

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, 2026

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

(State or other jurisdiction of incorporation or organization)

88-3099146

(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☐

Non-accelerated filer☒

Emerging growth company☐

Accelerated filer☐

Smaller reporting 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 4, 2026 was 70,959,241.

ZYMEWORKS INC.
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended June 30, 2026
Table of Contents

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	1
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3. Quantitative and Qualitative Disclosures About Market Risk	42
Item 4. Controls and Procedures	42
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	43
Item 1A. Risk Factors	43
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	82
Item 3. Defaults upon Senior Securities	82
Item 4. Mine Safety Disclosures	82
Item 5. Other Information	83
Item 6. Exhibits	84

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 or our strategic partners’ ability to commercialize product candidates;
- the achievement of advances in and expansion of our therapeutic platforms and antibody engineering expertise;
- the likelihood of our or our strategic partners’ product candidate development and clinical trial progression, initiation or success;
- the receipt of milestone and royalty revenue from existing or potential new partnerships;
- our ability to complete our proposed acquisition of Theravance Biopharma, Inc. (“Theravance”) and related non-recourse debt financing with OCM IP Healthcare Portfolio LP (“OMERS Life Sciences”);
- the evolution of our business strategy related to anticipated and potential future milestones and royalty streams and existing and potential new partnerships;
- our ability to compound long-term stockholder value; and
- our and our strategic partners’ ability to predict and manage government regulation.

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 the evolution of our business strategy 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 and navigate current and future regulatory standards, policies and programs, some of which are rapidly changing;
- 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 realize the anticipated benefits from our proposed acquisition of Theravance, including future performance of the YUPELRI and Trelegy products;
- our ability to manage and integrate any acquisitions we may pursue;
- our ability to identify, successfully compete for and acquire attractive royalty-generating assets;
- the availability of suitable acquisition or in-licensing opportunities or strategic partners that are consistent with the evolution of our business strategy;
- our continued ability to receive milestones and royalties from current and future collaborations;
- our ability to retain key personnel; and

- our ability to raise sufficient debt, equity, or non-dilutive financing to support our strategy and business objectives, including the proposed non-recourse debt financing with OMERS Life Sciences to partially fund our proposed acquisition of Theravance.

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:

- the potential success of our royalty-driven asset aggregation strategy;
- the potential disruption of our business and dilution of our shareholdings associated with acquisitions, joint ventures and other business development transactions;
- our ability to acquire favorable assets and progress them through preclinical and clinical development;
- our and our strategic partners’ discretion to discontinue or reprioritize the development of any of our product candidates;
- our ability to achieve milestones and receive associated milestone payments and royalties pursuant to the terms of our collaboration agreements, including the Amended Jazz Collaboration Agreement (as defined below);
- 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 ability to satisfy obligations and realize expected benefits under our financing arrangements, which may depend on future royalties and other factors that are subject to uncertainty;
- our ability to face significant competition, including biosimilar products, as well as competition for potential acquisitions and other business development transactions we may pursue;
- our or our strategic partners’ ability to obtain regulatory approval for product candidates without significant delays;
- the predictive value of our or our strategic partners’ current or planned clinical trials;
- delays with respect to the development and commercialization of our or our strategic partners’ product candidates, which may cause increased costs or delay receipt of product revenue;
- our or any of our strategic 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 and royalties pursuant to the terms of our collaboration agreements, including the Amended Jazz Collaboration Agreement (as defined below);
- risks and uncertainties related to our proposed acquisition of Theravance, including our ability to complete the acquisition within the anticipated timeframe or at all, and our ability to successfully realize the anticipated benefits of the acquisition;
- the extent to which our business may be adversely affected by pandemics or other health crises;
- global economic and political conditions, as well as social and political unrest in the locations where our or our strategic partners’ clinical trials are held, and the related impact on our business and the markets generally;
- unanticipated tax consequences in connection with the Redomicile Transactions (as defined below);
- the possibility that the Fast Track and Breakthrough Therapy designations for any of our or our strategic partners’ product candidates may not expedite regulatory review or approval;
- the U.S. Food and Drug Administration’s (the “FDA”) refusal to accept data from trials we or our strategic partners conduct outside the United States;
- disruptions at the FDA and other government agencies caused by funding shortages, global health concerns or changes implemented by the current U.S. Presidential administration;

- changes in regulations and customs, tariffs and trade barriers;
- the potential for our or our strategic partners' product candidates to have undesirable side effects;
- the likelihood of broad market acceptance of our or our strategic partners' product candidates;
- the ability to obtain Orphan Drug Designation or exclusivity for some or all of our or our strategic partners' product candidates;
- our and our strategic partners' ability to commercialize products outside of the United States;
- the outcome of reimbursement decisions by third-party payors relating to our or our strategic partners' products;
- our expectations with respect to the market opportunities for any product that we or our strategic partners develop;
- our and our strategic partners' 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 and our strategic partners' 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 for non-U.S. 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 or our strategic partners' 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 and our strategic partners' ability to comply with export control and import laws and regulations;
- our history of significant losses since inception;
- the potential dilution to our stockholders associated with any 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 currency exchange rates;
- our or a third party's ability to successfully develop any companion diagnostic tests for our product candidates without significant delays;
- our and our strategic partners' 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 and our strategic partners' 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 and our strategic partners' reliance on third parties for various operational and administrative aspects of our business including our reliance on third parties' cloud-based software platforms;
- our and our strategic partners' 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 or our strategic partners' 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;
- our potential involvement 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 non-U.S. legislation;
- our ability 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 dependency on the abilities of third parties to assert and defend our intellectual property rights for some of our or our strategic partners’ product candidates;
- patent reform legislation and court decisions can diminish the value of patents in general, thereby impairing our ability to protect our or our strategic partners’ products or product candidates;
- our ability to protect our intellectual property rights throughout the world;
- that we and our strategic partners will require FDA approval for any proposed product candidate names and any failure or delay associated with such approval which may adversely affect our anticipated milestone or royalty revenues;
- 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 and our strategic partners’ ability to market products in a manner that does not violate the law and subject us to civil or criminal penalties;
- potential adverse effects to our business from any non-compliance with laws regulating the protection of the environment and health and human safety;
- our ability to retain key executives and attract and retain qualified personnel;
- our ability to manage the evolution of our business strategy;
- our exposure to potential securities class action litigation; and
- the possibility that our share price and trading volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business.

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. Our registered trademarks include Azymetric, Zymeworks, ZymeCAD, EFECT, ZymeLink and ProTECT. 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.

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, 2026

	Page
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Loss and Comprehensive Loss	3
Condensed Consolidated Statements of Changes in Stockholders' Equity	4
Condensed Consolidated Statements of Cash Flows	6
Notes to the Interim Condensed Consolidated Financial Statements	7

ZYMEWORKS INC.
Condensed Consolidated Balance Sheets
(In thousands except share data)

	June 30, 2026	December 31, 2025
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 179,413	\$ 41,157
Short-term marketable securities	91,286	187,640
Accounts receivable	5,930	4,638
Prepaid expenses and other current assets	21,759	15,332
Total current assets	298,388	248,767
Long-term marketable securities	51,777	41,787
Long-term prepaids and other assets	2,281	6,674
Deferred tax asset	4,354	4,707
Property and equipment, net	13,955	15,502
Operating lease right-of-use assets	13,195	15,724
Intangible assets, net	998	1,350
Goodwill	12,016	12,016
Total assets	\$ 396,964	\$ 346,527
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 27,458	\$ 36,346
Income tax payable	45	83
Current portion of operating lease liability	3,304	3,471
Deferred revenue	16,436	2,418
Total current liabilities	47,243	42,318
Long-term portion of operating lease liability	12,703	14,796
Deferred revenue	—	14,606
Liability related to sale of future royalties	252,631	—
Other long-term liabilities	278	278
Deferred tax liability	3,740	6,028
Total liabilities	316,595	78,026
Stockholders' equity:		
Common stock, \$0.00001 par value; 900,000,000 authorized shares at June 30, 2026 and December 31, 2025, respectively; 71,412,072 and 74,638,413 shares issued and outstanding at June 30, 2026 and December 31, 2025, respectively	1,133,959	1,105,176
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, 2026 and December 31, 2025	—	—
Exchangeable shares, no par value, 550,000 and 553,184 issued and outstanding shares at June 30, 2026 and December 31, 2025, respectively	7,892	7,938
Additional paid-in capital	116,450	114,626
Accumulated other comprehensive loss	(6,694)	(6,079)
Accumulated deficit	(1,171,238)	(953,160)
Total stockholders' equity	80,369	268,501
Total liabilities and stockholders' equity	\$ 396,964	\$ 346,527

The accompanying notes are an integral part of these financial statements.

ZYMEWORKS INC.
Condensed Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
(In thousands except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue				
Research and development collaborations	\$ 4,590	\$ 48,726	\$ 6,998	\$ 75,836
Operating expenses:				
Research and development	27,435	34,449	61,892	70,187
General and administrative	19,335	14,951	34,404	31,936
Total operating expenses	46,770	49,400	96,296	102,123
Loss from operations	(42,180)	(674)	(89,298)	(26,287)
Other (expense) income:				
Interest income	3,287	3,426	5,998	6,850
Interest expense related to sale of future royalties	(6,595)	—	(8,661)	—
Other income (expense), net	196	(621)	316	(572)
Total other (expense) income, net	(3,112)	2,805	(2,347)	6,278
(Loss) income before income taxes	(45,292)	2,131	(91,645)	(20,009)
Income tax recovery (expense)	273	186	2,464	(310)
Net (loss) income	(45,019)	2,317	(89,181)	(20,319)
Other comprehensive (loss) income:				
Unrealized (loss) income on available for sale securities, net of tax of \$0	(129)	66	(615)	612
Total other comprehensive (loss) income	(129)	66	(615)	612
Comprehensive (loss) income	<u>\$ (45,148)</u>	<u>\$ 2,383</u>	<u>\$ (89,796)</u>	<u>\$ (19,707)</u>
Net (loss) income per common share:				
Basic	\$ (0.62)	\$ 0.03	\$ (1.21)	\$ (0.27)
Diluted	\$ (0.62)	\$ 0.03	\$ (1.21)	\$ (0.27)
Weighted-average common stock outstanding:				
Basic	72,993,313	75,337,168	73,826,423	75,254,553
Diluted	72,993,313	77,378,449	73,826,423	75,302,357

The accompanying notes are an integral part of these financial statements.

ZYMEWORKS INC.
Condensed Consolidated Statement of Changes in Stockholders' Equity
(In thousands of except share data)
(unaudited)

	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, 2026	1	\$ —	553,184	\$ 7,938	74,638,413	\$ 1,105,176	\$ (953,160)	\$ (6,079)	\$ 114,626	\$ 268,501
Issuance of common stock on exercise of options	—	—	—	—	839,943	14,117	—	—	(5,400)	8,717
Issuance of common stock through employee stock purchase plan	—	—	—	—	58,313	649	—	—	—	649
Issuance of common stock upon vesting of restricted stock units ("RSUs")	—	—	—	—	758,886	8,578	—	—	(8,578)	—
Issuance of common stock for retracted exchangeable shares	—	—	(2,300)	(33)	2,300	33	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	6,882	6,882
Purchase and retirement of common stock	—	—	—	—	(3,195,166)	—	(76,151)	—	—	(76,151)
Excise tax on purchase of common stock	—	—	—	—	—	—	(361)	—	—	(361)
Net loss	—	—	—	—	—	—	(44,162)	—	—	(44,162)
Other comprehensive loss	—	—	—	—	—	—	—	(486)	—	(486)
Balance at March 31, 2026	1	\$ —	550,884	\$ 7,905	73,102,689	\$ 1,128,553	\$ (1,073,834)	\$ (6,565)	\$ 107,530	\$ 163,589
Issuance of common stock on exercise of options	—	—	—	—	279,076	4,948	—	—	(1,741)	3,207
Issuance of common stock upon vesting of RSUs	—	—	—	—	37,666	445	—	—	(445)	—
Issuance of common stock for retracted exchangeable shares	—	—	(884)	(13)	884	13	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	11,106	11,106
Purchase and retirement of common stock	—	—	—	—	(2,008,243)	—	(51,949)	—	—	(51,949)
Excise tax on purchase of common stock	—	—	—	—	—	—	(436)	—	—	(436)
Net loss	—	—	—	—	—	—	(45,019)	—	—	(45,019)
Other comprehensive loss	—	—	—	—	—	—	—	(129)	—	(129)
Balance at June 30, 2026	1	\$ —	550,000	\$ 7,892	71,412,072	\$ 1,133,959	\$ (1,171,238)	\$ (6,694)	\$ 116,450	\$ 80,369

The accompanying notes are an integral part of these financial statements

ZYMEWORKS INC.
Condensed Consolidated Statement of Changes in Stockholders' Equity
(In thousands of except share data)
(unaudited)

	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, 2025	1	\$ —	570,637	\$ 8,188	68,964,319	\$ 1,015,618	\$ (830,335)	\$ (6,952)	\$ 152,249	\$ 338,768
Issuance of common stock on exercise of options	—	—	—	—	84,863	1,208	—	—	(437)	771
Issuance of common stock through employee stock purchase plan	—	—	—	—	74,274	724	—	—	—	724
Issuance of common stock upon vesting of RSUs	—	—	—	—	460,620	4,390	—	—	(4,390)	—
Issuance of common stock for retracted exchangeable shares	—	—	(735)	(10)	735	10	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	6,794	6,794
Net loss	—	—	—	—	—	—	(22,636)	—	—	(22,636)
Other comprehensive income	—	—	—	—	—	—	—	546	—	546
Balance at March 31, 2025	1	\$ —	569,902	\$ 8,178	69,584,811	\$ 1,021,950	\$ (852,971)	\$ (6,406)	\$ 154,216	\$ 324,967
Issuance of common shares on exercise of options	—	—	—	—	174,856	2,267	—	—	(882)	1,385
Issuance of common shares upon exercise of pre-funded warrants	—	—	—	—	5,086,480	49,862	—	—	(49,862)	—
Stock-based compensation	—	—	—	—	—	—	—	—	5,771	5,771
Net Loss	—	—	—	—	—	—	2,317	—	—	2,317
Other comprehensive income	—	—	—	—	—	—	—	66	—	66
Balance at June 30, 2025	1	\$ —	569,902	\$ 8,178	74,846,147	\$ 1,074,079	\$ (850,654)	\$ (6,340)	\$ 109,243	\$ 334,506

The accompanying notes are an integral part of these financial statements

ZYMEWORKS INC.
Condensed Consolidated Statements of Cash Flows (In thousands) (unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (89,181)	\$ (20,319)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	1,920	1,866
Amortization of intangible assets	352	3,223
Stock-based compensation expense	18,269	12,273
Amortization of operating lease right-of-use assets	2,529	1,430
Amortization of debt issuance costs	113	—
Non-cash royalty revenue related to sale of royalties	(467)	—
Non-cash interest expense related to sale of royalties	8,548	—
Deferred income tax recovery	(1,935)	(295)
Unrealized foreign exchange (gain) loss	(632)	678
Changes in operating assets and liabilities:		
Accounts receivable	(1,292)	53,208
Prepaid expenses and other current assets	(2,109)	8,362
Accounts payable and accrued liabilities	(11,367)	(28,324)
Operating lease liabilities	(1,788)	(1,632)
Deferred revenue	(588)	(21,777)
Income taxes payable	(38)	(27)
Net cash (used in) provided by operating activities	(77,666)	8,666
Cash flows from investing activities:		
Purchases of marketable securities	(62,532)	(104,179)
Proceeds from marketable securities	149,781	126,328
Acquisition of property and equipment	(216)	(530)
Acquisition of intangible assets	—	(692)
Net cash provided by investing activities	87,033	20,927
Cash flows from financing activities:		
Issuance of common stock on exercise of stock options	11,605	2,156
Issuance of common stock through employee stock purchase plan	607	544
Purchases of common stock for retirement	(128,100)	—
Proceeds from sale of future royalties	250,000	—
Payments for transaction costs related to sale of future royalties	(5,345)	—
Deferred financing fees	—	(65)
Net cash provided by financing activities	128,767	2,635
Effect of exchange rate changes on cash and cash equivalents	122	(78)
Net change in cash and cash equivalents	138,256	32,150
Cash and cash equivalents, beginning of period	41,157	66,103
Cash and cash equivalents, end of period	\$ 179,413	\$ 98,253
Supplemental cash flow information:		
Net cash paid during the period for income taxes	\$ 1,108	\$ 583
Supplemental disclosure of non-cash investing and financing items:		
Issuance of common stock upon exercise of pre-funded warrants	\$ —	\$ 49,862
Leased assets obtained in exchange for operating lease liabilities	—	1,024
Issuance costs related to sale of future royalties not yet paid	218	—
Acquisition of property and equipment and intangible assets not yet paid	156	—

The accompanying notes are an integral part of these financial statements.

ZYMEWORKS INC.

Notes to the Interim Condensed Consolidated Financial Statements

(unaudited)

(In thousands except share and per share data)

1. Nature of Operations

Zymeworks Inc. together with its subsidiaries (collectively the “Company” or “Zymeworks”) is a global biotechnology company managing a portfolio of licensed healthcare assets and developing a diverse pipeline of novel, multifunctional biotherapeutics to improve the standard of care for difficult-to-treat diseases, including cancer, inflammation, and autoimmune disease. 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.

Proposed Theravance Acquisition

On June 28, 2026, Zymeworks Inc. (“Parent”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Zymeworks Merger Sub 1, a wholly owned subsidiary of Parent (“Merger Sub”), and Theravance Biopharma, Inc. (“Theravance”), providing for the merger of Merger Sub with and into Theravance (the “Merger”), with Theravance surviving the Merger as a wholly owned subsidiary of the Company (the “Surviving Company”).

Pursuant to the Merger Agreement, each outstanding Theravance ordinary share will be converted into the right to receive \$17.00 in cash and one contingent value right (“CVR”), subject to the terms and conditions of the Merger Agreement and the related CVR agreement. The CVR will entitle holders to receive certain contingent payments tied to specified future amprelosetine-related proceeds and milestones.

Consummation of the Merger is subject to customary closing conditions, including, without limitation, the expiration or termination of any waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable to the Merger (“HSR Act Clearance”) and the approval of the Merger Agreement, the Merger and the other transactions contemplated thereby by the affirmative vote of holders of Ordinary Shares representing at least two-thirds of the Ordinary Shares (the “Theravance Requisite Vote”) present and voting in person or by proxy as a single class at an extraordinary general meeting of Theravance for the purpose of approving the Merger Agreement, the Merger and the other transactions contemplated thereby. The parties expect the Merger and the other transactions contemplated by the Merger Agreement to close in the second half of 2026.

The Company expects to finance the Merger with a combination of cash on hand and new debt financing. In connection with, and concurrently with entry into the Merger Agreement, Parent entered into a debt commitment letter dated June 28, 2026 (the “Debt Commitment Letter”) with OCM IP Healthcare Portfolio LP (“OMERS Life Sciences”), pursuant to which OMERS Life Sciences has agreed to purchase senior secured notes to be issued by certain newly formed special purpose vehicles in an aggregate principal amount of \$350,000 on the terms and subject to the conditions set forth in the Debt Commitment Letter for the purposes of financing the transactions contemplated by the Merger Agreement. The obligations of OMERS Life Sciences to provide the debt financing under the Debt Commitment Letter are subject to conditions customary for a transaction of this type.

The Company has not completed its assessment of the accounting impacts of the proposed acquisition, including any preliminary allocation of consideration or valuation of acquired assets and assumed liabilities, as the transaction has not yet been completed.

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, 2025.

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, 2026 and 2025 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, 2025.

Liability related to sale of future royalties

In March 2026, the Company entered into a royalty sale agreement with Royalty Pharma Development Funding, LLC (“Royalty Pharma”), to monetize a portion of the Company’s future Ziihera (zanidatamab-hrii) royalties. Refer to Note 7, Royalty Revenue Monetization, for further details on the agreement.

The Company recorded the upfront payment received from the sale of future royalties as a liability, net of transaction costs. Royalty payments to Royalty Pharma are recorded as a reduction of the liability and the transaction costs are amortized over the estimated life of the related royalty stream. The Company accounts for the associated interest expense under the effective interest rate method, while continuing to recognize the full amount of royalty revenue in the period in which the commercial partner sells the related product and recognizes the related revenue.

The liability related to the sale of future royalties, effective interest rate and the related interest expense are calculated using the Company’s current estimate of anticipated future royalty payments under the arrangement, which the Company periodically reassesses based on internal projections and information from its partners who are responsible for commercializing the medicines. If there is a material change in the estimates, the Company will prospectively adjust the liability related to the sale of future royalties, effective interest rate and the related interest expense.

Performance Stock Units

In 2026, the Company started granting Performance Stock Units (“PSUs”) to certain executives. Under the terms of the PSUs, the number of units earned is based on the Total Shareholder Return (“TSR”) of Zymeworks’ common stock over a period of time. The primary performance metric for the TSR is based on cumulative Absolute Total Shareholder Return (“Absolute TSR”) of the Company’s common stock during a three-year period from January 12, 2026 to January 12, 2029, (“Performance Period”) where TSR begins after the first-year anniversary of the grant date. A secondary performance metric based on Relative Total Shareholder Return (“Relative TSR”) as ranked against the Nasdaq Biotech Index will be triggered if the above three-year performance period lapses with no Absolute TSR performance targets having been met. In addition, the PSU award includes a service condition where the individual must remain employed by the company until the final certification date, which will be within 30 days following the end of the Performance Period.

Under the terms of the grants no number of PSUs is guaranteed to vest and the actual number of PSUs that will vest at the end of each performance period may be anywhere from 0% to 200% of the target number depending on the Absolute TSR or Relative TSR. Payout percentages under the Absolute TSR range from 0% to 200%. If no payout has been earned pursuant to the Absolute TSR Criteria during the Performance Period, payout percentages under the Relative TSR will be used which range from 0% to 50%.

The PSUs are classified as equity awards and are settled in shares of the Company’s common stock. The fair value of the PSUs are determined using a Monte Carlo model because the performance target is based on the Company’s Absolute or Relative TSR, which represents a market condition. The Monte Carlo simulation model is built on certain assumptions, including the Company’s stock volatility. The prices at which the Company’s common stock will trade in the future cannot be predicted and achievement of

market conditions may occur in period different than estimated. Compensation cost is recognized regardless of whether the market-based performance condition is ultimately achieved and is reversed only for service-based forfeitures. The grant date fair value of these awards are amortized as stock-based compensation expense over the vesting period.

Deferred Financing Costs Related to Pending Debt Financing

In connection with obtaining commitments for debt financing associated with the proposed acquisition of Theravance, the Company incurs costs directly attributable to the contemplated financing, including legal, advisory and other third-party fees. Such costs are capitalized as other assets while the Company evaluates and pursues the related financing transaction.

Upon completion of the financing, the capitalized costs will be recorded as a direct deduction from the carrying amount of the related debt and amortized to interest expense over the term of the debt using the effective interest method. If the financing is not completed, the capitalized costs will be expensed in the period the Company determines completion of the financing is no longer probable.

As of June 30, 2026, the Company had capitalized approximately \$1.4 million of costs related to the debt financing contemplated by the Debt Commitment Letter with OMERS Life Sciences. These amounts are included in prepaid expenses and other current assets on the condensed consolidated balance sheet.

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, estimates underlying the liability related to the sale of future royalties, including anticipated future royalty payments and the related effective interest rate. 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.

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, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the near-term maturities of these financial instruments. All marketable securities are classified as available-for-sale and are recorded at fair value (note 5).

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 and long-term marketable securities 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 investments with high credit quality financial institutions.

At June 30, 2026, the maximum exposure to credit risk for accounts receivable was \$5,930, 48% of which was from Jazz (December 31, 2025: 37% of receivables from Jazz) and all accounts receivable are due within the next 12 months. As at June 30, 2026 and December 31, 2025, the Company has recognized nominal amounts of provision for expected credit losses in relation to accounts receivable.

3. Recent Accounting Pronouncements

Recent accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU 2024-03, Income Statement Reporting – Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40), Disaggregation of Income Statement Expenses. The standard update improves the disclosures about a public business entity's expenses by requiring more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation and amortization) included within income statement expense captions. The guidance will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The standard updates are to be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of adoption of the standard update on its consolidated financial statements.

4. Net Loss Per Share

Net loss per share for the three and six months ended June 30, 2026 and 2025 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Numerator:				
Net (loss) income attributable to common stockholders:				
Basic	\$ (45,019)	\$ 2,317	(89,181)	(20,319)
Adjustment for change in fair value of liability classified stock options	—	(1)	—	(177)
Diluted	\$ (45,019)	\$ 2,316	(89,181)	(20,496)
Denominator:				
Weighted-average common stock outstanding:				
Basic	72,993,313	75,337,168	73,826,423	75,254,553
Adjustment for dilutive effect of equity classified stock options, RSUs and PSUs	—	2,001,887	—	—
Adjustment for dilutive effect of liability classified stock options	—	39,394	—	47,804
Diluted	72,993,313	77,378,449	73,826,423	75,302,357
Net loss per common share – basic	\$ (0.62)	\$ 0.03	\$ (1.21)	\$ (0.27)
Net loss per common share – diluted	\$ (0.62)	\$ 0.03	\$ (1.21)	\$ (0.27)

Weighted average number of shares of common stock used in the basic and diluted earnings per share calculations include (i) Exchangeable Shares for all the periods presented and (ii) for the three and six months ended June 30, 2025, the pre-funded warrants issued in connection with the Company's December 2023 private placement as the warrants were exercisable at any time for nominal cash consideration until their exercise on June 25, 2025. The Company's potentially dilutive securities, which include equity classified stock options, RSUs and PSUs, have been excluded from the computation of diluted net loss per share for the three and six months ended June 30, 2026 and for the six months ended June 30, 2025.

5. Cash, Cash Equivalents and Marketable Securities

The following table summarizes the Company's marketable securities as of June 30, 2026:

	Amortized Cost	June 30, 2026 Unrealized Loss	Fair Value
Short-term marketable securities:			
Contractual maturity of one year or less:			
Guaranteed investment certificates ("GICs") and mutual funds	\$ 22,366	\$ —	\$ 22,366
U.S. Treasury notes	—	—	—
Corporate debt securities	68,943	(23)	68,920
	91,309	(23)	91,286
Long-term marketable securities:			
Contractual maturity of one to three years:			
Corporate debt securities	51,789	(12)	51,777
	51,789	(12)	51,777
	<u>\$ 143,098</u>	<u>\$ (35)</u>	<u>\$ 143,063</u>

The following table summarizes the Company's marketable securities as of December 31, 2025:

	Amortized Cost	December 31, 2025 Unrealized Gain	Fair Value
Short-term marketable securities:			
Contractual maturity of one year or less:			
GICs and mutual funds	\$ 21,920	\$ —	\$ 21,920
U.S. Treasury notes	41,263	36	41,299
Corporate debt securities	124,272	149	124,421
	187,455	185	187,640
Long-term marketable securities:			
Contractual maturity of one to three years:			
Corporate debt securities	41,388	399	41,787
	41,388	399	41,787
	<u>\$ 228,843</u>	<u>\$ 584</u>	<u>\$ 229,427</u>

The unrealized losses on the Company's available-for-sale securities as of June 30, 2026 and December 31, 2025 were not material and were caused by fluctuations in market values and interest rates as a result of the economic environment. The Company concluded that an allowance for credit losses was unnecessary as of June 30, 2026 and December 31, 2025 because the decline in the market value was attributable to changes in market conditions and not credit quality, and that it is neither management's intention to sell nor is it more likely than not that the Company will be required to sell these investments prior to

recovery of their cost basis or recovery of fair value. There was no material realized gain or loss on available-for-sale securities in the periods presented.

