place to remind us to pay these fees, and we rely on our outside patent annuity service to pay these fees when due. Additionally, the USPTO and various foreign patent offices require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with rules applicable to the particular jurisdiction. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If such an event were to occur, it could have a material adverse effect on our business.

We may be subject to claims challenging the inventorship of our patents and other intellectual property.

Although we are not currently experiencing any claims challenging the inventorship or ownership of our patents, we may in the future be subject to claims that former employees, strategic partners or other third parties have an interest in our patents or other intellectual property as an inventor or co-inventor. While it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. For example, the assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, or we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Patent protection and patent prosecution for some of our product candidates may be dependent on, and the ability to assert patents and defend them against claims of invalidity may be maintained by, third parties.

There may be times when certain patents that relate to our product candidates or any approved products are controlled by our licensees or licensors. Although we may, under such arrangements, have rights to consult with our strategic partners on actions taken as well as back-up rights of prosecution and enforcement, we have in the past and may in the future relinquish rights to prosecute and maintain patents and patent applications within our portfolio as well as the ability to assert such patents against infringers.

If any current or future licensee or licensor with rights to prosecute, assert or defend patents related to our product candidates fails to appropriately prosecute and maintain patent protection for patents covering any of our product candidates, or if patents covering any of our product candidates are asserted against infringers or defended against claims of invalidity or unenforceability

in a manner that adversely affects such coverage, our ability to develop and commercialize any such product candidate may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products.

Changes in patent laws or patent jurisprudence could diminish the value of patents in general, thereby impairing our ability to protect our products.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. Changes in either the patent laws or in the interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property. We cannot predict the breadth of claims that may be allowed or found to be enforceable in our patents, in our strategic partners' patents or in third-party patents. Recent U.S. Supreme Court rulings have either narrowed the scope of patent protection available in certain circumstances or weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this has created uncertainty with respect to the validity, scope and value of patents, once obtained.

For our U.S. patent applications containing a priority claim after March 16, 2013, there is a greater level of uncertainty in the patent law. In September 2011, the Leahy-Smith America Invents Act, also known as the America Invents Act ("AIA"), was signed into law. The AIA includes a number of significant changes to U.S. patent law, including provisions that affect the way patent applications will be prosecuted and may also affect patent litigation.

The AIA and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have an adverse effect on our business. An important change introduced by the AIA is that, as of March 16, 2013, the United States transitioned to a "first-to-file" system for deciding which party should be granted a patent when two or more patent applications are filed by different parties disclosing or claiming the same invention. A third party that has filed, or files a patent application in the USPTO after March 16, 2013, but before us, could be awarded a patent covering a given invention, even if we had made the invention before it was made by the third party. This requires us to be cognizant of the time from invention to filing of a patent application.

Among some of the other changes introduced by the AIA are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in U.S. federal court necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action.

Depending on decisions by the U.S. Congress, the U.S. federal courts, the USPTO or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that may weaken our and our licensors' ability to obtain new patents or to enforce existing patents we and our licensors or partners may obtain in the future.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some countries do not protect intellectual property rights to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our current or future products, if any, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Recent U.S. Supreme Court cases have narrowed the scope of what is considered patentable subject matter, for example, in the areas of software and diagnostic methods involving the association between treatment outcome and biomarkers. This could impact our ability to patent certain aspects of our technology in the United States.

Many companies have encountered significant problems in protecting and defending intellectual property rights in jurisdictions other than the United States. The legal systems of certain countries do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Additionally, the requirements for patentability may differ in certain countries. For example, China has a heightened requirement for patentability, and specifically requires a detailed description of medical uses of a claimed drug. In India, unlike the United States, there is no link between regulatory approval of a drug and its patent status. In addition to India, certain countries in Europe and developing countries, including China, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

Geo-political actions in the United States and in foreign countries could increase the uncertainties and costs surrounding the prosecution or maintenance of our patent applications or those of any current or future licensors or licensees and the maintenance, enforcement or defense of our issued patents or those of any current or future licensors or licensees. For example, the United States, Canadian, and foreign government actions related to Russia’s invasion of Ukraine may limit or prevent filing, prosecution and maintenance of patent applications in Russia. Government actions may also prevent maintenance of issued patents in Russia. These actions could result in abandonment or lapse of our patents or patent applications, resulting in partial or complete loss of patent rights in Russia. If such an event were to occur, it could have a material adverse effect on our business. In addition, a decree was adopted by the Russian government in March 2022, allowing Russian companies and individuals to exploit inventions owned by patentees that have citizenship or nationality in, are registered in, or have a predominately primary place of business or profit-making activities in the United States and other countries that Russia has deemed unfriendly without consent or compensation. Consequently, we would not be able to prevent third parties from practicing our inventions in Russia or from selling or importing products made using our inventions in and into Russia. Accordingly, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

As another example, the complexity and uncertainty of European patent laws have increased in recent years. In Europe, a new unitary patent system was introduced on June 1, 2023, which will significantly impact European patents, including those granted before the introduction of this system. Under the unitary patent system, European applications have the option, upon grant of a patent, of becoming a Unitary Patent which is subject to the jurisdiction of the Unitary Patent Court (UPC). As the UPC is a new court system, there is no precedent for the court, increasing the uncertainty of any litigation. Patents granted before the implementation of the UPC have the option of opting out of the jurisdiction of the UPC and remaining as national patents in the UPC countries. Patents that remain under the jurisdiction of the UPC are potentially vulnerable to a single UPC-based revocation challenge that, if successful, could invalidate the patent in all countries who are signatories to the UPC. We cannot predict with certainty the long-term effects of any potential changes.

We use open source software in connection with our internal research and development programs, which could negatively affect our ability to develop products and subject us to litigation or other actions.

We use open source software in connection with our internal research and development programs. The terms of many open source licenses have not been interpreted by U.S. courts or courts outside of the U.S., and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to use this software. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be open source software, or claiming that software we developed using such open source software is a derivative work of open source software and demanding the release of portions of our source code, or otherwise seeking to enforce the terms of the applicable open source license. Litigation could be costly for us to defend, have a negative effect on our financial condition and results of operations or require us to devote additional research and development resources to change our platform and offerings.

If we were to combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. If we inappropriately use open source software, or if the license terms for open source software that we use change, we may be required to re-engineer our platform, incur additional costs, discontinue the use of some or all of our platform or take other remedial actions.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, because open source licensors generally do not provide warranties or assurance of title or controls on origin of the software. In addition, many of the risks associated with usage of open source software, such as the lack of warranties or assurances of title, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for the use of open source software, but we cannot be sure that all of our use of open source software is in a manner that is consistent with our current policies and procedures, or will not subject us to liability. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business, financial condition and results of operations.

We will need to obtain FDA approval for any proposed product candidate names, and any failure or delay associated with such approval may adversely affect our business.

Any proprietary name or trademark we intend to use for our product candidates will require approval from the FDA regardless of whether we have secured a formal trademark registration from the USPTO. The FDA typically conducts a review of proposed product candidate names, including an evaluation of the potential for confusion with other product names. The FDA may also object to a product name if it believes the name inappropriately implies certain medical claims or contributes to an overstatement of efficacy. If the FDA objects to any product candidate names we propose, we may be required to adopt an alternative name for our product candidates. If we adopt an alternative name, we would lose the benefit of any existing trademark applications for such product candidate and may be required to expend significant additional resources in an effort to identify a suitable product name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. We may be unable to build a successful brand identity for a new trademark in a timely manner or at all, which would limit our ability to commercialize our product candidates.

Risks Related to the Redomicile Transactions

We may fail to realize certain benefits of the Redomicile Transactions.

We believe that the Redomicile Transactions will enhance stockholder value over the long-term and raise the profile and marketability of our capital stock in the United States through, among other things, the ability to attract deeper and growing pools of passive investment capital in the United States, particularly as shares of our common stock are included in certain U.S. stock market indices and other investment vehicles that only include securities of U.S.-incorporated companies. However, if shares of our common stock are not included in certain U.S. stock market indices, this could result in increased selling pressure and/or decreased demand for our common stock that would increase stock price volatility or cause the market price of the shares of our common stock to fall. Initial inclusion and continued inclusion in a stock market index or fund is not guaranteed and is subject to numerous factors which can be applied subjectively by the entity managing the index or fund. There are no assurances that we will be included in, or remain included in, any U.S. stock market indices or funds in a timely manner, or at all. Even if we are included in a U.S. stock market index or fund, the entities managing such indices or funds may change their inclusion criteria, resulting in the future exclusion from such index or fund.

In addition, we incurred a number of non-recurring costs associated with the Redomicile Transactions, including legal fees, accountants' fees, proxy solicitor fees, filing fees, mailing expenses and financial printing expenses. The completion of the Redomicile Transactions and the associated reorganization of our corporate structure may result in additional and unforeseen expenses in the future. While it is expected that benefits of the Redomicile Transactions will offset these transaction costs over time, this net benefit may not be achieved in the short-term or at all. These combined factors could adversely affect our business and overall financial condition. The success of the Redomicile Transactions will depend, in part, on our ability to realize the anticipated benefits associated with the Redomicile Transactions and associated reorganization of our corporate structure, and we may not be able to realize such benefits on a timely basis or at all.

The Redomicile Transactions may result in sales of shares of our common stock by certain retail and institutional stockholders or investment funds that are not permitted to hold shares of our common stock under their internal guidelines.

The Redomicile Transactions may result in sales of shares of our common stock by certain retail and institutional stockholders or investment funds (including Canadian-focused funds) that are not permitted to hold shares of our common stock under their internal guidelines, or are limited in the size of any such investments. Such sales could result in increased selling pressure and/or decreased demand for shares of our common stock, which could increase stock price volatility or cause the market price of the shares of our common stock to fall. As a result of the foregoing, certain of these investors may be required under their internal guidelines to sell their shares at times when, or at prices for which, they would otherwise not have sold. If an investor sells its shares at a time when the market price is lower than their cost basis in the shares, the investor will suffer a loss that could be significant to such investor.

Our business may be impacted by the uncertainty associated with the Redomicile Transactions.

Following completion of the Redomicile Transactions, our principal executive offices are located in Middletown, Delaware. We have physical operations and personnel in Canada, the United States, Ireland and Singapore, and maintain offices in these four countries. Our executive officers and directors are located in several jurisdictions, including the United States, Canada and the United Kingdom.

Certain relationships, including with employees, suppliers, CROs, partners, collaborators, governments and other stakeholders, may be subject to disruption due to uncertainty associated with the Redomicile Transactions. Specifically, certain stakeholders may be reluctant to engage in business with us following the completion of the Redomicile Transactions or may impose additional conditions on or apply less favorable terms to transactions involving us. This could have an adverse effect on our business and operations.

In connection with the completion of the Redomicile Transactions we may need to enter into certain new arrangements which may not be on terms as favorable as arrangements entered into by Zymeworks BC.

In connection with completion of the Redomicile Transactions we may need to enter into new arrangements as the ultimate parent company to Zymeworks BC and its subsidiaries. While we anticipate such terms will be materially consistent with existing arrangements, there is no assurance that such arrangement will not impose additional operating or financial restrictions on us, or that such arrangements will be on commercially reasonable terms or terms that are acceptable to us.

In addition, the completion of the Redomicile Transactions may have triggered certain technical change in control, right of first offer, notice, consent, assignment or other provisions in agreements to which Zymeworks BC or our other subsidiaries are a party. If we are unable to assert that such provisions should not apply, or we are unable to comply with or negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, including potentially terminating such agreements or seeking monetary damages. Even if we are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to us.

Negative publicity resulting from the Redomicile Transactions could adversely affect our business and the market price of our common stock.

Transactions similar to the Redomicile Transactions that have been undertaken by other companies have in some cases generated significant news coverage, some of which has been negative. Negative publicity generated by the Redomicile Transactions could cause certain persons with whom we have a business relationship to be more reluctant to do business with us. In addition, negative publicity could cause certain of our employees, particularly those in Canada, to perceive uncertainty regarding future opportunities available to them. Either of these events could have a significant adverse impact on our business. Negative publicity could also cause some of our stockholders to sell their shares or decrease the demand for new investors to purchase such shares, which could have an adverse impact on the price of our common stock.

Our current organizational structure may result in certain tax and operational inefficiencies that may adversely affect our business, financial condition and results of operations.

On October 13, 2022, the Redomicile Transactions were completed, which were governed by a transaction agreement dated July 14, 2022, as restated and amended on August 18, 2022 (the “Restated and Amended Transaction Agreement”), by and among Zymeworks BC, us, CallCo and ExchangeCo. Pursuant to the terms of the Restated and Amended Transaction Agreement, we, Zymeworks BC, CallCo and ExchangeCo agreed, among other things, to use reasonable efforts to take certain corporate steps and

actions, as may be necessary or desirable, to effect and implement certain post-arrangement transactions following the implementation of the arrangement under the Business Corporations Act (British Columbia) (the “Post-Arrangement Transactions”), including the movement of certain subsidiaries of Zymeworks BC so that they become our directly, wholly-owned subsidiaries. Following Zymeworks BC’s entry into the Original Jazz Collaboration Agreement, we reevaluated the potential impacts of completing the Post-Arrangement Transactions and determined that completing the Post-Arrangement Transactions as contemplated in the Restated and Amended Transaction Agreement would result in negative tax consequences. As a result, we are evaluating alternatives to the previously contemplated Post-Arrangement Transactions with our advisors. We cannot be certain that we will be able to identify and implement an alternative set of post-arrangement transactions. Even if we do identify an alternative set of post-arrangement transactions, we cannot be certain that such alternative will result in a more tax-efficient or operationally-efficient organizational structure. While we are evaluating alternative approaches, our current organizational structure may result in certain tax and operational inefficiencies that may adversely affect our business, financial condition and results of operations.

Our effective tax rate may change in the future.

We are subject to U.S. federal income taxes on our earnings and the earnings of our non-U.S. subsidiaries in a manner that may adversely impact our effective tax rate. For example, we may have to include additional amounts in income under the so-called “global intangible low-taxed income” regime or as a result of the application of “controlled foreign corporation” rules. In addition, the United States has enacted the Inflation Reduction Act, which, among other changes, imposes a 1% excise tax on certain stock buybacks and an alternative minimum tax on adjusted financial statement income. In addition, our Canadian tax attributes (including net operating loss and tax credit carryforwards and deductible Scientific Research and Experimental Development Expenditure carryforwards) will generally not be available to offset U.S. income and may be subject to limitation.

Further, our future operations and business structure may result in increased tax burden. For example, changes in our clinical development plans and business or commercialization strategies may result in an increased effective tax rate. Taxation of international business operations and intercompany transactions, including transactions between us and non-U.S. subsidiaries, is complicated. Any changes in the U.S. or non-U.S. taxation of such activities may increase our worldwide effective tax rate and harm our business, financial condition, and results of operations.

Enforcement of rights against us in Canada may be limited.

Following the Redomicile Transactions, our principal executive offices are located in Middletown, Delaware and many of our directors, officers and experts reside outside of Canada. Accordingly, it may not be possible for our stockholders to effect service of process within Canada upon us or many of our directors, officers or experts, or to enforce judgments obtained in Canadian courts against us or many of our directors, officers or experts.

Risks Related to the Exchangeable Shares

The Exchangeable Shares will not be listed on any stock exchange.

Pursuant to the Redomicile Transactions, holders of Zymeworks BC common shares exchanged their Zymeworks BC common shares for shares of our common stock or, at their election with respect to all or a portion of their Zymeworks BC common shares and subject to applicable eligibility criteria and an overall cap, exchangeable shares (the “Exchangeable Shares”) in the capital of ExchangeCo. The Exchangeable Shares will not be listed on any stock exchange. Although Exchangeable Shares are exchangeable at the option of the holder for shares of our common stock, there is no market through which the Exchangeable Shares may be sold, and holders may not be able to sell their Exchangeable Shares.

Holders of Exchangeable Shares may experience a delay in receiving shares of our common stock from the date they request an exchange, which may affect the value of the shares the holder receives in such exchange.

Holders of Exchangeable Shares who request an exchange may not receive shares of our common stock until a period of time after the applicable request is received. During this period, the market price of our common stock may increase or decrease. Any such increase or decrease would affect the value of the consideration to be received by such a holder of Exchangeable Shares upon a subsequent sale of shares of our common stock received in the exchange.

There may be a taxable event for a holder of Exchangeable Shares beyond such holder's control.

A holder of Exchangeable Shares will be considered to have disposed of Exchangeable Shares (i) on a redemption (including pursuant to a retraction request) of such Exchangeable Shares by holders of Exchangeable Shares or ExchangeCo, and (ii) on an acquisition of such Exchangeable Shares by us or CallCo. Although each is a taxable event, the Canadian federal income tax consequences of the disposition will be different depending on whether the event giving rise to the disposition is a redemption or an acquisition.

Prior to the sunset date of the Exchangeable Shares, ExchangeCo may redeem Exchangeable Shares in limited circumstances, and ExchangeCo shall redeem the Exchangeable Shares on the sunset date. Accordingly, an Eligible Holder may have a taxable event in a transaction beyond their control.

The tax treatment of Exchangeable Shares for non-Canadian tax purposes is uncertain.

The tax treatment of Exchangeable Shares for non-Canadian tax purposes, including U.S. federal income tax purposes, is uncertain. Holders of Exchangeable Shares who are subject to taxation in jurisdictions other than Canada should consult with their tax advisors regarding the tax treatment of Exchangeable Shares under non-Canadian tax laws and regulations.

Risks Related to Additional Legal and Compliance Matters

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, insider trading, and noncompliance with our policies and procedures.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with federal and state health care fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted a Code of Conduct and Business Ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions. In addition, employees may become subject of allegations of gender discrimination and other misconduct that are not in compliance with our policies and procedures, which, regardless of the ultimate outcome, may result in adverse publicity that could materially harm our brand, reputation and business.

If we or our contractors or agents market products in a manner that violates healthcare fraud and abuse laws, or if we violate government price reporting laws and transparency laws, we may be subject to civil or criminal penalties.

In addition to FDA restrictions on the marketing of pharmaceutical products, federal and state healthcare laws restrict certain business practices in the biopharmaceutical industry. Although we currently do not have any products on the market, we may be subject, and if our product candidates are approved and we begin commercialization will be subject, to additional healthcare laws and regulations enforced by the federal government and by authorities in the states and foreign jurisdictions in which we conduct our business. These state and federal healthcare laws, commonly referred to as "fraud and abuse" laws, have been applied to restrict certain marketing practices in the pharmaceutical industry, and include anti-kickback, false claims, data privacy and security and transparency statutes and regulations.

Federal false claims laws prohibit, among other things, any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid. The federal healthcare program anti-kickback statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving remuneration to induce, or in return for, purchasing, leasing, ordering or arranging for the purchase, lease or order of any healthcare item or service reimbursable under Medicare, Medicaid or other federally financed healthcare programs. Most states also have statutes or regulations similar to the federal anti-kickback law and federal false claims laws,

which may apply to items such as pharmaceutical products and services reimbursed by private insurers. Administrative, civil and criminal sanctions may be imposed under these federal and state laws.

The federal civil monetary penalties statute imposes penalties against any person or entity who, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

HIPAA created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, including private third-party payors, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of, or payment for, healthcare benefits, items or services.

In addition, we may be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by HITECH, and its implementing regulations, imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA's security standards directly applicable to business associates-independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also created four new tiers of civil monetary penalties, and newly empowered state attorneys general with the authority to enforce HIPAA. In January 2013, the Office for Civil Rights of the U.S. Department of Health and Human Services issued the Final Omnibus Rule under HIPAA pursuant to HITECH that makes significant changes to the privacy, security and breach notification requirements and penalties. The Final Omnibus Rule generally took effect in September 2013 and enhances certain privacy and security protections, and strengthens the government's ability to enforce HIPAA. The Final Omnibus Rule also enhanced requirements for both covered entities and business associates regarding notification of breaches of unsecured protected health information. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways. These state laws may not have the same effect and often are not preempted by HIPAA, thus complicating compliance efforts.

Additionally, the PPACA also included the federal Physician Payments Sunshine Act, which requires applicable group purchasing organizations and manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually information related to certain payments or other transfers of value made in the previous year to covered recipients, including physicians, as defined by law, and teaching hospitals and, effective for data reported in 2022, expanded to include nurse practitioners, physician assistants, clinical nurse specialists, certified registered nurse anesthetists and anesthesiologist assistants, and certified nurse-midwives, including certain ownership and investment interests held by physicians or their immediate family members. Failure to comply with the required reporting requirements could subject applicable reporting entities such as manufacturers to substantial civil monetary penalties.

Also, many states have similar healthcare statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Certain states require pharmaceutical companies to implement a comprehensive compliance program that includes a limit or outright ban on expenditures for, or payments to, individual medical or health professionals and/or require pharmaceutical companies to track and report gifts and other payments made to physicians and other healthcare providers.

If our operations are found to be in violation of any of the healthcare laws or regulations described above or any other laws that apply to us, we may be subject to penalties, including potentially significant criminal, civil or administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion of products from reimbursement under government programs, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings or the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. To the extent that any of our products will be sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, fraud and abuse laws, and implementation of corporate compliance programs and reporting of payments or transfers of value to healthcare professionals.

If we do not comply with laws regulating the protection of the environment and health and human safety, our business could be adversely affected.

Our research and development involves, and may in the future involve, the use of potentially hazardous materials and chemicals. Our operations may produce hazardous waste products. Although we believe that our safety procedures for handling and disposing of these materials comply with the standards mandated by local, state and federal laws and regulations, the risk of accidental contamination or injury from these materials cannot be eliminated. If an accident occurs, we could be held liable for resulting damages, which could be substantial. We are also subject to numerous environmental, health and workplace safety laws and regulations and fire and building codes, including those governing laboratory procedures, exposure to blood-borne pathogens, use and storage of flammable agents and the handling of biohazardous materials. Although we maintain workers' compensation insurance as prescribed by certain jurisdictions in which we operate to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of these materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us. Additional federal, state and local laws and regulations affecting our operations may be adopted in the future. We may incur substantial costs to comply with, and substantial fines or penalties if we violate, any of these laws or regulations.

Risks Related to Employee Matters and Managing Growth

We may fail to achieve the expected cost savings and related benefits from our 2022 reduction in workforce.

In January 2022, we announced a plan to reduce our workforce to reflect our renewed focus on key priorities and enable us to help achieve a more cost-efficient organization necessary to execute on those priorities. We may fail to effectively achieve the stated goals of the reduction in workforce. In addition, while the reduction in workforce was completed in 2022, it may still negatively impact employee morale for those that were not directly impacted, which may increase employee attrition and hinder our ability to achieve our key priorities. Any failure to achieve the expected benefits from the reduction in workforce or from other recent management and personnel related changes could adversely affect our stock price, financial condition and ability to achieve our key priorities.

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on key members of our senior management team, including Kenneth Galbraith, the Chair of our board of directors, President and Chief Executive Officer, Christopher Astle, our Chief Financial Officer, Paul Moore, our Chief Scientific Officer, and other key members of our senior management, scientific and clinical teams. Although we have entered into employment agreements with our executive officers, each of them may terminate their employment with us at any time. The loss of the services of our key senior managers and employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Retention and any future recruitment of qualified scientific, technical, clinical, manufacturing and sales and marketing personnel will also be critical to our success. In addition, we will need to effectively manage our managerial, operational, financial, development and other resources in order to successfully pursue our research, development and commercialization efforts for our existing and future product candidates. Furthermore, replacing key senior managers and employees may be difficult and may take an extended period of time because of the limited talent pool in our industry due to the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Intense competition for attracting key skill-sets and the impact of inflationary pressure on wages may limit our ability to attract, retain and motivate key personnel on acceptable terms. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our business strategy will be limited.

As we advance our development and commercialization plans and strategies, we may need to grow or modify our organization, and we may experience difficulty in managing such change, which could disrupt our operations.

As of June 30, 2023, we had 237 full-time employees, which reflects the reduction in the number of our employees as a result of the transfer to Jazz Inc. or a Jazz affiliate of certain employees in connection with the closing of the Transfer Agreement transactions. As we advance our development and commercialization plans and strategies in the future, we anticipate that we may need to expand or modify our employee base. Additionally, as our product candidates enter and advance through preclinical studies and any clinical trials, we may need to expand our development, manufacturing, regulatory sales and marketing

capabilities or contract with other organizations to provide these capabilities for us. We believe the need for future expansion in these areas will increase as our product candidates reach later stages of preclinical and clinical development. Future growth would impose significant added responsibilities on members of management, including the need to identify, recruit, maintain, motivate and integrate additional employees. Also, our management may need to divert a disproportionate amount of their attention away from our day-to-day activities and devote a substantial amount of time to managing any necessary growth activities. We may not be able to effectively manage an expansion of our operations, which may result in weaknesses in our infrastructure, give rise to operational errors, loss of business opportunities, loss of employees and reduced productivity amongst remaining employees. Any growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of existing and additional product candidates. If our management is unable to effectively manage any needed growth, our expenses may increase more than expected, our ability to generate or grow revenue could be reduced and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize our product candidates and compete effectively with others in our industry will depend on our ability to effectively manage any future growth.

Risks Related to Our Common Stock

Our stock price is likely to be volatile and the market price of our common stock may drop below the price paid by stockholders.

Investors should consider an investment in our common stock as risky and invest only if they can withstand a significant loss and wide fluctuations in the market value of their investment. Investors may be unable to sell their common stock at or above the price they paid for such stock due to fluctuations in the market price of our common stock arising from changes in our operating performance or prospects. Some of the factors that may cause the market price of our common stock to fluctuate or decrease include:

- results and timing of our clinical trials and clinical trials of our competitors’ products;
- failure or discontinuation of any of our development programs;
- the success of our partnerships, including our and Jazz’s ability and efforts to collaborate to develop and commercialize zanidatamab in the territories covered by the Amended Jazz Collaboration Agreement;
- our ability to achieve milestones and receive associated milestone payments pursuant to the terms of our collaboration agreements;
- issues in manufacturing our product candidates or future approved products;
- regulatory developments or enforcement in the United States and foreign countries with respect to our product candidates or our competitors’ products;
- competition from existing products or new products that may emerge;
- developments or disputes concerning patents or other proprietary rights;
- introduction of technological innovations or new commercial products by us or our competitors;
- announcements by us, our strategic partners or our competitors of significant acquisitions, strategic partnerships, joint ventures, or capital commitments;
- changes in estimates or recommendations by securities analysts that cover our common stock;
- fluctuations in the valuation of companies in the biotechnology industry or otherwise perceived by investors to be comparable to us;
- additional instances of stockholder activism, including unsolicited takeover proposals or proxy contests;
- claims or litigation related to our stockholder rights plan;
- public concern over our product candidates or any future approved products;
- litigation;
- future sales of our common stock;
- stock price and volume fluctuations attributable to inconsistent trading volume levels of our common stock;
- additions or departures of key personnel;

- our ability to execute on our key strategic priorities;
- changes in the structure of health care payment systems in the United States or other countries;
- failure of any of our product candidates, if approved, to achieve commercial success;
- economic and other external factors or other disasters or crises, including pandemics;
- period-to-period fluctuations in our financial condition and results of operations, including the timing of receipt of any milestone or other payments under commercialization or licensing agreements;
- general market conditions and market conditions for biopharmaceutical stocks;
- potential disagreements or disputes with certain of our stockholders;
- overall fluctuations in U.S. equity markets; and
- other factors that may be unanticipated or out of our control.

In addition, the stock market in general, and the stock of biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the relevant companies, including recently in connection with the COVID-19 pandemic, which has resulted in increased volatility and decreased stock prices for many companies notwithstanding the lack of a fundamental change in their underlying business models or prospects. Broad market and industry factors, including potentially worsening economic conditions and other adverse effects or developments relating to the COVID-19 pandemic, may negatively affect the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this “Risk Factors” section, could have a material adverse effect on the market price of our common stock.

An active trading market for our common stock may not be sustained.

Our common stock was first listed on the NYSE in connection with the completion of the Redomicile Transactions on October 13, 2022. In December 2022, we moved our listing to The Nasdaq Stock Market LLC. There can be no assurance that an active trading market for our common stock will be sustained or continue to be as active or liquid as was the trading market for Zymeworks BC’s common shares prior to the Redomicile Transactions, and the trading price of our common stock may be effectively lower than the trading price of Zymeworks BC’s common shares. If an active market for our common stock does not continue, it may be difficult for our stockholders to sell their stock without depressing the market price for the common stock or sell their common stock at or above the prices at which they acquired their common stock or sell their common stock at the time they would like to sell. Any inactive trading market for our common stock may also impair our ability to raise capital to continue to fund our operations by selling common stock and may impair our ability to acquire other companies or technologies by using our common stock as consideration.

