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EDITED TRANSCRIPT

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PRESENTATION

Gena Wang *- Barclays Bank PLC, Research Division - Research Analyst*

Okay, my name is Gena Wang, I'm a SMid Biotech Analyst at Barclays and welcome everyone. It's my pleasure to introduce Neil Klompas. Did I pronounce it right?

Neil A. Klompas *- Zymeworks Inc. - CFO*

Close enough.

Gena Wang *- Barclays Bank PLC, Research Division - Research Analyst*

Chief Financial Officer of Zymeworks to give us presentation. Then after that, we will have a discussion, Q&A.

Neil A. Klompas *- Zymeworks Inc. - CFO*

Great. Thank you, Gena, and welcome, everybody. And first off, thank you to Gena and the entire Barclays' team for inviting us to Miami. Coming from the Great White North in Canada, it's always a treat to see the sunshine and palm trees for a biotech event. Just a quick look at the legal disclaimers. A quick note that we will be making forward-looking statements. You've probably read safe-harbor disclosures a couple of times by now, in the conference.

So first of, for those of you who aren't familiar with Zymeworks, who is Zymeworks? We're a novel biotherapeutics company based out of Vancouver, up in Canada and in Seattle in Washington State, addressing solid tumor cancer biologies by leveraging next-generation, multifunctional biologics, bispecifics and bispecific antibody-drug conjugates. We're a unique company, we feel, because we have several platform technologies that have enabled a deep therapeutic pipeline of our own as well as multiple partnerships with leading global pharmaceutical companies. And we have robust pipeline in the clinic addressing, currently, HER2-expressing solid tumor biologies.

We have 3 primary therapeutic platform technologies: Azymetric, which is our bispecific format; Zymelink, which is our next-generation antibody-drug conjugate platform; and EFECT, which is an immune-function modulating platform, which allows you to up-regulate are down-regulate effector cell interactions, specific to the biologies. And these technologies are all interoperable. So combining a bispecific with an ADC, combining a bispecific with EFECT for immune cell modulation, allows us to really achieve multifunctional assets that can create best-in-class and tailor-made solutions for various biologies. As you'll see on this side, and we'll go into in just a bit, we have partnered with 8 different global pharmaceutical partners in active collaborations.

Here is a quick snapshot of our collaborations with Big Pharma and Biotech: Merck, Eli Lily, Celgene, GSK, Daiichi Sankyo, J&J and, most recently, LEO Pharma and BeiGene in Q4 of 2018. We're happy to note that these are all active pharmaceutical collaborations. In 2018, we recorded approximately $53 million of revenue after having taken in nearly $90 million in proceeds from these deals. So really adding a second dimension to the typical Biotech story of raised capital spend on a drug. It's nice to be able as a preclinical company to drive a bit of revenue. We believe that these active pharmaceutical collaborations also bring validation from the market. Different ways to apply these, our partners are looking at multiple

indications, ranging from checkpoint inhibitors through a range of other diseases. And most recently, we've received 2 milestone payments from Eli Lilly on the initiation of 2 separate INDs. So we're very happy to see the pace of progress, from our partners, continue to drive forward.

As you'll see on the slide, our technologies are being used to enable up to 46 different therapeutic programs with a total deal value of multiple billion dollars, $7.6 billion in total. But that's not it. It's more than just a platform story for us. It's about leveraging a best-in-class pipeline of our own assets as well to address areas of significant unmet medical need. Our first 2 programs, ZW25 and ZW49 are addressing, as I mentioned, HER2-expressing biologies. And in Q4 of last year, we did partner ZW25 and 49 with BeiGene, with BeiGene getting rights not only to the Azymetric platform but for rights to 25 and 49 in Asia-Pacific, excluding Japan. We also have a deep preclinical pipeline of best-in-class multifunctional therapeutics as well, covering a wide range, including bispecific ADCs, T cell-engaging bispecifics, micro-tumor environment modulating and other cytokine-receptor mechanisms. I will present more data in the future as those programs advance. Additionally, as I mentioned, our partners are driving forward their pipelines of assets with Eli Lilly having press released and paid for 2 IND filings.

So why Azymetric and why bispecifics? For us, bispecifics have always come down to finding synergistic mechanisms of action between validated and novel targets. For us, 1 plus 1 shouldn't just equal 2, it should equal 5. It should drive meaningful therapeutic benefits, not just incremental gains achieved from combining 2-existing therapeutics. But more than that, it has to be specific to the disease morphology and the biology. And to do that, you can't rely on 1 form of bispecific, 1 format.