The following tables present information about the Company's cash, cash equivalents and marketable securities 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, 2026				December 31, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:								
Cash				\$ 19,081				\$ 8,968
Cash equivalents:								
Money market funds and mutual funds	\$ 160,332	\$ —	\$ —	\$ 160,332	\$ 32,189	\$ —	\$ —	\$ 32,189
	<u>\$ 160,332</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 179,413</u>	<u>\$ 32,189</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,157</u>
Marketable securities:								
GICs and mutual funds	\$ 22,366	\$ —	\$ —	\$ 22,366	\$ 21,920	\$ —	\$ —	\$ 21,920
U.S. Treasury notes	—	—	—	—	41,299	—	—	41,299
Corporate debt securities	—	120,697	—	120,697	—	166,208	—	166,208
	<u>\$ 22,366</u>	<u>\$ 120,697</u>	<u>\$ —</u>	<u>\$ 143,063</u>	<u>\$ 63,219</u>	<u>\$ 166,208</u>	<u>\$ —</u>	<u>\$ 229,427</u>
	<u><u>\$ 182,698</u></u>	<u><u>\$ 120,697</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 322,476</u></u>	<u><u>\$ 95,408</u></u>	<u><u>\$ 166,208</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 270,584</u></u>

6. Goodwill

The Company performed its most recent annual impairment test of goodwill as of December 31, 2025. 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, 2025, 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, 2026.

7. Royalty Revenue Monetization

On March 2, 2026, Zymeworks BC entered into a sale agreement (the "Sale Agreement") with Zymeworks Royalty Limited Partnership (the "Subsidiary") a special purpose entity newly formed by Zymeworks BC and by its general partner Zymeworks General Partner ULC ("Zymeworks GP"). Under the Sale Agreement, Zymeworks BC sold to the Subsidiary a 30% interest in future royalties from the license agreements (the "Covered Agreements") with Jazz Pharmaceuticals Ireland Limited and BeOne Medicines Ltd. ("BeOne") relating to Ziihera (zanidatamab-hrii), not to exceed 120% of the maximum amount payable (excluding indemnification and other similar obligations) by the Subsidiary under the Loan Agreement (defined below) (such 30% interest, the "Transferred Royalty Interest").

Following the transfer, the Subsidiary entered into a loan agreement (the "Loan Agreement") with Royalty Pharma, acting as administrative agent and lender, pursuant to which the Subsidiary borrowed \$250,000 in a non-recourse, secured term loan (the "Loan"). The Loan bears fixed interest and matures on December 31, 2042 (the "Maturity Date"). Under the terms of the Loan Agreement, the amount payable to Royalty Pharma no later than the Maturity Date is approximately \$481,300, provided that if the Loan is repaid in full on or before December 31, 2033, the amount payable is \$412,500, in each case inclusive of all applicable interest, yield protection premiums, early redemption fees, exit fees and other amounts payable under the Loan Agreement (excluding indemnification and similar obligations). Amounts repaid may not be reborrowed.

Zymeworks BC will retain 70% of royalties on Ziihera annual net sales throughout the term of the Loan, with full royalty rights reverting to Zymeworks BC once the Loan and other amounts payable under the Loan Agreement to Royalty Pharma have been repaid in full. All earned regulatory and commercial milestone payments under the Covered Agreements will be retained by Zymeworks BC.

The Loan Agreement is fully non-recourse to Zymeworks BC and Zymeworks Inc. and is secured solely by the Subsidiary's assets, including the Transferred Royalty Interest, related rights under the Sale Agreement, and the deposit account used to receive royalty payments.

The Sale Agreement and Loan Agreement contain customary covenants and restrictions, including certain transfers, additional indebtedness, and related matters. In the event of certain defaults, such as termination of either Covered Agreement, specified breaches, or a change of control of the Company, Royalty Pharma may declare all outstanding principal, accrued interest, and applicable fees immediately due and enforce its rights against the collateral securing the loan.

The Company recorded the upfront payment of \$250,000 as a liability related to the sale of future royalties, net of transaction costs of \$5,563, which are being amortized over the estimated life of the arrangement using the effective interest rate method. The Company recognizes royalty revenue in the period in which the commercial partner sells the related product and recognizes the related revenue. The Company records royalty payments made to Royalty Pharma as a reduction of the liability.

The Company determines the effective interest rate used to record interest expense under this agreement based on an estimate of future royalty payments to Royalty Pharma. As of June 30, 2026, the estimated effective interest rate under the agreement was 10.7%.

The following is a summary of the Company's liability related to sale of future royalties for the six months ended June 30, 2026:

Proceeds from sale of future royalties in March 2026	\$ 250,000
Issuance costs related to sale of future royalties	(5,563)
Royalty payments to Royalty Pharma	(467)
Interest expense related to sale of future royalties	8,548
Amortization of issuance costs	\$ 113
Net Liability related to sale of future royalties as of June 30, 2026	<u>\$ 252,631</u>

There are numerous factors, most of which are not within our control, that could materially impact the amount and timing of royalty payments from Jazz Pharmaceuticals Ireland Limited and BeOne, and result in changes to our estimate of future royalty payments to Royalty Pharma. Such factors include, but are not limited to, the regulatory approval and commercial sales of Ziihera, competing products or other significant events.

8. Stockholders' Equity

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.

On October 13, 2022, the Company completed an internal reorganization transaction resulting in a Delaware incorporated entity becoming the listed company (the "Redomicile Transactions"). Prior to the Redomicile Transactions, the shares of Zymeworks BC Inc. (formerly known as Zymeworks Inc.) were publicly listed. 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").

In connection with the Plan of Arrangement, the Company issued to Computershare Trust Company of Canada, a trust company existing under the laws of Canada (the “Share Trustee”), one share of the Company’s 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 holders of the Exchangeable Shares.

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, 2026, there were 550,000 Exchangeable Shares held by former Zymeworks BC shareholders (December 31, 2025: 553,184). The Company will issue shares of its 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 and are treated as such in calculation of basic net loss per share.

2024 Repurchase Program

On August 1, 2024, the board of directors of the Company authorized a stock repurchase program (the “2024 Repurchase Program”), whereby the Company may repurchase up to \$60,000 of the Company’s outstanding common stock, par value \$0.00001 per share.

During the year ended December 31, 2024, the Company repurchased 2,545,402 shares of its common stock for a cost of \$30,000, and incurred commission expense of \$51, under the 2024 Repurchase Program, which have been recorded against accumulated deficit. The Company’s share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act of \$152. During the year ended December 31, 2024, the Company retired all 2,545,402 shares repurchased. These shares were returned to the status of authorized and unissued shares. During the year ended December 31, 2025, the Company completed the 2024 Repurchase Program by repurchasing 1,856,907 shares of its common stock for a cost of \$29,997 and incurred commission expense of \$37, which have been recorded against accumulated deficit. Excise tax was estimated as nil. The Company retired all 1,856,907 shares repurchased. These shares were returned to the status of authorized and unissued shares.

The following table presents the Company’s 2024 Repurchase Program activity:

	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Approximate value of shares purchased</u>
Year Ended December 31, 2024	2,545,402	\$ 11.79	\$ 30,000
Year Ended December 31, 2025	1,856,907	\$ 16.15	\$ 29,997

2025 Repurchase Program and 2026 Repurchase Program

On November 16, 2025, the board of directors of the Company authorized a new stock repurchase program (the “2025 Repurchase Program”), whereby the Company may repurchase up to \$125,000 of the Company’s outstanding common stock, par value \$0.00001 per share.

During the year ended December 31, 2025, the Company repurchased 431,217 shares of its common stock for a cost of \$11,188, incurred an obligation to purchase common stock for a cost of \$464 which had not been settled by December 31, 2025, and incurred commission expense of \$9, under the 2025 Repurchase Program, which have been recorded against accumulated deficit. Excise tax was estimated as nil. The Company retired all 431,217 shares repurchased. These shares were returned to the status of authorized and unissued shares.

During the six months ended June 30, 2026, the Company repurchased 3,766,336 shares of its common stock for a cost of \$91,069, and incurred commission expense of \$75, under the 2025 Repurchase Program, which have been recorded against accumulated deficit. The Company retired all 3,766,336 shares repurchased. These shares were returned to the status of authorized and unissued shares.

The following table presents the Company's 2025 Repurchase Program activity for the periods indicated:

	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Approximate value of shares purchased</u>
Year Ended December 31, 2025	431,217	\$ 25.94	\$ 11,188
Six Months Ended June 30, 2026	3,766,336	\$ 24.18	\$ 91,069

On May 14, 2026, the Company terminated the 2025 Repurchase Program and the board of directors of the Company authorized a new share repurchase program providing the ability to repurchase up to \$125.0 million in shares of the Company's common stock (the "2026 Repurchase Program").

During the six months ended June 30, 2026, the Company repurchased 2,008,243 shares of its common stock for a cost of \$51,908, incurred an obligation to purchase common stock for a cost of \$1,996 which had not been settled by June 30, 2026, and incurred commission expense of \$42, under the 2026 Repurchase Program, which have been recorded against accumulated deficit. The Company retired all 2,008,243 shares repurchased. These shares were returned to the status of authorized and unissued shares.

Excise tax was estimated as \$797 during the six months ended June 30, 2026, for purchases under the 2025 Repurchase Program and 2026 Repurchase Program.

The following table presents the Company's 2026 Repurchase Program activity:

	<u>Total number of shares purchased</u>	<u>Average price paid per share</u>	<u>Approximate value of shares purchased</u>
Six Months Ended June 30, 2026	2,008,243	\$ 25.85	\$ 51,908

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, PSU and other share-based awards, in addition to stock options. As of June 30, 2026, 5,190,276 shares of common stock were available for future award grants under the New Plan (December 31, 2025: 5,023,809 shares of common stock).

On January 5, 2022, the 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. On July 19, 2024, the board of directors approved an amendment and restatement of the Inducement Plan, which increased the number of shares of the Company’s common stock available for future issuance pursuant to equity awards granted under the Inducement Plan by 700,000 shares. As a result of this increase, a total of 1,450,000 shares will have been available for issuance pursuant to equity awards granted under the Inducement Plan since the inception of the Inducement Plan in January 2022. As of June 30, 2026, 622,500 shares of common stock were available for future award grants under this plan (December 31, 2025: 390,000).

RSUs

The following table summarizes the Company’s RSU activity under the New Plan since December 31, 2025:

	Number of RSUs	Weighted-average grant date fair value (\$)
Outstanding, December 31, 2025	1,947,584	12.90
Granted	1,374,700	23.91
Vested and settled	(796,552)	11.33
Cancelled, expired	(254,154)	16.77
Outstanding, June 30, 2026	2,271,578	19.68

As of June 30, 2026, there was \$25,108 of unamortized RSU expense that will be recognized over a weighted average period of 1.92 years.

PSUs

The following table summarizes the Company’s PSU activity under the New Plan since December 31, 2025:

	Number of RSUs	Weighted-average grant date fair value (\$)
Outstanding, December 31, 2025	—	—
Granted	317,000	34.45
Outstanding, June 30, 2026	317,000	34.45

As of June 30, 2026, there was \$9,473 of unamortized PSU expense that will be recognized over a weighted average period of 2.61 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 (\$)	Weighted-Average Contractual Term (years)	Aggregate intrinsic value (\$)
Outstanding, December 31, 2025	572,112	18.17	4.31	6,081
Granted	—	—		
Exercised	(115,357)	9.56		
Cancelled, expired	(7,546)	29.50		
Outstanding, June 30, 2026	449,209	19.47	3.91	4,182

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, 2025	7,816,277	12.71	7.47	109,157
Granted	2,005,750	23.83		
Exercised	(1,003,662)	10.46		
Cancelled, expired	(892,327)	14.77		
Outstanding, June 30, 2026	7,926,038	15.58	7.82	86,336

During the six months ended June 30, 2026, the Company received cash proceeds of \$11,605 from stock options exercised.

The stock options outstanding at June 30, 2026 expire at various dates from November 9, 2026 to June 9, 2036.

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, RSUs, PSUs as well as the financial statement impact of the amortization and periodic revaluation of liability classified instruments, are recorded in research and development expense and general and administration expense as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Research and development expense	\$ 3,313	\$ 2,891	\$ 7,106	\$ 6,052
General and administrative expense	7,887	2,832	10,917	5,945

The amounts above include stock-based compensation expense relating to RSUs and PSUs of \$5,167 and \$8,863 for the three and six months ended June 30, 2026, respectively (2025: \$2,346 and \$4,626).

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,	
	2026	2025
Dividend yield	0 %	0 %
Expected volatility	62.9 %	63.1 %
Risk-free interest rate	3.90 %	4.49 %
Expected average life of options	6.03 years	6.06 years

The weighted-average Black-Scholes option pricing assumptions for liability classified stock options outstanding at June 30, 2026 and 2025 are as follows:

	Six Months Ended June 30,	
	2026	2025
Dividend yield	0 %	0 %
Expected volatility	45.1 %	46.9 %
Risk-free interest rate	2.72 %	2.60 %
Expected average option term	0.60 years	0.56 years
Number of liability classified stock options outstanding	49,402	272,330

At June 30, 2026, the unamortized compensation expense related to unvested options was \$26,728. The remaining unamortized compensation expense as of June 30, 2026 will be recognized over a weighted-average period of 1.82 years.

9. Research, Collaboration and Licensing Agreements

Revenue recognized from the Company's strategic partnerships which includes amounts from Jazz Pharmaceuticals Ireland Limited or Jazz Pharmaceuticals, Inc. (subsidiaries of Jazz Pharmaceuticals plc, collectively referred to as "Jazz") is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Jazz:				
Development support payments	\$ 291	\$ 475	\$ 683	\$ 4,968
Drug supply for ongoing studies	791	1,841	1,136	4,798
Other drug supply	45	—	162	2,150
Royalties	1,589	550	2,919	752
BeOne:				
Milestone revenue	—	20,000	—	20,000
Recognition of deferred revenue	—	18,334	—	18,334
Drug supply	1,664	7	1,664	215
Royalties	210	19	434	19
Bristol-Myers Squibb company, ("BMS"):				
Option exercise fee	—	7,500	—	7,500
GlaxoSmithKline Intellectual Property Development Ltd. ("GSK"):				
Milestone revenue	—	—	—	14,000
Daiichi Sankyo, Co., Ltd. ("Daiichi Sankyo"):				
Milestone revenue	—	—	—	3,100
	<u>\$ 4,590</u>	<u>\$ 48,726</u>	<u>\$ 6,998</u>	<u>\$ 75,836</u>

Since December 31, 2025, there have not been any material changes to the key terms of our collaboration and license agreements.

Contract Assets and Liabilities

As at June 30, 2026, contract assets from research, collaboration and licensing agreements were \$1,799 (December 31, 2025: \$2,752). As at June 30, 2026, short-term and long-term contract liabilities were \$16,436 and \$0, respectively (December 31, 2025: \$2,418 and \$14,606, respectively). Contract liabilities relate to deferred revenue from the BeOne and Jazz agreements.

10. Leases

The lease for the Company's office and laboratory spaces in Vancouver, British Columbia, 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 spaces in Bellevue, Washington and in Redwood City, California with lease terms expiring between August 2027 and July 2029. 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 ceased its use of its office space in Redwood City, as of March 31, 2026 and fully amortized the right-of-use asset of this lease as of March 31, 2026.

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, 2026	December 31, 2025
Operating lease liabilities:		
Current portion	\$ 3,304	\$ 3,471
Long-term portion	12,703	14,796
Total operating lease liabilities	<u>\$ 16,007</u>	<u>\$ 18,267</u>
Weighted average remaining lease term:		
Operating leases	4.9 years	5.2 years
Weighted average discount rate:		
Operating leases in U.S. dollars	5.9 %	5.9 %
Operating leases in Canadian dollars	4.8 %	4.8 %

Cash paid for amounts included in the measurement of operating lease liabilities for fixed payments for the three and six months ended June 30, 2026 was \$1,084 and \$2,173, respectively (2025: \$1,075 and \$2,123), and were included in net cash used in operating activities in the consolidated statement of cash flows.

As of June 30, 2026, the maturities of the Company's operating lease liabilities were as follows:

	Operating leases
Within 1 year	\$ 4,114
1 to 2 years	3,647
2 to 3 years	3,468
3 to 4 years	2,659
4 to 5 years	2,609
Thereafter	1,522
Total operating lease payments	<u>18,019</u>
Less:	
Imputed interest	<u>(2,012)</u>
Operating lease liabilities	<u>\$ 16,007</u>

The cost components of the operating leases were as follows for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Lease expenses:				
Operating lease expense	\$ 885	\$ 797	\$ 2,652	\$ 1,573
Variable lease expense	502	526	1,053	1,142
	<u>\$ 1,387</u>	<u>\$ 1,323</u>	<u>\$ 3,705</u>	<u>\$ 2,715</u>

The expense for the six months ended June 30, 2026 includes \$766 of accelerated amortization for the right-of-use asset of the Company's office space in Redwood City.

11. 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.

Subject to the terms and conditions of the Merger Agreement (note 1), the Parent or Theravance may terminate the Merger Agreement if the Merger is not consummated by December 28, 2026, which period may be extended automatically for two three-month periods if at the end of the prior period, all conditions to closing of the Merger other than conditions relating to HSR Act Clearance have been satisfied or waived as of such date (the "End Date"). The Merger Agreement provides that the Parent will be required to pay Theravance a reverse termination fee of \$32,515 in the event the Merger Agreement is terminated in certain specified circumstances, including if the Merger is not consummated before the End Date because certain conditions related to HSR Act Clearance have not been satisfied or waived.

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.

12. Business Segments

The Company operates and manages its business in a single reportable segment, which is the management of a portfolio of licensed healthcare assets and development of novel multifunctional biotherapeutics (the "biotherapeutics segment").

The accounting policies of the biotherapeutics segment are the same as those described in the summary of significant accounting policies.

The Company's Chief Operating Decision Maker ("CODM") is the Chair of the Board of Directors and Chief Executive Officer. The CODM assesses performance for the biotherapeutics segment and decides how to allocate resources based on the results of our strategic planning, with segment (loss) income being used to monitor performance against the budgeted costs of that strategy. The measure of segment assets is reported on the balance sheet as total consolidated assets.

Segment profit or loss is measured as net loss presented in the consolidated statements of operations and comprehensive loss. For the purpose of evaluating segment performance and allocating resources, the CODM reviews the Company's consolidated financial information together with certain operating metrics and evaluates net loss against comparable prior periods and the Company's annual operating plan. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets.

In addition to the significant expense categories included within the consolidated statements of loss and comprehensive loss, the following table sets forth disaggregated research and development expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Zanidatamab	\$ 2,181	\$ 1,501	\$ 2,805	\$ 2,905
ZW171	(458)	3,322	691	5,549
ZW191	3,127	2,764	6,158	4,470
ZW220	(152)	327	(55)	2,525
ZW251	3,205	2,340	5,112	6,291
Expense for other preclinical and research programs	4,192	6,174	11,456	12,250
Unallocated research and development expenses:				
Salaries and benefits and stock based compensation	10,681	12,034	25,440	24,757
Other research and development expense	4,659	5,987	10,285	11,440
Total research and development expenses	<u>\$ 27,435</u>	<u>\$ 34,449</u>	<u>\$ 61,892</u>	<u>\$ 70,187</u>

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 interim condensed consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our audited consolidated 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, 2025 included in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the "SEC") on March 2, 2026 and with the securities commissions in all provinces and territories of Canada on March 2, 2026. 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.

Overview

Zymeworks Inc. ("Parent") together with its subsidiaries (collectively the "Company" or "Zymeworks") is a global biotechnology company managing a portfolio of licensed healthcare assets and developing a diverse pipeline of novel, multifunctional biotherapeutics to improve the standard of care for difficult-to-treat conditions, including cancer, inflammation, and autoimmune disease. We believe our asset and royalty aggregation strategy differentiates us from other biotechnology companies because it provides us with an opportunity to optimize future milestone and royalty cash flows and selectively invest in high-quality assets while retaining the flexibility to return capital to stockholders.

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. Other than the receipt of royalties on sales of zanidatamab and regulatory milestone payments relating to the regulatory approval of zanidatamab, we have not generated any revenue related to product approvals or the sale of approved products as of June 30, 2026. Other than the anticipated receipt of additional royalties and potential regulatory milestone payments relating to future regulatory decisions and sales of zanidatamab, we do not expect to generate any revenue related to product approvals or the sale of approved products until such time as we or our strategic partners' obtain regulatory approval and commercialize one or more of our product candidates, or we acquire commercial products or sales revenue pursuant to a strategic transaction, such as our proposed acquisition of Theravance Biopharma, Inc. ("Theravance"). 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, and private placements including the issuance of pre-funded warrants, and payments received under our license and collaboration agreements, and non-recourse royalty financing. Payments received or receivables from our license and collaboration agreements include upfront fees, milestone and royalty 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, 2026, we received \$1,283.1 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, 2026, we had \$322.5 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 marketable securities as of June 30, 2026, 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 \$89.2 million for the six months ended June 30, 2026 and as of June 30, 2026, we had an accumulated deficit of \$1,171.2 million. We expect to continue to incur operating losses in the near to medium term as we execute our strategic plan announced in 2025, which emphasizes disciplined capital allocation, focused research and development investment, advancement of partnered programs, and active management of our royalty and asset portfolio. Our operating expense outlook

reflects a multi-year planning framework designed to align spending with defined strategic priorities, including pipeline progression, technology platform advancement, and value-enhancing business development activities. We are prioritizing investments where we believe risk-adjusted returns are most attractive and expect operating expenses to be managed within this structured framework.

Our Strategy

Our strategy is focused on compounding long-term stockholder value through a combination of royalty growth, strategic acquisitions, and internal innovation, supported by disciplined capital allocation and a strengthened financial foundation through expected milestone payments and royalties from existing commercial partners. We pursue this strategy by discovering or acquiring and developing a diversified portfolio of preclinical or clinical healthcare assets while also evaluating strategic partnership opportunities to transfer certain costs and risks related to clinical development and/or commercialization to our strategic partners and secure the right to receive potential future royalty and milestone revenues. The following elements collectively support the execution of our strategy:

Royalty Portfolio and Cash Flow Generation

Through our asset and royalty aggregation strategy, we seek to optimize future cash flows from a growing portfolio of licensed products and product candidates, including Ziihera (zanidatamab-hrii) and pasritamig. As partnered therapies advance through late-stage development and commercialization, we expect to grow durable and predictable cash flows that can be deployed by us in order to seek attractive risk-adjusted returns for stockholders.

Strategic Acquisitions

We intend to evaluate and selectively acquire programs, technologies, product candidates and/or companies with high-quality assets or partnerships that align with our strategic objectives. By applying our scientific expertise, development capabilities, and operational efficiencies, we seek to enhance asset value and generate new royalty or cash flow streams. In evaluating acquisition opportunities, we consider multiple factors, including:

- Strategic fit;
- Royalty or cash flow potential;
- Differentiated assets or platform;
- Potential to address an unmet medical need;
- Adequate intellectual property protection; and
- Favorable cash or tax attributes.

Strategic Partnerships and Risk-Sharing

Partnerships and collaborations are central to our strategy as a potential source of funding for ongoing research and development while also reducing reliance on internal capital for later-stage clinical development of partnered assets. These arrangements enable risk sharing, particularly in late-stage development, and support disciplined R&D investment, which can reduce the need to use future milestone and royalty payments to fund planned operations.

Proprietary Technology Platforms and R&D Engine

We seek to leverage our expertise in protein engineering and drug chemistry to discover and develop next-generation antibody-based therapeutics to address significant unmet medical needs, particularly in hard-to-treat diseases. Our proprietary structure-guided molecular modeling, combined with internal antibody discovery and generation technologies, supports a fully integrated drug development engine capable of efficiently advancing a pipeline of innovative product candidates.

Our pipeline of multifunctional therapeutics is supported by our multispecific antibody therapeutics (“MSATs”) and antibody-drug conjugates (“ADCs”) technology platforms, which enable the development of novel therapeutics in cancer, inflammation, and autoimmune disease and create opportunities for new partnerships.

Stockholder Returns and Capital Allocation Discipline

Our capital allocation strategy is focused on balancing investment in long-term growth with returning capital to stockholders. As our royalty portfolio matures and generates excess capital beyond the needs of our operations and strategic investments, we maintain the flexibility to opportunistically allocate capital to stock repurchases. We view stock repurchases as a potential tool to strategically reduce our share count and enhance total stockholder return over time, while continuing to prioritize investments that can help support sustainable value creation. Decisions regarding capital returns are evaluated within the context of our liquidity position, future cash flow outlook, and overall strategic objectives.

Royalty and Milestone Opportunities

Zanidatamab (Ziihera)

We maintain a portfolio of partnered programs that leverage our technology platforms and scientific expertise while enabling risk-sharing and the potential for near-term milestone and royalty-based returns.

Zanidatamab, our first internally developed product candidate to receive regulatory approval, illustrates the execution of this partnership-based approach. Ziihera (zanidatamab-hrii), a bispecific antibody targeting HER2-expressing tumors developed using our Azymetric platform, has demonstrated positive late-stage clinical results and achieved regulatory approvals for the treatment of previously treated, unresectable or metastatic HER2-positive (“HER2+”) (IHC 3+) biliary tract cancer (“BTC”) in multiple jurisdictions including the United States, China, Europe and Canada. We have entered into separate collaboration and license agreements with BeOne Medicines Ltd. (formerly BeiGene, Ltd. and, together with its affiliates, “BeOne”) and Jazz Pharmaceuticals Ireland Limited, a subsidiary of Jazz Pharmaceuticals plc (collectively with their affiliates, “Jazz”), granting each partner exclusive rights to develop and commercialize zanidatamab in different territories. Jazz has completed the supplementary biologic license application (“sBLA”) submission for zanidatamab in the first quarter of 2026 for the treatment of first-line (“1L”) HER2+ locally advanced or metastatic gastroesophageal adenocarcinoma (“GEA”) under the real-time oncology review program in the United States, where zanidatamab has been granted Breakthrough Therapy Designation for patients with HER2+ GEA. In April 2026, the U.S. Food and Drug Administration (“FDA”) accepted the sBLA filing for Ziihera® (zanidatamab-hrii) combinations for the first-line treatment of adult patients with HER2+ unresectable locally advanced or metastatic gastric, gastroesophageal junction (“GEJ”), or GEA for priority review with a PDUFA date of August 25, 2026. In April 2026, BeOne announced that the U.S. FDA has granted Priority Review to a sBLA for TEVIMBRA® (tislelizumab) in combination with ZIIHERA® (zanidatamab) and chemotherapy for the first-line treatment of unresectable locally advanced/metastatic HER2+ gastric, gastroesophageal junction, or esophageal adenocarcinoma. In April 2026, BeOne also received acceptance for the filing of the sBLA for zanidatamab by the Center for Drug Evaluation of the China National Medical Products Administration (“NMPA”) to seek approval for zanidatamab for the first-line treatment for HER2+ locally advanced or metastatic GEA, including cancers of the stomach, gastroesophageal junction, and esophagus. Additionally, zanidatamab is currently being evaluated in multiple global clinical trials for treatment of broader HER2-expressing indications including early and late-line breast cancer and other HER2-expressing cancers. The U.S. FDA has also granted Breakthrough Therapy Designation for zanidatamab, for the treatment of adults with previously treated, locally advanced, unresectable, or metastatic HER2-positive colorectal cancer. Our partnerships with Jazz and BeOne reflect our strategy of advancing internally discovered programs through collaborations that share development risk while preserving the potential for long-term royalty and milestone revenues.

In addition to \$53.0 million already received for regulatory approval of Ziihera in BTC, we are entitled to receive up to \$440.0 million in near-term milestone payments from Jazz and BeOne related to approvals of Ziihera in GEA in the United States, Europe, Japan, and China as follows: U.S. - \$250.0 million; EU - \$100.0 million; Japan - \$75.0 million; China - \$15.0 million. We also expect that royalty revenue from Ziihera sales will increase as potential regulatory approvals are obtained in global markets for GEA.

We also have the potential to receive milestone payments related to future regulatory approvals in a third indication totaling \$89.0 million, collectively, from Jazz and BeOne. For Jazz this includes a \$50.0 million milestone payment upon regulatory approval of zanidatamab from the FDA in a third indication and a \$25.0 million milestone payment upon regulatory approval of zanidatamab from the European Commission in a third indication. For BeOne this includes \$4.0 million payable upon first patient dosed with zanidatamab in a third registrational study in the BeOne's territory and \$10.0 million upon approval of zanidatamab by a regulatory authority for the third indication in the BeOne's territory.