We may fail to meet the continued listing requirements of The Nasdaq Stock Market LLC. If Nasdaq delists our shares of common stock from trading on its exchange, we could face significant material adverse consequences, including:

- significant impairment of the liquidity for our common stock, which may substantially decrease the market price of our common stock;
- a limited availability of market quotations for our securities;
- a determination that our common stock qualifies as a “penny stock” which will require brokers trading in our common stock to adhere to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;
- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Substantial future sales of our common stock, or the perception that these sales could occur, may cause the price of our common stock to drop significantly, even if our business is performing well.

A large volume of sales of our common stock could decrease the prevailing market price of our common stock and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if a substantial number of sales of our common stock does not occur, the mere perception of the possibility of these sales could depress the market price of our common stock and have a negative effect on our ability to raise capital in the future.

Our management team has broad discretion to use the net proceeds from our financing activities as well as funds received pursuant to our strategic collaborations, and its investment of these proceeds may not yield a favorable return. They may invest the proceeds in ways with which our stockholders disagree.

Our management team has broad discretion in the application of the proceeds we receive from our financing activities and from our strategic collaborations, including proceeds received from our strategic collaboration with Jazz and pursuant to any “at-the-market” equity offering programs we may use from time to time, and we could spend or invest the proceeds in ways with which our stockholders disagree. Accordingly, stockholders will need to rely on our management team’s judgment with respect to the use of these proceeds. However, the failure by management to apply these funds effectively could negatively affect our ability to operate and grow our business.

We cannot specify with certainty all of the particular uses for the net proceeds to be received from our fundraising efforts or for the funds received from time to time pursuant to our strategic collaborations. In addition, the amount, allocation and timing of our actual expenditures will depend upon numerous factors, including additional milestone payments received from our strategic partnerships and royalties received on sale of any future approved product. Accordingly, we will have broad discretion in using these proceeds. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

We do not anticipate paying cash dividends for the foreseeable future, and accordingly, stockholders must rely on stock appreciation for any return on their investment.

We have never paid any dividends on our common stock. We currently intend to retain our future earnings, if any, to fund the development and growth of our business and do not anticipate that we will declare or pay any cash dividends on our common stock in the foreseeable future. As a result, capital appreciation, if any, of our common stock will be the sole source of gain on investment in our common stock for the foreseeable future. Investors seeking cash dividends should not invest in our common stock.

Any future determination to pay dividends will be at the discretion of our board of directors and will depend upon many factors, including our results of operations, financial position, capital requirements, distributable reserves, credit terms, general economic conditions and other factors as our board of directors may deem relevant from time to time. Consequently, future dividends payable to investors are not guaranteed.

Our principal stockholders, in aggregate, could exert substantial influence over us which could delay or prevent a change in corporate control or result in the entrenchment of management or the board of directors.

Our principal stockholders, being our stockholders that beneficially own 5% or more of our common stock, together with their affiliates and related persons, in aggregate, beneficially own approximately 45.7% of our outstanding common stock as of June 30, 2023. Our directors and executive officers beneficially own, in the aggregate, approximately 1.9% of our outstanding common stock as of June 30, 2023. Our principal stockholders, if acting together (with or without our directors and executive officers), may have the ability to exert substantial influence over the outcome of matters submitted to our stockholders for approval, including the election and removal of directors and any merger or sale of all or substantially all of our assets. In addition, our principal stockholders, if acting together (with or without our directors and executive officers), may have the ability to exert substantial influence over the management and affairs of our company. Accordingly, this concentration of ownership could harm the market price of our common stock by:

- delaying, deferring, or preventing a change in control;
- entrenching our management or the board of directors;
- impeding a merger, takeover, or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

We qualify as a smaller reporting company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to such companies could make our common stock less attractive to investors.

We qualify as a “smaller reporting company,” as defined under the Exchange Act. In addition, we are a “non-accelerated filer” as defined under the Exchange Act. For as long as we continue to be a smaller reporting company or a non-accelerated filer, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies that are not

smaller reporting companies or non-accelerated filers, as applicable, including, but not limited to, an exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404. We opted not to obtain such attestation from our independent registered public accounting firm in connection with our Annual Report on Form 10-K for our year ended December 31, 2022. This decision may have a detrimental impact on our ability to maintain the adequacy of our internal control over financial reporting, and any failure to maintain adequacy, or inability to produce accurate financial statements or other reports on a timely basis, could increase our operating costs and could materially impair our ability to operate our business.

For so long as we choose to rely on any of these disclosure exemptions, the information we provide stockholders will be different than the information that is available with respect to other public companies. Moreover, if some investors find our common stock less attractive as a result of any choices to reduce our disclosure, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

Effective December 31, 2023, we will be an accelerated filer and no longer qualify as a smaller reporting company, which will increase our costs and demands on management.

We will become an accelerated filer as of December 31, 2023, and therefore will no longer qualify as a "smaller reporting company" as defined under the Exchange Act. Our ability to rely on the reduced disclosure requirements available to smaller reporting companies will cease after the filing of our Annual Report on Form 10-K for the year ended December 31, 2023, including those portions of our definitive proxy statement relating to our 2024 annual meeting of stockholders that will be incorporated by reference into Part III of the Annual Report on Form 10-K.

As a smaller reporting company, we have had the option to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies.

As a non-accelerated filer and smaller reporting company, we have availed ourselves of the exemption from the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404. However, we may no longer avail ourselves of this exemption when we become an accelerated filer.

When our independent registered public accounting firm is required to undertake an assessment of our internal control over financial reporting, the cost of our compliance with Section 404 will correspondingly increase. We expect to incur significant expense and devote substantial management effort toward ensuring compliance with Section 404 in preparation for and once we are an accelerated filer. We may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, and it may be difficult to recruit and maintain such personnel. Implementing any appropriate changes to our internal control over financial reporting may require specific compliance training for our directors, officers and employees and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal control over financial reporting, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements or other reports on a timely basis, could increase our operating costs and could materially impair our ability to operate our business.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Under the Sarbanes-Oxley Act of 2002, we are required to establish and maintain effective internal control over financial reporting and adequate disclosure controls and procedures. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented or reviewed. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

We have transitioned to a new enterprise resource planning system, which we believe will lead to improvements in our internal control over financial reporting. Although we have completed this transition to a new enterprise resource planning system, the full impact of this transition is not yet known. If, during the evaluation and testing process of our internal controls, we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses in our internal controls over

financial reporting in the future. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. Furthermore, if we cannot provide reliable financial reports or prevent fraud, including as a result of remote working by our employees, our business and results of operations would likely be materially and adversely affected.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws might delay, discourage or prevent a change in control of Zymeworks or changes in our management, thereby depressing the market price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of Zymeworks more difficult or delay or prevent changes in control of its management. Among other things, these provisions:

- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- permit only the board of directors to establish the number of directors and fill vacancies and newly created directorships on the board, provided that the board of directors' ability to increase the size of the board and fill vacancies and newly created directorships will be subject to the restrictions in our amended and restated certificate of incorporation and amended and restated bylaws;
- establish that members of our board of directors serve in one of three staggered terms of three years each;
- provide that our directors may only be removed by the affirmative vote of at least 66 2/3% of the voting power of the shares cast on such proposal;
- permit stockholders to only take actions at a duly called annual or special meeting and not by written consent;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- not provide for cumulative voting rights in the election of directors;
- provide that special meetings of Zymeworks' stockholders may be called only by the board of directors, the chairperson of the board of directors, Zymeworks' chief executive officer, president or the secretary upon request from holders of no less than 20% of our outstanding voting stock, subject to the limitations and requirements set forth in our amended and restated bylaws; and
- require a super-majority vote of stockholders to amend some of the provisions described above.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested stockholder" for a period of three years following the date on which the stockholder became an "interested stockholder" unless certain conditions are met.

These provisions, alone or together, could delay, discourage or prevent a transaction involving a change in control of Zymeworks. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause Zymeworks to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between Zymeworks and its stockholders, and also provide that the federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with Zymeworks or its directors, officers, stockholders or employees.

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers or other employees to Zymeworks or our stockholders, (3) any action arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware), except for any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court or for which such court does not have subject matter jurisdiction. This provision does not apply to any action brought to enforce a duty or liability created by the Exchange Act and the rules and regulations thereunder.

Section 22 of the Securities Act establishes concurrent jurisdiction for federal and state courts over Securities Act claims. Accordingly, both state and federal courts have jurisdiction to hear such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding or owning (or continuing to hold or own) any interest in any of our securities shall be deemed to have notice of and consented to the foregoing bylaw provisions. Although we believe these exclusive forum provisions benefit us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our current or former directors, officers, stockholders or other employees, which may discourage such lawsuits against us and our current and former directors, officers, stockholders and other employees. Our stockholders will not be deemed to have waived its compliance with the federal securities laws and the rules and regulations thereunder as a result of our exclusive forum provisions.

The enforceability of similar exclusive forum provisions in other companies' organizational documents have been challenged in legal proceedings, and, while certain courts have determined these provisions are enforceable, it is possible that a court of law could rule that these types of provisions are inapplicable or unenforceable if they are challenged in a proceeding or otherwise. If a court were to find either exclusive forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur significant additional costs associated with resolving such action in other jurisdictions, which could harm our financial condition and results of operations.

General Risk Factors

We are at risk of securities class action litigation.

Securities class action litigation has often been brought against companies following a decline in the market price of their securities. This risk is especially relevant for us because biotechnology companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm our business.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. We cannot assure that analysts will cover us or provide accurate or favorable coverage. If one or more of the analysts who cover us downgrade our stock or change their opinion of our common stock negatively, our stock price would likely decline. If one or more of these analysts cease coverage of our company or

fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline. Moreover, the research and reports that analysts publish may suggest a price for our common stock that does not fully or accurately reflect the true value of our company. Furthermore, even if such analyst publications are favorable, these reports could have negative consequences for us.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K12B filed with the SEC on October 13, 2022).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 15, 2023).
3.3	Certificate of Elimination of Series B Participating Preferred Stock of Zymeworks Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 12, 2023).
10.1 #	Separation Agreement and Release by and between Zymeworks BC Inc. and Neil Klompas, dated May 17, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 18, 2023).
10.2 #	Amended and Restated Employment Agreement by and between Zymeworks BC Inc., the Company and Paul Moore, dated July 14, 2023.
10.3 *	Amended and Restated License and Collaboration Agreement, dated May 15, 2023, by and between Zymeworks BC Inc. and Jazz Pharmaceuticals Ireland Limited (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 16, 2023).
10.4 *, +	Stock and Asset Purchase Agreement, dated April 25, 2023, by and between Zymeworks BC Inc., Zymeworks Biopharmaceuticals Inc., Zymeworks Zanidatamab Inc., and Jazz Pharmaceuticals, Inc.
10.5 *, +	Amendment No. 1 to Stock and Asset Purchase Agreement, dated May 15, 2023, by and between Zymeworks BC Inc., Zymeworks Biopharmaceuticals Inc., Zymeworks Zanidatamab Inc., and Jazz Pharmaceuticals, Inc.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2023, formatted in Inline XBRL (Inline eXtensible Business Reporting Language): June 30, 2023 (unaudited) and December 31, 2022 (audited), (ii) Interim Condensed Consolidated Statements of Loss and Comprehensive Loss for the three and six month periods ended June 30, 2023 and 2022 (unaudited), (iii) Interim Condensed Consolidated Statements of Changes in Shareholders' Equity for the three and six month periods ended June 30, 2023 and 2022 (unaudited), (v) Interim Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 2023 and 2022 (unaudited) and (vi) Notes to the Interim Condensed Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
#	Indicates management contract or compensatory plan.
*	Certain portions of this exhibit (indicated by "[…***…]") have been omitted in accordance with Item 601(b)(10) of Regulation S-K because the omitted information is not material and the Company customarily and actually treats such omitted information as private or confidential.
+	Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K, but a copy will be furnished supplementally to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ZYMEWORKS INC.

By: /s/ Kenneth Galbraith

Name: Kenneth Galbraith
Title: Chair of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
Date: August 10, 2023

By: /s/ Christopher Astle

Name: Christopher Astle
Title: Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Date: August 10, 2023

EXHIBIT 10.2

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and effective as of July 14, 2023 (the “Effective Date”).

BETWEEN:

DR. PAUL MOORE, an individual having a residence at **[*****].

(the “Employee”), on the one hand

AND, on the other hand:

ZYMEWORKS BC INC., a corporation registered in the Province of British Columbia and having its principal place of business at 114 East 4th Avenue, Suite 800, Vancouver, BC, V5T 1G4, Canada

(the “Company”)

and

ZYMEWORKS INC., a corporation registered in the State of Delaware and having its principal place of business at 114 East 4th Avenue, Suite 800, Vancouver, BC, V5T 1G4, Canada

(“Parent”)

WHEREAS

A. The Company is a wholly-owned subsidiary of Parent;

B. The Company is a clinical-stage biopharmaceutical company dedicated to the development of next-generation multifunctional biotherapeutics;

C. The Employee has worked for Zymeworks Biopharmaeuticals Inc. (“ZBI”), a company affiliated with the Company, since July 18, 2022 (the “Start Date”), pursuant to an Employment Agreement between (i) the Employee, on the one hand and (ii) on the other hand, ZBI and the Company, dated effective July 18, 2022 (the “Initial Employment Agreement”);

D. In consideration of the Employee’s relocation from the United States to Canada (as contemplated in the Initial Employment Agreement) and the Employee’s continued commitment to the Company, and the Company’s continued employment of the Employee, the Company and the Employee have agreed to amend and restate the terms and conditions of the Initial Employment Agreement provided herein and have this Amended and Restated

Employment Agreement ("Agreement") supersede and replace all previous employment agreements and related amendments, if any, as of the Effective Date.

NOW THEREFORE THIS AGREEMENT WITNESSES that for and in consideration of the promises and mutual covenants and agreements hereinafter contained, the parties hereto covenant and agree as follows:

Article 1 – GENERAL

1.1 Definitions. Unless otherwise defined, all capitalized terms used in this Agreement will have the meanings given below:

(a) "Business" means the business of researching, developing and commercializing therapeutic proteins, antibodies, and any other research, development and manufacturing work considered, planned or undertaken by the Company during the Employee's employment;

(b) "Confidential Information" means trade secrets and other information, in whatever form or media, in the possession or control of the Company, which is owned by the Company or by one or more of its affiliates (including, without limitation, Parent), by one or more of its clients or suppliers, or by any third party with whom the Company has a business relationship (collectively, the "Associates"), and which is not generally known to the public and has been specifically identified as confidential or proprietary by the Company, or its nature is such that it would generally be considered confidential in the industry in which the Company or its Associates operate, or which the Company is obligated to treat as confidential or proprietary. Confidential Information includes, without limitation, the following:

(i) the products and confidential or proprietary facts, data, techniques, materials and other information related to the business of the Company, including all related development or experimental work or research, related documentation owned or marketed by the Company and related formulas, algorithms, patent applications, concepts, designs, flowcharts, ideas, programming techniques, specifications and software programs (including source code listings), methods, processes, inventions, sources, drawings, computer models, prototypes and patterns;

(ii) information regarding the Company's business operations, methods and practices, including corporate strategy, market research, market strategies, marketing plans, public relations strategies, product pricing and strategies, advertising sources, lists and information concerning current and prospective customers, billing information, suppliers, packaging, merchandizing, distribution, methods of production, manufacturing, pending projects or proposals, margins and hourly rates for staff and information regarding the financial, legal and corporate affairs of the Company, including business plans and projections and

information regarding the Company’s financial condition, operations, assets and liabilities, financial data, business structures, business ventures, existing or contemplated businesses, products, or services;

(iii) employee information, contacts, and wage information (other than Employee’s own); and

(iv) technical and business information of, or regarding, the Company’s Associates.

The above list is not exhaustive, and Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used;

(c) “Developments” means all inventions, ideas, concepts, designs, improvements, discoveries, modifications, computer software, and other results which are or have been conceived of, developed by, written, or reduced to practice by the Employee, alone or jointly with others (including, where applicable, all modifications, derivatives, progeny, models, specifications, source code, design documents, creations, scripts, artwork, text, graphics, photos and pictures) at any time;

(d) “Excluded Developments” means any Development that meets the following requirements:

an invention for which no equipment, supplies, facility, or Confidential Information of the employer was used and which was developed entirely on the employee's own time, unless

(i) the invention relates (A) directly to the business of the employer, or (B) to the employer’s actual or demonstrably anticipated research or development, or

(ii) the invention results from any work performed by the employee for the employer.

(e) “Prior Developments” means any Development that the Employee establishes was developed prior to the Employee performing such services for the Company and precedes the Employee’s initial engagement with the Company.

1.2 Sections and Headings. The division of this Agreement into Articles and Sections and the insertion of headings are for the convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to

Articles and Sections of this Agreement.

Article 2 – EMPLOYMENT

2.1 Services.

On the Effective Date, the Employee will continue employment with the Company in the position of Chief Scientific Officer on the terms and conditions set out in this Agreement. For the purpose of calculating any entitlements pursuant to this Agreement based on length of service, the Company will use the Start Date for all such calculations.

2.2 Qualifications.

(a) The Employee acknowledges that the falsification or misrepresentation of qualifications, including but not limited to education, skills, prior experience, depth and/or breadth of knowledge, references or similar matters, used to secure the position of Chief Scientific Officer, represents a breach of this contract.

(b) Employment Duties. Subject to the direction and control of management of the Company and/or Parent ("Management"), the Employee will perform the duties set out in Appendix "A" to this Agreement and any other duties that may be reasonably assigned to him/her by Management from time to time. Employee's employment with the Company may involve duties to Parent. The salary, benefits, and other compensation provided to the Employee hereunder are intended to compensate the Employee for all work performed by the Employee for the Company, Parent, and any of their respective affiliates. Management may alter the duties Employee is expected to perform at any time with or without notice.

2.3 Throughout the term of this Agreement, the Employee will:

(a) diligently, honestly and faithfully serve the Company and will use all reasonable efforts to promote and advance the interests and goodwill of the Company and Parent;

(b) devote him/herself in a full-time capacity to the business and affairs of the Company and Parent;

(c) adhere to all applicable policies and procedures of the Company and Parent as in effect and as amended from time to time, including but not limited to the Company's and Parent's Codes of Business Conduct and Ethics;

(d) exercise the degree, diligence and skill that a reasonably prudent Chief Scientific Officer would exercise in comparable circumstances;

(e) refrain from engaging in any activity which will in any manner, directly or indirectly, compete with the trade or business of the Company and/or Parent

except in accordance with Sections 2.4 and 2.6 herein and as outlined under the Conflict of Interest guidelines in Zymeworks Inc.'s corporate policies and procedures as in effect and as amended from time to time; and

(f) not acquire, directly or indirectly, any interest that constitutes 5% or more of the voting rights attached to the outstanding shares of any corporation or 5% or more of the equity or assets in any firm, partnership or association, the business and operations of which in any manner, directly or indirectly, compete with the trade or business of the Company.

2.4 The Employee will disclose to Management all potential conflicts of interest and activities which could reasonably be seen to compete, indirectly or directly, with the trade or business of the Company and/or Parent. Management will determine, in its sole discretion, whether the activity in question constitutes a conflict of interest or competition with the Company and/or Parent. To the extent that Management, acting reasonably, determines a conflict of interest or competition exists, the Employee will discontinue such activity forthwith or within such longer period as Management agrees. The Employee will immediately certify in writing to the Company that he/she has discontinued such activity and that he/she has, as required by Management, cancelled any contracts or sold or otherwise disposed of any interest or assets over the 5% threshold described in Section 2.3(f) herein acquired by the Employee by virtue of engaging in the impugned activity, or where no market exists to enable such sale or disposition, by transfer of the Employee's beneficial interest into blind trust or other fiduciary arrangements over which the Employee has no control or direction, or other action that is acceptable to Parent's Board of Directors (the "Board").

2.5 The Employee will not be employed by another company or provide consulting or other services to other companies or commercial entities while employed by the Company, without the expressed written permission of the Company. By seeking and accepting employment with the Company, the Employee recognizes that the Employee is employed by the Company for the expressed benefit of advancing the scientific, development and business objectives of the Company and Parent and that concurrent employment outside the Company may detract from those objectives.

2.6 Notwithstanding Sections 2.3, 2.4 and 6.4, the Employee is not restricted from nor is required to obtain the consent of the Company to make passive investments constituting an ownership interest of 5% or less in any company which is involved in pharmaceuticals or biotechnology with securities listed for trading on any Canadian or U.S. stock exchange, quotation system or the over-the-counter market.

2.7 For the purposes of Sections 2.3 2.4 and 2.6 herein, "Employee" includes any entity or company owned or controlled by the Employee.

Article 3 – COMPENSATION

3.1 Base Salary. As compensation for all services rendered under this Agreement, the Company will pay to the Employee and the Employee will accept from the Company a base salary at the rate of $465,000 (USD) per annum. The base salary will be paid semi-monthly, in equal instalments, less statutory and other authorized deductions and withholdings.

3.2 Incentive Plans. The Employee shall be entitled to participate in certain incentive programs for the Company's employees, including, without limiting the generality of the foregoing, share option plans, share purchase plans, profit-sharing or bonus plans (including target annual bonus as described in Section 3.3) (collectively, the "Incentive Plans"). Such participation shall be on the terms and conditions of such Incentive Plans as at the date hereof or as may from time to time be amended or implemented by the Company in its sole discretion.

3.3 Target Annual Bonus. In accordance with the Parent's Executive Incentive Compensation Plan, and subject to Management and/or Board discretion based on factors determined by Management and/or the Board, including Company performance, the Employee will be eligible to earn an annual cash bonus, with an initial target amount of 45% of base salary. The achieved portion (if any) of the annual cash bonus will be payable, less applicable tax withholdings, and subject to Employee's continued employment through the applicable payment date.

3.4 Performance and Salary Review. The Company will review the Employee's performance, base salary, and equity participation level under the terms of any Incentive Plans annually, or as otherwise approved by the Compensation Committee. The timing of performance and salary reviews may from time to time be amended by the Company in its sole discretion.

3.5 Expenses. The Company will reimburse the Employee for all ordinary and necessary expenses incurred by the Employee in the performance of the Employee's duties under this Agreement. Reimbursement of such expenses will be made in accordance with the Company's policies.

3.6 Professional Fees. The Company will reimburse the Employee for annual registration and/or licensing fees required to maintain the Employee's status as a member in good standing with the appropriate professional bodies required to continue effective employment, and which were held by the Employee as of the Start Date. The Company will reimburse reasonable costs incurred by the Employee to complete the minimum annual continuing professional development requirements required to maintain such status.

3.7 Vacation. The Employee will be eligible for vacation in accordance with the Company's paid time off policies as may be in effect from time to time.

3.8 Benefits. The Employee will be eligible to participate in all benefit plans generally available to Employees of the Company, subject to meeting applicable eligibility requirements of such plans.

3.9 Sick Leave. The Employee will be entitled to take up to ten (10) days paid sick leave per calendar year, earned pro rata at a rate of 0.83 days per completed month of service. Unused sick days will not be paid out or carried forward into the subsequent year.

3.10 Relocation Expenses. The Company will reimburse the Employee up to a maximum of $200,000 (USD) for reasonable and customary relocation costs that Employee incurs between the Start Date and the 18-month anniversary thereof, in connection with the Employee's relocation to the Vancouver, British Columbia metropolitan area, as contemplated in the

Initial Employment Agreement (the “Required Relocation”). Employee will be reimbursed for such relocation costs only if Employee remains an employee of the Company through the date of reimbursement by the Company and only if the expenses are substantiated in writing and submitted to the Company (by valid receipts or any other reasonable method of invoicing, showing proof of payment for an eligible relocation cost) within thirty (30) days after such expense is incurred. Any such expense that is properly substantiated in accordance with the previous sentence will be reimbursed to Employee, less applicable withholdings, via check or electronic funds transfer by the thirtieth (30th) day following the date of receipt by the Company of Employee’s written substantiation (and in no event later than March 15 of the year following the year in which it is incurred). Employee acknowledges that relocation reimbursements may be taxable to Employee and subject to withholding. The amount of relocation costs reimbursed to Employee pursuant to this Section 3.10 shall be fully “grossed-up” for tax purposes such that after taking into account the gross-up (which gross-up or related portions will be paid as set forth below and generally will not be made at the same time as the related reimbursement of relocation costs), the amount of the various reimbursements and payments pursuant to this Section shall have included the full amount of the relocation costs properly claimed pursuant to this Section and any related taxes attributable to the reimbursement and any taxes on the gross-up amount. The amount of any gross-up payments under this Section shall be calculated by the Company in good faith and Employee will promptly provide the Company with any information reasonably requested to calculate the gross-up amount(s). Any gross-up amounts due under this Section will be paid, subject to Section 9.9 of this Agreement, as soon as practicable upon the calculation of such amounts.

3.11 Tax Equalization. If the Employee is subject to income taxation in Canada (“Canadian Tax”) in a given tax year, the Company shall provide the Employee with a tax equalization payment (the “TEP”). The TEP shall equal the difference between the amount of (i) the sum of the total of any Canadian Tax and any U.S. federal, state, and local income taxes (“U.S. Tax”) that the Employee is or will be obligated to pay for the applicable tax year (after giving effect to any and all U.S. Tax credits for Canadian Tax) and (ii) the amount of U.S. Tax that Employee will be or would have been liable for had he worked in the United States for the entire tax year. The TEP shall be fully “grossed-up” for tax purposes such that after taking into account the gross-up (which gross-up or related portions will be paid as set forth below and may or may not be made at the same time as the related reimbursement of relocation costs), the amount of the various TEP and other payments pursuant to this Section shall have included the full amount of the TEP and related taxes attributable to the payment of the TEP and any taxes on the gross-up amount. The amount of any gross-up payments under this Section shall be calculated by the Company in good faith and Employee will promptly provide the Company with any information reasonably requested to calculate the gross-up amount(s). Any gross-up amounts due under this Section will be paid, subject to Section 9.9 of this Agreement, as soon as practicable upon the calculation of such amounts. If the Company, in consultation with its outside tax advisors, determines it is necessary or appropriate for tax optimization, the Company will pay or otherwise remit the TEP in advance of the applicable date in which the compensation is earned.

3.12 Tax Preparation Support. For the period beginning on the Start Date and ending on the two-year anniversary of Employee’s permanent relocation to the Vancouver, British Columbia metropolitan area in compliance with the Relocation Requirement, the Company will arrange for tax preparation assistance for the Employee and either (i) pay the tax

preparation provider directly or (ii) reimburse Employee up to a maximum of $5,000 (USD) per year for the reasonable additional expenses Employee incurs in such year in connection with the preparation Employee’s tax return as a result of Employee’s performing services for the Company and/or Parent in Canada as a United States citizen. Employee will be reimbursed for such expenses (if applicable) only if Employee remains an employee of the Company through the date of reimbursement by the Company and only if the expenses are substantiated in writing and submitted to the Company (by valid receipts or any other reasonable method of invoicing, showing proof of payment for an eligible expense) within thirty (30) days after such expense is incurred. Any such expense that is properly substantiated in accordance with the previous sentence will be reimbursed to Employee, less applicable withholdings, via check or electronic funds transfer by the thirtieth (30th) day following the date of receipt by the Company of Employee’s written substantiation (and in no event later than March 15 of the year following the year in which it is incurred). Employee acknowledges that such reimbursements may be taxable to Employee and subject to withholding.

Article 4 – TERM AND TERMINATION

4.1 Term. This Agreement will commence on the Effective Date and will terminate on the effective date of termination of Employee’s employment with the Company by either the Employee or the Company in accordance with Section 4.2 of this Agreement.

4.2 Termination.

(a) *Termination for Cause*. The Company may terminate the employment of the Employee for cause at any time, without notice, damages or compensation of any kind.

(b) *Termination Without Cause*. The Company may terminate the employment of the Employee without cause at any time by providing the Employee with:

(i) written notice or payment in lieu of notice to the Employee as follows:

A. twelve (12) months of notice or the equivalent of twelve (12) months of base salary as of the date notice is given, or any combination thereof that totals twelve (12) months of combined notice and base salary, if termination of employment occurs during the first three years of employment measured from the Start Date (with any base salary equivalent payable over twelve (12) months, or to the extent available under Section 409A of the Internal Revenue Code, paid sooner, at the sole discretion of the Company, subject to the requirements to pay termination under applicable employment standards legislation); and

B. commencing in the fourth year of employment measured from the Start Date, an additional one (1) month of notice or the equivalent of one (1) month of base salary as of the date notice is given, or any combination thereof, for each additional

completed year of service, up to a total maximum of eighteen (18) months (payable over eighteen (18) months, or to the extent available under Section 409A of the Internal Revenue Code, paid sooner, at the sole discretion of the Company, subject to the requirements to pay termination pay under applicable employment standards legislation); and

(ii) continuation of group extended health and dental benefits through the applicable notice period stated in Section 4.2(b) herein (where all other benefits terminate on the last day worked by the Employee).