This slide is a snapshot of the multiple different formats that is enabled by the bispecific platform, Azymetric. Everything from common light chain solutions to fully heterodimeric to hybrid formats that allow us to tailor the structure of the therapeutic to the disease and, as I mentioned before, to also use this to create fit-for-purpose biotherapeutics, including both the EFECT and the Zymelink ADC platforms.

Zymeworks presents a fully integrated drug development engine and as with our collaboration with LEO Pharma in Q4 of last year, it allows us to shoulder some of the development aspects of these assets as well, going from target discovery all the way to the highly customized, fit-for-purpose therapeutics at the end of the chain, being part of the value chain the entire way through drug development.

As you mentioned, today, the focus is on, ZW25 and ZW49, leveraging the Azymetric and Zymelink platforms, but that's just today. We feel that the potential for this platform or the suite of platforms is nearly limitless, allowing us to expand from underserved oncology into inflammation and eventually into autoimmune, incorporating not only the Azymetric and Zymelink platforms but EFECT and more platform therapies that we continue to work on in the background.

Our 2019 priorities, as we outlined at the beginning of the year, is to initiate multiple Phase II studies for ZW25; expand a global clinical development of 25 into Asia and Europe, in conjunction with BeiGene in Asia; and working at various clinical sites across Europe. We plan to report data from the combination studies, chemo and other targeted agents, report data from the ZW49, Phase I clinical study that has currently kicked off and continue to establish drug-development collaborations with a focus on our new platforms.

So let's take a quick look at ZW25. As we've mentioned, this is a bispecific therapy targeting 2 different epitopes of HER2, the ECD2 and ECD4, creating unique mechanism of action. Not only are we binding and blocking these targets on HER2, impairing the proliferation signal for HER2, but we're also cross-linking multiple receptors as you'll see on Slide 12.

On this slide, we see a traditional monoclonal Herceptin blocking in a 1 antibody to 2 receptor formats. As you can see on the right-hand side of the slide though, the Azymetric format, specifically a hybrid format combining 1 scFv and full -- 1 full-linked antibody side allows this cross-linking format, which then results in the clustering of receptors and increased internalization as you can see on Page 13 from their fluorescence microscopy slides included.

This is a novel mechanism of action for HER2-targeted agent, which, we believe, through increased internalization, as you can see from the slides, drives more drug inside, which is also one of the key factors in leveraging an antibody-drug conjugate using our Zymelink technology.

There's no question that breast cancer has been the focus of prior HER2-targeted therapies. So as you can see on Page 14, breast cancer, dominated by Herceptin, PERJETA, Kadcyla, TYKERB and Nerlynx, are very focused on that HER2-high space However, it's important to note that gastric cancer

is an important area of unmet medical need in HER2-expressing solid tumors with only Herceptin being approved in the HER2-high setting. We believe that as a suite of therapeutics, addressing both the HER2 biology-driven tumors in the early stages and the HER2-expressing tumors in the later lines of setting allow us to bring a suite of therapeutics, 25 and 49, to address not only traditional areas of unmet medical need but significant areas like gastric and even more underserved areas like biliary and other cancers.

So where are we today? So we initially started off a 3+3 study for dose escalation, escalating from 5 mg/kg weekly to 15 milligrams per kilogram of IV weekly to 20 mg/kg, which was our go-forward dose as a monotherapy. We then trigged multiple expansion cohorts in HER2-high breast cancer, HER2 high and intermediate gastric and HER2-high other cancers. With the data that we presented at the EORTC conference last November, you'll note, on our waterfall graph, on Page 16, that we have seen very positive antitumor effects in these early studies in last-line gastrics and other cancers. A median of 3 prior-systemic regimens, including prior tras in most of these patients. So very encouraging results in gastric and other cancers.

And while it's still early, we have been seeing an increasing median progression-free survival currently at approximately 6.2 months with a 95% confidence interval. In breast cancer, as a single tumor or a single agent in last-line therapies, again, you can see from the waterfall chart on Page 18 that in highly pretreated patients, again, last-line setting, we have been seeing meaningful effects across our patient population at multiple doses as well. We've chosen the 20 mg/kg as our go-forward dose for convenience rather than having patients come in for dosing every week, 2 weeks has been more convenient. And we are looking at a go-forward potential of moving it to every 3 weeks with an amended dosing schedule to coordinate with some of our chemo combo cohorts as we earlier discussed.