In addition, we could be eligible to receive future commercial milestones and increased royalties as additional indications of Ziihera are developed, approved and commercialized by Jazz and BeOne. Under our collaboration agreement with Jazz, we are eligible to receive tiered royalties of ten to high teens percentages on global (outside of Asia (other than Japan), Australia and New Zealand) annual net sales of Ziihera up to \$2.0 billion and 20% on annual net sales above \$2.0 billion. Under the collaboration agreement with BeOne, we are eligible to receive tiered royalties of mid-single to mid-double digit percentages on

annual net sales of Ziihera in Asia (other than Japan), Australia and New Zealand up to \$1.0 billion and 19.5% on annual net sales above \$1.0 billion (with royalty rates increasing by 0.5% when cumulative amounts forgone as a result of a royalty reduction of 0.5% reaches a cap in the low double-digit millions of dollars).

Pasritamig (JNJ-78278343)

Pasritamig is a first-in-class, bispecific T cell engager (“TCE”) targeting human kallikrein 2 (“KLK2”), and was engineered using Zymeworks’ Azymetric platform. Pasritamig has demonstrated promising safety and antitumor activity in Phase 1 clinical trials. In September 2025, Johnson & Johnson Innovative Medicine (formerly Janssen Inc., “J&J”) announced the initiation of multiple Phase 3 clinical trials evaluating pasritamig as both monotherapy and in combination regimens in castration resistant prostate cancer.

Platform Partnerships

We continue to have revenue-generating strategic partnerships and collaborations with respect to our Azymetric and EFECT therapeutic platforms with the following pharmaceutical companies: GlaxoSmithKline Intellectual Property Development Limited (“GSK”), Daiichi Sankyo Co., Ltd. (“Daiichi Sankyo”), J&J, and Merck Sharp & Dohme Research GmbH (“Merck”). For additional information regarding these agreements, see the section titled “Strategic Partnerships and Collaborations” below.

Royalty Pharma Loan Arrangement

On March 2, 2026, Zymeworks BC Inc. (“Zymeworks BC”) entered into a sale agreement (the “Sale Agreement”) with Zymeworks Royalty Limited Partnership (the “Subsidiary”), a special purpose entity newly formed by Zymeworks BC and by its general partner Zymeworks General Partner ULC (“Zymeworks GP”), under which Zymeworks BC sold to the Subsidiary 30% of future royalty payments (not to exceed 120% of the maximum amount payable (excluding indemnification and other similar obligations) by the Subsidiary under the Loan Agreement (as defined below) related to Ziihera receivable under the Jazz Collaboration Agreement and Zanidatamab Agreement (each as defined below, and together, the “Covered Agreements”) at a purchase price of \$250.0 million (such Ziihera-related assets and rights sold to the Subsidiary, the “Royalty Interest”).

Following the sale and transfer of the Royalty Interest, the Subsidiary entered into a Loan Agreement (the “Loan Agreement”), dated March 2, 2026, with Royalty Pharma Development Funding, LLC (“Royalty Pharma”) as administrative agent and lender, pursuant to which the lenders party to the Loan Agreement made a term loan to the Subsidiary (the “Loan”) in an aggregate principal amount of \$250.0 million, that bears interest at a fixed rate and matures on December 31, 2042 (the “Maturity Date”). Under the terms of the Loan Agreement, the amount payable to the lenders no later than the Maturity Date is approximately \$481.3 million, provided that if the Loan is repaid in full on or before December 31, 2033, the amount payable to the lenders is \$412.5 million, in each case inclusive of all applicable interest, yield protection premiums, early redemption fees, exit fees and other amounts payable under the Loan Agreement (excluding indemnification and similar obligations). Any amount borrowed and repaid by Subsidiary may not be reborrowed.

We will retain 70% of royalties on Ziihera annual net sales throughout the term of the Loan, with full royalty rights reverting to us once the Loan and other amounts payable under the Loan Agreement to Royalty Pharma have been repaid in full. All earned regulatory and commercial milestone payments under the Covered Agreements will be retained by us. For additional information regarding this arrangement, see the section titled “Liquidity and Capital Resources” below.

Wholly-Owned Pipeline

Our wholly-owned programs include novel ADC and MSAT candidates, such as TCEs, focusing on highly-expressed targets which provide opportunities for benchmarking in preclinical development and expected clinical differentiation. Our ADC candidates exploit our proprietary topoisomerase I inhibitor (“TOPO1i”) payload, ZD06519, while exploring alternate mechanisms of action for longer-term development and leveraging validated peptide-cleavable linkers and stochastic conjugations. With potential for enhanced activity compared to combination therapy, our current MSAT candidates (ZW209 and ZW1528) include trispecific TCEs (“TriTCE”) incorporating conditional co-stimulation to enhance immune-mediated killing of cancer cells, and multi-cytokine blockers for treatment of autoimmune and inflammatory diseases. Our TriTCE molecules are carefully designed to optimize tumor cell engagement and enhance T cell activation to increase anti-tumor activity while also minimizing cytokine release and off-tumor toxicities.

Solid Tumors in Oncology: Antibody-Drug Conjugates (ADCs)

ZW191: A clinical-stage ADC that targets folate receptor alpha (“FR α ”)-expressing tumors including ovarian cancer, endometrial cancer, and non-small cell lung cancer (“NSCLC”), is built using our novel, bystander-active, TOPO1i payload technology, ZD06519. The FR α -targeting monoclonal antibody incorporated in ZW191 was selected based on compelling internalization characteristics to enable targeting of high, mid, and low levels of FR α expression. A drug-antibody-ratio (“DAR”) of eight was selected due to the restricted expression profile of FR α in normal tissues and to enhance our ability to deliver payload to tumors with lower levels of FR α . FR α is a clinically validated target, found in approximately 75% of high-grade serous ovarian carcinomas, over 50% of endometrial cancers, and in 70% of NSCLC. Preclinical data demonstrate strong ZW191 activity across a range of FR α -expressing patient-derived xenografts, including models with low levels of FR α . The ability to target lower levels of FR α is in part due to the DAR-eight format and the observed superior internalization, payload delivery, and tissue penetration derived from the ZW191 monoclonal antibody compared to other FR α monoclonal antibodies used in ADCs currently or previously in development. In a good laboratory practices (“GLP”) toxicology study, ZW191 achieved a highest non-severely toxic dose in non-human primates of 60 mg/kg, which presents a compelling profile and enables the expectation of potentially achieving an efficacious dose level in the Phase 1 clinical trial. We have completed enrollment for the ongoing global Phase 1, open-label, multicenter study of ZW191, registered under NCT06555744 on clinicaltrials.gov. The study aimed to enroll approximately 145 participants with advanced solid tumors, including ovarian, endometrial, and non-small cell lung cancers, across North America, Europe, and the Asia-Pacific region. The study is designed to evaluate the safety, tolerability, pharmacokinetics, and preliminary anti-tumor activity of ascending doses of ZW191. The U.S. FDA has granted Fast Track designation to ZW191, for the treatment of patients with advanced or metastatic platinum-resistant ovarian cancer.

ZW251: A potential first-in-class clinical-stage ADC molecule designed for the treatment of glypican 3 (“GPC3”)-expressing hepatocellular carcinoma (“HCC”), incorporates the same Zymeworks proprietary bystander-active TOPO1i payload utilized in ZW191 (anti-FR α) and ZW220 (anti-NaPi2b), ZD06519. The GPC3-targeting monospecific antibody incorporated in ZW251 was selected based on favorable binding and internalization properties to enable targeting of a range of GPC3-expressing tumors. A DAR of four was selected for this program as a lower DAR potentially could unlock a broader range of dose levels, a potential benefit as HCC patients are commonly challenged by impairment of liver function as a result of chronic liver disease and cirrhosis. GPC3, a glycosylphosphatidylinositol-anchored cell surface oncofetal antigen, is over-expressed in most HCC patients (>75%), and displays minimal normal adult tissue expression, making it an appealing ADC target. In preclinical studies, anti-tumor activity for ZW251 was observed in multiple patient-derived xenograft models of HCC reflecting a range of GPC3 over-expression. In GLP toxicology studies performed in non-human primates, ZW251 achieved an HNSTD of 100 mg/kg, suggesting the potential for high doses in humans. We are encouraged by published research demonstrating the potential of targeting GPC3 with an antibody in HCC patients as evidenced by tumor localization of iodine radio-labeled condrituzumab, a clinical-stage anti-GPC3 monoclonal antibody, and believe that ADC-based targeting of GPC3 could enable a novel and effective approach to treatment of HCC. In July 2025, we announced that the investigational new drug (“IND”) application for ZW251 was cleared by the FDA. We are currently recruiting patients in an ongoing global Phase 1, open-label, multicenter study of ZW251, registered under NCT07164313 on clinicaltrials.gov. The study aims to enroll approximately 100 participants with advanced solid tumors, including HCC, squamous NSCLC, and germ cell tumors, across North America, Europe, and the Asia-Pacific region. The study is designed to evaluate the safety, tolerability, pharmacokinetics, and preliminary anti-tumor activity of ZW251.

ZW220: An ADC that targets NaPi2b-expressing NSCLC and ovarian cancer, is built, like ZW191, using our proprietary bystander active TOPO1i payload technology, ZD06519. The strong and persistent bystander effect of the ZD06519 payload that we have observed in preclinical studies may help overcome NaPi2b heterogeneity across different cancers. The NaPi2b-targeting monospecific antibody incorporated in ZW220 was selected based on a favorable binding profile and enhanced internalization properties to enable targeting of both NaPi2b-high and NaPi2b-low expressing tumors. Distinct from ZW191, ZW220 utilizes a DAR-four format paired with mutations in the fragment crystallizable (“Fc”) region to attenuate binding to Fc-gamma family receptors. These features were incorporated in ZW220 with the goal of minimizing potential toxicities associated with expression of NaPi2b in normal lung tissue. NaPi2b is expressed in approximately 83% of ovarian (serous) cancer, 81% of endometrial cancer, and 77% of adenocarcinoma NSCLC. Preclinical data demonstrate that ZW220 is active in models of ovarian cancer and NSCLC with strong anti-tumor activity observed in patient-derived xenograft models and growth inhibition observed in three-dimensional spheroid models. ZW220 is tolerated at high doses in non-GLP animal studies with a maximum tolerated dose (“MTD”) ≥ 90 mg/kg in non-human primates and ≥ 200 mg/kg in rats, suggesting the potential for high doses in humans. NaPi2b is a compelling ADC target, and we believe the design of ZW220 may overcome some of the challenges encountered with other NaPi2b-targeted ADCs, including Lifa-V, UpRi, and XMT-1592, and may potentially provide a safe and meaningful benefit to patients with NaPi2b-expressing tumors. We have paused the preparations for the commencement of a Phase 1 study of ZW220 to help facilitate the accelerated development of ZW251. However, we believe ZW220 remains a highly differentiated, IND-ready asset with strong clinical, commercial, and partnership potential.

Solid Tumors in Oncology: Multispecific Antibody Therapeutics (MSATs)

ZW209: A novel TriTCE targeting Delta-like ligand 3 (“DLL3”)-expressing tumor cells, is designed using our clinically validated Azymetric and EFECT platforms. By leveraging obligate cis-T cell binding and conditional cluster of differentiation 28 (“CD28”) engagement, this potentially first-in-class molecule has been designed to prevent unintended T cell activation, while enabling tumor-targeted cytotoxicity. The innovative design has demonstrated differentiated long-term cytotoxicity in vitro at low E:T (effector to target) ratios, with enhanced T cell proliferation and survival, offering significant potential to increase durability of responses in DLL3-expressing cancers. We anticipate submitting an IND to commence Phase 1 clinical studies for ZW209 in 2026, with equivalent non-U.S. applications to be submitted thereafter.

Autoimmune and Inflammatory Diseases (AIID)

ZW1528: Our first program in AIID, is a novel IL-4R α x IL-33 bispecific molecule designed to address respiratory inflammation such as mixed-type chronic obstructive pulmonary disease (“COPD”) by inhibiting multiple pathways. By blocking three cytokines (IL-4, IL-13, and IL-33) in a single biologic, ZW1528 offers a unique approach to inhibit clinically validated pathways. The bispecific antibody is designed to provide complete, prolonged IL-4R α blockade with simultaneous blockade of IL-33. Based on non-clinical in vitro studies, the bispecific can independently suppress IL-4, IL-13, and IL-33 driven cell signaling equivalent to that achieved with anti-IL-4R α monoclonal antibody (“mAb”) or anti-IL-33 clinical benchmarks mAbs. Furthermore, in preclinical studies, ZW1528-mediated blockade of cytokine-driven activation of human epithelial cells was superior to that achieved with mAbs targeting either IL-4R α or IL-33, indicating potential benefits of dual blockade. Additionally, preclinical studies with human peripheral blood mononuclear cells demonstrate ZW1528 provides blockade of IL-33 mediated effects beyond that achievable with an anti-IL33 benchmark mAb. With native Immunoglobulin G-like geometry, ZW1528 demonstrates the potential for high manufacturability and incorporates half-life extending Fc modifications. We anticipate submitting a regulatory filing to commence Phase 1 clinical studies for ZW1528 in 2027.

Continued Pipeline Development

Going forward, we currently expect to focus our ADVANCE research efforts primarily on multispecific antibody and engineered-cytokine platforms. We anticipate that these activities will be partially supported through early-stage partnerships and collaborations. We also intend to continue disseminating scientific findings through peer-reviewed publications and data presentations across our preclinical and clinical programs, as appropriate.

With respect to our ADC portfolio, we currently expect to continue conducting Phase 1 clinical studies for ZW191 and ZW251 during 2026. We may pursue additional clinical development of our pan-RASi ADCs; ZW220, ZW327, and ZW418, only if and when partnerships, collaborations, spin-out formation, and/or other sources of external funding become available.

We intend to continue innovating with increased novelty in targets and unique mechanisms of action through bispecific or biparatopic ADCs, dual-payload ADCs, multi-specific immune cell engagers and immune-oncology, subject to strategic priorities, and the availability of resources.

Our Proprietary Therapeutic Platforms

Our expertise in protein engineering has enabled the development of our proprietary therapeutic platforms, a complementary suite of highly tailored biologics solutions. Our therapeutic platforms can be used alone or in combination to develop multifunctional fit-for-purpose biotherapeutics with bispecific capabilities (Azymetric), targeted cytotoxin payload delivery and linker technologies (drug conjugate platforms), finely tuned immune function modulation (EFECT), and tumor-specific immune co-stimulation (ProTECT). The modular design and ease of use of our therapeutic platforms allow for the design and evaluation of multiple candidates with different formats to determine the optimal therapeutic combination early in development. We continue to leverage these therapeutic platforms to expand our pipeline of next-generation multispecific and ADCs that we believe could represent significant improvements to the standard of care in multiple cancer types and other serious diseases.

Azymetric Multispecific Antibody Platform

The Azymetric multispecific antibody platform is our foundation platform, which can produce either the backbone of our ADCs or be the base of our multispecific therapeutics that can be combined with both our TriTCE technology and our ProTECT platform to develop potential best-in-class trispecifics. The U.S. FDA approval of zanidatamab in 2024 provides validation of our proprietary Azymetric technology and capabilities for design and development of novel medicines. The Azymetric platform

consists of a library of proprietary amino acid substitutions that enable the transformation of monospecific antibodies into bispecific or trispecific antibodies, which gives them the ability to simultaneously bind two non-overlapping epitopes. The Azymetric platform enables the development of biotherapeutics with dual-targeting of receptors/ligands and simultaneous blockade of multiple signaling pathways, increasing tumor-specific targeting and efficacy while reducing toxicities and the potential for drug resistance. In preclinical studies, the dual targeting of Azymetric antibodies has demonstrated synergistic activity relative to the application of an equivalent dose of the corresponding monospecific antibodies. Azymetric multispecifics can also be engineered to enhance internalization of the antibody into the tumor cell and consequently increase the delivery of cytotoxins. Azymetric multispecifics retain the desirable drug-like qualities of monoclonal antibodies, including long half-life, stability and low immunogenic potential, which increases their probability of success. Azymetric multispecifics are also compatible with standard manufacturing processes with high production yields and purity.

The Azymetric platform is the foundation for the development of trispecific and trivalent antibodies. Our complementary suite of technologies can incorporate multiple targets and mechanisms of action within a single antibody-based therapeutic. To achieve efficacy and durability in a difficult tumor microenvironment, we have developed a TriTCE strategy that integrates checkpoint inhibition (“TriTCE-CPI”) and costimulatory technologies (“TriTCE-costim”). TriTCE-CPI technology is designed to navigate suppressive tumor microenvironments and enhance the activity of TCEs through incorporation of a checkpoint pathway binder to restore and enhance T cell engagement and overcome secondary resistance to provide durable responses. TriTCE-costim technology can increase T cell fitness, activation and proliferation via tumor-dependent T cell co-stimulation. Further, TCE technologies can integrate with ProTECT, a technology built to mask an antibody arm to improve selectivity to minimize off-target, and mitigate on-target, adverse events.

Drug Conjugate Platforms

Our drug conjugate platforms are a suite of proprietary cytotoxins (including both topoisomerase and microtubulin inhibiting toxins), stable linkers, and conjugation technologies that are compatible with and complementary to our product candidates and enable delivery of cytotoxins directly to target cells. We believe that our platforms provide multiple competitive advantages over existing ADC approaches, including optimized activity and tolerability profiles through increased drug delivery to target cells with reduced off-target effects, as well as improved pharmacokinetics and stability. Our drug conjugate platforms can be used in conjunction with our other therapeutic platforms to potentially increase safety and efficacy as compared to existing ADC platforms.

Our TOPO1i ADC platform is one of several proprietary Zymeworks linker-payload platforms. TOPO1i-based technologies have shown meaningful clinical benefit in a wide range of solid tumors, including hard-to-treat solid tumors, and have been validated across many targets. Our novel camptothecin ZD06519 (FD1) has been specifically designed for its application as an ADC payload. A panel of camptothecin analogs with different substituents at the C-7 and C-10 positions of the camptothecin core were prepared and tested in vitro. Selected compounds spanning a range of potency and hydrophilicity were elaborated into drug-linkers, conjugated to trastuzumab, and evaluated in vitro and in vivo. ZD06519 was selected based on its favorable properties as a free molecule and as an antibody conjugate, which include moderate free payload potency (~1 nanomolar), low hydrophobicity, strong bystander activity, robust plasma stability, and high-monomeric ADC content. When conjugated to different antibodies using a clinically validated MC-GGFG-based linker, ZD06519 demonstrated impressive efficacy in multiple cell-derived xenograft models and noteworthy tolerability in healthy mice, rats, and non-human primates.

EFFECT Antibody Effector Function Modulation Platform

The EFFECT platform consists of sets of modifications to the Fc region of antibodies that enable the selective modulation of recruited cytotoxic immune cells for diverse therapeutic applications. This allows us to rationally tailor the selective enhancement or suppression of immune effector function to optimize product candidates.

ProTECT Tumor-Specific Immune Co-stimulation Platform

The ProTECT platform is a novel conditionally active antibody technology that can simultaneously increase the tolerability and efficacy for therapeutics, thereby potentially enhancing therapeutic window and clinical utility. Functional, natural immunomodulatory heterodimers are introduced to sterically block antigen binding outside the tumor, enabling therapeutics with limited activity in normal healthy tissue, avoiding on-target, off-tumor toxicities. Once in the tumor microenvironment, specific proteases cleave and release one half of the functional block activating both the targeting antibody and the immunomodulatory function. The resulting activated multifunctional therapeutic enables immune modulation in concert with antigen binding, which enables an overall increase in the therapeutic window through selective tumor activity and enhanced potency.

Recent Developments

Strategic Acquisitions

Proposed Theravance Acquisition

On June 28, 2026, Parent entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Zymeworks Merger Sub 1, a wholly owned subsidiary of Parent (“Merger Sub”), and Theravance, providing for the merger of Merger Sub with and into Theravance (the “Merger”), with Theravance surviving the Merger as our wholly owned subsidiary (the “Surviving Company”).

Consummation of the Merger is subject to customary closing conditions, including, without limitation, the expiration or termination of any waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable to the Merger (“HSR Act Clearance”) and the approval of the Merger Agreement, the Merger and the other transactions contemplated thereby by the affirmative vote of holders of Ordinary Shares representing at least two-thirds of the Ordinary Shares (the “Theravance Requisite Vote”) present and voting in person or by proxy as a single class at an extraordinary general meeting of Theravance for the purpose of approving the Merger Agreement, the Merger and the other transactions contemplated thereby. The parties expect the Merger and the other transactions contemplated by the Merger Agreement to close in the second half of 2026.

Pursuant to the Merger Agreement, each outstanding Theravance ordinary share will be converted into the right to receive \$17.00 in cash and one contingent value right (“CVR”), subject to the terms and conditions of the Merger Agreement and the related CVR agreement. The CVR will provide holders with the opportunity to receive certain contingent payments tied to specified future ampreloxetine-related proceeds and milestones.

We expect to finance the Merger with a combination of cash on hand and new debt financing. In connection with, and concurrently with entry into, the Merger Agreement, Parent entered into a debt commitment letter dated June 28, 2026 (the “Debt Commitment Letter”) with OCM IP Healthcare Portfolio LP (“OMERS Life Sciences”), pursuant to which OMERS Life Sciences has agreed to purchase senior secured notes to be issued by certain newly formed special purpose vehicles in an aggregate principal amount of \$350 million on the terms and subject to the conditions set forth in the Debt Commitment Letter for the purposes of financing the transactions contemplated by the Merger Agreement. The obligations of OMERS Life Sciences to provide the debt financing under the Debt Commitment Letter are subject to conditions customary for a transaction of this type.

Wholly-Owned Programs

On June 14, 2026, we presented new clinical data from the dose-escalation portion of the ongoing Phase 1 study evaluating ZW191, a folate receptor alpha-targeting antibody-drug conjugate, at the European Society for Medical Oncology Gynaecological Cancers Congress 2026. Among response-evaluable platinum-resistant ovarian cancer patients, ZW191 demonstrated a cORR of 78.6% in patients with FR α -positive tumors and 47.4% in patients with FR α -negative tumors across all dose levels. These findings demonstrate meaningful anti-tumor activity across both FR α -positive and FR α -negative tumors as well as in the overall population.

We continue to recruit patients in an ongoing Phase 1b study of ZW251, a GPC3-targeting antibody-drug conjugate, for the treatment of patients with hepatocellular carcinoma, squamous non-small cell lung cancer and germ cell tumors.

Partnered Programs

Zanidatamab

The top-line results from the second interim overall survival analysis for the HERIZON-GEA-01 trial doublet regimen are expected in the third quarter of 2026.

The FDA granted Breakthrough Therapy Designation ("BTD") for Zanidatamab ("Ziihera"), for the treatment of adults with previously treated, locally advanced, unresectable, or metastatic HER2-positive colorectal cancer.

The EmpowHER-303 trial is expected to complete patient enrollment in mid-2027 with top-line data expected by the end of 2027 or early 2028.

Results from Phase 3 HERIZON-GEA-01 published in The New England Journal of Medicine; Additional subgroup analyses presented in an oral presentation at the 2026 ASCO Annual Meeting showing improved clinical outcomes with zanidatamab-containing combinations regardless of PD-L1 expression, including in PD-L1-negative patients.

Zanidatamab has a U.S. PDUFA target action date of August 25, 2026 for the treatment of patients with 1L HER2+ locally advanced or metastatic GEA. Zymeworks remains eligible to receive a \$250M milestone payment upon potential approval in the U.S., and up to \$190 million in potential additional global regulatory milestones for 1L HER2+ GEA. Zymeworks will continue to receive royalties on Ziihera sales, with royalty revenues expected to increase following U.S. and global regulatory approvals for GEA.

Our royalty revenue from Jazz and BeOne was \$1.8 million in the three months ended June 30, 2026, driven primarily by net product sales of Ziihera® by Jazz in the three months ended June 30, 2026.

Pasritamig

Johnson and Johnson Innovative Medicine ("J&J") expect to present Phase 1b clinical data for pasritamig, a first-in-class bispecific antibody against KLK2, in combination with JNJ-9401 in patients with advanced prostate cancer who have progressed after multiple lines of therapy, during the second half of 2026.

J&J increased the planned enrollment for its Phase 3 trial of pasritamig (JNJ-78278343) in combination with best supportive care in patients with late-line metastatic castration-resistant prostate cancer (mCRPC), from approximately 663 to 1,203 participants. The study is actively recruiting across 172 sites globally and is evaluating overall survival versus placebo, with median overall survival as the primary endpoint. The anticipated primary completion date is now estimated as December 2027, compared with the previously estimated May 2028 date (NCT07164443).

Other Matters

2026 Repurchase Program

On November 16, 2025, our board of directors approved a program pursuant to which the Company was authorized to repurchase, from time to time, up to \$125.0 million worth of its outstanding common stock (the "2025 Repurchase Program"). As of May 13, 2026, the Company had utilized approximately \$102.3 million of the 2025 Repurchase Program to acquire 4,197,553 shares at an average price of 24.36 per share (exclusive of commission expense and estimated excise tax).

On May 14, 2026, we terminated the 2025 Repurchase Program and our board of directors authorized a new share repurchase program providing the ability to repurchase up to \$125.0 million in shares of our common stock (the "2026 Repurchase Program"). Through August 4, 2026, we have repurchased 1,971,454 common shares for \$49.4 million at an average price per share of \$25.04 (exclusive of commission expense and estimated excise tax) under our current 2026 Repurchase Program.

Since initiating its share repurchase program in August 2024, the Company has cumulatively utilized \$213.6 million to reacquire 10,571,316 shares at an average price of \$20.21 per share (exclusive of commission expense and estimated excise tax). As of August 4, 2026, the Company had approximately 71.0 million common shares outstanding.

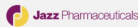
Strategic Partnerships and Collaborations

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 BeOne relating to our programs for zanidatamab and zanidatamab zovodotin, we have received an aggregate of \$491.0 million through June 30, 2026 in the form of non-refundable upfront payments and milestone payments. In addition, through these partnerships with Jazz and BeOne with respect to zanidatamab, as of June 30, 2026, we remain eligible to receive up to \$1.51 billion in potential regulatory, development and commercial milestone payments, as well as tiered royalties on potential future product sales, pending receipt of applicable regulatory approvals. Under our collaboration agreement with Jazz, we are eligible to receive tiered royalties of ten to high teens percentages on global (outside of Asia (other than Japan), Australia and New Zealand) annual net sales of Ziihera up to \$2.0 billion and 20% on annual net sales above \$2.0 billion. Under the collaboration agreement with BeOne, we are eligible to receive tiered royalties of mid-single to mid-double digit percentages on annual net sales of Ziihera in Asia (other than Japan), Australia and New Zealand up to \$1.0 billion and 19.5% on annual net sales above \$1.0 billion (with royalty rates increasing by 0.5% when cumulative amounts forgone as a result of a royalty reduction of 0.5% reaches a cap in the low double-digit millions of dollars).

These partnerships have provided us with a significant source of non-dilutive funding and provide for additional future direct funding by our strategic partners for our lead asset, zanidatamab. These partnerships also leverage our strategic partners' commercial infrastructure, helping accelerate the development and expanding the potential reach of our lead product candidates.

The information included in the table below presents a summary of key aspects of our collaboration and licensing agreements as of June 30, 2026.