(c) *Resignation*. The Employee may terminate his/her employment with the Company by giving prior written notice to Management of not less than thirty (30) days or such shorter period as the Employee and Management may agree. The Company may choose to waive all or part of the notice period and pay to the Employee the base salary to be earned during the balance of the notice period instead.

(d) *Termination following Change of Control*. Notwithstanding any other provision in this Agreement, if during the period beginning on and ending twelve (12) months following a Change of Control (as defined below), the Employee's employment is terminated by the Company without cause, the Employee shall receive (x) as severance eighteen (18) months of base salary and group extended health and dental benefits continuation as of the date of termination (with the severance payable over eighteen (18) months, or to the extent available under Section 409A of the Internal Revenue Code, paid sooner, at the sole discretion of the Company, subject to the requirements to pay termination pay under applicable employment standards legislation), and (y) full vesting acceleration of all unvested and outstanding Company or Parent stock options or other Company or Parent unvested and outstanding equity grants made to the Employee as of the date of termination. For all purposes of this Agreement, "Change of Control" means:

(i) the acquisition, directly or indirectly, by any person or group of persons acting jointly or in concert, as such terms are defined in the Securities Act, British Columbia, of common shares of Parent which, when added to all other common shares of Parent at the time held directly or indirectly by such person or persons acting jointly or in concert constitutes for the first time in the aggregate 40% of more of the outstanding common shares of Parent and such shareholding exceeds the collective shareholding of the current directors of Parent, excluding any directors acting in concert with the acquiring party; or

(ii) the removal, by extraordinary resolution of the shareholders of Parent, of more than 51% of the then incumbent Board of Parent, or the election of a majority of Board members to the Parent's board who were not nominees of the Parent's incumbent board at the time immediately preceding such election; or

(iii) consummation of a sale of all or substantially all of the assets of Parent; or

(iv) the consummation of a reorganization, plan of arrangement, merger, or other transaction which has substantially the same effect as to above.

Payment under Section 4.2(d) herein will be in lieu of and not in addition to payment under Section 4.2(b).

(e) *Severance Pay Timing*. Payments of any severance under Section 4.2(b) or Section 4.2(d) will be paid, or, in the case of installments will commence, on the first Company payroll date following the effective date of the Release (as defined below), provided that if the 60-day period for executing the Release as set forth in Section 4.6 spans two calendar years, any severance payments or benefits that qualify as "nonqualified deferred compensation" (as described in Section 9.9 of this Agreement), will not be paid or otherwise commence until no earlier than January 1 of the second calendar year, and subject to any delay under Section 9.9 of this Agreement. For purposes of compliance with Section 409A of the Internal Revenue Code (described more thoroughly in Section 9.9 of this Agreement), each severance benefit payment under Section 4.2(b) or Section 4.2(d) will be treated as a separate payment, and the right to a series of installment payments under this Agreement will be treated as a right to a series of separate payments.

4.3 Equity Awards on Termination. Except as provided by Section 4.2(d), the vesting and exercise of any outstanding Company or Parent equity awards granted to the Employee in the event the Employee's employment with the Company or this Agreement is terminated, for any reason, shall be governed by the terms of the applicable Equity Compensation Plan and any applicable award agreement in effect between the Company and the Employee at the time of termination.

4.4 Benefits Continuation and No Mitigation. The Employee shall not be required to mitigate the amount of any payments provided for in this Section by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section be reduced by any compensation earned by the Employee as the result of employment by another employer after the date of termination, or otherwise. Notwithstanding the forgoing, the Employee is required to report to the Company if he/she obtains replacement benefits coverage through new employment during any period of group extended health and dental benefits continuation contemplated by this Article 4, and such benefits coverage by the Company will cease effective the date the Employee receives such new coverage and the Employee will not be entitled to any payment in respect of such benefits coverage from the Company in respect of any notice period or severance payment contemplated in this Article 4.

4.5 No Additional Payments. Payment of severance, in accordance with Section 4.2(b) or Section 4.2(d) above, to the Employee by the Company will be full and adequate compensation to the Employee with respect to any claim relating to the Employee's employment or termination or manner of termination of the Employee's employment, and the Employee waives any right that he/she may have to claim further payment, compensation or damages from the Company.

4.6 Condition to Payment. Payment of any amount of severance under this Agreement in excess of any minimum required by the *Employment Standards Act* is conditional upon execution by the Employee of a separation agreement and general release of all claims on a form provided by the Company (the "Release") within 60 days of the date of Employee's termination from employment with the Company.

4.7 Survival. Upon a termination of this Agreement for any reason, the Employee will continue to be bound by the provisions of Article 4, Article 5, Article 6, Article 7, Article 8, and Section 9.10.

Article 5 – CONFIDENTIALITY

5.1 Confidential Information.

(a) *Ownership of Confidential Information* **-** The Employee acknowledges that the Confidential Information is and will be the sole and exclusive property of the Company and/or Parent. The Company has a legitimate business interest in protecting its Confidential Information, including its trade secrets, as well as its substantial and ongoing customer, industry, and employee relationships. The Employee acknowledges that the Employee has not, and will not, acquire any right, title or interest in or to any of the Confidential Information.

(b) *Non-Disclosure, Use and Reproduction of Confidential Information* **-** The Company and its related entities, parents, subsidiaries, predecessors, successors, and affiliates, may provide and make available to the Employee certain Confidential Information regarding its business. This Confidential Information is of substantial value and highly confidential, is not known to the general public, is the subject of the Company's reasonable efforts to maintain its secrecy, includes professional and trade secrets, and is being provided and disclosed to the Employee solely for use in connection with and during the Employee's employment with the Company. The Employee will keep all the Confidential Information strictly confidential, and will not, either directly or indirectly, either during or subsequent to employment with the Company, disclose, allow access to, transmit, transfer, use or reproduce any of the Confidential Information in any manner except as required to perform the duties of the Employee for the Company and in accordance with all procedures established by the Company for the protection of the Confidential Information. Without limiting the foregoing, the Employee:

(i) will ensure that all the Confidential Information and all copies thereof, are clearly marked, or otherwise identified as confidential to the Company and proprietary to the person or entity that first provided the Confidential Information, and are stored in a secure place while in the Employee's possession, custody, charge or control;

(ii) will not, either directly or indirectly, disclose, allow access to, transmit or transfer any of the Confidential Information to any person other than to an employee, officer, or director of the Company but only upon a

"need to know" basis for the benefit of the Company, without the prior written authorization of Management; and

(iii) will not, except as required by the Employee's position, use any of the Confidential Information to create, maintain or market any product or service which is competitive with any product or service produced, marketed, licensed, sold or otherwise dealt in by the Company, or assist any other person to do so.

(c) *Legally Required Disclosure* **-** Notwithstanding the foregoing, to the extent the Employee is required by law to disclose any Confidential Information, the Employee will be permitted to do so, provided that notice of this requirement is delivered to the Company in a timely manner, so that the Company may contest such potential disclosure.

(d) *Return of Materials, Equipment and Confidential Information* **-** Upon request by the Company, and in any event when the Employee leaves the employ of the Company, the Employee will immediately return to the Company all the Confidential Information and all other materials, computer programs, documents, memoranda, notes, papers, reports, lists, manuals, specifications, designs, devices, drawings, notebooks, correspondence, equipment, keys, pass cards, and property, and all copies thereof, in any medium, in the Employee's possession, charge, control or custody, which are owned by, or relate in any way to the Business or affairs of the Company and/or Parent.

(e) *Exceptions* **-** The non-disclosure obligations of Employee under this Agreement shall not apply to Confidential Information which the Employee can establish:

(i) is, or becomes, readily available to the public other than through a breach of this Agreement;

(ii) is disclosed, lawfully and not in breach of any contractual or other legal obligation, to Employee by a third party; or

(iii) through written records, was known to Employee, prior to the date of first disclosure of the Confidential Information to Employee by the Company

5.2 <u>Ownership of Developments</u>

(a) *Acknowledgment of Company Ownership* **-** The Employee acknowledges that the Company will be the exclusive owner of all the Developments made during the term of the Employee's employment by the Company, except Excluded Developments, and to all intellectual property rights in and to such Developments. The Employee hereby assigns all right, title and interest in and to such Developments and their associated intellectual property rights throughout the world and universe to the Company, including without limitation, all trade secrets, patent rights, copyrights, mask works, industrial

designs and any other intellectual property rights in and to each such Development, effective at the time each is created. Further, the Employee irrevocably waives all moral rights the Employee may have in such Developments.

(b) *Excluded Developments and Prior Developments* - The Company acknowledges that it will not own any Excluded Developments or Prior Developments.

(c) *Disclosure of Developments* - To avoid any disputes over the ownership of Developments, the Employee will provide the Company with a general written description of any of the Developments the Employee believes the Company does not own because they are Excluded Developments or Prior Developments. Thereafter, the Employee agrees to make full and prompt disclosure to the Company of all Developments, including, without limitation, Excluded Developments, made during the term of the Employee's employment with the Company. The Company will hold any information it receives regarding Excluded Developments and Prior Developments in confidence.

(d) *Further Acts* - The Employee agrees to cooperate fully with the Company both during and after the Employee's employment by the Company, with respect to (i) signing further documents and doing such acts and other things reasonably requested by the Company to confirm the Company's ownership of the Developments other than Excluded Developments and Prior Developments, the transfer of ownership of such Developments to the Company, and the waiver of the Employee's moral rights therein, and (ii) obtaining or enforcing patent, copyright, trade secret or other protection for such Developments; provided that the Company pays all the Employee's expenses in doing so, and reasonable compensation if such acts are required after the Employee leaves the employment by the Company.

(e) *Employee-owned Inventions* - The Employee hereby covenants and agrees with the Company that, unless the Company agrees in writing otherwise, the Employee will not use or incorporate any Excluded Development or Prior Development in any work product, services, or other deliverables the Employee provides to the Company. If the Employee uses or incorporates any Excluded Development or Prior Development with the Company's permission, as provided above, the Employee (i) represents and warrants that he or she owns all proprietary interest in such Excluded Development or Prior Development and (ii) grants to the Company, at no charge, a non-exclusive, irrevocable, perpetual, worldwide license to use, distribute, transmit, broadcast, sub-license, produce, reproduce, perform, publish, practice, make, and modify such Excluded Development or Prior Development.

(f) *Prior Employer Information and Obligations* - The Employee hereby covenants and agrees with the Company that during the Employee's employment by the Company, the Employee will not improperly use or disclose any confidential or proprietary information of any former employer, partner, principal, co-venturer, customer, or independent contractor of the

Employee and that the Employee will not bring onto the Company's premises any unpublished documents or any property belonging to any such persons or entities unless such persons or entities have given their consent. In addition, Employee represents and warrants that Employee is not bound and will not be bound by any agreement, relationship or commitment, including, without limitation, a non-competition agreement, that conflicts with the provisions or obligations of this Agreement or that would prevent Employee from being employed by or otherwise performing the duties of Employee's position with the Company. Employee covenants that Employee will not violate any non-disclosure, non-compete, non-solicit or proprietary rights agreement the Employee has signed with any person or entity prior to the Employee's execution of this Agreement, or knowingly infringe the intellectual property rights of any third party while employed by the Company. Employee agrees to fully indemnify the Company and Parent, and each of their respective directors, officers, agents, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations and assigns, for all verdicts, judgments, settlements, and other losses incurred by any of them resulting from Employee's breach of Employee's obligations under any agreement with a third party, as well as any reasonable attorneys' fees and costs if the plaintiff is the prevailing party in such an action.

(g) *Protection of Computer Systems and Software* **-** The Employee agrees to take all necessary precautions to protect the computer systems and software of the Company, including, without limitation, complying with the obligations set out in the Company's policies.

5.3 Defend Trade Secrets Act. Pursuant to the *Defend Trade Secrets Act* of 2016, the Employee understands that:

(a) an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that:

(i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or

(ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(b) Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the individual:

(i) files any document containing the trade secret under seal; and

(ii) does not disclose the trade secret, except pursuant to court order.

Article 6 – RESTRICTIVE COVENANTS

6.1 Non-solicitation by the Employee. The Employee agrees that at any time while employed by the Company and for a period of one (1) year thereafter, the Employee will not, without the prior written consent of the Company induce or attempt to influence, directly or indirectly, an employee of the Company or Parent to leave the employ of the Company or Parent, as applicable.

6.2 Non-competition. The Employee agrees that while employed by the Company and for a period of six (6) months thereafter, the Employee will not, without the prior written consent of the Company, directly or indirectly, anywhere in Canada or the United States, provide any professional services to any person or entity that can be reasonably viewed as a competitor to the Business of the Company or Parent, while the Employee was employed by the Company, which relate to therapeutic antibody modeling, design, modification and commercialization for industrial and pharmaceutical applications.

6.3 Reasonableness of Non-competition and Non-solicitation Obligations. The Employee confirms that the obligations in Sections 6.1 and 6.2 are fair and reasonable given that, among other reasons:

(a) the sustained contact the Employee will have with the clients of the Company will expose the Employee to the Confidential Information regarding the particular requirements of these clients and the Company's unique methods of satisfying the needs of these clients, all of which the Employee agrees not to act upon to the detriment of the Company; and/or

(b) the Employee will be performing important development work on the products or services owned, developed or marketed by the Company;

and the Employee agrees that the obligations in Sections 6.1 and 6.2, together with the Employee's other obligations under this Agreement, are reasonably necessary for the protection of the Company's good will, trade secrets and proprietary interests and that given the Employee's general knowledge and experience they would not prevent the Employee from being gainfully employed if the employment relationship between the Employee and the Company were to end. The Employee further confirms that the geographic scope of the obligation in Section 6.2 is reasonable given the nature of the market for the products and business of the Company. The Employee also agrees that the obligations in Sections 6.1 and 6.2 are in addition to the confidentiality and non-disclosure obligations provided for in this Agreement.

6.4 Conflict of Interest. The Employee recognizes that the Employee is employed by the Company in a position of responsibility and trust and agrees that during the Employee's employment with the Company, the Employee will not engage in any activity or otherwise put the Employee in a position which conflicts with the Company's or Parent's interests. Without limiting this general statement, the Employee agrees that during the Employee's employment with the Company, the Employee will not knowingly lend money to, guarantee the debts or obligations of or permit the name of the Employee or any part thereof to be used or employed by any corporation or firm which directly or indirectly is engaged in or concerned with or

interested in any Business in competition with the Business of the Company or Parent unless the Employee receives prior written authorization from the Company.

6.5 Acknowledgments. The Employee acknowledges that as of the date of this Agreement:

(a) a breach of this Agreement would cause the Company and/or Parent irreparable harm and as a result the Employee consents to the issuance of an injunction or other appropriate remedy required to enforce the covenants contained herein;

(b) in the event the Employee breaches any covenant contained herein, the one (1) year period provided for in Sections 6.1 and the six (6) month period provided for in Section 6.2 will be extended for a period of three (3) months from the date any such breach is cured; and

(c) in the event it is necessary for the either party to retain legal counsel to enforce any of the terms and conditions of this Agreement, the prevailing party will pay the other parties' reasonable legal fees, court costs and other related expenses.

Article 7 – ENFORCEMENT

7.1 Application to the British Columbia Supreme Court or the Federal Court of Canada. In the event of a breach or threatened breach by the Employee of any of the provisions of Article 5 or Article 6, the Company will be entitled to injunctive relief restraining the Employee from breaching such provisions, as set forth in this Agreement. Nothing in this Agreement precludes the Company from obtaining, protecting or enforcing its intellectual property rights, or enforcing the Employee's fiduciary, non-competition, non-solicitation, confidentiality or any other post-employment obligations in a court of competent jurisdiction, or from pursuing any other remedy available to it for such breach or threatened breach, including the recovery of damages from the Employee.

7.2 Severability and Limitation. All agreements and covenants contained herein are severable and, in the event any of them will be held to be invalid by any competent court, this Agreement will be interpreted as if such invalid agreements or covenants were not contained herein. Should any court or other legally constituted authority determine that for any such agreement or covenant to be effective that it must be modified to limit its duration or scope, the parties hereto will consider such agreement or covenant to be amended or modified with respect to duration and scope so as to comply with the orders of any such court or other legally constituted authority or to be enforceable under the laws of the Province of British Columbia, and as to all other portions of such agreement or covenants they will remain in full force and effect as originally written.

Article 8 – MEDIATION/ARBITRATION

8.1 Mediation/Arbitration. In the event of a dispute hereunder which does not involve the Company seeking a court injunction or remedy pursuant to Article 7, such dispute shall be mediated and, if necessary, arbitrated pursuant to the terms of this Article (the "Med/Arb Agreement").

8.2 The parties will work in good faith and in confidence to resolve any disputes that arise in connection with this Agreement. The parties agree to conduct in good faith at least two meetings (the "Meetings") to seek resolution to a dispute before delivering a notice to mediate.

8.3 Where a dispute arises out of or in connection with this Agreement that cannot be resolved by the parties through the Meetings, the parties agree to seek a confidential settlement of such dispute by mediation followed, if necessary, by arbitration.

8.4 At any time after a dispute has been raised and no resolution has been achieved through the Meetings, either party may give written notice to the other party requesting mediation of the dispute (the "Mediation Notice") by a single mediator. If the parties cannot agree on a mediator within fourteen (14) days after delivery of the Mediation Notice, then either party may make application to the British Columbia Mediator Roster Society to appoint one. The mediation will be held in Vancouver, British Columbia and the costs of mediation will be shared equally between the parties.

8.5 If the parties are unable to reach a mediated settlement within 120 days after delivery of the Mediation Notice, either of the parties may submit the dispute to binding arbitration by giving written notice to the other party and the mediator requesting arbitration of the dispute (the "Arbitration Notice") by a single arbitrator (the "Arbitrator"). Within fourteen (14) days of the delivery of the Arbitration Notice, the parties will select the Arbitrator. In the event the parties do not agree on an arbitrator, either party may apply to the BC Supreme Court to have one appointed. With input from the parties, the Arbitrator will determine and notify the parties of the rules of and timetable for arbitration. The Arbitrator will hear the submissions of the parties in accordance with such procedures as he or she may establish, and shall use reasonable best efforts to render a decision within sixty (60) days after the date of receiving or hearing the parties' final submissions. The decision of the Arbitrator shall be final and binding on the parties involved in the dispute and shall not be subject to appeal. The arbitration will be held in Vancouver, British Columbia, and the costs of arbitration will be shared equally between the parties.

8.6 Nothing in this Med/Arb Agreement precludes the Company from obtaining, protecting or enforcing its intellectual property rights, or enforcing the Employee's fiduciary, non-competition, non-solicitation, confidentiality or any other post-employment obligations in a court of competent jurisdiction, or from pursuing any other remedy available to it for such breach or threatened breach, including the recovery of damages from the Employee.

Article 9 – GENERAL

9.1 Notices. Any notices to be given hereunder by either party to the other party may be effected in writing, either by personal delivery or by mail if sent certified, postage prepaid, with return receipt requested. Mailed notices will be addressed to the parties at the address set out on the first page of this Agreement, or as otherwise specified from time to time. Notice will be effective upon delivery.

9.2 Independent Legal Advice. The Employee specifically confirms that he/she has been advised to retain his/her own independent legal advice prior to entering into this Agreement.

9.3 Construction. The parties acknowledge that each party and its respective counsel have had the opportunity to independently review and negotiate the terms and conditions of this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be construed against the drafting party will not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

9.4 Assignment. The Employee cannot assign his/her interest in this Agreement.

9.5 Benefit of Agreement. This Agreement will inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

9.6 Entire Agreement. The Appendices to this Agreement, together with the terms and conditions contained within this Agreement constitute the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior employment agreements, understandings and arrangements between the parties hereto with respect thereto, including the Initial Employment Agreement. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

9.7 Amendments and Waivers. No amendment to this Agreement will be valid or binding unless approved by the Company, set forth in writing, and duly executed by the Employee and a representative of the Company and/or Parent duly authorized to execute such amendment. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

9.8 Governing Law. This Agreement will be governed by and construed, enforced and interpreted exclusively in accordance with the laws of the Province of British Columbia and the applicable laws of Canada therein, except as specified in Articles 5.3 and 8 above.

9.9 Code Section 409A. The parties intend that payments and benefits under this Agreement to be exempt from or comply with Internal Revenue Code Section 409A and the regulations and guidance thereunder (collectively “Code Section 409A”) and, accordingly, to the maximum extent permitted, this Agreement will be interpreted to be in compliance with Code Section 409A.

(a) To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification will be made in good faith and will, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Employee and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever will the Company be liable for any additional tax, interest or penalty that may be imposed on the Employee by reason of Code Section 409A or damages for failing to comply with Code Section 409A. For purposes of compliance with Code Section 409A, each payment subject to Code Section 409A (or intended to satisfy an exception under Code Section 409A including payment under Sections 4.2(b) and 4.2(d) of this Agreement) will be treated as a separate payment, and the right to a series of installment payments under this Agreement will be treated as a right to a series of separate payments.

(b) To the extent that payments under the Agreement that are payable upon the Employee's termination of employment constitute "nonqualified deferred compensation" that is subject to Code Section 409A, a termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for any such payment upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms means "separation from service."

(c) Notwithstanding any other payment schedule provided herein to the contrary, if the Employee is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A (or the Company has opted to treat all employees as "specified employees"), then any payment that is considered "nonqualified deferred compensation" under Code Section 409A payable on account of a "separation from service" will not be made until the date which is the earlier of:

(i) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Employee, and

(ii) the date of the Employee's death, to the extent required under Code Section 409A (the delay referred to as the "Delay Period").

(d) Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 9.9 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) will be paid to the Employee in a lump sum (with no accrued interest), and all remaining payments due under this Agreement will be paid or provided in accordance with the normal payment dates specified for them herein.

(e) Any reimbursements by the Company to the Employee of any eligible expenses under this Agreement that are not excludable from the Employee's income for U.S. federal income tax purposes (the "Taxable Reimbursements") shall be made by no later than the last day of the taxable year of the Employee

following the year in which the expense was incurred. The amount of any Taxable Reimbursements, and the value of any in-kind benefits to be provided to the Employee, during any taxable year of the Employee shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year of the Employee. The right to Taxable Reimbursement, or in-kind benefits, shall not be subject to liquidation or exchange for another benefit.

(f) Tax Equalizations and Tax Gross-Up Payments. Any tax equalization payments (within the meaning of U.S. Treasury Regulation Section 1.409A 1(b)(8)(iii)) will be made no later than the end of the second calendar year beginning after the calendar year in which Employee's United States Federal income tax return is required to be filed (including any extensions) for the year to which the compensation subject to the tax equalization payment relates, or, if later, the second calendar year beginning after the latest calendar year in which Employee's non-U.S. tax return or payment is required to be filed or made for the year to which the compensation subject to the tax equalization payment relates. Where such payments arise due to an audit, litigation or similar proceeding, the payments will be made, as required by and in accordance with Treasury Regulation Section 1.409A-3(i)(1)(v), no later than the last day of the calendar year that immediately follows the calendar year in which Employee remits the related taxes to the taxing authorities. If Employee fails to provide the required receipts and tax documentation when requested, Employee will be responsible for paying any and all penalties and interest that may be incurred due to a late tax filing. Further, in no event will tax equalization payments exceed the amounts permitted by Treasury Regulation Section 1.409A-1(b)(8)(iii). Any tax gross-up payment (within the meaning of U.S. Treasury Regulation Section 1.409A-3(i)(1)(v)) that is payable to Employee and is not otherwise exempt from, and does not otherwise comply with, Section 409A shall be made no later than the end of the calendar year next following the calendar year during which the related taxes are remitted to the taxing authorities by or on behalf of Employee. In addition, a right to the reimbursement of expenses incurred due to a tax audit or litigation addressing the existence or amount of a tax liability, whether U.S. federal, state, local, or non-U.S., will be made no later than the end of the calendar year following the calendar year in which the taxes that are the subject of the audit or litigation are remitted to the taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the calendar year following the calendar year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation. If Employee's taxable year is not a calendar year, all timing requirements in this paragraph referring to "calendar year" will instead refer to Employee's taxable year.

9.10 Limitation on Payments.

(a) In the event that the severance or change in control-related or other payments or benefits provided for in this Agreement or otherwise payable to Employee (collectively, the "Payments") (x) constitute "parachute payments" within the meaning of Section 280G of the Code, and (y) but for this Section 9.10, would

be subject to the excise tax imposed by Section 4999 of the Code, then such payments or benefits will be either:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 of the Code, results in the receipt by the Employee on an after-tax basis, of the greatest amount of Payments, notwithstanding that all or some portion of such Payments may be taxable under Section 4999 of the Code. If a reduction in Payments constituting "parachute payments" is necessary so that Payments are delivered to a lesser extent, reduction will occur in the following order: (i) cancellation of equity awards granted "contingent on a change in ownership or control" (within the meaning of Section 280G of the Code); (ii) a pro rata reduction of (A) cash payments that are subject to Code Section 409A as deferred compensation and (B) cash payments not subject to Code Section 409A; (iii) a pro rata reduction of (A) employee benefits that are subject to Section 409A as deferred compensation and (B) employee benefits not subject to Section 409A; and (iv) a pro rata cancellation of (A) accelerated vesting of equity awards that are subject to Code Section 409A as deferred compensation and (B) equity awards not subject to Code Section 409A. If acceleration of vesting of equity awards is to be cancelled, such acceleration of vesting will be cancelled in the reverse order of the date of grant of Employee's equity awards. In no event will Employee have any discretion with respect to the ordering of payment reductions.

(b) Unless the Company and Employee otherwise agree in writing, any determination required under this Section 9.10 will be made in writing by a nationally recognized firm of independent public accountants selected by the Company (the "Accountants"), whose determination will be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 9.10, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Employee will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 9.10. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section 9.10.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

ZYMEWORKS BC INC.

By: /s/ Kenneth Galbraith
Name: Kenneth Galbraith
Title: Chair and Chief Executive Officer

ZYMEWORKS INC.

By: /s/ Kenneth Galbraith
Name: Kenneth Galbraith
Title: Chair and Chief Executive Officer

SIGNED AND DELIVERED
by **Employee**:

/s/ Paul Moore
Signature

Solely to approve the amendment and restatement of the Initial Employment Agreement, acknowledge that Employee will no longer be employed by ZBI effective as of the Effective Date, that this Agreement supersedes and replaces in full the Initial Employment Agreement, and that ZBI will not otherwise be a party to this Agreement:

ZYMEWORKS BIOPHARMACEUTICALS INC.

By: /s/ Kenneth Galbraith
Name: Kenneth Galbraith
Title: Chair and Chief Executive Officer

APPENDIX A
JOB DESCRIPTION: Chief Scientific Officer

Summary

- Strategic Agility
  - Key contributor to the vision, strategy, and general management of Zymeworks as a member of the Executive Committee.
  - Drive and influence the overall scientific R&D strategy.
  - Be responsible for the direction and success of the Company's preclinical pipeline and early development activities focused on antibody-drug conjugates and novel multispecifics.
  - Rapidly support and integrate into the Company's strategic restructuring to ensure the success of Zymeworks' emerging therapeutic pipeline.
  - Shape a strong and compelling vision on how to leverage Zymeworks' next-generation platforms to build a differentiated therapeutic pipeline.

- Drive For Results
  - Oversee the advancement of products from discovery research through translational research/early development and create a seamless link to later-stage clinical development.
  - Identify and execute against aggressive goals of moving promising product candidates from the lab into the clinic.
  - Ensure operational excellence in all activities, including the execution of priorities within projected timelines and budget.

- Innovation
  - Initiate, challenge and drive novel research that elucidates the potential of our proprietary platform technologies.
  - Remain current on industry trends and advise the organization regarding current and emerging trends.

- Interpersonal Savvy
  - Effectively interface with key industry, academic and clinical opinion leaders as well as business development and collaboration representatives.
  - Ensure and communicate regularly a well-rounded and scientifically rigorous view of the company's pipeline to executive team peers.
  - Commit to "leading from the front" including being a regular presence in the company's labs and engaging with peers and colleagues at scientific conferences.