So where do we go from here? Page 20 outlines some of our adaptive areas of expansion as we're moving forward. It's important to note that the majority of the data that we've showed to date has all been single agent; however, we understand that targeted therapeutics are traditionally used in combination setting with physician's choice chemo, traditionally platins or 5-FU-driven therapies. So we have kicked off chemo combo cohorts with the cisplatin and capecitabine. And we plan on providing updates in the second half of this year on that. As well, kicking off a Phase II with physician's choice in gastric to enable earlier lines of treatment with FOLFOX or FOLFIRI as we move forward.

Looking at ZW49 on Slide 22, you'll note that it looks very similar to ZW25, except in this case, as we mentioned, this is our antibody-drug conjugate version, including the Zymelink ADC with a stable cleavable linker. Also looking -- starting off in a dose-escalation study that we've just initiated. We are recruiting at 1 site with more sites to come online across the U.S. and Canada later this quarter and in Q2.

We presented preclinical data at the San Antonio Breast Cancer conference, regarding ZW49 last year. We are seeing a much broader therapeutic window as compared to traditional ADCs like T-DM1, as you can see on Page 29 -- or pardon me, 23. And we are very encouraged by the initial data. Notably, we also looked extensively at talcs signals, especially for lung talcs in our preclinical studies, nonhuman primate [disease] models with no evidence of lung talcs, which has plagued some of the predecessor molecules and other HER2-targeting ADCs in the clinic. So we're very encouraged by the safety signal in 49. With that, I want to leave a tiny bit of time for questions.

So Gena, over to you.

QUESTIONS AND ANSWERS

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

Thank you. Okay, thank you, Neil. Is my mic on? Ok good. So maybe we'll start with ZW25, we know we will see data at ASCO safety data, the ZW25 plus chemo combo so just wondering if you can give us a little bit color on how many patients shall we expect to see and what tumor types.

Neil A. Klompas - *Zymeworks Inc. - CFO*

Great, thanks. Well, we actually haven't guided specifically on ASCO. So we have set that in the later half of this year. And as I mentioned in my presentation we're really focusing the initial data that will be coming out on the chemo combo including capecitabine and Paclitaxel although we

haven't released patient numbers on those. At the same time we're busy initiating our Phase II study with -- in gastric with FOLFOX/FOLFIRI. Really physicians' choice to enable a first line of study as we go forward in 1st line gastric. And we feel that's going to be important. If you take a look at some of the single agent data that we have, especially as we took a look at the EORTC data in gastric, as a single agent we're very close to what we've traditionally seen for chemo combos especially with Herceptin in prevalent gastric -- in frontline gastric. And if you consider that adding chemo to most targeted agents can double or are in PFS, we're very encouraged that we'll be able to significantly move the needle as we go forward so it's a great question. We're very encouraged by what we've seen in the chemo combo so far. And the second half of the year hopefully we'll have some data that we'll be able to share that excitement.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

Okay, great. So maybe also follow the same line on the gastric cancer. You mentioned on the chemo alone and I think that transtuzumab plus chemo also show 47% response -- overall response 6.7 months PFS and 13.1 months median OS. So that's based on the label. So what kind of results would you consider as a successful drug.

Neil A. Klompas - *Zymeworks Inc. - CFO*

Yes, great question. So it's ultimately going to as with any study really rely on study design however, as I said we're seeing comparable data as a single agent right now to the label. That's well in question -- why do we think we can really move into 1st line and displace Herceptin plus chemo. And it's really on the strength of the single agent data that we've seen so far by adding chemo especially FOLFOX/FOLFIRI we may be able to tell if prior trends hold, see a significant increase on that. From what we expect to see in a progression of Herceptin plus chemo symmetrics, I think it's too hard to predict that but we're not looking for just an incremental increase. I think everybody at Zymeworks wants to make a real difference in patient lives. And that's really improving the standard of care, not just nudging it forward.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

That's great. Also I think you have a partner, BeiGene, right? In China they have -- the prevalence is very high for gastric cancer in China, so how would you divide the responsibility and the cost with your partner BeiGene?