Program Partnerships	Partner	Therapeutic Indication ¹	Current Stage ¹	Potential Future Milestone Payments ²	Royalty Rate
Ziihera® (zanidatamab-hrii) Azymetric EFECT	 Jazz Pharmaceuticals	HER2-expressing Cancer	Marketed in first indication (BTC)	Up to \$1.36 billion	Tiered worldwide royalties between 10% to 20% other than in BeOne territories
Zanidatamab Azymetric EFECT	 BeOne	HER2-expressing Cancer	Marketed in first indication (BTC)	Up to \$144 million	Tiered royalties up to 19.5% of net sales in BeOne territories ³
Platform Partnerships	Partner	Therapeutic Indication ¹	Current Stage ¹	Potential Future Milestone Payments ²	Royalty Rate
Bispecific Antibody Azymetric EFECT	 Johnson & Johnson Innovative Medicine	Castration-Resistant Prostate Cancer	Phase 3	Up to \$434 million	Tiered worldwide royalties in the mid-single digit percentages
Bispecific Antibody Azymetric	 gsk	Infectious Disease/Undisclosed	Phase 1	Up to \$1.1 billion	Tiered worldwide royalties in the low to mid-single digit percentages
Bispecific Antibody Azymetric EFECT	 Daiichi-Sankyo	Immuno-Oncology	Phase 1	Up to \$230 million	Tiered worldwide royalties from low single digit percentages up to 10%
Bispecific Antibody Azymetric EFECT	 gsk	Undisclosed	Preclinical	Up to \$1.1 billion	Tiered worldwide royalties in the low single digit percentages
Bispecific Antibody Azymetric EFECT	 MERCK	Undisclosed	Preclinical	Up to \$921.8 million	Tiered worldwide royalties on sales

(1) Current stage and therapeutic indication reflects the current preclinical, clinical or commercial stage of development for the most advanced program under the partnership, as applicable.

(2) Figures reflect all potential future milestone payments under the applicable agreement, including, but not limited to, the lead asset. See further discussion of each partnership in "Item 1. Business - Strategic Partnerships and Collaborations" in our Annual Report on Form 10-K, for the year ended December 31, 2025 .

(3) Tiered royalties of up to 19.5% of annual net sales in BeOne territories, increasing to up to 20% when cumulative amounts forgone as a result of a royalty reduction of 0.5% reaches a cap in the low double-digit millions of dollars.

In addition to the payments we have received through our collaboration agreements with Jazz and BeOne relating to zanidatamab and zanidatamab zovodotin, as of June 30, 2026, we have received \$233.4 million in the form of non-refundable upfront and milestone payments from platform partnership and collaboration agreements. We continue to have revenue-generating strategic partnerships and collaborations with respect to our Azymetric and EFECT therapeutic platforms with the following pharmaceutical companies: GSK, Daiichi Sankyo, J&J, and Merck. As of June 30, 2026, we remain eligible to receive up to \$0.78 billion in preclinical and development milestone payments and up to \$2.97 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 using our platforms. As of April 30, 2026, Celgene Corporation and Celgene Alpine Investment Co. LLC (now a Bristol-Myers Squibb company) has discontinued development of its remaining program under our collaboration agreement. 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, 2025.

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, milestone payments and royalties 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 other than zanidatamab royalties from the commercialization and sale of any of our product candidates that obtain regulatory approval. We or our strategic partners may never succeed in achieving regulatory approval for any of our current or future 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. As part of our recently announced strategy, we will continue to seek out partnerships and collaborations. If we are successful, over the next several years, we anticipate that our annual research and development expenses, excluding stock-based compensation expense, will trend lower.

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. We anticipate over the next several years that our annual general and administrative expenses, other than stock-based compensation expense, will trend lower as we continue to pursue our strategic plan.

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, 2025.

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, 2026 as compared to what has been described in our most recent annual consolidated financial statements, other than the application of existing accounting policies to the royalty monetization transaction and the issuance of performance stock units, as well as capitalized deferred financing costs related to pending debt financing, as described in note 2 of our interim condensed consolidated financial statements for the quarter ended June 30, 2026 within this Quarterly Report on Form 10-Q.

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, 2026 within this Quarterly Report on Form 10-Q.

Results of Operations for the Three and Six Months Ended June 30, 2026 and 2025

Revenue

(dollars in millions)	Three Months Ended June 30,		Increase/ (Decrease)		Six Months Ended June 30,		Increase/ (Decrease)	
	2026	2025			2026	2025		
Revenue from research and development collaborations	\$ 4.6	\$ 48.7	\$ (44.1)	(91)%	\$ 7.0	\$ 75.8	\$ (68.8)	(91)%

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

Total revenue decreased by \$44.1 million in the three months ended June 30, 2026 compared to the same period in 2025. The decrease was driven primarily by the absence of significant non-recurring collaboration revenue recognized in 2026, including a \$20.0 million development milestone from BeOne, \$18.3 million of deferred revenue recognized in connection with the amended ZW25 license agreement and termination of the ZW49 agreement, and a \$7.5 million option exercise fee from Bristol Myers Squibb that were recognized in 2025. In addition, revenue declined due to lower development support and drug supply revenue from Jazz, reflecting the transition of responsibility for certain zanidatamab clinical activities to Jazz under our amended agreements. These decreases were slightly offset by higher royalty revenue from Jazz and BeOne in 2026. Royalty revenue from Jazz and BeOne is expected to increase over time as commercial sales of Ziihera increase.

Total revenue decreased by \$68.8 million in the six months ended June 30, 2026 compared to the same period in 2025. The decrease was driven primarily by the absence of significant non-recurring collaboration revenue recognized in 2026, including a \$20.0 million development milestone from BeOne, \$18.3 million of deferred revenue recognized in connection with the amended ZW25 license agreement and termination of the ZW49 agreement, development milestones of \$14.0 million from GSK and \$3.1 million from Daiichi Sankyo, and a \$7.5 million option exercise fee from Bristol Myers Squibb, all of which were recognized in 2025. In addition, revenue declined due to lower development support and drug supply revenue from Jazz, reflecting the transition of responsibility for certain zanidatamab clinical activities to Jazz under our amended agreements. These decreases were slightly offset by higher royalty revenue from Jazz and BeOne in 2026. Royalty revenue from Jazz and BeOne is expected to increase over time as commercial sales of Ziihera increase.

Research and Development Expense

	Three Months Ended June 30,				Six Months Ended June 30,				
(dollars in millions)	2026	2025		Increase/ (Decrease)		2026	2025		Increase/ (Decrease)
Third-party research and development program expenses:									
Zanidatamab	\$ 2.2	\$ 1.5	\$ 0.7	47 %	\$ 2.8	\$ 2.9	\$ (0.1)	(3)%	
Zanidatamab zovodotin	—	(0.1)	0.1	100 %	—	0.2	(0.2)	(100)%	
ZW171	(0.5)	3.3	(3.8)	(115)%	0.7	5.5	(4.8)	(87)%	
ZW191	3.1	2.8	0.3	11 %	6.2	4.5	1.7	38 %	
ZW220	(0.2)	0.3	(0.5)	(167)%	(0.1)	2.5	(2.6)	(104)%	
ZW251	3.2	2.3	0.9	39 %	5.1	6.3	(1.2)	(19)%	
Other preclinical and research programs	4.2	6.3	(2.1)	(33)%	11.5	12.1	(0.6)	(5)%	
	12.0	16.4	(4.4)	(27)%	26.2	34.0	(7.8)	(23)%	
Unallocated departmental research and development expenses:									
Salaries and benefits	7.3	9.0	(1.7)	(19)%	18.1	18.5	(0.4)	(2)%	
Stock-based compensation expense	3.4	3.0	0.4	13 %	7.3	6.3	1.0	16 %	
Other unallocated expenses	4.7	6.0	(1.3)	(22)%	10.3	11.4	(1.1)	(10)%	
Research and development expense	\$ 27.4	\$ 34.4	\$ (7.0)	(20)%	\$ 61.9	\$ 70.2	\$ (8.3)	(12)%	

Research and development expense decreased by \$7.0 million for the three months ended June 30, 2026 compared to the same period in 2025. The decrease was driven primarily by lower third-party research and development program expenses, largely due to reduced spending on ZW171 following the discontinuation of the program in 2025 and lower spending on earlier-stage preclinical and research programs. The decrease in spending on earlier-stage programs was driven primarily by ZW209, for which IND-enabling activities were completed in 2025. These decreases were partially offset by higher spending on ZW191 and ZW251 associated with the progression of ongoing clinical studies. Unallocated research and development expenses decreased compared to the prior-year period, primarily due to lower salaries and benefits resulting from reduced headcount.

Research and development expense decreased by \$8.3 million for the six months ended June 30, 2026 compared to the same period in 2025. The decrease was driven primarily by lower third-party research and development program expenses, largely due to reduced spending on ZW171 following the discontinuation of the program in 2025 and lower spending on ZW220 following the completion of certain IND-enabling activities in 2025. Spending on ZW251 also decreased compared to the prior-year period, as higher costs incurred for IND-enabling activities in 2025 exceeded ongoing clinical trial costs in 2026. Lower spending on earlier-stage preclinical and research programs, including ZW209, also contributed to the decrease. These decreases were partially offset by higher spending on ZW191 associated with the progression of ongoing clinical studies.

General and Administrative Expense

(dollars in millions)	Three Months Ended June 30,		Increase/ (Decrease)		Six Months Ended June 30,		Increase/ (Decrease)	
	2026	2025			2026	2025		
Salaries and benefits	\$ 4.3	\$ 4.2	\$ 0.1	2 %	\$ 10.4	\$ 8.6	\$ 1.8	21 %
Stock-based compensation expense	7.9	2.8	5.1	182 %	11.0	6.0	5.0	83 %
Professional fees, consulting and business insurance	5.4	4.5	0.9	20 %	9.0	9.3	(0.3)	(3)%
Other general and administrative expenses	1.7	3.4	(1.7)	(50)%	4.0	8.0	(4.0)	(50)%
General and administrative expense	<u>\$ 19.3</u>	<u>\$ 15.0</u>	<u>\$ 4.3</u>	<u>29 %</u>	<u>\$ 34.4</u>	<u>\$ 31.9</u>	<u>\$ 2.5</u>	<u>8 %</u>

General and administrative expense increased by \$4.3 million for the three months ended June 30, 2026 compared to the same period in 2025. The increase was driven primarily by higher non-cash stock-based compensation expense resulting from equity awards granted in 2026, including awards granted in connection with executive leadership transitions, higher grant date fair values associated with an increase in our stock price, and the introduction of performance-based equity awards. The increase also reflects professional fees incurred in connection with the proposed Theravance acquisition. These increases were partially offset by lower software amortization and software subscription expenses following the completion of a significant enterprise systems transition.

General and administrative expense increased by \$2.5 million for the six months ended June 30, 2026 compared to the same period in 2025. The increase was driven primarily by higher non-cash stock-based compensation expense resulting from equity awards granted in 2026, including awards granted in connection with executive leadership transitions, higher grant date fair values associated with an increase in our stock price, and the introduction of performance-based equity awards. The increase also reflects higher salaries and benefits, including severance-related expenses associated with previously disclosed leadership transitions recognized during the period. These increases were partially offset by lower software amortization and software subscription expenses following the completion of a significant enterprise systems transition.

Other Income, net

(dollars in millions)	Three Months Ended June 30,		Increase/ (Decrease)		Six Months Ended June 30,		Increase/ (Decrease)	
	2026	2025			2026	2025		
Other (expense) income, net	\$ (3.1)	\$ 2.8	\$ (5.9)	(211)%	\$ (2.3)	\$ 6.3	\$ (8.6)	(137)%

Other income, net decreased by \$5.9 million for the three months ended June 30, 2026 compared to the same period in 2025, primarily due to interest expense related to the Loan Agreement with Royalty Pharma executed in March 2026, partially offset by interest income earned on cash, cash equivalents and marketable securities.

Other income, net decreased by \$8.6 million for the six months ended June 30, 2026 compared to the same period in 2025, primarily due to interest expense related to the Loan Agreement with Royalty Pharma executed in March 2026, partially offset by interest income earned on cash, cash equivalents and marketable securities.

Income Tax

	Three Months Ended June 30,		Increase/ (Decrease)		Six Months Ended June 30,		Increase/ (Decrease)	
	2026	2025			2026	2025		
(dollars in millions)								
Income tax (recovery) expense	\$ (0.3)	\$ (0.2)	\$ (0.1)	(50)%	\$ (2.5)	\$ 0.3	\$ (2.8)	(933)%

Income tax recovery increased by \$0.1 million for the three months ended June 30, 2026, compared to the same period in 2025. The change was not significant.

Income tax expense decreased by \$2.8 million for the three months ended June 30, 2026, compared to the same period in 2025. The change for the three month period ending June 30, 2026 is primarily due to the tax benefit associated with changes in undistributed earnings of foreign subsidiaries during the reporting period.

Liquidity and Capital Resources

Sources of Liquidity

Since our IPO in 2017, we have funded our operations primarily through follow-on public offerings and private placements (including the issuance of pre-funded warrants), loans, as well as from upfront fees, milestone payments, and research support payments generated from our strategic collaborations and licensing agreements. As part of our previously announced asset and royalty aggregation strategy, we anticipate that funds used in operations will increasingly be derived from royalty and milestone payments that we receive through our strategic collaboration and licensing agreements. We also evaluate other sources of capital to finance our operations, including through debt financings, asset monetizations, strategic partnerships, grant funding, and public and private equity offerings.

In August 2024, we entered into a sales agreement (the “Cowen Sales Agreement”) with TD Securities (USA) LLC. (“TD Cowen”) to sell shares of our common stock subject to a maximum aggregate dollar amount registered pursuant to an applicable prospectus supplement, from time to time, through an “at-the-market” equity offering program under which TD Cowen acts as our sales agent. Sales of shares of common stock through TD Cowen, if any, will be made by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415(a)(4) under the Securities Act. As of the date of this report, no shares of our common stock have been sold under the Cowen Sales Agreement. As part of the ongoing management of our operations and related funding needs, we evaluate various financing vehicles, including “at-the-market” equity offering programs, and may enter into similar “at-the-market” equity offering programs in the future, as well as other financing transactions depending on our capital needs and the then-available terms of any such financings.

In December 2023, we completed a private placement pursuant to which we sold 5,086,521 pre-funded warrants at a price of \$9.8299 per pre-funded warrant. We received gross proceeds of \$50.0 million, and net proceeds were \$49.9 million, after expenses. Each pre-funded warrant was exercisable for one share of common stock at an exercise price of \$0.0001 per share, subject to adjustments as provided under the terms of the pre-funded warrants. In June 2025, these pre-funded warrants were fully exercised on a net exercise basis resulting in the issuance of 5,086,480 shares of common stock.

Royalty Pharma Loan Arrangement

On March 2, 2026, Zymeworks BC entered into the Sale Agreement with the Subsidiary, pursuant to which Zymeworks BC sold to the Subsidiary 30% of future royalty payments (not to exceed 120% of the maximum amount payable by the Subsidiary under the Loan Agreement) (excluding indemnification and other similar obligations) related to Ziihera (zanidatamab-hrii) receivable under the Covered Agreements at a purchase price of \$250.0 million. Under the Sale Agreement, Zymeworks BC is restricted from taking certain actions with respect to the Covered Agreements, including (i) entering into any contracts, or amending, modifying or waiving provisions of any contracts, relating to the royalties receivable under the Covered Agreements that would undermine the Royalty Interest or reasonably be expected to result in a material adverse effect, (ii) taking actions that would, or would give the right to an applicable commercial partner to, terminate a Covered Agreement or certain material in-license agreements covering Ziihera, or amending, modifying, waiving any provision, providing any consent or taking any action under any Covered Agreement that would reduce any Royalty Interest payments or reasonably be expected to result in a material

adverse effect, without the prior written consent of the Subsidiary and Royalty Pharma, (iii) selling, transferring, disposing of or encumbering its interests in applicable Ziihera-specific intellectual property, Ziihera, a Covered Agreement or certain material in-license agreements covering Ziihera, or entering into monetization or similar transactions with respect to Zymeworks BC's retained royalty interests under any Covered Agreement, except, in each case, without certain assumption and other arrangements protective to Royalty Pharma's interests, and (iv) permitting Covered Agreement counterparties to acquire more than 50% of Zymeworks BC's retained royalty interests under any Covered Agreement without certain assumption and other arrangements protective to Royalty Pharma's interests, in addition to being subject to other customary covenants.

The Sale Agreement also includes customary indemnification obligations by us and Zymeworks BC in favor of the Subsidiary and Royalty Pharma. The obligations of the parties under the Sale Agreement terminate automatically upon the payment in full of the Loan and the other obligations under the Loan Agreement.

Following the sale and transfer of the Royalty Interest, the Subsidiary entered into the Loan Agreement with Royalty Pharma as administrative agent and lender (in the capacity as lender under the Loan Agreement, the "Lender" and together with such other lenders party to the Loan Agreement from time to time the "Lenders"), pursuant to which the Lenders made a term loan to the Subsidiary in an aggregate principal amount of \$250.0 million, that bears interest at a fixed rate and matures on December 31, 2042. Under the terms of the Loan Agreement, the amount payable to the Lenders no later than the Maturity Date is approximately \$481.3 million, provided that if the Loan is repaid in full on or before December 31, 2033, the amount payable to the Lenders is \$412.5 million, in each case inclusive of all applicable interest, yield protection premiums, early redemption fees, exit fees and other amounts payable under the Loan Agreement (excluding indemnification and similar obligations). Any amount borrowed and repaid by Subsidiary may not be reborrowed.

We will retain 70% of royalties on Ziihera annual net sales throughout the term of the Loan, with full royalty rights reverting to us once the Loan and other amounts payable under the Loan Agreement to Royalty Pharma have been repaid in full. All earned regulatory and commercial milestone payments under the Covered Agreements will be retained by us.

Under our collaboration agreement with Jazz, we are eligible to receive tiered royalties of ten to high teens percentages on global (outside of Asia (other than Japan), Australia and New Zealand) annual net sales of Ziihera up to \$2.0 billion and 20% on annual net sales above \$2.0 billion. Under the collaboration agreement with BeOne, we are eligible to receive tiered royalties of mid-single to mid-double digit percentages on annual net sales of Ziihera in Asia (other than Japan), Australia and New Zealand up to \$1.0 billion and 19.5% on annual net sales above \$1.0 billion (with royalty rates increasing by 0.5% when cumulative amounts forgone as a result of a royalty reduction of 0.5% reaches a cap in the low double-digit millions of dollars).

In connection with entering into the Loan Agreement, (i) the Subsidiary entered into a security agreement with Royalty Pharma, whereby the Subsidiary granted a security interest in all of its assets (the "Collateral") in favor of Royalty Pharma, and (ii) Zymeworks BC and Zymeworks GP entered into a pledge and security agreement with Royalty Pharma, whereby Zymeworks BC and Zymeworks GP pledged their respective equity interests in the Subsidiary, with Zymeworks BC also pledging its equity in Zymeworks GP. If certain events of default occur, including the termination of the Jazz Agreement or the BeOne Agreement and a change of control of the Company, as well as other customary events of default, the administrative agent may terminate the Loan Agreement and demand immediate payment of an amount equal to the outstanding principal amount of the Loan plus all applicable fees, premiums and accrued and unpaid interest thereon and exercise all rights and remedies available under or pursuant to the Loan Agreement. The Loan Agreement includes certain customary affirmative and negative covenants applicable to the Subsidiary, including restrictions on the incurrence of additional indebtedness, creation of liens, asset transfers, mergers, dividends and certain transactions with affiliates. In addition, the Subsidiary is subject to covenants designed to limit its activities primarily to holding and administering its rights and obligations under certain transaction agreements including the Loan Agreement and the Sale Agreement, and the Subsidiary may not amend or terminate the Sale Agreement without the Lenders' consent.

The Loan Agreement also contains other customary terms and conditions, including representations and warranties, as well as indemnification obligations in favor of Royalty Pharma. The payment obligations under the Loan Agreement are limited to the Subsidiary, and the Lenders have no recourse under the Loan Agreement against the Company or Zymeworks BC or any assets other than the Collateral and Zymeworks BC's equity interest in Zymeworks GP and the Subsidiary, and Zymeworks GP's equity interests in the Subsidiary.

We intend to use the net cash received from this arrangement to support our ongoing stock repurchase program and fund potential strategic acquisitions, as well as for working capital and other general corporate purposes.

Proposed Theravance Acquisition

On June 28, 2026, Parent entered into the Merger Agreement, pursuant to which, and upon the terms and subject to the conditions set forth therein, at the effective time of the Merger (the “Effective Time”), each ordinary share, par value \$0.00001 per share, of Theravance (“Ordinary Shares”) that is issued and outstanding immediately prior to such time (other than shares owned by Theravance as treasury shares or by any direct or indirect subsidiary of Theravance, Parent or any direct or indirect subsidiary of Parent, and any Dissenting Shares (as defined in the Merger Agreement)) will be canceled and converted into the right to receive (i) \$17.00 in cash, without interest (the “Per Share Cash Consideration”) and (ii) one contingent value right (“CVR”). Each CVR represents a non-tradeable contractual contingent right to receive (i) a pro rata share of 80% of the net proceeds received by Parent or its affiliates (including the Surviving Company) from any license, divestiture or other monetization transaction of ampreloxetine executed within the ten (10)-year period following the Effective Time (the “CVR License Expiration Date”), (ii) a pro rata share of \$50 million in cash upon the first commercial sale of ampreloxetine by Parent or its affiliates (including the Surviving Company) in the U.S., UK, Spain, France, Germany or Italy on or prior to the CVR License Expiration Date and (iii) a pro rata share of 10% of the net sales received by Parent or its affiliates (including the Surviving Company), on a country-by-country basis, from the date of the first commercial sale until the later of the 10th anniversary of such date, patent expiration or the loss of exclusivity, in each case, subject to the terms and conditions of the CVR Agreement to be entered into on or prior to the closing date of the Merger, among Parent and a rights agent selected by Theravance and reasonably acceptable to Parent.

We expect to finance the Merger with a combination of cash on hand and new debt financing. In connection with, and concurrently with entry into, the Merger Agreement, Parent entered into the Debt Commitment Letter with OMERS Life Sciences, pursuant to which OMERS Life Sciences has agreed to purchase senior secured notes to be issued by certain newly formed special purpose vehicles in an aggregate principal amount of \$350 million on the terms and subject to the conditions set forth in the Debt Commitment Letter for the purposes of financing the transactions contemplated by the Merger Agreement. The obligations of OMERS Life Sciences to provide the debt financing under the Debt Commitment Letter are subject to conditions customary for a transaction of this type.

The parties expect the Merger and the other transactions contemplated by the Merger Agreement to close in the second half of 2026.

As of June 30, 2026, we had \$322.5 million of cash, cash equivalents, and marketable securities, comprised of \$179.4 million in cash and cash equivalents and \$143.1 million in marketable securities.

Cash Flows

The following table represents a summary of our cash flows for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,	
	2026	2025
	(dollars in millions)	
Net cash (used in) provided by:		
Operating activities	\$ (77.7)	\$ 8.7
Investing activities	87.0	20.9
Financing activities	128.8	2.6
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.1)
Net change in cash and cash equivalents	\$ 138.3	\$ 32.2

Operating Activities

During the six months ended June 30, 2026, cash used in operating activities was \$77.7 million compared to \$8.7 million of cash provided by operating activities for the same period in 2025. Net cash generated in operating activities in 2025 was primarily due to milestone revenues and favorable movements in working capital in 2025.

Investing Activities

Net cash provided by investing activities for the six months ended June 30, 2026 primarily related to net proceeds from marketable securities of \$87.2 million partially offset by cash outflows of \$0.2 million for expenditures for office equipment and software implementation. Net cash provided by investing activities for the same period in 2025 primarily related to net proceeds from marketable securities of \$22.1 million partially offset by cash outflows of \$1.2 million for expenditures related to software implementation.

Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2026 included net proceeds of \$244.7 million related to the Loan Agreement with Royalty Pharma, \$11.6 million from stock option exercises and \$0.6 million from the issuance of shares of common stock under our employee stock purchase plan. These were partially offset by \$128.1 million used for the 2025 and 2026 Repurchase Programs. Net cash used in financing activities for the same period in 2025 included net proceeds of \$2.2 million from stock option exercises and \$0.5 million from the issuance of shares of common stock under our employee stock purchase plan.

Funding Requirements

Our revenue through June 30, 2026 has been primarily revenue from the license of our proprietary therapeutic platforms for the development of product candidates. We anticipate that at least over the short term we will not be net income positive on a regular basis as we continue our research and development of our product candidates and implement our recently announced strategy. In addition, inflationary pressure could adversely impact our financial results. 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 10 - *Leases* and other commitments and contingencies as presented in Note 11 - *Commitments and Contingencies* to the interim condensed consolidated financial statements. Because of the inherent risks and uncertainties associated with the development of our product candidates and the successful implementation of our recently announced strategy, it is difficult to predict 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 marketable securities 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. This assessment excludes the receipt of potential future milestone payments from strategic partners or the completion of contingent financing, acquisition or other strategic transactions. As we continue our transition toward a revenue-generating business supported by royalty, profit-share and other recurring cash flow streams, we no longer intend to focus on cash runway measures. We have based our expectations on assumptions and plans which may change and which could impact the magnitude and/or timing of operating expenses, capital expenditures and our cash flows. The successful development of our product candidates and the achievement of milestones by our strategic partners is uncertain. As a result of the foregoing, it is difficult to predict the actual funds we will require to fund our planned operations. See Part II, Item 1A, “Risk Factors – Risks Relating to Our Business,” “Risk Factors – Risks Relating to Development of our Product Candidates,” and “Risk Factors – Risks Related to Our Financial Position and Need for Additional Capital.”

Additionally, on August 1, 2024, our board of directors authorized the 2024 Repurchase Program, under which we were authorized to repurchase up to \$60.0 million of our common stock. As of November 10, 2025, we completed the entire \$60.0 million of the 2024 Repurchase Program. On November 16, 2025, our board of directors authorized the 2025 Repurchase Program, whereby we were authorized to repurchase up to \$125.0 million of our outstanding common stock. On May 14, 2026, we terminated the 2025 Repurchase Program and our board of directors authorized the 2026 Repurchase Program providing the ability to repurchase up to \$125.0 million in shares of our common stock. We repurchased 4,197,553 shares of our common stock under the 2025 Repurchase Program until its termination in 2026. As of August 4, 2026, we have repurchased 1,971,454 shares of our common stock under the 2026 Repurchase Program, and there is \$75.6 million of remaining capacity under the 2026

Repurchase Program. The shares may be repurchased from time to time in open market transactions, or other means in accordance with Rule 10b5-1 of the Exchange Act and Rule 10b-18 of the Exchange Act. The timing, number of shares repurchased, and prices paid for any additional shares of the stock repurchased under this program will depend on general business and market conditions as well as corporate and regulatory limitations, prevailing stock prices, and other considerations. The 2026 Repurchase Program may be suspended or discontinued at any time and does not obligate us to acquire any additional shares of common stock.

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 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 magnitude and frequency of any strategic transactions we engage in to build out our pipeline or enhance our royalty aggregation strategy;
- 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;
- 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.

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 strategic transactions, 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, either alone or with our strategic partners, 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 Management of a portfolio of licensed healthcare assets and development of novel 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 4, 2026, 70,959,241 shares of common stock were issued and outstanding. In addition, as of August 4, 2026, we had 4,278,906 shares of common stock issuable pursuant to 4,278,906 exercisable outstanding stock options, 4,055,876 shares of common stock issuable pursuant to 4,055,876 outstanding options that were not exercisable at that date, and 2,615,644 shares of common stock issuable upon vesting of outstanding time-based restricted stock units and performance stock units.

In connection with the Plan of Arrangement (as defined in Note 8 - *Stockholders' Equity - Authorized Share Capital and Preferred Stock* of our interim condensed consolidated financial statements as of and for three months ended June 30, 2026 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 outstanding, 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 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. Unless redeemed earlier in accordance with their terms, any Exchangeable Shares that remain outstanding on the seventh anniversary of the effectiveness of our Redomicile Transactions will be redeemed on such seventh anniversary, subject to any extension approved by the directors of ExchangeCo. For additional information and the meaning of defined terms referenced in this paragraph, please see Note 8 - *Stockholders' Equity - Authorized Share Capital and Preferred Stock* of our interim condensed consolidated financial statements as of and for the three months ended June 30, 2026, within this Quarterly Report on Form 10-Q.

As of August 4, 2026, 883,732 Exchangeable Shares have been exchanged on a one-to-one basis for 883,732 shares of our common stock and 540,801 Exchangeable Shares are held by former Zymeworks BC shareholders and are exchangeable on a one-to-one basis, subject to adjustment, for up to 540,801 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, 2026, 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, 2026 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, 2026, 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 Quarterly Report on Form 10-Q and our other filings with the SEC, before making an investment decision regarding shares of our common stock.