- Other related duties as required

Reporting Responsibilities

Reports directly to Ken Galbraith, Chief Executive Officer

EXHIBIT 10.4

CERTAIN PORTIONS OF THIS EXHIBIT (INDICATED BY [***]) HAVE BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10) OF REGULATION S-K BECAUSE THEY ARE BOTH NOT MATERIAL AND ARE THE TYPE THAT THE COMPANY TREATS AS PRIVATE AND CONFIDENTIAL.

Execution Version

STOCK AND ASSET PURCHASE AGREEMENT

by and among

ZYMEWORKS BC INC.,
ZYMEWORKS BIOPHARMACEUTICALS INC.,
ZYMEWORKS ZANIDATAMAB INC.,
JAZZ PHARMACEUTICALS, INC.

Dated as of April 25, 2023

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EXHIBITS

Exhibit A Form of Amended Collaboration Agreement

Exhibit B Form of Service Schedule to Transition Services Agreement

Exhibit C Form of Announcement 8-K

SCHEDULES

Schedule A-1 Knowledge Individuals

Schedule 1.1 Non-Continuing Service Providers

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Schedule 2.7(a)	Certain Shared Contracts
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STOCK AND ASSET PURCHASE AGREEMENT

This Stock and Asset Purchase Agreement (this "**Agreement**") is made as of April 25, 2023 (the "**Agreement Date**"), by and among (a) Zymeworks BC Inc., a corporation organized and existing under the laws of British Columbia ("**ZW BC**"), (b) Zymeworks Biopharmaceuticals Inc., a Washington corporation ("**ZBI**", and together with ZW BC, "**Sellers**" and each, "**Seller**"), (c) Zymeworks Zanidatamab Inc., a Washington corporation ("**ZZI**"), and (d) Jazz Pharmaceuticals, Inc., a Delaware corporation ("**Purchaser**"). Each Seller and Purchaser is sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

Recitals

A. Prior to the Agreement Date, ZW BC and Jazz Pharmaceuticals Ireland Limited, a corporation organized and existing under the laws of Ireland and Affiliate of Purchaser ("**Purchaser Irish Affiliate**"), entered into that certain License and Collaboration Agreement, dated as of October 18, 2022 (the "**Original Collaboration Agreement**");

B. As a condition and material inducement to the willingness of the Parties to enter into this Agreement, at the Closing, ZW BC and Purchaser Irish Affiliate will amend and restate the Original Collaboration Agreement in its entirety by entering into an Amended and Restated Collaboration Agreement in the form attached hereto as **Exhibit A** (the "**Amended Collaboration Agreement**");

C. ZW BC owns all of the issued and outstanding capital stock of ZBI;

D. ZBI owns all of the issued and outstanding capital stock (the "**ZZI Capital Stock**") of ZZI;

E. Sellers shall, or shall have caused ZZI or any other member of the Seller Group to, have as applicable (i) prior to the Closing, and to the extent employed or engaged by ZZI, transferred to a Seller or an Affiliate of Sellers other than ZZI the employment or Contract engagement of any Non-Continuing Service Provider, if any, or in Sellers' discretion will have terminated any such Non-Continuing Service Providers, and [***] and (ii) effective as of the Closing, terminated the employment of the Identified Service Providers, and [***];

F. The Parties wish to provide for (i) the purchase by Purchaser of 100% of the shares of ZZI Capital Stock owned by ZBI free and clear of any Lien (the "**ZZI Shares**"), (ii) the purchase by Purchaser or Purchaser Irish Affiliate of certain assets from the Seller Group, (iii) the employment and engagement by Purchaser or an Affiliate thereof of certain employees and independent contractors of Sellers and (iv) the assumption by Purchaser of certain Liabilities from the Seller Group, and to provide for certain related transactions, on the terms and subject to the conditions and other provisions set forth in this Agreement and in the Related Agreements; and

G. Subject to, and in accordance with, this Agreement, the Parties desire to enter into (i) the Assignment and Assumption Agreement, (ii) the Bill of Sale and (iii) the Transition Services Agreement.

Now, Therefore, in consideration of the premises and of the respective representations, warranties, covenants, agreements, and conditions contained herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

Agreement

1. Definitions.

In this Agreement and any Exhibit, Disclosure Schedule, and Schedule attached hereto, the following terms have the meanings specified or referred to in this Section 1 and shall be equally applicable to both the singular and plural forms.

"**[***]**" means [***].

"**Acquired Assets**" has the meaning set forth in Section 2.1(a).

"**Acquired Contracts**" has the meaning set forth in Section 2.1(a)(i).

"**Action**" or "**Actions**" means any lawsuit, claim, hearing, enforcement, audit, investigation, lawsuit, or other Proceeding by or before a Governmental Authority.

"**Affiliate**" means, as to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with that Person, but only for so long as such control exists. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person or group of Persons, means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person, whether (a) through direct or indirect beneficial ownership of at least 50% (or such lesser percentage which is the maximum allowed to be owned by a foreign entity in a particular jurisdiction) of the voting stock or other ownership interest in such corporation or other entity, or (b) by Contract.

"**Agreement**" has the meaning set forth in the preamble.

"**Agreement Date**" has the meaning set forth in the preamble.

"**Allocation**" has the meaning set forth in Section 3.3(b).

"Allocation Objections Statement" has the meaning set forth in Section 3.3(b).

"**Amended Collaboration Agreement**" has the meaning set forth in the Recitals.

"**Announcement 8-K**" has the meaning set forth in Section 6.2.

"**Assignment and Assumption Agreement**" means the Assignment and Assumption Agreement in form to be mutually agreed to between the Parties pursuant to Section 2.1(a).

"**Assumed Liabilities**" has the meaning set forth in Section 2.2.

"**Bill of Sale**" means the bill of sale in form to be mutually agreed to between the Parties pursuant to Section 2.1(a).

"**Business Day**" means a day other than a Saturday, Sunday or any other day on which banking institutions in Seattle, Washington, U.S., Vancouver, Canada or Dublin, Ireland are authorized or required by applicable Law to remain closed.

"**Claim**" means a claim for Losses.

"**Closing**" has the meaning set forth in Section 4.1.

"**Closing Date**" has the meaning set forth in Section 4.1.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Combined Tax Return**" has the meaning set forth in Section 6.5(a)(i).

"**Commercialization**" has the meaning set forth in the Amended Collaboration Agreement. "**Commercialize**" and "**Commercializing**" have correlative meanings.

"**Confidential Information**" has the meaning set forth in the Amended Collaboration Agreement.

"**Conflict**" has the meaning set forth in Section 5.1(c).

"**Consideration**" has the meaning set forth in Section 3.1.

"**Continuing Service Providers**" means, collectively, (a) the ZZI Program Service Providers and (b) the Identified Service Providers, in each case, who continue in employment or service to Purchaser or one of its post-Closing Affiliates (including ZZI) as of immediately following the Closing.

"**Contract**" means any contract, agreement or binding instrument, including supply contracts, licenses, commitments, customer agreements, subcontracts, leases of personal property, notes, guarantees, pledges, and conditional sales agreements to which the Person referred to is a party or by which any of its assets are bound.

"**Controlled Group**" means Sellers and any trade or business, whether or not incorporated, which is treated together with Sellers as a single employer under Section 4001(b)(1) of ERISA or Sections 414(b), (c), (m), or (o) of the Code.

"**Development**" has the meaning set forth in the Amended Collaboration Agreement. "**Develop**" and "**Developing**" have correlative meanings.

"**Disclosure Schedule**" has the meaning set forth in Section 5.1.

"**Draft Allocation**" has the meaning set forth in Section 3.3(b).

"**Enforceability Exception**" has the meaning set forth in Section 5.1(b).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" means any other Person under common control with Sellers, that, together with any Seller, could be deemed a "single employer" within the meaning of Section 4001(b)(1) of ERISA or within the meaning of Section 414(b), (c), (m) or (o) of the Code, and the regulations issued thereunder.

"**Excluded Assets**" has the meaning set forth in Section 2.1(b).

"**Excluded Liabilities**" has the meaning set forth in Section 2.3.

"**FDA**" means the United States Food and Drug Administration or any successor entity thereto.

"**Fundamental Representations**" has the meaning set forth in Section 7.2.

"**GAAP**" means U.S. generally accepted accounting principles, consistently applied.

"**Governmental Authority**" means any federal, state, local, or any non-U.S. government, governmental, regulatory (including self-regulatory) or administrative authority, body, agency or commission or any court, tribunal, or judicial or arbitral body of competent jurisdiction with binding authority over the applicable Person.

"**Group Employee Plan**" means (a) all "employee benefit plans" (as defined in Section 3(3) of ERISA), (b) all other employee benefit plans, policies, agreements or arrangements, (c) all employment, individual consulting, executive compensation, or other compensation agreements, or bonus or other incentive compensation, stock purchase, equity or equity-based compensation, deferred compensation, change in control, retention, severance, sick leave, vacation, recreation, retirement, pension, loans, salary continuation, health, medical, dental, vision, accident, disability, cafeteria, life insurance and educational assistance plans, policies, agreements or arrangements, and (d) any collective bargaining agreement or union contract, in each case, whether written or unwritten and whether or not subject to ERISA, that are sponsored or maintained by Sellers, ZZI or any member of the Controlled Group for the benefit of any Continuing Service Provider or with respect to which Sellers, ZZI or any member of the Controlled Group has any Liability.

"**GVP**" means the then-current good pharmacovigilance practice standards, practices and procedures promulgated or endorsed by any applicable Regulatory Authority as set forth in the guidelines imposed by such Regulatory Authority, as may be updated from time to time.

"**Identified Service Providers**" has the meaning set forth in Section 6.6(a).

"**IND**" means an investigational new drug application (including any amendment or supplement thereto) submitted to the FDA pursuant to U.S. 21 C.F.R. Part 312, or the comparable application submitted to the applicable Regulatory Authority, including any amendments thereto.

"**Indemnified Party**" means a Purchaser Indemnified Party or a Seller Indemnified Party, as applicable.

"**Indemnifying Party**" means (a) ZW BC with respect to an indemnification Claim made by a Purchaser Indemnified Party pursuant to Section 7.1(a) or (b) Purchaser with respect to an indemnification Claim made by a Seller Indemnified Party pursuant to Section 7.1(b).

"**IRS**" means the Internal Revenue Service.

"**Know-How**" means all technical information, know-how, data, inventions, discoveries, trade secrets, specifications, instructions, processes, formulae, methods, protocols, expertise and other technology applicable to formulations, compositions or products or to their manufacture, development, registration, use or marketing or to methods of assaying or testing them, and all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, preclinical and clinical data relevant to any of the foregoing. For clarity, Know-How excludes Patent Rights and physical substances.

"**Knowledge**" means with respect to any Seller, the actual knowledge of the individuals listed on **Schedule A-1** as of the Agreement Date[***].

"**Laws**" means any United States federal, state and local, and any non-U.S., laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority of competent jurisdiction, including, to the extent applicable, GCP (as such term is defined in the Amended Collaboration Agreement), cGMP (as such term is defined in the Amended Collaboration Agreement), GVP, and GLP (as such term is defined in the Amended Collaboration Agreement).

"**Liability**" or "**Liabilities**" means, with respect to any Person, any debt, duty, liability or obligation of any kind (whether known or unknown, contingent, accrued, due or to become due, secured or unsecured, matured or otherwise), regardless of whether such debts, duties, liabilities or obligations are required to be reflected on a balance sheet in accordance with GAAP.

"**Licensed Antibody**" has the meaning set forth in the Amended Collaboration Agreement.

"**Licensed Product**" has the meaning set forth in the Amended Collaboration Agreement.

"**Lien**" means any charge, lien, statutory lien, pledge, mortgage, security interest, Claim, encroachment, encumbrance, restriction on use or transfer or receipt of income, right of first refusal, easement, right of way, option, conditional sale, or other title retention agreement of any kind or nature.

"**Losses**" has the meaning set forth in Section 7.1(a).

"**made available**" means that Sellers have made available to Purchaser and its Representatives the applicable materials by posting to the Datasite virtual data room for "Project Raven" managed by and on behalf of Sellers in connection with the negotiation of this Agreement on or prior to 9:00 pm Eastern Time on the Agreement Date.

"**Material Adverse Effect**" means any event, change, circumstance, occurrence, effect (each an "**Effect**") that, individually or in the aggregate, is or would reasonably be expected to be materially adverse to the Program and the Acquired Assets, taken as a whole; provided, however, that "**Material Adverse Effect**" shall not include any Effect resulting from (i) changes in general United States or global economic or political conditions, (ii) general changes or developments in the industry in which Sellers conduct business, (iii) changes in financial, banking, or securities markets, in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates, (iv) any action required by this Agreement or any action taken at the written request of Purchaser, (v) changes in any applicable Laws (or the interpretation thereof) or GAAP (or the interpretation thereof), (vi) acts of war, sabotage, terrorism, or military action or the escalation thereof, (vii) any natural or man-made disaster or acts of God, (viii) any epidemics, pandemics, disease outbreaks, or other public health emergencies, or (ix) the announcement, pendency, or completion of the Transactions, including losses or threatened losses of employees, customers, suppliers, distributors, or others having relationships with Sellers, unless and only to the extent, in the case of each of the foregoing clauses (i), (ii), (iii), (iv), (v), (vi), (vii), and (viii) such Effect has a materially disproportionate effect on Sellers relative to other participants in the industry in which Sellers conduct business.

"**Material Contracts**" has the meaning set forth in Section 5.1(h)(i).

"**Non-Continuing Service Providers**" means, collectively, (a) the Persons identified on **Schedule 1.1** and (b) all Program Service Providers who are not Continuing Service Providers.

“**Objection Deadline**” has the meaning set forth in Section 7.5(a)(i).

“**Objection Notice**” has the meaning set forth in Section 7.5(a)(i).

“**Order**” means and includes any writ, law, rule, regulation, executive order or decree, judgment, injunction, ruling, or other order, whether temporary, preliminary, or permanent enacted, issued, promulgated, enforced, or entered into by any Governmental Authority of competent jurisdiction.

“**Organizational Document**” means, with respect to any Person, (a) the articles or certificate of incorporation, association, or formation and the bylaws of a corporation; (b) operating agreement, limited liability company agreement, or similar document governing a limited liability company; (c) any charter or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (d) any amendment to any of the foregoing.

“**Original Collaboration Agreement**” has the meaning set forth in the Recitals.

“**Pandemic Response Laws**” means the Coronavirus Aid, Relief, and Economic Security Act, the Families First Coronavirus Response Act, the COVID-related Tax Relief Act of 2020, the Presidential Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster (as issued on August 8, 2020 and including any administrative or other guidance published with respect thereto by any Governmental Authority (including IRS Notice 2020-65)), and any other similar or additional U.S. federal, state, or local or non-U.S. Law, or administrative guidance intended to benefit taxpayers in response to the COVID-19 pandemic and associated economic downturn.

“**Party**” or “**Parties**” has the meaning set forth in the preamble.

“**Patent Rights**” means the rights and interests in and to issued patents and pending patent applications (including certificates of invention, applications for certificates of invention and priority rights) in any country or region, including all provisional applications, substitutions, continuations, continuations-in-part, continued prosecution applications including requests for continued examination, divisional applications and renewals, and all letters patent or certificates of invention granted thereon, and all reissues, reexaminations, extensions (including pediatric exclusivity patent extensions), term restorations, renewals, substitutions, confirmations, registrations, revalidations, revisions and additions of or to any of the foregoing, in each case, in any country.

“**Permitted Liens**” means (a) statutory Liens arising out of operation of Law with respect to a Liability incurred in the ordinary course of business for amounts which are not yet due and payable; (b) Liens and other imperfections of title that do not materially detract from the value or materially impair the use of the property subject thereto or make such property unmarketable or uninsurable; (c) Liens for Taxes or similar governmental assessments and charges (i) that are not yet due or payable or (ii) that are being contested in good faith by appropriate proceedings and for which an adequate reserve has been established in accordance with GAAP; (d) mechanics’, materialmen’s, carriers’, workmen’s, warehousemen’s, repairmen’s, landlords’ or other similar Liens and security obligations arising in the ordinary course of business for amounts which are not yet due and payable or for which an adequate reserve has been established in the financial statements; (e) Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; and (f) Liens arising in connection with any consignment arrangement entered into in the ordinary course of business.

“**Person**” means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization or Governmental Authority.

“**Pre-Closing Tax Period**” means any taxable period ending on or before the Closing Date and the portion through the end of the Closing Date for any Straddle Period.

“**Pre-Closing Taxes**” means (a) Taxes of ZZI and (b) Taxes relating to the Program, the Program Service Providers, the Acquired Assets, or the Assumed Liabilities, in the case of (a) and (b) for any Pre-Closing Tax Period (including, for the avoidance of doubt, any Taxes of ZZI attributable to income earned, payroll paid, or property held in a Pre-Closing Tax Period but deferred pursuant to Pandemic Response Laws, Section 451(c) of the Code, or Section 481 of the Code).

“**Proceeding**” means any lawsuit, Claim, complaint, investigation, litigation, audit, proceeding, or arbitration by or before any Governmental Authority.

“**Program**” means, collectively, (a) the Zymeworks Korean Studies (as such term is defined in the Amended Collaboration Agreement) and (b) the Zymeworks Ongoing Studies (as such term is defined in the Amended Collaboration Agreement).

“**Program Books and Records**” means all books, records, files, documents, information and correspondence of the Seller Group to the extent (a) relating primarily to the Program, (b) primarily used or held for use in the Program, or (c) generated in the conduct of the Program, in each case owned or held by the Seller Group as of the Closing. The Program Books and Records exclude any Excluded Assets or any books, records, files, documents, information and correspondence to the extent relating to (i) the Excluded Assets, (ii) the Excluded Liabilities or (iii) the manufacture of Licensed Antibody or Licensed Product, including any chemistry, manufacturing and controls (CMC) materials. The Program Books and Records shall include [***] Clinical Data (as defined in the Amended Collaboration Agreement) of the Seller Group resulting from the studies included in the Program, all case report forms collecting such data [***].

“**Program Service Providers**” means all current and former employees and natural person independent contractors who are or have been employed or engaged by any of the Sellers, any other member of the Seller Group, or through any third-party agency or other Person, primarily providing services relating to the conduct of the Program.

“**Purchaser**” has the meaning set forth in the preamble.

“**Purchaser Indemnified Parties**” has the meaning set forth in Section 7.1(a).

“**Purchaser Fundamental Representations**” has the meaning set forth in Section 7.2.

“**Purchaser Irish Affiliate**” has the meaning set forth in the Recitals.

“**Purchaser Prepared Return**” has the meaning set forth in Section 6.5(a)(ii).

“**Regulatory Authority**” means any applicable Governmental Authority involved in the granting and maintenance of Regulatory Filings in any country worldwide, or the conduct of clinical investigations, including the FDA in the United States.

“**Regulatory Filings**” means any and all regulatory applications, submissions, filings, and approvals specific to the Program, together with all material correspondence, minutes, or other communications thereunder.

“**Related Agreements**” means the Bill of Sale, Assignment and Assumption Agreement, Transition Services Agreement and any other agreement, document, certificate or instrument entered into by the Parties in connection with this Agreement and the Transactions (other than the Amended Collaboration Agreement).

“**Representatives**” shall mean officers, directors, employees, agents, attorneys, accountants, advisors and representatives of a Person.

“**SEC**” has the meaning set forth in Section 6.2(b).

“**Securities Regulators**” has the meaning set forth in Section 6.2(b).

“**Section 338(h)(10) Election**” is defined in Section 6.5(g).

“**Seller Closing Service Provider Payment Obligations**” has the meaning set forth in Section 6.6(a).

“**Seller Fundamental Representations**” has the meaning set forth in Section 7.2.

“**Seller Group**” means, collectively, Sellers and each of their Affiliates, including, on or prior to the Closing, ZZI.

“**Seller Indemnified Parties**” has the meaning set forth in Section 7.1(b).

“**Seller IP**” means any and all (a) Seller Patent Rights, (b) Seller Know-How, and (c) other intellectual property rights owned by any member of the Seller Group that relate to Licensed Antibody or any Licensed Product.

“**Seller Know-How**” means all Know-How owned or controlled by any member of the Seller Group.

“**Seller Patent Rights**” means all Patent Rights owned or controlled by any member of the Seller Group.

“**Seller Retention Options**” means options issued and outstanding issued pursuant to the [***] under the Zymeworks Inc. Amended and Restated Stock Option and Equity Compensation Plan.

“**Seller Tax Liabilities**” means (a) Pre-Closing Taxes, (b) Taxes of any member of an affiliated, consolidated, combined or unitary group of which ZZI (or any predecessor of ZZI) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar state, local, or non-U.S. Tax Law, (c) any Taxes of the Seller Group (other than Taxes of ZZI) or for which any of the foregoing is liable, for any Tax period, (d) all Taxes related to the Excluded Assets or Excluded Liabilities for any Tax period, (e) all Taxes of any Person imposed on ZZI as a transferee or successor, by Contract or pursuant to any applicable Law, which Taxes relate to an event or transaction occurring before the Closing, (f) the employer portion of any payroll or employment Taxes incurred or accrued with respect to any amounts described in Section 2.3, and (g) all Transfer Taxes allocated to Seller pursuant to Section 6.5(c) (but not Transfer Taxes allocated to Purchaser pursuant to Section 6.5(c)).

"**Sellers**" and "**Seller**" have the meaning set forth in the preamble.

"**Service Provider Plans**" has the meaning set forth in Section 5.1(m)(i).

"**Service Provider Retained Liabilities**" means any and all Liabilities, excluding Assumed Liabilities described in Sections 2.2(b), 2.2(c) and 2.2(d) and any Jazz Collaboration Agreement Liabilities, to the extent relating to any Program Service Provider arising as of or at any time prior to the Closing, whether arising under Contract, Group Employee Plan, Law, Order or any award of any Governmental Authority or otherwise, including Liabilities for (a) all wages and other compensation due to the Program Service Providers with respect to their services to the Seller Group (including salary, wages, commissions, pro rata bonus payments, and accrued but unused paid time off) incurred as of or any time as or at any time prior to the Closing; [***] (c) any applicable provision of health plan continuation coverage for the Non-Continuing Service Providers in accordance with the requirements of Code § 4980B, ERISA § 601 et seq., ERISA §§ 601-608, and any similar Law; (d) all claims for benefits under any Group Employee Plan or other Contract with any Program Service Provider incurred as a result of or at any time prior to the Closing; (e) continuing responsibility after the Closing for payment of all workers' compensation benefits to or on behalf of the Program Service Providers for (i) any and all claims accepted or in process as of or prior to the Closing and (ii) related to industrial injuries or occupational diseases to the extent a right to file for workers' compensation benefits existed or accrued as of or prior to the Closing; or (f) Taxes, deductions, remittances and contributions attributable to the matters described in the foregoing clauses (a) through (e).

"**Settled Claims**" has the meaning set forth in Section 7.5(a)(iii).

"**Specified Authorizations**" has the meaning set forth in Section 2.1(a)(iv).

"**Straddle Period**" means any taxable period that includes (but does not end on) the Closing Date.

"**Subsidiary**" shall mean with respect to any Person, any other Person (a) of which the initial Person directly or indirectly owns or controls more than 50% of the voting equity interests or has the power to elect or direct the election of a majority of the members of the governing body of such Person or (b) which is required to be consolidated with such Person under GAAP.

"**Tax**" or "**Taxes**" means (a) any and all federal, provincial, territorial, state, municipal, local, foreign or other taxes (including imposts, rates, levies, assessments, and other charges, in each case in the nature of a tax), including all income, excise, franchise, gains, capital, real property, goods and services, transfer, value added, gross receipts, windfall profits, severance, ad valorem, personal property, escheat, unclaimed property, production, sales, use, license, stamp, documentary stamp, mortgage recording, employment, payroll, social security, unemployment, disability, estimated or withholding taxes, and all customs and import duties, together with all interest, penalties and additions to tax (and additional amounts of a similar nature imposed with respect to such amounts), (b) any liability for the payment of any amounts of the type described in clause (a) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group (including any arrangement for group or consortium relief or similar arrangement) for any period, and (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a transferee or successor to any Person or as result of any express or implied obligation to assume such Taxes or to indemnify any other Person.

"**Tax Authority**" means any Governmental Authority or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax.

“**Tax Contest**” has the meaning set forth in Section 6.5(d).

“**Tax Return**” means all U.S. federal, state, local, provincial and non-U.S. returns, declarations, claims for refunds, forms, statements, reports, schedules, information returns or similar statements or documents and any amendments thereof (including any related or supporting information or schedule attached thereto) filed or required to be filed with any applicable Governmental Authority in connection with the determination, assessment or collection of any Tax.

“**Third Party**” means any Person other than a Party or an Affiliate of a Party.

“**Third Party Claim**” has the meaning set forth in Section 7.5(b).

“**Third Party Consents**” has the meaning set forth in Section 2.7(a).

“**Transactions**” means the transactions contemplated pursuant to this Agreement and the Related Agreements.

“**Transfer Taxes**” has the meaning set forth in Section 6.5(c).

“**Transition Services Agreement**” means the transition services agreement in form to be mutually agreed to between the Parties pursuant to Section 6.4(d), including the Services Schedule attached hereto as **Exhibit B**, as may be updated at any time prior to the Closing upon the mutual written agreement of Purchaser and Sellers acting reasonably.

“**Unobjected Claim**” has the meaning set forth in Section 7.5(a)(ii).

“**U.S.**” means the United States of America and its territories and possessions.

“**ZBI**” has the meaning set forth in the preamble.

“**ZW BC**” has the meaning set forth in the preamble.

“**ZZI**” has the meaning set forth in the Recitals.

“**ZZI Capital Stock**” has the meaning set forth in the Recitals.

“**ZZI Employee Plan**” means any Group Employee Plan sponsored or maintained by ZZI including any Group Employee Plan assigned to ZZI prior to the Closing.

“**ZZI Program Service Provider**” means each Program Service Provider employed or engaged by ZZI as of the Agreement Date.

“**ZZI Shares**” has the meaning set forth in the Recitals.

“**ZZI Tax Group**” means an affiliated group as defined in Section 1504(a) of the Code (or any other affiliated, consolidated, combined or unitary group defined under a corresponding or similar provision of state, local, or non- U.S. Law) that includes ZZI.

2. Purchase and Sale of Assets; Stock Purchase

2.1 Acquired Assets.

(a) Purchase and Sale. Sellers hereby cause to be sold, transferred, conveyed, assigned and delivered to Purchaser or an Affiliate designated by Purchaser, and Purchaser hereby causes to be purchased, accepted, received and assumed, all of the Seller Group's right, title and interest in and to the Acquired Assets, free and clear of all Liens other than Permitted Liens. The sale, transfer, conveyance, assignment, and delivery of Acquired Assets shall occur at the Closing and shall be effected pursuant to the Assignment and Assumption Agreement and the Bill of Sale, executed and delivered pursuant to Section 4.2. Between the Agreement Date and the Closing Date, the Parties shall, in good faith and with reasonable cooperation, negotiate and agree on the final form of the Assignment and Assumption Agreement and Bill and Sale, which shall be in customary form and shall not expand or limit the rights or obligations of the Parties under this Agreement or the Amended Collaboration Agreement. "**Acquired Assets**" shall mean the following properties, assets, and rights of the Seller Group:

(i) all rights in, to, and under the Contracts listed on **Schedule 2.1(a)(i)** (the "**Acquired Contracts**"), including any prepaid expenses, deposits and other advance payments thereunder, except, in the case of any Acquired Contracts marked with an asterisk in **Schedule 2.1(a)(i)** (each a "**Shared Contract**"), not such portion of the Shared Contracts to the extent relating to the Excluded Assets (including any Seller Group program(s) other than the Program, such as the Seller Group's proprietary antibody-drug conjugate, ZW49 (or Zanidatamab Zovodotin));

(ii) the Organizational Documents, minute books, stock books and records, Tax Returns of ZZI (other than Tax Returns that are Excluded Assets);

(iii) all Regulatory Filings set forth on **Schedule 2.1(a)(iii)** and all supplements thereto (collectively, the "**Specified Authorizations**");

(iv) Program Books and Records (it being understood that Sellers may retain one or more copies of any Program Books and Records for purposes of performing their obligations or exercising or enforcing their rights under the Amended Collaboration Agreement);

(v) except as prohibited by applicable Law, all records contained in the Seller Group's "employee file" maintained with respect to the Continuing Service Providers; and

(vi) all rights, Claims, credits, guaranties, warranties, indemnities, causes of action or rights of set-off, and other similar rights against Third Parties to the extent relating to or arising from the Acquired Assets or the Assumed Liabilities.

