

Zymeworks Reports IND-Submission Milestone Achieved in Lilly Collaboration



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VANCOUVER, British Columbia--(BUSINESS WIRE)-- Zymeworks Inc. (NYSE/TSX: ZYME), a clinical-stage biopharmaceutical company developing multifunctional therapeutics, today reported the achievement of a development milestone in its collaboration with Eli Lilly and Company. In accordance with Zymeworks' 2013 licensing and collaboration agreement with Lilly, Zymeworks will receive a milestone payment of US\$2.0 million for Lilly's submission of an IND application for a bispecific antibody enabled by Zymeworks' proprietary Azymetric™ platform. Previously, Zymeworks announced Lilly's nomination of two bispecific immuno-oncology drug candidates for late-stage preclinical development.

"The team at Lilly has done an impressive job advancing a novel bispecific therapeutic built on our Azymetric platform to the IND stage in a relatively short period of time," said Ali Tehrani, Ph.D., President and Chief Executive Officer of Zymeworks. "Moving a compound into the clinic is an important step in drug development and we look forward to future progress with Lilly as well as our five other partners."

Under its two licensing and collaboration agreements with Lilly, Zymeworks has granted Lilly worldwide licenses to research, develop and commercialize multiple bispecific therapeutics directed towards Lilly's targets. To date, Zymeworks has received an upfront licensing payment and multiple research milestone payments under these agreements, in addition to historical equity investments made by Lilly in Zymeworks. Zymeworks is also eligible to receive further development and commercial milestone payments and tiered royalties on global product sales.

About the Azymetric™ Platform

The Azymetric platform enables the transformation of monospecific antibodies into bispecific antibodies, giving the antibodies the ability to simultaneously bind two different targets. Azymetric bispecific technology enables the development of multifunctional biotherapeutics that can block multiple signaling pathways, recruit immune cells to tumors, enhance receptor clustering degradation, and increase tumor-specific targeting. These features are intended to enhance efficacy while reducing toxicities and the potential for drug-resistance. Azymetric bispecifics have been engineered to retain the desirable drug-like qualities of naturally occurring antibodies, including low immunogenicity, long half-life and high stability. In addition, they are compatible with standard manufacturing processes with high yields and purity, potentially significantly reducing drug development costs and timelines.

About Zymeworks Inc.

Zymeworks is a clinical-stage biopharmaceutical company dedicated to the discovery, development, and commercialization of next-generation multifunctional biotherapeutics. Zymeworks' suite of

complementary therapeutic platforms and its fully-integrated drug development engine provide the flexibility and compatibility to precisely engineer and develop highly-differentiated product candidates. Zymeworks' lead product candidate, ZW25, is a novel bispecific antibody currently being evaluated in an adaptive Phase 1 clinical trial. Zymeworks is also advancing a deep pipeline of preclinical product candidates and discovery-stage programs in immuno-oncology and other therapeutic areas. In addition to Zymeworks' wholly-owned pipeline, its therapeutic platforms have been further leveraged through multiple strategic partnerships with global biopharmaceutical companies.

Cautionary Note Regarding Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of Canadian securities laws, or collectively, forward-looking statements. Forward-looking statements in this news release include, but are not limited to, statements that relate to Zymeworks receipt of future milestone payments and royalties from Lilly or any of its other partners, the speed and success of drug discovery and development and other information that is not historical information. When used herein, words and phrases such as "will," "look forward to," "eligible to," and similar expressions are intended to identify forward-looking statements. 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. All forward-looking statements are based upon Zymeworks' current expectations and various assumptions. Zymeworks believes there is a reasonable basis for its expectations and beliefs, but they are inherently uncertain. Zymeworks may not realize its expectations, and its beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements as a result of various factors, including, without limitation, market conditions and the factors described under "Risk Factors" in Zymeworks' Quarterly Report on Form 10-Q for the three and six months ended June 30, 2018 (a copy of which may be obtained at www.sec.gov and www.sedar.com). Consequently, forward-looking statements should be regarded solely as Zymeworks' current plans, estimates and beliefs. Investors should not place undue reliance on forward-looking statements. Zymeworks cannot guarantee future results, events, levels of activity, performance or achievements. Zymeworks does not undertake and specifically declines any obligation to update, republish, or revise any forward-looking statements to reflect new information, future events or circumstances or to reflect the occurrences of unanticipated events, except as may be required by law.

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