- Our adoption of a royalty-driven asset aggregation strategy is unproven and may not be successful.
- Strategic transactions could disrupt our business, cause dilution to our stockholders and otherwise harm our business.
- Risks related to our proposed acquisition of Theravance.
- Our long-term prospects depend upon successfully discovering or acquiring favorable assets and progressing the assets through preclinical and clinical development.
- We may not be successful in our efforts to use our therapeutic platforms to build a pipeline of product candidates.
- If our partnered product candidates do not meet regulatory and commercial milestones, or experience significant delays in doing so, our results of operations will be materially adversely affected.
- We depend on our collaborative relationships with Jazz, BeOne and J&J to further develop and commercialize zanidatamab and other product candidates, and if our relationships are not successful or are terminated, we may be delayed in or unable to effectively develop and/or commercialize zanidatamab and other product candidates, 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.
- The outcome of clinical trials is inherently uncertain, and current and planned clinical trials may not satisfy the requirements of the FDA or comparable regulatory authorities outside the United States.
- If clinical trials for product candidates are prolonged, delayed or stopped, we may be unable to successfully partner our product candidates, or obtain regulatory approval and commercialize product candidates on a timely basis, or at all, which could require us to incur additional costs and delay our receipt of any product revenue.

- Undesirable side effects from product candidates may delay or prevent marketing approval or, if approved, require withdrawal from the market, inclusion of safety warnings, or otherwise limit sales.
- We face significant competition, and if any competitors develop and market products that are more effective, safer and/or less expensive than our partnered product candidates, our ability to generate revenue will be negatively impacted.
- If zanidatamab or any current or future partnered product candidate that receives regulatory approval in the future does not achieve broad market acceptance among physicians, patients, the medical community and third-party payors, revenue generated from commercialization efforts will be materially and adversely impacted.
- Current and future healthcare regulations and reimbursement decisions by third-party payors may have an adverse effect on pricing and market acceptance.
- If any product liability lawsuits are successfully brought against us or any of our strategic partners, we may incur substantial liabilities and commercialization efforts of zanidatamab or any other approved partnered products may need to be limited.
- If we, our strategic partners or any of our third-party manufacturers encounter manufacturing difficulties, supply of product candidates for clinical trials or any approved products for patients could be delayed or prevented.
- We have incurred significant losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have only one product approved for commercial sale, and, as of June 30, 2026, we have not received any revenue or profit from product sales, other than the receipt of royalties relating to sales of zanidatamab. We may never achieve or sustain profitability.
- 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 strategic partners may encounter difficulties with respect to these activities that could delay or impair our or our strategic partners' ability to initiate or complete our clinical trials or commercialize products.
- We and our strategic partners rely on third parties to monitor, support, conduct and oversee clinical trials of product candidates and, in some cases, to maintain regulatory files for those product candidates. Our partnered product candidates may not receive regulatory approval or be successfully commercialized if we or our strategic partners 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.
- Tax law changes could adversely affect our business and financial condition.
- 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.
- 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

Our adoption of a royalty-driven asset aggregation strategy is unproven and may not be successful.

We are evolving our business strategy to help enhance long-term stockholder value through thoughtful capital allocation, while continuing to pursue meaningful impact on patient outcomes through our research and development efforts. We believe that, if we can successfully implement this royalty-driven asset aggregation strategy through continued partnering as well as potential

acquisitions, the anticipated royalty and milestone revenues could serve as both a longer-term funding source for our continued research and development operations and as a foundation from which to grow our self-contained royalty income over the longer term. There can be no assurance that we will be successful or will achieve the intended results.

Our new strategy requires revisions to multiple facets of our business, including our organizational structure, operations, personnel and tax planning. Our new strategy may also result in delays and disruptions to existing research and development efforts, increased costs, loss of key personnel and diversion of management's attention, any of which could materially adversely affect our business.

Even if we successfully implement our new strategy, we cannot be certain that anticipated royalty and milestone revenues will be sufficient to appropriately fund and advance our research and development pipeline or enhance long-term stockholder value.

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

We actively evaluate various strategic transactions, and we may acquire other businesses, products, product candidates, milestone payments, profit shares and royalty streams, programs or technologies as well as pursue strategic alliances, joint ventures, investments in complementary businesses, out-licensing and in-licensing agreements, divestitures or other transactions. As part of our royalty-driven asset aggregation strategy, we plan to look for opportunities to augment our development pipeline with external programs and product candidates, as well as other opportunistic investments that may bolster our royalty-driven cash flows. Suitable acquisition or in-licensing opportunities on acceptable prices, terms and conditions may be limited. These transactions, including our proposed acquisition of Theravance, 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;
- the risk of litigation or regulatory actions related to such a transaction;
- difficulties integrating acquired personnel, technologies, operations, products, product candidates or programs 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.

We face intense competition from larger, better-resourced companies in acquiring or in-licensing promising assets. We also face competition from other companies, funds and investment vehicles seeking to aggregate royalties or provide alternative financing to biotechnology companies. These competitors may have a lower cost of capital or access to greater amounts of capital and thereby may be able to successfully acquire assets that we are also targeting for acquisitions. There is a limited number of suitable and attractive acquisition or partnering opportunities available in the market, and competition to acquire such assets may be intense. In order to compete successfully in the current business climate, we may have to pay higher prices for assets than may have been paid historically, which may make it more difficult for us to realize an adequate return on any acquisition. Any future acquisitions or dispositions could result in 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 or reputation. 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.

We may be unable to complete our proposed acquisition of Theravance within the anticipated timeframe or at all, which could prevent us from receiving the anticipated benefits from the acquisition.

On June 28, 2026, we entered into the Merger Agreement with Theravance. The parties expect the Merger and the other transactions contemplated by the Merger Agreement to close in the second half of 2026, subject to customary closing conditions,

including, without limitation, HSR Act Clearance and the Theravance Requisite Vote. As a result of such conditions, there is no assurance that the acquisition will be consummated in the anticipated timeframe or at all.

Subject to the terms and conditions of the Merger Agreement, we or Theravance may terminate the Merger Agreement if the Merger is not consummated by December 28, 2026, which period may be extended automatically for two three-month periods if at the end of the prior period, all conditions to closing of the Merger other than conditions relating to HSR Act Clearance have been satisfied or waived as of such date (the “End Date”). Upon termination of the Merger Agreement in specified circumstances, Theravance will be required to pay us a termination fee of \$32,515,000. Such circumstances include, among others, where the Merger Agreement is terminated prior to the Theravance Requisite Vote (i) in connection with Theravance accepting a Superior Proposal (as defined in the Merger Agreement) and entering into an Alternative Acquisition Agreement (as defined in the Merger Agreement) for the consummation of a transaction that Theravance Board determines constitutes a Superior Proposal and (ii) due to the Theravance's Board's Change of Recommendation (as defined in the Merger Agreement). The Merger Agreement further provides that we will be required to pay Theravance a reverse termination fee of \$32,515,000 in the event the Merger Agreement is terminated in certain specified circumstances, including if the Merger is not consummated before the End Date because certain conditions related to HSR Act Clearance have not been satisfied or waived.

Any failure to consummate the acquisition in the anticipated timeframe or at all could prevent us from receiving the expected benefits from the acquisition and could negatively affect the market price of our common stock.

We have expended and will continue to expend significant time and resources in connection with our proposed acquisition of Theravance and expect to use cash on hand and incur indebtedness to fund the acquisition.

We have expended and will continue to expend significant management time and resources and expenses related to our proposed acquisition of Theravance, many of which must be paid regardless of whether the acquisition is consummated. For example, such time, resources and expenses will be incurred in connection with seeking HSR Act Clearance for the transaction.

We also expect to finance the proposed acquisition of Theravance with a combination of cash on hand and \$350 million of new debt financing from OMERS Life Sciences, which will increase our leverage, reduce our current cash resources, and require us to dedicate a portion of future cash flows to debt service obligations. In addition, the financing arrangements may contain various operational, reporting, cash management and other covenants that may restrict certain activities.

Our business may be adversely affected if we do not successfully realize the anticipated benefits of our proposed acquisition of Theravance.

We may not be able to achieve the full strategic and financial benefits expected to result from our proposed acquisition of Theravance, or the benefits may be delayed or not occur at all. We may also face additional costs or liabilities in completing the acquisition that were not contemplated prior to completion. Our ability to realize the anticipated benefits of our proposed acquisition depends on, among other things, our ability to complete the transaction in a timely manner or at all, and how efficiently and effectively we are able to integrate Theravance's operations into ours and the continued successful performance of the YUPELRI and Trelegy products.

Zymeworks and Theravance have operated and, until the completion of the Merger, will continue to operate independently. Uncertainty about the effect of the Merger on employees, strategic partners or suppliers may have an adverse effect on Zymeworks and Theravance and consequently on the combined company. These uncertainties may impair Zymeworks' and Theravance's ability to retain and motivate key personnel and could cause strategic partners or suppliers and others with whom each company deals to seek to change existing business relationships.

Our long-term prospects depend upon successfully discovering or acquiring favorable assets and progressing the assets through preclinical and clinical development.

Our investments in internally-developed or acquired assets may not yield promising product candidates, and even if such candidates advance into clinical studies, the historical failure rate of biopharmaceutical product candidates is high due to risks relating to safety, efficacy, clinical execution, changing standards of medical care, other unpredictable variables and the other factors discussed under “Risks Relating to Development of Product Candidates – The outcome of clinical trials is inherently uncertain, and current and planned clinical trials may not satisfy the requirements of the FDA or comparable regulatory authorities outside the United States.” Results from preclinical testing or early clinical trials of our product candidates may not predict outcomes in later-stage clinical trials by us or future strategic partners.

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 advancing any of our product candidates into later stage development either alone or with a strategic partner, we must first conduct, at our own expense, extensive preclinical tests and early clinical trials to demonstrate the safety and potential 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. For example, in September 2025, we announced the decision to discontinue the clinical development program of ZW171 based on completion of the planned cohorts of the dose escalation portion of the Phase 1 trial of ZW171 in patients with ovarian cancer and non-small cell lung cancer. After completing the planned dose escalation cohorts and establishing a maximum tolerated dose, we determined that further dose evaluation in the trial would be unlikely to support a benefit-risk profile consistent with the desired monotherapy target product profile. In addition, 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.

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.

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

We may not be able to develop product candidates that are safe and effective. 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 due to being shown to have harmful side effects or other characteristics that indicate that they are unlikely to receive marketing approval and achieve market acceptance. If we do not continue to successfully develop product candidates, we will face difficulty in obtaining product revenue or in securing additional partnerships and generating additional milestone and royalty revenues in future periods, which could result in significant harm to our financial position and adversely affect our stock price.

Our product candidates, including partnered product candidates, are still in preclinical or clinical development. If we or our strategic partners do not obtain regulatory approval of our product candidates, or experience significant delays in doing so, our business will be materially adversely affected.

Receipt of regulatory approval and commercialization of any approved product candidates depends on many factors, including:

- successfully completing clinical trials that demonstrate the pre-specified efficacy endpoints and acceptable safety profile of the product candidate in the indication for which approval is sought;
- 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 adequate commercial manufacturing arrangements and maintaining a consistent, quality supply of product 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 or our strategic partners' control, including clinical advancement, the regulatory submission process and changes in the competitive landscape. If our product candidates do not achieve one or more of these factors in a timely manner, we or our strategic partners could experience significant delays or an inability to develop the product candidates, which could adversely affect our results of operations. Excluding zanidatamab, which has been licensed to our strategic partners for commercialization and further regulatory approvals, our other product candidates are in preclinical or clinical development, and neither we nor our strategic partners have submitted any marketing application, or received marketing

approval, for the other product candidates in our portfolio, and such product candidates may never be able to achieve such regulatory approval. In addition, although Jazz is developing zanidatamab for regulatory approval in additional indications, such regulatory approval may never be achieved.

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

Economic downturns, a volatile business environment, or large-scale unpredictable market conditions, including a prolonged government shutdown or geopolitical events, may materially and adversely impact our business, financial condition and stock price, including making any necessary debt or equity financing more difficult, more costly and more dilutive, and reducing opportunities for additional partnering or strategic transactions.

We have physical operations and personnel in North America, Europe and Asia, and some of our suppliers and collaborative and clinical trial relationships are located outside the United States. 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;
- sociopolitical instability in particular non-U.S. economies and markets;
- differing regulatory requirements for drug approvals in non-U.S. countries;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in U.S. or non-U.S. customs laws and regulations, tariffs and trade barriers, including any changes that nations may impose as a result of political tensions;
- changes in non-U.S. currency exchange rates and currency controls;
- fluctuations in the U.S. dollar, particularly a weakening of the U.S. dollar against other currencies;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- restrictions on cross-border data exchanges;
- 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; and
- supply and other disruptions resulting from the impact of public health epidemics on our strategic partners, third-party manufacturers, suppliers and other third parties upon which we rely.

In particular, there is currently significant uncertainty about the future relationship between the United States and various other countries, most significantly China, with respect to trade policies, treaties, tariffs, treatment of intellectual property, taxes, and other limitations on cross-border operations, including the provision of services and the exchange of data. The U.S. government has made and continues to make significant changes in U.S. trade policy and may continue to take actions that could negatively impact U.S. trade. For example, the National Defense Authorization Act of 2026, which includes Section 851 regarding “prohibition on contracting with certain biotechnology providers” (the “BIOSECURE Act”), restricts federal government contracts, grants, and loans from being issued to companies that use biotechnology equipment or services from any designated “biotechnology company of concern,” as part of such companies’ performance of those agreements with the U.S. government. Once fully implemented through issuance of regulations, the BIOSECURE Act may ultimately limit certain U.S. biotechnology companies (such as ours) from using equipment or services produced or provided by Chinese biotechnology companies that meet the designation criteria of the new law, or certain affiliated entities. In addition, even if we do not seek any covered federal

government contracts, grants or loans, commercial partners, government agencies, or other third parties may view our business less favorably if we contract with entities that ultimately become biotechnology companies of concern.

As another example, the U.S. Department of Justice’s Data Security Program places limitations on U.S. companies’ ability to enter into (and in some cases prohibits) certain contracts involving transfers of sensitive personal data to business partners located in China, or with other specified links to China and other designated countries. The rule further requires U.S. persons to obtain from certain foreign counterparties contractual commitments to refrain from engaging in subsequent transfers of sensitive personal data to entities located in China or with other specified links to China and other designated countries. This new rule will impact our ability to contract not just with Chinese companies but also with foreign entities in general, potentially requiring us to extract promises related to compliance with this new rule.

Under the current U.S. Presidential administration, the United States threatened and enacted significant new tariffs on many countries. For example, between April 2025 and February 2026, the U.S. government imposed global “reciprocal” tariffs affecting most U.S. trading partners and between February 2025 and February 2026 the U.S. government imposed additional “fentanyl-related” tariffs targeting goods from Canada, Mexico, and China. These additional U.S. tariffs were implemented under authorities asserted in the International Emergency Economic Powers Act (“IEEPA”) and rescinded on February 24, 2026, following a Supreme Court decision invalidating the use of IEEPA to authorize these tariffs. The availability, timing, and amount of any related refunds associated with payments of these duties remain uncertain and subject to further legal, regulatory, and administrative action. Beginning February 24, 2026, the U.S. government implemented a new, global “temporary import surcharge” of 10% on many of the same products affected by the prior reciprocal tariffs, under authorities provided for in Section 122 of the Trade Act of 1974, supplementing existing non-IEEPA tariff measures. Additional tariffs have been recently imposed under Section 232 and Section 301 tariff measures, and additional trade-related investigations by the U.S. government are in progress and could result in the imposition of additional tariffs as well. For example, on April 2, 2026, the U.S. government announced that it will implement a 100% Section 232 tariff on certain patented and branded pharmaceutical products beginning September 29, 2026. These or other tariffs could materially increase our costs and/or complicate our supply chain for the manufacture and importation of our product candidates. There has been ongoing action, discussion, negotiation, commentary and litigation regarding these and potential further changes to U.S. trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, have caused and may continue to cause significant volatility in global financial markets and may have a material adverse effect on global economic conditions and global trade. Additionally, these developments could weaken the U.S. dollar against other currencies, which may adversely affect our business, including as a result of increased costs for goods and services denominated in other currencies. These effects may also negatively impact our strategic partners. Any of these factors could depress economic activity, restrict our access to third-party services, and disrupt the supply chain for our product candidates. For example, the early-stage clinical supplies for our internal pipeline are currently sourced from China, and while we are actively monitoring tariffs and evaluating other locations for future clinical product requirements, our mitigation efforts may not be successful, and our business may be adversely affected. We also run a portion of our global clinical studies and utilize clinical trial sites in non-U.S. locations; we cannot predict how these non-U.S. locations may be impacted by tariffs or a broader trade war. If we or our strategic partners are unable to obtain or use services from existing providers, source supplies of product candidates or approved drugs, or export or sell approved products at competitive prices, our business, liquidity, financial condition, and/or results of operations could be materially and adversely affected.

Our business has been in the past and may in the future be adversely affected by public health outbreaks and pandemics.

Public health outbreaks and pandemics could cause us to experience disruptions that could significantly impact our current and planned clinical trials, preclinical research and other business activities, including operational challenges, difficulty in recruiting patients or staff, regulatory delays, supply chain disruptions and shortages, and other disruptions. Public health outbreaks, pandemics, and related disruptions could disrupt global financial markets, reduce our ability to access capital, negatively affect our liquidity, and increase financial market volatility, which could adversely impact the value of our common stock.

Risks Relating to Our Partnerships

We depend on our collaborative relationships with Jazz, BeOne and J&J to further develop and commercialize zanidatamab and other product candidates, and if our relationships are not successful or are terminated, we may be delayed in or unable to effectively develop and/or commercialize zanidatamab and other product candidates, which could have a material adverse effect on our business.

Under the terms of our May 2023 Amended and Restated License and Collaboration Agreement with Jazz (the “Amended Jazz Collaboration Agreement”), Jazz has development and commercialization rights for zanidatamab throughout the world, excluding certain territories already covered by our agreement with BeOne. We depend on Jazz to develop and commercialize zanidatamab

in the territories covered by the Amended Jazz Collaboration Agreement, and the success or commercial viability of zanidatamab is largely beyond our control. Any future financial returns to us depend 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;
- Jazz's ability to manufacture, directly or through third parties, commercially required quantities of zanidatamab in a timely manner or at all;
- Jazz's compliance with ongoing post-marketing obligations, including completion of the confirmatory trial for 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;
- possible disagreements with Jazz regarding the agreement, for example, with regard to ownership of intellectual property rights or program costs and reimbursement matters; and
- Jazz may not perform its obligations as expected.

In November 2024, Jazz announced the FDA granted accelerated approval for Ziihera for injection for intravenous use for the treatment of adults with previously treated, unresectable or metastatic HER2+ (IHC 3+) BTC. Jazz is conducting the confirmatory trial for Ziihera related to the accelerated approval. If the confirmatory trial fails to demonstrate a clinical benefit, the FDA may remove Ziihera from the market, which would negatively impact our ability to earn milestone payments and royalties from Jazz. In addition, although Jazz is developing zanidatamab for regulatory approval in additional indications, such regulatory approval may never be achieved. If additional indications are not approved, our ability to achieve additional milestone payments and royalties on sales of zanidatamab will be materially and negatively impacted. We depend on Jazz to provide certain information to us regarding the zanidatamab program, and any delay by Jazz in fulfilling its information-sharing obligations under the Amended Jazz Collaboration Agreement could impact our understanding of the status of the zanidatamab program and result in delays or inaccuracies in our disclosures. 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 Amended Jazz Collaboration Agreement, and we may be responsible for paying any remaining costs of ongoing or future clinical trials or be delayed in or unable to effectively develop and/or commercialize zanidatamab, which could have a material adverse effect on our business.

In November 2018, we entered into a License and Collaboration Agreement with BeOne granting BeOne an exclusive license for the research, development, and commercialization of zanidatamab in Asia (excluding Japan, but including the People's Republic of China, South Korea and other countries), Australia, and New Zealand. In November 2017, we entered into a collaboration and license agreement with J&J to research, develop and commercialize up to six bispecific antibodies generated through the use of our Azymetric and EFECT platforms, and in September 2025, we recognized a \$25.0 million development milestone payment from J&J related to clinical progress of pasritamig entering into a Phase 3 trial in metastatic castration-resistant prostate cancer. We face similar risks with respect to our relationship with BeOne and J&J as we do with Jazz and will face similar risks with any future collaboration partners.

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.

A key aspect of our strategy is to pursue partnering and other strategic collaborations that enable us to transfer certain costs and risks related to later-stage development and/or commercialization to our strategic partners. If we successfully enter into these types of transactions, we expect to be able to enhance our capital efficiency by deploying resources that may have otherwise been spent on later-stage clinical development and/or commercialization across other areas of our business; however, we may not be able to identify suitable partners or enter into agreements on terms acceptable to us. Even if we are able to secure additional partnering arrangements, there can be no assurance that these arrangements will be successful, which could materially harm our business, financial condition and results of operations. If we elect to progress product candidates internally, our capabilities for

later stage drug development and/or commercialization of product candidates, if approved, is limited. We have entered into strategic partnerships with other companies that we believe can provide later stage development and potentially commercialization capabilities, including our collaboration and license agreements with Jazz, BeOne, GSK, Daiichi Sankyo, J&J and Merck. Our existing strategic partnerships, and any future strategic partnerships we enter into, may pose risks, including:

- 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;
- we may be dependent on strategic partners to provide certain information to us regarding the development of product candidates, and any delay by our strategic partners to full information-sharing obligations could impact our understanding of such development, as well as result in potential delays or inaccuracies in our disclosures;
- 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, BeOne, GSK, Daiichi Sankyo, J&J and Merck 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 strategic 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 strategic 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 or acquisition of our therapeutic platforms and product candidates could be delayed and we may need additional resources to develop or acquire product candidates and our therapeutic platforms.

We face significant competition in seeking new strategic partners.

We expect to collaborate with additional pharmaceutical and biotechnology companies for later-stage development and potential commercialization of our products candidates. 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 product candidate, the costs and complexities of manufacturing and delivering the product candidate to patients, the potential of competing products, uncertainty regarding our ownership of technology, industry and market conditions generally, and whether alternative product candidates or technologies for similar indications may be more attractive than a collaboration with us. Strategic partnerships are complex and time-consuming to negotiate and document. In addition, there have been and may continue to be a significant number of business combinations among large pharmaceutical companies that have resulted in and may in the future result in a reduced number of potential strategic partners. In addition, as part of our recently adopted strategy, our expectation is that we will seek partnerships at an earlier stage to transfer certain risks and costs of later-stage development and/or commercialization to our strategic partners. As a result of this approach, we may have difficulty successfully partnering our pre-clinical or early clinical stage product candidates, as strategic partners often require additional proof of concept data before in-licensing a product candidate. Even if strategic partners are willing to in-license our pre-clinical or early clinical stage product candidates, the economic terms of any such agreements may be less favorable than if we continued clinical development on our own and sought to partner at a later time. We may have to curtail the development of a product candidate, reduce or delay one or more of our other development programs, or increase our expenditures and undertake development or commercialization activities at our own expense if we do not enter into agreements with suitable strategic partners. In such cases, we may need to obtain additional expertise and 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.

Risks Relating to Development of Product Candidates

The outcome of clinical trials is inherently uncertain, and current and planned clinical trials may not satisfy the requirements of the FDA or comparable regulatory authorities outside the United States.

There is an extremely high rate of attrition from the failure of product candidates proceeding through preclinical studies and clinical trials. To obtain regulatory approval for commercial sales, we or our strategic partners will be required to demonstrate with substantial evidence, through well-controlled clinical trials, that the product candidates are safe and effective for use in a diverse population. These clinical trials involve significant expense and may produce negative or inconclusive results, and we or our strategic partners may decide, or regulators may require us or our strategic partners, to conduct additional clinical or preclinical testing. For example, if the FDA does not accept the data from any clinical trials conducted 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 development of any future product candidates. Moreover, 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. Patients treated with a product candidate also may experience side effects or adverse events that are unrelated to the product candidate but may still impact the success of the clinical trial. The inclusion of patients with significant co-morbidities in clinical trials may result in adverse medical events, including deaths, due to underlying conditions or other therapies or medications that such patients may be using. Any of these events could prevent us or our strategic partners from obtaining regulatory approval or achieving or maintaining market acceptance and impair the ability to commercialize the product candidates. If we or our strategic partners develop a product candidate for which there are no commercially available diagnostic tests for identifying the appropriate patient population to ensure safe and effective use of such candidate, the FDA may require us or our strategic partners to develop a companion diagnostic plan in conjunction with clinical development and regulatory approval for a product candidate. Lack of a reliable commercially available companion diagnostic can introduce uncertainties in the regulatory process for our or our strategic partners' product candidates. Success in preclinical studies or early-stage clinical trials does not guarantee that future clinical trials or registrational clinical trials will be successful, as 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. Interim results of a clinical trial do not necessarily predict final results. Regulatory delays or rejections may occur for various reasons, including changes in regulatory policy.

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

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

- further discussions with the FDA or other regulatory agencies, or untimely or unfavorable feedback regarding the scope or design of our clinical trials, or 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;
- 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 non-U.S. health authorities to temporarily or permanently shut down due to violations of cGMP regulations or other applicable requirements, or cross-contaminations of product candidates in the manufacturing process;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or contract research organizations (“CROs”), the terms of which can be subject to extensive negotiation, may vary significantly among different sites or CROs and may need to be renegotiated in the event of changes in regulatory requirements;
- challenges or delays in recruiting and enrolling patients, or failure of patients to complete the clinical trial or be lost to follow-up;
- unforeseen safety issues, including severe or unexpected drug-related adverse effects experienced by patients, including possible deaths, or failure to demonstrate a benefit from using a product candidate;
- 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; and
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or non-U.S. health authorities for violations of applicable regulatory requirements.

Termination or delays in completing any clinical trial of our product candidates will delay our ability to generate product revenue, whether through partnering or otherwise, increase our costs, slow down product development, and jeopardize our ability to generate revenue. Even if trials are successfully completed, clinical data are often susceptible to varying interpretations and analyses, and we cannot guarantee that the FDA or non-U.S. health authorities will interpret the results as we or our strategic partners do, and more trials could be required before we or our strategic partners submit the product candidates for approval. We cannot guarantee that the FDA or non-U.S. health authorities will view any of the product candidates as having adequate safety and efficacy profiles even if favorable results are observed in these clinical trials, and we or our strategic partners may receive unexpected or unfavorable feedback from the FDA or non-U.S. health authorities regarding satisfaction of safety, purity and potency (including clinical efficacy), amongst other factors. If the results of the trials are not satisfactory to the FDA or non-U.S. health authorities for support of a marketing application, approval of the product candidates may be significantly delayed, or we or our strategic partners may be required to expend significant additional resources, which may not be available, to conduct additional trials in support of potential approval of the product candidates. Any failure or significant delay in commencing or completing clinical trials could adversely affect our or our strategic partners’ ability to obtain regulatory approval and negatively impact our expected product or royalty and milestone revenue. 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 a product candidate may introduce uncertain, complex, expensive and lengthy challenges that could impact regulatory approval. Even if we or our strategic partners complete clinical testing and receive approval of any regulatory filing for product candidates, the FDA or non-

U.S. health authorities may approve our product candidates for a more limited indication or a narrower patient population than we originally requested. Moreover, even if regulatory approval is obtained for an indication, there is no guarantee that additional indications will be approved, which could materially limit the commercial potential of any approved product. For example, while Jazz intends to seek approval of zanidatamab in additional indications, we cannot be certain that such approvals will be obtained. If additional indications are not approved, our ability to achieve additional milestone payments and royalties on sales of zanidatamab will be materially and negatively impacted.

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

Factors affecting enrollment in clinical trials include 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. These factors impacting enrollment can be further complicated for trials involving 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 or our strategic partners will be unable to gain marketing approval for such product candidates and our business will be harmed. Additionally, projections of addressable patient populations that may benefit from treatment with our product candidates, including our partnered product candidates, are based on estimates, which, if inaccurate, could materially impact our business.