(b) Notwithstanding anything to the contrary contained in this Agreement (including Section 2.1), the Parties expressly agree and acknowledge that Purchaser is not acquiring under this Agreement any right, title, or interest in any assets that are not Acquired Assets or the ZZI Shares and that the Excluded Assets are explicitly excluded from the Acquired Assets. Without limiting the terms of the Amended Collaboration Agreement, other than the Acquired Assets and the ZZI Shares, all of the right, title, or interest in any assets owned or used by the Seller Group (along with all the right, title, or interest in any assets owned or used by ZZI) shall be referred to herein as the "**Excluded Assets**," which shall remain the assets of the Seller Group after the Closing, including:

(i) except for Acquired Contracts, all Contracts (A) to which any of the Seller Group is a party or (B) by which any of the Seller Group is bound;

(ii) such portion of the Shared Contracts to the extent relating to the other Excluded Assets (including any Seller Group program(s) other than the Program, such as the Seller Group's proprietary antibody-drug conjugate, ZW49 (or Zanidatamab Zovodotin));

(iii) all cash, cash equivalents on hand or in bank accounts and short term and long term investments of the Seller Group and all rights to any bank accounts of the Seller Group;

(iv) all Seller IP together with (A) any and all goodwill symbolized thereby and associated therewith and (B) any and all rights to royalties, profits, compensation, license payments, and other payments or remuneration of any kind relating to Seller IP);

(v) all of the rights to Actions of the Seller Group of any nature with respect to the ownership or use of the Excluded Assets or the Excluded Liabilities;

(vi) any rights of the Seller Group under any of its insurance policies with respect to the ownership or use of Excluded Assets or the Excluded Liabilities, or any benefits, proceeds or premium refunds payable or paid thereunder or with respect thereto (whether or not any Claims under such policies are made on or before the Closing Date);

(vii) any assets to the extent related to the Seller Group's proprietary antibody-drug conjugate, ZW49 (or Zanidatamab Zovodotin);

(viii) any and all assets related to the Licensed Products (as defined in the Amended Collaboration Agreement) other than those included in the Acquired Assets;

(ix) the rights which accrue or will accrue to Sellers under this Agreement, any Related Agreement or the Amended Collaboration Agreement;

(x) all communications between the Seller Group and its counsel related to the execution, negotiation and performance of this Agreement and the Transactions;

(xi) all refunds and rights to refunds of Taxes paid by the Seller Group (other than ZZI, but including the consolidated group of which ZBI is the parent) for any taxable period; and

(xii) all Combined Tax Returns.

2.2 Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, as of and following the Closing, Purchaser (or its designated Affiliate) hereby assumes and agrees to pay, perform, and discharge the Assumed Liabilities. For purposes of this Agreement, "**Assumed Liabilities**" shall mean only the following Liabilities:

(a) all Liabilities in respect of the Acquired Contracts (excluding, with respect to the Shared Contracts, such portion of the Shared Contracts to the extent relating to the Excluded Assets (including any Seller Group program(s) other than the Program, such as the Seller Group's proprietary antibody-drug conjugate, ZW49 (or Zanidatamab Zovodotin))) or the Program to the extent arising following the Closing and to the extent such Liabilities do not relate to (i) the conduct of the Program by the Seller Group on or prior to the Closing or (ii) any breach, default or other violation by the Seller Group of an Acquired Contract (including a Shared Contract) or applicable Law, in each case, on or prior to the Closing;

(b) all Liabilities related to employment or service of the Continuing Service Providers with Purchaser or any Affiliate of Purchaser to the extent arising solely at any time following the Closing, including (i) salary, employee benefits and incentive compensation incurred at any time following the Closing, (ii) any obligations for severance, retention payments and benefits, and similar payments arising following the Closing, including as a result of the termination of employment or service of the Continuing Service Providers by the Purchaser at any time following the Closing;

(c) [***] and the employer portion of any payroll or employment Taxes incurred or accrued with respect to any such amounts, [***]; and

(d) any employment, service, compensation or benefit arrangements implemented by, or at the direction of, Purchaser or any of Purchaser's Affiliates at any time whether prior to, as of or following the Closing (including the Identified Service Provider Offer Letters), [***];

provided that, for the avoidance of doubt, the Assumed Liabilities shall not include any Zymeworks Collaboration Agreement Liabilities or any Liability of any member of Seller Group under this Agreement, any Related Agreement or the Amended Collaboration Agreement.

2.3 Excluded Liabilities. Notwithstanding Section 2.2, and regardless of whether any of the following may be disclosed to Purchaser or any of their Representatives or otherwise or whether Purchaser or any of its Representatives may have knowledge of the same, neither Purchaser nor any of its Affiliates (including, solely after the Closing, ZZI) shall assume, or be deemed to have assumed, any of the following Liabilities (collectively, the "**Excluded Liabilities**"):

(a) all Liabilities in respect of the Acquired Assets, including the Acquired Contracts (including Shared Contracts) and the Program, to the extent arising at any time prior to the Closing or to the extent such Liabilities relate to (i) the conduct of the Program by the Seller Group on or prior to the Closing or (ii) any breach, default or other violation of Acquired Contracts, Shared Contracts or applicable Law by the Seller Group, in each case, on or prior to the Closing (including any Third Party Claim made following the Closing with respect to any such Liabilities);

(b) any portion of the Shared Contracts to the extent relating to the Excluded Assets (including any Seller Group program(s) other than the Program, such as the Seller Group's proprietary antibody-drug conjugate, ZW49 (or Zanidatamab Zovodotin));

(c) all Liabilities of ZZI, to the extent arising at any time prior to the Closing or to the extent such Liabilities relate to (i) the conduct of the Program by the Seller Group on or prior to the Closing or (ii) any breach, default or other violation by the Seller Group of any Contract to which ZZI is a party or applicable Law, in each case, on or prior to the Closing (including any Third Party Claim made following the Closing with respect to any such Liabilities);

(d) all Liabilities relating to any of the Excluded Assets or Non-Continuing Service Providers;

(e) all Seller Tax Liabilities; and

(f) all Service Provider Retained Liabilities;

provided that, for the avoidance of doubt, the Excluded Liabilities shall not include any Jazz Collaboration Agreement Liabilities or any Liability of Purchaser or its Affiliates under this Agreement, any Related Agreement or the Amended Collaboration Agreement.

2.4 Collaboration Agreement Liabilities. The Parties acknowledge and agree that (a) the Amended Collaboration Agreement provides for the allocation of certain Liabilities as between ZW BC and its Affiliates, on the one hand (collectively, the "**Zymeworks Collaboration Agreement Liabilities**"), and Purchaser Irish Affiliate, and its Affiliates (including Purchaser and its Affiliates), on the other hand (collectively, the "**Jazz Collaboration Agreement Liabilities**"), including pursuant to the indemnification obligations of the parties to the Amended Collaboration Agreement under Article 13 of the Amended Collaboration Agreement; (b) notwithstanding anything in this Agreement to the contrary, the Zymeworks Collaboration Agreement Liabilities shall remain the responsibility of ZW BC and its Affiliates (including the other members of the Seller Group) in accordance with the terms of the Amended Collaboration Agreement, and shall not be Assumed Liabilities, and the Jazz Collaboration Agreement Liabilities shall remain the responsibility of Purchaser Irish Affiliate and its Affiliates (including Purchaser and its Affiliates and, following the Closing, ZZI), in accordance with the terms of the Amended Collaboration Agreement, and shall not be Excluded Liabilities, and (c) in the event of any conflict between the terms of this Agreement and the Amended Collaboration Agreement regarding the allocation of any Liabilities, including any indemnification obligations, as among the Parties, the terms of the Amended Collaboration Agreement shall control. For the avoidance of doubt, the allocation of Liabilities pursuant to this Agreement and the Amended Collaboration Agreement shall not be deemed to conflict solely because the Amended Collaboration Agreement provides for indemnification only in respect of Third Party Claims (as defined in the Amended Collaboration Agreement), it being understood and agreed that no Indemnified Person shall be entitled to indemnification under this Agreement with respect to Losses for which such Indemnified Person or any its Affiliates is subject to indemnification obligations pursuant to the Amended Collaboration Agreement. Without limiting the foregoing, and notwithstanding anything in this Agreement to the contrary, Purchaser Irish Affiliates and its Affiliates (including Purchaser and its Affiliates and, following the Closing, ZZI, as applicable) shall remain responsible for the payment or reimbursement to ZW BC and its Affiliates of the Service Provider Retained Liabilities, and other costs and expenses incurred by ZW BC and its Affiliates in connection with the Program and the Acquired Assets, to the extent provided under the Original Collaboration Agreement.

2.5 Stock Purchase. Upon the terms and subject to the conditions of this Agreement, Purchaser hereby purchases from ZBI, and ZBI hereby sells and transfers to Purchaser, the entire legal and beneficial ownership of the ZZI Shares held by ZBI, free and clear of all Liens except for Liens imposed under applicable securities Laws (the "**Stock Purchase**"). The Stock Purchase shall occur at the Closing and shall be effected pursuant to a stock power and executed and delivered, together with, to the extent applicable, any related share certificate for the ZZI Shares, pursuant to Section 4.2(a)(i).

2.6 Prepaid Amounts.

(a) The Parties acknowledge and agree that Sellers have prepaid, or will prepay prior to the Closing, amounts to Third Parties for services or other expenses under certain of the Acquired Contracts (the "**Prepaid Amounts**"), which aggregate amount will not in any event exceed [***]. Not less than [***] prior to the Closing Date, Sellers shall deliver to Purchaser a written schedule setting forth in reasonable detail Sellers' good faith estimate of the Prepaid Amounts (such amount as reasonably agreed to by Purchaser, the "**Estimated Prepaid Amounts**"), and Sellers shall consider in good faith all reasonable comments to the Estimated Prepaid Amounts timely received from Purchaser.

(b) Within [***] following the Closing, Sellers shall prepare and deliver to Purchaser an invoice and written schedule, prepared in accordance with GAAP (the "**Closing Statement**") setting forth its calculation of the Prepaid Amounts, together with all relevant supporting documentation sufficient to verify the accuracy of such amounts in Purchaser's reasonable discretion. If Purchaser disagrees with the calculations in the Closing Statement, Purchaser shall notify Sellers of such disagreement in writing (the "**Dispute Notice**") within [***] after delivery of the Closing Statement. The Dispute Notice must set forth in reasonable detail any Prepaid Amount on the Closing Statement which Purchaser reasonably believes is inaccurate and Purchaser's determination of such amount. Any item or amount Purchaser does not dispute within such [***] shall be final, binding and conclusive for all purposes hereunder. In the event a Dispute Notice is timely provided, Purchaser and Sellers shall use commercially reasonable efforts for a period of [***] (or such longer period as they may mutually agree) to resolve any disagreements with respect to the calculations included in the Closing Statement that were disputed in the Dispute Notice. If, at the end of such period, Purchaser and Sellers remain unable to resolve the dispute in its entirety, then the unresolved items and amounts thereof in dispute shall be submitted to a nationally recognized independent accounting firm, reasonably acceptable to Purchaser and Sellers (the "**Dispute Auditor**"). The Dispute Auditor shall determine, based solely on the written presentations by Purchaser and Sellers, and not by independent review, only those items and amounts that remain then in dispute as set forth in the Dispute Notice. Any further submissions to the Dispute Auditor must be in writing and delivered to each party to the dispute. In rendering its decision, the Dispute Auditor shall adhere to and be bound by the provisions of this Section 2.6(b). The Dispute Auditor's determination shall be made within [***] after the dispute is submitted for its determination and shall be set forth in a written statement delivered to Purchaser and Sellers. The Dispute Auditor shall allocate its fees and expenses between Purchaser and Sellers according to the degree to which the positions of the respective parties are not accepted by the Dispute Auditor. Purchaser and Sellers shall, and shall cause their respective Affiliates and representatives to, cooperate in good faith with the Dispute Auditor, and shall give the Dispute Auditor access to all data and other information it reasonably requests for purposes of such resolution. In no event shall the decision of the Dispute Auditor assign a value to any item greater than the greatest value for such item claimed by either Purchaser or Sellers or lesser than the smallest value for such item claimed by either Purchaser or Sellers. Any determinations made by the Dispute Auditor pursuant to this Section 2.6(b) shall be final, non-appealable and binding on the parties hereto, absent manifest error or fraud.

(c) "**Adjustment Amount**" shall mean the net amount, which may be positive or negative, equal to the amount of the Prepaid Amounts (as finally determined in accordance with Section 2.6(b)) *minus* the Estimated Prepaid Amounts. Within [***] after the final determination of the amount pursuant to Section 2.6(b), (i) if the Adjustment Amount is a positive number, then Purchaser shall pay to Sellers the Adjustment Amount and (ii) if the Adjustment Amount is a negative number, Sellers shall pay to Purchaser the absolute value of the Adjustment Amount; it being understood that Purchaser shall, in its discretion, be entitled to receive the absolute value of such amount as an offset against payment of any amount set off of amounts owed to Purchaser pursuant to or in connection with any Related Agreement and the Amended Collaboration Agreement in accordance with Section 7.8.

(d) The maximum aggregate Prepaid Amounts that may, if applicable, be reimbursable by Purchaser under this Section 2.6 is [***].

2.7 Third Party Consents.

(a) Notwithstanding anything herein to the contrary, this Agreement will not constitute (i) an assignment or transfer of, (ii) an attempted assignment or transfer of, or (iii) an agreement to effect an assignment or transfer of any Acquired Assets, in each case ((i)-(iii)), that

(A) is not assignable or transferable without approval, consent, permission, waiver, clearance or authorization of a Third Party to avoid a Conflict with respect to such Acquired Asset or (B) is a Shared Contract (other than, for purposes of this clause (B), those Shared Contracts set forth on **Schedule 2.7(a)**, which the Parties acknowledge will still be subject to the foregoing clause (A)) and requires bifurcation or novation because it relates to both the Program and the Excluded Assets (including any Seller Group program(s) other than the Program, such as the Seller Group's proprietary antibody-drug conjugate, ZW49 (or Zanidatamab Zovodotin)) (any such approval, consent, permission, waiver, clearance, authorization, bifurcation or novation, as applicable a "**Third Party Consent**"), required to effect such assignment or transfer (or bifurcation or novation, as applicable), as mutually determined by Purchaser and Sellers acting reasonably, that has not been obtained prior to the Closing (the "**Non-Transferable Assets**"). For a period of [***] following the Closing Date, the Parties shall, and shall cause each of their respective Affiliates to, each cooperate and use commercially reasonable efforts to obtain the Third Party Consents with respect to any such Non-Transferable Asset, including, in the case of each Shared Contract (including each Shared Contract set forth on **Schedule 2.7(a)**), seeking to bifurcate, novate or otherwise enter into two or more new Contracts with the applicable Third Party that is party to such Shared Contract and Purchaser or its Affiliates, on the one hand, and a member of the Seller Group, on the other hand, relating to the Program, on the one hand, or the Excluded Assets, on the other hand, respectively.

(b) To the extent any such Third Party Consent cannot be obtained prior to the Closing, the Closing shall nonetheless take place, the Parties shall, and shall cause each of their respective Affiliates to, in addition to the obligations set forth in Section 2.7(a), each cooperate and use commercially reasonable efforts to implement an alternate arrangement for a period of [***] following the Closing Date (or until such earlier time as the relevant Third Party Consent is obtained), for Purchaser and its Affiliates to receive, as of and following the Closing Date, whether by license, sub-license, sub-assignment, or by other means, the economic and operational claims, rights, benefits and burdens of such Non-Transferable Asset (including, in the case of Shared Contracts, such portion of each Shared Contract constituting an Acquired Contract), including the payments or other consideration to be paid by or to Purchaser or its Affiliates in connection with any applicable Non-Transferable Asset as if the owner thereof, or, if such arrangement is not made, to agree to such other good faith equitable result; provided, however, that Sellers shall not be required to undertake any work or take any action that would constitute a Conflict with respect to such Non-Transferable Asset.

(c) Notwithstanding the fact that a Third Party Consent is not obtained or effected prior to the Closing, each of the assets, properties and rights described in Section 2.1 shall be deemed to be Acquired Assets under this Agreement and each of the Liabilities described in Section 2.2 shall be deemed to be Assumed Liabilities under this Agreement, as of and following the Closing. Without limiting the generality of the foregoing, the beneficial interest in and to the Acquired Assets, to the fullest extent permitted by any relevant Contract and applicable Law, will pass to Purchaser as of the Closing Date.

(d) Purchaser acknowledges that certain Third Party Consents may be required in order to effect the transfer and assignment of the Acquired Assets to Purchaser or its Affiliates. Notwithstanding anything to the contrary in this Agreement, Purchaser agrees that Sellers and their respective Affiliates shall not have any Liability whatsoever arising out of or relating to the failure to obtain any such consents or because of any Conflict with respect to, or loss of any benefit under, any Acquired Asset as a result thereof, except in the case of a breach by a Seller of its covenants, agreements, obligations, representations or warranties set forth in this Agreement (including Sections 2.7(a) and 2.7(b)) related thereto, on the terms and subject to the conditions of this Agreement.

3. Consideration

3.1 Consideration. As consideration (the "**Consideration**") for the sale, assignment, transfer, conveyance and delivery of the Acquired Assets and the ZZI Shares, (a) Purchaser shall assume and shall pay, perform and discharge the Assumed Liabilities and (b) Irish Purchaser Affiliate shall enter into the Amended Collaboration Agreement with ZW BC.

3.2 Payment in US Dollars; Applicable Exchange Rate. All amounts payable hereunder shall be payable in U.S. dollars. The exchange rate for conversion of the currency into U.S. dollars shall be calculated on the day such payment is made, or the preceding Business Day if a payment is not made on a Business Day, according to the dollar exchange rate for such currency published in the Wall Street Journal or such other exchange rate to which the Parties agree.

3.3 Allocation of Consideration.

(a) For all applicable Tax purposes, the Parties agree that the Consideration (together with any other items properly treated as purchase price for applicable Tax purposes) will be allocated as between Sellers and amongst the ZZI Capital Stock (and amongst the assets of ZZI, if the Section 338(h)(10) Election is made), the Acquired Assets, the covenants in Section 6.11 and any other relevant items in accordance with Section 1060 of the Code and Treasury Regulations thereunder and any similar provision of state, local, or non-U.S. Tax Law (in each case to the extent applicable).

(b) Within [***] after the Closing Date, Purchaser shall deliver to Sellers for their review and comment an allocation of the Consideration in accordance with Section 3.3(a) (the "**Draft Allocation**"). If Sellers do not object to such Draft Allocation, such allocation shall become the final allocation (any such final agreed allocation, the "**Allocation**"). If Sellers object to such Draft Allocation, Sellers shall deliver to Purchaser a statement setting forth their objections and suggested adjustments (an "**Allocation Objections Statement**") within [***] from the delivery of the Draft Allocation. Purchaser agrees to consider any objection set forth in the Allocation Objections Statement in good faith. To the extent Purchaser does not accept the objections set forth on the Allocation Objections Statement, the Parties agree to negotiate in good faith to attempt to resolve the associated dispute within [***] after Sellers provides the Allocation Objections Statement to Purchaser. If any matter of such dispute is not resolved in this timeframe, then such dispute shall be submitted to an independent nationally recognized accounting firm that is mutually acceptable to Purchaser and Sellers for resolution (the "**Accounting Firm**"), and the expenses of such Accounting Firm will be borne [***] by Sellers on one hand and [***] by Purchaser on the other hand. To the extent an Allocation is agreed upon, the Parties and their Affiliates as finally agreed to or as determined by the Accounting Firm, shall report, act, and file Tax Returns (including IRS Form 8594 to the extent applicable) in all respects and for all purposes consistent with the Allocation, and no Party (nor any Party's Affiliate) shall take any position (whether in audits, Tax Returns, or otherwise) that is inconsistent with such Allocation, unless required to do so by applicable Law.

3.4 Withholding. Purchaser and its Affiliates and agents (as applicable) shall be entitled to deduct and withhold from any amounts payable or otherwise deliverable pursuant to this Agreement such amounts as such Person is required to deduct or withhold therefrom under any applicable Laws related to Taxes and shall pay the amounts withheld to the appropriate Governmental Authority. To the extent such amounts are so deducted or withheld and remitted to the appropriate Governmental Authority, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made. Purchaser and its Affiliates and agents (as applicable) shall (x) notify Sellers [***] prior to deducting or withholding any amounts on payments made or deemed to be

made to Sellers and (y) cooperate in good faith with reasonable written requests from Sellers to reduce or eliminate the deduction or withholding of such amounts. Sellers will provide Purchaser (or its Affiliates and agents (as applicable)) with any Tax forms or other documentation reasonably necessary in order for Purchaser to determine whether withholding is required and/or to not withhold or to withhold Tax at a reduced rate under an applicable bilateral income Tax treaty.

4. Closing

4.1 Closing. The consummation of the Transactions, including the consummation of the Stock Purchase and the purchase of the Acquired Assets and the assumption of the Assumed Liabilities pursuant to this Agreement (the "**Closing**") shall take place on May 15, 2023 by remote exchange of documents, unless another date or method is mutually agreed upon in writing by Purchaser and Sellers. The date on which the Closing occurs is herein referred to as the "**Closing Date**." The Closing will be deemed to be effective for all purposes as of 11:59 p.m. Pacific time on the Closing Date.

4.2 Deliveries at Closing.

(a) Delivery by Sellers. Upon the terms and subject to the conditions set forth in this Agreement, Sellers will deliver (or cause to be delivered) to Purchaser, at or prior to the Closing the following:

(i) a duly executed stock power and assignment in customary form in respect of the ZZI Shares held by ZBI in favor of Purchaser together with, to the extent applicable, any related share certificate for such ZZI Shares;

(ii) the Transition Services Agreement, duly executed by each Seller;

(iii) the Bill of Sale, duly executed by each Seller;

(iv) the Assignment and Assumption Agreement, duly executed by each Seller;

(v) the Amended Collaboration Agreement, duly executed by ZW BC;

(vi) a certificate validly executed by Secretary of ZZI having attached thereto (A) the Organizational Documents of ZZI and (B) certificates of good standing (including Tax good standing) of ZZI issued by the Washington Secretary of State and for each other state where ZZI is qualified to do business, in each case dated as of a date no more than [***] prior to the Closing Date;

(vii) (A) an original, properly completed IRS Form W-8 duly executed on behalf of ZW BC, (B) an original, properly completed IRS Form W-9 duly executed on behalf of ZBI, and (C) an original, properly completed IRS Form W-8 or IRS Form W-9, as applicable, from each other member of the Seller Group that transfers any of the Acquired Assets pursuant to this Agreement;

(viii) reasonable evidence of at or prior to the Closing Date, (A) the termination by the Seller Group of each Identified Service Provider, (B) ZZI's transfer of each Non-Continuing Service Provider that is currently employed or engaged by ZZI to another member of the Seller Group or, (C) in Seller's discretion, the termination of such Non-Continuing Service Providers, and in each of cases (A), (B), and (C), [***];

(ix) evidence of the written resignation of all directors and officers of ZZI to be effective as of the Closing, each of which will be in full force and effect;

(x) unless otherwise requested by Purchaser, a true, correct and complete copy of (A) resolutions adopted by the board of directors of ZZI, certified by ZZI's Secretary, authorizing the termination of ZZI's participation in the Group Employee Plans other than ZZI Employee Plans, and (B) resolutions adopted by the board of directors or authorized committee thereof of an amendment to the Group Employee Plans other than ZZI Employee Plans, executed by an authorized officer of ZW BC or the applicable sponsoring employee in the Seller Group, that is sufficient to assure ZZI's participation in the Group Employee Plans other than ZZI Employee Plans has been terminated, as applicable, to be effective, with respect to any Group Employee Plans intended to be a 401(k) plan, on the date immediately preceding the Closing Date and, with to each other applicable Group Employee Plan, as of the Closing, and in each case, contingent upon the Closing; and

(xi) all Program Books and Records; provided that Sellers shall not be obligated to transfer any Program Books and Records that were previously transferred to Purchaser or its Affiliates pursuant to Section 4.1 of the Original Collaboration Agreement.

(b) **Delivery by Purchaser**. Upon the terms and subject to the conditions set forth in this Agreement, in reliance on the representations, warranties and agreements of Sellers contained in this Agreement, Purchaser will deliver (or cause to be delivered) to Sellers, at or prior to the Closing the following:

(i) an amount in cash equal to the Estimated Prepaid Amounts by wire transfer of immediately available funds (to such account as designated at least [***] prior to the Closing Date by the Sellers);

(ii) the Transition Services Agreement, duly executed by Purchaser;

(iii) the Bill of Sale, duly executed by Purchaser;

(iv) the Assignment and Assumption Agreement, duly executed by Purchaser; and

(v) the Amended Collaboration Agreement, duly executed by Purchaser Irish Affiliate.

4.3 **Possession**. Sellers shall, subject to Section 6.4 and Section 6.7, deliver possession of all Acquired Assets in physical form to Purchaser or its designated Affiliate at the Closing or as soon as reasonably practicable thereafter. Without limiting the generality of the foregoing, Sellers and Purchaser shall cooperate to transfer all Acquired Assets stored in electronic form, wherever stored, in an agreed upon format as soon as reasonably practicable following the Closing and shall provide to Purchaser access to all such Acquired Assets as requested by Purchaser, prior to the transfer of such electronic data to Purchaser.

5. Representations and Warranties

5.1 **Representations and Warranties of Sellers**. Except as set forth in the disclosure schedules delivered by Sellers to Purchaser on the Agreement Date (the "**Disclosure Schedule**"), each Seller, jointly and severally, represents and warrants to Purchaser as of the Agreement Date (unless such other date is specified within such subsections below) that the statements contained in this Section 5.1 are true and correct:

(a) Organization, Qualification and Existence. Each Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Each applicable member of the Seller Group has the requisite corporate power and authority to own, use and operate the applicable Acquired Assets as currently conducted by such member of the Seller Group. Each Seller is duly qualified or licensed to do business and in good standing as a foreign corporation in each jurisdiction in which the ownership or operation of the Acquired Assets or the conduct of such Seller's business requires such qualification or license, except for those jurisdictions where the failure to be so qualified or licensed and in good standing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Sellers have delivered to Purchaser accurate and complete copies of the Organizational Documents of ZZI, and there has not been any violation of any of the provisions of ZZI's Organizational Documents.

(b) Authority; Binding Nature of Agreements. Each Seller has all requisite power and authority to enter into this Agreement, the Related Agreements to which it is to be a party and the other agreements, instruments, and documents to be executed and delivered in connection herewith and therewith to which such Seller is a party, and to consummate the Transactions. The execution and delivery of this Agreement and the Related Agreements to which each Seller is to be a party and the consummation of the Transactions by such Seller, including the applicable sale of the Acquired Assets, have been duly authorized by all necessary corporate and stockholder action, if required, and no further corporate or stockholder action is required on the part of each Seller to authorize this Agreement or any Related Agreement to which such Seller is a party or the Transactions or for such Seller to perform its obligations under this Agreement or any Related Agreements. This Agreement and each Related Agreement have been duly executed and delivered by each Seller, and, assuming the due execution and delivery of this Agreement and the Related Agreements to which it is to be a party by Purchaser and other counterparties thereto, this Agreement and the applicable Related Agreements will each constitute a valid and legally binding obligation of such Seller, enforceable against it in accordance with their respective terms, except as enforceability may be affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a Proceeding in equity or at Law) (collectively, the "**Enforceability Exception**").

(c) No Conflict. The execution and delivery of this Agreement by each Seller and the Related Agreements to which such Seller is to be a party do not, and the consummation of the Transactions will not, and each Seller's compliance with the terms and conditions hereof and thereof, conflict with or result in any violation of or default under (with or without notice or lapse of time, or both) or give rise to, any payment obligation, or a right of termination, cancellation, modification or acceleration of any obligation or loss of any benefit under (any such event, a "**Conflict**"): (i) any provision of such Seller's Organizational Documents, (ii) any Law or Order applicable to the Acquired Assets in any material respect, (iii) any Acquired Contract, or (iv) any note, bond, mortgage, indenture, agreement, lease, permit, franchise, instrument obligation or other Contract to which any of the Seller Group is a party or by which any of the Seller Group, the Acquired Assets or the Program may be bound or affected, except, in the case the foregoing clause (iv) for any Conflict that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither the execution and delivery of this Agreement and the Related Agreements, nor the consummation of the Transactions, will result in the creation or imposition of any Lien (other than Permitted Liens) on the Acquired Assets.