Neil A. Klompas - *Zymeworks Inc. - CFO*

Great, so a lot of the specific details of the BeiGene deal weren't disclosed however we did note that BeiGene is responsible for all the patient recruitment and treatment cost in their territory including China. So we're working very closely with BeiGene to kick off our global studies. It's going to be an important part of our global registrational strategy. A very meaningful to us, both financially and from a patient recruitment perspective.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

So another question regarding ZW25 in terms of the mono therapy in a tumor agnostic registration trial. So what would be the threshold of a chronical response and also duration of the response that you think would be sufficient for approval based on your feedback from FDA?

Neil A. Klompas - *Zymeworks Inc. - CFO*

Yes, great question. So following the EORTC conference in November of last year, we were actually lucky enough to be able to meet with the FDA and get their perspectives on where the study was going. While it was still early they did provide really valuable feedback we're still working through trial design at this point in time. And we expect to provide an update on the second half of the year but I think everything is trending in the right direction as far as patient recruitment data in those non gastric, nonbreast so we're going to ask The Street to hang tight on specifics as we keep sorting that out and working with the agency but very encouraging so far.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

So we'll switch to ZW49.

Neil A. Klompas - *Zymeworks Inc. - CFO*

Great.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

So Phase I, I know we should expect an issue very soon. So what would be the starting dose and then also how many doses to you expect to start a -- to reach a therapeutic window?

Neil A. Klompas - *Zymeworks Inc. - CFO*

Yes, great question. And especially relevant because ADC is in the past had to start at what we feel are incredibly low doses because of the potentially high cytotoxic potential of these agents by design in many cases. Similar to our go fourth strategy with ZW25 before with the clinic, we focus a lot on talcs especially with 49 given what we've seen with some of the predecessor molecules out there. And when we went forward to the FDA we're able to put quite a broad therapeutic [packs] together. So unlike a lot of the other companies in the ADC space, we feel that our starting dose which unfortunately we haven't disclosed will be a biologically relevant dose in our case. So we do expect a lot shorter potentially clinical study as we move forward to that optimal dose. ADCs have never had an issue with potency it's usually been about safety and therapeutic window and that's really been our focus on this issue.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

Okay and shall we expect some initial data later this year like [ASCO]?

Neil A. Klompas - *Zymeworks Inc. - CFO*

Yes, well we're not guiding to the second half of the year is a perfect timing for more data on that. With updates on recruitment and enrollment available potentially before that.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

And you also mentioned that the safety is very important right for the ADC profile and then Daiichi's HER2 ADC show impressive efficacy but have certain safety issue. So based on the preclinical data and also your drug design how do you see your safety profile compare to Daiichi's 8201?

Neil A. Klompas - *Zymeworks Inc. - CFO*

Yes, Daiichi did something really impressive in the market. They normally put a good data but moreover they proved that it was possible to beat Kadcyla which was important. We feel that we're actually highly differentiated from Daiichi. They're using a traditional model [antibody] we're using a bispecific based on the ZW25 architecture which allows for superior binding and as we saw on some of the slides superior internalization. We have a stable but cleavable linker so we believe that our linker toxin structure is very different. And very different toxin so we're optimistic in this case. Additionally as I mentioned knowing that talcs has been an issue in this space and it's not really been potency that people have struggled

with we look long and hard for any lung talcs or any other talcs signals and we didn't see any which gives us the confidence to move forward in this space.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

And then last question, is regarding the partnership. Just wondering any clinical readouts we should expect from partner programs and also should we expect any more potential partnership this year?

Neil A. Klompas - *Zymeworks Inc. - CFO*

Great. So as I mentioned earlier Eli Lilly has paid us 2 milestone payments on 2 separate INDs. The first in Q3 last year and then recently in Q1 of this year. So they're well on track as far as who's going to be first to present data. It will likely be Eli Lilly although we can't guide on the progress of their studies. That's out of our control. We did expect our other partners to start entering the clinic shortly. Although, again we can't guide on that, that's somewhat out of our control but it's something that we've been proud of that we've enabled our partners to move forward efficiently into the clinic and we expect that trend to continue. As far as new deals, it's kind of in our DNA. It's what we've been able to do every year. The power of our platforms speak for themselves. It's less about us being fantastic salespeople than letting the data speak for itself which ultimately when you're looking at developing new therapeutics is more powerful than us standing on a stage and being slick salespeople.

Gena Wang - *Barclays Bank PLC, Research Division - Research Analyst*

Thank you very much, Neil. And we will have a breakout session across the hall.

Neil A. Klompas - *Zymeworks Inc. - CFO*

Great. Thank you, Gena.