The design or 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 cannot guarantee that any clinical trials we or our strategic partners may conduct will demonstrate efficacy and safety sufficient for regulatory approval. Further, the FDA and comparable non-U.S. regulatory authorities have substantial discretion in the approval process and in determining when or whether regulatory approval will be obtained for any product candidate. Such 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 the trial design and our or our strategic partners' interpretation of data from preclinical studies and clinical trials. Regulatory authorities may change requirements for the approval of a product candidate after reviewing and providing comments or advice on a protocol for a pivotal Phase 3 clinical trial. 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. In addition, any of these authorities may approve a product candidate for fewer or more limited indications than requested 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 or our strategic partners believe would be necessary or desirable for the successful commercialization of our product candidates.

Interim, preliminary or top-line data 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 or our strategic partners may publish interim, preliminary or top-line data from clinical trials. Interim data from clinical trials are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data becomes 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 is available. Adverse differences between interim, preliminary or top-line data and final data could significantly harm our or our strategic partners' 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. The information we or our strategic partners choose to publicly disclose regarding a particular study or clinical trial is based on more extensive information, and you or others may not agree with what we or our strategic partners determine is the material or otherwise appropriate information to

include in the disclosure. Any information we or our strategic partners 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 or our strategic partners' business.

The Fast Track and Breakthrough Therapy designations received for zanidatamab and ZW191 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 and to ZW191, an ADC targeting folate receptor- α (FR α), for the treatment of patients with advanced or metastatic platinum-resistant ovarian cancer. While the FDA granted accelerated approval for Ziihera for injection for intravenous use for the treatment of adults with previously treated, unresectable or metastatic HER2+ (IHC 3+) BTC, these Fast Track designations do not ensure that zanidatamab or ZW191 will experience a faster development, regulatory review or approval process compared to conventional FDA procedures or that zanidatamab or ZW191 will ultimately obtain regulatory approval for additional indications. The FDA may withdraw Fast Track designation if it believes that the designation is no longer supported by data from the zanidatamab or ZW191 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 and for the treatment of adults with previously treated, locally advanced, unresectable, or metastatic HER2-positive colorectal cancer. 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 a 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 or Breakthrough Therapy designations 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 was granted Breakthrough Therapy designation from the CDE in China for treating patients with BTC who have failed prior systemic therapies. In May 2025, the NMPA in China granted conditional approval of zanidatamab for the treatment of patients with previously treated, unresectable or metastatic HER2+ BTC. As with designation by the FDA, the Breakthrough Therapy designation by the CDE is not a guarantee that zanidatamab will experience a faster development regulatory review or approval process or that it will ultimately receive regulatory approval for additional indications.

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

We or our strategic partners may evaluate product candidates in combination with one or more other therapies that have not yet been approved for marketing by the FDA, EMA or comparable regulatory authorities. We or our strategic partners will not be able to market and sell any product candidate in combination with any such unapproved therapies that do not ultimately obtain marketing approval. If the FDA, EMA or other comparable regulatory authorities do not approve or revoke their approval of these other therapies, or if issues arise with the therapies we or our strategic partners choose to evaluate in combination with any other product candidate, we or our strategic partners may be unable to obtain approval of or successfully market such product candidates. Additionally, if the third-party providers of therapies or therapies in development with which zanidatamab or other product candidates are approved for use are unable to produce sufficient quantities for clinical trials or for commercialization of product candidates, or if the cost of combination therapies is prohibitive, our or our strategic partners' 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 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, 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. Government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. In addition, the current U.S. Presidential administration has issued certain policies and executive orders directed towards reducing employee headcount and costs associated with U.S. administrative agencies, including the FDA, and it remains unclear the degree to which these efforts may limit or otherwise adversely affect the FDA's ability to conduct routine activities. If funding shortages, staffing limitations or other factors hinder or prevent the FDA

from conducting regular inspections, reviews or other regulatory activities, there could be a significant impact on the ability of the FDA to timely review and process our regulatory submissions, which could have a material impact on our business.

Undesirable side effects from product candidates may delay or prevent marketing approval or, if approved, require withdrawal from the market, inclusion of safety warnings, or otherwise limit sales.

Unforeseen side effects from any product candidates could arise either during clinical development or, if approved by regulatory authorities, after the approved product has been marketed. As product candidates are evaluated in clinical trials, the results of such clinical trials may show that the 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 or our strategic partners believe that 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. If we, or partners or others later identify undesirable or unacceptable side effects caused by zanidatamab or other product candidates that receive marketing approval:

- regulatory authorities may require the approved product to be taken 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;
- regulatory authorities may require changes to the way the product is administered, additional clinical trials or revisions to the labeling of the product;
- regulatory authorities may place limitations on how a product may be promoted;
- sales of the product may decrease significantly;
- we or our strategic partners may be subject to litigation or product liability claims; and
- our or our strategic partners' reputation may suffer.

Any of these events could prevent the achievement or maintenance of market acceptance of the affected product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating revenues directly through sales or through partnering or otherwise.

Risks Relating to Receipt of Product Revenue and Royalty and Milestone Revenue

We face significant competition, and if any competitors develop and market products that are more effective, safer and/or less expensive than our product candidates, our ability to generate revenue will be negatively impacted.

The life sciences industry is highly competitive and subject to rapid and significant technological change. Competitors in the United States and internationally include major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies, universities and other research institutions. Many of these competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources than we and potentially our strategic partners 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 and potentially our strategic partners do and may also have products that have been approved or are in late stages of development and collaborative arrangements in our or our strategic partners' 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 and our strategic partners develop obsolete. As a result of these factors, competitors may succeed in obtaining patent protection or FDA approval or discovering, developing and commercializing products in our and our strategic partners' field before we do. Specifically, there are a large number of companies developing or marketing treatments for cancer and AIID, 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 targets. 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 and our strategic partners 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. The commercial opportunity for our product candidates

could be reduced or eliminated if competitors develop and commercialize products that are safer, more effective, more convenient or less expensive than any products that we or our strategic partners may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly, which could result in our competitors establishing a strong market position before we or our partnered products are able to enter the market. In addition, the biopharmaceutical industry is characterized by rapid technological change. If we or our strategic partners fail to stay at the forefront of technological change, we and our strategic partners may be unable to compete effectively. Technological advances or products developed by our competitors may render our or our strategic partners' technologies or product candidates obsolete, less competitive or not economical. We expect that current and future product candidates will compete with biosimilar versions of already approved products, and even if additional 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.

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

The FDA granted Orphan Drug Designation to zanidatamab for the treatment of BTC and gastric cancer, including cancer of the gastroesophageal junction, the EMA 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," as defined under the FDA orphan drug regulation, 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 the successful commercialization of our product candidates. Aside from the orphan drug exclusivity for zanidatamab, even if we or our strategic partners obtain orphan drug exclusivity for 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, 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, notwithstanding the court's decision in *Catalyst Pharms., Inc. v. Becerra*, 14 F.4th 1299 (11th Cir. 2021), in January 2023, the FDA published a notice in the Federal Register to clarify that while the FDA complied 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. The Consolidated Appropriations Act of 2026, signed into law in February 2026, codified this longstanding FDA interpretation of the Orphan Drug Act, allowing the FDA to approve multiple versions of the same orphan drug for different subindications and subpopulations.

Even if we or our strategic partners obtain FDA approval of any of our product candidates, we or they may never obtain approval or commercialize such product candidates outside of the United States, which would negatively impact our product or royalty and milestone revenue.

In order to market any products outside of the United States, we or our strategic partners must establish and comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking non-U.S. regulatory approvals could result in significant delays, difficulties and costs and may require additional preclinical studies or clinical trials, which would be costly and time consuming and potentially disincentivize us or our strategic partners from seeking such non-U.S. approvals. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. If we or our strategic partners fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our products' target market will be reduced, and our ability to earn product or royalty and milestone revenue will be harmed.

If zanidatamab or any current or future partnered product candidate that receives regulatory approval in the future does not achieve broad market acceptance among physicians, patients, the medical community and third-party payors, revenue generated from commercialization efforts will be materially and adversely impacted.

The commercial success of zanidatamab or any current or future product candidate will depend upon their acceptance among physicians, patients and the medical community. The degree of market acceptance depends on a number of factors, including:

- limitations or warnings contained in the approved labeling;
- changes in the standard of care for the targeted indications;
- limitations in the approved clinical indications;
- demonstrated clinical safety and efficacy compared to other products;
- sales, marketing and distribution support;
- availability of coverage and the extent of access and 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;
- the extent to which the product 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 the product or favorable publicity about competitive products;
- convenience and ease of administration of the product; and
- potential product liability claims.

If zanidatamab or any current or future product candidate that is approved does not achieve an adequate level of acceptance by physicians, patients and the medical community, sales may be negatively affected and materially and adversely impact the revenues we receive whether through royalties or otherwise.

Current and future healthcare regulations and reimbursement decisions by third-party payors may have an adverse effect on pricing and market acceptance.

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. In most cases, the pricing review period begins after marketing or product licensing approval is granted. In some non-U.S. markets, prescription pharmaceutical pricing remains subject to continuing governmental control after initial approval is granted. As a result, a product may receive regulatory approval in a particular country, but then be subject to price regulations that delay commercial launch of the product, negatively impacting the revenues generated from sales in that country and consequently negatively affecting our revenues.

through royalties or otherwise. In many countries, particularly those in the EU, prescription drug pricing and reimbursement is subject to governmental control. In countries that impose price controls, pricing negotiations with governmental authorities can take considerable time after receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, regulators may require a clinical trial that compares the cost-effectiveness of the product candidate under review to other available therapies. Successful commercialization of any products 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. Obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that can require provision to the payor of supporting scientific, clinical and cost-effectiveness data for the product under review. 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, with no assurance that coverage and adequate reimbursement will be obtained. There may also 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. We expect pricing pressures in connection with the sale of any approved products 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. Further, the current U.S. Presidential administration has issued executive orders focused on decreasing prescription drug prices, including directing the Secretary of the U.S. Department of Health and Human Services to establish a mechanism through which U.S. patients can buy drugs directly from manufacturers who sell at a most-favored-nation price and directing the U.S. Trade Representative and Secretary of Commerce to take action to ensure foreign countries are not engaged in practices that purposefully and unfairly undercut market prices and drive price hikes in the United States. Government agreements with pharmaceutical companies that use most-favored-nation pricing targets for prescription drugs, including the use of international pricing reference to set drug prices in the United States, or that increase generic and biosimilar drug entry sooner than expected, can have a material adverse effect on our industry and our ability to recognize product or royalty and milestone revenues. We cannot predict the full impact of the executive orders focused on reducing prescription drug prices or increasing domestic drug manufacturing capacity, or other measures that may be implemented related to drug pricing, drug supply chain and manufacturing in the United States. In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. Approved products 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 any future approved products profitability.

Even if our product candidates receive regulatory approval, we or our strategic partners will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense.

Any regulatory approvals that our product candidates receive 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 example, in November 2024 the FDA granted accelerated approval for Ziihera for the treatment of adults with previously treated, unresectable or metastatic HER2+ (IHC 3+) BTC, in May 2025, the NMPA in China granted conditional approval for zanidatamab for the treatment of patients with previously treated, unresectable or metastatic HER2+ BTC, and in July 2025, the European Commission granted conditional marketing authorization of Ziihera for the treatment of adults with unresectable locally advanced or metastatic HER2+ BTC. However, continued approval for these indications is contingent upon verification and description of clinical benefits in confirmatory trials. For any approved product, we and our strategic partners 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 manufacturing of the product, withdrawal of the product from the market, voluntary or mandatory recalls or imposition of civil or criminal penalties. It is unclear how our industry

and our clinical programs will be impacted by pending legislation and new policies and regulations implemented under the current U.S. Presidential administration and the new FDA commissioner.

If any product liability lawsuits are successfully brought against us or any of our strategic partners, we may incur substantial liabilities and commercialization efforts of zanidatamab or any other approved products may need to be limited.

We and our strategic partners face an inherent risk of product liability lawsuits related to the testing of product candidates in seriously ill patients, and face an even greater risk as a result of commercialization of any approved product candidates. Product liability claims may be brought against us or our strategic partners by participants enrolled in clinical trials, patients, health care providers or others using, administering or selling any current or 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 current or future approved products, product recalls or a change in the indications for which they may be used;
- injury to our and our strategic partners' reputation;
- limitations placed on promotional activities;
- withdrawal of clinical trial participants, termination of clinical trial sites or entire trial programs;
- increased regulatory scrutiny;
- significant litigation costs and substantial monetary awards to, or costly settlement with, patients or other claimants;
- diversion of management and scientific resources from our business operations; and
- the inability to commercialize approved products.

We may need to have in place increased product liability coverage as we or our strategic partners begin the commercialization of any product candidates. Insurance coverage is becoming increasingly expensive, and 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 operations. Patients with cancer and other diseases we or our strategic partners may target 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 zanidatamab or our or our strategic partners' 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 the opportunity to receive or maintain regulatory approval to market zanidatamab or other product candidates, or require suspension or abandonment of commercialization efforts. Even in circumstances in which we do not believe that an adverse event is related to zanidatamab or our or our strategic partners' product candidate, the investigation into the circumstance may be time-consuming or inconclusive, and may result in reputational harm. These investigations may interrupt sales efforts, delay regulatory approval process in other countries, or impact and limit the type of regulatory approvals zanidatamab or 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, our strategic partners or any of our third-party manufacturers encounter manufacturing difficulties, supply of product candidates for clinical trials or any approved products for patients could be delayed or prevented.

Manufacturing difficulties and supply chain risks may delay or prevent the availability of product candidates for our and our strategic partners' development efforts or, following receipt of marketing approval, for commercialization of approved products. 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 non-U.S. regulations. Prolonged uncertainty in trade relationships could result in supply chain disruptions, delayed shipments, or increased operational complexity, which could

also adversely affect our business, results of operations and cash flows. While we are evaluating steps to mitigate any impacts of new or increased tariffs or other impacts resulting from changes in trade policy, our ability to do so may be limited by operational and supply chain constraints, especially in the short term. We and our third-party 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 relating to these laws 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. In addition, manufacturing methods and formulation changes for product candidates advancing towards commercialization carry the risk that such product candidates may perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. While such changes are common and intended to help optimize processes and results during the development process, any of these changes could increase costs, cause delays and impact our or our strategic partners' ability to commence product sales, affecting our product revenue or royalty and milestone revenue.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since inception and anticipate that at least over the short-term we will continue to incur losses. We have only one product approved for commercial sale, and, as of June 30, 2026, we have not received any revenue or profit from product sales, other than the receipt of royalties relating to sales of zanidatamab. We may never achieve or sustain profitability.

We have incurred significant losses since our inception. Our net losses for the years ended December 31, 2025 and 2024 were \$81.1 million and \$122.7 million, respectively, while our net loss for the six months ended June 30, 2026 was \$45.0 million. As of June 30, 2026, our accumulated deficit was \$1,171.2 million. Our revenue as of June 30, 2026 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. We anticipate that at least over the short-term we will not be net income positive on a regular basis as we continue our research and development of our product candidates and implement our recently announced strategy. In addition, inflationary pressure could adversely impact our financial results. The net losses and negative cash flows incurred as of June 30, 2026, 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 as well as our ability to become net income positive will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue, including through the receipt of royalties from our strategic partners and the successful implementation of our recently announced strategy. Because of the numerous risks and uncertainties associated with pharmaceutical product development as well as our asset aggregation strategy, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Historically, 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. Zanidatamab is the only product candidate developed with our therapeutic platforms that has received regulatory approval, and we and our strategic partners are still developing other product candidates. To become and remain profitable, we and our strategic partners 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 and acquiring product candidates, securing partnerships and either directly or through our strategic partners advancing through later stage clinical development, regulatory approval and the manufacturing, marketing and selling of those product candidates that obtain regulatory approval. We may never succeed in these activities and may never generate revenue from product sales, royalties, milestones or otherwise 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.

We may require 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 focused on the development of our early-stage product candidates, acquisition of additional early-stage assets and general discovery efforts. Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is expensive. We intend to evaluate various partnering, collaboration and other strategic transactions that may enable us to raise additional funding or transfer certain costs and risks related to later-stage development and/or commercialization to our strategic partners. If we successfully enter into these types of transactions, we expect to be able to enhance our capital efficiency by deploying resources that may have otherwise been spent on later-stage clinical development across other areas of our business; however, we may not be able to identify suitable partners or enter into agreements on terms acceptable to us. Even if we are able to secure additional strategic arrangements, there can be no assurance that these arrangements will be successful, which could materially harm our business, financial conditions and results of operations. For example, if we raise additional funds through borrowings,

we may be obligated to repay the principal and interest of the loan from certain of our royalty payments and/or use our royalties as collateral for such borrowings, which may subject us to covenants that restrict our activities or other unfavorable terms and conditions. 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;
- 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;
- 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 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.

The terms of our loan agreement impose certain restrictions on our activities, and failure by us or our subsidiaries to fulfill applicable obligations under the loan agreement may cause the repayment obligations to accelerate.

Pursuant to the terms of the Sale Agreement and Loan Agreement with Royalty Pharma, we and our subsidiaries are restricted from taking certain actions with respect to the Covered Agreements, including (i) entering into any contracts, or amending, modifying or waiving provisions of any contracts, relating to the royalties receivable under the Covered Agreements that would undermine the Royalty Interest or reasonably be expected to result in a material adverse effect, (ii) taking actions that would, or would give the right to an applicable commercial partner to, terminate a Covered Agreement or certain material in-license agreements covering Ziihera, or amending, modifying, waiving any provision, providing any consent or taking any action under any Covered Agreement that would reduce any Royalty Interest payments or reasonably be expected to result in a material adverse effect, without the prior written consent of the Subsidiary and Royalty Pharma, (iii) selling, transferring, disposing of or encumbering its interests in applicable Ziihera-specific intellectual property, Ziihera, a Covered Agreement or certain material in-license agreements covering Ziihera, or entering into monetization or similar transactions with respect to Zymeworks BC's retained royalty interests under any Covered Agreement, except, in each case, without certain assumption and other arrangements protective to Royalty Pharma's interests, and (iv) permitting Covered Agreement counterparties to acquire more than 50% of Zymeworks BC's retained royalty interests under any Covered Agreement without certain assumption and other arrangements protective to Royalty Pharma's interests, in addition to being subject to other customary covenants. Additionally, under the Loan Agreement, if certain events of default occur, including the termination of a Covered Agreement or a change of control of us as well as other customary events of default, Royalty Pharma may terminate the Loan Agreement and demand immediate payment of an amount equal to the outstanding principal amount of the loan plus all applicable fees, premiums and accrued and unpaid interest thereon and exercise all rights and remedies available under or pursuant to the Loan Agreement. Such covenants may delay or discourage transactions that our stockholders might otherwise deem to be in their best interests. For additional information regarding this arrangement, see the section titled "Liquidity and Capital Resources" under Part I. Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

If we or our subsidiaries are unable to comply with the covenants or other obligations under the Sale Agreement and the Loan Agreement, or if an event of default were to occur and our loan becomes accelerated, we could be required to prepay the entire loan or lose control over assets or rights held by the Subsidiary and provided as collateral to Royalty Pharma. While the loan is non-recourse against us or Zymeworks BC, a failure to comply with the covenants or other obligations under the Sale Agreement and the Loan Agreement, including an event of default, could cause our business, financial condition, results of operations and reputation to be materially harmed.

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

Raising additional funds through partnerships, collaborations, strategic alliances, or licensing arrangements with third parties, may require us to relinquish valuable rights to our technologies, product candidates, or future revenue streams, or grant licenses on terms that are not favorable to us. 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. For example, in August 2024, we entered into the Cowen Sales Agreement with TD Cowen as sales agent to sell shares of our common stock from time to time through an "at-the-market" equity offering program, subject to a maximum aggregate dollar amount registered pursuant to a prospectus supplement. As part of the ongoing management of our operations and related funding needs, we evaluate various financing vehicles, including "at-the-market" equity offering programs, and may enter into similar "at-the-market" equity offering programs in the future, as well as other financing transactions. 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, repurchasing our common stock, or declaring dividends. 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 otherwise scale back our operations.

Risks Related to Our Dependence on Third Parties

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 strategic partners may encounter difficulties with respect to these activities that could delay or impair our or our strategic partners' ability to initiate or complete our clinical trials or commercialize products.

We do not currently own or operate any manufacturing facilities. We 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. 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, ZW209, ZW220 and ZW251. 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 non-U.S. 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 non-U.S. agencies. They are also subject to periodic unannounced inspections by the FDA, state and other non-U.S. 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 development of any of our or our strategic partners' 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.

We and our strategic partners rely on third parties to monitor, support, conduct and oversee clinical trials of product candidates and, in some cases, to maintain regulatory files for those product candidates. Our product candidates may not receive regulatory approval or be successfully commercialized if we or our strategic partners 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 and our strategic partners rely on entities outside of our or their 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 or our strategic partners' current and future product candidates. If we or our strategic partners are unable to maintain or enter into agreements with these third parties on acceptable terms, or if any such engagement is terminated prematurely, we or our strategic partners may be unable to enroll patients on a timely basis or otherwise conduct our trials in the manner anticipated. In addition, there is no guarantee that these third parties will devote adequate time and resources to our or our strategic partners' studies or perform as required by contract or in accordance with regulatory requirements, including maintenance of clinical trial information regarding the 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 they are engaged. If these third parties fail to meet expected deadlines, fail to transfer any regulatory information in a timely manner, fail to adhere to protocols or fail to act in accordance with regulatory requirements or contractual obligations, 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 or our strategic partners' product candidates may be extended or delayed with additional costs incurred, or data from the clinical trials may be rejected by the FDA, EMA or other regulatory agencies. Ultimately, we and our strategic partners are responsible for ensuring that each of our clinical trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and reliance on third parties does not relieve us or our strategic partners of regulatory responsibilities. We, our strategic partners 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 non-U.S. 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, our strategic partners or any of our CROs fail to comply with applicable GCP regulations, the clinical data generated in the clinical trials may be deemed unreliable and submission of marketing applications may be delayed or the FDA may require us or our strategic partners to perform additional clinical trials before approving marketing applications. Upon inspection, the FDA could determine that any of our or our strategic partners' clinical trials fail or have failed to comply with applicable GCP regulations. Moreover, our business may be implicated if any of our or our strategic partners' CROs violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws. If any of our or our strategic partners' clinical trial sites terminate for any reason, we may experience the loss of follow-up information on patients enrolled in the ongoing clinical trials unless we or our strategic partners are able to transfer the care of those patients to another qualified clinical trial site. If our or our strategic partners' relationship with any CRO is terminated, we or our strategic partners, as applicable, 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, and there is a natural transition period when a new CRO or supplier commences work. As a result, delays may occur, which can materially impact the ability to meet desired clinical development timelines. If we or our strategic partners 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 or our product or royalty and milestone revenue.

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. 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 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 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 and our strategic partners’ 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. In addition, we are aware of certain third-party patents and patent applications that generally encompass topoisomerase 1 inhibitors. If our or our strategic partners’ product candidates or products are 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, we or our strategic partners are unable to invalidate or render unenforceable those patents, or we or our strategic partners are unable to reengineer such product candidates or products, our business could be materially harmed. There is 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 or our strategic partners’ ability to make, use, sell, offer for sale or import future approved products or impair our and our strategic partners’ 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 and our strategic partners from developing product candidates using our technology. Our failure to obtain a license to any patent covering any technology that we or our strategic partners 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 or our strategic partners 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 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 and our strategic partners 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. Additionally, recent reforms and changes at U.S. government agencies and those of non-U.S. jurisdictions could increase the uncertainties and costs surrounding the prosecution or maintenance of our patent applications, and the maintenance, enforcement, or defense of our issued patents. For example, the ability of the U.S. Patent and Trademark Office (“USPTO”) and other applicable patent authorities to properly administer their functions is highly dependent on the levels of funding available to the agency and their ability to retain key personnel and fill key leadership appointments, among various factors. Termination of employees or delays in replacing or hiring for key positions could significantly impact the ability of the USPTO and other applicable patent authorities to fulfill their functions and could greatly impact our ability to timely and adequately prosecute or maintain our patent applications and our ability to timely and adequately maintain, enforce, or defend our issued patents. 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 U.S. law. 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. These challenges could be initiated in the courts or administratively in various patent offices. 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 or file an administrative action to invalidate our patent. 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 USPTO or the applicable non-U.S. 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, 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 or our strategic partners 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 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 U.S. law, 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 and our strategic partners' business objectives. 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 or our partnered product candidates, other companies may be better able to develop products that compete with ours, which could adversely affect our or our strategic partners' competitive business position, and adversely affect our revenues. 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 or our partnered products or 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 or our partnered products or 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 or our strategic partners with sufficient rights to exclude others from commercializing products similar or identical to ours. Further, judicial decisions in the United States raised questions regarding the award of patent term adjustment (“PTA”) for patents in families where related patents have issued without PTA. Thus, it cannot be said with certainty how PTA will be viewed in the future and whether patent expiration dates may be impacted.

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 or our partnered products or product candidates, our business may be materially harmed.

Depending upon the timing, duration and conditions of FDA marketing approval of our or our partnered product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under 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, subject to the limitation that the total remaining patent term after approval cannot exceed 14 years. However, we may not receive an extension if we or our strategic partners 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 or our strategic partners 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, that individual’s assignee, or a third party. 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. 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. In July 2025, the FDA announced its intent to increase transparency by publicly releasing portions of Complete Response Letters (“CRLs”) issued to drug and biologic sponsors. While the FDA has stated that confidential information will be protected, it remains unclear how such disclosures will be implemented. Because CRLs often contain specific observations about study design, clinical endpoints, chemistry, manufacturing, and controls data, or other proprietary information, any public release could unintentionally disclose information that competitors may use to infer proprietary aspects of our or our strategic partners’ product candidates or platform technologies. This could compromise the confidentiality of our trade secrets and know-how or facilitate third-party efforts to design around or challenge the validity, enforceability, or scope of our patents, or accelerate the development of generics and biosimilars. If we are required to modify or limit the information shared with the FDA to mitigate such risks, it could increase costs, slow our regulatory interactions, or delay product approval timelines.

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 non-U.S. 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 non-U.S. 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 or our partnered 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 or our partnered 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 and our strategic partners' 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 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. 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. In September 2011, the Leahy-Smith America Invents Act, also known as the America Invents Act ("AIA"), was signed into law. 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. Depending on decisions by the U.S. Congress, the U.S. federal courts, the USPTO or similar authorities in non-U.S. 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 strategic partners may obtain in the future. For example, the U.S. Supreme Court held in *Amgen v. Sanofi* (2023) that a functionally claimed genus was invalid for failing to comply with the enablement requirement of the Patent Act. As such, any of our patent rights with functional claims may be vulnerable to third-party challenges seeking to invalidate these claims for lacking enablement or adequate support in the specification.

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. As a result, we periodically review our patents and patent applications in light of our objectives and products to determine whether to continue prosecution and maintenance or to allow certain patents or patent applications to lapse. In addition, the laws of some countries do not protect intellectual property rights to the same extent as U.S. law. 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. 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 non-U.S. 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. The requirements for patentability may differ in certain countries, which may make it more difficult for us to obtain sufficient claim scope to protect our products in those jurisdictions. 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 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, in March 2025, the Chinese government issued regulations for implementation of the 2021 Anti-Foreign Sanctions Act. These regulations expand the Chinese government’s ability to seize certain assets, including intellectual property, of foreign entities in response to foreign sanctions, including those by the United States. Accordingly, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected. In addition, the complexity and uncertainty of European patent laws have increased in recent years. In Europe, a new unitary patent system was introduced in June 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 (the “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. or non-U.S. courts, 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. 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. 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 if not properly addressed, could have an adverse effect on our business, financial condition and results of operations.

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. 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.

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 zanidatamab and any product candidates for which we or our strategic partners obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers, 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. We may also be subject to transparency laws, such as the Sunshine Act, and federal and state privacy laws, as well as comparable or similar state and non-U.S. laws and regulations. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. 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 as well as exclusion from participation in government healthcare programs such as Medicare and Medicaid. 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.

Tax law changes could adversely affect our business and financial condition.