(d) Capitalization and Operations of ZZI. The authorized shares of ZZI Capital Stock consist of 1,000 shares of ZZI Capital Stock, of which 1,000 shares are issued and outstanding. The 1,000 outstanding shares of ZZI Capital Stock are duly authorized, validly issued, fully paid and non-assessable and are free of any Lien, except for liens under applicable

securities Laws. ZZI has no, and has never had any, Subsidiaries, nor does ZZI control, directly or indirectly, any other Person. ZZI is a direct, wholly owned Subsidiary of ZBI. ZZI was formed solely for the purpose of employing or engaging the ZZI Program Service Providers and related matters and has engaged in no other material business activities and has owned or held no material assets unrelated to such employment or engagement.

(e) Governmental Approvals and Filings. No consent, notice, waiver, approval, Order, or authorization of, or registration, declaration, or filing with, any Governmental Authority, is required by, or with respect to, any member of the Seller Group in connection with the execution and delivery of this Agreement, the Amended Collaboration Agreement or the Related Agreements, or the consummation of the Transactions, except for filings under applicable securities laws or rules of the applicable stock exchange or any filings necessary to transfer the Specified Authorizations to Purchaser.

(f) Taxes.

(i) All income and other material Tax Returns required to be filed (A) by or on behalf of ZZI (including income Tax Returns for any ZZI Tax Group for periods during which ZZI was a member) or (B) otherwise by the Seller Group with respect to the Program, the Program Service Providers or the Acquired Assets, have been duly and timely filed with the appropriate Tax Authority (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, correct and complete in all material respects. All Taxes due and payable by or on behalf of ZZI (including income Taxes of any ZZI Tax Group for periods during which ZZI was a member), and all material Taxes otherwise due and payable by the Seller Group with respect to the Program, the Program Service Providers or the Acquired Assets, have been paid.

(ii) ZZI (and, with respect to the Program, the Program Service Providers, or the Acquired Assets, any other members of the Seller Group) has collected or withheld and timely paid the proper Tax Authority all Taxes required to have been collected or withheld and paid in connection with any amounts paid or owing to or from any employee, independent contractor, customer, creditor, stockholder or other Third Party.

(iii) There are no Liens for Taxes, other than for Taxes not yet due and payable, on any of the Acquired Assets, any of the assets of ZZI or the ZZI Shares.

(iv) None of ZZI, any ZZI Tax Group (with respect to income Taxes for periods during which ZZI was a member), or any member of the Seller Group (with respect to the Program, the Program Service Providers, or the Acquired Assets) has waived any statute of limitations in respect of Taxes or agreed to, or is a beneficiary of, any extension of time with respect to any Tax assessment or deficiency. None of ZZI, any ZZI Tax Group (with respect to income Taxes for periods during which ZZI was a member), or any member of the Seller Group (with respect to the Program, the Program Service Providers, or the Acquired Assets) has applied for or received any Tax ruling, clearance, concession or consent. No power of attorney with respect to Taxes has been granted with respect to ZZI that is still in effect.

(v) Other than the ZZI Tax Group that includes only ZBI and ZZI, ZZI has not been a member of a group, including a combined, consolidated, affiliated or unitary group for any Tax purposes, and does not have any potential liability for the Taxes of any other Person, including under Treasury Regulations section 1.1502-6 (or any similar provision of state, local or non-U.S. Law), as a transferee or successor, by Contract (other than a Contract entered into in the ordinary course of business the primary purpose of which is not related to Tax), or otherwise by operation of Law. ZZI has never been a party to any Tax sharing, indemnification,

reimbursement or allocation agreement (other than an agreement entered into in the ordinary course of business the primary purpose of which is not related to Tax).

(vi) No claim has been made in writing by any Tax Authority in a jurisdiction in which ZZI, any ZZI Tax Group (with respect to income Taxes for periods during which ZZI was a member), or any member of the Seller Group (with respect to the Program, the Program Service Providers, or the Acquired Assets) does not file a particular type of Tax Return or pay a particular type of Tax that ZZI, the ZZI Tax Group, or any member of the Seller Group is or may be subject to taxation by that jurisdiction that has not since been resolved. ZZI is not required to file Tax Returns or pay Taxes in any jurisdiction outside of the United States.

(vii) No audit, written inquiry or other Proceeding by any Tax Authority with respect to Taxes owed by ZZI, the ZZI Tax Group (with respect to income Taxes for periods during which ZZI was a member), or any member of the Seller Group (with respect to the Program, the Program Service Providers, or the Acquired Assets) is pending or outstanding, and no Tax Authority has given notice (in writing) of any intention to commence an audit, inquiry or other Proceeding or assert any deficiency or claim for additional Taxes against ZZI, any ZZI Tax Group (with respect to income Taxes for periods during which ZZI was a member), or any member of the Seller Group (with respect to the Program, the Program Service Providers, or the Acquired Assets).

(viii) Neither ZZI nor any ZZI Tax Group (with respect to income Taxes for periods during which ZZI was a member) has engaged in any “reportable transaction” as defined in Treasury Regulations Section 1.6011-4(b) (or any comparable provisions of state, local or non-U.S. legal requirements). ZZI has not constituted either a “distributing corporation” or a “controlled corporation” in a distribution of stock intended to qualify for tax-free treatment under Section 355 or Section 361 of the Code.

(ix) No power of attorney that is currently in effect has been granted by Sellers with respect to the Acquired Assets (other than powers of attorney granted in the ordinary course of business, such as to a payroll provider).

(x) Neither Purchaser (as a result of its acquisition of the ZZI Shares) nor ZZI will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of (A) any change in method of accounting, or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date, (B) any “closing agreement” described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or non-U.S. Law) executed on or prior to the Closing Date, (C) any intercompany transactions (including any intercompany transaction subject to Section 367 or 482 of the Code) or any excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local, or non-U.S. Law) with respect to a transaction occurring on or prior to the Closing Date, (D) any installment sale or open transaction disposition made on or prior to the Closing Date, or (E) any prepaid amount received or deferred revenue accrued on or prior to the Closing Date. ZZI has not availed itself of any Tax relief, payment or support pursuant to any Pandemic Response Laws that would reasonably be expected to impact the Tax payment and/or reporting obligations of ZZI, Purchaser, or any of their Affiliates after the Closing Date. ZZI uses the accrual method of accounting for income Tax purposes.

(xi) ZZI is and always has been a domestic corporation taxable under subchapter C of the Code. ZZI does not have, and never has had, a direct or indirect ownership interest in any trust, corporation, partnership, limited liability company, joint venture or other business entity for U.S. federal income Tax purposes. ZBI has filed (or will file) a consolidated

U.S. federal income Tax Return with ZZI for the taxable year immediately preceding the current taxable year and is eligible to make an election under Section 338(h)(10) of the Code (and any corresponding or similar provision of state, local or non-U.S. Law).

(xii) ZBI is not a foreign person within the meaning of Sections 1445 or 1446(f) of the Code. None of the Acquired Assets or the ZZI Shares is a "United States real property interest" within the meaning of Section 897 of the Code or an "interest in a partnership" within the meaning of Section 1446(f) of the Code. ZZI has never been a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code.

(xiii) ZZI has complied in all material respects with applicable transfer pricing Laws, including the execution and maintenance of contemporaneous documentation substantiating the transfer pricing practices and methodology of ZZI (as required under Section 482 of the Code and any other applicable federal, state, local or non-U.S. Law). All transactions between ZZI and any related parties have been effected on an arm's length basis. Sellers have made available to Purchaser all material documentation relating to any applicable Tax holidays or incentives that have current applicability to ZZI.

(g) Title to Assets; Sufficiency of Assets.

(i) As of the Agreement Date, each Acquired Contract is a valid and binding agreement of a member of the Seller Group.

(ii) To the Knowledge of Sellers, the Acquired Assets (including any Non-Transferable Assets), when combined with any other assets that Sellers will transfer, or cause to be transferred from the Seller Group, pursuant to Section 6.10 and other any assets, rights and Regulatory Filings, and any rights with respect thereto, of Purchaser and its Affiliates under the Related Agreements and the Amended Collaboration Agreement, constitute assets, rights and Regulatory Filings of the Seller Group that are necessary and sufficient to conduct the clinical trials constituting the Program as conducted by the Seller Group as of the Agreement Date, except for assets, rights and services relating to [***].

(h) Material Contracts.

(i) Section 5.1(h)(i) of the Disclosure Schedule sets forth a true and accurate list of each Contract in effect as of the Agreement Date to which a member of the Seller Group is a party primarily relating to the Program or by which any of the Acquired Assets is bound (collectively, the "**Material Contracts**"), other than Service Provider Plans.

(ii) Section 5.1(h)(ii) of the Disclosure Schedule sets forth a true and accurate list of each Material Contract, other than Service Provider Plans entered into by any member of the Seller Group in settlement of any Proceeding relating to the Program or Acquired Assets.

(iii) As of the Agreement Date, all of the Material Contracts are valid and binding agreements of the applicable member of the Seller Group, enforceable in accordance with their terms, subject to the Enforceability Exception, except to the extent expired in accordance with their terms. Sellers have made available or delivered to Purchaser a correct and complete copy of each written Material Contract, together with all amendments, modifications and supplements thereto. As of the Agreement Date, the applicable member of the Seller Group is not in material breach or material default of any of the Material Contracts, and, to the Knowledge of Sellers, no event has occurred that with notice or lapse of time, or both, would constitute a material default by a member of the Seller Group under any Material Contract. To the Knowledge of Sellers, as of the Agreement Date, no other party to a Material Contract is in

material breach or material default of such Material Contract. As of the Agreement Date, no party has repudiated in writing or, to the Knowledge of Sellers, otherwise provided notice of its intention to repudiate any provision of a Material Contract. Prior to the Agreement Date, no member of the Seller Group has given to or received from any other Person any written, or to the Knowledge of Sellers other, notice regarding any material violation or breach of, or default under, any Material Contract.

(i) Compliance with Laws. Each Seller is in compliance in all material respects with, and, to the Knowledge of Sellers, has complied in all material respects with, all applicable Laws and Orders applicable to the Program and the Acquired Assets.

(j) Legal Proceedings.

(i) As of the Agreement Date, there are no Actions pending or, to the Knowledge of Sellers, threatened, against or pertaining to the Program or any of the Acquired Assets, and there is no investigation (internal or external), audit or other Proceeding pending or, to the Knowledge of Sellers, threatened, pertaining to the Program, any of the Acquired Assets or any of the executive officers or directors of the Seller Group relating to the Program, in each case, by or before any Governmental Authority. As of the Agreement Date, there are no Actions pending, or to the knowledge of the Sellers, threatened, against any member of the Seller Group that seek to or would reasonably be expected to prevent or delay the ability of Sellers to enter into and perform their obligations under this Agreement or any Related Agreement, or the Transactions.

(ii) As of the Agreement Date, there is no Order to which any member of the Seller Group is subject or that is pending or, to the Knowledge of Sellers, threatened, that relates to any of the Acquired Assets or Assumed Liabilities.

(k) Regulatory Compliance.

(i) Section 5.1(k)(i) of the Disclosure Schedule sets forth a true and accurate list of all INDs within the Specified Authorizations, specifying for each the member of the Seller Group that serves as the sponsor, as applicable.

(ii) To the Knowledge of Sellers, no member of the Seller Group has received notice of any Action or any Liability on the part of the Seller Group to undertake or to bear all or any portion of the cost of remedial action of any nature in connection with the conduct of the Program.

(iii) As of the Agreement Date, to the Knowledge of Sellers, all preclinical testing in respect of the Program conducted by or on behalf of the Seller Group has been conducted in accordance in all material respects with reasonable experimental protocols, procedures, and controls, as well as pursuant to applicable Laws and Orders and good laboratory practices, as applicable.

(iv) As of the Agreement Date, the Program is being and has been conducted in compliance in all material respects with applicable good clinical practice regulations and guidance, including adverse event reporting, and all applicable Laws, including those relating to protection of human subjects and those contained in 21 CFR Parts 50, 54, 56 and 312, as amended, and any other similar state or non-U.S. Law. As of the Agreement Date, to the Knowledge of Sellers, no clinical trial included in the Program has been placed on clinical hold by the FDA or any similar Regulatory Authority.

(v) No member of the Seller Group is the subject of any pending or, to the Knowledge of Sellers, threatened, investigation by the FDA pursuant to its "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" Final Policy set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto or any other Governmental Authority that has jurisdiction over the operations of the Seller Group under any similar policy. Neither the Seller Group nor, to the Knowledge of Sellers, any of its officers, employees, or agents acting for the Seller Group, has committed any prohibited act, made any statement of material fact or any material omissions, relating to the Program that would reasonably be expected to provide a basis for the FDA to invoke its policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto.

(l) **No Brokers**. No broker, finder, or investment banker is entitled to any brokerage commission, finder's fee or similar payment in connection with the Transactions based upon arrangements made by or on behalf of any member of the Seller Group.

(m) **Employee Benefit Plans**.

(i) Section 5.1(m)(i) of the Disclosure Schedule sets forth a true and complete list of all ZZI Employee Plans excluding the [***] and intercompany transfer letters that do not materially deviate from the standard forms provided to Purchaser, in which case only the template form of agreement shall be scheduled. True and complete copies of all ZZI Employee Plans and all material Group Employee Plans in which a ZZI Program Service Provider or Identified Service Provider is eligible to participate (together, the "**Service Provider Plans**") have been made available to Purchaser, including each of the following documents (or a written summary of the material terms if unwritten) with respect to each Service Provider Plan, as applicable: (A) all documents evidencing such Service Provider Plans, (B) the current summary plan description and any summary of material modifications, (C) the most recent determination or opinion letter issued by the IRS, (D) the most recently filed Form 5500, (E) all applicable trusts, insurance policies, other finding arrangements and services Contracts relating to each Service Provider Plan, and (F) all non-routine correspondence with a Governmental Authority related to a Service Provider Plan.

(ii) Except as would not reasonably be expected to result material liability to ZZI, with respect to the Group Employee Plans: (A) no event has occurred and there exists no condition or set of circumstances in connection with which any member of the Seller Group could be subject to material liability (except for routine claims for benefits) under the terms of such Group Employee Plans, ERISA or the Code, (B) each of the Group Employee Plans has been operated and administered in all material respects in accordance with its terms and applicable Law, including ERISA and the Code, (C) each Group Employee Plan that is intended to be qualified within the meaning of Section 401(a) of the Code has received (or is entitled to rely upon) a favorable determination or opinion letter as to such qualification from the IRS and no event has occurred, that would reasonably be expected to adversely affect the qualified status of any such Group Employee Plan, (D) no Action is pending or, to the Knowledge of Sellers, threatened, against or affecting any Group Employee Plan or fiduciary thereof, and (E) no Group Employee Plan provides medical, life or other welfare benefits to any retirees or other employees after their employment is terminated (other than as required by Part 6 of Substitute B of Title I of ERISA or similar state or non-U.S. Law, if applicable, for which the employee and/or the employee's spouse or dependent pay 100% of the premiums or other required contributions).

(iii) None of the Group Employee Plans is, and the Seller Group and its ERISA Affiliates (and the predecessors thereof) have never sponsored, maintained, administered, contributed to, been obligated to contribute to or had any direct or indirect liability in respect of a

benefit plan that is, a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA), a single employer plan (within the meaning of Section 4001(a)(15) of ERISA) or subject to either Title IV of ERISA or Section 412 of the Code.

(iv) Neither the execution, delivery or performance of this Agreement, the Amended Collaboration Agreement or any Related Agreement, nor the consummation of the Transactions (either alone or in connection with any other event) will (A) entitle any Continuing Service Provider to any payment or benefit, including any change of control, transaction, retention, stay, severance, termination, or similar payments or benefits, (B) result in the acceleration or creation of any rights of any Continuing Service Provider under any Group Employee Plan (including the acceleration of the vesting or exercisability of any stock options, the acceleration of the vesting of any restricted stock, and the acceleration or creation of any rights under any severance, parachute or change in control agreement), or (C) give rise to the payment of any amount that could reasonably be expected to be a “parachute payment” under 280G of the Code.

(n) Labor and Employment Matters.

(i) Sellers have made available a complete and accurate list of the names of all current Program Service Providers, specifying for each, as applicable, their (A) status as an employee or independent contractor, (B) position and description of the areas of responsibility with respect to the Program, (C) annual base salary, hourly wage rate, or contract rate, as applicable, (D) date of hire or engagement, (E) for employees, classification as exempt or non-exempt, (F) entity with which they are employed or engaged, (G) location of employment or business location, (H) target commission, bonus and incentive entitlements, and (I) whether absent from active employment on a leave of absence and their anticipated date of return to active employment. To the Knowledge of Sellers, no current Program Service Provider has expressed any written intention to terminate his or her employment or service within the [***] period following the Closing.

(ii) No member of the Seller Group is a party to any labor or collective bargaining Contract that pertains to any current Program Service Providers. There are no, and during the past [***] have been no, organizing activities or collective bargaining arrangements that could affect the Program pending or under discussion with any current Program Service Providers or any labor organization. There is no, and during the past [***] there has been no, labor dispute, strike, controversy, slowdown, work stoppage or lockout pending or, to the Knowledge of Sellers, threatened, against or affecting the Program or any member of the Seller Group in connection with the Program, nor is there any basis for any of the foregoing. No member of the Seller Group has breached or otherwise failed to comply with the provisions of any collective bargaining or union Contract affecting any current Program Service Provider. There are no pending or, to the Knowledge of Sellers, threatened, union grievances or union representation questions involving any current Program Service Provider.

(iii) Each member of the Seller Group is and during the past [***] has been in compliance in all material respects with all applicable Laws respecting labor, employment, and employment practices applicable to the current Program Service Providers, including, but not limited to, those pertaining to discrimination or harassment in employment, terms and conditions of employment, termination of employment, wages, overtime classification, hours, occupational safety and health, employee whistle-blowing, immigration, employee privacy, and classification of employees, consultants and independent contractors. No member of the Seller Group is engaged in any unfair labor practice, as defined in the National Labor Relations Act or other applicable Laws, in connection with the Program and/or the current Program Service Providers. No unfair labor practice or labor charge or complaint is pending or, to the Knowledge of Sellers, threatened, with respect to the Program and/or any current Program

Service Providers before the National Labor Relations Board, the Equal Employment Opportunity Commission or any other Governmental Authority.

(iv) Each member of the Seller Group has withheld and paid to the appropriate Governmental Authority, or is holding for payment not yet due to such Governmental Authority, all amounts required to be withheld from the current Program Service Providers and is not liable for any arrears of wages, Taxes, penalties or other sums for failure to comply with any applicable Laws relating to the current Program Service Providers or the employment of labor in connection with the Program. Each member of the Seller Group has paid in full to all current Program Service Providers or adequately accrued in accordance with GAAP for all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf thereof.

(v) No member of the Seller Group is a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Authority relating to or affecting the current Program Service Providers or employment practices in connection with the Program. Neither the Seller Group nor any of the Seller Group's executive officers has received within the past [***] any notice of intent by any Governmental Authority responsible for the enforcement of labor or employment laws to conduct an investigation relating to the Program and/or any current Program Service Providers and, to the Knowledge of Sellers, no such investigation is in progress.

(vi) In the past [***], (A) no allegations of unlawful workplace harassment, sexual harassment, retaliation, discrimination, or other similar misconduct have been made, initiated, filed or threatened by or against any current Program Service Provider in their capacities as such, (B) to the Knowledge of Sellers, no incidents of any such workplace harassment, sexual harassment, retaliation, discrimination, or other similar misconduct have occurred, and (C) no member of the Seller Group has entered into any settlement agreement related to allegations of such workplace harassment, sexual harassment, retaliation, discrimination, or other similar misconduct threatened by or against any current or former Program Service Provider.

5.2 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Sellers that:

(a) Organization and Existence. Purchaser is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware, with full power and authority to own, lease, and operate its business and properties and to carry on its business as and where such properties and assets are now owned or leased and such business is now conducted.

(b) Authority; Binding Nature of Agreements. Purchaser has the power to enter into this Agreement and each of the Related Agreements to which it is to be a party and to perform its obligations hereunder and thereunder. The execution, delivery, and performance by Purchaser of this Agreement and the Related Agreements to which it is to be a party, and the consummation by Purchaser of the Transactions, have been duly authorized by all required action on the part of Purchaser. This Agreement and each Related Agreement to which it is to be a party have been duly executed and delivered by Purchaser, and, assuming the due execution and delivery of this Agreement and each such Related Agreement by Sellers and other counterparties thereto, this Agreement and such Related Agreements will each constitute a valid and legally binding obligation of Purchaser, enforceable against Purchaser in accordance with their respective terms, except as enforceability may be affected by the Enforceability Exception.

(c) No Conflict. The execution and delivery by Purchaser of this Agreement and each of the Related Agreements to which it is to be a party, and the consummation by Purchaser of the Transactions, do not and will not Conflict with (i) any provision of, or require any consent of any Person that has not been obtained under, Purchaser's Organizational Documents, (ii) any provision of, or require any consent, authorization, or approval under, any Law or any Order applicable to Purchaser, (iii) any material Contract to which Purchaser is a party or by which it is bound or to which any of its assets or property is subject, or (iv) result in the creation of any Lien upon the assets or property of Purchaser, except, in the case the foregoing clauses (ii), (iii) or (iv) for any Conflict that would not reasonably be expected to prevent or materially delay the ability of Purchaser to enter into and perform its obligations under this Agreement or any Related Agreement, or the Transactions.

(d) Governmental Approvals and Filing. No consent, notice, waiver, approval, Order, or authorization of, or registration, declaration, or filing with, any Governmental Authority, is required by, or with respect to, Purchaser or any of its Affiliates in connection with the execution and delivery of this Agreement or the Related Agreements, or the consummation of the Transactions, except for filings under applicable securities laws or rules of the applicable stock exchange or filings the failure of which to be made would not reasonably be expected to prevent or materially delay the ability of Purchaser to enter into and perform its obligations under this Agreement or any Related Agreement, or the Transactions.

(e) Legal Proceedings. As of the Agreement Date, there are no Actions pending, or to the knowledge of Purchaser, threatened, against Purchaser or its Affiliates that would reasonably be expected to prevent or delay the ability of Purchaser to enter into and perform its obligations under this Agreement or any Related Agreement, or the Transactions.

6. Additional Agreements

6.1 Conduct of Business.

(a) During the period from the Agreement Date and continuing until and through the Closing, Sellers shall and shall cause the Seller Group to (except to the extent required by Law, as contemplated by this Agreement or as consented to in writing by Purchaser) conduct the Program in the usual regular and ordinary course in substantially the same manner as heretofore conducted and in accordance with the terms of the Original Collaboration Agreement.

(b) Without limiting the foregoing, except to the extent required by Law, as contemplated by this Agreement or as set forth in the Disclosure Schedule, or as consented to in writing by Purchaser, during the period from the Agreement Date and continuing until and through the Closing, each Seller shall not (and shall cause the other members of the Seller Group not to), without the prior written consent of Purchaser: (i) sell or otherwise transfer, or agree, commit or offer (in writing or otherwise) to sell or otherwise transfer any interest in the Acquired Assets outside the ordinary course of business; (ii) amend, waive any material rights, modify or consent to the termination of any Material Contract that is a Acquired Contract, or amend, waive any material rights, modify or consent to the termination of Sellers' rights thereunder, except in the regular and ordinary course of business consistent with Sellers' past practice; (iii) hire any individual that would be a Program Service Provider if employed or engaged as of the Agreement Date; (iv) terminate the employment or engagement of any Program Service Provider, other than for cause; (iv) amend in any manner the terms of any Group Employee Plan or any employment agreement, consulting agreement, or independent contractor agreement with any Program Service Provider; (v) increase, amend, or award any new benefits, salaries, wage rates, severance, retention award, change of control award, or other compensation of any Program Service Provider, or otherwise materially modify the terms and conditions of employment of the Program Service Providers; (v) assign any Group Employee Plan to ZZI; or

(vii) amend any of the Organizational Documents of ZZI, adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of any member of the Seller Group (including ZZI), effect any recapitalization, reclassification, distribution, equity split or like change in capitalization of ZZI, or issue, sell or transfer to any Third Party any equity securities or other interests in the equity of ZZI.

6.2 Public Disclosures.

(a) Except with respect to the Current Report on Form 8-K Sellers intend to file with the SEC disclosing the execution of this Agreement and the transactions contemplated hereby, in the form attached hereto as **Exhibit C** (the "**Announcement 8-K**"), , each Party agrees not to issue any press release or other public statement, whether oral or written, disclosing the terms hereof or any of the activities conducted hereunder without the prior written consent of the other Parties (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that no Party will be prevented from complying with any duty of disclosure it may have pursuant to applicable Laws or pursuant to the rules of any recognized stock exchange or quotation system, subject to that Party notifying the other Party of such duty and limiting such disclosure as reasonably requested by the other Party (and giving the other Party at least [***] to review and comment on any proposed disclosure), to the extent permissible under applicable Laws. Each Party may make any public statement in response to questions by the press, analysts, investors or those attending industry conferences or financial analyst calls, or issue press releases, so long as any such public statement or press release is consistent with prior public disclosures or public statements approved pursuant to this Section 6.2(a) and which do not reveal nonpublic information about the other Parties.

(b) The Parties hereby acknowledge and agree that either Party may be required by applicable Laws to submit a copy of this Agreement to the U.S. Securities and Exchange Commission (the "**SEC**") or any national or sub-national securities regulatory body in any jurisdiction (collectively, the "**Securities Regulators**"). Except with respect to the Announcement 8-K, if a Party is required by applicable Laws to submit a description of the terms of this Agreement to or file a copy of this Agreement with any Securities Regulator, such Party agrees to consult and coordinate with the other Party with respect to such disclosure or the preparation and submission of a confidential treatment request for this Agreement. Notwithstanding the foregoing, except with respect to the Announcement 8-K, if a Party is required by applicable Laws to submit a description of the terms of this Agreement to or file a copy of this Agreement with any Securities Regulator and such Party has (i) promptly notified the other Party in writing of such requirement and any respective timing constraints, (ii) provided copies of the proposed disclosure or filing to the other Party reasonably in advance of such filing or other disclosure, and (iii) given the other Party at least [***] to comment upon and request confidential treatment for such disclosure, then such Party will have the right to make such disclosure or filing at the time and in the manner reasonably determined by its outside counsel to be required by applicable Laws or the applicable Securities Regulator. If a Party seeks to make a disclosure or filing as set forth in this Section 6.2(b) and the other Party provides reasonable comments within the respective time periods or constraints specified herein, the Party seeking to make such disclosure or filing will in good faith consider incorporating such reasonable comments.

6.3 Confidentiality. The Parties agree and acknowledge that the Amended Collaboration Agreement contains provisions relating to the Parties' obligations concerning confidentiality, which provisions are hereby incorporated herein by reference and shall continue in full force and effect in accordance with its terms; provided that, subject to Section 6.2, Sellers agree that the terms of this Agreement, the Amended Collaboration Agreement and the Related Agreements and all confidential information of Purchaser, any member of the Seller Group (with respect to the Program), the Acquired Assets, and the Assumed Liabilities to which Sellers or

any of their Affiliates or Representatives had access prior to the Closing constitutes Confidential Information of Purchaser Irish Affiliate covered by the Amended Collaboration Agreement; provided further, that all Confidential Information of the Seller Group to the extent relating to the Acquired Assets shall be the Confidential Information of Purchaser after the Closing.

6.4 Further Assurances and Cooperation

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(a) Further Assurances. Upon the terms and subject to the conditions set forth in this Agreement, Sellers, on the one hand, and Purchaser, on the other hand, agree to use their respective reasonable best efforts, and to cooperate with the other Parties, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, appropriate or advisable to consummate and make effective, in the most expeditious manner practicable, the Transactions, including the following: (i) the obtaining of all necessary actions or non-actions, waivers, consents, and approvals from Governmental Authorities and the making of all necessary registrations and filings (including filings with Governmental Authorities, if any); (ii) the obtaining of all necessary Third Party Consents required in accordance with the transfer of any Acquired Asset from any member of the Seller Group to Purchaser pursuant to Section 2.1; (iii) the execution and delivery of any additional agreements or instruments necessary to consummate the Transactions and to fully carry out the purposes of, this Agreement, the Amended Collaboration Agreement and the Related Agreements; and (iv) following the Closing, the identification and delivery of all Acquired Assets not previously identified and delivered pursuant to Section 6.10.