We are subject to income taxes in the United States and various non-U.S. jurisdictions. Our effective tax rate could be adversely affected by several factors, many of which are outside of our control, including enactment of new income, sales, use or other tax laws, statutes, rules, regulations, or ordinances or changes or modifications in existing tax laws, statutes, rules, regulations, or ordinances, or the interpretation of the same. For example, the recently enacted U.S. federal tax legislation commonly referred to as the One Big Beautiful Bill Act (the “OBBA Act”) has made many significant changes to the U.S. tax laws. We are currently evaluating the full impact of the OBBA Act on us. Future guidance from the Internal Revenue Service and other tax authorities with respect to current tax laws may affect us, and certain aspects of current tax laws could be repealed or modified in future legislation. In addition, it is uncertain if and to what extent various states will conform to such legislation or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of non-U.S. earnings, and the deductibility of expenses under past or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future tax expense.

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 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.

We are subject to 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 UK 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 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, loss of export or import privileges, debarment, tax reassessments, litigation, reputational harm, and other consequences. Our failure, or that of our third-party manufacturers, to comply with applicable regulations could require replacing current third parties and result in supply delays, clinical holds, sanctions such as fines, injunctions, civil penalties, suspension or withdrawal of approvals, license revocations, seizures or recalls, operating restrictions, or 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.

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.

We and our service providers, including CROs, 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 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 other third-party service providers may use, have in the past been subject to, and may be vulnerable to, cyber-attacks, malicious code, outages, or other security incidents, including those caused by inadvertent or intentional actions by employees, contractors, business partners, or other third parties. Any such incident or other matter could compromise systems and networks used in our business and lead to operational outages, interruptions, and unauthorized access to or loss of our data (including trade secrets or other confidential information, intellectual property, proprietary business information, and personal information) or data that is maintained or otherwise processed on our behalf, or other assets, which could result in financial, legal, business and reputational harm to us. Any such event, or the perception that such an event has occurred, could result in legal claims, demands and litigation or governmental investigations or other proceedings, liability under laws and regulations, including those 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. Despite our efforts to improve security measures, our systems or those of our third-party service providers may still be vulnerable to security breaches, incidents, outages, interruptions, compromises, or vulnerabilities. We expect to continue to incur additional expenses on such matters, whether in response to actual or perceived security breaches or incidents, compromises, outages, interruptions, vulnerabilities or otherwise. Any loss, destruction, alteration, disclosure or dissemination of, or prevention of access, 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 imposes certain requirements relating to the privacy, security, transmission and breach reporting of individually identifiable health information. Prosecutors increasingly are using HIPAA-related theories of liability against drug manufacturers and their agents and we 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, 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. In addition to HIPAA, other applicable data privacy and security obligations may require us to notify relevant stakeholders of any security breaches or incidents that result in the unauthorized disclosure of personal information. Such disclosures are costly, and the disclosures or the failure to comply with such requirements could lead to adverse impacts. The loss, corruption or unavailability of clinical trial data could delay our or our strategic partners' regulatory approval efforts and significantly increase our costs to recover or reproduce the data, and we rely on third parties for the manufacture of our product candidates and to conduct clinical trials, so similar events relating to their computer systems or their collection, storage or processing of data could also have a material adverse effect on our business.

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.

Various U.S. state laws relating to the protection of personal information (including health and other data of patients, research subjects, and other individuals) may be more rigorous than, or impose additional requirements beyond those required by, HIPAA, and may increase our compliance obligations and costs. 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 California Consumer Privacy Act ("CCPA"), which became effective in January 2020 and gives Californian 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 as well as a limited private right of action in connection with certain data breaches. Other privacy and security laws address specific subject matter, such as Washington's My Health, My Data Act, which, among other things, provides for a private right of action. While exemptions to some of these laws may apply to portions of our business, these laws' enactment and evolving interpretations 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 be subject to laws and regulations in non-U.S. countries covering privacy and security and the protection of health-related and other personal information. For example, the European Economic Area ("EEA"), the UK and Switzerland have stringent privacy and data protection laws that impose significant compliance obligations. The General Data Protection Regulation 2016/679 ("GDPR") applies to the processing of personal information and imposes numerous requirements, including high standards for consent, enhanced disclosures, strengthened individual rights, data breach notifications, limitations on retention and use, and additional obligations for third-party processors. The GDPR provides for fines of up to the greater of €20.0 million or 4% of total worldwide annual turnover, as well as other administrative penalties and also permits relief and recovery under national and local laws. The UK has implemented similar legislation, referred to as the UK GDPR, with comparable fines, and has enacted the UK Data (Use and Access) Act 2025 ("DUAA"), which introduced targeted amendments and increased compliance complexity. The European Commission has renewed the UK's adequacy decision through December 2031 after assessing the DUAA. The GDPR and laws in Switzerland and the UK generally restrict the transfer of personal information to countries outside the EEA, Switzerland, and the UK, such as the United States. We are not certified under the EU-U.S. Data Privacy Framework, and instead rely on other data transfer tools such as the EU standard contractual clauses ("EU SCCs") and the UK addendum to the EU SCCs to transfer personal information to third countries outside the EEA and the UK, taking into consideration related obligations. 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 transfers. The U.S. Department of Justice also has issued rules regarding certain bulk sensitive personal data transfers. The interpretation of data transfer requirements, 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, Switzerland, the UK, the United States, 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. The EU has enacted numerous laws and regulations addressing cybersecurity, including substantial revisions to its Network and Information Security directive that EU member states are required to reflect in national law, and requirements for hosting health data will vary by jurisdiction within EEA countries and the UK, and we may be or become subject to other national healthcare regulations or regulatory requirements. The interpretation and application of consumer, health-related and privacy, data protection and security laws in the United States, the EEA, Switzerland, the UK and elsewhere are often uncertain, contradictory and in flux. Any failure or perceived failure to comply with federal, state or non-U.S. 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

finances or orders requiring that we change our practices, which could adversely affect our business. 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.

We may be subject to certain costs and inefficiencies as a result of our 2022 Redomicile Transactions.

We became a Delaware corporation in October 2022 as a result of the Redomicile Transactions. In connection with the Redomicile Transactions, we agreed to use reasonable efforts to effect certain steps following the Redomicile Transactions, including the reorganization of certain subsidiaries. For business reasons, certain of these steps were not completed. While we are managing any tax and operational implications resulting from our current organizational structure, and we may pursue additional reorganizations in the future, certain tax and operational implications may persist. In addition, we incurred non-recurring costs associated with 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 costs over time, this net benefit may not be achieved. These combined factors could adversely affect our business, financial condition and results of operations.

Risks Related to Employee Matters

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, Kristin Stafford, our Chief Financial Officer, Adam Schayowitz, our Head of Research and Development, Scott Platshon, our Chief Business Officer, Mark Hollywood, our Chief Operating Officer, Paul A. Moore, our Chief Scientific Officer, Sabeen Mekan, our Chief Medical Officer, Paul Schneider, our General Counsel, 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 strategic objectives and seriously harm our ability to successfully implement our business strategy. Retention and any future recruitment of qualified scientific, technical and clinical personnel, as well as recruitment and retention of personnel with experience in successfully identifying and executing business development transactions, including in-licensing and acquisition transactions, will also be critical to our success. 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. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development strategy, as well as helping us to identify strategic opportunities. 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 partnering plans and strategies, we may need to modify our organization, and we may experience difficulty in managing such change, which could disrupt our operations.

As of June 30, 2026, we had 231 full-time employees. As we advance our development and partnering plans and strategies in the future, we anticipate that we may need to modify our employee base. Such changes may impose significant added responsibilities on members of management, and 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 modification of our employee base. We may not be able to effectively manage a modification 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 organizational modification 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 organizational modifications, our expenses may be higher than expected, our ability to generate or grow revenue could be reduced and we may not be able to implement our business strategy.

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. Factors that may cause the market price of our common stock to fluctuate include:

- results and timing of our or our strategic partners' clinical trials and clinical trials of our competitors' products;
- failure or discontinuation of any of our or our strategic partners' development programs;
- the success of our strategic partnerships and our ability to enter into future partnerships;
- our ability to achieve milestones and receive associated milestone and royalty payments pursuant to the terms of our strategic partnerships;
- issues in manufacturing our or our partnered product candidates or future approved products;
- regulatory developments or enforcement in the United States and other countries with respect to our or our partnered product candidates or our competitors' products;
- competition from existing products or new products or technologies that may emerge;
- developments or disputes concerning patents or other proprietary rights;
- announcements by us, our strategic partners or our competitors of significant acquisitions, strategic partnerships, joint ventures, or capital commitments;
- actions taken by industry or securities analysts that cover our company or common stock, including changes in estimates or recommendations, inaccurate or unfavorable research or a decision to drop coverage;
- general market fluctuations in the valuation of companies in the biotechnology industry or otherwise perceived by investors to be comparable to us;
- instances of stockholder activism, including unsolicited takeover proposals or proxy contests;
- public concern over our or our partnered product candidates or any future approved products;
- litigation;
- future sales of our common stock or the perception that such sales could occur;
- 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, including our recently adopted business strategy and our proposed acquisition of Theravance;
- changes in the structure of health care payment systems in the United States or other countries;
- failure of zanidatamab or our or our partnered product candidates, if approved, to achieve commercial success;
- economic and other external factors or other disasters or crises;
- changes in customs laws and regulations, tariffs and trade barriers, or the perception that any of them could occur;
- 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;
- our ability to effectively address environmental, social, and governance matters affecting our business that are a focus of certain investors, environmental activists, the media, and governmental and nongovernmental organizations;
- purchases under our share repurchase program; and
- other factors that may be unanticipated or out of our control.

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, 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, may negatively affect the market price of our common stock, regardless of our actual operating performance. Securities class action litigation has often been brought against companies following a decline in the market price of their securities. 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. 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.

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 (“Nasdaq”). If Nasdaq delists our shares of common stock from trading on its exchange, we could face significant material adverse consequences, including significant impairment of liquidity of our common stock, limited availability of market quotations, limited news and analyst coverage, and a loss of confidence of our strategic partners, employees and others.

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, 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. 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 received from our fundraising efforts or for funds received pursuant to our strategic collaborations and our actual expenditures will depend upon numerous factors. 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, and, as a result, 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, owned approximately 58.2% of our outstanding common stock as of June 30, 2026. Our directors and executive officers together with their respective affiliates owned, in the aggregate, approximately 33.4% of our outstanding common stock as of June 30, 2026. 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 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. Opting to forego an attestation to the effectiveness of our internal control over financial reporting from our independent registered public accounting firm 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. As a result of our decision to rely on certain of these disclosure exemptions, the information we provide stockholders will be different than the information that is available with respect to other public companies and some investors may find our shares of common stock less attractive, which may result in a less active trading market for our common stock and the market price of our common stock may be more volatile.

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. 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.

Holders of our Exchangeable Shares are subject to additional risks.

Pursuant to the Redomicile Transactions, certain holders of common shares of our predecessor company exchanged their common shares for exchangeable shares (“Exchangeable Shares”) in the capital of our subsidiary Zymeworks ExchangeCo Ltd. (“ExchangeCo”). Exchangeable Shares are exchangeable at the option of the holder for shares of our common stock. Exchangeable Shares are subject to additional risks, including:

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

- Exchangeable Shares may be subject to different tax consequences under Canadian law depending on whether the Exchangeable Shares are disposed of in a redemption or an acquisition by one of our subsidiaries, and such transaction may not be within the control of the holder.
- The tax treatment of Exchangeable Shares for non-Canadian tax purposes, including U.S. federal income tax purposes, is uncertain.

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.

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 provide 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 our 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.

There can be no assurance that we will repurchase additional shares of our common stock or that we will repurchase shares at favorable prices.

In November 2025, our board of directors approved the 2025 Repurchase Program, pursuant to which we are authorized to repurchase up to \$125.0 million of our common stock from time to time through open market transactions, or other means in accordance with Rule 10b5-1 and Rule 10b-18 under the Exchange Act. On May 14, 2026, the Company terminated the 2025 Repurchase Program and the board of directors of the Company authorized the 2026 Repurchase Program providing the ability to repurchase up to \$125.0 million in shares of the Company's common stock. We repurchased 4,197,553 shares of our common stock under the 2025 Repurchase Program until its termination in 2026. As of June 30, 2026, we have repurchased 2,008,243 shares of our common stock under our 2026 Repurchase Program. The timing, number of shares repurchased, and prices paid for any additional shares of stock repurchased under this program will depend on general business and market conditions as well as corporate and regulatory limitations, prevailing stock prices, and other considerations. Our 2025 Repurchase Program may be suspended or discontinued at any time, and does not obligate us to acquire any additional shares of common stock. Our ability to make share repurchases will depend upon market conditions, cash balances and future capital requirements, results of operations, financial condition, compliance with applicable legal requirements and other factors that we may deem relevant and which may be beyond our control. In addition, we can provide no assurance that we will repurchase stock at favorable prices. As a result, there can be no guarantee around the timing of our share repurchases. Any failure to repurchase additional shares of stock, a reduction in the frequency of repurchases, or the completion of our 2025 Repurchase Program could have a negative effect on our reputation, investor confidence in us and our stock price. The existence of our 2025 Repurchase Program could cause our stock price to be higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although our 2025

Repurchase Program is intended to enhance long-term stockholder value, there is no assurance that it will do so because the market price of our common stock may decline below the levels at which we repurchase shares, and short-term stock price fluctuations could reduce the effectiveness of the program. Additionally, as part of our evolving business strategy, we intend to evaluate opportunities to return capital to our stockholders through additional potential share repurchases. However, there can be no assurance that implementation of our evolving business strategy will generate sufficient cash flows from royalties, milestones and other sources to enable such additional share repurchases and, as a result, our stockholders may not realize enhanced long-term stockholder value. Any use of our cash resources to repurchase our common stock will reduce the amount of cash we have available for investment in other parts of our business and we may not deploy our resources in a way that enhances stockholder value.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

On August 1, 2024, our board of directors authorized a stock repurchase program (“2024 Repurchase Program”), whereby we could repurchase up to \$60.0 million of our outstanding common stock. As of October 31, 2024, we completed the initial \$30.0 million of the 2024 Repurchase Program, consisting of the repurchase of 2,545,402 shares at an average price per share of \$11.79 (exclusive of commission expense and estimated excise tax). As of November 10, 2025, we completed the remaining \$30.0 million of the 2024 Repurchase Program, consisting of the repurchase of 1,856,907 shares at an average price per share of \$16.15 (exclusive of commission expense and estimated excise tax).

On November 16, 2025, our board of directors authorized the 2025 Repurchase Program, whereby we could repurchase up to \$125.0 million of our outstanding common stock. On May 14, 2026, the Company terminated the 2025 Repurchase Program and the board of directors of the Company authorized the 2026 Repurchase Program providing the ability to repurchase up to \$125.0 million in shares of the Company's common stock.

We repurchased 4,197,553 shares of our common stock at an average price per share of \$24.36 under the 2025 Repurchase Program until its termination in 2026. As of June 30, 2026, we repurchased an aggregate of \$51.9 million, consisting of 2,008,243 shares at an average price per share of \$25.85 (exclusive of commission expense and estimated excise tax) under our 2026 Repurchase Program.

In the second quarter of 2026, shares of common stock purchased under the authorization consisted of the following:

Period	Total number of shares purchased	Average price paid per share ⁽¹⁾	Total number of shares purchased as part of publicly announced plans or programs	Dollar value of shares that may yet be purchased under publicly announced plans or programs (in millions) ⁽²⁾
April 1, 2026 - April 30, 2026	304,351	\$ 26.51	304,351	\$ 29.2
May 1, 2026 - May 31, 2026	897,252	24.78	897,252	\$ 109.2
June 1, 2026 - June 30, 2026	806,640	26.79	806,640	\$ 87.6
	<u>2,008,243</u>	<u>\$ 25.85</u>	<u>2,008,243</u>	<u>\$ 87.6</u>

(1) Average price paid per share excludes commission expense and estimated excise tax.

(2) Dollar value of shares that may yet be purchased has been rounded to one decimal point.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During our last fiscal quarter, no director or officer, as defined in Rule 16a-1(f) of the Exchange Act, adopted or terminated a “Rule 10b5-1 trading arrangement” or any “non-Rule 10b5-1 trading arrangement,” each as defined in Item 408 of Regulation S-K.

Item 6. Exhibits.

Exhibit No.	Description
2.1#	Agreement and Plan of Merger, dated as of June 28, 2026, by and among Zymeworks Inc., Zymeworks Merger Sub 1, and Theravance Biopharma, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 29, 2026).
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).
3.4	Certificate of Designations of Special Voting Stock of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K12B filed with the SEC on October 13, 2022).
10.1#	Employment Agreement between Zymeworks Biopharmaceuticals Inc. and Kristin Stafford, effective April 1, 2026 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 1, 2026).
10.2#	Employment Agreement between Zymeworks Biopharmaceuticals Inc. and Adam Schayowitz, effective April 9, 2026 (incorporated by reference to Exhibit 10.4 to the Company's Interim Report on Form 10-Q filed with the SEC on May 7, 2026).
10.3#	Employment Agreement between Zymeworks Biopharmaceuticals Inc. and Scott Platshon, effective April 9, 2026 (incorporated by reference to Exhibit 10.5 to the Company's Interim Report on Form 10-Q filed with the SEC on May 7, 2026).
10.4	Employment Agreement between Zymeworks Biopharmaceuticals Inc. and Paul Schneider, effective May 13, 2026.
10.5	Form of Contingent Value Rights Agreement. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 29, 2026).
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, 2026, formatted in Inline XBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of June 30, 2026 (unaudited) and December 31, 2025 (audited), (ii) Condensed Consolidated Statements of Loss and Comprehensive Loss for the three and six month periods ended June 30, 2026 and 2025 (unaudited), (iii) Condensed Consolidated Statement of Changes in Stockholders' Equity for the three and six month periods ended June 30, 2026 and 2025 (unaudited), (iv) Condensed Consolidated Statements of Cash Flows for the six month periods ended June 30, 2026 and 2025 (unaudited) and (v) Notes to the Interim Condensed Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	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.
#	Indicates management contract or compensatory plan.

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:	<u>/s/ Kenneth Galbraith</u>
Name:	Kenneth Galbraith
Title:	Chair of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
Date:	August 6, 2026

By:	<u>/s/ Kristin Stafford</u>
Name:	Kristin Stafford
Title:	Executive Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Date:	August 6, 2026

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and effective as of May 13th, 2026 (the “Effective Date”), regardless of the last date of signature hereto.

BETWEEN:

Mr. Paul Schneider, having a residence at [***].

(the “Employee”)

AND:

ZYMEWORKS BIOPHARMACEUTICALS INC., a corporation registered in the State of Washington and having its principal place of business at 777 108th Avenue NE, Suite 1700, Bellevue, Washington, 98004, USA

(the “Company”)

WHEREAS

- A. The Company is an affiliate of ZYMEWORKS INC., a Delaware corporation having its principal executive offices at 108 Patriot Drive, Suite A, Middletown, Delaware, 19709 (“Parent”);
- B. The Company is a clinical-stage biopharmaceutical company dedicated to the development of next-generation multifunctional biotherapeutics;
- C. The Company has agreed to offer employment to the Employee, and the Employee has agreed to accept employment with the Company on the terms and conditions set out in this Agreement.

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 and/or Parent during the Employee’s employment.

- (b) Subject to Section 5.1(c) and Section 5.1(e), “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 of its clients or suppliers or a third party with whom the Company has a business relationship, including, without limitation, Parent (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. Subject to Section 5.1(c) and Section 5.1(e), 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; and
 - (iii) 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. Confidential Information does not include general knowledge, skill, and experience Employee has acquired in connection with Employee’s employment with the Company or a former employer. The Employee understands that nothing in this definition of Confidential Information prevents Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful, and Employee

understands that information regarding any of the foregoing does not constitute Confidential Information. Additionally, information regarding working conditions, wages, benefits, and/or other terms and conditions of employment does not constitute Confidential Information to the extent disclosure of such information is protected by applicable law.

- (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 qualifies fully under the provisions of section 2870 of the California Labor Code, which provides:

“(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer’s equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer’s business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.”

The Employee understands that the Company is advising the Employee that any provision in this Agreement requiring the Employee to assign rights in any invention does not apply to an invention that qualifies fully under the provisions of section 2870 of the California Labor Code, as set forth above.

- (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 be employed with the Company in the position of Executive Vice President, General Counsel, on the terms and conditions set out in this Agreement. For the purposes of calculating any entitlements pursuant to this Agreement based on length of service, the Company will use the Start Date for all 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 Executive Vice President, General Counsel, represents a breach of this contract.
- (b) Employment Duties. The Employee shall report to the Company’s Chief Executive Officer. Subject to the direction and control of the Chief Executive Officer and other senior management of the Company and/or Parent (“Management”), the Employee will perform the duties set out in a job description for the Employee’s position provided by the Company and any other duties that may be reasonably assigned to the Employee by Management from time to time. The Employee’s employment with the Company may involve duties to Parent. The salary, benefits, and other compensation provided to the Employee by the Company are intended to compensate the Employee for all work performed by the Employee for the Company, Parent, and their respective affiliates. Management may alter the duties Employee is expected to perform for the Company 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/or Parent;
- (b) devote themselves in a full-time capacity to the business and affairs of the Company;
- (c) adhere to all applicable policies and procedures of the Company and/or 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 Executive Vice President, General Counsel would exercise in comparable circumstances;
- (e) during the term of employment, 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, 2.5, and 2.6 herein and as outlined under the Conflict of Interest guidelines in Company's or the Parent's corporate policies and procedures as in effect and as amended from time to time; and
- (f) during the term of employment, 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 During the term of employment, 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 Employee has discontinued such activity and that Employee 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 the Company's Board of Directors (the "Board").

2.5 The Employee agrees not to be employed by another company or provide consulting or other services to other companies or commercial entities while employed by the Company, to the extent such outside employment or services conflict with Employee's obligations to 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 that is directly related to the Company's objectives may detract from those objectives.

2.6 Notwithstanding Sections 2.3, 2.4 and 6.1, the Employee is not restricted from nor is required to obtain the consent of the Company to make 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.

2.8 To the extent applicable, the Employee's employment with the Company shall at all times be conditional upon the Employee being in possession of all necessary permits and work passes for the Employee to work in the United States. For purposes of federal immigration law, Employee will be required to provide to the Company documentary evidence of Employee's identity and eligibility for employment in the United States. Such valid documentation must be provided within three (3) business days of the start of Employee's employment, or Employee's employment relationship with the Company may be terminated, which such termination would constitute a termination for "Cause".

2.9 Usual Place of Business. The Employee's principal work location for the Company will be the Employee's home office in San Diego, California, subject to travel or visits to the Company's offices (in various locations) as may be required by the Company in its discretion. The Employee agrees that the Employee will not relocate to a location outside of California without obtaining approval from Human Resources.

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 \$480,000 (USD) per annum. The base salary will be paid semi-monthly, in equal installments, less statutory and other authorized deductions.

3.2 Signing Bonus. The Employee shall receive a Signing Bonus of \$48,000 (USD) (less applicable withholdings) to be paid on the first scheduled pay day following the Effective Date of this Agreement. The Signing Bonus shall be repayable in full to the Company within 30 days of the Employee's employment termination date if the Employee's employment with the Company is terminated by the Company for Cause or by the Employee for any reason other than death or disability, in either case, within one (1) year of the Effective Date.

3.3 Stock Options. Subject to approval by the Board or its delegate, the Employee shall be granted 178,000 options (the "Options") to acquire shares of common stock of Parent (the "Shares"), provided the Employee is employed by the Company on the grant date, which grant date shall be the Effective Date or as soon as practicable thereafter. The exercise price of the Options will be set in accordance with the terms of Zymeworks Inc.'s Amended and Restated Stock Option and Equity Compensation Plan as it may hereafter be amended (the "Equity Compensation Plan"). Subject to Sections 4.3 and 4.4 and to the Board's approval, the Options will vest over a four-year period as follows: (i) 25% of the Options will vest on the one-year anniversary of the grant date; and (ii) 1/36 of the remaining Options will vest on the last day of each month following the one-year anniversary of the grant date, subject to Employee's continued employment with the Company or a Company subsidiary through each applicable date.

3.4 Restricted Stock Units. Subject to approval by the Board or its delegate, the Employee shall be granted 119,000 restricted stock units (the "RSUs") settled in Shares, provided the Employee is employed by the Company on the grant date, which grant date shall be the Effective Date or as soon as practicable thereafter. Subject to Sections 4.3 and 4.4 and to the Board's approval, the RSUs will vest over a four-year period as follows: (i) 1/4 of the RSUs will vest on the one-year anniversary of the grant date; (ii) 1/4 of the RSUs will vest on the two-year anniversary of the grant date; (iii) 1/4 of the RSUs will vest on the three-year anniversary of the grant date; and (iv) the remaining 1/4 of the RSUs will vest on the four-year anniversary of the grant date.

anniversary of the grant date, subject to Employee's continued employment with the Company or a Company subsidiary through each applicable date.

3.5 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, if applicable) (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.

3.6 Target Annual Bonus. In accordance with the Parent's Executive Incentive Compensation Plan, and subject to Management and/or Parent Board discretion based on factors determined by Management and/or the Parent 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 Employee will be eligible to receive up to a full (non-prorated bonus) if the Effective Date is on or prior to June 30 of the year of the Effective Date. The Employee will be eligible to receive a prorated bonus if the Effective Date is on or after July 1 of the year of the Effective Date. The achieved portion (if any) of the annual cash bonus will be payable, less applicable withholdings, on the date the Company pays such bonuses to other similarly-situated employees, subject to the Employee's continued employment with the Company through the applicable payment date.

3.7 Performance and Salary Review. Management will review the Employee's performance, base salary, and equity participation level under the terms of any Incentive Plans annually beginning in December 2026, 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.

3.8 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.

3.9 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 Effective 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.

3.10 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.

3.11 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. The Company may amend, terminate, and/or replace such plans from time to time in its discretion.

3.12 Sick Leave. The Employee will be entitled to sick leave in accordance with the Company's sick leave policy as may be in effect from time to time and applicable law.

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 by either the Employee or the Company in accordance with Section 4.2 of this Agreement.

4.2 Employment At Will. Employment with the Company is “at-will.” This means that either the Company or the Employee may terminate the employment relationship at any time, with or without cause, with or without notice.

4.3 Severance upon Termination of Employment. Although Employee is employed on an at-will basis, the Employee’s eligibility for severance payments upon termination of employment is set forth in this Section 4.3.

- (a) *Resignation*. In the event that Employee voluntarily resigns employment, the Company will pay the Employee all wages earned through the time of termination. With the exception of reimbursement for business expenses in accordance with the Company’s policies, the Employee is not entitled to any additional compensation upon resignation of employment. The Company requests – but does not require – that the Employee provide prior written notice to Management of not less than thirty (30) days prior to resignation of employment, or such shorter period as the Employee and Management may agree. If the Employee provides 30 days’ notice as requested, 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.
- (b) *Termination for Cause*. In the event that Employee’s employment is terminated for Cause, the Company will pay the Employee all wages earned through the time of termination. With the exception of reimbursement for business expenses in accordance with the Company’s policies, the Employee will not be entitled to any additional compensation of any kind. For purposes of this Agreement, “Cause” shall mean: (i) a material breach by the Employee of any of Employee’s material obligations hereunder; (ii) any act of misappropriation, embezzlement, intentional fraud or similar conduct involving the Company, Parent, or any of their respective affiliates; (iii) the conviction or the plea of *nolo contendere* or the equivalent in respect of a criminal offense that would have a direct and specific negative bearing on Employee’s ability to perform the responsibilities of the position; (iv) the Company’s or Parent’s conclusion, following a reasonable and good-faith investigation, that Employee has violated the Company’s and/or Parent’s policies applicable to the Employee with respect to Equal Employment Opportunity or prohibition of harassment, discrimination, or retaliation; or (v) intentional infliction of any damage of a material nature to any property of the Company, Parent, or any of their respective affiliates or employees.
- (c) *Termination Without Cause*. If the Company terminates the employment of the Employee without Cause, the Company agrees to provide 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); 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); and
- (ii) continuation of group extended health and dental benefits through the applicable notice period stated in Section 4.3(c) herein, which may be provided by the Company paying for or reimbursing the Employee's COBRA premium costs for continuation coverage (where all other benefits terminate on the last day worked by the Employee) and further subject to Section 4.7 of this Agreement.
- (d) *Termination following Change of Control.* Notwithstanding any other provision in this Agreement, if within twelve (12) months following a Change of Control of the Company (as defined below), the Employee's employment is terminated by the Company without Cause, the Employee shall receive (x) as severance, payment equal to eighteen (18) months of base salary 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), (y) continuation of group extended health and dental benefits provided by the Company paying for the Employee's premium costs for COBRA continuation coverage for up to eighteen (18) months following the Employee's termination date, provided that the Employee timely elects and remains eligible for COBRA continuation coverage, and further subject to Section 4.5 of this Agreement, and (z) full vesting acceleration of all unvested and outstanding 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, 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 Parent's board who were not nominees

of 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 4.3(d) herein will be in lieu of and not in addition to payment under Section 4.3(c).