(b) Cooperation. If, in order to properly prepare any documents or reports required to be filed with any Governmental Authority, it is necessary that either Purchaser, on the one hand, or Sellers, on the other hand, be furnished with additional information, documents, or records relating to the Program, the Acquired Assets, the Excluded Liabilities, or the Assumed Liabilities, and such information, documents, or records are in the possession or control of the other Party, such other Parties shall use their respective commercially reasonable efforts to furnish or make available such information, documents, or records (or copies thereof) at the recipient's reasonable request and at recipient's cost and expense; provided, that, the Parties agree that any such materials received pursuant to this Section 6.4(b) shall constitute and be treated as Confidential Information.

(c) Access. Between the Agreement Date and the Closing Date, Sellers shall (i) give Purchaser and its Affiliates and their Representatives reasonably requested access to the facilities, properties, personnel, Contracts, operating and financial reports, work papers, books and records of Sellers as related to the Acquired Assets and (ii) [***]; provided that no information or knowledge obtained by Purchaser and its Affiliates or their Representatives in any investigation conducted pursuant to the access contemplated by this Section 6.4(c) shall affect or be deemed to modify any representation or warranty of Sellers set forth in this Agreement or otherwise impair the rights and remedies available to Purchaser hereunder. Any investigation pursuant to this Section 6.4(c) shall be conducted in such manner as not to interfere unreasonably with the conduct of the business or operations of Sellers.

(d) Transition Services Agreement. Between the Agreement Date and the Closing Date, the Parties shall, in good faith and with reasonable cooperation, negotiate and agree on the final form of the Transition Services Agreement, which Transition Services Agreement shall be executed and delivered on the Closing Date pursuant to Section 4.2.

6.5 Tax Matters.

(a) Preparation of Tax Returns.

(i) ZBI shall prepare and timely file, or cause to be prepared and timely filed, any combined, consolidated or unitary Tax Return that includes any member of the Seller Group (other than ZZI), on the one hand, and ZZI, on the other hand (each, a "**Combined Tax Return**"). ZBI shall include the income of ZZI (including any deferred items triggered into income by Treasury Regulations Section 1.1502-13 and any excess loss account taken into income under Treasury Regulations Section 1.1502-19) on ZBI's consolidated U.S. federal income Tax Returns for all Pre-Closing Tax Periods as required by applicable Law and pay any U.S. federal income Taxes attributable to such income. For all Pre-Closing Tax Periods, ZBI shall cause ZZI to join in ZBI's consolidated U.S. federal income Tax Return.

(ii) Purchaser shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of ZZI (other than any Combined Tax Return) for a Pre-Closing Tax Period or Straddle Period that are required to be filed after the Closing Date (each, a "**Purchaser Prepared Return**"). All Purchaser Prepared Returns that are not for a Straddle Period shall be prepared by treating items on such Tax Returns in a manner consistent with the past practices of ZZI with respect to such items, except as otherwise required by applicable Law or to the extent any deviation from such past practices would not reasonably be expected to give rise to an increased claim for indemnification by the Purchaser Indemnified Parties pursuant to this Agreement. In the event that any Purchaser Prepared Return shows any Pre-Closing Taxes that are subject to indemnification by Sellers pursuant to this Agreement, Purchaser will submit a copy of such Tax Return to Sellers for review and comment prior to the filing of such Tax Return (taking into account any extension properly obtained); provided that any failure or delay in providing any such Tax Return to Sellers by Purchaser shall not relieve Sellers of any indemnification obligations with respect to such Tax Return, except to the extent Sellers are actually prejudiced as a result thereof. Purchaser shall consider in good faith all reasonable comments timely received from Sellers.

(b) Straddle Period Taxes. For all purposes of this Agreement, in the case of any Straddle Period, the amount of any Taxes based on or measured by income, receipts or payroll for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and in the case of any Taxes attributable to the ownership of any equity interest in any partnership or other "flowthrough" entity or "controlled foreign corporation" (within the meaning of Section 957(a) of the Code or any comparable state, local or non-U.S. Law), as if the taxable period of such partnership or other "flowthrough" entity or "controlled foreign corporation" ended as of the end of the Closing Date), and the amount of other Taxes which relate to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the number of days in the Straddle Period.

(c) Transfer Taxes. All transfer, documentary, sales, use, stamp, value added, goods and services, excise, registration and other similar Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the Transactions ("**Transfer Taxes**") and any expenses associated with filing Tax Returns with respect to such Transfer Taxes shall be borne [***] by Sellers and [***] by Purchaser. The Party required under applicable Laws to file a Tax Return with respect to Transfer Taxes will prepare or cause to be prepared, and file, or cause to be filed, all necessary Tax Returns and other documentation with respect to such Transfer Taxes, and if required by applicable Law, the Parties shall, and shall cause their Affiliates to, join in the

execution of any such Tax Returns. The Parties agree to reasonably cooperate to minimize any Transfer Taxes to the extent permitted by applicable Law.

(d) Tax Contests.

(i) After the Closing Date, Purchaser, ZZI and Sellers, respectively, shall inform each other party in writing of the commencement of any claim, audit, investigation, examination, or other Action, proceeding or self-assessment relating, in whole or in part, to Taxes of ZZI for a Pre-Closing Tax Period ("**Tax Contest**") for which Purchaser may be entitled to indemnity from Sellers under this Agreement. Except as set forth in Section 6.5(d)(ii), Purchaser shall have the exclusive right to represent the interests of ZZI in any and all Tax Contests and shall have absolute discretion with respect to any decisions to be made, or the nature of any action to be taken, with respect to any such Tax Contest; provided, however, that to the extent that any such Tax Contest would reasonably be expected to give rise to an indemnity obligation of Sellers, Purchaser shall not resolve such Tax Contest without Sellers' prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(ii) ZBI and Sellers shall have the exclusive right to control any claim, audit, investigation, examination, or other Action, proceeding or self-assessment relating to a Combined Tax Return, provided no Seller shall settle any audit of a Combined Tax Return to the extent such Tax Return relates to ZZI in a manner that would adversely affect ZZI after the Closing Date without the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed).

(iii) To the extent the provisions of this Section 6.5(d) conflict with the provisions of Section 7.5, this Section 6.5(d) shall govern with respect to Tax Contests.

(e) Cooperation. Sellers shall cooperate fully with Purchaser, as and to the extent reasonably requested by Purchaser, in connection with the preparation and filing of Tax Returns, the conduct of any audit or other examination by any Governmental Authority, or in connection with any judicial or administrative proceeding relating to Taxes, in each case to the extent relevant to Pre-Closing Taxes. Such cooperation shall include obtaining and providing appropriate forms, retaining and providing records and information that are reasonably relevant to the preparation and filing of any such Tax Returns, the conduct of any such audit or examination, or in connection with any such judicial or administrative Proceedings, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder. Such cooperation shall also include providing any relevant information within the possession of any member of the Seller Group as requested by Purchaser that is reasonably necessary for Purchaser to determine any limitations or reductions of any of ZZI's net operating loss carryforwards and other Tax attributes, including under Sections 382, 383 and 384 of the Code (and any corresponding or similar provision of state, local or non-U.S. Tax Law) and Treasury Regulations Section 1.1502-36(d). Notwithstanding the foregoing or any other provision herein to the contrary, in no event shall Purchaser be entitled to review or otherwise have access to any Combined Tax Return of the Seller Group.

(f) Tax Sharing Agreements. All Tax sharing agreements or similar agreements between any member of the Seller Group (other than ZZI), on the one hand, and ZZI, on the other hand, and all powers of attorney to which ZZI is a party, will be terminated prior to the Closing and, after the Closing, no such agreement or power of attorney will have any effect on ZZI, and Purchaser and its Affiliates shall not have any liabilities or obligations with respect thereto.

(g) Section 338(h)(10) Election. At Purchaser's option, Purchaser and ZBI shall join in making an election under Code §338(h)(10) (and any corresponding elections under state, local, or non-U.S. Tax Law) (collectively, a "**Section 338(h)(10) Election**") with respect to the purchase and sale of the ZZI Shares; provided that Purchaser will first pay ZBI an amount in cash intended to make ZBI whole for any incremental Taxes incurred by ZBI as a result of the Section 338(h)(10) Election (including Taxes on payments pursuant to this Section 6.5(g)), which amount Purchaser and ZBI shall negotiate in good faith.

(h) Post-Closing Tax Actions. From and after the Closing, to the extent such action would give rise to an indemnity claim under Article 7 or otherwise increase the Seller Tax Liabilities, Purchaser and its Affiliates shall not, and shall not cause or permit ZZI to, (i) amend any Tax Return of ZZI with respect to any Pre-Closing Tax Period, (ii) submit any voluntary disclosure application to, or enter into any voluntary disclosure agreement with, any Governmental Authority with respect to any Taxes or Tax Returns of ZZI for any Pre-Closing Tax Period, or (iii) make any Tax election with respect to ZZI that has effect for any Pre-Closing Tax Period, other than pursuant to Section 6.5(g), in each case without the prior written consent of Sellers, which consent will not be unreasonably withheld, conditioned or delayed.

6.6 Service Provider Matters.

(a) Prior to the Closing Date, Purchaser shall extend offers of employment to each Program Service Provider identified on **Schedule 6.6(a)** (the "**Identified Service Providers**"), which offers will be effective as of and contingent upon the Closing (with no break in service), recognizes past service with the Seller Group, and which will provide for employment terms and conditions no less favorable in the aggregate to those in effect immediately prior to the Closing (the "**Identified Service Provider Offer Letters**"). The Identified Service Provider Offer Letters shall also be contingent on such Identified Service Provider successfully passing a screening to determine if such individual has been deemed ineligible under applicable Laws to participate in health care programs or procurement and non-procurement programs (and, for the avoidance of doubt, Purchaser may revise **Schedule 1.1** prior to the Closing to include any such Identified Service Provider or ZZI Program Service Provider determined by Purchaser in good faith to be so ineligible). Sellers and Purchaser shall cooperate and use commercially reasonable efforts to cause the Identified Service Providers to execute the Identified Service Provider Offer Letters. Sellers shall, and shall cause each other member of the Seller Group to, not impair Purchaser's or its Affiliates' efforts to obtain or continue the employment of the ZZI Program Service Providers and Identified Service Providers, and Sellers shall not, and shall cause other members of the Seller Group not to, make competing offers or proposals, or, directly or indirectly, seek to induce any such Person not to accept Purchaser's or its Affiliates' offer of employment or engagement or terminate such employment or engagement. Effective as of the Closing, Sellers will, or will cause other members of the Seller Group to, [***].

(b) Sellers hereby covenant and agree, including on behalf of the Seller Group (other than ZZI), that, effective as of the Closing, (i) all confidentiality, non-solicitation, non-competition and other restrictive covenants with respect to the Acquired Assets that have been granted by any Continuing Service Provider in favor of the Seller Group (other than ZZI) are hereby fully waived with respect to such Continuing Service Providers' employment or engagement by Purchaser and its Affiliates as of and following the Closing, and (ii) the Seller Group (other than ZZI) releases all claims it may have against such Continuing Service Providers, Purchaser and its Affiliates with respect to such waived covenants. Sellers hereby agree, including on behalf of the Seller Group (other than ZZI), not to sue or otherwise seek recourse against Purchaser and its Affiliates or any Continuing Service Provider for a breach of any such waived covenants. Notwithstanding the foregoing, Sellers, including on behalf of the

Seller Group (other than ZZI), does not waive any right to assert confidentiality obligations against the Continuing Service Providers with respect to any Excluded Assets.

(c) [***]

(d) Following the Closing Purchaser shall, or shall cause its Affiliates to, [***] entered into with the Continuing Employees, with any such [***], and such payments shall be Assumed Liabilities.

(e) Sellers, including on behalf of the Seller Group (other than ZZI), shall remain solely responsible for compliance with all Laws and fulfillment of all Liabilities relating to the employment or engagement of any Person who is not a Continuing Service Provider (including, for the avoidance of doubt, the Non-Continuing Service Providers), whether occurring prior to, on, or after the Agreement Date, and whether or not in connection with the Transactions, including notice and severance requirements, wages, commissions, salaries, bonuses, vacation pay, benefits, and all costs relating to the continuation of health or other benefits. [***]

(f) For a period of not less than [***] following the Closing, Purchaser shall, or shall cause its Affiliates to, provide (i) a base salary or base wage to each Continuing Service Provider who is an employee (the "**Continuing Employees**") that is no less favorable than such base salary or base wage in effect as of immediately prior to the Closing, (ii) employee benefits (excluding severance and equity and equity-based compensation) that are no less favorable in the aggregate to those provided to similarly situated employees of Purchaser and its Affiliates; and (iii) for Continuing Employees, severance benefits that are no less favorable than those provided to similarly situated employees of Purchaser and its Affiliates. Purchaser shall, or shall cause its Affiliates to, provide for each Continuing Employee who is participating in a variable cash incentive plan or program of the Seller Group as of immediately prior to the Closing, for 2023 service only, a target cash incentive opportunity at least as favorable as that provided to similarly situated employees of the Purchaser and its Affiliates, which incentive opportunity shall be provided for the entire year (including the portion of 2023 that lapsed prior to the Closing) and not pro-rated to reflect only the portion of the 2023 calendar year occurring post-Closing (but which may be pro-rated with respect to any Continuing Employee who was not employed by a member of the Seller Group as of January 1, 2023 based on such Continuing Employee's start date with the applicable member of the Seller Group). For purposes of determining eligibility to participate, vesting and future accruals (but not, for the avoidance of doubt, for purposes of (i) benefit accruals under any defined benefit plan or (ii) for purposes of any equity incentive plan maintained by Purchaser or any of its Affiliates) of Purchaser and its Affiliates, Purchaser shall, or shall cause its Affiliates to, use commercially reasonable efforts to provide Continuing Employees with service credit under Purchaser's (or its applicable Affiliate's) employee benefit plans or arrangements for their period of service with the Seller Group prior to the Closing to the same extent that such service was recognized for such purposes immediately prior to the Closing under the corresponding Group Employee Plans, except where doing so would cause a duplication of benefits. With respect to each group health plan maintained by Purchaser or any of its Affiliates for the benefit of the Continuing Employees, Purchaser shall, and shall cause its Affiliates to, use commercially reasonable efforts to (i) ensure that Purchaser's or its Affiliate's third party insurance carriers cause to be waived any eligibility waiting periods, any evidence of insurability requirements and the application of any pre-existing condition limitations under such plan to the extent such restrictions were waived or satisfied under the comparable health or welfare benefit plan of the Seller Group immediately prior to the Closing and (ii) provide Continuing Employees with credit for any co-payments, deductibles, and offsets (or similar payments) made during the plan year including the Closing for the purposes of satisfying any applicable deductible, out-of-pocket, or similar requirements under any of Purchaser's (or its

applicable Affiliate's) employee benefit plans or programs in which Continuing Employees eligible to participate during the year in which the Closing occurs.

(g) Prior to the Closing, Sellers shall, or shall have caused their Affiliates to, have amended any [***] upon the execution, delivery, or performance of this Agreement, the Amended Collaboration Agreement, or any Related Agreement, and/or the consummation of the Transactions (either alone or in connection with any other event), in each case with respect to any Continuing Service Providers, [***].

(h) At or prior to the Closing, Sellers shall [***].

(i) During the period from the Agreement Date and continuing until and through the Closing, to the extent reasonably requested by Purchaser, Sellers shall provide the Purchaser with reasonable access to the ZZI Program Service Providers and Identified Service Providers. Consistent with applicable Law, Sellers shall provide Purchaser access to and duplications of the ZZI Program Service Providers' and Identified Service Providers' personnel files, payroll records, and other employment-related records and files and shall provide such other information as Purchaser may reasonably require in connection with its employment of such individuals. Sellers shall provide Purchaser with an advance copy of any written or oral communications to any and all ZZI Program Service Providers and Identified Service Providers pertaining to their post-Closing terms and conditions of employment or any other matters related to the Transaction ("**Employee Communications**"), after which the Purchaser shall have a reasonable period of time to review and comment on such Employee Communications, and Sellers shall consider and incorporate any such comments in good faith. In the event that the Parties intend to issue any joint Employee Communications, the Parties shall cooperate in good faith prior to making any such Employee Communications and neither Party shall issue any joint Employee Communications in the event they are not able to reasonably agree on their form and substance. Sellers agrees that Sellers shall not, and each Seller shall cause the Seller Group not to, issue any Employee Communications that are contradictory, inconsistent, or otherwise conflict with any Employee Communications issued by Purchaser or the terms of this Agreement. Nothing herein shall limit or restrict the Purchaser's ability to unilaterally issue any Employee Communications of its own to the ZZI Program Service Providers and Identified Service Providers at any time without prior approval or review by Sellers, provided such Employee Communications are consistent with the terms of this Agreement. The access and information provided in accordance with this Section 6.6(i) shall not in any way diminish or otherwise affect any of the representations or warranties of Sellers hereunder or Purchaser's right to indemnification pursuant to Section 7 in respect of any breach thereof.

(j) Nothing herein express or implied by this Agreement shall confer upon any Continuing Service Provider, any other current or former employee, applicant, independent contractor or consultant of the Seller Group, or legal representative thereof, any rights or remedies, including any right to employment or benefits for any specified period, of any nature or kind whatsoever, under or by reason of this Agreement or confer upon any such Person any right to continued employment for any period or continued receipt of any specific employee benefit, or shall constitute an amendment to or any other modification of any benefit plan.

6.7 Transfer of Specified Authorizations.

(a) As soon as practicable (and no later than [***], unless (x) reasonably requested by Sellers and (y) consented to by Purchaser, such consent not to be unreasonably withheld, conditioned or delayed) following the Closing Date, (i) Sellers shall, and shall cause the other applicable member of the Seller Group to, promptly (A) send letters, in form and substance reasonably satisfactory to Purchaser, to the applicable Regulatory Authorities indicating that each Specified Authorization is transferred to Purchaser or its designated Affiliate

and that Purchaser or its designated Affiliate is the new owner of the Specified Authorizations, and (B) promptly provide to Purchaser a copy of said letters; and (ii) Purchaser shall promptly (A) send letters, in form and substance reasonably satisfactory to Seller, to the applicable Regulatory Authorities indicating its acceptance of the transfer of each Specified Authorization to Purchaser or its designated Affiliate and that Purchaser or its designated Affiliate is the new owner of the Specified Authorizations, and (B) promptly provide to Sellers a copy of said letters.

(b) Activities required to be undertaken by the Specified Authorization holder, including annual reports to FDA and other applicable Regulatory Authorities, handling and tracking of complaints and communications with investigators, shall be conducted in accordance with the terms of the Transition Services Agreement.

6.8 Communication with Governmental Authorities. Until a Specified Authorization is transferred to Purchaser or its designated Affiliate at or following the Closing, the applicable members of the Seller Group shall [***] all communications with the FDA and other applicable Regulatory Authorities relating to the Program with respect to such Specified Authorization, with Purchaser’s reasonable assistance in accordance with the Transition Services Agreement. After such transfer has been completed, Purchaser and its Affiliate shall have sole responsibility for all such communications. Sellers shall provide Purchaser with copies of any and all communications and contacts Sellers, or any other members of the Seller Group, send to or receives from any other Governmental Authority concerning the Program in accordance with the Amended Collaboration Agreement. Notwithstanding the foregoing, any Liabilities that arise in connection with any member of the Seller Group’s communications with the FDA or other applicable Regulatory Authorities that occurs following the Closing shall be the responsibility of Purchaser and its Affiliates and be Assumed Liabilities for purposes of this Agreement.

6.9 Adverse Experience Reporting; Pharmacovigilance. The Parties shall (a) transfer a copy of the safety database and other pharmacovigilance records specific to the Program that are necessary for Purchaser and its Affiliates to fulfill the obligations of a holder of the Specified Authorizations in accordance with applicable Law from Sellers and the applicable members of the Seller Group to Purchaser or its designated Affiliate and (b) at the Closing, enter into the safety data sharing and exchange agreement, in each case ((a) and (b)) as described in Section 6.4 of the Amended Collaboration Agreement, including the time periods set forth therein ((a) and (b) collectively, the “**SDEA Activities**”). The Parties shall conduct the adverse experience and safety reporting for the Program in accordance with the Transition Services Agreement and in compliance with the requirements of applicable Law. Following the Closing, Purchaser and its Affiliates shall be responsible for the adverse experience and safety reporting for the Program in accordance with the Amended Collaboration Agreement.

6.10 Reconciliation.

(a) For [***] after the Closing Date, either Party may notify the other Party (or Parties) of any assets retained by Sellers or any other members of the Seller Group following the Closing Date that the Parties reasonably believe should have been transferred to Purchaser or its designated Affiliate under this Agreement as part of the Acquired Assets. If the Parties determine in good faith and agree that such asset was intended to be transferred to Purchaser or its designated Affiliate as part of the Acquired Assets under this Agreement, such asset shall be assigned by Sellers or the applicable member of the Seller Group (other than ZZI) to Purchaser or its designated Affiliate without any additional consideration, and Sellers agrees to use commercially reasonable efforts during such period to promptly deliver, or cause to be delivered, any such asset to any Purchaser or its designated Affiliate, as applicable.

(b) For [***] after the Closing Date, either Party may notify the other Party (or Parties) of any asset transferred to Purchaser or its designated Affiliate in connection with the

Transactions that the Parties reasonably believe should have been retained by Sellers under this Agreement as part of the Excluded Assets. If the Parties determine in good faith that such asset was intended to be retained by Sellers or any member of the Seller Group as part of the Excluded Assets under this Agreement, such asset shall be assigned by Purchaser or its Affiliate, as applicable, to such Seller or such member of the Seller Group without additional consideration, and Purchaser agrees to use commercially reasonable efforts during such period to promptly deliver, or cause to be delivered, any such asset to Sellers or such member of the Seller Group, as applicable.

6.11 Non-Solicitation. For a period of [***] following the Closing, Sellers shall not, and shall cause the other members of the Seller Group not to, directly or indirectly through any Person or contractual arrangement, solicit for employment or for engagement as a consultant, or encourage, induce, attempt to induce, solicit or attempt to solicit to leave, terminate or significantly reduce the employment or engagement with Purchaser or its Affiliates, any Continuing Service Provider; provided, however, that Sellers and their Affiliates may (i) place general advertisements or making general public solicitations for employment (including by way of search firms) for any position that are not specifically targeted at the Continuing Service Providers, (ii) hire any Continuing Service Provider who responds to an advertisement or general solicitation that is not specifically targeted at the Continuing Service Providers, or (iii) hire any Continuing Service Providers who have ceased employment or service with Purchaser prior to the commencement of employment discussions with any Seller and such Continuing Service Provider. No provision of this Agreement shall create any third-party beneficiary rights in any current or former employees or independent contractors of Sellers, any other members of the Seller Group, or any other Person. [***] Sellers have independently consulted with their counsel and after such consultation agree that the covenants set forth in this Section 6.11 are reasonable and proper to protect the legitimate interest of Purchaser. If a court of competent jurisdiction determines that the character or duration of the provisions of this Section 6.11 are unreasonable, it is the intention and the agreement of the Parties that such provisions shall be construed by the court in such a manner as to impose only those restrictions on Sellers' and the other Seller Group members' conduct that are reasonable in light of the circumstances and as are necessary to assure to Purchaser the benefits of this Agreement.

7. Indemnification

7.1 Indemnification by Sellers and Purchaser.

(a) Indemnification by Sellers. ZW BC shall indemnify and hold harmless Purchaser, its Affiliates, and each of their respective directors, officers, employees, contractors, agents and assigns (each, a "**Purchaser Indemnified Party**" and collectively, the "**Purchaser Indemnified Parties**") from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) (individually and collectively, "**Losses**"), including in connection with any Third Party Claim arising from or relating to any of the following: (i) any Seller's breach of any of its representations or warranties made in or pursuant to this Agreement (as qualified by the Disclosure Schedule) as of the Agreement Date or as of the Closing Date as if made on the Closing Date (except to the extent expressly made as of an earlier date, in which case any breach of such representations and warranties as of such earlier date) or any certificate delivered pursuant to this Agreement, or any Related Agreement; (ii) any Seller's or any other member of the Seller Group's breach of any covenants or obligations set forth in this Agreement or any Related Agreement; or (iii) any Excluded Liabilities.

(b) Indemnification by Purchaser. Purchaser shall indemnify and hold harmless Sellers, their respective Affiliates, and each of their respective directors, officers, employees, contractors, agents and assigns (each, a "**Seller Indemnified Party**" and collectively, the "**Seller Indemnified Parties**") from and against all Losses, including in connection with any

Third Party Claim arising from or relating to any of the following: (i) Purchaser's breach of any of its representations or warranties made in or pursuant to this Agreement (as qualified by the Disclosure Schedule) as of the Agreement Date or as of the Closing Date as if made on the Closing Date (except to the extent expressly made as of an earlier date, in which case any breach of such representations and warranties as of such earlier date) or any certificate delivered pursuant to this Agreement, or any Related Agreement; (ii) Purchaser's or any of its Affiliates' breach of any covenants or obligations set forth in this Agreement or in any Related Agreement; or (iii) any Assumed Liabilities.

7.2 Survival. All representations and warranties made by Sellers or Purchaser in this Agreement or any certificate delivered pursuant to this Agreement will survive the Closing until 11:59 p.m. Pacific Time on the date that is [***] after the Closing Date (the "**Survival Date**"); provided, however, that the representations and warranties (a) set forth in Section 5.1(a) (Organization, Qualification and Existence), Section 5.1(b) (Authority; Binding Nature of Agreements), Section 5.1(d) (Capitalization and Operations of ZZI), Section 5.1(f) (Taxes), Section 5.1(l) (No Brokers) (collectively, the "**Seller Fundamental Representations**") shall survive until the date that is [***] from the Closing Date, and (b) set forth in Section 5.2(a) (Organization and Existence) and Section 5.2(b) (Authority; Binding Nature of Agreements) (collectively, the "**Purchaser Fundamental Representations**," and together with the Seller Fundamental Representations, the "**Fundamental Representations**") shall survive until the date that is [***] from the Closing Date; provided, however, that any claims for indemnification involving intentional common law fraud with respect to such representations and warranties made by Sellers or Purchaser, as applicable, shall survive until the expiration of the statute of limitations with respect thereto. Any covenant or obligation of the Parties in this Agreement and the Related Agreements to the extent required to be performed prior to the Closing pursuant to its terms shall expire on the Survival Date. Any covenant or obligation of the Parties in this Agreement and the Related Agreements to the extent required to be performed at or following the Closing pursuant to its terms shall survive the Closing in accordance with its terms.

7.3 Limits on Indemnification.

(a) The aggregate amount of Losses pursuant to Section 7.1(a) and Section 7.1(b) shall not be capped. The Parties shall be entitled to seek recovery for any Claim made pursuant to this Agreement; provided, that there shall not be any multiple recovery for any Losses or multiple recovery for duplicate Losses under this Agreement, on the one hand, or any other Related Agreement or the Amended Collaboration Agreement, on the other hand.

(b) Notwithstanding anything to the contrary contained in this Agreement or otherwise, the Parties expressly intend and agree that the amount of any Losses incurred by the Indemnified Party shall be reduced by any amount actually recovered by such Indemnified Party with respect thereto under any insurance coverage (net any costs and expenses, including deductibles, costs of recovery and the amount of any insurance premium increases).

(c) Notwithstanding anything to the contrary herein, the Purchaser Indemnified Parties shall not be entitled to indemnification pursuant to this Article 7 for any (A) Losses related to or arising from the amount or availability in any taxable period (or portion thereof) beginning after the Closing Date of any Tax asset or attribute of ZZI attributable to a Pre-Closing Tax Period or (B) Taxes arising from any transactions entered into on the Closing Date but after the Closing outside of the ordinary course of business and not contemplated by this Agreement.

7.4 Exclusive Remedy. Without limiting Section 2.4 or the terms of the Amended Collaboration Agreement, the Parties acknowledge and agree that, from and after the Closing, the indemnification provisions provided for in this Article 7 will be the exclusive remedy of the

Purchaser Indemnified Parties against Sellers and the Seller Indemnified Parties against Purchaser for any breach of any representation, warranty, covenant, or agreement contained in this Agreement or any Related Agreement or other Claim arising out of or relating to this Agreement or any Related Agreement. Nothing in this Section 7.4 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled to pursuant to Section 8.3, or limit the rights of the parties under the Amended Collaboration Agreement.