- (e) *Severance Pay Timing.* Payments of any severance under Section 4.3(c) or Section 4.3(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 timeframe for executing the Release as set forth in the Release (which timeframe shall not exceed a 60-day period following termination of employment) 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 4.3(c) or Section 4.3(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.

4.4 Equity Awards on Termination. Except as provided by Section 4.3(d), the vesting and exercise of any outstanding equity award granted to the Employee in the event the Employee's employment with the Company or this Agreement terminates, 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.

4.5 Benefits Continuation and No Mitigation. The Employee shall not be required to mitigate the amount of any payments provided for in this Article 4 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Article 4 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 Employee 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.

4.6 No Additional Payments. Payment of severance, if any, in accordance with Section 4.3(c) or Section 4.3(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 Employee may have to claim further payment, compensation or damages from the Company.

4.7 Condition to Payment. Payment of any amount of severance under this Agreement to the Employee 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 the timeframe set forth in the Release (which timeframe shall not exceed a 60-day period following termination of employment).

4.8 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 (A) 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 or (B) as expressly provided herein. 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 (A) to an employee, officer, or director of the Company on a “need to know” basis for the benefit of the Company, without the prior written authorization of Management or (B) as expressly provided herein; and
 - (iii) will not, except as required by the Employee’s position or as expressly provided herein, 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* - Nothing in this Agreement prohibits the Employee from filing and/or pursuing a charge or complaint with, reporting possible violations of law or regulation to, or otherwise communicating or cooperating with or participating in any investigation or proceeding of any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the state division of human rights, a local commission on human rights, the National Labor Relations Board, the Occupational Safety and Health Administration, the Congress, and any agency Inspector General, or making other disclosures or engaging in other activities that are protected under the whistleblower provisions of local, state, or federal law or regulation, including disclosing documents or other information as permitted by law. Nothing in this Agreement prohibits the Employee from speaking with law enforcement or an attorney retained by the Employee. The Employee does not need the prior authorization of the Company to make any such reports or disclosures, and the Employee is not required to notify the Company that Employee has made such reports or disclosures. However, in making any such disclosures or communications, the Employee must take all reasonable precautions to prevent any unauthorized use or disclosure of any Confidential Information to or by any parties other than the applicable government agencies and/or an attorney retained by the Employee. The Employee further understands that the Employee is not permitted to disclose the Company’s attorney-client privileged communication or privileged attorney work product. Nothing in this Agreement, including its definition of Confidential Information, (i) limits employees’ rights to discuss or disclose wages, benefits, or terms and conditions of employment as protected by applicable law, including any rights under Section 7 of the National Labor Relations Act, or (ii) otherwise impairs employees from assisting other Company employees and/or former employees in the exercise of their rights under Section 7 of the National Labor Relations Act. Further, nothing in this Agreement is intended to infringe on Employee’s rights under the Defend Trade Secrets Act (“DTSA”) and applicable state law. The Employee is hereby notified that the DTSA protects individuals from criminal or civil liability where the disclosure of a trade secret is made:
- (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and the confidential disclosure is made solely for the purpose of reporting or investigating a suspected violation of law; and

- (ii) the trade secret disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, and the disclosure is made under seal.

Nothing in this Agreement restricts or impedes the Employee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or court order. Unless prohibited by law, the Employee shall promptly provide written notice of any such court order to the Head of Global Human Resources and the Head of Legal of the Company and/or Parent, as applicable.

- (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, Parent, and/or any of their respective affiliates.
- (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 Ownership of Developments

- (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 and the right to claim priority to patent applications arising from such Developments, 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, and agrees to waive, 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* - 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, the 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. The Employee agrees to fully indemnify the Company and its respective directors, officers, agents, employees, investors, shareholders, administrators, divisions, affiliates, parent corporations, 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 – MISCELLANEOUS

6.1 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 and/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 and/or Parent unless the Employee receives prior written authorization from the Company.

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

- (a) a breach of this Agreement would cause the Company 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 it is necessary for 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 Consent to Personal Jurisdiction. This Agreement will be governed by the laws of the State of California without regard to California's conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. In the event of a breach or threatened breach of this Agreement, nothing in this Agreement precludes the Company, Parent, or the Employee from applying to a court of competent jurisdiction to seek injunctive relief or otherwise protect or enforce its rights hereunder before an arbitrator can be appointed pursuant to Article 8 below, to the extent that would be permitted under California Civil Procedure Code Section 1281.8.

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 State of California, 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 AND ARBITRATION

8.1 AGREEMENT TO ARBITRATE CLAIMS. EXCEPT AS SET FORTH IN SECTION 8.4 BELOW, BOTH THE EMPLOYEE AND THE COMPANY AGREE THAT ANY CLAIM THAT THE EMPLOYEE MAY HAVE AGAINST THE COMPANY, PARENT, OR THEIR RESPECTIVE OWNERS, DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AGENTS, AND OTHER PARTIES AFFILIATED WITH THE COMPANY AND/OR PARENT AND THEIR RESPECTIVE EMPLOYEE BENEFIT AND HEALTH PLANS (TOGETHER, "AFFILIATED PERSONS"), OR THAT THE COMPANY OR PARENT MAY HAVE AGAINST THE EMPLOYEE, SHALL BE SUBMITTED TO AND DETERMINED EXCLUSIVELY IN THE COUNTY IN WHICH THE EMPLOYEE MOST RECENTLY PRIMARILY WORKED FOR THE COMPANY, BY A SINGLE NEUTRAL ARBITRATOR, THROUGH TO FINAL AND BINDING ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT ("FAA"), AND NOT TO ANY COURT (SUBJECT TO SECTION 7.1 ABOVE), IN ACCORDANCE WITH THE JAMS EMPLOYMENT ARBITRATION RULES & PROCEDURES (THE "JAMS RULES") THEN IN EFFECT

EXCEPT AS MODIFIED BY THIS AGREEMENT. THE JAMS ARBITRATOR SHALL BE CHOSEN BY MUTUAL AGREEMENT OF THE PARTIES OR IF THE PARTIES CANNOT AGREE, IN ACCORDANCE WITH THE JAMS ARBITRATION SELECTION PROCEDURE. A COPY OF THE CURRENT JAMS RULES CAN BE OBTAINED AT THE FOLLOWING WEBSITE: [HTTPS://WWW.JAMSADR.COM/RULES-EMPLOYMENT-ARBITRATION/ENGLISH](https://www.jamsadr.com/rules-employment-arbitration/english) OR BY REQUESTING IN WRITING A COPY FROM THE COMPANY'S HUMAN RESOURCES TEAM. IN THE EVENT THAT A COURT OR ARBITRATOR OF COMPETENT JURISDICTION HOLDS THAT THE FAA DOES NOT APPLY AND THE EMPLOYEE HAS NOT VOLUNTARILY ELECTED TO PARTICIPATE IN ARBITRATION IN SUCH CASE, THE COURT OR ARBITRATOR SHALL APPLY THE CALIFORNIA ARBITRATION ACT AND SUCH OTHER CALIFORNIA LAWS THAT MAY APPLY TO DETERMINE THE ENFORCEABILITY OF THIS AGREEMENT.

8.2 CLAIMS COVERED BY THIS AGREEMENT. THE CLAIMS THAT ARE TO BE ARBITRATED UNDER THIS AGREEMENT ARE ANY AND ALL CLAIMS THAT ARISE BETWEEN THE EMPLOYEE AND THE COMPANY, PARENT OR ANY AFFILIATED PERSON EXCEPT AS EXCLUDED BY THIS AGREEMENT IN SECTION 8.4 BELOW (THE "CLAIMS"). **THE CLAIMS INCLUDE BUT ARE NOT LIMITED TO ANY DISPUTE RELATING TO THE EMPLOYEE'S EMPLOYMENT OR THE TERMINATION OF EMPLOYMENT WITH THE COMPANY (PRE-HIRE THROUGH POST-TERMINATION), INCLUDING BUT NOT LIMITED TO CLAIMS ARISING OUT OF OR RELATED TO TORT, BAD FAITH, CONTRACT, WAGES AND BENEFITS, LIABILITIES, DEBTS, OBLIGATIONS, DAMAGES, COMPENSATORY DAMAGES, PUNITIVE DAMAGES, PENALTIES, LIQUIDATED DAMAGES, COSTS, ATTORNEYS' FEES, EXPENSES, ACTIONS AND CAUSES OF ACTION IN ANY WAY RELATED TO THE EMPLOYEE'S EMPLOYMENT WITH THE COMPANY OR THE TERMINATION OF THE EMPLOYEE'S EMPLOYMENT. THE CLAIMS ALSO INCLUDE BUT ARE NOT LIMITED TO ANY CLAIMS FOR WRONGFUL DISCHARGE OR BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING, ANY AND ALL CLAIMS UNDER FEDERAL, STATE, AND LOCAL LAWS, ORDINANCES, REGULATIONS OR ORDERS, CHARGES OF DISCRIMINATION, RETALIATION, OR HARASSMENT ON ACCOUNT OF RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, AGE, CITIZENSHIP, NATIONAL ORIGIN, MENTAL OR PHYSICAL DISABILITY, MEDICAL CONDITION, MARITAL STATUS, PREGNANCY, GENDER IDENTITY OR PERCEPTION, OR ANY OTHER PROTECTED CLASSIFICATION, CLAIMS UNDER THE CALIFORNIA LABOR CODE, AND ALL OTHER EMPLOYMENT-RELATED CLAIMS. THE CLAIMS FURTHER INCLUDE ANY DISPUTE ARISING OUT OF OR RELATING TO THE INTERPRETATION OR APPLICATION OF THIS AGREEMENT INCLUDING THE ENFORCEABILITY, REVOCABILITY, OR VALIDITY OF THIS AGREEMENT, AND THE PARTIES DELEGATE AUTHORITY TO DECIDE THOSE ISSUES SOLELY TO THE ARBITRATOR. BOTH THE EMPLOYEE AND THE COMPANY ARE GIVING UP ANY RIGHT THAT EITHER MIGHT HAVE TO HAVE A JUDGE OR JURY DECIDE THE CLAIMS.**

8.3 CLASS ACTION, COLLECTIVE ACTION, AND REPRESENTATIVE ACTION WAIVER. BOTH THE EMPLOYEE AND THE COMPANY AGREE THAT ANY PROCEEDINGS PURSUANT TO THIS AGREEMENT WILL BE CONDUCTED ON AN INDIVIDUAL BASIS ONLY AND THAT CLAIMS BY THE EMPLOYEE OR BY THE COMPANY MAY ONLY BE BROUGHT IN THE PARTY'S INDIVIDUAL CAPACITY MAY NOT BE BROUGHT ON A CLASS ACTION, COLLECTIVE ACTION, OR

REPRESENTATIVE BASIS (OTHER THAN AN ACTION BROUGHT UNDER THE PRIVATE ATTORNEYS GENERAL ACT, CALIFORNIA LABOR CODE SECTIONS 2698, *ET SEQ.* (“PAGA”)), AND MAY NOT BE CONSOLIDATED WITH OTHER PERSONS OR ENTITIES. FURTHER, THE EMPLOYEE AND THE COMPANY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO PARTICIPATE IN ANY AND ALL CLASS ACTIONS, COLLECTIVE ACTIONS, AND/OR OTHER NON-PAGA REPRESENTATIVE ACTIONS, INCLUDING PARTICIPATING AS A NAMED PLAINTIFF OR AS A MEMBER OF A CLASS ACTION, COLLECTIVE ACTION, AND/OR OTHER NON-PAGA REPRESENTATIVE ACTION. ACCORDINGLY, THERE SHALL BE NO RIGHT OR AUTHORITY FOR ANY CLAIMS SUBJECT TO THIS AGREEMENT TO BE BROUGHT, HEARD OR ARBITRATED AS A CLASS ACTION, COLLECTIVE ACTION, OR NON-PAGA REPRESENTATIVE ACTION (“CLASS ACTION WAIVER”). THE CLASS ACTION WAIVER SHALL BE SEVERABLE AT THE OPTION OF THE EMPLOYEE OR THE COMPANY FROM THIS AGREEMENT IN ANY CASE IN WHICH BOTH OF THE FOLLOWING ARE TRUE: (A) THE CLAIM IS FILED OR PURSUED AS A CLASS ACTION, COLLECTIVE ACTION, OR NON-PAGA REPRESENTATIVE ACTION; AND (B) THE CLASS ACTION WAIVER IS FOUND TO BE UNENFORCEABLE. IN SUCH INSTANCES, THE CLASS ACTION, COLLECTIVE ACTION, OR NON-PAGA REPRESENTATIVE ACTION MUST BE LITIGATED IN A CIVIL COURT OF COMPETENT JURISDICTION. THE CLASS ACTION WAIVER SHALL BE SEVERABLE IN ANY CASE IN WHICH THE DISPUTE IS FILED OR PURSUED AS AN INDIVIDUAL ACTION AND SEVERANCE IS NECESSARY TO ENSURE THAT THE INDIVIDUAL ACTION PROCEEDS IN ARBITRATION. THE EMPLOYEE AGREES THAT ANY CLAIMS EMPLOYEE MAY BRING PURSUANT TO PAGA ON BEHALF OF THE LABOR AND WORKFORCE DEVELOPMENT AGENCY MUST BE ARBITRATED ONLY IN EMPLOYEE’S INDIVIDUAL CAPACITY WITHOUT ANY JOINDER OR REPRESENTATION OF ANY CALIFORNIA LABOR CODE VIOLATIONS THAT WERE OR COULD BE ASSERTED BY OR ON BEHALF OF ANY OTHER PERSONS.

8.4 CLAIMS NOT COVERED BY THE AGREEMENT. TO THE EXTENT REQUIRED BY LAW, ANY AND ALL CLAIMS FOR WORKERS’ COMPENSATION INSURANCE, UNEMPLOYMENT INSURANCE, ANY AND ALL MATTERS WITHIN THE JURISDICTION OF THE STATE LABOR COMMISSIONER, AND PAGA REPRESENTATIVE CLAIMS ARE NOT COVERED BY THIS AGREEMENT. NOTHING IN THIS AGREEMENT PROHIBITS THE EMPLOYEE FROM FILING A CLAIM OR CHARGE WITH THE NATIONAL LABOR RELATIONS BOARD OR FROM FILING AN ADMINISTRATIVE CHARGE OR COMPLAINT OF DISCRIMINATION OR HARASSMENT WITH EITHER THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION OR ANY STATE OR LOCAL EQUAL EMPLOYMENT OPPORTUNITY AGENCY. ADDITIONALLY, THE EMPLOYEE UNDERSTANDS THAT NOTHING IN THIS AGREEMENT REQUIRES THE EMPLOYEE TO ARBITRATE CLAIMS THAT CANNOT BE ARBITRATED UNDER THE SARBANES-OXLEY ACT OR OTHER LAW THAT EXPRESSLY PROHIBITS ARBITRATION OF A CLAIM NOTWITHSTANDING APPLICATION OF THE FAA. EITHER PARTY MAY SEEK FROM A COURT ANY INJUNCTIVE RELIEF (PRELIMINARY OR PERMANENT) AVAILABLE UNDER APPLICABLE LAWS FOR ANY PURPOSE. THE EMPLOYEE UNDERSTANDS THAT EXCEPT AS PROVIDED IN THIS SECTION AND SECTION 8.11 BELOW, ARBITRATION SHALL BE THE ONLY METHOD FOR RESOLVING ALL DISPUTES BETWEEN THE EMPLOYEE AND THE COMPANY.

8.5 PRE-ARBITRATION MEDIATION. THE EMPLOYEE AND THE COMPANY AGREE THAT PRIOR TO SUBMITTING A CLAIM FOR ARBITRATION, THE PARTIES WILL FIRST SEEK TO RESOLVE THE DISPUTE THROUGH VOLUNTARY MEDIATION. EITHER PARTY MAY GIVE WRITTEN NOTICE TO THE OTHER PARTY REQUESTING MEDIATION OF THE DISPUTE (THE “MEDIATION NOTICE”). A SINGLE MEDIATOR, WITH EXPERIENCE MEDIATING EMPLOYMENT DISPUTES, WILL BE JOINTLY SELECTED BY THE PARTIES. THE COMPANY AGREES TO PAY THE MEDIATOR’S FEE FOR A PRIVATE MEDIATION, UP TO ONE DAY IN LENGTH. IF MEDIATION IS UNSUCCESSFUL, 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”). THE PARTIES AGREE THAT ANY APPLICABLE STATUTE OF LIMITATIONS SHALL BE TOLLED FROM THE DATE THE MEDIATION NOTICE IS PROVIDED UNTIL THE DATE THE ARBITRATION NOTICE IS PROVIDED, OR 30 DAYS FOLLOWING THE UNSUCCESSFUL MEDIATION SESSION, WHICHEVER OCCURS FIRST. EITHER PARTY MAY ELECT TO SUBMIT A CLAIM FOR INJUNCTIVE RELIEF WITHOUT FIRST UTILIZING THIS PRE-ARBITRATION MEDIATION PROCESS.

8.6 ARBITRATION PROCEDURE. THE EMPLOYEE AND THE COMPANY AGREE THAT CLAIMS WILL BE SUBMITTED TO A SINGLE, NEUTRAL ARBITRATOR, WHO WILL MAKE A RULING IN A SIGNED WRITING, INCLUDING FINDINGS OF FACT AND LAW, WITHIN THIRTY DAYS FOLLOWING THE ARBITRATION PROCEEDING. THE ARBITRATOR ALONE AND NOT A COURT SHALL HAVE JURISDICTION TO DECIDE THE ARBITRATOR’S JURISDICTION, ANY QUESTIONS AS TO THE ARBITRABILITY OF CLAIMS, WHETHER AN AGREEMENT TO ARBITRATE EXISTS AND IS VALID, AND WHETHER THE AGREEMENT TO ARBITRATE COVERS THE DISPUTE IN QUESTION. PROVIDED, HOWEVER, THAT TO THE EXTENT ANY CLAIMS SUBJECT TO THIS AGREEMENT ARE BROUGHT AS A CLASS ACTION, COLLECTIVE ACTION, OR REPRESENTATIVE ACTION AND THE ARBITRATOR FINDS THE CLASS ACTION WAIVER SET FORTH IN SECTION 8.3 IS UNENFORCEABLE, THE ARBITRATOR SHALL NOT HAVE JURISDICTION TO HEAR OR ARBITRATE ANY SUCH CLAIMS ON A CLASS ACTION, COLLECTIVE ACTION, OR REPRESENTATIVE ACTION BASIS. IN SUCH INSTANCES, THE CLASS ACTION, COLLECTIVE ACTION, OR REPRESENTATIVE ACTION MUST BE LITIGATED IN A CIVIL COURT OF A COMPETENT JURISDICTION. THE ARBITRATOR WILL BE PERMITTED TO AWARD ONLY THOSE REMEDIES IN LAW OR EQUITY THAT ARE REQUESTED BY THE PARTIES AND ALLOWED BY LOCAL, STATE AND/OR FEDERAL SUBSTANTIVE LAW APPLICABLE TO THE CLAIM(S). THE EMPLOYEE UNDERSTANDS AND AGREES THAT THE ARBITRATOR’S RULING WILL STATE THE FACTS AND THE LAW ON WHICH THE DECISION IS BASED, WILL BE FINAL AND BINDING ON BOTH THE EMPLOYEE AND THE COMPANY AND ANY OTHER PARTY IN THE ARBITRATION PROCEEDING, AND CANNOT BE REVIEWED FOR ERROR OF LAW OR LEGAL REASONING OF ANY KIND. A JUDGMENT UPON AN AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT OF COMPETENT JURISDICTION.

8.7 ADMINISTRATIVE REMEDIES / STATUTE OF LIMITATIONS. IF EITHER THE EMPLOYEE OR THE COMPANY FAILS TO MAKE A WRITTEN REQUEST FOR ARBITRATION WITHIN THE STATUTE OF LIMITATIONS PERIOD APPLICABLE TO A CLAIM UNDER APPLICABLE LAW OR OTHERWISE FAILS TO COMPLY WITH

THE ADMINISTRATIVE PREREQUISITES TO FILING CERTAIN TYPES OF CLAIMS, THE EMPLOYEE AND/OR THE COMPANY WILL HAVE WAIVED THE RIGHT TO RAISE THAT CLAIM IN ANY FORUM. IN THE EVENT THAT THE EMPLOYEE OR THE COMPANY SHOULD FILE AN ACTION IN COURT IN VIOLATION OF THIS AGREEMENT, THAT COURT SHALL REQUIRE THE PARTIES TO ARBITRATE ALL CLAIMS AND, ADDITIONALLY, SHALL ORDER THE PARTIES TO ARBITRATE THE ISSUE OF WHETHER OR NOT THE CLAIMS ARE SUBJECT TO THE ARBITRATION.

8.8 WITNESSES AND EVIDENCE. THE EMPLOYEE AND THE COMPANY WILL HAVE THE RIGHT TO CONDUCT DISCOVERY IN ACCORDANCE WITH CALIFORNIA STATE LAW, AND THE ARBITRATOR SHALL HAVE THE POWER TO DECIDE ANY DISCOVERY DISPUTES BETWEEN THE PARTIES. THE EMPLOYEE AND THE COMPANY MAY ALSO CALL WITNESSES, CROSS-EXAMINE THE OTHER PARTY'S WITNESSES, AND PRESENT EVIDENCE DURING THE ARBITRATION PROCEEDING IN ACCORDANCE WITH THE CALIFORNIA RULES OF CIVIL PROCEDURE, AS APPLIED BY THE ARBITRATOR.

8.9 COST OF ARBITRATION AND LEGAL FEES. THE COST OF ARBITRATION WILL BE PAID BY THE COMPANY, EXCEPT THAT THE EMPLOYEE WILL BE REQUIRED TO PAY THE INITIAL FILING FEE IF THE EMPLOYEE INITIATES ARBITRATION, TO THE EXTENT THAT THE FILING FEE DOES NOT EXCEED THE FEE TO FILE A COMPLAINT IN STATE OR FEDERAL COURT. THE COMPANY WILL PAY FOR THE BALANCE OF THE ARBITRATOR'S FEES AND ALL ADMINISTRATIVE COSTS RELATED TO THE ARBITRATION. THE PARTIES WILL EACH BEAR THEIR OWN COSTS FOR LEGAL REPRESENTATION, DISCOVERY, DEPOSITION, EXPERT WITNESSES, AND OTHER LEGAL COSTS ORDINARILY BORNE BY A PARTY IN LITIGATION, PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL HAVE THE AUTHORITY TO REQUIRE ONE PARTY TO PAY THE COSTS AND FEES FOR THE OTHER PARTY'S REPRESENTATION DURING THE ARBITRATION, BUT ONLY TO THE EXTENT PERMITTED UNDER RELEVANT FEDERAL OR STATE LAWS, AS A PART OF ANY REMEDY THAT MAY BE ORDERED.

8.10 CONFIDENTIALITY. THE PARTIES SHALL MAINTAIN THE CONFIDENTIAL NATURE OF THE ARBITRATION PROCEEDINGS AND THE AWARD INCLUDING THE HEARING, EXCEPT AS MAY BE NECESSARY TO PREPARE FOR OR CONDUCT THE ARBITRATION HEARING ON THE MERITS, OR EXCEPT AS MAY BE NECESSARY IN CONNECTION WITH A COURT APPLICATION FOR A PRELIMINARY REMEDY, A JUDICIAL CHALLENGE TO AN AWARD OR ITS ENFORCEMENT, OR UNLESS OTHERWISE REQUIRED BY LAW. RESOLUTION OF THE DISPUTE SHALL BE BASED SOLELY UPON THE LAW GOVERNING THE CLAIMS AND DEFENSES PLEADED, AND THE ARBITRATOR MAY NOT INVOKE ANY BASIS (INCLUDING BUT NOT LIMITED TO NOTIONS OF "JUST CAUSE") OTHER THAN SUCH CONTROLLING LAW. THE ARBITRATOR(S) SHALL RENDER AN AWARD(S) THAT SHALL BE BASED UPON A WRITTEN, REASONED OPINION.

8.11 GOVERNING LAW/VENUE. THE INTERPRETATION, CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA THAT ARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN CALIFORNIA, EXCEPT THAT QUESTIONS CONCERNING THE ENFORCEABILITY OF THIS AGREEMENT SHALL BE DECIDED

BY THE ARBITRATOR PURSUANT TO THE FAA. UNLESS THE PARTIES OTHERWISE AGREE, ARBITRATION PROCEEDINGS WILL BE HELD IN A LOCATION WITHIN THE COUNTY IN WHICH EMPLOYEE WAS LAST EMPLOYED BY THE COMPANY IN THE STATE OF CALIFORNIA. IN THE EVENT THAT A COURT OR ARBITRATOR OF COMPETENT JURISDICTION HOLDS THAT THE FAA DOES NOT APPLY TO THIS AGREEMENT AND THE EMPLOYEE HAS NOT INITIALED IN THE BOX BELOW, THE COURT OR ARBITRATOR SHALL APPLY THE CALIFORNIA ARBITRATION ACT AND OTHER APPLICABLE CALIFORNIA LAW TO DETERMINE THE ENFORCEABILITY OF THIS AGREEMENT. BY PLACING THE EMPLOYEE'S INITIALS IN THE BOX BELOW THIS PARAGRAPH, THE EMPLOYEE AND THE COMPANY INSTEAD VOLUNTARILY AGREE TO CONFIDENTIAL ARBITRATION OF ANY CLAIMS IN ACCORDANCE WITH THIS AGREEMENT, REGARDLESS OF WHETHER OR NOT A COURT OR ARBITRATOR DETERMINES THAT THE FAA APPLIES TO THIS AGREEMENT. IF THE EMPLOYEE DOES NOT INITIAL BELOW, THE EMPLOYEE IS EXPRESSING THEIR INTENTION IN THE EVENT THAT A COURT OR ARBITRATOR OF COMPETENT JURISDICTION HOLDS THAT THE FAA DOES NOT APPLY TO THIS AGREEMENT TO BRING THE EMPLOYEE'S CLAIMS IN PUBLIC COURT, RATHER THAN IN CONFIDENTIAL ARBITRATION.

8.12 /s/ P.S.

Employee initials

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 Employee has been advised to retain Employee's 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 Employee's 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 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. 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 set forth in writing and duly executed by the Employee and the Head of Global Human Resources of the Company or Employee's duly authorized designee. 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 State of California, 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 are 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 4.3(c) and 4.3(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.

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.

9.11 Right to Consult with Counsel. The Employee acknowledges and understands that the Employee has the right to consult with counsel of the Employee's choosing prior to signing this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the last date written below.

ZYMEWORKS BIOPHARMACEUTICALS INC.

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

April 29, 2026
Date

SIGNED AND DELIVERED
by **Employee:**

/s/ Paul Schneider
Signature

April 29, 2026
Date

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 6, 2026

/s/ Kenneth Galbraith

Chief Executive Officer

**CERTIFICATION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kristin Stafford, 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 6, 2026

/s/ Kristin Stafford

Chief Financial Officer

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, 2026 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 6, 2026

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.

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, 2026 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/ Kristin Stafford

Name: Kristin Stafford

Title: Chief Financial Officer

Date: August 6, 2026

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.