(a) Indemnification Procedures. If any Indemnified Party shall become aware of an indemnifiable matter (other than a Third Party Claim) under this Article 7, the Indemnified Party shall deliver a written notice (a "**Claim Notice**") to the Indemnifying Party which contains: (a) a description and the amount, if known, of any Losses incurred or reasonably expected to be incurred by the Indemnified Party (which, if known, shall be calculated and estimated by the Indemnified Party in good faith), (b) a statement that the Indemnified Party is entitled to indemnification under this Article 7 for such Losses and a reasonable explanation of the basis therefor, and (c) a demand for payment in the amount of such Losses. Upon reasonable request, the Indemnified Party shall furnish the Indemnifying Party with any information to the extent that such information is reasonably necessary in order to evaluate the Claim Notice and the underlying Claims. Notwithstanding the foregoing, failure to notify the Indemnifying Party in accordance with this Section 7.5(a) will not relieve the Indemnifying Party of any obligation that it may have to the Indemnified Party except to the extent the Indemnifying Party is actually and materially prejudiced by the Indemnified Party's failure to give such timely notice. If an Indemnifying Party disputes or contests the basis or amount of any Claim set forth in a Claim Notice delivered by an Indemnified Party in accordance with the provisions of Article 7, the dispute will be resolved as set forth below:

(i) The Indemnifying Party may object to a Claim for indemnification set forth in Claim Notice by delivering to the Indemnified Party seeking indemnification a written statement of objection to the Claim made in the Claim Notice (an "**Objection Notice**"); provided, however, that, to be effective, such Objection Notice must (i) be delivered to the Indemnified Party within [***] following the receipt of the applicable Claim Notice (such deadline, the "**Objection Deadline**" for such Claim Notice and the Claims for indemnification contained therein) and (ii) set forth in reasonable detail the nature of the objections to the Claims in respect of which the objection is made.

(ii) To the extent the Indemnifying Party does not object in writing (as provided in Section 7.5(a)(i)) to the Claims contained in such Claim Notice prior to the Objection Deadline for such Claim Notice, such failure to so object shall be an irrevocable acknowledgment and agreement by the Indemnifying Party that the Indemnified Party is entitled to recover the Losses arising from or relating to the indemnifiable matters set forth in such Claim Notice from the Indemnifying Party (any such Claim, an "**Unobjected Claim**"). Within [***] of the later of a Claim becoming an Unobjected Claim or the Losses being incurred, the Indemnifying Party shall make the applicable payment to such Indemnified Party, subject to the limitations set forth in this Article 7.

(iii) In case an Indemnifying Party timely delivers an Objection Notice in accordance with Section 7.5(a)(i), the Parties shall attempt in good faith to agree upon the rights of the Indemnifying Party with respect to each of such Claims. If the Parties reach an agreement, a memorandum setting forth such agreement shall be prepared and signed by both Parties (any Claims covered by such an agreement, a "**Settled Claim**"). Any amounts required to be paid pursuant to such memorandum shall be paid by the Indemnifying Party to the Indemnified Party within [***] of the applicable Claim becoming a Settled Claim or otherwise in accordance with the terms of such memorandum.

(iv) If no such agreement can be reached after good faith negotiation within [***] after delivery of an Objection Notice, then upon the expiration of such [***] period, either Party may seek to resolve such dispute pursuant to Section 8.2.

(b) If any Indemnified Party shall become aware of an indemnifiable matter arising from any pending or threatened Action by a Third Party (each such Action being a "**Third Party Claim**"), it shall inform the Indemnifying Party of the Third Party Claim giving rise to the obligation to indemnify pursuant to such Section within [***] after receiving written notice of the Third Party Claim. Notwithstanding the foregoing, failure to notify the Indemnifying Party in accordance with this Section 7.5(b) will not relieve the Indemnifying Party of any obligation that it may have to the Indemnified Party except to the extent the Indemnifying Party is actually and materially prejudiced by the Indemnified Party's failure to give such timely notice. The Indemnifying Party shall have the right to assume the defense of any such Third Party Claim for which it has agreed in writing it is obligated to indemnify the Indemnified Party, unless [***]. The Indemnified Party shall cooperate with the Indemnifying Party and the Indemnifying Party's insurer as the Indemnifying Party may reasonably request, and at the Indemnifying Party's cost and expense. The Party not controlling the defense of such Third-Party Claim (the "**Non-Controlling Party**") shall have the right to participate, at its own expense and with counsel of its choice, in the defense of any Third Party Claim that has been assumed by the other Party. The Indemnifying Party may not enter into any compromise or settlement unless (A) such compromise or settlement imposes only a monetary obligation on the Indemnifying Party and includes as an unconditional term thereof, the giving by each claimant or plaintiff to the Indemnified Party of a release from all liability in respect of such Third Party Claim; or (B) the Indemnified Party consents to such compromise or settlement, which consent will not be unreasonably withheld, conditioned or delayed unless such compromise or settlement involves (1) any admission of legal wrongdoing by the Indemnified Party, (2) any payment by the Indemnified Party that is not indemnified under this Agreement, or (3) the imposition of any equitable relief against the Indemnified Party. If the Indemnifying Party does not assume control of the defense of a Third Party Claim or if a good faith and diligent defense, in the Indemnified Party's reasonable opinion, is not being or ceases to be materially conducted by the Indemnifying Party, the Indemnified Party will have the right, at the expense of the Indemnifying Party to the extent reasonable and documented, upon at least [***] prior written notice to the Indemnifying Party of its intent to do so, to undertake the defense of such Third Party Claim for the account of the Indemnifying Party (with counsel reasonably selected by the Indemnified Party and approved by the Indemnifying Party, such approval not to be unreasonably withheld, conditioned or delayed); provided that the Indemnified Party will keep the Indemnifying Party apprised of all material developments with respect to such Third Party Claim. The Indemnifying Party shall not have the obligation to indemnify the Indemnified Party in connection with any settlement made without the Indemnifying Party's written consent, which consent shall not be unreasonably withheld, conditioned or delayed unless such compromise or settlement involves (x) any admission of legal wrongdoing by an Indemnifying Party or (y) the imposition of any material equitable relief against an Indemnifying Party. If the Parties cannot agree as to the application of Section 7.1(a) or Section 7.1(b) as to any Third Party Claim, pending resolution of the dispute pursuant to Section 8.2, the Parties may conduct separate defenses of such Third Party Claim, with each Party retaining the right to claim indemnification from the other Party pursuant to Section 7.1(a) or Section 7.1(b), as applicable, upon resolution of the underlying Third Party Claim, including with respect to the reasonable fees and expenses of counsel to the Indemnified Party. The Non-Controlling Party shall furnish the Party controlling the defense with such information as it may have with respect to such Third Party Claims (including copied of any summons, complaint or other pleading which may have been served on such Party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise cooperate with the Party controlling the defense of such Third Party Claim.

7.5 Mitigation of Losses. Each Indemnified Party shall take and shall procure that its Affiliates take all such commercially reasonable steps and actions as are reasonably necessary in order to mitigate any Losses (or potential Losses) under this Article 7 upon and after becoming aware of any event that would reasonably be expected to give rise to Losses. Nothing in this Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

7.6 Limitation of Liability. NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT LOSSES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT (EXCEPT TO THE EXTENT ACCRUED IN CONNECTION WITH A THIRD PARTY CLAIM), REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH LOSSES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 7.7 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY FOR LOSSES AVAILABLE FOR A PARTY'S BREACH OF ITS OBLIGATIONS HEREUNDER RELATING TO CONFIDENTIALITY.

7.7 Payments; Right to Set-Off. Once the amount of Losses are agreed to by the Indemnifying Party or are finally determined pursuant to this Article 7, the Indemnifying Party shall satisfy its obligations within [***] of such final determination by wire transfer of immediately available funds to the Indemnified Party; provided, however, that subject to the limitations of this Article 7, if a Purchaser Indemnified Party is the Indemnified Party, such Purchaser Indemnified Party is expressly authorized, in its sole discretion, to, in lieu of direct payment from the Indemnifying Party pursuant to this Section 7.8, secure payment for any such finally determined Losses as a result of, arising out of or relating to Section 7.1(a), through the set off of amounts owed to Sellers or their Affiliates pursuant to or in connection with any Related Agreement and the Amended Collaboration Agreement.

7.8 Tax Treatment of Indemnification Payments. For all purposes hereunder, any indemnification payments made pursuant to Article 7 will be treated as an adjustment to the Consideration, except as otherwise required by applicable Law.

8. Miscellaneous

8.1 Governing Law; English Language. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without reference to any rules of conflict of laws. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement.

8.2 Dispute Resolution.

(a) If a Party wishes to pursue an unresolved dispute, any such dispute shall be finally resolved by binding arbitration before JAMS pursuant to the Comprehensive Arbitration Rules and Procedures of JAMS then in effect, except as may be modified herein. Any disputes concerning the propriety of the commencement of the arbitration or relating to the scope or applicability of this Agreement to arbitrate shall be finally settled by the arbitrator.

(b) The arbitration shall be conducted by a single arbitrator experienced in the business of pharmaceuticals (including biologicals). If the issues in dispute involve scientific or technical matters, the arbitrator chosen hereunder may, at its option, engage one or more experts that have educational training or industry experience sufficient to demonstrate a reasonable level of relevant scientific, medical and industry knowledge, to advise it with respect to any issue in the arbitration within that expert's field of expertise. If any expert is so engaged, the Parties shall have the right to review such expert's reports to the arbitrator and examine such expert at the

hearings. Within [***] after initiation of arbitration, the Parties shall jointly select the arbitrator. If the Parties are unable or fail to agree upon the arbitrator within such [***] period, the arbitrator shall be appointed by JAMS and shall be deemed to meet the qualifications as set forth above unless a Party objects within [***] after an arbitrator candidate is proposed. The seat, or legal place of arbitration, shall be New York, New York, unless otherwise mutually agreed by the Parties, and all proceedings and communications shall be in English.

(c) Prior to the arbitrator being appointed, any Party, without waiving any remedy under this Agreement, may seek from any court having jurisdiction any temporary injunctive or provisional relief necessary to protect the rights or property of that Party until final resolution of the issue by the arbitrator or other resolution of the controversy among the Parties. After the arbitrator is appointed, any Party may only apply to the arbitrator for interim injunctive relief or other interim relief until the arbitration award is rendered or the controversy is otherwise resolved, and any Party may apply to a court of competent jurisdiction to enforce interim injunctive relief granted by the arbitrator. Any award by the arbitrator shall be final and binding, and the Parties undertake to carry out any award without delay. Judgment upon the award may be entered by any Party in any court having appropriate jurisdiction for a judicial recognition of the decision and applicable orders of enforcement. The arbitrator shall have no authority to award punitive or any other type of damages not measured by a Party's compensatory damages. Each Party shall bear its own costs and expenses and attorneys' fees and an equal share of the arbitrator's fees and any administrative fees of arbitration, unless the arbitrator allocates such costs, expenses and fees otherwise.

(d) Except to the extent necessary to confirm or challenge an award or as may be required by Law or for a Party to protect or pursue a legal right, neither a Party nor an arbitrator may disclose the existence, content, or results of the arbitral proceedings or any rulings or awards without the prior written consent of all Parties. In no event shall an arbitration be initiated after the date when commencement of a legal or equitable Proceeding based on the dispute, controversy or claim would be barred by the applicable New York statute of limitations.

(e) Upon the request of any Party, the arbitrator may consolidate the arbitration with any other arbitration relating to this Agreement or to the Amended Collaboration Agreement upon a finding that (i) there are issues of fact or law common to the two arbitrations so that a consolidated proceeding would be more efficient than separate proceedings, and (ii) no Party would be prejudiced as a result of such consolidation through undue delay or otherwise. In the event of different rulings on this question by arbitrators appointed hereunder or under the Amended Collaboration Agreement, the ruling of the first arbitrator appointed shall control.

8.3 Specific Performance. Subject to Section 7.4, the Parties agree that irreparable damage may occur in the event that certain of the terms or provisions of this Agreement are not performed in accordance with their specific wording or are otherwise breached. The Parties accordingly agree that, in the event of any breach or threatened breach by any Party of any covenant, obligation or other provision set forth in this Agreement, for the benefit of any other Party: (a) such other Parties shall be entitled (in addition to any other remedy that may be available to it) to seek: (i) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, and (ii) an injunction restraining such breach or threatened breach; and (b) such other Parties shall not be required to provide any bond or other security in connection with any such decree, order or injunction or in connection with any related Proceeding.

8.4 WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, LEGAL PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE

RELATED AGREEMENTS OR THE AMENDED COLLABORATION AGREEMENT, OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF.

8.5 Entire Agreement; Severability. This Agreement, together with the Disclosure Schedule, Related Agreements, the Amended Collaboration Agreement, all Exhibits and Schedules hereto and thereto constitute the entire agreement, and supersede all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and thereof. If any term, condition or other provision of this Agreement is found to be invalid, illegal or incapable of being enforced by virtue of any rule of law, public policy or court determination, all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect. If the final determination of any arbitration process or final judgment of a court of competent jurisdiction, in each case, to the extent in accordance with the terms of this Agreement, declares that any term or provision hereof is invalid or unenforceable, the arbitrators or court making the determination of invalidity or unenforceability shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

8.6 Amendments and Waivers. This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by Purchaser, on the one hand, or Sellers, on the other hand, or, in the case of a waiver, the Party (or Parties) waiving compliance. Except as specifically set forth herein to the contrary, no delay or omission by any Party in exercising any right or power occurring upon any noncompliance or default by the other Party (or Parties) with respect to any of the terms of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by any Party (or Parties) of any of the covenants, conditions or agreements to be performed by the other Party (or Parties) shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant, condition or agreement herein contained.

8.7 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received (a) upon receipt when delivered by hand, (b) upon transmission, if sent by electronic transmission (in each case with receipt verified by electronic confirmation) or (c) [***] after being sent by courier or express delivery service; provided that in each case the notice or other communication is sent to the address set forth beneath the name of such Party below (or to such other address as such Party shall have specified in a written notice given to the other Parties hereto):

(1) If to any Seller, to:
Zymeworks BC Inc.
114 East 4th Avenue, Suite 800
Vancouver, BC, Canada, V5T 1G4
Attention: Legal Department
Email: [***]

with required copies to:

Wilson Sonsini Goodrich and Rosati, P.C.
650 Page Mill Road
Palo Alto, CA 94304

Attention: Tony Jeffries; Bryan King
Email: [***]; [***]

And

Wilson Sonsini Goodrich and Rosati, P.C.
One Market Plaza
Spear Tower, Suite 3300
San Francisco, CA 94105
Attention: Rob Ishii; Remi Korenblit
Email: [***]; [***]

(2) If to any Purchaser, to:

Jazz Pharmaceuticals, Inc.
3170 Porter Drive
Palo Alto, CA 94304
Attention: General Counsel

and

[***]
Attention: Legal Department

With a required copy to:

Cooley LLP
10265 Science Center Drive
San Diego, CA 92121-1117
Attention: Rama Padmanabhan
Email: [***]

8.8 No Assignment; Binding Effect. This Agreement is not assignable by any Party without the prior written consent of the other Parties; provided, however, for the avoidance of doubt, any Party may, without the other Party's consent, (a) at any time, sell, assign, contribute, or otherwise transfer this Agreement and its rights and obligations hereunder in whole or in part to an Affiliate of such Party, (b) assign all or any part of its rights or obligations hereunder to any Person (whether or not an Affiliate of Purchaser) in connection with a merger or consolidation of such Party or the direct or indirect sale of all or substantially all of such Party's operations or assets, and (c) grant or permit any Lien or assignment to any Person (whether or not an Affiliate of such Party) in connection with a financing for Party (or an Affiliate of Party to which any rights under this Agreement have been assigned or sublicensed) from time to time, in each case of clauses (a), (b), or (c) above, without such Party being relieved of any of its obligations hereunder. This Agreement will be binding upon and will inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

8.9 Third Person Beneficiaries. Except as provided in Article 8, this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their respective successors and permitted assigns and nothing herein, whether express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.10 Relationship of the Parties. Nothing contained in this Agreement shall be deemed or construed to create a partnership, joint venture, employment, franchise, agency or

fiduciary relationship between Purchaser, on the one hand, and Sellers, on the other hand. None of the Parties shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of any other Party or to bind any other Party to any Contract, agreement or undertaking with any Third Party.

8.11 Headings; Interpretation. The headings in this Agreement are intended solely for convenience of reference and will be given no effect in the construction or interpretation of this Agreement. Unless the context otherwise requires, the singular includes the plural, and the plural includes the singular. Whenever the words "include", "includes", or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation". Unless otherwise specified, references in this Agreement to any Article shall include all Sections, subsections, and paragraphs in such Article, references to any Section shall include all subsections and paragraphs in such Section, and references in this Agreement to any subsection shall include all paragraphs in such subsection. The word "or" means "and/or" unless the context dictates otherwise because the subjects of the conjunction are mutually exclusive. The words "herein", "hereof", and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision. All references to days in this Agreement mean calendar days, unless otherwise specified. Ambiguities and uncertainties in this Agreement, if any, shall not be interpreted against either Party, irrespective of which Party may be deemed to have caused the ambiguity or uncertainty to exist.

8.12 Counterparts; Signatures. This Agreement may be executed in one or more counterparts, all of which will be considered one and the same agreement and will become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party (or Parties). This Agreement may be executed by facsimile signature or by an electronic scan delivered by electronic mail.

8.13 Expenses. Except as otherwise expressly provided in this Agreement, any Related Agreement or the Amended Collaboration Agreement, whether or not the Transactions are consummated, each Party hereto will pay its own costs and expenses incurred incident to its negotiation and preparation of this Agreement, the Amended Collaboration Agreement and the Related Agreements and to its performance and compliance with all agreements and conditions contained herein and therein on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants.

[*Signature Page to Follow*]

In Witness Whereof, the Parties, intending legally to be bound, have caused this Asset Purchase Agreement to be duly executed and delivered as of the Agreement Date.

ZYMEWORKS BC INC.

By: /s/ Kenneth Galbraith

Print Name: Kenneth Galbraith

Title: Chair & Chief Executive Officer

ZYMEWORKS BIOPHARMACEUTICALS INC.

By: /s/ Kenneth Galbraith

Print Name: Kenneth Galbraith

Title: Chair & Chief Executive Officer

ZYMEWORKS ZANIDATAMAB INC.

By: /s/ Kenneth Galbraith

Print Name: Kenneth Galbraith

Title: Chair & Chief Executive Officer

In Witness Whereof, the Parties, intending legally to be bound, have caused this Asset Purchase Agreement to be duly executed and delivered as of the Agreement Date.

Jazz Pharmaceuticals, Inc.

By: /s/ George Eliades

Print Name: George Eliades

Title: SVP Corporate Development and Chief Transformation Officer

[*Signature Page to Stock and Asset Purchase Agreement*]

Schedule A-1

Knowledge Individuals

[***]

{1 page omitted}

Schedule 1.1

Non-Continuing Service Providers

[***]

{1 page omitted}

Schedule 2.1(a)(i)

Acquired Contracts

[***]

{21 page omitted}

Schedule 2.1(a)(iii)

Specified Authorizations

[***]

{1 page omitted}

Schedule 2.7(a)

Certain Shared Contracts

[***]

{1 page omitted}

Schedule 6.6(a)

Identified Service Providers

[***]

{1 page omitted}

EXHIBIT A

Form of Amended Collaboration Agreement

[***]

{167 pages omitted}

EXHIBIT B

Form of Service Schedule to Transition Services Agreement

[***]

{8 pages omitted}

EXHIBIT C

Form of Announcement 8-K

[***]

{5 pages omitted}

EXHIBIT 10.5

CERTAIN PORTIONS OF THIS EXHIBIT (INDICATED BY [***]) HAVE BEEN EXCLUDED PURSUANT TO ITEM 601(B)(10) OF REGULATION S-K BECAUSE THEY ARE BOTH NOT MATERIAL AND ARE THE TYPE THAT THE COMPANY TREATS AS PRIVATE AND CONFIDENTIAL.

Execution Version

AMENDMENT NO. 1 TO STOCK AND ASSET PURCHASE AGREEMENT AND DISCLOSURE SCHEDULE

This AMENDMENT NO. 1 TO STOCK AND ASSET PURCHASE AGREEMENT AND DISCLOSURE SCHEDULE (this "Amendment") is made and entered into as of May 15, 2023 by and among Zymeworks BC Inc., a corporation organized and existing under the laws of British Columbia ("ZW BC"), Zymeworks Biopharmaceuticals Inc., a Washington corporation ("ZBI", and together with ZW BC, "Sellers" and each, "Seller"), Zymeworks Zanidatamab Inc., a Washington corporation ("ZZI"), and Jazz Pharmaceuticals, Inc., a Delaware corporation ("Purchaser"). Unless otherwise specifically defined herein, all capitalized terms used but not defined herein shall have the meanings ascribed to them under the Agreement (as defined below).

WHEREAS, the Parties entered into that certain Stock and Asset Purchase Agreement, dated as of April 25, 2023 (as may be amended and modified from time to time, including by this Amendment, the "Agreement");

WHEREAS, the Parties desire to amend the Agreement as set forth below;

WHEREAS, pursuant to Article 5 of the Agreement, concurrently with the execution of the Agreement, Sellers delivered to Purchaser the Disclosure Schedule;

WHEREAS, the Parties expect the Closing to occur on or around the date hereof and, in connection therewith, desire to amend and replace the Disclosure Schedule in its entirety;

WHEREAS, Section 8.6 of the Agreement provides that the Agreement may not be amended or modified, except by a writing duly and validly executed by Purchaser, on the one hand, or Sellers, on the other hand; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, ZW BC, ZBI, ZZI and Purchaser agree as follows:

1. Amendment and Replacement of the Schedules to the Agreement.

1.1 Amendment to Schedule 1.1 Non-Continuing Service Providers. Schedule 1.1 to the Agreement and the references in the Agreement to the Non-Continuing Service Providers set forth in Schedule 1.1 of the Agreement is hereby amended and replaced in its entirety with Schedule 1.1 to this Amendment, which shall be Schedule 1.1 for all purposes of the Agreement.

1.2 Amendment to Schedule 2.1(a)(i) Acquired Contracts. Schedule 2.1(a)(i) to the Agreement is hereby amended and replaced in its entirety with Schedule 2.1(a)(i) to this Amendment, which shall be Schedule 2.1(a)(i) for all purposes of the Agreement. For clarity, the definition of "**Acquired Contracts**" in the Agreement shall mean all Contracts listed on Schedule 2.1(a)(i) to this Amendment and the definition of "**Shared Contract**" in the Agreement shall mean all Acquired Contracts marked with an asterisk in Schedule 2.1(a)(i) to this Amendment.

1.3 Amendment to Schedule 2.7(a) Certain Shared Contracts. Schedule 2.7(a) to the Agreement and the references in the Agreement to the Shared Contracts set forth in in Schedule 2.7(a) of the Agreement is hereby amended and replaced in its entirety with Schedule 2.7(a) to this Amendment, which shall be Schedule 2.7(a) for all purposes of the Agreement.

1.4 Amendment to Schedule 6.6(a) Identified Service Providers. Schedule 6.6(a) to the Agreement and the references in the Agreement to the Identified Service Providers set forth in Schedule 6.6(a) of the Agreement is hereby amended and replaced in its entirety with Schedule 6.6(a) to this Amendment, which shall be Schedule 6.6(a) for all purposes of the Agreement.

2. Amendment and Replacement of the Disclosure Schedule.

2.1 The Disclosure Schedule referenced in the Agreement is amended and replaced in its entirety with the Disclosure Schedule attached hereto as Exhibit A (the "Replacement Disclosure Schedule"). The Parties agree and acknowledge that the Replacement Disclosure Schedule constitutes the Disclosure Schedule referenced in the Agreement for all purposes of the Agreement, and supersedes any version of the Disclosure Schedule previously provided to Purchaser, including for purposes of qualifying the representations and warranties of Sellers in Article 5 of the Agreement; provided, however, that the delivery of the Replacement Disclosure Schedule does not expand or otherwise change the representations and warranties of Sellers in Article 5 of the Agreement (including the date as of which such representations and warranties are made or deemed to be made for purposes of the Agreement).

3. Miscellaneous.

3.1 No Further Amendment. The Parties agree that all other provisions of the Agreement shall, subject to the amendments set forth in Section 1 of this Amendment, continue unmodified, in full force and effect and constitute legal and binding obligations of the Parties in accordance with their terms. This Amendment is limited precisely as written and shall not be deemed to be an amendment to any other term or condition of the Agreement (or any other Schedules to the Agreement), Disclosure Schedule or any of the documents referred to therein. This Amendment forms an integral and inseparable part of the Agreement.

3.2 Representations and Warranties. Each of ZW BC, ZBI, ZZI, and Purchaser hereby represents and warrants to each other party that:

(a) Such party has the requisite corporate power and authority to execute and deliver this Amendment and to perform its obligations hereunder.

(b) This Amendment has been duly and validly executed and delivered by such party and, assuming the due authorization, execution and delivery by each other party, constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms, subject to the Enforceability Exceptions.

3.3 References. Each reference to "Disclosure Schedule," "this Agreement" or any "Schedules" to the Agreement, "hereof," "herein," "hereunder," "hereby" and each other

similar reference contained in the Agreement shall, effective from the date of this Amendment, refer to the Disclosure Schedule and Agreement and the applicable Schedules to the Agreement, as applicable, as amended and, if applicable, replaced by this Amendment. Notwithstanding the foregoing, references to the date of the Agreement and references in the Agreement, as amended hereby, to “the date hereof,” “the date of this Agreement” and other similar references shall in all instances continue to refer to April 25, 2023 and references to the date of this Amendment shall refer to May 15, 2023. Each reference to the Transactions contained in the Agreement shall be deemed a reference to the Transactions as amended by this Amendment. This Amendment shall be deemed to be in full force and effect from and after the execution of this Amendment by the Parties.

3.4 Other Miscellaneous Terms. The provisions of Article 8 (*Miscellaneous*) of the Agreement shall apply *mutatis mutandis* to this Amendment.

[*Signature pages follow*]

IN WITNESS WHEREOF, the parties have hereunto caused this Amendment to be duly executed as of the date first set forth above.

Jazz Pharmaceuticals, Inc.

By: /s/ Alan Campion

Print Name: Alan Campion

Title: VP, Finance

[*Signature Page to Amendment No. 1 to Stock and Asset Purchase Agreement and Disclosure Schedule*]

IN WITNESS WHEREOF, the parties have hereunto caused this Amendment to be duly executed as of the date first set forth above.

ZYMEWORKS BC INC.

By: /s/ Kenneth Galbraith

Print Name: Kenneth Galbraith

Title: Chair & Chief Executive Officer

ZYMEWORKS BIOPHARMACEUTICALS INC.

By: /s/ Kenneth Galbraith

Print Name: Kenneth Galbraith

Title: Chair & Chief Executive Officer

ZYMEWORKS ZANIDATAMAB INC.

By: /s/ Kenneth Galbraith

Print Name: Kenneth Galbraith

Title: Chair & Chief Executive Officer

[*Signature Page to Amendment No. 1 to Stock and Asset Purchase Agreement and Disclosure Schedule*]

Schedule 1.1
Non-Continuing Service Providers

[***]

{1 page omitted}

[*Signature Page to Amendment No. 1 to Stock and Asset Purchase Agreement and Disclosure Schedule*]

Schedule 2.1(a)(i)
Acquired Contracts

[***]

{1 page omitted}

Schedule 2.1(a)(i)
Acquired Contracts

[***]

{46 pages omitted}

Schedule 2.7(a)
Certain Shared Contracts

[***]

{1 page omitted}

Schedule 6.6(a)
Identified Service Providers

[***]

{1 page omitted}

<u>Exhibit A</u>

Disclosure Schedule

[***]

{51 pages omitted}

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth Galbraith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Zymeworks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2023

/s/ Kenneth Galbraith

Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher Astle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Zymeworks Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2023

/s/ Christopher Astle

Chief Financial Officer

Exhibit 32.1

SECTION 906 CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) in connection with the Quarterly Report on Form 10-Q of Zymeworks Inc. for the quarterly period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer hereby certifies, to such officer's knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Zymeworks Inc.

/s/ Kenneth Galbraith

Name:	Kenneth Galbraith
Title:	Chief Executive Officer
Date:	August 10, 2023

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed "filed" by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Exhibit 32.2

SECTION 906 CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) in connection with the Quarterly Report on Form 10-Q of Zymeworks Inc. for the quarterly period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer hereby certifies, to such officer's knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Zymeworks Inc.

/s/ Christopher Astle

Name: Christopher Astle
Title: Chief Financial Officer
Date: August 10, 2023

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed "filed" by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.